The Leadership Crisis in Arts Management

“There are two ways of being creative. One can sing and dance. Or one can create an environment in which singers and dancers can flourish.”
- Warren G. Bennis
There is a growing leadership crisis in arts management in the United States that will have a serious effect on the art produced and presented in the future. Simply put, there is a rapidly growing gap between the current supply and the growing demand for capable leaders in the cultural industry.

The following article will:

1) Describe the causes and extent of the arts leadership crisis in the US;
2) Provide a definition of arts leadership and what makes arts leadership distinct and different from other leadership positions;
3) Present an overview of what is being done to address the crisis; and
4) Offer solutions to resolve the crisis.

While this paper will examine the situation in the US, European cultural institutions are experiencing a similar crisis. And as the cultural sector in the Middle East and Asia develops, those regions will also experience an arts management leadership gap.

In 2006, the Bridgespan Group undertook an extensive study of the leadership requirements of nonprofit organizations. The organizations represented the environment, economic development, social services and the arts. The Bridgespan study determined that:

“Over the next decade, these institutions will need to attract and develop some 640,000 new senior managers - the equivalent of 2.4 times the number currently employed….By 2016, these organizations will need almost 80,000 new senior managers per year.”

The Bridgespan study recommends that all those in the nonprofit sector - boards, current managers, foundations, and individual and corporate donors:

“Invest in leadership capacity. Skilled management is the single most important determinant of organizational success. Nonprofits must invest in building skilled management teams - even if that means directing a greater proportion of funding to overhead. Philanthropy must deliver the operating support required, and boards must reinforce the importance of building management capacity and quality.”

The causes for the leadership crisis in arts management in the US, in order of influence, are:

1) Changing demographics; the largest cohort group of leaders is getting older and retiring;
2) The expansion of the sector; the number of nonprofit organizations continues to grow;
3) Burnout or less interest in the leadership position within the profession, and - implicitly - the dearth of individuals willing and able to step in to fill these leadership gaps; and
4) Little or no leadership succession planning.
DEMOGRAPHICS

Approximately 76 million people were born in the US between 1946 and 1964 (the baby boomer generation). Each day, beginning in 2006, 8,000 baby boomers turn 60, or 330 boomers each hour. Between 2008 and 2020 tens of millions of people will turn 60 and begin to leave the workforce.

A survey of the professional arts establishment in New York City offers a dramatic view of this phenomenon. The following leaders are near or over 60 years of age and have been in their leadership positions for more than 10 years. For clarity and consistency they are referred to as the “president” except in two cases where the leadership is shared. This is a partial list of those leaders:

- The artistic director and the executive director of the Alvin Ailey American Dance Theatre Foundation;
- The president and the producing director of the Brooklyn Academy of Music; and
- The presidents of the Brooklyn Museum, the New 42nd Street Development Corporation (New Victory Theater, New 42nd Street Studios, and The Duke on 42nd Street), City Center, the New York City Ballet, the Lincoln Center Theater Company, the New York Philharmonic, The Juilliard School, Manhattan School of Music, Lincoln Center for the Performing Arts, Inc., The Jewish Museum and The Metropolitan Museum of Art.

The New York City cultural establishment will experience a major shift in leadership over the next few years with the retirements of these leaders. This shift has already begun; Philippe DeMontebello, the long time director of the Metropolitan Museum of Art recently retired and Thomas Krens, 61, departed from his position as director of the Solomon R. Guggenheim Foundation in 2008 after a nearly 20-year tenure (only to be replaced by someone already in his 60s).

This trend is occurring nationally. Among the consortium of performing arts centers, a professional association of approximately 25 of the largest performing arts centers in North America, more than half of the presidents have been in their positions for over 10 years, and a majority will be retiring in the next five years. An article on the leadership gap in American art museums published in May 2008 noted that there were 24 mid-sized to large art museums that were searching for presidents; the article concluded that demographics, or the aging of the cohort of directors, were leading to these vacancies and that the other major cause for the vacancies in art museums and for visual and performing arts organizations in the US is the growth of the number of arts organizations.
EXPANSION OF THE SECTOR

To provide a historic perspective: in 1848 the New York Philharmonic was the first and only professionally incorporated orchestra in the US. By 1900, only 13 symphony orchestras of consequence existed in the US. By the mid-20th century, there were a few professional performing arts organizations, located in major metropolitan areas (such as New York City, Chicago, Philadelphia, and Boston), supported by a small group of major patrons of the arts. Most Americans' access to live opera was either through the Metropolitan Opera's Saturday afternoon national radio broadcast or the Met's annual tours to mid-sized cities throughout the US.

By the turn of the 20th century, many mid-sized cities throughout the Midwest, like St. Louis, Milwaukee and Akron, were developing culturally through the influence of wealthy European industrialist émigrés who wanted their adopted cities to become established cultural centers. With private wealth and civic encouragement, amateur orchestras were professionalized, opera companies were separately incorporated, private collections were donated to museums, and professional regional ballet and theater companies were formed.

In the early 60s, the structure of financial support for the arts underwent a radical change. In 1965 the Ford Foundation initiated a new financing technique referred to as leveraged funding. Leveraged funding encouraged others to match the Ford Foundation grants. This resulted in a rapid growth in the number and variety of arts funders, namely other foundations and corporations. “This in turn led to a period of unprecedented expansion and geographic dispersion of nonprofit arts organizations across the country.” Also in 1965, the federal government established the National Endowment for the Arts (NEA), which in turn led to the establishment of state arts agencies throughout the US. Financial support for arts organizations was becoming a national phenomenon and it was considered a democratic right that residents of each state and city should have access to professional arts. The NEA started national initiatives including the dance-touring program, which in turn led to support for regional arts presenters and a virtual explosion in the number of modern dance companies in the US.

Over the last 20 years, the pace of expansion has accelerated. Over one-third of all existing nonprofit performing arts centers were built between 1980 and 1993. In the last 15 years, there have been dozens of major museum expansions, and more than 25 modern art museums have been built and opened throughout the country. The number of theaters presenting plays and musicals more than doubled nationwide from 1990 to 2005.

Whereas civic pride and new funding sources had been the causes of the growth of the arts, today economic development is the raison d’être for arts expansion - new performance venues are being built, or old ones renovated with the primary purpose of reinvigorating the downtowns of many of the older, industrial cities in the US (such as Cleveland, Pittsburgh, Newark, Detroit, Dayton and many others). The southern cities (such as Tampa, Orlando, Miami, Dallas and Phoenix) are investing in new arts facilities to attract businesses and stimulate population growth. The US, over the last 40 years, has experienced its greatest growth in the number of professional arts organizations, creating a need for additional professionals to lead those organizations.
BURNOUT

The third reason for the ever-growing arts leadership gap is executive burnout or some form of disenchantment with the responsibilities of the position. According to a nationwide survey of nearly 6,000 nonprofit sector individuals, the top reasons that individuals do NOT want to become leaders are:

1) They don’t want the fundraising responsibilities;
2) They would have to sacrifice work-life balance or family life; and
3) Their skills and interests are better suited to program work (like curating or artistic administration).

For example, many who entered the museum profession were attracted to it because of their interest in concrete works of art. Today, the leader of an American museum spends little or no time studying and writing about objects in the collection or mounting exhibitions; rather he or she is fundraising, working with public officials, assuaging difficult but wealthy board members, recruiting staff, and trying to balance the budget. For many of these leaders, the position provides less personal and professional satisfaction, and the aforesaid responsibilities of the position are certainly a deterrent for many curators to become the leader. Some arts leaders are leaving their positions to return to curatorial positions or for other industries or academe.

Actually, the role of the arts institution and, therefore, the duties of its leader have changed over the last three decades. The arts institution was once an enterprise solely dedicated to producing, presenting, and preserving art and culture. Today, the US arts institution is expected to be many other things. It is a social gathering place, replete with restaurants, parking lots, Internet cafés, gift shops, jewelry and clothing emporia; it is a rental space for weddings, corporate shareholder meetings, and private parties; the arts institution is now also the main source for arts education in the US, once solely the responsibility of the public school system. And in an ever-growing need for new audiences, arts institutions are even providing matching services for young singles and other marketing gimmicks to increase audiences and income. In short, the arts leader’s time and responsibility continues to move away from cultivating and encouraging art to that of a broader responsibility toward more utilitarian and commercial purposes. More than one arts leader has commented: “This is not what I signed up for.”

SUCCESSION PLANNING

Lack of succession planning also contributes to the leadership gap. Two surveys conducted in the early 1990s found that over 75% of the boards and executives of symphony orchestras and art museums believed that succession planning was important, yet less than 25% of the respondents had a succession plan for their organization. Two similar surveys conducted in 2008 arrived at similar conclusions: succession planning is considered important, but less than 25% of the organizations surveyed are actively involved in it. In a broader nationwide survey of nonprofit executive participants ranging in age from 20 to 60, a younger participant - speaking of the baby boomer generation’s forthcoming retirement in huge numbers - said, “It’s very scary when you think these people are going to retire and we’re not prepared.” Lack of succession
planning is further illustrated by a participant from another survey:

“One of the reasons I left [my last position] is that there was a real unwillingness to share knowledge with me. Ultimately, it wasn’t fulfilling because this whole idea of succession was so frightening to [the board].”

THE CRISIS

There are two serious outcomes from the arts leadership gap in the US. First, it is destabilizing. Leadership positions are remaining unfilled for long periods of time, typically six months or more. During the interregnum, organizations are reluctant to develop new strategic plans or artistic initiatives, and the hiring of other senior managers may be delayed. Relations between major donors and the institution are interrupted and potential donors are reluctant to make a major commitment until a new leader is named. Also, with such a dearth of arts leaders, the less accomplished or sometimes the unsuccessful arts leader is selected to fill the president position, frequently with dire results.

The second outcome is that, with demand high and supply low, the compensation for the president position in arts organizations has risen dramatically. New hires are commanding a 20% to 40% increase over their present compensation. And the best leaders are encouraged by the board to remain with an organization through deferred compensation or golden handcuff schemes that can result in expensive bonus packages. The median annual compensation for presidents of mid-sized performing arts centers, outside of New York City and Washington, is over $350,000 and museum and symphony orchestra presidents command even larger compensation packages that include performance bonuses and deferred compensation. The more funds dedicated toward leaders’ compensation, the less available for the presenting and producing of art.

“BAUMOL’S CURSE”

Classic economic theory posits that the mission of the for-profit enterprise is to produce the greatest return on investment to the shareholders. The leader’s role in the enterprise is to maximize the use of investments and assets, to increase net income, and to provide greater returns. This leads to competition, greater efficiency, more innovation, and creates value for society. This classic economic theory presupposes controlling or leading the enterprise without government intervention, and it assumes an ethical approach to business. When this system works, it creates wealth and a better standard of living, and it leads to a more civil society.

However, classic economic theory does not apply to the cultural sector. As William Baumol and William Bowen describe it in their seminal book of 1966, *Performing Arts: The Economic Dilemma, A Study of Problems Common to the Theater, Opera, Music and Dance*:

“Whereas the amount of labor necessary to produce a typical manufactured product has constantly declined since the beginning of the industrial revolution, it requires about as
many minutes for Richard II to tell his ‘sad stories of the death of kings’ as it did on the stage of the Globe Theatre. Human ingenuity has devised ways to reduce the labor necessary to produce an automobile, but no one has yet succeeded in decreasing the human effort expended at a live performance of a 45-minute Schubert quartet [it requires four individuals working for 45 minutes each].”

The cultural enterprise, because of this “inefficiency,” will always lose money. This is sometimes referred to as “Baumol’s Curse,” and it is the rationale for the subsidy that arts organizations will continue to need. Whether that subsidy is in the form of direct government support, or in combination with private philanthropy and corporate sponsorship, there will be a delta between what is spent and what is earned that must be subsidized. Thus, the practice of arts management requires the enterprise to be as efficient and cost effective as possible while eliminating the deficit through subsidy and earned income to sustain the organization; Sustainability denotes a balanced budget, a cash reserve, and ideally an endowment. This is the traditional role of the arts leader.

ARTS LEADERSHIP

But more is expected from the well-run arts institution. Because the subsidy assumes that the general public - who pays taxes - tacitly or otherwise believes the arts are important, arts organizations have a broader responsibility: to make the organization accessible and relevant, not just for subscribers, ticket buyers, visitors, and contributors, but for the greater good of society. Accessibility can be interpreted as welcoming, not just for the elite, with ticket pricing that does not preclude attendance by those of lesser means. Relevance implies that the enterprise produces and presents something that is more than just entertainment, that what you hear at the concert hall is not just “Symphonic Pink Floyd” or a touring production of Cats. Rather, relevant arts organizations’ offerings must be uplifting, challenging, educating, and executed at the highest level. The relevant organization provides an aligned response to an external need that makes the world a better place.

To summarize, the three responsibilities of the arts leader are: to insure that the institution is sustainable financially - through careful budgeting, financial planning, and asset management; to insure that the institution is accessible to a broader public - by presenting works in a comfortable setting at prices that the public can afford; and to insure - through artistic programming - that the institution is and remains relevant. The decisions made by the arts leader must be guided by these three principles.

This requires a mastering of the management techniques applicable to all business, financial planning, marketing, business planning, human resources management, as well as those specific to arts management, like audience development, public relations, fundraising, and programming. It also requires that the leader constantly balance the three forces of sustainability, accessibility, and relevance.

However, the arts leader’s responsibility goes beyond these three principles. It is to serve the greater public’s interest by enhancing the value that the organization creates for society - an
economical, social, and - for the arts - aesthetic value that is measurably greater than the earned and unearned income it consumes.

TRAINING ‘ARTS MANAGERS’

University-based arts management training began in the US in 1966, almost concurrently with the beginning of the modern era of widespread professional arts in the US, the Ford Foundation leveraged funding model, and the publication of Bauman and Bowen’s book. In 1966, the first arts management program that offered a Master of Fine Arts with a concentration in Arts Management was initiated at Yale University; many other colleges and universities then began to follow Yale’s lead.xxiii

However it would take many more years before a graduate arts management degree was recognized as valuable and legitimate. The arts management establishment at the time was dismissive of and derogatory toward those with arts management degrees, claiming that the arts is not a business and that running an arts organization cannot be taught in college. Further evidence of this attitude was demonstrated in the 2007 CompassPoint study that surveyed nearly 6,000 members of Idealist.org and CompassPoint Nonprofit Services. Less than half of the respondents who were 50 or older felt that a certificate or degree in nonprofit management or administration had advanced their career, while most of their younger counterparts felt that this was vital for their career advancement.xxiv

It was estimated that by 1999, there were nearly 400 arts management programs offered by colleges and universities worldwide.xxv The Association of Arts Administration Educators (AAAE) is the membership organization of primarily US academic programs that educate students in arts and cultural management, policy, and research. The AAAE represents institutions of higher education that follow a specified curriculum. Today, there are 34 US graduate arts management member colleges and universities that meet the association’s criteria for curriculum and quality who offer over 45 degrees in arts and cultural management, arts policy, and research.xxvi There are literally hundreds of other arts management undergraduate programs or concentrations in arts management throughout the US. How are the established member programs and others preparing students to fill the leadership gap?

An examination of the curricula of three established graduate arts management programs is revealing: the MA/MBA program in arts and business administration at Southern Methodist University in Dallas; the MBA program in arts administration at the Bolz Center for Arts Administration at the University of Wisconsin; and the MFA program in performing arts management at Brooklyn College of the City University of New York. Each of these programs has an excellent national reputation and is noteworthy for offering courses in business and the arts, and each requires internships with established arts organizations. However, there is not one course offered in any of these programs specifically to train the arts management professional to become the leader of an organization.

There were 479 dissertations written by AAAE member students between 1999 and 2007, of which only nine contain the word “leadership” or “leader” in the title or the abstract.xxvii
Furthermore, except for two quantitative studies on arts leaders, one studying directors of small museums in New Zealand and Australia, the other studying 32 executive directors of arts organizations in Michigan, there are no scholarly books on the subject of arts leadership. The texts used in arts management programs fall into two categories: the general arts management books that describe each of the functional responsibilities of arts management, like William Byrn’s *Management and the Arts*, and specific books on either fundraising or marketing, like Joanne Scheff Bernstein and Philip Kotler’s *Arts Marketing Insights: The Dynamics of Building and Retaining Performing Arts Audiences*. The arts management programs, the research community, and the popular literature are preparing individuals for roles vital to the overall functioning of any arts organization; however, they are not cultivating leaders.

**CREATING ARTS LEADERS**

There are four noteworthy industry programs that specifically address the arts leadership gap: The Center for Curatorial Leadership, initiated by the former president of Museum of Modern Art in New York, Agnes Gund; The Kennedy Center’s Arts Management Fellowship; The Getty Leadership Institute’s Museum Leadership Initiative; and the most established, The League of American Orchestras’ (LOA) Orchestra Management Fellowship Program, which was started to identify and train future management for the industry. The LOA program - now in its 29th year - by many measures is the most successful, however, there are only approximately 160 “Fellows” who have graduated from the program (there are thousands of professional orchestras), and today only 28 Fellows - or less than one per year - are executive directors of symphony orchestras. Many others are in the industry, working in the functional areas of marketing, development, finance, and operations.

It should be noted that the aforementioned professional training programs are extremely competitive, and - while immeasurably valuable - are designed for those who have already assumed directorial or managerial roles in some significant capacity. In other words, these programs are not targeted toward those with just the ambition, abilities, and desire to lead an arts organization. One of the participants from the CompassPoint survey summed up the frustration that this causes:

“There are a lot of classes available for existing ED’s [executive directors], but I don’t see classes too often for someone who’s thinking about becoming an ED. It’d be nice if there was a track for that….I would prefer to be a next generation leader if there was a better system of preparing us.”

Arts management academic programs and industry training programs have not produced the number of presidents required to meet the needs of the industry today nor in the future.

There are some university programs and courses designed specifically to teach leadership in the nonprofit sector. These programs assume that business school students and industry executives already have functional expertise and treat leadership development as a distinct discipline. Case studies on leadership challenges are read and discussed, ethical issues are raised and analyzed, successful presidents who have met leadership challenges are frequent speakers, and there is
research on the distinct contribution that the leaders make toward the greater good. Participants in these programs learn how their personal values and behaviors can be cultivated to create stronger leadership qualities and to appreciate the relationship between emotional intelligence and leadership as well as how an individual’s degree of emotional intelligence can be developed. The best programs place a strong emphasis on peer-to-peer interaction and coaching. Their philosophy is that an effective leader improves not only the organization, but also the civil society in which the organization exists. Leadership programs emphasize the leader’s responsibility to look not only within the organization but to understand the organization’s broader social role.

There is one more critical element - specific to training the arts leader - which leadership training programs must embrace. To understand this, one need only examine the characteristics of the New York City arts leaders, those nearing or over 60 years old, who are running major cultural institutions. These leaders, referenced above, have each created sustainable, relevant, and accessible organizations, and each has advanced the organization artistically. They have led successful arts organizations during a period of three financial crises, two terrorist attacks, and intensifying competition for discretionary time and dollars in the New York market. These leaders have created national and global brands, have produced and presented breakthrough art, and have exposed New Yorkers and tourists to the finest performances in the world. They have been generous with their time to train others (many of their former employees are now leaders) and they collaborate with each other on projects that reach a broader public. What is it that these leaders have, what can we learn from them, and how can we train the next generation arts leaders beyond what is being done?

In addition to their “natural leadership” abilities, their management acuity, and their business savvy, each of these New York City arts leaders is deeply rooted in the arts. They began their professional lives as dancers, directors, musicians, or curators, and they inculcated that discipline and sensitivity required of the artist or scholar into their management work so that each decision was guided not only by the three principles of sustainability, accessibility, and relevance, but also by an intrinsic understanding of the responsibility that the arts institution has to society.

If we are truly to solve the arts leadership crisis in the US, we must train artists to become leaders, and for those others who are not artists but have the desire and talent to become arts leaders, we must train them to have a deeper appreciation of the discipline of the artist and a profound understanding of the value of the arts. Those with the desire to lead must be identified, encouraged, mentored, and shown a defined path to leadership. And business courses and arts management courses must be supplemented by leadership training.

Leaders have the greatest effect on the organization, and in the case of the best organizations, an effect on the greater good. For the health and growth of the arts and for our society, new generations and a larger number of arts leaders will be required. To quote Barney Simon, the South African theater director, “Those of us who are fortunate enough to be leaders in the arts have an obligation to see past our own successes and to look to the needs of society.”


iv Ibid. 4.


xi Ibid.

xii Ibid.


xiv Ibid. xi, pp. 74-5.


xv Ibid. xii, p. 22.

xi Ibid.


xxiv Ibid xii, p. 15.

xxv Ibid xvi.


xxix Ibid xii, p. 24.