

Creative Europe in a time of Austerity

David Fishel

Summary of presentation given at the Manchester Conference

In May 2013, David Fishel, Director of Positive Solutions, gave a presentation at the Creative Europe in a time of Austerity Conference in Manchester, UK. The topics that David discussed in this presentation were entrepreneurship; how arts organisations are exploring new income streams; new financing mechanisms for the arts; and what does this mean for the board and CEO.

David began by outlining the Australian context for his discussion: a population of 23 million, predominantly Anglo-Celtic (but this is changing), North Asia, Australia had a good GFC.

He then provided an outline of the Australian funding system. David explained that Australia has three tiers of government, with major performing arts organisations funded by Federal, State and local government, and smaller arts organisations funded by State and sometimes local government. Venues are funded predominately by local government, as in the UK. Major venues are funded by Federal and State government, while creative businesses are orphans.

What is distinctive about the arts sector in Australia? David suggests: geographic dispersal; state structures; distance from other markets; late maturing; indigenous cultural, but traditional high art paradigm, majors are projected; and the fragility of many small organisations.

The presentation then considers particular case studies: Polyglot Theatre, Circa, and Object: Australian Design Centre.

Polyglot is a multi-language puppetry performance organisation who produce performances and events for street festivals, interactive events for families, large scale theatre, and community workshops. Polyglot's evolution or development process has included changing name from Polyglot Puppet Theatre to Polyglot Theatre and the implementation of projects which tested out ideas as cheaply as possible. The organisation took on a development manager and worked on building up income streams and closed down their venue as a space for hire. A Polyglot employee noted that, "I felt that running a venue took us away from our core business of making theatre and so we diverted resources into fundraising over venue hire and ended up much further ahead". The organisation's evolution also included a renewed focus on building an international reputation. They were then able to secure a week at the Kennedy Centre in Washington, which led to work in the UK, Asia, and especially Korea and Saigon. As a result, Polyglot went from a turnover of c. \$480 000 to \$1.4 million.

Circa began as Rock 'n' Roll Circus in 1986 with performances with narrative and thematic elements with a political focus. The organisation employed Yaron Lifschitz as director in 1999 which began a period of exploration of circus form and aesthetics and led to the adoption of the new name, Circa, in 2004. Circa's evolution included deciding to become a wholesaler of shows, but retailer of circus classes. Circa divided the business into separate strands: shows/ touring and a training centre. The organisation's development process included a focus on pursuing philanthropy. While Circa faced big organisational problems, they had excellent support from the board. In 2009 Circa gave 232 performances in the UK, Europe, and Australia with audience numbers of 71 355, and 20 695 workshops. In 2012 Circa gave 306 performances with audiences of 145 690 and 26 342 workshops. They also created five

new works and three creative developments. Circa went from a turnover of \$400k in 2004 to close to \$4 million in 2013, of which 25% is grant aid.

David noted Circa's challenges and opportunities as: reforming company culture has taken a long time to achieve; the company now has an induction process for new performers; not having the reserves to underwrite risk; and Lifschitz's innovation and artistic leadership are seen as integral to Circa's success. The lessons learned from Circa are: understanding that company's cannot just copy what others have done, recognizing the unique environment of each organisation; and the risk averse nature of Australia's funding system. The success factors that can be recognized in Circa's case study include that Circa does not rely on sponsorship or philanthropy and that Circa maintains an intranet in place of corporate manuals.

Object: Australian Centre for Design first opened in 1965 and undertakes exhibitions, publishing, digital, education activities and research and development. Their program features more than 200 designers annually and reaches audiences of more than 390 000 people nationwide each year. The evolution and development process of Object has included developing vision to refine and expand contribution to design in Australia, transitioning to a new building in 2015, and a shift prompted by changes in the design industry. Moreover, the Global Financial Crisis has impacted on sponsorships and donations and similarly, retail sales suffered; with the retail arm of Object closing in 2012 for the first time in 48 years. These changes prompted Object to move to consulting, with two high-profile public art consultancies. They also contracted out expertise in design-led innovation. 50% of people on Object's innovation projects are artists.

The conclusions reached from these case studies include the importance of an organisation's willingness to take risks and the importance of being supported by a skills-based board, in particular in risk taking and organisational change. The diversification of income streams and a focus on philanthropy, in particular building relationships are also essential. Also important is the ability to form and maintain networks, nationally and internationally, and a broad perspective and the ability to see the big picture. The ability to understanding social and cultural artistic context and the operating environment of the organisation, and willingness to work hard, with a big investment of staff time and change is also important.

David identified four key trends effecting creative businesses: digital presence, the National Broadband Network (NBN), deeper reflection on mission, and New Models. In the case of digital presence, David notes that digital technology is impacting arts organisations in terms of business practices, marketing and reaching audience. The core trends in digital technology are cloud computing, social networking, internet mobility, the NBN, 3D, and cinemas as cultural spaces.

David suggests the need to change the funding paradigm. This includes widening the range of funding mechanisms to include loans, micro-loans and equity – as well as grants. There is a need to change the language – investment not subsidy and to recognise that partnership is not wasteful competition.

New Models New Money

Positive Solutions delivers a microloan scheme, QuickstART, which is no interest loans between \$1000 and \$5000 to assist artists or small scale cultural enterprises. Nearly 100k of loans have been made with a 95% return rate. In conjunction with Foresters Community Finance, Positive Solutions is exploring the opportunities for the arts through impact investing and new forms of debt and equity financing. Identifying the role of traditional grant-making agencies (governments and philanthropists) in providing pathways to financial inclusion for artists and organisations.

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