

“PASSION, PERFORMANCE AND PROSPERITY”

the profitability of arts leadership

by

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Abstract

In an environment where profitability, productivity and sustainability are constantly nominated as the indicators of success, arts and cultural organisations are striving to retain due value for the art that gives them life. This study examines the tension between the commercial and economic goals and the artistic goals of arts organisations in an effort to find another factor, which may contribute to a common achievement of those goals. Case studies of The Australian Ballet, an Indigenous performing arts company and four regional arts centres present sufficient evidence to suggest that arts leadership is a key factor in the profitability of arts organisations. Sponsors, governments, audiences and artists are attracted to an artistic vision and to success. The outcome of this is a sustainable and profitable artistic business. This paper explores historical data on the business performance of arts organisations and links this to a new management concept of arts leadership that has at its core the collective value of leadership.

Introduction – the quest for sustainability

The most commonly expressed quest in contemporary arts management is viability, sustainability and, if possible, profitability. The quest is not just that of arts managers and arts organisations; it is also the quest of governments through their funding agencies, and of arts researchers (academics and consultants). If a solution were available, then governments, sponsors, taxpayers and arts patrons would more agreeably support ongoing participation in the arts. Two solutions have been advanced in recent years.

The first solution is a major injection of funds into selected arts organisations to provide a capital base on which to develop an aggressive arts business that with entrepreneurship and sound management the organisation works its way through viability to sustainable operation and maybe, like private enterprise, achieve profitability.

This model was adopted in the United States in 1992 in Silicon Valley. The motivation was declining government and foundation subsidy of the annual operations of arts and cultural organisations and the need to stabilise balance sheets. A research study ¹ showed that “arts managers have a hard time building capital and reducing accumulated deficits at the same time that they must raise annual operating funds” (Hero, 1993). The project was titled “Financial stabilisation of cultural organisations by joint venture development” and described thus:

Late in 1992 an unprecedented collaborative venture among eleven major cultural organisations in California’s Silicon Valley was launched after three years of planning. The Silicon Valley Arts Fund is designed to create a US\$20 million share investment fund which will pay off all accumulated deficits, establish an interest- free working cash reserve, and create endowments for each organisation. Conceived by the Community Foundation and a consortium of private foundations, the Fund has also attracted significant government support. (Hero, 1993)

¹ Peter Hero, “The silicon valley arts fund: financial stabilisation of cultural organisations by joint venture development” in AIMAC Conference Proceedings, Vol.1, Paris, June 1993 (the pages in this volume are not numbered – this paper appears in section 3 *Strategic Management*, and comprises 18 pages.

Since 1983 the National Arts Stabilisation (NAS) program has existed in the US as a non-profit arts management organisation to help “arts organisations build a strong foundation on which creativity and innovation can flourish” (Zinno, 1998, p.220). Replicated in the United Kingdom in the mid 1990s, this stabilisation model involves targeted grants, loans and technical consulting services to secure long term sustainability.

Stabilisation or capacity building strengthens organisations by helping them develop practices, to the ultimate benefit of their creative and artistic mission. The process aims to create the ongoing capacity for responding to change in the external environment. (Zinno, 1998, p.220)

The example familiar to Australian arts managers is the 1999 Major Performing Arts Inquiry *Securing the Future* (known as the Nugent Report) based on the finding that the “deterioration in the companies’ financial performance has adversely impacted their artistic vibrancy and accessibility” and “the viability of the sector and the survival of many companies are threatened” (Nugent Report, 1999, p.xi). The Report recommended to government and gained a “one-off Commonwealth and State Government industry adjustment funding package” (p.xi). The purpose of this was to change the companies’ financial dynamics, restructure the industry and increase earned income from box office and the private sector. Nugent recommended AU\$25.25 million over three years. The government announced in the May 2000 budget an injection of \$43.3 million for these thirty-one performing arts companies over four years (Moscaritolo, 2000, p.32). This commercial funding model is also a stabilisation model.

The second solution to the quest for viability and sustainability has been the increasing investment in marketing resources and activity by arts organisations with the objective of increasing participation and occupancy so that box office returns are higher leading to sustainability and possible profitability. Since October 1994 when the Commonwealth Government released its cultural policy *Creative Nation* which promoted a shift in funding from supply to demand strategies, there has been an expectation that marketing is the solution. But the outcomes from 1994 to 1999 were obviously not sufficient to sustain Australia’s thirty-one major performing arts companies. To strengthen this statement, my own research with regional performing arts centres in Queensland which was designed around marketing strategies for increased audiences, utilisation and occupancy, shows that marketing research and marketing strategies are not always an indicator of demand. Other factors are stronger indicators of demand.

This paper utilises primary research with two performing arts companies and four regional performing arts centres to identify the factors that affect operation and may effect sustainability, the outcome of demand.

Case Studies in Regional Arts Centres

A variety of methodologies for marketing research were applied in four regions of Queensland; Cairns, Rockhampton, Gladstone and Maryborough over three years (1996, 1997, and 1998) with a very similar set of outcomes. The brief for the research for the Cairns Civic Theatre (1996) was to identify the Theatre’s customers, market area, pricing strategies and competitive factors which would determine its competitive advantage, new opportunities and deficiencies in the existing business. The methodology involved a secondary data search of literature, reports and census data; primary data collection through focus groups of non-users, stakeholder interviews and a householder survey; consultation with users, hirers, staff and theatre consultants; data analysis; market planning; a financial and portfolio analysis; and the establishment of performance indicators for the development and operational plans.

The study in Rockhampton (1997) was a feasibility study to assess the viability of establishing a performing arts company at the Rockhampton Performing Arts Complex. This involved analysing the costs involved in sustaining continuous or part time production, the artistic and management skills and personnel required to service a production company, the availability of artistic product either locally or interstate and the demand for performing arts in the region. Again the methodology incorporated secondary data research, primary data research (including a householder survey), an environmental analysis, financial and funding source analysis, investigation of legal structures and the development of a marketing and business plan.

The third study in Gladstone (1998) encompassed a business diagnostic and the development of a business plan. Secondary and primary research (including a telephone survey of non-attenders, frequent and infrequent attenders), an analysis of organisation and work practices, stakeholder interviews and surveys, financial systems analysis and the development of performance indicators for efficient and effective management of the arts centre, were included in the research. The fourth study in Maryborough (1998) involved analysis of available data and the development of a business plan for the yet unbuilt arts centre. A feasibility study and extensive research into other regional arts centres were in existence, architect's plans were drawn, funds were available, but the marketing and financial analysis had to be developed. Again secondary and primary research tools were undertaken, but no extensive surveys to assess demand, thus limiting the primary research tools used. In fact, findings from the previous studies into market segmentation and consumer behaviour in regional Queensland together with extensive hirer survey and analysis provided the basis for the business plan.

The outcome of the four indepth studies was a clear profile of demand for regional theatre including demographics, product preferences, service expectations, pricing strategies, attendance motivators and barriers, audience segment profiles, a competitor analysis, positioning opportunities, and financial forecasts for sustainability and growth. A matrix titled "Comparative Analysis of Demand for Theatre" was developed which used the following demand indicators for comparison of international, national and regional trends.

Table 1
Comparative Analysis of Demand for Theatre

<i>Demand Indicator</i>	<i>Explanation</i>
Participation	by individuals in the cultural industries c.f. theatre
Expenditure	by households on cultural and arts c.f. live theatre
Growth in Performing Arts Organisations	number of performing arts organisations and increased performing arts funding by government
Increase in Earned Income	identification of means of increase in the arts centre
Profitability	attendance and utilisation benchmarks
Tourism	tourists as performing arts attendees
Corporate Sponsorship	\$, % increase and numbers of sponsors
Restructuring	organisational structures, alliances, development of business units
Entrepreneurial Activity	fundraising, own productions, joint ventures, subscriptions, marketing

Source: Radbourne, 1996

What emerged from these case studies was that secondary data, particularly census data and householder surveys, were not effective guides to demand. The qualitative research provided a set of variables that proved convergent in each case. In fact the convergence was so clear that it showed that the mass of data collected in these methodologies often confused the issue. Regional and management characteristics were a much stronger force in shaping demand. The profile of the typical theatre attendee was not a blueprint for audience segmentation. Regional identity, the regional economy and regional politics played a significant role in sustainable demand. It was critical to identify these variables and test them in a wider survey of regional arts centres (Radbourne 1999b).

Emergent Qualitative Variables

While audience product and price preferences may be satisfied and lead to ongoing demand, the leadership profile of the arts centre manager and the level of funding and commitment by the local government acted as a marketing strategy and influenced audiences to participate. Similarly, the extent of the local cultural activity and interest in the arts was reflected in occupancy and utilisation indicators. The attitude to marketing across the organisation and the entrepreneurial partnerships with local businesses, utilities and corporations, and with other regional performing arts centres also resulted in higher utilisation, occupancy and reserves for product innovation and development. These five variables – funding, leadership, marketing expertise, community ownership/cultural development, and public utilities – were identified as benchmarks for demand. Further research through indepth interviews revealed that funding from all tiers of government, from corporate sponsors and local businesses and from “Friends of the Centre” was directly proportional to the profile of the arts centre manager; that marketing

expertise and activity in the organisation was directly related to the manager's and Board's marketing orientation; that community empowerment and the state of the cultural activity in the region was responsive to the leadership role of the arts centre and its management; and that partnerships with local utilities was again directly relative to the profile of the arts centre manager. So while regional characteristics influenced demand, it was clear that without effective leadership, the centre's productivity was at risk. It is therefore critical to understand the nature of arts leadership and how it can ensure productivity and sustainability.

What is Leadership?

There are particular factors that have been identified as contributing to effective leadership. Leadership is defined by Lassey and Sashkin (1983) as "a role that leads to goal achievement, involves interaction and influence, and usually results in some form of changed structure, or behaviour of groups, organisations or communities" (p.12). Studies have indicated certain behaviours and characteristics that are associated with successful leadership. These include self-confidence, power and the empowerment of others, and vision or long-term leadership. Behaviours such as clarity, communication, consistency, caring or respect for others, and risk taking in order to create opportunities, also indicate effective leadership (Sashkin and Rosenbach, 1993, pp.93-94).

The aim of this study is to investigate leadership in the context of its role in the profitability and sustainability of arts organisations. As such, there is a need to view "leadership as being embedded in broader social and value systems" (Limerick and Cranston, 1998, p.41).

"Leaders present a personal, active view of goals that evoke expectations and desires in volunteers and staff" (Mixer, 1993, p.152). This indicates that leadership is not limited to the behaviours of one individual, but encompasses the impact that the leader's behaviour has on those around them. As organisations change in both the commercial world and in the not-for-profit sector, there is an emerging need for "new conceptualisations of leadership" (Limerick and Cranston, p.41), one in which networking, empowerment of others and a "relationship orientation" are the crucial elements of effective leadership (Sashkin and Rosenbach, 1993, p.89).

Non-profit researcher Joseph Mixer states that leadership calls for "sharing the meaning of tasks performed and for interpreting the validity of the organisation in order to impute a sense of significance and reality" (p.161). The type of organisation must then be a factor in the leadership characteristics that will be effective, as organisations with different missions and operational realities may require particular styles or approaches to leadership that provide a valid interpretation of the collective purpose.

Non-Profit Leadership

While there are certain general characteristics of leadership that can be identified, there are also aspects of leadership that have particular relevance for the non-profit sector.

Empowerment and collectivity, although evident in a profit-based firm, become essential in a non-profit environment because of the intangibility of the organisation's vision and mission, and fewer 'quantifiable' measures of performance. The motivation of all involved must come from a belief in the 'cause' and as such there must be an element of discussion and participation in the decision making process. As Drucker (1994), the non-profit management author points out, it is not possible to "isolate the planning", for in order for a product or organisation to be successful, the "Selling has to be built into the planning" (p.11). Drucker stresses the team function in stating that leaders "think 'we'; they think 'team'...They accept the responsibility and don't side step it, but 'we' gets the credit" (p.14).

Arts Leadership

If leadership is a critical factor in the success of arts organisations then it is necessary to examine the characteristics that constitute effective arts leadership, and how it contributes to the profitability and sustainability of arts organisations. The literature on arts leadership is limited, yet an analysis of media, journals and reports demonstrates that there is much contemporary evidence to support a unique kind of leadership clearly associated with vision and creativity that is linked to the nature of the artistic process itself. Media reports provide some examples of this kind of leadership. Jennifer Bott, General Manager of the Australia Council has been described as having the "ability to humanise the Council and make it less remote" (Lim, 1999, p.19). This indicates that her role as a leader requires a "relationship orientation" and a collective approach to managing the organisation. In discussing his role as director of the 2002 Adelaide Festival, Peter Sellars stated that the important issues are "identifying things that need to happen and make them happen; about creating a scene, a movement; a sense that everything is moving" (Vermeulen, 1999, p.19). This emphasis on creating an environment where people are empowered and motivated reveals a collective approach to leadership. However arts leadership is more than a collaborative effort, and Sellars commitment to "make" things happen indicates that there is also an element of individual drive and responsibility. Arts leadership embodies networks and empowering others to participate, experience and transform.

A key component of leadership in the context of arts organisations is the commitment to the artistic vision. Traditional leadership theory/ literature has stressed the importance of the leader's role in defining goals, affirming the shared values of the organisation (Zaleznik, 1983; Sashkin and Rosenbach, 1993). For an arts organisation, however, the company's reason for being is the artistic endeavour (Colbert, 1993, p.24) and therefore the artistic vision of the company must serve as the starting point for the leadership role. Gardner, a co-founder of the *Independent Sector* in the US, and author on the subject of leadership, emphasised that leaders must "motivate, manage, achieve a workable level of unity, explain, serve as symbols, represent the group externally" (1990 in Mixer, p.160). Through empowerment and motivation, the leader can delegate most tasks to others in the organisation, all perhaps, "except the envisioning of goals" (p.160). By displaying total commitment, the leader "retains the responsibility of unlocking the talents and energies of those who are led by offering them a vision that incorporates basic human values and the group purpose." (p.160). Commitment to the artistic vision is therefore essential for effective arts leadership.

This commitment provides leaders with the ability to motivate and empower others through setting high standards which "create self-respect and pride" (Drucker, 1994, p.16). Organisational commitment is needed if a leader is to create a feeling of commitment in others. However leadership may also require a reassessment of the mission to take the organisation in new directions. The ability to be flexible and to perceive new opportunities and act on them is important for effective leadership (Mixer, 1993, p.147). Case studies of two UK orchestras involved in the UK stabilisation funding program revealed that the organisation's mission, or the redefinition of it, can provide an important focus in responding to "external pressures for change" (Burns, 1999, p.10). This research also revealed that leaders can play a crucial role through "their ability to persuade others of the need for change", through their "impact" on the organisation (p.11). In the case of the Northern Sinfonia Orchestra, the organisation's participation in the stabilisation program provided "technical assistance" through two consultants who encouraged the orchestra to "own the process" of radical change (p.9). The way forward was through a complete reassessment of the mission, and a redefinition of the

roles of all involved. As a result, the organisation “set out to break the mould which has contained orchestras for over a generation” (p.10). Leadership was a critical factor in this case where the artistic vision has “driven the strategic thinking” and led to successful outcomes.

The impact of arts leadership can be wide ranging. As argued by Castaner (1997), a business policy academic in Barcelona, in a case study relating to symphony orchestras, artistic leaders “usually have a significant impact on both short- and long-term organisational performance” (p.394). By setting the overall direction, leaders shape the organisation’s reputation on a local and international level. Castaner cites the leadership of Garcia Navarro as having a significant impact on the Barcelona Symphony Orchestra, stating that his “strong leadership increased the professional motivation of the musicians” (p.388). The empowerment of others to work towards common goals is evidence of effective arts leadership.

In order to better understand the role of arts leadership in the profitability of arts organisations, an examination of the long-term effects of leadership behaviours is needed. Arts organisations face financial pressures and an ever-changing environment.

No single definition of leadership is universally applicable, and it could be argued that adaptability is an essential characteristic for successful leaders, as “styles of leadership must change to meet different situations” (Mixer, p.159). A study by Rentschler (1999) examined cultural leaders’ responses to change, which affected their creative approach to leadership (p.116). Of particular interest to this study of arts leadership is the evidence of collective strategies of audience development. “Creative” art museum managers were found to have a more cooperative focus “in relation to long-term audience needs” (p.121). This creativity was also examined in the context of managers’ solutions to declining funding, highlighting an element of strategy in securing “diversity in funding” for their organisations (p.122).

This discussion has highlighted a number of common factors for effective arts leadership:

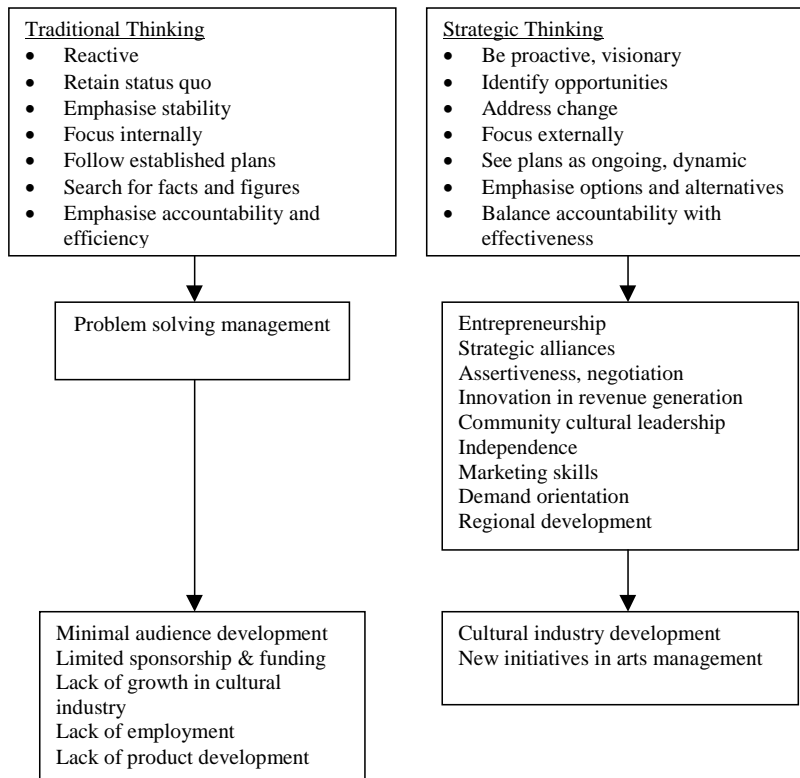
- commitment to the artistic vision
- collective leadership
- empowerment
- collaboration with other organisations
- long-term relationships and loyalty
- thinking ahead
- creative solutions to funding pressures

The behaviours and attitudes of leaders must have a long-term effect on arts organisations. As Drucker argues, effective leaders will have “created the vision”, and this will help sustain the organisation, even after the leader has left. This makes arts leadership a crucial factor in profitability and sustainability. Arts leadership can contribute to the continued viability of the organisation.

The long-term implications of arts leadership in many cases equate to “strategic thinking”. The tasks performed by leaders who have a long-term focus result in far reaching benefits for the organisation both artistically and financially. Traditional thinkers are those who value stability and the status quo and follow a management style that builds on blocks of certainty and plans that are based on facts and figures and demonstrate achievements of quantitative measures as the means of accountability to stakeholders. But the output of this management style is an ongoing commitment to problem solving. Whereas strategic thinkers are visionary, identifying opportunities and options, and focussing on the dynamic, changing external environment, the

outputs of this style of thinking are partnerships, innovation, negotiation and a demand orientation. One leads to limited growth, the other leads to development and sustainability (Figure 1).

Figure 1
Industry development model



Source: Radbourne 1996, developed for case study research

Case Studies of two arts companies

The following case studies of Kooemba Jdarra, an Indigenous performing arts group in Queensland, and of The Australian Ballet, the national traditional ballet company, provide an opportunity to test the notion of strategic thinking and the characteristics of effective arts leadership deduced from the literature.

Kooemba Jdarra

Kooemba Jdarra's mission statement proclaims that the organisation is "dedicated to empowerment and self-determination", making the organisation a case study in arts leadership (Radbourne 1999a in Rentschler (ed.), p.164). The company's founding artistic director, Wesley Enoch, was a leader who provided "a focal point" for the company that was based on collaboration, sharing and learning. Enoch's vision for the company was both collaborative and long-term. He recognised that the company would not be able to maintain a financial base unless it 'looked at other people's audiences and other people's financial resources'. Collaborations and partnerships with other organisations were part of a defined growth strategy.

Partnerships with interstate promoters were identified as a solution to the company's marketing problem and need for audience development and exposure. Relationship marketing fits very

neatly into the mission and objectives of Kooemba Jdarra: relationships with promoters, relationships with local companies, relationships with the Aboriginal community and relationships with audiences. Again, the 'empowerment' cause of the company means sensitivity to product, price, promotion and place needs (p.175).

Kooemba Jdarra's initial success lay in alliances and a collaborative approach to building loyalty. Enoch's strategic thinking and long-term planning for the company meant that although the company is sustainable without major alliances, the depth of the relationships that Enoch established early in the company's activities is such that partners are disposed to take the risks of investing in Kooemba Jdarra, and contribute to its future success. The high-quality product and the vision, energy and promotional efforts of the company's founding artistic director created a reputation for Kooemba Jdarra within its indigenous community, within Australia and overseas (p.176).

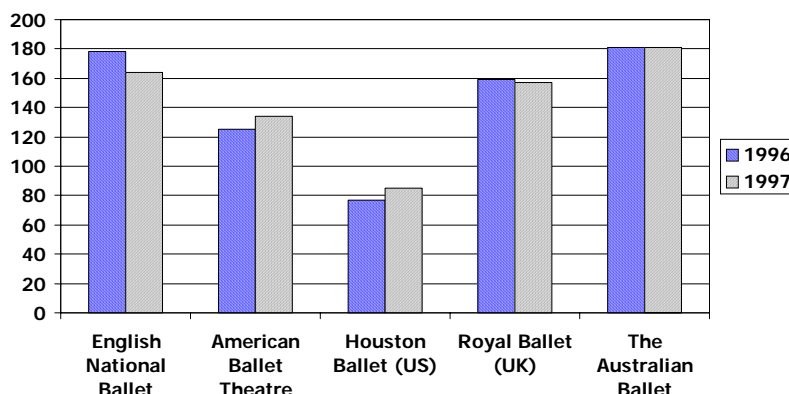
The Australian Ballet

The Australian Ballet had its beginnings in 1961 with a visionary leader, Peggy Van Praagh, who pursued the dream of taking the company to an international level. Even in naming the company The Australian Ballet, Van Praagh was setting a direction that would require commitment and motivation for the company to "take its place among the International Companies of the World" (Van Praagh, 1961, in Radbourne 2000, p.96). From the outset, the leaders of the company were thinking ahead, and thinking strategically.

International comparisons in Figure 2 indicate that The Australian Ballet has continued that vision and is now among the successful international ballet companies, with more performances in 1998-1999 than comparable companies in England and the US.

The company has showed innovation in marketing, developing subscription seasons and recognising the importance of audience loyalty. Each phase of The Australian Ballet's

Figure 2
Number of Performances of comparable ballet companies



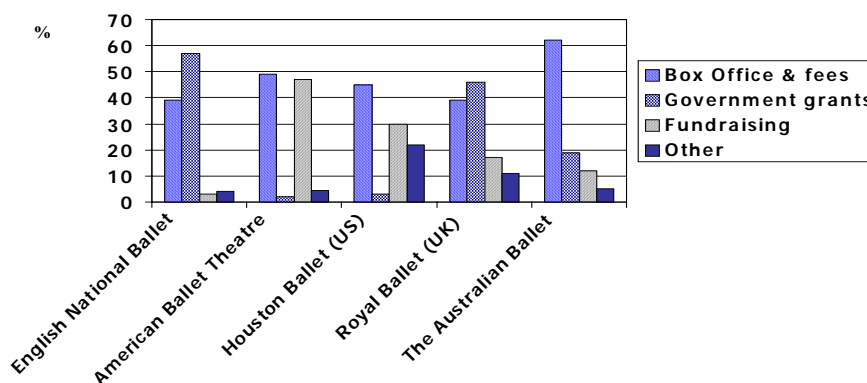
Source: Nugent Report, p.106

marketing activity is marked by the achievement of a particular strategy and a period of consolidation, indicating a long-term strategic approach.

As the company grew, more people became an integral part of achieving the goals of the organisation. Marketing managers and development officers have played an increasingly important role in the financial performance of the company, with corporate support through sponsorship and increased customer loyalty through subscriptions. Figures in the Nugent Report show The Australian Ballet has the second highest number of development staff, second only to Opera Australia, and in 1998 the company raised \$2,661,000 in private sector income, the second highest for the major companies (Nugent, 1999, p.183). The motivation and “commitment to common goals” displayed by the company staff in achieving the company vision can be seen as an outcome of the strong foundation of leadership on which the company was built. With a management style where the load is spread through a team across the company, there is greater internal understanding, communication and collaboration. The marketing staff define themselves as interpreters of the artistic vision, such is the team approach in the company. The current general manager, Ian McRae, has been with the company since 1986. His leadership imbues flexibility, empowerment of his staff, great respect for the artists and a spirit of pride, humility and welcome towards sponsors and government funders. All investors become partners in the company’s development, sharing the achievements and the risks.

The Australian Ballet has clearly exhibited the relationship building behaviour associated with arts leadership. Building relationships with audiences through subscriptions and loyalty programs, securing and building loyalty with corporate sponsors and donors has been a key factor in the success of the Company. This success is reflected in a comparison of The Australian Ballet’s earned income with that of other major performing arts companies in Australia. The table included in the Nugent Report outlining the total revenue from box office and fees by art form and company shows The Australian Ballet earns 54.3% of its total revenue from box office and fees – the highest of the Australian dance companies included in the report (Nugent, 1999, p.205). Figure 3 shows international benchmarks of composition of revenue for dance companies, which highlights the relative financial achievement and performance of

Figure 3
Income categories of comparable ballet companies



Source: Nugent Report, p.207

The Australian Ballet.

The strong artistic leadership of the company has continued with Ross Stretton the current artistic director, who promotes the vision of the company at every level. There is an interdependence of artistic vision and financial performance that requires innovative marketing strategies and commercial tactics to secure the funds to support the artistic vision. Stretton has been an integral part of the company's success, and his leadership qualities have been recognised by others, most recently being appointed artistic director of the Royal Ballet in the UK at the conclusion of his contract with The Australian Ballet.

The enduring strengths of The Australian Ballet have been the quality product and the loyal audiences. From Van Praagh's early naming of the company and setting down the conditions of its establishment, the company has maintained a focus of being the best in the world. For The Australian Ballet, a critical success factor has been the role of the artistic director and that person's ability to set an artistic vision that energises the entire company. The intangible vision has always been of such a high order that it captures the imagination of those who are drawn to the company, but it has been the leader that empowers the staff and makes the intangible possible.

Establishing performance measures for sustainability

This lengthy rationale for nominating arts leadership as the solution for sustainability requires an equation of the characteristics of arts leadership with a set of performance indicators that measure sustainability. Performance indicators can be set by each organisation as targets for knowing the actions or tactics of a business or strategic plan have been met. These performance indicators may be unique to that organisation. Literature in the field and various benchmarking studies in the arts present a set of common performance indicators that can be used in this study. For example the Arts Council of England (ACE) and Regional Arts (RA) boards established performance indicators for their funded client organisations in 1994. These were linked to income and expenditure or to audiences and subsidies per attendance. Performance indicators for UK arts centres included marketing and pricing targets, new sponsors, value of sponsorship, value of in-kind sponsorship, artistic success targets, community access targets, building and maintenance targets, service targets and staff targets. A benchmarking study of the confederation of Performing Arts Centres in Australia and New Zealand established the following as operating measures of performance indicators where data could be readily collected and analysed.

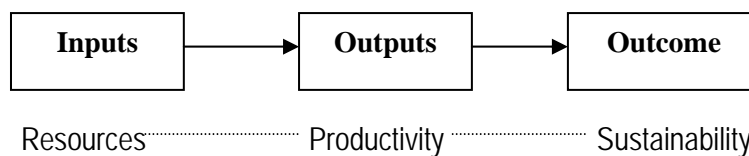
- Occupied seats per capacity
- Average spend per attendance
- Subsidy per capita of catchment
- Subsidy per occupied seat
- Revenue percentage - own productions, venue hire, subsidy, fundraising, business activities, sponsorship
- Number of performances per year by venue
- Occupancy rate
- Number of employees full time, part time, casual
- Number of volunteers

The Nugent Report also made a number of recommendations relating to performance indicators for the major performing arts companies, stating that "The specific performance obligations of each company should be reflected in rolling three-year key performance

indicators with annual targets that are measurable and rigorous” (p.45). Although not explicitly stated in the report, there is an emphasis on management performance and best practice, with tables outlining number of performances per year, amount of earned income, subsidy per seat, touring activities, and number of development staff and private sector income for the major companies (pp.56, 61-62, 87, 109). These factors are clearly considered to be important in measuring the success of the companies, and ensuring their future viability and sustainability.

In essence there are six types of performance indicator: workload or demand indicators, economy indicators, sources of funds, efficiency indicators, output indicators and outcome indicators. While efficiency indicators measure the output according to the input cost of the activity, effectiveness indicators assess whether the goals have been achieved, that is the quality of the product and levels of audience satisfaction. Inputs may be capital, workforce, location, market positioning, strategic plan, mission and policies; outputs may be number of productions, exhibitions, sales, attendances, earned income, quality of performance; and outcomes are the affects on the stakeholders such as satisfaction and repeat purchase by patrons, artistic development by artists and company, attitudes of public to the arts. Inputs are monitored and measured through review, reports and records. Outputs are measured both quantitatively and qualitatively and are directly relative to the inputs. For example the capital, training and workforce (artists and administrative staff) can influence the quality of the product and thereby attendances and box office return. The outcome is measured through market research techniques (surveys, focus groups, interviews) and is generally a qualitative assessment. If “sustainability” is the outcome then it is the end result of a series of quantitative measures assessing productivity.

Figure 4: Performance Indicators

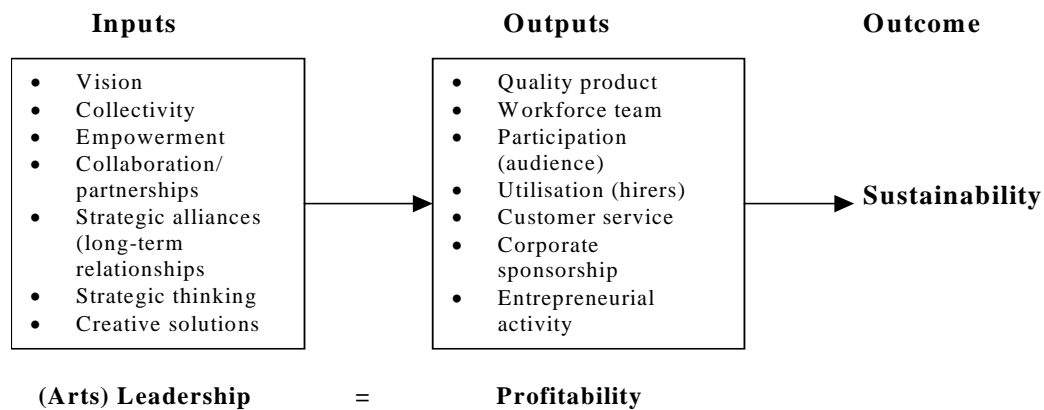


The research conducted in Queensland regional performing arts centres in 1996, 1997, and 1998, was followed up with a survey designed to identify growth and trends over time in occupancy, utilisation and revenue sources, and equate this with an activity profile of leadership. The arts centres which exhibited high productivity and profitability had managers who had a strong background in arts and business; were tertiary educated; belonged to at least six community/ professional groups; experienced a close working relationship with the local government as owner of the Centre; exhibited a marketing orientation in staff appointments, budgets and marketing activity; sourced revenue through commercial activity and partnerships as well as box office and government; and included a wide consultation in policy and programming. The characteristics exhibited by these managers are reflected in the qualities of effective arts leadership evident in The Australian Ballet and Kooemba Jdarra: capacity to empower others through an artistic vision, fostering collaboration and partnerships, strategic view of the company's position, innovative marketing activity, commitment to the work team in the organisation, strong belief in the quality of the product, and a relationship building approach for all stakeholders in the organisation.

Conclusion

Through this study of the qualities of effective arts leaders and the measures of productivity, a link can be made from inputs to outputs and outcomes. Figure 4 draws together the data on arts leadership and the data on performance indicators of an efficient and effective arts organisation and poses the hypothesis that the outcome of effective arts leadership is sustainability.

Figure 5
Effective Arts Leadership



The paper began by suggesting that arts managers are involved in a quest to find the solution to achieve profitability for arts organisations. Through extensive case study evidence it can be demonstrated that the solution lies not in stabilisation, injection of government funding or aggressive marketing strategies, but in providing the environment that produces leaders whose vision, empowerment and strategic thinking will capture artists, administrators and audiences to collectively achieve sustainability in the arts.

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