

## **Speech Delivered at the Midwest Arts Conference, Grand Rapids Michigan, and September 2012**

Good afternoon and thank you again for asking me to speak to you today. It is always a pleasure to be in Michigan, and it is an honor to speak to such an illustrious and committed group of artists and arts leaders. Today my topic will be *Why the Arts Matter Now*.

I like to start my speeches with a disclaimer so that if I make you mad during my comments I can always say I did warn you. Here is my disclaimer today: I do not think it possible to talk about the arts today without appearing to be political in some way. Part of my talk today will have to do with my own views about the unique and invaluable role of the arts in fostering an effective civil society. It would be beyond my abilities to share those views with you without sharing my own allegiance to the value of -- and great need for -- a functional civil society, one in which we can disagree with one another while creating institutions and processes that advance our common aims. This is not the same thing as shouting more loudly than your intellectual opponents, and there you see one of my biases presenting it early. Please feel free to confront or berate me in the question and answer session should you be so moved.

I want to start by examining where we are now: what the world in which we create and disseminate our artistic work looks like from the standpoint of our audiences and patrons, and how this might affect how we do what we do. I will then move on to the value that we offer in the broadest sense, our role as leaders in increasing and protecting that value, and then give you my views on what we might consider for the future. For great art is always about both the past and the future at the same time – that is what makes it great.

### Non pro tempore . . .

Every great work of art has two faces,  
one toward its own time and one  
toward the future, toward eternity.

**Daniel Barenboim**

Why should we care about the rapidly changing world around us?

## The Future

It is not the strongest of the species that survives, nor the most intelligent. It is the one most adaptable to change.

Charles Darwin

Because we have to survive and prosper in it. The world may be too much *with* us, but it is with us and even Wordsworth would doubtless agree that ignoring the extraordinary changes that in turn demand change from us will lay waste to our powers as much as getting and spending. Let's take a look at what is going on out there: <sup>1</sup>

There are seven trends in particular that interest me as I think about the future of our cultural institutions:

### But what does it mean?

Shift of wealth creation from west to east  
DIY health: proliferation of apps and gadgets  
Dealer Chic: fixed price is so last year  
Eco-cycology: green is no longer optional  
Cash-less: unless that green is real money  
Urban Pyramid: Prahalad's prescience  
Point and Know: Visual info-gratification

Source: [trendwatching.com](http://trendwatching.com)

- **Global shift in wealth from west to east:** A small but vivid manifestation of this can be seen in Royal Crown Derby's limited edition plate for Chinese students at King's College, Cambridge, complete with 22 carat gold and quotes from a Chinese poet who had been a student there in the 20s. These global shifts in wealth happen regularly in the long sweep of history, but you will all know of ways in which they influence how investors and philanthropists view their giving priorities, and how many western institutions are seeking outposts

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<sup>1</sup> All trends summarized are from a report released to participants at TED Global 2012 from a leading survey firm, Trendwatching which can be found at [trendwatching.com](http://trendwatching.com)

in the east to provide them with new income streams. This trend also influences how the arts are seen as part of national and regional identity.

- **DIY health:** not only is this a major preoccupation for western consumers, but also it signals that DIY has penetrated almost every area of our lives. It's all about increasing our appetite for control and real time data, and our audiences and patrons both have this appetite and expect us to have it too as we customize information and experiences for them.
- **Dealer chic:** haggling and being up front about wanting the best price for something because you are in the know, have member points, use a particular social media outlet, or are just a devoted bargain hunter is no longer something you hide – it's something you brag about. What does this mean for our fixed price businesses? FLY IN
- **Eco-cycology:** It's soon going to be verboten to have no point of view on eco issues. Every consumer durable manufacturer on the market will be positioning themselves as to whether or not you can recycle their goods, whether or not they already have, or what they are doing to offset their carbon footprint. LEED buildings are a start, but for the next generation, they are only a start. What does this mean for our buildings and methods of doing business, and what will we tell our audiences when they ask what our carbon footprint is?
- **Cashless but data rich:** Google, Master Card and PayPal are rolling out their cashless initiatives around the world. From March of this year, PayPal Here turned any smartphone into a cash register, marketing data tracker, and customer service tool. Built on the notion of convenience, mobile payments give the seller an extraordinary access to data for rewards systems and customized selling. Where is your organization in this portable selling world?
- **Urban Pyramid:** Almost 15 years ago, an extraordinary and visionary business thinker at the University of Michigan named C.K. Prahalad introduced the idea of the future of markets being at the “bottom of the pyramid” rather than the top. This means that the growth potential for almost any product was greater in those sections of the market where there are a lot of people with not a lot of disposable income. In other words, you ignore the needs and purchasing power of the less well off at your peril. (For mission driven organizations, one could even say at our moral peril.) This became an article, then a book and then a business strategy for some of the world's most successful ventures, and even became a way of reexamining policy for enlightened aid agencies. The bottom of the urban pyramid (more of us living in cities than ever before) is growing at a rapid rate in America as we take part in an unprecedented and extreme urbanization that is happening globally. There is a rapidly growing market of consumers who do not have middle class salaries or middle class time to expend. We should never overlook this huge pool of future audiences and supporters, and if we chose to do so we should be very cautious about any growth projections we make for our institutions and very humble in how we talk about our impact.
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- Nearly 50 million people in this country, the richest in the world, are poor. Another 50 million, the near-poor, are just a notch or two above the official poverty line. Those two groups, the poor and the near-poor, make up nearly

one-third of the entire American population. Above that is another 150 million with some disposable income, but not all that much. A significant number of apps and services reach out to this market, from Rickshawale to Around Me to Gate Guru. What services can we in the art field offer to capture the attention and loyalty of people who don't have 3 hours or \$200 or a car to get to us?

- **Point and know: visual info-gratification:** Or we could just call it learning. Google means instant access to information (not always accurate information but pretty phenomenal if you think about it) and we are all now accustomed to being pointed in the right direction for more -- and instant -- information. If you can use an iPhone to translate a back country French road sign into English instantly -- and you can -- then imagine what we can increasingly do in our theatre programs and museum signage to encourage people to learn even more when they are with us. We may not want them to use their phones all the time, but why not give them as many paths as possible to enhancing and prolongs the experience for them? This improves the full educational and life enhancing value of what we do, and many arts organizations are embracing this trend enthusiastically.

These are some key consumer trends. Let's take a look at some societal trends, and for our purposes today I have chosen only two.



Now I am sure all of you are familiar with ***income inequality metrics***, including *Gini coefficients*, which are drawn from aggregated data from the *United Nations* (UN), the *World Bank*, the US *Central Intelligence Agency* (CIA), and the *OECD* (Organization for Economic Cooperation and Development.) Note that because the underlying household surveys differ in method and in the type of data collected (we can only imagine the methods used by say, the CIA), the distribution data are not strictly comparable across countries, but give us a useful 10,000 foot view. The Gini coefficient is a number between 0 and 1, where 0 corresponds with absolute equality (where everyone has the same income) and 1 corresponds with absolute inequality (where one person has all the income—and everyone else has zero income) In other words, this is the “*mind the gap*” figure that says what the difference is between the annual prospects for the poorest and the richest. It's not the same as wealth retained, but for our purposes it will do. The US is now about in the middle of the table – we are at number 52 in a table of 125 countries reliably measured, and this means that we have the same gap

between the resources of the rich and the poor as say Senegal, Ghana, Turkmenistan, Cambodia, Georgia, and Trinidad and Tobago. The gap in the US has widened significantly over the past 15 years. This obscure and rather dispiriting line of thought that I am leading you down is not meant to be discouraging, it represents a reality. Does this accord with what you think about the country you are producing work in right now? Does it give you something to think about?

Why do we care?

## I Dream of Gini

We study inequality because it enables us to understand the economic world in which we live. One of the most important of those ways is precisely the neglected linkage between inequality and instability, between finance and society, and between economic and social differences and the risks of financial crisis.”

James K. Galbraith  
quoted in Forbes Magazine, July 2012

Because this megatrend calls into question the tensile strength of the business models we have created in the past; models that rely very heavily on customer loyalty from a group that is diminishing – those in the middle, and those same business models are relying increasingly on donor loyalty from a group that is a very, very small percentage of the population, known to us now as the 1%.

I am not arguing for socialism here. I am saying that the megatrend of income inequality has as profound an impact on the future programming of the Creede Repertory Theatre in Colorado in a town smaller than most of us live in as it does on the largest corporation in America. Our sources of income need to be sustainable not just for today, but for the next decade and beyond.

As the gap grows, those with purchasing power have more than just purchasing power, they have policy power. Whatever your political views, and I hope they are diverse, it is undeniable that over the past 30 years in the US we have moved ever more rapidly toward market-based thinking as the determinant of almost all types of policy. Michael Sandel, in his article (and book of the same name) *What Isn't for Sale* gives us some rich food for thought in what happens when we introduce market metrics into areas where they may not belong. <sup>2</sup>


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<sup>2</sup> What Isn't for Sale? Michael J. Sandel, Atlantic Monthly, April 2012,  
<http://www.theatlantic.com/magazine/archive/2012/04/what-isnt-for-sale/308902/>

I urge you to read this article, Dr. Sandel is a philosopher and much more articulate than I could ever be about this trend and its societal costs. The metrics and logic of markets to allocate resources for health, education, public safety, national security, criminal justice, environmental protection, recreation, procreation, and other social goods is now commonplace, but was far more rare 30 years ago. For those of us in the nonprofit sector, this can feel like we are standing on the last ice floe at times.

If monetary profit or short term return on investment becomes the single widely understood legitimizing measure of all we do as a society, then the implicit value of what we do when we do not seek to make a profit needs more and more explaining and sometimes even justification. This is the role of the nonprofit arts leader, and the challenge for artists. It requires us to do what we do best, which is to tell our story, over and over again, to many different types of listeners – to engage them in the idea that a shared experience is a building block for something bigger, and yet sufficient in its own right. But our story needs to be told in ways that are meaningful to the listeners, not just iterative of what we already believe.

It may seem contradictory for someone like me -- who believes that knowledge from the leading business schools has value for arts leaders – and I do believe that, when it has been contextualized and adapted – to say that we are all tired of hearing how we should be run more like a business. But we are tired of it, because we are already businesses, and not all businesses have been model citizens lately. Perhaps we have more to teach the traditional world of commerce than they, or we -- acknowledge.



The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.

Porter and Kramer  
HBR, January 2011

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If you haven't seen Michael Porter's newest video on how business must now focus on shared value or answer the charge of contributing to the demise of capitalism– I urge you to watch it. There will be nothing there that all of you do not think of and act upon almost every day of your working lives, and it was heralded as a wake-up call to commercial businesses everywhere when it first came out a few months ago. This “radical” thinking is that without creating value for more than just a few, capitalism as we are practicing it takes more than it gives and is not ultimately sustainable. This is from the “father” of for-profit strategy and competition theory for the past 30 years – good for him for taking a stand. Now if only we could make *Death of A Salesman* part of the MBA curriculum . . .

So what value do we create against this radically altered backdrop of national and global trends? Why do the arts matter and why do we need to keep fighting, and I chose that word deliberately, to maintain something that is not subject to simple measures of success, that we wish to make available to many who cannot afford it, and that is often ephemeral in its occurrence, leaving only a memory of something life affirming, rather than something which can be cheaply reproduced and sold again and again? What is wrong with us?

I say nothing is wrong with us, but would suggest that we need to get away from the idea that there is one universal value that we can articulate about what we do. For some, the special characteristic of the arts and humanities to teach us to hold more than one truth in our heads at the same time (Martha Nussbaum identifies this as training in the Socratic Method – an essential skill for a functioning civil society) is reason enough.<sup>3</sup> The uniquely vicarious experience that experiencing a great work of art gives us allows for a particular kind of empathy – an understanding of how someone else views the world. And surely we need that now.

Just a month ago a study was released from the University of Illinois and published in Science Daily, with the extraordinary finding that interest in the arts is a reliable predictor of social responsibility. People with an active interest in the arts contribute more to a civil society than those with little or no such interest, the researchers found. They analyzed arts exposure, defined as attendance at museums and dance, music, opera and theater events; and arts expression, defined as making or performing art "Even after controlling for age, race and education, we found that participation in the arts, especially as audience, predicted civic engagement, tolerance and altruism."<sup>4</sup> The celebration of who we are as humans, the selection of "the best that is known and thought in the world" as Matthew Arnold phrased it, the presentation of a thing of beauty – there are a thousand reasons that we as artists and arts leaders fight to preserve and expand what we do and my work with thousands of arts leaders has shown me one unifying reason that we all believe in: We feel that without what the arts offer we as a collective society would be diminished.

As we at NAS work with leaders from around the globe who are wrestling with these difficult issues of value and legitimacy, what we have learned is that what you do in your community for your audience is the value that you have to articulate. And you have to keep telling that story over and over again in different ways. Umberto Eco's wonderful essay *Travels in Hyperreality* unpacks the distinctions between -- and value of -- both high and low culture. Long before we had coined the phrase "audience participation" he noted that art lives when people who partake of it do so actively, intellectually, emotionally and energetically. Sequestering our institutions from the daily lives and concerns of our audiences and communities does not work and will be our undoing if we are not careful. We know now that the rise in amateur art movements is going to happen either with us or without us, and it may in time take the place of the educational spot that the arts had in schools a generation ago as a way of developing loyal and informed audiences. What role do we want to play in

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<sup>3</sup> *Not for Profit: Why Democracy Needs the Humanities*, Nussbaum, 2010

<sup>4</sup> <http://www.sciencedaily.com/releases/2012/08/120816151809.htm>

encouraging or advancing this “movement?” I am encouraged by the work of the Seattle Symphony, which has reorganized itself to explicitly **pay attention to the social and public values**, not just musical aspects, of the orchestra’s mission. Many tickets are being distributed to what Simon Woods, who heads the Symphony, calls “people who never thought they’d be able to set foot in a symphony hall,” such as members of a post-prison support group, soldiers, and other normally excluded groups. Young people under 18 now can come free. Some rehearsals are open and free. It's all part of the message: reach out and join the community, welcome in those who haven't been coming. They have not sacrificed the quality of what they are doing artistically to position themselves as a classical orchestra with a social conscience.

Arts leaders and artists have, in my view, to ask themselves every day not just how we are doing but for whom are we doing this? The value of your work to your community is both unique and universal – and how you describe it and promote it and bring it into being can only be done when considering that community. For anyone who says theatre is not relevant, let them see the Royal National Theatre production of *Timon of Athens* with its uncomfortable fable of conspicuous consumption, debt and ruin, or the soon to open play *The 27<sup>th</sup> Man* at the Public Theatre which tells us an all too familiar story of imprisonment for dissident artists in the Soviet Union. For those who cannot see the value of preserving ancient works of great beauty and significance, let us read again the Cyrus Cylinder which is the only practicable policy for peace in the Middle East that has worked in 2000 years. If we need to understand the hold that Calvinist thinking has had on much of our nation for much of our history, we can draw an almost straight line between the whitewashed austerity of the earliest New England churches and the white paintings of Robert Rauschenberg. There are hundreds of examples I am sure in your communities, and the point is not that I know what they are and why they matter but that you do, and that you are able to communicate this value to your audiences and your visitors in a way that creates shared value, as the arts have always done when they have been successful. Ancient art is relevant now –contemporary art is relevant now – because we work outside of markets and we deliver meaning. There is no more precious commodity, but we cannot assume that our audiences will know this if we cannot tell them at least something about what that meaning is before they come to see us.

## The Future

Change happens when the cost of the status quo is greater than the risk of change.

Alan Webber  
Co-founder Fast. Co.



Well, the future is here right now. We have to look at how we do almost everything because it is possible that we have harvested all that we can from our existing delivery systems and existing audiences. This is not to suggest that we should tear down our theatres and museums and get rid of our dance companies, but to say that we are now at the moment when the cost of the status quo for many of us is greater than the risk of change. I would like to close by suggesting some areas that might occupy our thinking and our actions as we shape our own future, and ensure that the arts are at the center and not on the sidelines.

## The Future: Reconsider amateurs

Distinguished Concerts International New York

Cultural Olympiad: RSC Open Stages

Van Cliburn Foundation Amateur Piano  
Competition @ Modern Art Museum,  
Fort Worth

First, we should reconsider the role of amateurs in our work and our communities. Other people already have – many of you already have. We are not going to replace professionals but we need to see what is making some of these experiments work so well: One example:

Distinguished Concerts International New York has come up with an innovative way to produce classical music concerts at prestigious venues like Carnegie Hall without relying on corporate sponsors and other donors. The 5-year-old company rents the hall and hires the headline conductor and the orchestra, but builds its choirs by auditioning hundreds of amateur singers from around the world who are willing to pay a fee for the experience of performing in one of New York's top venues. The result: high-quality concerts that win rave reviews and typically sell out. Agree with this or not, it's happening and it's working.

Or consider the role that amateur theatre groups had in the extraordinary success of the *2012 Cultural Olympiad*:

The RSC Open Stages Showcase is an important element in the RSC's World Shakespeare Festival. The Cultural Olympiad featured 264 amateur companies and ten regional theatres. Open Stages producer Ian Wainwright noted that “This is the RSC linking up and re-engaging with the amateur world. We invited amateur companies to put on a production of a Shakespeare play or a Shakespeare-related piece. A team of RSC professional practitioners travelled around the regional theatres, working with the companies and exchanging skills like directing, acting, stage management, and lighting. They were doing exactly the same kind of work that we'd be doing with our own actors. We were very clear from the beginning that this was not an exercise that we were doing especially for the amateur movement or some kind of remedial exercise in theatre. We encouraged them to be ambitious, to try new things.

They have risen to the challenge and the stereotypes of amateur theatre are being blown away."<sup>5</sup>

Or consider this reporting on The Van Cliburn Foundation, which presented an unusual program [in April] at the Modern Art Museum of Fort Worth.<sup>6</sup>

“Four winners of their Amateur Piano Competition played an eclectic program of works that only had in common the fact that they were for piano. All four pianists played beautifully and personified the very high level of non-professional pianists. These are musicians that chose to do something else with their lives and there is some others connections between them. . . While it is imperative to identify and reward the very best of the upcoming crop of pianists, encouraging the other 99% to strive for the same level of playing as the pros, when life takes them in a different direction, is Cliburn's lasting gift to music and the art of the keyboard.”

We need, in my view, to think more about collective impact. We might try looking at collaboration with amateur movements and collective impact in the same way that the real food/slow food people do.<sup>7</sup> In our larger communities, how can we band together to have a greater impact, whether we are large or small? This kind of collaboration takes time and energy, and one of the best examples I can think of is in England, the Newcastle Gateshead Cultural Venues Collaboration.<sup>8</sup>

I urge you to check out what they are up to – they are a powerful force for good with venues of all sizes and representing all art forms, and while it takes a lot of time it brings an enormous amount of increased impact and has also attracted significant additional funding.

Next, I think we need to look at future business models bravely, radically, and realistically. The author of the blog *Six Impossible Things Before Breakfast* points out that one of the less glamorous similarities for both artists and innovation start-ups [is] the constant pursuit of funding to continue their practice. She points to the possibilities within one of the most prolific start-up business philosophies of recent years, summarized in *The Lean Startup* by Eric Ries:<sup>9</sup>

“The basic structure of the Lean Startup works around the iterative feedback loop "make - test - learn." The aim is to develop the simplest realization of the innovation concept as fast as possible and to build up from there. This is opposed to the strategy of creating the 'perfect' offering and then gauging the response, often once the resources are spent.” Now not all artistic projects will benefit from audience feedback through development, but taken in a broader sense this feedback can come through a select group of peers or just from your organization as you build up a new idea. This type of thinking will have radical implications for large and small organizations – we must reduce the number of times we bet the farm on single creative acts as our principal mode of business.

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<sup>5</sup> Guardian Newspaper, August 2012

<sup>6</sup> Commentary: *Encourage the "99%" to strive for same level as the pros* Gregory Sullivan Isaacs, TheaterJones.com, 5/1/12

<sup>7</sup> Diane Ragsdale expands on this theme more fully in her acclaimed blog, Jumper <http://www.artsjournal.com/jumper/>

<sup>8</sup> <http://qnculturalvenues.ning.com>

<sup>9</sup> SITBB blog, July 14 2012, *The Lean Startup* by Eric Ries

And finally, some lessons from the ancient world. Let's think about Hyperides and the lost codex of Archimedes.

I am *sure* you all remember this man. He and Demosthenes were contemporaries and he was a great orator in the 4<sup>th</sup> century. They decided to stand up to Philip of Macedon, which turned out to be not such a great idea as Philip was the father of Alexander the Great and they defeated Athens and Thebes in the Battle of Chaeronea which went straight onto the top ten greatest hits list for military historians and stayed there for the past 2000 years. Hyperides was put on trial for treason – and with a single, lost until very recently, speech he walked free.

William Noel, Walters Art Museum, tells the extraordinary story of the discovery of the lost codex of Archimedes as well as this speech in a TED talk, and you should watch this talk – it's riveting.<sup>10</sup> Without a museum to spend years restoring and deconstructing this book, without any thought of profit, we would not have this speech or the lost codex of Archimedes, both of which reach out from the past and offer us an understanding of who we are today. The man who donated this extraordinary book to the Walters realized that this asset must be transferred to an institution who would value it far beyond money, and he rose above market thinking to make this gift. For a dozen years, this anonymous Maecenas has supported a project that covers the full spectrum of work from painstaking restoration to the scientific deployment of innovative digital-imaging and post-processing techniques to reveal the precious 'undertexts' that lay hidden for eight centuries. And he did it so that it could be available for free – to all. This is what the arts can do – link the past with the present without the corrosive effect of transaction. And I believe it is what we need now more than ever, meaning before markets.

I have chosen this example of the popular value of scholarly restoration for a reason. This recently discovered speech by Hyperides powerfully lays out for us that the best alternative in any battle is to win. But if you can't win you should fight for a noble cause, because then you will be remembered. Spartans won innumerable forgotten victories for battles they fought for selfish aims, but the one everyone remembers is Thermopolae. They were all killed but they were glorified in poems and song because they fought for the freedom of Greece. And I think in the non-profit sector of the arts we have perhaps begun to assimilate the message of Hyperides in our own way – well, we can't win but it will be a noble defeat.

Well, I think Hyperides was terrific but I think we can do better than say we are fighting a noble cause to lose. The best alternative is always to fight for a noble cause, and win. I think we must pursue this noble cause of making art and artists central to our communities by finding new and perhaps uncomfortable -- for us -- ways to connect with ever increasing numbers of people in those communities, and by doing this connect them to one another. This is a vital contribution to a civil society – the art itself must be outstanding and when it is it must be offered to people in the spirit of invitation, not as a separate and superior treat that we know will be good for them like medicine sadly taken. I know we can do this – I see so many of you doing it now. There is too much at stake for us not to do so. Our organizations may have to change

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<sup>10</sup> [http://www.ted.com/talks/william\\_noel\\_revealing\\_the\\_lost\\_codex\\_of\\_archimedes.html](http://www.ted.com/talks/william_noel_revealing_the_lost_codex_of_archimedes.html)

shape, and their center of gravity and business models, but what we are doing is important work. We are creating meaning outside of markets, and in a thousand years this may well matter as much as Thermopolae in understanding human progress. In five years it may matter more than any of us can imagine. I am awed by your past accomplishments, and heartened by the future you make possible, for all of us. Thank you.

**Russell Willis Taylor**  
**President and CEO**  
**National Arts Strategies**