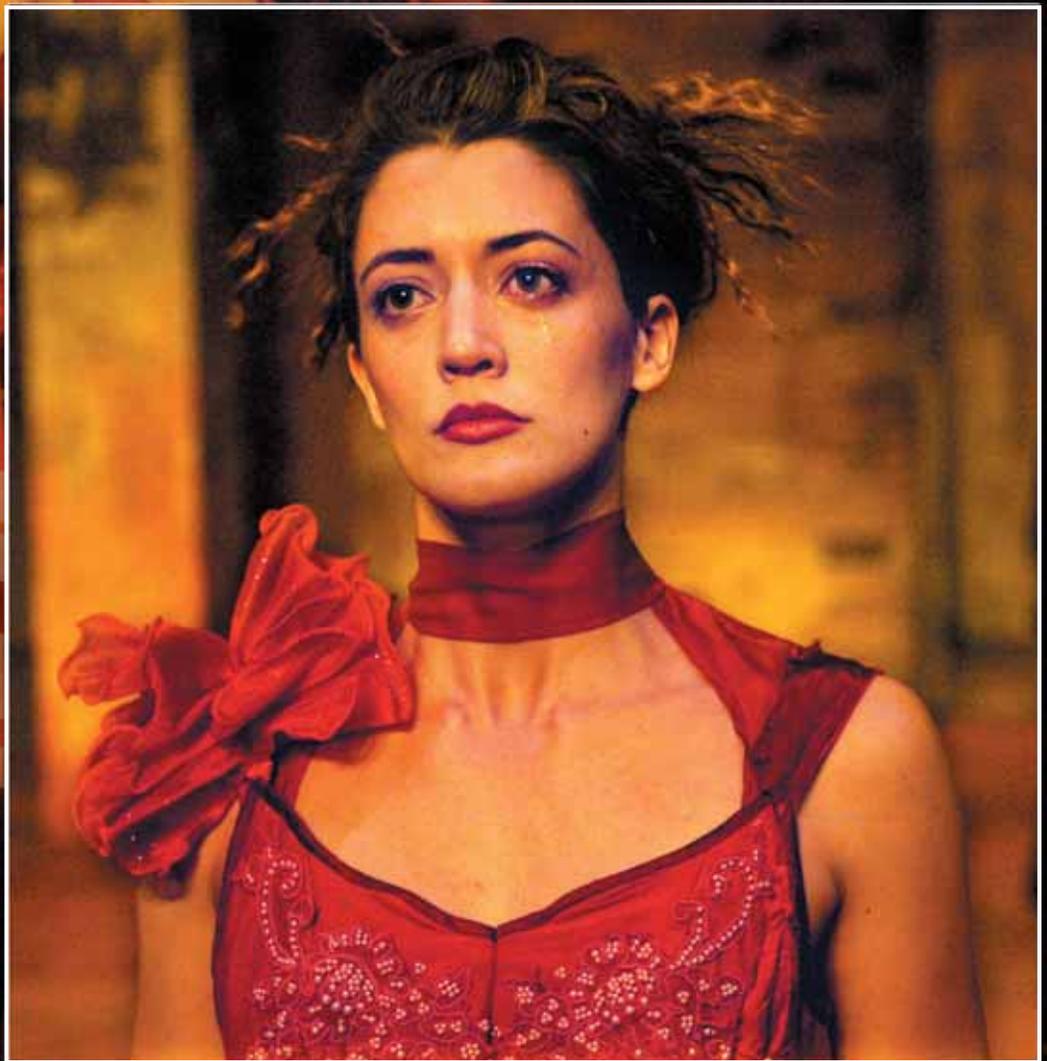


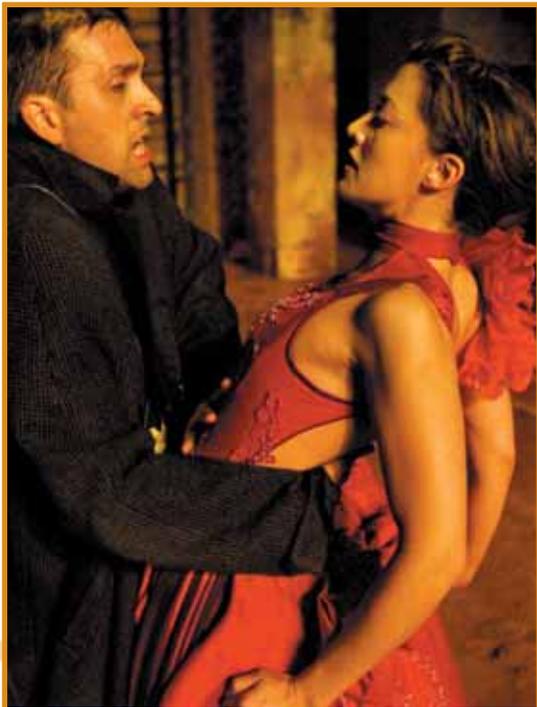
Lessons Learned:

Regional Arts Development Program

Understanding the power of strategic operating support for mid-size arts organizations



Bush Foundation



Moments from Theatre de la Jeune Lune's production of *Carmen* ignite our cover. This timeless Bizet opera chronicles the passionate and ultimately tragic love story of Carmen (Christina Baldwin) and Don José (Bradley Greenwald).

Of the 22 RADP participants, five are theaters who have used the program's funding to promote goals such as creating a touring company and increasing financial stability.

Photographer, Michal Daniel

It is hard to believe that 11 years have passed since the Bush Foundation Board of Directors gathered at a retreat to discuss proposed changes in the pattern of its arts support in the region. At the time, much of our arts grantmaking centered on what could be described as "conventional" annual operating support to the largest cultural institutions in the Twin Cities.

Foundation staff assembled a panel of national and regional arts leaders who represented artistically adventurous, large and mid-size arts organizations to inform the Board about major trends. They also talked about the interests of mid-tier organizations, which one panelist described as "not undeveloped majors. We are what we want to be. But we are very vulnerable."

At this April 1994 gathering, the panel identified these general trends that affected arts organizations of all sizes:

- Arts presenters will need to pay more attention to audiences, assessing and improving their level of awareness and understanding.
- Cross-cultural collaboration will become more important and more common.
- The arts must become more accessible to all; price barriers must come down.
- Institutions are changing and downsizing.
- Salary levels are too low to retain the best artists and administrators—they leave too soon.
- Young trustees of smaller organizations do not have enough private wealth to sustain them (as sometimes occurred in prior generations).

Now, 11 years later, the old adage appears true—the more things change, the more they stay the same.

When the Regional Arts Development Program (RADP) began in 1996, those involved knew that it marked a significant new direction for the Foundation. It redefined a funding approach for general operating support. It focused on strong, mid-size organizations that represent a category of artistic excellence and activity in our region that the Foundation had not substantially supported in the past. It also marked the type of focused and deliberate long-term commitment that characterized the Foundation's other distinctive programs, such as infant/toddler child care training and faculty development.

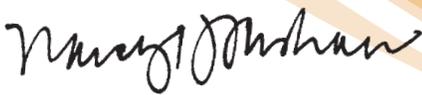
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From the onset, our instincts told us that the program was on the right track. Through ongoing evaluation and additional informal observation over the first nine years of operation, we have learned that this funding approach and time frame continue to make sense and the program remains relatively distinctive for mid-size arts organizations within the region and the nation as a whole. We also understand that we need to refine RADP and introduce additional kinds of support to enhance the sustainability and adaptability of the strongest mid-size organizations.

Increasingly over the last few years, other foundations and funding institutions have asked us about our experience with RADP. Are the grantees using the funds to get to the next level of their development? What are the keys to success? How have we evaluated the program? Are organizations becoming overly dependent on the funding? The program evaluation commissioned by the Foundation answers those questions and points to the next steps for RADP.

This report includes evaluation findings prepared by LarsonAllen Public Service Group. The evaluation data are further illuminated by comments from RADP participants. Interspersed you'll find profiles of their organizations and the work they have accomplished during their various tenures in the Regional Arts Development Program. In the end, it is their artistic presence and endeavors that make our region so culturally rich and distinctive.

Finally, I'd like to express a few words of thanks to those who have invested their passion and energy in the program. They include my predecessor, Sarah Lutman, whose creativity and advocacy led to RADP's existence; Julie Dalglish, whose sage advice and diligent work on the technical assistance component enriched the program; Anne Howden and Susan Moore, whose cogent direction of the evaluation brought clarity to our discussions about the program's continuing challenges and opportunities; and Melanie Beene, who so ably assisted us in articulating RADP's future path. We're pleased to share our learning with all of you.



Nancy Fushan
Program Officer
Bush Foundation

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Why Support Mid-Size Groups in This Way?

A thriving cultural environment is an ecosystem that is at its healthiest when it is filled with a diverse group of artists, as well as arts organizations of every size and discipline. As in any ecosystem, a change in the environment alters the elements that make up the system—some arts organizations shift their focus, a few are born and others go out of existence, all in response to financial, political and cultural changes.

In the past 10 years, the environment for nonprofit arts organizations has changed significantly in both funding and audience.

There has been an unprecedented expansion and geographic dispersion of nonprofit arts organizations, continuing what began in the 1960s. Since 2000, however, the growth in arts support has slowed, raising questions about how—or if—arts organizations can sustain themselves.

Audiences for the arts have grown, but the growth reflects changes in population and education levels, not necessarily an increase in the percentage of the population who are engaged in the arts.

What audiences expect from arts organizations also has changed during this time period. Participants in the arts may be shifting toward activities that permit flexibility as to when, where or how they engage in the arts. This may work in favor of some arts organizations, such as museums, and against others, like orchestras and theaters.

These changes have concerned many in the nonprofit arts world since the 1990s. “An issue today is whether and how the model of the nonprofit arts organization, which has flourished for only a brief moment in the history of the arts, will continue to be a viable, versatile, and publicly useful instrument for artistic production,” according to John Kreidler, executive director of Cultural Initiatives Silicon Valley and a former senior program executive at the San Francisco Foundation.¹

In developing RADP, we chose a particular interest in mid-size arts organizations because the Foundation saw them as critical to the health of culture in our region. They fill a unique spot that complements both

¹ Kreidler, John. “Leverage Lost: The Nonprofit Arts in the Post-Ford Era” in *In Motion Magazine*, February 16, 1996.

Dancer Matthew Keefe of the James Sewell Ballet.

Photographer, Erik Saulitis



the larger regional institutions and very small arts organizations.

But mid-size organizations also face particular challenges, especially as we look at the funding and audience changes of the past 10 to 15 years. A 2001 RAND study, “The Performing Arts in a New Era,” found:

Likely reductions in demand, rising costs, and static or even declining funding streams will force many of these institutions either to become larger or more prestigious—which many will lack the resources to do—or to become smaller and more community-oriented. . . . Still others will simply close their doors, unable to reconcile conflicts among their various stakeholders.²

The contributions of mid-size organizations are counter-weighted by the financial challenges they face:

- They often produce high-quality, artistically challenging work that may entail more risk in terms of financial stability and audience growth than for larger cultural institutions.
- They often provide the “research and development” function for their respective fields, yet they rarely have the kind of working capital to support that important function in the long term.
- They serve as the training ground for promising artists and arts administrators, which means that they often face the critical challenges of artistic and management transition.
- They often produce a level of programming that exceeds their infrastructure and capacity; this diminishes their ability to address long-range advancement.

Mixed Blood Theatre Company in Minneapolis is an example of a successful mid-size arts organization (budget of \$1.26 million). It seems to be in excellent shape: It owns the building it’s housed in, it has balanced its budget for 28 years, its programming serves a diverse audience—true to its mission—and it has advanced in quality. But with no endowment, only a small cash reserve and housed in a renovated old firehouse that needs ongoing maintenance, Mixed Blood is not able to take “that next step” in its

organizational development. And it could be challenged significantly by changes in the environment.

Mid-size organizations are unlikely to have the diversified revenue base and capitalization that allows for long-term financial viability. When there are bumps in the financial road, they don’t have the resources to ride them out without major changes. But at the same time, they are just large enough that they can’t easily reduce operations, as a small arts group might, until the economy improves.

Most often mid-size organizations attract project grants from funders rather than receiving ongoing operating support. Project grants don’t help with the long-term issues and may not even help in the short term if the organization is undercapitalized or if it overextends to complete the newly funded project successfully. Other mid-size groups have grown up from smaller organizations and still have a small organization culture; they may need development and marketing, technical assistance, long-term support and leadership training.

Some do not have strategic plans; yet even those that possess plans run into substantial obstacles. Graywolf Press, for instance, had aggressive goals and thorough plans to accomplish them, but it needed external help to move to the next level—distribution of its books by a major national publishing house.

Still others have grown up around one founder or leader, and may have to consider forging a new identity or mission when that person leaves the organization. That was true for the Dale Warland Singers and Greater Twin Cities Youth Symphonies; each experienced a different outcome.

What “mid-size” means in our region

The range of mid-size organizations is a broad one, depending on the creative and geographic context in which an organization exists.

The Bush Foundation initially developed a definition based on budget size: annual operating expense of between \$250,000 and \$5 million. We recognized the significant differences in the Twin Cities arts economy versus those in Greater Minnesota, North Dakota or South Dakota. The average budget size of the seven organizations admitted to the RADP in 1996 was \$1.1 million, ranging from just over \$358,000 to more than \$3.6 million.

² McCarthy, Kevin; Brooks, Arthur; Lowell, Julie & Zakaras, Laura. *The Performing Arts in a New Era*. RAND, 2001.

In addition to budget, the Foundation looked at the level of organizational capacity as illustrated by staffing, infrastructure, finances and board development. The majority of those admitted were clearly more developed than small organizations but lacked the infrastructure and capacity of the largest Twin Cities cultural institutions.

The Foundation also gauged where each organization was positioned within its immediate geographic location. Although some organizations are mid-size based on their budgets, in reality, some serve as large cultural anchors within their own communities. The Duluth Art Institute, The South Dakota Symphony and the Rochester Art Center, for example, have budgets ranging from \$361,000 to \$1.5 million, but the roles they play in their respective communities are significant.

The organization's position within its discipline or field was important as well. An organization with an annual operating budget in excess of \$500,000 may be of considerable size/reputation nationally within its field or particular peer group. Penumbra Theatre, for example, has an operating budget of just under \$1.4 million, yet remains one of the larger African-American theaters still in existence in the country. Milkweed Editions is a mid-size organization in the Twin Cities but one of the country's largest independent nonprofit literary publishers. Similarly, the Greater Twin Cities Youth Symphonies is considered a sizeable orchestral organization for youth, but its operating budget of well under \$1 million makes it a smaller mid-size organization in its home community.

Finally, the Foundation considered an organization's history and evolution. Although a group may have had a budget that exceeded \$5 million, it also may have had operational issues that reduced its capacity and placed it more within the organizational development framework of a mid-tier arts group. The Foundation made exceptions on that basis and admitted The Saint Paul Chamber Orchestra and The Children's Theatre Company to RADP in the 1990s at critical points in their organizations. For each, admission to RADP followed major personnel transitions and financial downturns.

A strategy of long-term, targeted operating support

The Regional Arts Development Program provides significant multi-year unrestricted resources to a select group of the region's artistically excellent mid-size arts

organizations that demonstrate the capacity to provide strong programs, evidence of constituent support and a plan for meeting their long-term goals.

At the time the program began, a number of foundations in our grantmaking region were moving away from general operating support toward project grants. General operating support, unlike project grants, can be applied to ongoing operations and management, and financial capacity-building, as well as to new initiatives.

The Foundation had a long-time grantmaking preference for organizational development and capacity-building projects as opposed to providing general operating funds. We placed importance on organizational planning. We funded activities that the grantee defined as a strategic priority and that could be sustained beyond the term of Foundation support, which usually did not exceed three years.

In RADP, we melded that grantmaking philosophy with our belief that mid-size arts organizations could best use flexible, unrestricted operating support. The Foundation also believed that advancement would require a longer period of time than our typical grantmaking, given the volatility and chronic undercapitalization of the mid-size sector. Our decision on a long-term commitment proved particularly prescient, given the prolonged economic downturn that began in spring 2001 and the more immediate and devastating short-term effects of September 11th.

According to the Foundation Center's *Giving Trends* (2005 edition), foundations as a whole are increasing the share of their funding for general operating support. However, the Bush Foundation remains one of a few grantmakers in the nation to provide goals-based operating support tailored to arts organizations, within a defined program structure and over a significant period of time.

"Many organizations are on the cusp of becoming more stable; they've made their mark with their art and they get support for specific pieces of their program, but what they don't have is a core," said Anne Focke, executive director of Grantmakers in the Arts and an RADP consultant. "General operating support is the missing piece that keeps them from having a longer life. It's part of what allows an organization to know that it's going to be around for a year or so and act accordingly."

RADP—What it is and How it Works begins on page 12.

American Composers Forum

Mission: To link communities with composers and performers, encouraging the making, playing and enjoyment of new music. Building two-way relationships between artists and publics, the Forum develops programs that educate today's and tomorrow's audiences, energize composers' careers, stimulate entrepreneurship and collaboration, promote musical creativity, and serve as models of effective support for the arts.

"We are one of the national organizations that RADP has created out of local ones. . . . Just to have kept our heads above water is important and should not be underplayed when considering the program's long-term impact." John Nuechterlein, President and CEO

The American Composers Forum, founded in 1973 as the Minnesota Composers Forum, has evolved from a local organization to a national one. The growth of the organization meant increasing challenges to find capital to fund its programs.

The Forum supports composers in their work and develops new forums for their music. Its membership of 1,700 includes composers, performers, presenters and organizations interested in new music.

In the Forum's first year as a RADP participant, its chapters increased from three to eight, membership rose, it served more composers, and audience attendance grew at performances supported by the Forum.

John Nuechterlein, President and CEO, said RADP funding gave the staff "room to breathe" and think about their work. The first \$150,000 grant helped it stabilize operations while it expanded programs. Subsequent grants helped build staff and administrative infrastructure, develop earned income opportunities, build stronger public and private partnerships and launch a \$15 million endowment campaign.

"RADP funding allowed us to achieve our goals," according to Nuechterlein. "The long-term commitment gave us the freedom to continue to pursue our goals and take advantage of opportunities, even if there were a few missteps along the way."

Forum leaders credit RADP with supporting the organization with "money to raise money," enabling the organization to attract national funding by providing "credibility, quality and worthiness."

At the end of the Forum's first two years in RADP, its budget had nearly quadrupled. But the economic downturn beginning in 2001 resulted in decreased fundraising and financial support. RADP helped as the Forum launched an endowment campaign and looked for new collaborations with other organizations. Today, the Forum is using its final RADP grant to invest in infrastructure and to support, in particular, programs that produce new income streams.

Take note of the American Composers Forum at www.composersforum.org.

RADP Entry: 1996
Budget at Entry: \$844,157

Support to Date: \$1.14 million
2004 Budget: \$2.48 million

Mission: To create and perform an engaging repertoire based in the ballet idiom in an effort to broaden audience access to dance and to advance the art form.

"We would not be where we are now on the current timetable without RADP—we'd have much further to catch up." Gary Peterson, Executive Director

The James Sewell Ballet (incorporated as Ballet Works, Inc.) was founded in New York in 1990 by a Minneapolis native who brought the company to the Twin Cities in 1993. The company is dedicated to contemporary ballet. It has performed throughout Minnesota and across the nation and has shared the stage with many Minnesota arts institutions, among them VocalEssence, The Minnesota Opera and The Children's Theatre Company. The organization also has an extensive education program involving Minnesota schools.

The James Sewell Ballet came into RADP in 1999 already positioned to move forward on its long-range plan. Its first three years of funding were used to help expand the dance troupe, lengthen the subscription season, produce a New York season every other year, tour the troupe, commission new work and expand administrative staff. Progress on all those goals was significant.

Despite the downturn in the economy and a reactive drop in attendance, the organization has continued on track with its updated long-range strategic plan.

The company expanded as planned, and its administrative and rehearsal facility costs doubled. At the same time, it had committed 17 to 21 percent of its budget towards marketing and hired a new development director—all actions that were part of the organization's plans and goals. James Sewell Ballet representatives say the costs probably could have been covered without additional funding, but RADP shortened the time frame for making the changes and allowed the organization to keep its momentum.

In executing its long-standing strategic plan, the company relocated its performance venue to a high-visibility facility in downtown Minneapolis in 2004. The move resulted in an immediate 51 percent increase in paid attendance.

The James Sewell Ballet plans that RADP support will taper downward as part of its exit strategy from the program.

Leap into the James Sewell Ballet's history and performance schedule at www.jsballet.org.



RADP Entry: 1999
Budget at Entry: \$436,403

Support to Date: \$315,000
2004 Budget: \$750,000

Mission: To foster an appreciation and understanding of the art of our time; its vision is to become the premier regional center for contemporary art.

An RADP grantee since 1996, the Rochester Art Center initially used RADP funds to increase its internal administrative capabilities, expand educational and outreach staff and hours, and hold a series of community focus groups to help raise the Center's visibility. As a result, it developed a stronger commitment to Rochester and the region, broadened its audience reach and filled part of the void left by cuts to arts education programs in area schools.

While other early RADP goals included an endowment campaign and facility improvements, those plans changed when the adjacent Civic Center expanded, greatly obscuring the Center's access and visibility. In late 1999, the Center initiated an \$8.2 million capital campaign and identified an alternative site for a new facility. During this time, RADP funds were critical to the Center's ability to hire education and marketing coordinators, allowing the director more time to focus on the capital campaign, construction project and operational planning for the greatly expanded facility.

The Center met its campaign goal in 2003, and its new, 36,000-square-foot facility opened to the public in May 2004. With it came expanded galleries, classrooms, Gallery Shop and public reception space. Karel Weigel, the Center's board president, commented, "The transition from the original Art Center to the new, larger facility might best be described as the challenge of moving from a small, well-kept cottage industry to a large, visible community asset."

Although the original construction plans for the new Center included a bridge fund to enable an operational transition to the new facility, the fund was depleted by unforeseen construction costs. At the same time, the organization faced the overwhelming reality of its operational transition—it had become a large facility that garnered interest as a community resource. It was clear that the magnitude of the administrative responsibility, exhibition planning for four times the gallery space, oversight of rentals, fundraising and community relations would rapidly exceed the capacity of a single director.

In 2005, the Center's board initiated a plan to stabilize the staffing structure and financial position. It devised a team-based management structure to address the heightened workload, strengthen the organization's vision, create and implement a new strategic plan, increase fundraising capacity and develop a lean but multifunctional staffing structure.

As a mid-size organization undergoing the pains of rapid growth, RADP funds provided critical support for the Center's expanded general operating requirements and provided the stability required to formulate plans during a time of tremendous change.

Check up on the Rochester Art Center at www.rochesterartcenter.org.



RADP Entry: 1996
Budget at Entry: \$430,834

Support to Date: \$314,000
2004 Budget: \$1.14 million

The South Dakota Symphony

Mission: To provide musical excellence, education and cultural leadership throughout the state and region.

“With Bush and other support, we’ve had a meaningful impact on our region. While we have a long history of touring quartets and quintets and other educational programming, that’s not the same as an orchestra. Now we have a money-making touring orchestra and outreach to many communities.” Tom Bennett, Executive Director

The South Dakota Symphony started at Augustana College in Sioux Falls more than 80 years ago and is a beloved cultural institution in its region. The Symphony offers a season of 15 full-orchestra concerts, five chamber concerts and two special-event concerts each year, as well as education programs and touring concerts throughout the state.

In 1994, the roof literally fell in on the orchestra’s performance hall, and the organization spent a few years as a musical nomad, performing in various facilities. “We became known as the gypsy symphony,” said Tom Bennett, executive director. “Our costs went up; our audiences went down. We borrowed against our endowment. We were in trouble.”

Although close to going under, it rallied. When Bennett became executive director in 1996, a new performance hall—a public/private partnership with the city of Sioux Falls—was already in the works. “Everything since has exceeded expectations,” he said.

The Symphony became a participant in RADP in its second year in the new concert hall. “The fact that we were headed for success, had great news about the organization and were starting endowment planning gave Bush the confidence that we were a worthy grantee,” Bennett recalled. He believes RADP funding helped open the door to other funding, including a grant from the South Dakota Arts Council.

During its first two years of RADP funding, the Symphony completed a strategic plan and was able to begin touring a chamber orchestra ensemble to communities throughout the state. The chamber orchestra touring program needed time to build, he said. “By the third year, it had met the artistic goals and it was making a little bit of money. I don’t know if there’s another orchestra in the country that can say that.”

The Symphony has been doing eight to 10 chamber concerts a year, and the touring program is considered a part of its core operations.

Differences over how fast to grow the Symphony resulted in a brief tenure for the first music director in the new facility. Delta David Gier, now in his first year as music director, already has made good connections with staff, the board and the community.

Visit the South Dakota Symphony at www.sdsymphony.org.

RADP Entry: 2001
Budget at Entry: \$1.43 million

Support to Date: \$155,000
2004 Budget: \$1.49 million

Mission: To create theater that illuminates the myths and realities of our times and to catalyze personal and social change.

Illusion Theater has long been committed to strategic planning, from which it developed its goals for RADP participation beginning in 1997. The Theater has accomplished a number of those goals such as expanding its artistic associates program, reaching out to younger artists and audiences, and expanding its peer education program. Following some trial and error, the Theater arrived at an effective team-based model for its production and management needs through which full-time (but generally less-experienced) staff have been succeeded by seasoned individuals in a range of part- to full-time associate roles, bringing a wealth of experience to the organization without necessarily increasing overhead.

The Theater has seen dramatic growth in its peer education program as the number of sites across Minnesota and increasingly, in other parts of the country, continues to expand. Although new growth has slowed due to budget cutbacks in the education sector, Illusion adapted schedules and budgets to retain all of its rural and urban peer education sites. The number and types of new partnerships with other organizations (ranging from health care to environmental groups) have also grown, allowing the Theater to create informed new work in response to changing social issues.

For much of its RADP participation, the Theater was engaged in a \$1.5 million capital campaign and renovation of its administrative and theater space, which required “a huge leap” for the organization and its board but ended successfully. Recently, Illusion embarked on a planning process to look at its programming identity and core constituency. A year-long marketing initiative reflecting lessons learned from the process will unroll with the announcement of the work for 2005-2006.

The Theater’s leaders believe the organization is more focused than ever before, is better able to say “no” to less than ideal opportunities, is increasingly adept at touring, and continues to benefit from the experience of its artistic associates and from the new ideas and contacts of its younger artists.

Illusion believes it is a leaner and more efficient organization because of the work done through

RADP. As it prepares for an exit from the program, Illusion’s goal is to develop new sources of local and national funding and to increase and diversify earned revenue. The Theater’s leadership says that if the RADP funds realistically can’t be replaced, the organization will have to ask itself, “What will have to change as a result?”



Illusion Theater appears at
www.illusiontheater.org

RADP Entry: 1997
Budget at Entry: \$988,840

Support to Date: \$925,000
2004 Budget: \$1.02 million

Mission: To engage diverse artists and learners in finding creativity, expression and inspiration through the book arts.

Minnesota Center for Book Arts (MCBA) began in 1983 as a center for artists involved in the traditional bookmaking arts—papermaking, bookbinding and letterpress printing. In 1985, it opened as a public center located in a renovated warehouse, where it was able to offer classes and special events as well as providing space for artists to work. MCBA became one of three co-tenants in the new Open Book building in downtown Minneapolis in 2000.

With RADP support, over the next 10 years MCBA will focus attention toward strengthening its artistic leadership and programming, which it lists as the primary areas for development. It has used initial support from the Foundation to conduct a national search for and hire a new artistic director. In addition, MCBA leveraged RADP funding to restructure its debt within a new banking relationship and to evaluate and improve its technology, especially for administrative functions. Finally, RADP funding provided the impetus for other funders who had been considering supporting MCBA to make new or additional grants to the organization. Most notable was a one-time grant to begin a cash reserve, which enabled MCBA to close its line of credit and self-fund during periods of negative cash flow.

MCBA expects to use RADP for general operations related to its artist program, but by putting a portion of the funding to specific uses, it can accomplish some of its long-term goals without becoming overly dependent on Bush Foundation support.

With the new, full-time artistic leadership made possible through RADP funding, MCBA has been able to upgrade its exhibition program significantly. One notable exhibit was *No Reading Required: Selections from the Walker Art Center Library Collection*, a collaboration featuring 150 rarely seen artists' books, including works by Dieter Roth, Yoko Ono and Edward Ruscha. A 2005 exhibition, *SPOT ON: The Art of Zines and Graphic Novels*, explores independent thought, freedom of the press, alternative narrative styles and the diversity of artistic communication inherent in this highly democratic art form.

MCBA's Executive Director Dorothy Goldie was surprised to discover that being part of the RADP program had benefits beyond funding. The periodic convening of RADP organization leaders to discuss issues of mutual interest to mid-size arts organizations, such as technology application, has proven beneficial. In addition, she has surveyed her RADP cohorts to gather information on subjects from attracting and maintaining talented employees to deciding whether to purchase directors and officers insurance.

Cozy up to the Minnesota Center for Book Arts at
www.mnbookarts.org.



RADP Entry: 2004
Budget at Entry: \$843,510

Support to Date: \$129,600
2004 Budget: \$733,848

RADP—What it is and How it Works

The Regional Arts Development Program provides targeted general operating support over an extended time period, with a strong emphasis on planning at all stages and ongoing organizational self-assessment of progress throughout the duration of the program. Each of those elements can be found in many support programs.

However, the combination of those elements makes RADP distinctive. The admission criteria and rigor of the selection process are designed to identify the strongest mid-size arts organizations, those ready to make maximum use of long-term operating support. Taken together, the program's focus on planning, flexible support, duration and rigor set it apart from those at other foundations in the region.

Anne Focke, executive director of Grantmakers in the Arts and RADP consultant, said that in her experience, a number of aspects of the program are both significant and unusual—the longer time frame of support, as well as the use of a broad range of respected consultants with artistic and arts management expertise who assess applicants during review, provide technical assistance and evaluate the program.

RADP funding supports the individual goals of the participants. It's focused, yet flexible when circumstances change. And it's long term; participation is for six to 10 years, with renewals every two to three years.

Regional Arts Development Program Goals

- Improve program quality
- Build administrative and financial strength
- Increase and enhance audience reach
- Increase ability to respond to a changing environment

Self-determined goals

Goals grow out of planning and reflect each organization's mission and priorities. While we cast the overall RADP goals broadly, we avoided assigning universal strategies for the participants. This reflects the

Foundation's traditional reluctance to prescribe solutions but rather to rely on the wisdom of each grantee to assess its needs and priorities. Practically speaking, it would have been difficult to find appropriate strategies that would apply to the variety of participants and to the differences in their stages of organizational development.

"What we've spent RADP on has absolutely been our ideas," said Fiona McCrae, director of Graywolf Press. "But Bush was a catalyst for strategic thinking and the planning process."

John Nuechterlein, President and CEO of the American Composers Forum, added, "It allowed us to achieve our goals. It was that simple."

Facts at a Glance

Total grant support

\$13.8 million (through March 2005)

Participants by discipline

Five music organizations—23 percent

Five theaters—23 percent

Four literary organizations—18 percent

Four museums—18 percent

Three artist support organizations—13 percent

One dance company—5 percent

Participants by location

17 in Twin Cities metropolitan area—77 percent

Five in Greater Minnesota and the Dakotas—23 percent

Participants' annual operating budget at RADP entry

Range—\$277,000 to \$10.5 million

Median—\$1.04 million

Participants' annual grant size at RADP entry

Range—\$25,000 to \$200,000

Average—\$75,000

The Bush Foundation is “organic” in the way it evaluates proposals, noted H. Emerson Blake, publisher of Milkweed Editions. “That’s not always what you find with a funding group; often you’re trying to fit your needs into their specific agenda.”

Targeted operating support

Based on their goals, groups have chosen to use RADP operating support in different ways.

A minority of participants put their grants toward undesignated, unrestricted operating funds. In a difficult period of leadership transition, deficit operations and staff turnover, Greater Twin Cities Youth Symphonies used the funding where it was needed most at a given time. The situation for Penumbra Theatre Company was similar; simply having operating funding to help the organization stay afloat while it reorganized administratively was crucial to the Theatre’s survival.

Theatre de la Jeune Lune was interested in moving to “the next level;” its leaders said RADP funding “was like the rudder helping us steer in a new direction, while project support helped with other ongoing work.” The Saint Paul Chamber Orchestra came into RADP just after a period when the Orchestra was on the financial brink. The funding, while a small portion of its operating budget, not only helped it rebuild, it also helped draw national attention and funding.

Some participants have designated advancement goals in a specific operational area or function, such as programming or marketing, during their overall participation. The Duluth Art Institute used RADP to reach out to rural artists in northern Minnesota and then to build an outreach program in a Duluth neighborhood.

For Graywolf Press, RADP funding was used to support an advanced marketing program and, ultimately, to launch a new distribution agreement with Farrar, Straus & Giroux. “We wouldn’t have been able to do that without Bush,” said Fiona McCrae, Graywolf’s director. “We wouldn’t even have had the concept. We would have been so focused on hand to mouth, and it’s a huge cost up front in the first year.”

Some organizations selected different advancement goals simultaneously depending on priorities and their interrelationships. Milkweed Editions used RADP to develop its editorial capacity, to upgrade its internal systems and to improve fundraising, all during a period of change as the founding publisher prepared for

retirement. The Fargo-Moorhead Symphony doubled the number of concerts it offered to meet growing audience interest and then needed more sophisticated marketing to continue to fill the seats at those concerts. RADP funding supported both efforts.

Some participants chose different advancement goals sequentially, depending on how quickly they progressed or to respond to emerging opportunities. The Rochester Art Center first used its RADP funding to support an expansion of its education programs, then it focused on building the capacity to plan, raise funds for, build and open a new facility. Northern Clay Center used RADP support to provide stability as it moved into a larger building, then to expand and develop that building, then to reduce its loan on the building as a move toward long-term financial stability. The Children’s Theatre Company first focused on supporting its core programming, then on new play development and expansion of its education programs, then on new initiatives to build contributed income and reorganize fundraising staff to prepare for a major campaign to expand its facility.

“There are very few opportunities for operating support in the flexible, ongoing way Bush provides,” said Samantha Gibb Roff, executive director of the Duluth Art Institute. “A lot of foundations just want to provide seed money for new programs, but Bush understands you can’t just keep coming up with new programs or you won’t be able to build your organization’s strength.”

Organizational Effectiveness Program grants

In order to promote adaptability, RADP added the Organizational Effectiveness Program (OEP), creating a pool of targeted technical assistance funds for short-term grants of up to \$15,000. We intended OEP to be used for planning and implementation of new efforts that would help participants deal with the changing environment. In addition to short-term grants, OEP also began to provide opportunities for peer learning around topics selected by the RADP participants.

“One of the most important aspects of OEP funds is flexibility. The RADP grantees may submit brief, two-page proposals on a bimonthly basis. Those proposals are reviewed within two weeks by a Foundation staff committee, and if accepted, the organization receives a check by the end of the month. That kind of flexibility allows organizations to act quickly,” said Julie Dalgleish, OEP administrator.

Long-term support

Up to 10 years of funding allowed organizations to engage in long-range thinking. They didn't have to put all of their goals into one proposal, nor did they have to restrict themselves only to goals they could accomplish within a short time frame.

Initially, the Foundation defined the grant period for RADP as between six and 10 years. Most participants chose 10 years from the point of entry, although a few who entered RADP in the rather heady economic period of 1996 and 1997, envisioned using less than the maximum support. The economic downturn of the late 1990s led all of the current participants to revise their estimates to the 10-year maximum.

The Fargo-Moorhead Symphony, for example, expected to be in the program for seven years but later realized that its goals of building programming and audience would need support over a longer period. "Bush has been very flexible in allowing us to extend our funding period," said Bill Law, executive director. "They were concerned that we use the funds where we needed them and in ways supportive and cognizant of our directional changes."

"The 10-year timeframe is absolutely essential," said Emily Galusha, executive director of Northern Clay Center. "So much of what any arts organization does is commit to programs two and three years out. Depending on how much of your funding is multi-year versus year to year, that's either a very large cliff or a walk in the woods."

RADP Selection Process

The selection process focused on the applicants' self-determined goals as well as on their readiness to take part in the program.

Two-tier application process

In creating a two-tier process, we intended to provide a streamlined application for organizations to make an initial case that they met the basic threshold for further consideration. Those that met the basic artistic and organizational development criteria were invited to submit full proposals that required more planning and preparation.



Dale Warland, founder and director of the Dale Warland Singers.

A panel of consultants from outside the region and selected Foundation program staff compared the preliminary proposals and determined which applicants met the basic admission criteria—a history of artistic excellence, strong constituency and regional impact, capable administrative management, effective governance, viable financial position, solid strategic plan and evidence that the organization was at a critical juncture for advancement.

In the next stage, review of full proposals centered on planning objectives; strategic priorities related to RADP support; greater and deeper sense of the organization's position in its region, field and discipline; and the organization's readiness at all levels to implement its plan. Site visits involving Foundation staff and expert consultants were part of the full review process that culminated with a recommendation to the Foundation's Board of Directors.

In the first few years of the program, several participants went through the preliminary process more than once before gaining RADP admission. As we dealt with our own resource constraints in the early 2000s, we

increased the selectivity within the preliminary proposal round. As a result, there were stronger candidates forwarded for full consideration, and the resulting requests fared better in the final review process.

Use of consultants

National consultants brought a broader and deeper perspective to the review process than Foundation program staff alone, who tended to be generally well-versed in the arts and nonprofit sectors but could not offer expertise within all the artistic disciplines. Some consultants also served as an informal resource to applicants and participants during the site visit discussions. A few RADP participants have stayed in contact with the consultants on an informal basis through their time in the program. Many participants also have acquired consultant expertise through RADP's Organizational Effectiveness Program.

Teresa Eyring, managing director of The Children's Theatre Company, recalled the organization used a consultant to help develop a formal script-licensing program and "that just was enormously helpful." The consultant had experience in business planning and in nonprofits and had worked with the Theatre on a plan for costume rentals the year before, so there was already an ongoing relationship. "Consultants can really help an organization see some of its issues more clearly, to help develop a focus and an articulation for what the goals and challenges are," Eyring said.

Technical assistance consultants also became an important part of the North Dakota Museum of Art's progress, according to its director, Laurel Reuter. With RADP funds, she hired three consultants "almost as coaches" to help find new sources of funding for the Museum, including federal monies and national funders.

Site visits

The site visits during the application and grant renewal processes were valuable in themselves, RADP grantees found. They liked having the opportunity to meet a funder face to face. The site visit gave a comprehensive look at the potential grantees and involved its board members as well as staff.

Many RADP participants use the word "partnership" to describe their connection to the Foundation and its staff; such collaboration began with the site visit. Sarah Caruso, president of the Minnesota Children's Museum, was relatively new to her position in 2004, when the Museum applied for its final two-year RADP grant. "I went in and we just started talking about numbers; we had a very detailed financial discussion," she said.

RADP National Consultants

M. Melanie Beene, *former lead consultant, National Endowment for the Arts Advancement Program, San Francisco*

Cora Cahan, *founder and former director, The Joyce Theater; former executive director, Feld Ballet, New York City*

Jeff Church, *producing artistic director, The Coterie Theatre, Kansas City, Missouri*

Peter Culman, *theater consultant and former executive director, CENTERSTAGE, Baltimore*

Richard P. Dober, *senior consultant; Dober, Lidsky, Craig, and Associates; Belmont, Massachusetts*

A. Anne Focke, *independent arts consultant and executive director, Grantmakers in the Arts, Seattle*

Elaine Heumann Gurian, *independent consultant; former director of programs, Boston Children's Museum; former deputy director, U.S. Holocaust Museum, Washington, D.C.*

John C. Heyeck, *arts consultant and former finance director, San Francisco Symphony*

Ruby Lerner, *CEO/president, Creative Capital Foundation, New York City*

Edward Martenson, *program director, Executive Program for Nonprofit Leaders, National Arts Strategies, Washington, D.C.*

Joseph V. Melillo, *executive producer, Brooklyn Academy of Music*

Laura Millin, *director, Missoula Museum of Art, Missoula, Montana*

Lisa Lawer Post, *senior vice president, The New 42nd Street Theater, New York City*

Susan Trapnell, *managing director, A Contemporary Theatre, Seattle*

“Then we talked mission. I felt kind of nervous, as anyone would, but throughout the six months of writing the grant and the site visit, it was a cordial and reciprocal dialogue. Bush demonstrated a deep knowledge of our museum and the issues we were working on. I really appreciate that from a funder, because that’s where we get the partnership.”

RADP Renewal and Assessment Process

Many of the initial RADP grants were up to three years in length, after which the participants applied for renewed support. The renewal application was less structured and based on accomplishments, additional planning and revised goals.

Organizations that entered the program in a period of transition occasionally received a one-year grant that permitted the Foundation to monitor progress and assess whether the grantee would remain in the program; all of those grantees received renewal grants.

The South Dakota Symphony applied for RADP funding in 2001, a point at which it was ready to rebuild after major disruptions (including five years without a primary performance space). Tom Bennett, executive director, explained that a new music director had been selected but was not going to start until the following year. “It didn’t make sense for us to do a long-range plan without the music director, and Bush said it wasn’t willing to make a commitment until we had a long-range plan,” he said. Bennett appreciated the Foundation’s willingness to support the Symphony with a one-year provisional grant to give it a chance to develop the new long-range plan. The next year, its plan in place, The South Dakota Symphony applied for and was awarded a three-year RADP renewal grant.

Although the Foundation asked initial applicants to describe an “arc” of funding throughout their proposed RADP participation, many of those early plans changed as the organizations dealt with the challenges posed by their own development or by shifts in the external environment. Foundation staff and participants began more intentional and specific discussions of post-RADP transition planning as groups reached the halfway point of their tenure in the program.

The Fargo-Moorhead Symphony, which received annual payments of \$30,000 on entry to RADP, had expected to leave the program earlier and a bit more abruptly than it will in 2007. The mid-program discussions led to a “gradual weaning” of funding, said Bill Law, the Symphony’s executive director. “We came up with a proposed schedule with reduced dollars in subsequent

years. Bush was very supportive, and it has helped us avoid a funding crisis.” (In its last three years in the program, the Symphony’s annual payments will decrease from \$15,000 to \$10,000 to \$5,000.)

Participant self-assessment

RADP asked organizations to determine how they would measure their success. Again, this was in keeping with the Foundation’s practice of relying on the knowledge of the grantee. Early in the program, some groups struggled with this—not all of them had experience tracking their progress against strategic goals.

In response, the Bush Foundation and independent evaluation consultants designed a customized self-assessment tool, which participants have used on an annual basis to track progress on organizational goals and development. The tool also has been used by the evaluation consultant to chart progress for the participant cohort as a whole.

Teresa Eyring, managing director of The Children’s Theatre Company, observed the self-assessment got easier each year, once the organization established a baseline. “The Bush Foundation does more assessment with grantees in RADP than any other funder,” she said.

Independent longitudinal evaluation

The Bush Foundation contracted the LarsonAllen Public Service Group in 1997 to measure the success of RADP over time. That evaluation looked at the progress and financial outlook for each of the grantees to test our original assumptions about targeted operating support, to measure the progress of participants as a whole, to determine the impact of RADP on those successes, to assess the effectiveness of RADP grantmaking process and to make recommendations for the program’s future.

Throughout the program, the Foundation has used these evaluations to make adjustments—such as adding an adaptability goal and creating the Organizational Effectiveness Program—and to help fashion Phase II. Bush Foundation Director Dudley Cocke said, “How grantees and grantors can learn together is the purpose of evaluation, and what we learn together should directly affect how we work together.”

LarsonAllen’s final evaluation during Phase I is the basis of the information and conclusions in this report.

Evaluation Findings on Program Goal Achievements begins on page 22.



Graywolf Press

Mission: Graywolf Press is dedicated to the creation and promotion of thoughtful and imaginative contemporary literature essential to a vital and diverse culture.

RADP provided the chance for forward energy versus maintaining the road we were already driving on. We were really able to work on long-term goals given the program's long time frame. As a result, we were able to go to the next level.” Fiona McCrae, Director

Graywolf Press, an independent publishing house founded in 1974, is considered one of the nation's leading nonprofit literary publishers. Its list of authors includes Charles Baxter, David Treuer, Dana Gioia, John Haines, Tracy K. Smith and Elizabeth Alexander. Its classic, *If You Want to Write* by Brenda Ueland (published in 1987), is still the Press's best-selling title with more than 200,000 copies in print.

Graywolf wanted to “go to the next level” when it entered RADP. In the first three years of its participation in RADP, Graywolf Press developed and implemented a more sophisticated marketing plan. “We felt we couldn't do the editorial without marketing,” said Graywolf Director Fiona McCrae. More recently, Graywolf has been focusing on fundraising with individuals.

In its most significant change, Graywolf entered into a new distribution agreement with the publisher Farrar, Straus & Giroux in 2002 that let it increase the number of annual titles published (from 15 in 1999 to an expected 20 this year), increase the quality of the work and increase annual sales from \$375,000 in 2002 to a projected \$651,000 in 2005.

Graywolf used an OEP grant to upgrade its website. The organization's original website had won awards, but it was “beginning to break at the seams,” McCrae maintained. “We couldn't sell books on it, and we couldn't take donations on it. We used OEP to create one that is mature.”

Changes in marketing, fundraising and distribution have put Graywolf in a good position to use RADP funding to support its editorial products in the latter half of its participation in the program.

Although it is several years away from transitioning out of RADP, McCrae said the organization is looking ahead. “I think some of the fundraising from individuals is tied in with knowing that the Bush grant isn't indefinite. This creates a nice sense of urgency.”

Read the story of Graywolf Press at www.graywolfpress.org.

RADP Entry: 1999
Budget at Entry: \$1.01 million

Support to Date: \$625,000
2004 Budget: \$1.22 million



Mission: We are a theatre of directness, a theatre that speaks to its audience, that listens and needs a response.

“Groups like us are at the maximum level that can still be considered mid-size. We are trying to jump to the next level, get greater access to corporate and other funding.” Steve Richardson, Producing Director

Theatre de la Jeune Lune was founded in France in 1978 and began as a bi-continental organization with seasons that were split between France and the United States. The group settled in Minneapolis in 1983 and has continued expanding both its vision and its audiences. It moved into its own performance space, a renovated storage building, in 1992 and has added touring productions to some of the most prestigious regional theaters in the country.

Jeune Lune takes risks with its productions, whether it’s re-imagining classics like *Hamlet*, creating productions full of physicality and dramatic language, or offering new stagings of musical works such as *The Magic Flute* and *Carmina Burana* in collaboration with other artistic organizations. Increasingly, its productions have been hits in other parts of the country, as well as in the Twin Cities.

But the financial demands of a mid-size theater without an endowment frequently meant that RADP funds were directed towards stabilizing general operations, as well as providing the means to do better fundraising and financial planning. The most current grant focused on refining their collaborative structure and seeking a practical model for artistic development of new work that will entail more modest financial risk.

Jeune Lune entered RADP with a long-range plan that included fundraising for an endowment, creating a pension plan for staff and looking forward to construction of a second performance space in its building. Jeune Lune’s endowment campaign has been delayed because of the economic environment. Instead, a more limited campaign was launched to retire accumulated debt, create additional cash reserves and cover needed maintenance on the building. The funds raised thus far have been applied to some of the debt, in anticipation that increases in earned income from its hit production of *The Miser* will help improve its balance sheet.

Theatre de la Jeune Lune takes a bow at www.jeunelune.org.

RADP Entry: 1998
Budget at Entry: \$1.10 million

Support to Date: \$730,000
2004 Budget: \$1.60 million

Mission: We propose to build a world-class museum for the people of North Dakota and its surrounding region.

“Planning is at the core of what we do. If you’ve done your planning, things unfold. You have to know who you are, and you have to have that at the rock bottom of the institution.” Laurel Reuter, Director

At the time of its entry into RADP in 1997, the North Dakota Museum of Art had just separated from the University of North Dakota. Immediately, the Museum and its region faced several significant challenges—the Red River flood of 1997, an agricultural slump and population decline. Significant donor contributions were slow in coming, even more so once the national economy took a turn for the worse. The Museum originally meant to use RADP support to build and broaden its financial base, primarily through an endowment campaign.

With OEP funds, Director Laurel Reuter hired consultants to help her seek new forms of funding. Although it’s small and in the middle of the prairie, the Museum concentrated its efforts on federal grants and national foundations. The Museum won two grants from national funders totaling \$160,000. It also took in an exhibition from the Library of Congress at a significantly reduced cost, a relationship Reuter hopes may be ongoing.

The ’97 flood proved pivotal to the Museum, expanding its role within the broader community. While other buildings were inaccessible, the Museum filled the void and served as a community center, church and gathering place. Exhibits and publications inspired by the flood also brought the Museum new audiences and national attention. It has since launched a coalition of volunteers in key parts of the country to raise additional national support, sponsored a conference on rural arts programs and institutions (with the idea of developing a rural arts institute) and presented several community arts events each year. As one supporter put it, “you continue to do this amazing work of convincing people that art and the artist matter.”

The Museum also increased its fundraising efforts with individuals, particularly people on the East Coast who have North Dakota roots or who are interested in rural arts. These donors understand their dollars can have more impact there than at a larger institution. In 2004, they gave more than \$10,000.

The Museum explored new ways of partnering with the University of North Dakota. In 2004, the University contributed \$45,000 and will provide \$25,000 in 2005 and \$20,000 in 2006. More significantly, Reuter noted, “We’ve opened the door for state funding for the first time.” The Museum will request \$250,000 for the next biennium.

Reuter said the flexibility of RADP, as well as the money, have been key to the Museum’s ability to go forward. “The Foundation staff and the program itself have integrity—we can be honest about our situation and don’t have to hide difficulties.”

The North Dakota Museum of Art is on display at www.ndmoa.com.

RADP Entry: 1997
Budget at Entry: \$372,539

Support to Date: \$595,000
2004 Budget: \$1.08 million



Mission: To create, foster and preserve affordable space for artists and arts organizations.

“We’ve really been able to grow in terms of size and programs, but we’ve also been able to take risks on behalf of our artistic communities. . . . We’ve been able to do things here in Minnesota as a sort of laboratory that haven’t yet been replicated elsewhere.” L. Kelley Lindquist, President

Artspace Projects started in 1979 as an advocate for artists’ space needs; today it is the country’s leading nonprofit real estate developer for the arts. Initially, it developed housing for artists. Now it plans and develops performing arts centers, museums and other arts facilities as well.

Led by its energetic president and boasting an experienced staff, Artspace came into RADP ready to seize new opportunities. The funding helped stabilize the organization so it could take on new initiatives not supported by project-specific funding.

During its time in RADP, Artspace has been challenged by the economic downturn. It also has been confronted by changes in the real estate market and in local political leadership that delayed or changed some of its development priorities. And one project, the renovation of an old theater in downtown Minneapolis, consumed a great deal of the organization’s time and resources.

Artspace has improved its situation in many ways while in RADP, adding properties across the country and developing earned income that is now more than 60 percent of its total revenue. Still, the organization’s expenses have outpaced income.

The current strategic plan emphasizes stabilizing cash flow, said Wendy Holmes, vice president for resource development. “Because we’re in the real estate business, the most vulnerable stage for us is the pre-development of our projects—all the funding up to construction.”

Artspace has begun to build its consulting services to generate cash flow and revenue. Some of its consulting work with cities leads to project development as well. Although the organization had been doing consulting for some time, Holmes said, “We put a structure and pricing around it. We had to grow up a lot.”

RADP funding also has supported internal processes. In 2002, Artspace received an RADP technical assistance grant that allowed it to hire a consultant to assess the organization’s technological infrastructure needs. Now laptops and an internet-based phone service keep their frequently traveling staff efficient and connected.

Artspace has been raising regional working capital funds and increasing contributed support in Minnesota, New York, Chicago and Texas. That strategy should allow it to transition out of RADP without trauma. “It’s setting us up for the future, when we want to have more funds like this for our work,” Holmes said.

Check out Artspace’s plans at www.artspaceusa.org.

RADP Entry: 1997
Budget at Entry: \$2.13 million

Support to Date: \$1.16 million
2004 Budget: \$6.88 million

Mission: To enrich, inspire and entertain its audiences through the superb, world-class performance of important *a cappella* choral music, while fostering awareness, understanding and appreciation of recent choral music repertoire.

The Dale Warland Singers (DWS) is one of several groups where RADP's long-term focus and flexibility helped the organization adapt to changing circumstances and make mid-course adjustments. Early in its participation, DWS clearly had a strong artistic product but faced some financial and administrative concerns, particularly as audiences began declining, recording contracts were difficult to initiate and revenues began to drop. But by the late 1990s, Gayle Ober (its new executive director) had begun to turn the organization's financial position around. DWS initiated a new strategic plan and redirected its RADP goals to fit better changes in the environment.

Then came the unexpected announcement of the founder/artistic director's decision to retire at the end of the 2003-2004 season. According to Ober, "Our entire focus changed from one of growing an organization to figuring out how to close with dignity and integrity. Leaving a legacy that would serve the choral world long after our closing became our primary goal. To have a funding partner that understood why this was important and offered flexible support to help us do this pioneering work was extremely important to us."

During the latter half of 2004, DWS focused on how to catalog and archive its legacy, finish several important final recordings and cease operations responsibly.

This was no small task. Over the course of its 32-year history, the group had commissioned more than 260 works, made more than two dozen recordings of contemporary *a cappella* choral music, and received a 2003 Grammy award nomination. Today, the organization's score library and archives are available to scholars and choral conductors. And the American Composer's Forum has established The Dale Warland Singers Fund for New Choral Music to support the creation and performance of new choral music, one of the core parts of the mission of DWS.

The Dale Warland Singers underwent several positive changes in its final years largely due to Ober's strong leadership skills and her belief in Warland's vision. The decision to close was remarkable since leadership, staff and board recognized that succession in this case was not likely to be in the organization's best interest. Often organizations are unwilling to take steps toward that end; few examples exist where this has been done consciously and carefully. The Dale Warland Singers' realistic assessment of its situation and deliberate decision regarding its future is one from which the field as a whole can learn.

For more information about the legacy of the Dale Warland Singers, visit www.dalewarlandsingers.org.

RADP Entry: 1997
Budget at Entry: \$555,904

Support to Date: \$411,000
2004 Budget: \$701,232

Evaluation Findings on Program Goal Achievements

Participants' Progress

Many of the organizations admitted to the program in the mid-1990s were experiencing growth in programming and more stable financial positions as a result of the strong economic conditions of that time. Even with the unexpected and severe economic downturn during the early 2000s, most RADP participants made significant progress in their organizational goals. Some even had dramatic successes.

After seven years of the program, the RADP evaluation found that:

Seventy-five percent of RADP participants had made significant progress on their own institutional goals.

The impact of attaining these goals ranged from serving more artists to improving access for audiences. In addition, participants built administrative capacity, supported program growth and made better decisions as a result of financial system upgrades.

Governance goals are of increasing importance to grantees including improved recruitment and orientation processes, new skilled and involved board members, greater board role in fundraising, and more effective board committees.

The most challenging institutional goals were related to earned or contributed income growth.

From 1996 through the end of fiscal year 2002, 75 percent had improved or maintained their financial position compared to when they entered the program. However, the lingering effects of the economic downturn that began in 2001 are likely to result in weaker financial results for individual organizations and the program as a whole for the near term.

Nine organizations experienced declining earned income trends between fiscal 2000 and 2002, including those with otherwise healthy financial indicators. These included ticket sales for some music and theater groups, book revenues for literary presses, and interest earnings for those with endowments or investments.

Substantial reductions in public sector funding have affected nearly all of the participants in Minnesota since it is one of the few sources of significant unrestricted support.

Participant responses to a weakened economy have included both retrenchment and proactive planning.

By 2002, one-fifth of the RADP organizations had made cuts in programs, staff or salaries. A majority of them took steps that included:

- Revisiting strategic plans.
- Scaling back fundraising goals.
- Revising budgets.
- Putting new projects on hold.
- Engaging in more partnerships with other organizations.
- Focusing more on individuals as a source for support.
- Improving board governance skills in planning and fundraising.

[An updated financial analysis by LarsonAllen Public Service Group in May 2005 indicated that by the end of fiscal year 2004, over two-thirds of participants reported more earned income than in fiscal year 2002. Just over half of participants reported operating surpluses in 2003, while nearly 80 percent reported an operating surplus in fiscal year 2004. Eight operating deficits were reported for fiscal year 2003, of which two were severe (greater than 10 percent of total unrestricted revenue). In fiscal year 2004, only four organizations reported operating deficits, of which three were severe.]



At Minnesota Children's Museum, kids create and discover symmetry as they paint their faces.

Grantees outside the Twin Cities were able to expand their programming impact within their respective regions.

Non-metro participants reported increased services in small towns and rural areas that rely on them for arts and educational experiences. Recent economic challenges have been particularly acute for several of these organizations. The problems have been magnified by the limited corporate and foundation funding resources outside the metropolitan Twin Cities area. As a result, RADP support was germane to at least one group's continued existence.

Progress Toward Bush Foundation Goals

As the RADP participants moved forward on their own goals, the program itself showed progress toward achieving its overall purpose.

Goal 1: Improve program quality

Three quarters made progress on their plans for improved programming, including:

- **Commissioning new work.** The Children's Theatre Company came into RADP in 1998 with a new artistic director and an artistic vision to become a national leader in developing new works. RADP helped to establish a designated unit within the Theatre to create compelling new plays. Dale Warland Singers used RADP to commission new works for its 30th anniversary.
- **Developing education programs and outreach.** Illusion Theater expanded its well-respected peer education program to include more program sites and to develop more works on topics such as eating disorders, teen suicide and family violence. The Minnesota Children's Museum developed new curriculum and on-site programs for first and second graders throughout the Saint Paul Public Schools.
- **Forming new partnerships with other organizations.** For Theatre de la Jeune Lune, new partnerships—including one with the American Repertory Theatre—enhanced its artistic product. The American Composers Forum used RADP support to hire staff to develop partnership-based programs such as *New Band Horizons* and *Faith Partners* that benefit composers and audiences regionally and nationally.

Goal 2: Build administrative and financial strength

Nearly all of the grantees have made meaningful progress in key administrative or financial areas, including:

- **Revenue diversification.** A number of participant organizations have found new sources of income, both contributed and earned. Artspace Projects, for example, not only emphasized individual donor development, it also began to build a more robust consulting services program, increasing that revenue and creating new opportunities for successful projects.
- **Strategic planning.** The North Dakota Museum of Art had planned to use RADP to help with an endowment campaign. Instead, it created a plan for winning more national attention and, with it, funding. The Saint Paul Chamber Orchestra created a new artistic and management model that eliminated the position of music director and gave musicians and management collaborative responsibilities.
- **Critical new staff positions.** Creating or re-imagining key staff positions was important for a number of organizations. Illusion Theater developed a new model for production and management, featuring artistic associate positions (some part time) filled by more seasoned individuals. The Rochester Art Center added an education coordinator, permitting the director to focus on developing a new facility. For the James Sewell Ballet, expanding the dance troupe—and increasing pay in order to attract top talent—allowed it to tackle artistic development goals.
- **Relocation to a new facility.** Several organizations moved to new facilities just before or during participation in RADP. The Loft Literary Center in Minneapolis had just moved into Open Book, a much larger facility, when it came into RADP. Funds helped with additional program development, with member and volunteer recruitment and with upgrading its technology. Northern Clay Center has used much of its RADP funding to help finance facility renovations—including paying off a loan—in order to enhance the organization's long-term future.

Goal 3: Increase and enhance audience reach

More than half of the participating organizations say they have increased their audience reach through:

- **Improved marketing.** Graywolf Press felt that moving forward both editorially and in building audience would depend first on marketing, so it initially used RADP funding to create a stronger marketing team.
- **Heightened visibility.** A number of organizations, from the North Dakota Museum of Art to Theatre de la Jeune Lune, were able to take advantage of opportunities to present their work in a larger arena, winning both national and increased local attention. The James Sewell Ballet began to produce a New York season in alternate years, in addition to its Twin Cities performances. For many of these organizations, the heightened visibility also brought in new funding sources.
- **Additional programming, tours or program sites.** The Fargo-Moorhead Symphony doubled the number of concert series it presented. The South Dakota Symphony created a series of chamber orchestra concerts that have toured to different regions of the state.
- **Greater involvement of young people in program design or delivery.** Illusion Theater engaged young artists in roundtable discussions, letting their ideas help shape programming.
- **Increased use of facilities as a community resource.** The Rochester Art Center planned for and opened a new \$8 million facility that has redefined the level of programming it provides to the community. It also has challenged the organization to address a significant increase in operational needs.

The Minnesota Children's Museum made access and diversity an essential part of its programming goals.



Activities at the Duluth Art Institute aren't limited to the galleries. These two zucchini harvesters are part of the Institute's Garden Club.

The Museum partnered with several local Head Start programs, offering memberships at no cost to their families. About 10 percent of the Museum's visitors take advantage of discounted entry fees that are funded with general operating support.

Goal 4: Increase ability to respond to a changing environment

A decade ago, nonprofit management consultant Melanie Beene coined the phrase "dynamic adaptability" as a quality that arts organizations would need to survive. She challenged funders and nonprofits to abandon the notion of providing long-term support to achieve organizational stability. In fact, she argued "stability is bad science, like wishing the earth were flat." Instead, Beene suggested grantmakers consider the goal of sustainability dependent on an organization's ability to respond to a dynamic environment. "Both the environment and the organization are in motion," observed Beene, "and are simultaneously acting on and being acted on by each other."³

Both the planning required by the Foundation and the flexibility to change when required were strengths of RADP, participants said.

Sustainability of mid-size arts organizations was and continues to be the RADP's long-range objective. Dynamic adaptability through intentional, ongoing planning was the underlying, perhaps less overt, theme at the program's inception. And it continued to grow in importance as the RADP reached its midpoint in 2001.

³ Beene, M. Melanie. "No Slow Fix, Either" in *Reader: Grantmakers in the Arts*, Spring 1996.

Duluth Art Institute patrons enjoy an exhibit during the 56th Arrowhead Biennial.





Grantees said RADP funding encouraged adaptability because, in part, the flexibility of the funding let organizations direct money to where it would be most useful and to shift or refocus as needed.

Milkweed Editions developed an Internet strategy in 2000 that would create a website with an archive of sortable, downloadable articles from Milkweed publications and others. H. Emerson Blake, publisher, said, “As Amazon and search engines have gone into this market, that has made us a little timid. We’re not going to go up against Google.”

Milkweed found, however, that interest in environmental literature in general was greater than expected; there was an important role the publishing house could play as a catalyst and clearinghouse for that information. The organization’s website has been redesigned to fill that role, with broader information about books and people of interest to its audience.

Organizational Effectiveness Program (OEP)

We added dynamic adaptability as an overtly stated RADP goal in 2002, in part because the operating environment had become more turbulent and uncertain since the program’s inception. But it also became a critical factor as participants thought about post-RADP operating plans. A mid-point program evaluation indicated that some participants had not begun to plan actively for their transition out of the program.

To deal with the impending changes, whether imposed by the external environment or their eventual departure from RADP, the Foundation provided participants with a limited pool of targeted technical assistance funds. OEP funds could be used for additional strategic planning, leadership development, focused upgrades to administrative and technical systems, or business and financial planning related to new income ventures.

To date, most of the groups have used OEP funds for planning around technology issues—website development, computer training and software

Regina Williams as Dinah Washington in Oliver Goldstein’s Dinah Was, directed by Lou Bellamy of Penumbra Theatre in 2003.

Photographer, Tom Wallace

upgrades. Many cited the difficulty of finding funds to support technology improvements despite their critical need to strengthen organizational effectiveness through improved information systems.

Northern Clay Center, for example, used OEP to create a technology plan to help with sales. “We anticipate upgrading our internal hardware and software capacity so we can have a point-of-sale system at our front desk,” said Emily Galusha, executive director. “We’re selling so many objects that there are virtually endless opportunities for making a mistake. We need to automate that process.”

Some organizations, however, found that the funds could assist in marketing research, developing business plans and creating national fundraising strategies. “As technology needs become more integral to ongoing operations, we anticipate that over time fewer organizations will utilize OEP funds for technology and more will direct these resources to other areas of planning and leadership development,” observed OEP Administrator Julie Dagleish.



*When a family that's lost a son to the war in Iraq invert their American flag, tempers flare in Mixed Blood Theatre Company's 2004 production of *Flags* by Jane Martin.*

Photographer, Ann Marsden

What We Have Learned From RADP

As the first phase of the Regional Arts Development Program draws to a close, we have learned much from the experiences of our grantees, from the external environment and from our foundation colleagues who have provided research about and specifically designated programs of support for mid-size arts organizations. It is clear that the issues affecting the sustainability of mid-size arts institutions identified almost a decade ago remain the same (if not more acute) for this sector of the arts community today.

Undercapitalization continues to be a major obstacle to sustainability.

Many grantees use RADP funds to create better financial systems, to increase marketing efforts and to develop their audiences—all efforts at increasing and better managing income. However, most of the grantees continue to have insufficient operating and cash reserves or lack sufficient working capital to cover the organization's needs. As a result, finding enough money to achieve their artistic vision and to take creative risk remains an ongoing challenge.

Nearly half of all RADP groups have no form of longer-term capital, while most of those with endowments or reserves are undercapitalized relative to organizational needs. Most participants lack asset replacement/repair and maintenance funds for facilities, equipment or technology.

The environment remains volatile for the arts in general and this sector in particular.

Unexpected or prolonged downturns may present challenges to arts organizations of all sizes. However, mid-size arts organizations often produce programming that pushes the limits of their capacity and infrastructure. That situation, combined with the lack of appropriate reserves, makes them particularly vulnerable in the difficult economic times that have persisted since 2001. Even with a strategic plan in place, progress on significant longer-term objectives may be slower in mid-size organizations than at smaller and larger cultural organizations.

During the first phase of the program, participants also were challenged by negative industry trends in particular disciplines, such as publishing and dance.

Participants outside the Twin Cities have dealt with entrenched regional economic challenges posed by a diminished industrial base in northern Minnesota and by out-migration and severe financial repercussions from the 1997 flood in North Dakota.

The basic premise of long-term focused, flexible operating support is the right approach.

General operating support remains scarce for mid-size organizations. With its emphasis on planning and a 10-year time frame of support, RADP has given grantees an opportunity to make strong and informed choices about the strategic direction of their organizations.

To date, more than 50 percent of the participants have met all or most of their stated goals across a wide range of institutional aims. An additional 30 percent have achieved many of their stated goals.

The most successful participants used RADP operating support as targeted investments for high-priority goals. The least successful treated RADP support as conventional unrestricted and undesignated operating funds.

Although the program originally offered between six and 10 years of support, the majority of grantees assumed they would need the maximum number of years available. Even those that proposed shorter time frames ultimately requested extensions as they coped with the changing economic environment.



Consistent and strong leadership reinforces this approach.

The organizations that have performed best in RADP are those that have had strong leadership. Leadership has been

more indicative of success in meeting the organization's goals than financial health, length of time in RADP or the amount of funding received.

From 1996 to 2004, more than half of the participating organizations had faced a transition in artistic or administrative leadership. Some of the transitions were planned, while others were not.

The Duluth Art Institute weathered a complete turnover of its leadership team in 2002 and now is refocusing its mission and programming under a new executive director.

Penumbra Theatre celebrated its 25th anniversary in 2002-2003 despite management and board transition for much of its participation; Greater Twin Cities Youth Symphonies has had three music directors and four executive directors in the past nine years as it has tried to move beyond being a founder-led institution.

To date, we have observed that RADP organizations with strong existing leadership and cultures of planning appear to deal with major leadership transitions, whether expected or not, more effectively and successfully. Two participants, Milkweed Editions and American Composers Forum, experienced the retirement of a long-time leader or founder. Well in advance of the departures their senior staffs and boards worked closely to develop and implement succession plans. After surviving a turbulent management transition, Dale Warland Singers faced an earlier-than-expected retirement of its founding artistic director. The organization prudently examined a range of options and made the difficult decision to cease operations while leaving a positive artistic legacy.

Organizations must be ready to participate.

Although many organizations could benefit from additional funding, to be successful in this program there must be an organization-wide commitment to planning.

Participants that achieved the majority of their stated goals not only have had strong, forward-looking strategic plans, they also have had a planning culture with an internal "locus of control" or a sense that they, rather than outside forces, control their own destiny. Nearly three-quarters of the grantees reported that their RADP goals evolved from their strategic planning.

Grantees that had more planning experience found that RADP's resources and rigorous processes provided additional opportunity to check on goals and get an outside perspective that perhaps helped to sharpen their plans.

Hands-on learning about their bodies and the world occurs for kids at the Minnesota Children's Museum.

Participants that have struggled to meet their stated goals may have had solid strategic plans but lacked the ongoing commitment to planning or effective systems to monitor progress and refine those plans. As a result, some participants often experienced prolonged periods of organizational transition and crisis management.

Sustainability may require more than long-term operating support.

While focused operating support and technical assistance are important resources, there are other types of financial and non-monetary assistance that the Foundation provided within the program to increase progress toward long-term sustainability.

During the program's first phase, two participants used RADP operating support in ways that helped to strengthen their longer-term financial positions. A nonprofit press allocated a portion of its grant on a one-time basis to bolster a working reserve fund that supported the production of new publications. Another participant used part of a three-year grant to pay down building-related debt and complete a needed renovation without launching a capital campaign. These examples showed us the possibilities and promise of intertwining operating support with longer-term capitalization strategies.

As part of the Organizational Effectiveness Program, we began to convene RADP grantees periodically to discuss topics of mutual interest. The opportunity to share information, concerns and strategies across disciplines is rare. Participants have reacted positively, and we see the potential for continued and perhaps more focused communication.

Planning for the end of RADP participation must start at the beginning.

By the end of fiscal year 2002, more than 50 percent of participants had entered the latter half of their RADP tenure. It had been clear since a mid-term evaluation in 2001 that some of the exit strategies included in initial proposals for admission to the program were vague and based on optimistic financial growth assumptions developed in the late 1990s. Proposed strategies, such as establishing endowments or large-scale earned income ventures, were no longer practical or appropriate for many of the RADP groups. By the time of the evaluation, most had not been acted on and discussions about "life after RADP" were sometimes difficult and occasionally strained.

While some participants say their post-RADP plans involve making selective cost reductions to meet the gap, others have begun efforts to complete endowment campaigns, establish working capital reserves, initiate a major donor program or develop new strategies to increase earned income.

We have more closely analyzed the size and impact of RADP support as a percentage of a participant's contributed income budget and worked with groups to develop a series of tapered RADP grants starting in the sixth year of support. The decreases may be paired with a matching grant strategy to help the grantee more actively encourage other sources to contribute. Thus far, the matches have been met.

For three organizations that were admitted to RADP since 2001, more emphasis has been placed on the overall arc of support during the application process and initial years of funding.

The Future—RADP II begins on page 33.

Characteristics of strong leadership observed among RADP participants

- Skilled top management
- Effective and engaged board members
- Sufficient "bench strength" or capacity at the next level of staff
- A clear, well-communicated organizational mission and vision shared by staff and board
- The ability to communicate mission and programs to external audiences effectively
- Self-awareness of organizational strengths and weaknesses
- An awareness of new ideas in their field, best practices among peers and applicable benchmarks
- A strong focus on the future and an emphasis on proactive planning to define goals and on systems to assess progress and redirect efforts as needed
- Effective financial strategies based on an underlying knowledge of the organization's economic model
- A relatively diverse funding base
- Flexibility in anticipating or responding to internal or environment changes



Mission: To enrich daily life with dynamic, innovative arts programming. Focusing on learning through the visual arts, the Institute sustains regional artists with exhibits and professional development, while promoting active participation in the creative process for all ages and skill levels.

“Mid-size organizations continue to struggle to build a stable financial base. This program in particular gives us a lot of latitude in how we can do that.” Samantha Gibb Roff, Executive Director

The Duluth Art Institute has exhibitions, an annual art fair and classes for art lovers. For artists, it provides studio rental and networking, advising and referral services.

When it first came into RADP, the Institute planned to use the funding to help expand its services to regional rural artists and broaden its audience base. “Through reaching out to rural artists, the Duluth Arts Institute became stronger,” said Samantha Gibb Roff, executive director. “We ended up with individual gallery exhibits for some artists. It’s amazing the enormous talent that’s out there; RADP funding helped us seek them out.”

Changes in the organization’s senior management and board, coupled with a challenging regional economy shifted focus and RADP goals to rebuilding efforts. Gibb Roff, who became executive director in late 2002, remarked, “The board was new, I was new, and we were all trying to figure out where to go. The fact that Bush stayed with us helped give us confidence. That gave us time to get traction and go forward with new ideas.”



The organization shifted emphasis to local community outreach and relocated its popular ceramics program to a Duluth neighborhood facing challenges. “It was a risk, and an organization can’t take risks like that without backing of the sort RADP has provided,” maintained Gibb Roff. The facility has become the center of the Institute’s education program and an important part of the neighborhood. “We’re the first cultural institution in Duluth to invest in that neighborhood,” said Gibb Roff. “We’re not just roosting there; we’re working with neighborhood groups. We’re trying to do as much connecting as possible.” The Institute offers free programs and a number of scholarships to make sure that the neighborhood can participate in its programs.

Duluth Art Institute representatives said that being part of RADP gives the organization credibility with other funders and supporters, critical after a period of seeming tumult in its leadership. “When we can leverage Bush funding and the credibility it brings, that’s enormous when I’m talking to corporate funders,” Gibb Roff said.

Going forward, Gibb Roff hopes the Foundation will continue to support arts organizations. “Even though we’re all working toward stability, money is very tight and times are rough,” she said. “I found it much more challenging than I anticipated to raise stable, dependable money for our programs within the community.”

Learn more about the Duluth Art Institute at www.duluthartinstitute.org.

RADP Entry: 1998
Budget at Entry: \$276,787

Support to Date: \$175,000
2004 Budget: \$335,725

Mission: Milkweed Editions publishes with the intention of making a humane impact on society, in the belief that literature is a transformative art uniquely able to convey the essential experiences of the human heart and spirit.

“We’ve benefited from being able to try things and learn from them, and use that to make a better program along the way.” H. Emerson Blake, Publisher

Milkweed Editions, founded in 1979, releases 12 to 20 new books each year in adult fiction, nonfiction and poetry, as well as selected children’s literature. Its books have received numerous awards, including two American Book Awards. The press has developed a particular focus on environmental writing.

RADP gave Milkweed support that helped keep things running while the organization changed its staff structure, moved to a new facility and developed a new website. Milkweed found it challenging to launch a new program in difficult financial times for the publishing industry. RADP’s emphasis on planning and measurement against long-term goals helped the organization think like a nonprofit but act like a business at a critical time in its history.

In 2003, the founding publisher left the organization, prompting a transition in leadership. Its Board worked with an outside consultant to map an extensive succession plan that included establishing an endowed fund named for its founder, Emilie Buchwald. “Any time an organization shifts from being founder based to being mission based, it becomes more strategic,” said Blake. “The organization becomes more aware of its mission and more committed to its mission.”

Blake added that Milkweed has been focusing on books that make the press’s identity more distinctive. Two books have done very well—*Ordinary Wolves*, a novel, and *Perfect*, a children’s book. “I think that is the proof that the right acquisitions lead to organizational stability.”

Milkweed Editions’ story unfolds at www.milkweed.org.



RADP Entry: 1998
Budget at Entry: \$1.08 million

Support to Date: \$605,000
2004 Budget: \$1.41 million

Penumbra Theatre Company

Mission: Penumbra Theatre creates professional productions that are artistically excellent, thought-provoking, relevant, and illuminate the human condition through the prism of the African American experience.

“Our audiences are growing, but our finances are still tenuous. One ‘burp’ in the process really sets us back.” Chris Oshikata, Executive Director

Penumbra Theatre Company has developed programs and productions in the Twin Cities since 1976, often standing alone in its presentation of African-American theater. It fills an important niche locally and also develops works that reach theaters and audiences around the nation. The Pulitzer Prize-winning playwright August Wilson had his first production at Penumbra in 1981 and has maintained a long connection with the Theatre.

Despite artistic excellence and a small, loyal core of supporters, Penumbra has struggled to stay financially viable almost since its beginnings. This financial instability has been coupled with numerous attempts to reorganize and refocus. RADP provided an array of tools to increase capacity and a network of other mid-size organizations for support, according to Chris Oshikata, executive director since October 2004. “As valuable as these tools have been, the right environment to apply them has been elusive,” she said. “When buffeted by the economic, social and political challenges since the mid-90s, the infrastructure crumbled.”

Penumbra’s leaders said that RADP support, and that of other programs, helped it address how it operates administratively and to track, report and use financial systems and information. That has caused the board to make decisions that make sense given its resources. Oshikata said the most recent management transition has made a difference “primarily because it wasn’t about a plan or a person. It was about rediscovering roots—who Penumbra is and what it does.”

In 2003, the board and management considered closing the Theatre but instead recommitted to the organization’s original mission and to its artistic director, Lou Bellamy. “They recognized Penumbra as mission-driven art at its best, a theater that exists to benefit the communities in which it operates, not the bottom line,” Oshikata believes.

It developed a four-year restructuring plan. In one year, the organization reduced its deficit by almost \$200,000 and increased its unrestricted assets by nearly \$170,000.

“The recent challenge grant from the Bush Foundation created an opportunity for Penumbra to earn the funds lost, by leveraging the grant with the public,” noted Oshikata. The results were quick and demonstrative. In just three months, the grant was matched with new money from individuals, corporations and foundations. “The strategy generated a great deal of energy and enthusiasm with the staff, management and board because a goal was reached and that made other goals seem achievable.”

As it gets ready to exit RADP, Penumbra is developing programs to focus on encouraging its individual, long-time supporters to increase their donations and involvement with the Theatre.

Penumbra Theatre Company is on stage at www.penumbra theatre.org.

RADP Entry 1996
Budget at Entry: \$578,958

Support to Date: \$865,000
2004 Budget: \$1.39 million

Minnesota Children's Museum

Mission: Creating experiences that spark children's learning.

"It is the flexibility of the funding that is the beauty of RADP." Sarah Caruso, President

The Minnesota Children's Museum started in a warehouse near downtown Minneapolis in 1981, offering hands-on experiences for young children. It was immediately a popular place for families, unlike anything else in the Twin Cities. The Museum outgrew its first home and moved in 1985 to a renovated space in Saint Paul with 18,000 square feet of galleries. As before, the space attracted families and became too small very quickly. In 1995, the Museum opened a new facility in downtown Saint Paul with 65,000 square feet of gallery and program space.

Museum attendance grew from an annual peak of 80,000 at its first facility to more than 375,000 after this last move. New exhibits and programs continue to draw more families, and its touring exhibits now bring education and entertainment to children across the country.

The Museum was able to attract both local and national funders early on, allowing it to make two major moves in just 10 years. But when the economy slowed, many of its corporate sponsorships and grants ended or were reduced, and donations from individuals dropped as well.

RADP grants helped the Museum during the first couple of years in the new building and then supported programming, including commissioning original works by artists and performers, renovating exhibits, developing touring exhibitions, and funding innovative or educational initiatives. More recently, said Sarah Caruso, president, "We have migrated more toward using RADP to build the financial strength and size of our [reduced-rate] Access program. As we have grown and matured in this building, Access has become a very important part of our mission." Overall, the Museum gives Access memberships to about 2,000 families in the metro area (18 percent of its 11,000 family memberships).

The Museum changed to be more welcoming to diverse populations and more informative for all visitors. The One World Gallery, for example, became the Our World Gallery, decorated with faces reflecting the community's rich diversity. Phrases about childhood from community leaders of a variety of ethnic backgrounds are painted on the walls. The restaurant exhibit is now a Korean restaurant, the grocery store international.

During its nearly 10 years in RADP, the Museum has "grown up," Caruso said. "We've moved, filled galleries, grown our audience, completed another capital campaign. We're now a stable organization with a \$4 million endowment, some cash reserves we never had before, a steady audience base, stable departments and robust programming."

Visit the Minnesota Children's Museum at www.mcm.org.

RADP Entry: 1996
Budget at Entry: \$3.69 million

Support to Date: \$735,000
2004 Budget: \$4.20 million

The Future—RADP II

In November 2004, the Bush Foundation Board approved a second phase of the Regional Arts Development Program as a major opportunity to support those mid-size arts organizations that we believe will continue to be of significance in communities throughout Minnesota, North Dakota and South Dakota. RADP II will be based on the elements of the first program that worked, with adjustments and changes to bring more clarity to some aspects of the program's design and process.

The Foundation has involved RADP participants as resources in determining the course of the program. Several times since the beginning of RADP, the Foundation has convened leaders of the participant organizations. The first convening, in 1996, was a forum that helped set the program's content and evaluation. The participants gathered again in 2002 to discuss the efficacy of creating a streamlined technical assistance component.

At the most recent convening in May 2004, the Foundation asked current participants to provide comments and ideas related to the future of the program. In planning the next iteration of RADP, we already had the results of the evaluation by LarsonAllen Public Service Group, along with their recommendations. Still, we wanted direct feedback from participants about what worked, what didn't work and what was missing.

"I get a sense from Bush that it is really listening to what these organizations are experiencing and how Bush can best respond to them," commented H. Emerson Blake, publisher of Milkweed Editions.

As it designed RADP II, the Foundation considered observations that emerged from the evaluation and the convening and shaped them into tenets of the new program.

Given our experience with Phase I participants opting for longer periods of support, RADP II will offer all participants 10 years in the program.

In response to the evaluation's finding that mid-size organizations remain undercapitalized making it difficult to completely replace RADP operating support, the Foundation will incorporate a combination of operating support, increased technical assistance and capitalization

funds (including cash reserves, facility reserve funds, debt-reduction strategies, etc.) tailored to each participant's goals and priorities.

The nature and timing of capitalization support will be rooted in the organization's RADP long-range plan to be developed during the participant's first year in the program. This plan, well knit to the organization's long-range strategic goals, will become a general road map for its participation over the remaining nine years in the program. We will be interested to see if this change in program design helps build sustainability and makes the transition from RADP support easier.

At the same time, some concerns were raised that over-dependency on RADP may be a problem for some smaller organizations admitted to the program. To avoid RADP support becoming too large a portion of an organization's revenue budget, the Foundation will cap annual grant amounts at 10 percent of the participant's total operating budget or a maximum of \$100,000. Participants suggested that the Foundation also might consider the level of RADP support in the context of an organization's total contributed income. The Foundation agreed with that approach, and RADP II annual grant amounts may not exceed a maximum of 20 percent of an organization's contributed income.

Current RADP groups observed that if the Foundation continued to place a value on supporting high-quality organizations within the mid-size arts sector, then it should consider permitting Phase I participants an opportunity for continued support in Phase II.

While wanting to avoid a sense of entitlement among the current participants, we ultimately agreed that they could compete for placement in RADP II. However, the admission criteria will be more demanding. Considerable weight will be given to their Phase I performance and whether they are at a critical point in organizational development that warrants further RADP resources.

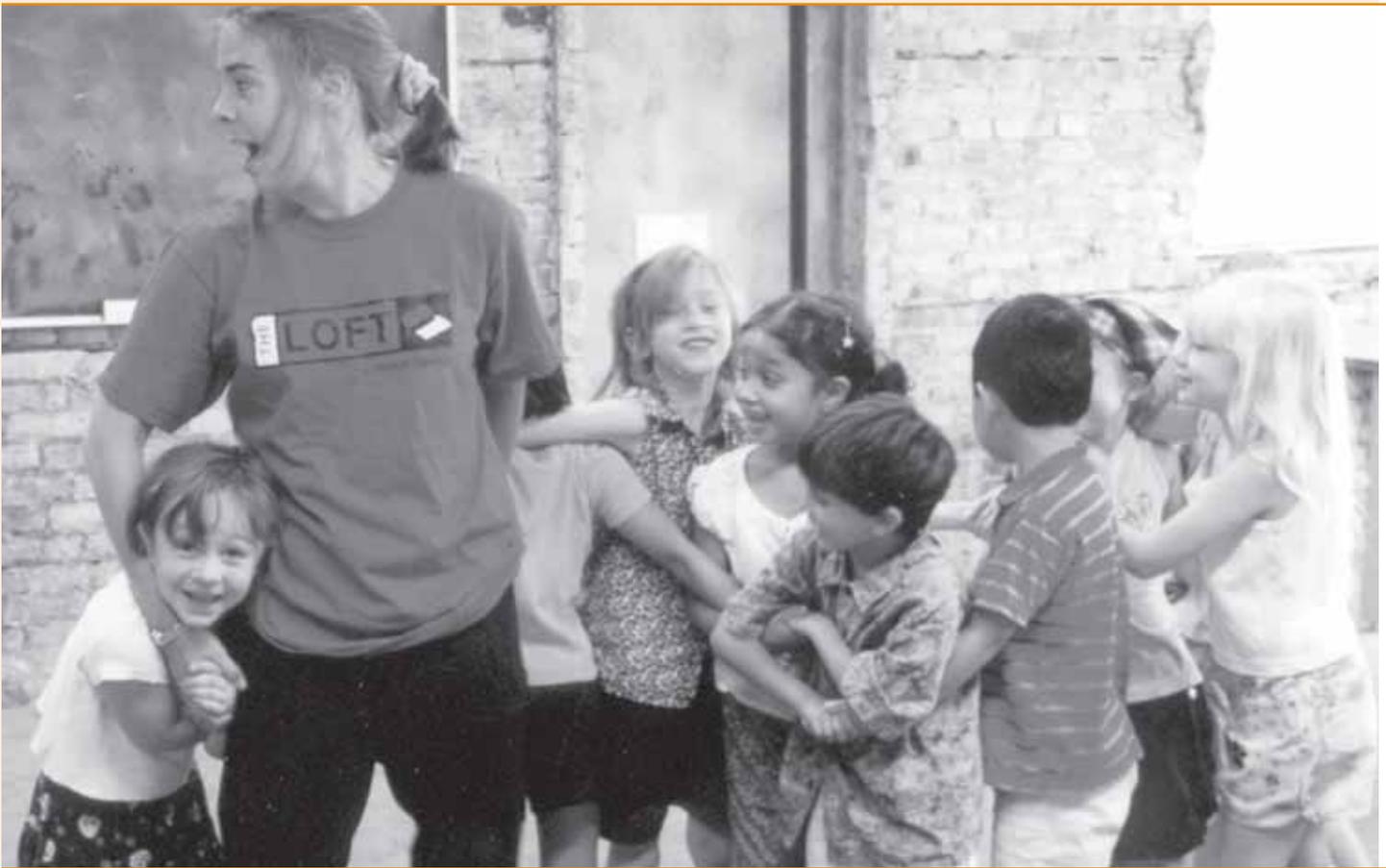
While participants described RADP's rigorous application process as an asset, they found the grant renewal, reporting and evaluation processes lacking clarity and, at times, burdensome. In response, the Foundation has streamlined the renewal process and

coordinated reporting and evaluation materials in an effort to increase consistency and efficiency. Participants are interested in the benefits of Bush Foundation support that go beyond the grant dollars they receive. RADP II will increase opportunities each year for peer learning and information exchange. We will also look for additional opportunities to highlight their work as part of the Foundation's ongoing communications efforts to raise awareness of our grantees' impact in our region.

During RADP I, two large cultural organizations—those with operating budgets of \$6 million or more—requested admission to RADP arguing that they were mid-size relative to their peers nationally within theater and orchestra fields. However, compared to their RADP peers with budgets mostly under \$2 million, the larger

organizations operated at levels of infrastructure and capacity that, over time, were not a fit with the program's intent. The evaluation found that it is generally more difficult to attribute the impact of RADP grant support in organizations with budgets of more than \$5 million. Therefore, the Foundation will limit participation in RADP II to organizations with annual budgets of less than \$5 million.

The next phase of the Regional Arts Development Program will begin with a preliminary proposal round in November 2005 and first admissions to RADP II in 2006. The Foundation will hold preliminary proposal rounds each November on an annual basis for 10 years (through 2014). Program guidelines will be available in June 2005. ❁



Energy runs high at the summer writing camp The Loft Literary Center holds for children.

The Saint Paul Chamber Orchestra

Mission: To present a world-class professional chamber orchestra in the Twin Cities dedicated to superior performance, artistic innovation and education for the enrichment of community and world audiences.

“RADP provides stable, long-term predictable support, which is always key.” Bruce Coppock, President and Managing Director

The Saint Paul Chamber Orchestra (SPCO), founded in 1959, is the nation’s only full-time professional chamber orchestra. The Orchestra’s 35 musicians present more than 150 concerts and educational programs each year, tour nationally and internationally, and reach 6,000 Twin Cities students each year with the CONNECT youth music education program.

In 1999, when it first came into RADP, the SPCO was in the midst of significant organizational change—it hired a new president, concertmaster and principal guest conductor, and it began a search for a new music director.

RADP helped support the SPCO during the transition and in its \$20 million endowment campaign. The endowment campaign was more than successful, but the economic downturn meant that endowment earnings were less than expected. At the same time, ticket revenues decreased and season subscriptions stayed flat. The three-fold hit to the organization’s financial support in 2002-2003 required sometimes dramatic changes to the strategic plan—it temporarily suspended its international touring goal, reduced the number of performances, eliminated some staff positions and lowered musicians’ salaries.

The SPCO held true to its mission and long-range vision, however, proving that adaptability and innovation remain critical components of its success. Over the past two seasons, with a renewed commitment to audience development and industry best practices, the SPCO has witnessed a dramatic turnaround in ticket sales and has experienced significant growth in revenue.

Additionally, the SPCO implemented its new artistic leadership model in the 2004-2005 season, in which broad artistic responsibilities are transferred from a music director to the musicians and five artistic partners. While similar models exist among European orchestras, the SPCO’s new leadership model is virtually unprecedented in America. “What we’re trying to build is the deepest possible ownership among the musicians for the future of the Orchestra,” contended President and Managing Director Bruce Coppock, “and we think that by granting ownership of artistic decision-making, we’ll gain tremendous amounts of engagement and involvement that will redound to the quality of the concerts.”

Although RADP funding represents a small percentage of the SPCO’s overall support, being part of the program has proved critical in attracting significant national funding. RADP funding has allowed the organization to leverage substantial contributions from respected national foundations, including the Andrew W. Mellon Foundation, the John S. and James L. Knight Foundation and the Joyce Foundation.

SPCO representatives said that RADP’s long-term time frame helps provide a stable base from which to plan ahead, take artistic risks or redirect artistic goals. The SPCO will transition out of the program in 2006.

The Saint Paul Chamber Orchestra tunes up at www.thespco.org.

RADP Entry 1999
Budget at Entry: \$10.57 million

Support to Date: \$1.62 million
2004 Budget: \$10.38 million

Mission: The Center's mission is the advancement of the ceramic arts. Its goals are to promote excellence in the work of clay artists, to provide educational opportunities for artists and the community, and to encourage the public's appreciation and understanding of the ceramic arts.

"We needed general operating support, like everybody else, but I also knew that Bush doesn't like to take out adoption papers on an organization." Emily Galusha, Executive Director

Founded in 1990, the Northern Clay Center has used the majority of its RADP funding to support capital acquisition, improvement and expansion, rather than for general operations only. From the start, it has kept in mind the program's limited time frame. "We didn't want to get too dependent," said Executive Director Emily Galusha.

RADP funds helped support the Center's relocation to and renovation of a larger and less expensive facility in 1997 where it could meet the growing demands of constituents better. Since then, the Center has been able to increase the number of workshops and classes offered (including those for children), provide more artist studios for rent and expand its exhibition and sales galleries.

Initially, it shared the building with a co-tenant; the Center was able to take over the entire space earlier than scheduled by using RADP funds to help pay down some of its building-related debt. Galusha said, "We didn't look at it as a capital grant; by getting us a building essentially debt-free, it really helped secure our long-term future."

Over the course of RADP participation through fiscal year end 2002, the organization grew its unrestricted net assets from \$28,500 to more than \$1.3 million, established more than \$250,000 in building and operating reserves, and increased earnings as a proportion of total income from 38 to 58 percent. Demand for the Center's offerings also remains strong and from an audience that is increasingly diverse. The organization serves as a model for other medium-specific arts producing/service organizations.



As the Center approaches its last year of RADP, Galusha intends to apply for a renewal under RADP II. The intent would be to focus on building the organization's endowment, she said, "which truly will enable us to do without Bush support."

Get fired up about Northern Clay Center at
www.northernclaycenter.org

RADP Entry: 1996
Budget at Entry: \$430,834

Support to Date: \$563,000
2004 Budget: \$1.24 million

The Fargo-Moorhead Symphony

Mission: The Fargo-Moorhead Symphony provides high-quality orchestral music through live regional performances and supports related projects such as education, regional outreach, special recording and performance projects.

“We now know the true extent of our audience potential, have redefined ourselves, reach out to new audiences and also provide greater flexibility to existing audiences with additional concerts.”
Bill Law, Executive Director

The Fargo-Moorhead Symphony began in 1931 as the Fargo Civic Orchestra. It came into RADP in 1996 with the goal of developing into a more serious ensemble. It hoped to double the number of concert offerings and to fill 1,000 additional seats.

The first grant helped maintain the Symphony’s financial base during a period of rapid expansion. “To grow our audience required some trigger in the way of funding, so we could do it without destroying our organization,” recalled Bill Law, executive director. “The funding from RADP let us essentially double the number of concerts; within the first two or three seasons, we were experiencing the kinds of numbers in audience that justified that expansion.”

Subsequent grants helped fund marketing efforts as well as new concert events. Before its expansion, most of the Symphony’s concerts were easily sold out. But with extra events and additional open seats, the organization had to develop a more sophisticated marketing plan. The Symphony realized that it would need to find new ways to attract audiences to classical music. It instituted post-concert discussions in its 2000 season, adjusted its pay scale and levels, and released its first CD. Soon, both the number of audience members and the Symphony’s reach expanded.

“The change in our programming has genuinely upped the ante for us,” Law said. “Audience numbers are up, box office is up, the Symphony is playing more—and I think it’s playing better—and the business and management end are all growing.”

A new music director, Bernard Rubenstein, came to the organization in 2003. Law thinks the Symphony was able to attract someone of Rubenstein’s stature because of the improvements that RADP helped support. Rubenstein, while “a very fine musician and a taskmaster,” also connects well with the community.

Law is leaving as executive director in the summer of 2005, which will be another challenge for the Symphony, but one he thinks will be exciting. “Any time a key person leaves, it’s an opportunity,” he said. “I think the energy and enthusiasm and pool of ideas improves each time you bring someone in.” And, Law added, he won’t be disappearing. “With the organization’s blessing, I intend to continue to work as a volunteer.”

Sound out the Fargo-Moorhead Symphony at www.fmsymphony.org.

RADP Entry: 1996
Budget at Entry: \$358,384

Support to Date: \$211,000
2004 Budget: \$604,685

Greater Twin Cities Youth Symphonies

Mission: In the conviction that music nourishes the mind, body and spirit of the individual and enriches the community, the Greater Twin Cities Youth Symphonies provides a rigorous and inspiring orchestral experience for young musicians.

Thousands of young people in the Twin Cities have taken part in the Greater Twin Cities Youth Symphonies (GTCYS) over its more than 30-year tenure. The organization not only gives many students the opportunity to take part in orchestral performances, but it also commissions new work and has outreach programs in schools and other venues.

GTCYS came into RADP in 1996 at a turning point—it wanted to hire a managing director in order to make the organization less vulnerable to the eventual exit of its founder. When that departure came in 1997 (sooner than expected), it began a period of high turnover at the top of the organization. Several executive directors arrived, then left after relatively short tenures; artistic directors came and went as well. The current artistic and managerial leadership team has been in place for the past 18 months and appears to be stabilizing operations.

“Organizations are seldom more vulnerable than when they must morph themselves from long-term founder/director leadership to something new and altogether untested,” said GTCYS Executive Director Gwendolyn Freed. “It was in very large part due to RADP support that we were able to work through that lengthy, painstaking process. Today, we are able to carry on the singular focus and dedication that has always been the GTCYS tradition. And we do so with a collective, collaborative leadership structure designed to endure as generations come and go through our program.”

In the past year and a half, GTCYS transitioned to a CEO-led organizational model. It hired on a permanent basis its former interim artistic director, a 20-year veteran of The Saint Paul Chamber Orchestra and well-known area conductor. More importantly, its board and staff created and implemented a long-range plan. Making major strides in the three critical areas of the plan—organizational stability, community engagement and strategic program growth—the organization has come to a point of examining some its greatest underlying strengths, challenges and future opportunities as it enters its final period of RADP support.

Greater Twin Cities Youth Symphonies toots its horn at www.gtcys.org.

RADP Entry: 1996
Budget at Entry: \$578,958

Support to Date: \$472,500
2004 Budget: \$613,763

Mixed Blood Theatre Company

Mission: Mixed Blood is a professional, multi-racial theater dedicated to encouraging cultural pluralism, individual equality, and artistic excellence.

“Whether or not we got the funds, going through the RADP process was good for us. It forced us to articulate and set forth a plan that we can operate under in the future.” Jack Reuler, Founding Artistic Director

Founded by Jack Reuler in 1976, Mixed Blood Theatre Company uses theater to address artificial barriers to people succeeding in America—barriers of race, gender, sexual orientation, disability and language.

The Theatre uses culture-conscious casting to reach nontraditional audiences. Half to 75 percent of the audience for most productions are people who are either there for the first time or who haven't attended in a long time.

Reuler said, “In the last four or five years, we really made a shift from conventional theater marketing wisdom (which is to get them in the door and then get them back) to instead saying, ‘Who is this play for? Let's get them in the door.’” A recent production, *Queen of the Remote Control*, told the story of a family from India in America. The Theatre succeeded in attracting many South Asians and those of South Asian descent to that particular production.

Mixed Blood is beginning a transition from a founder-led organization to an established mid-size institution, and its RADP funding will be used to support that change. The Theatre was already moving in that direction—two years ago it added a development director, leaving Reuler able to concentrate more on being artistic director.

The Theatre's initial RADP goals center on furthering artistic growth by deepening existing collaborations and providing additional operational support so that Reuler can focus more heavily on production quality and the development of new work. It wants to revise its education programs in light of changing demographics and school finances. Finally, it plans to expand its distinctive marketing program known as Ethno Metro Pass that promotes culturally diverse productions in the Twin Cities.

As it moves through its 10 years in the program, Mixed Blood may shift to longer-term financial strategies by using RADP support to bolster financial reserves. The Theatre has begun a planning process to determine how best to upgrade its physical plant. In the next two or three years, according to Reuler, the organization will face decisions about its current facility—improve, expand or move.

Mixed Blood came into RADP on the cusp of RADP II. It hopes to take advantage of some of the aspects of RADP II, such as longer-term capitalization support. “We're getting the best of RADP I and the opportunity to be a guinea pig for RADP II,” acknowledged Reuler.

Mixed Blood Theatre Company is in the spotlight at www.mixedblood.com.

RADP Entry: 2005
Budget at Entry: \$1.26 million

Support to Date: \$200,000
2004 Budget: \$1.26 million

The Loft Literary Center



Mission: To foster a writing community, the artistic development of individual writers, and an audience for literature.

Founded in 1974 by a small group of writers meeting in a loft above a Minneapolis bookstore, The Loft Literary Center has evolved into the nation's largest, most comprehensive independent literary arts center. Today, The Loft offers workshops, classes, mentoring, grants and fellowships, book clubs and writing groups, publications, author events, family literacy activities, programs in the schools, and other services for readers and writers of all ages.

At a particularly significant moment in The Loft's history, RADP funds helped increase staff capacity for member and volunteer recruitment. The Loft was just completing a major capital campaign and had moved into Open Book in downtown Minneapolis, a new and much larger space. With RADP funds, The Loft targeted a wide range of new audiences, from young urban adults to suburban arts patrons, with considerable success—enrollment in classes nearly tripled (to 5,268 in FY04); membership more than doubled to over 3,500; enrollment in summer programming for children and teens increased by over 100 percent. In addition, it introduced more than a dozen free groups for writers and readers, attracting diverse participation in terms of age, ethnicity, and genre. *Equilibrium*, The Loft's spoken word program, attracted over 1,050 young adults, nearly all of whom are people of color under age 30.

During this period, The Loft also started a national literary magazine, *Speakeasy*, in an effort to increase its own visibility and present the work of Minnesota writers to a national audience. A board and staff committee worked with magazine professionals to create a detailed business plan before launching the magazine. Despite the careful planning supported partly by RADP funds, *Speakeasy* has struggled in this economic climate.

Right after The Loft entered RADP, the Ford Foundation selected it for a major challenge grant that required the organization to continue to ramp up fundraising, even though it was just completing the capital campaign for Open Book. The staff had been stretched during that period of enormous growth, so undertaking an endowment campaign proved quite challenging. Thanks to the continuity provided by RADP funds during this period, The Loft was able to meet the Ford challenge and complete the campaign in March 2005.

Moving forward from those successes, The Loft will work to solidify relationships with new donors who became involved because of the campaigns. RADP funds likely will be used to leverage existing programs and broaden The Loft's services to the community. Early literacy will be a major focal area in coming years.

Get chapter and verse on *The Loft Literary Center* at www.loft.org.

RADP Entry: 2000
Budget at Entry: \$1.02 million

Support to Date: \$550,000
2004 Budget: \$1.72 million

The Children's Theatre Company

Mission: To create extraordinary theater experiences that educate, challenge and inspire young people.

The Children's Theatre Company (CTC) had a long history of creating original plays, often from existing stories, but "we needed to put some structure around an existing activity that wasn't getting a lot of attention," said Teresa Eyring, managing director. OEP funds allowed it to use consultants and to put additional staff time toward developing a real business plan for licensing CTC scripts.

CTC and the Seattle Children's Theater, which was in a similar situation, joined forces and launched Plays for Young Audiences. "In the last year, we have doubled the royalties we're generating," said Eyring. That means breaking even for CTC but enhanced royalties for the scriptwriters (with whom CTC shares royalties). The success has prompted CTC to look for other "product lines" it can develop. The long-term goal for the program is to have a positive revenue stream that it can use to commission new work.

The organization has met nearly all of its goals under RADP, as measured by the large number of new artists attracted to and quality work resulting from its new play development efforts. In turn, they have helped garner increased critical attention, growing audiences and a heightened national profile. CTC's newly designed and innovative educational department works with teens and a diverse group of artists, educators and thinkers. It has grown both in terms of participation numbers and collaborations with schools and other organizations across the state.

Changes in the development department have also proven fruitful. Since the start of its RADP participation through the end of 2002, CTC has increased its total net assets by more than three-fold. Contributed support has grown by 110 percent for that time period, while earned income increased by 35 percent, primarily due to growth in ticket sales and touring/outreach. CTC initiatives have continued to expand across Minnesota, and in 2003, total audiences hit an all-time high of 358,000. Also in 2003, CTC received a regional Tony award and its show, *A Year with Frog and Toad*, went to Broadway; its business plan regarding costume rentals with the Guthrie Theater also won a prestigious national business competition.

CTC was hit hard by recent cuts to state arts funding and the loss of several key corporate sponsorships. Working capital is limited since CTC's endowment is not yet large enough to spin off meaningful levels of earnings and it has no internal reserves—issues it plans on addressing in the future. Eyring believes state funding has leveled off with less support than once came to the theater. Other funding is "constantly in flux." Eyring said CTC is looking for new individual donors as CTC transitions from RADP in 2006.

The Children's Theatre Company comes out to play at www.childrenstheatre.org.

RADP Entry: 1998
Budget at Entry: \$6.28 million

Support to Date: \$1.29 million
2004 Budget: \$9.15 million



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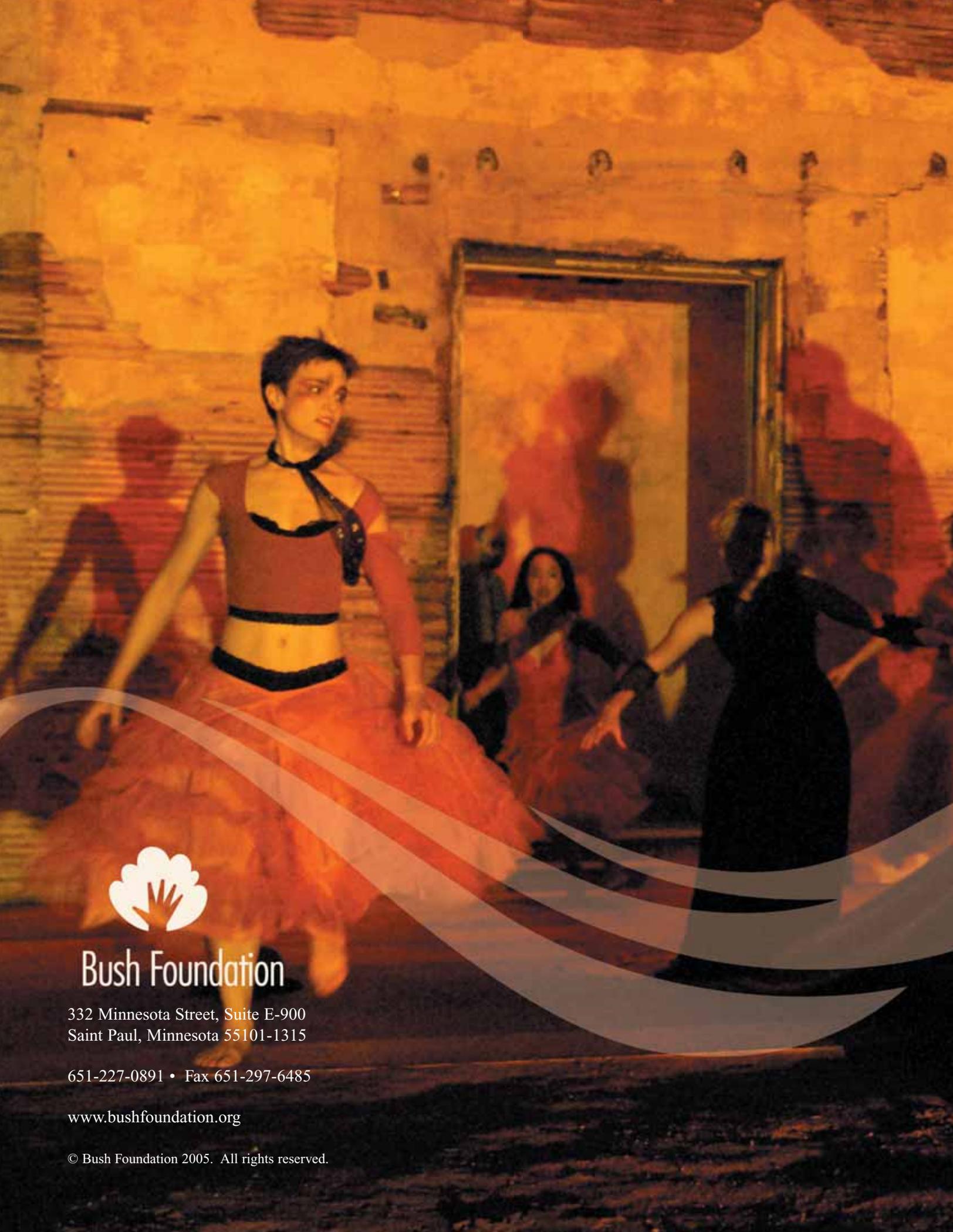
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