

STRENGTHENING THE FESTIVALS SECTOR

The following article is an edited version of a presentation delivered to the Annual Summit of the Festivals and Events Association, October 2006.

Money matters

The differences between festivals are sometimes more striking than the similarities. In one capital city the financial turnover of established festivals ranges from \$66,000 to over \$12 million. Some festivals are entirely volunteer run, some have staff who pay themselves for a part of the year, and others have substantial permanent staffing.

From the work Positive Solutions has undertaken with festivals and their funding agencies, a number of common weaknesses or challenges have been identified by festivals themselves. These include:

- under-capitalisation, placing smaller festivals at risk
- under-funding, leading to thin administrative infrastructure in the case of the smaller festivals,
- lack of a solid research base (audience research, impact of previous initiatives, stakeholder perceptions)
- lack of definition of festivals' scope, danger of overlaps and competition
- scheduling clashes
- the need to bring in new core staff every festival for short periods of time – lack of career progression and succession planning
- volunteer burn-out

Funding and core costs, availability and retention of skilled staff (and volunteers), and professional knowledge and infrastructure are the themes that recur.

We should be under no illusions. However much public sector funding is available to festivals it will never be enough. It could only ever be enough if Festival programmers, directors and Committees ran out of ideas. But there will always be more ideas than money. At risk of sounding glib there are probably also untapped non-Government resources in this area of activity as in other areas of the arts – whether it is in attracting more volunteer support, increasing philanthropy and sponsorship or, looking at it from the other end, reducing core costs.

To give an example – one major festival recently increased its sponsorship income from \$1.5m to \$6.2m between one festival and the next, lifting its turnover from \$7.6m to \$12m. There is no evidence that this additional sponsorship take was directly at the expense of other cultural organisations. This is against a background where festivals and other cultural organisations in this same locality have been protesting for several years that there was no more sponsorship out there to be had. The evidence from the UK through the 80s and 90s would suggest that the professionalisation of sponsorship

(beyond sports, where it was already a mature activity) steadily increased the size of the cake.

Another example of the potential for increased income, and at the same time the dangers of volatility and uncertainty. A few years ago Positive Solutions worked on the business planning of a large festival. Together with the festival's management we targeted a fairly aggressive 15% - 20% increase in audiences year on year during the period of the strategic plan we prepared. In the first year the festival actually increased its audiences by roughly 50%, and in the following year by approximately a further 35% - nearly doubling the paying audience in two years. On the back of that the festival invested in necessary infrastructure. But in the third year, because of adverse weather conditions, audiences slightly declined, causing immediate cashflow challenges.

A third festival we have worked with, much smaller than the other two, is in a very different position. Over several years it has built a reputation for innovation, for energy, and for supporting the work of a large number of emerging artists. And it has done this on very slender resources. That's the problem. It has managed to scrape home financially each year – until this year, when it incurred a deficit. That deficit is likely to result in the festival going out of business – because it has no reserves, no working capital to fall back on. Now we are not talking about a seven figure deficit – the sort that gets festivals bad press headlines. We're talking about a fairly modest five-figure deficit – tens of thousands, not millions. It seems an extraordinary waste of personal and community effort over several years, to let a valued cultural program go for want of a small sum of money. The small festival, with no sponsorship officer, no finance officer, no high-powered board, is highly vulnerable to this kind of setback.

Although we do hear of large festivals facing severe financial challenges from time to time, they rarely sink beneath the waves. Either they trade their way out of trouble, or a bail-out of some form is arranged by their key funding stakeholders. As with the country's other major arts organisations there's an unspoken assumption that we just can't afford to let them go – there's too much State and local pride riding on their shoulders (not to mention the fact of their inherent cultural value). In common with other larger arts organisations, the major festivals also have the opportunity to invest in sponsorship or other forms of income development, because their budgets are large enough to take a relatively small risk on the staffing costs to support such an initiative. In this sense larger festivals are limited only by the determination and charisma of their leadership. Small festivals, on the other hand, are vulnerable to a wide range of environmental factors – competition, volatile box office results, staff and volunteer burn out, lack of financial reserves, and most cruelly, a perceived dispensability. Even with excellent leadership things can turn sour.

The problem of measuring outcomes

Typically, the market research we have seen has been audience profiling to inform future marketing strategies, and occasionally economic impact studies to satisfy funding stakeholders. But in depth qualitative research is rare. Small festivals can't afford it, and the Directors of larger festivals are not always persuaded of the value of research.

Maybe, secretly, they fear that it will admit the barbarians at the gate – substituting a sort of democratic popularism for highly tuned personal intuition in programming.

Because individual festivals don't have the resources to measure cultural and social impacts which, in any event, have to be tracked over years not weeks, it falls to Government or perhaps culturally-motivated academics to manage the longitudinal research which would track such impacts and from which festivals could learn and plan. But for Governments or academics to do this, the festivals have to undertake day to day documentation, and participate in evaluation processes, that provide the data which would inform such longitudinal studies. It sounds like I'm making a meal out of a fairly obscure aspect of festival management. But this failure to coordinate and cooperate to build sectoral knowledge dogs the arts and entertainment business. In other industries it is not unusual for commercial competitors to bury their differences in areas where mutual cooperation secures advantages all round – especially in building the industry's knowledge base.

Research issues which might benefit from such cooperative approaches could include:

- motivations for attendance and participation
- barriers to attendance and participation
- effectiveness of marketing techniques
- educational and social impact of festival activities
- cultural or arts industry impact of festival activities
- career pathways of festival professional staff
- long-term economic and tourism impacts of festivals

People

The issues of leadership and career progression are linked. In large festivals it is still fairly common for festival Artistic Directors to be engaged for just a couple of festivals. This probably reflects the view that an incoming Director can open up new channels of activity, mine their creative networks, and refresh the festival's program. However, with Governments increasingly emphasising issues of capacity building and legacy there seems to be a disjunction between the short-term appointment – sometimes rudely called the 'parachute Director' – and the desire to build long-term impacts and benefits. We are in a period of transition – reflecting the fact that as Australia's cultural infrastructure builds and consolidates we are becoming less dependent upon festivals to address gaps in cultural provision than was the case two or three decades ago.

It's hard for an Artistic Director to have a lasting impact on a community, or a community of interest, unless they're in it for the medium to long haul – five years or more. And some of the most distinctive festivals have been built on the back of a core team which has pulled together for much longer than this.

With the short-term Festival Director comes a succession problem – it's far more difficult to nurture the next generation of leaders from within. The junior producers or Assistant Directors, who should be groomed for tomorrow's leadership role, can too easily be

relegated to administrators whose main job is sorting out the contracts and logistics. The creative thinking, the project-making, is likely to be held close to the Festival Director's chest. This changes when team cohesion and trust builds – but it takes time – and if the Director changes every couple of festivals there is neither time nor much motivation to indulge in this organisational and industry capacity-building.

In the case of small festivals, the issue is rather different. As with many small arts organisations, the staff have to be jacks-of-all-trades – and often they have no-one to learn from – they're on their own. It is only external intervention that can provide the advice, learning and professional development that the leadership of small festivals need.

What About Solutions?

A manifesto for Governments who want their festivals to become stronger:

Money

1. provide continuity of Government investment
 - let the festivals plan further ahead, develop partnerships, behave like a business
 - recognise success takes time to build
2. consider separating core funding and development funding – to encourage and quarantine resources for innovation
 - put smaller and younger festivals on a level footing for some of the resources
 - send a signal that Government expects fresh thinking, that resources aren't there as a matter of routine
3. invest in program development, innovation and community engagement
 - specify performance measures in these critical areas to encourage festivals to focus on them
 - celebrate success – encourage others to emulate
4. encourage the accumulation of prudent financial reserves to maintain stability
 - don't penalise festivals or others for making a surplus
 - encourage them to build risk capital of their own
 - minimise the need for bail-outs

Planning and research

5. be clear about expectations from each festival
 - don't leave them guessing what you want
 - help to clarify Government's own thinking
6. agree high level performance measures which are customised to the objectives of the individual festival

7. commission (or support) market research to increase knowledge, including commitment to longitudinal studies
 - take a strategic role
 - helps Government's own understanding of the sector
 - collate and feed back of learning to strengthen the sector's knowledge base
8. review the performance of each festival in detail on a triennial basis for annual festivals and a quadrennial basis for biennial festivals
 - identify program and organisational areas for development
 - generates more in-depth accountability – digs deeper than routine acquittals and KPIs
9. maintain a clash-list to encourage cooperation on festival timing

Operating environment

10. cut red tape where practical, and assist festivals with licensing and logistical requirements
 - particularly helps small festivals
11. facilitate communication and coordination within Government and between festivals
 - central unit or officer
 - retain corporate memory
12. facilitate interaction between Festivals and the business sector
13. support professional development – provide training in marketing, business skills, risk assessment, developing business partnerships and sponsorship; support mentorships, secondments and exchanges
14. facilitate street dressing to heighten the visibility of Festivals

Working together

Festivals are as fiercely independent as most other arts and cultural organisations. And their natural allies are either festivals which they regard as like-minded but non-competitive (such as a similar festival in a different part of the country or the world) or venues and other infrastructural organisations.

It would be unwise, however, to completely ignore the possibilities of greater cooperation. Cooperative arrangements might include:

- Training (joint training opportunities, mentoring between festivals, secondments and exchanges).

Strengthening the Festivals

- Volunteering (co-ordination, accreditation and training. In the first instance, festivals could usefully share their knowledge of good practice in supporting volunteers.)
- Lobbying to set up a joint festival management course with a Tertiary institution
- Education and outreach activity
- Premises (e.g. in capital cities a shared central office would help to raise the presence and profile of smaller festivals organisations, and reveal further potential for staff sharing and programming synergy)
- Joint promotion including market intelligence, rationalisation of audience information and database access, the ongoing collection of statistics, customer satisfaction surveys and a planned programme of longer-term generic research projects.