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Don't sacrifice marketing, expert warns arts groups

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In tough economic times, some local arts groups have responded by reducing their marketing staffs.

Recently, the Sacramento Philharmonic and B Street Theatre were among the first to lay off their marketing directors.

But cutting back marketing and staff is the last thing an organization should do, says arts administration guru Michael Kaiser.

However, small-budget arts groups feel they have no option. It's either cut a marketing position or cut back on artistic product.

"Every group is different and has to make its own judgement call," said Sacramento Philharmonic executive director Marc Feldman, responding to Kaiser's advice.

That viewpoint will be a healthy one for Feldman, who has just been taken under Kaiser's wing.

Kaiser is president of the John F. Kennedy Center for the Performing Arts in Washington, D.C. He's been dubbed the "turnaround king" for his retooling of deficit-ridden arts organizations such as London's Royal Opera House, the American Ballet Theatre and the Alvin Ailey Dance Theater Foundation.

Kaiser will be mentoring the Philharmonic on marketing and strategic branding issues, said Feldman. That comes through the Kennedy Center's Arts in Crisis: A Kennedy Center Initiative, a program that offers more than 350 nonprofits advice through e-mails, calls or site visits.

"In a crisis, most organizations will cut marketing," Kaiser said to local arts group leaders during a speech last week at the Jean Runyon Theater in Sacramento.

"They don't think anyone will notice," he said. "But marketing is the only way to grow an audience."

Kaiser, who oversees a \$160 million budget, is keen on using his initiatives at the center as an example of what arts groups should do in tough economic times. Since 2001, Kaiser has expanded the Kennedy Center's educational and artistic programming and increased its revenues. His advice is also well-documented in his book "The Art of the Turnaround," which has become a must-read in the arts world.

But it appears there is a world of difference between the choices a large nonprofit can make and those afforded a smaller one.

"It's very hard to never say never," said Feldman about the marketing issue. "You have to be realistic. You cannot bankrupt your company, but you do have to be very careful, because if you start cutting marketing, you can become irrelevant and you can also cut your sources of revenue."

The loss of the marketing director position at the Philharmonic has meant that the marketing duties are now spread across the remaining staff.

A similar approach is being taken at the B Street Theatre, which was forced to cut its marketing director position recently. The theater operates on a \$2.5 million budget. Most small-budget arts nonprofits have been running extremely lean operations for decades. And as a result, when the economic downturn took hold last September, most had few areas to trim in their budgets.

"We've had to cut muscle, not fat," said B Street Theatre managing director Bill Blake.

"I think every organization has to think carefully how they apply what Kaiser said. For B Street, we had to run leaner and make sacrifices."

Blake, an avowed fan of Kaiser, said that the theater has not reduced any marketing, but it has made it more strategic. At the Mondavi Center, the presenter is operating without a marketing director but plans to fill the position soon, said executive director Don Roth.

"We constantly make sure we are spending our dollars in a smart way. To help us do that, we have engaged a marketing consulting firm that we used when the marketing director position was being filled several years ago," he said.

Some believe that the need for a dedicated marketing staff depends on what audience will be courted.

"If you are doing a project meant to attract a new audience, say people in their 20s to late 40s, and an organization does not have a history reaching out to that new audience, then you are going to have a difficult time without a marketing person," said Melissa Rachleff-Burt, associate professor at New York University's Steinhardt School of Culture, Education and Human Development.

One of the points Kaiser stressed in Sacramento was the cause-and-effect link between marketing and fundraising. Kaiser alluded to the Kennedy Center, which doubled its fundraising income in a 12-month period because of aggressive marketing.

Scuttling marketing and cutting back on arts product and planning creates a vicious cycle for an otherwise healthy organization, Kaiser believes.

"That's how sick organizations get really sick," he said.

And most of all, Kaiser believes that organizations should resist cutting their artistic products in lean times. Instead, they should cut administrative costs.

Keeping artistic products intact, or intensifying artistic efforts, Kaiser believes, presents an organization in the most attractive light to ticket buyers or donors.

"You have to look vital to be vital, and then you have to market that to death," Kaiser said.

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