

Arts & Business Quarterly

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The Benefits to Business of Participating in the Arts

Written by Gary P. Steuer, President & CEO, Arts & Business Council Inc, and Julie Peeler, Director, National Arts Marketing Project

One of the most common questions we get at the Arts & Business Council Inc. is why business should care about and support the arts. Julie Peeler and I have developed the following article with the input of a variety of arts and business leaders, and thank them all for their assistance. Like a strategic plan, our hope is that this paper will serve as a living document that will be updated as the environment changes, and as new useful studies or pieces of information become available. I invite our readers to share with me any suggestions, including new data, or illustrative examples. We are especially looking for more examples of how specific businesses have experienced direct business benefit from their involvement with the arts: increased sales, human resources benefits, etc.

Economic impact on communities

The nonprofit arts industry generates \$36.8 billion of business annually and supports 1.3 million full-time jobs. Including full and part time positions, the arts employ 2.7% of the American workforce, more than agriculture. The arts account for 6% of the U.S. gross national

product, more than the construction industry (4.8%). Substantial tax revenue is also generated through sales taxes, and the many for-profit businesses that are supported by the industry, as well as the spending of employees. The current figures are:

- More than \$25 billion in personal income
- \$790 million in local taxes
- \$1.2 billion in state taxes
- \$3.4 billion in federal taxes

This fertile cultural activity has seeded community development by attracting new businesses, encouraging urban renewal and improving quality of life in cities and towns throughout the country. An excellent example of this is the city of Peekskill, NY, where arts and culture

was the major engine in revitalizing a depressed industrial downtown.

Arts and cultural events are frequently cited as prime attractions for tourists, with tourism the fastest growing economic market in the United States today, according to Ken Fergeson, Chairman, National Bank of Commerce, Altus, OK. According to the Travel Industry Association of America, 65 million Americans - 1/3 of all U.S. adults - included a visit to a historic place or cultur-

By providing support to the arts businesses benefit in four major ways.

Such support:

- Stimulates the economic revitalization of communities.
- Develops skilled and motivated employees
- Helps create and maintain a civil society
- Benefits businesses directly through increased brand recognition, product sales, community goodwill, and positive visibility.

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al event in 1996. For those that visited a cultural event as part of their trip, 37% (12.3 million) said the cultural event was their primary reason for travelling. By 1999 this figure had climbed to 27 million, reflecting the explosive growth of the cultural tourism market. Compared to other types of travelers, cultural tourists spend more (\$615/trip vs. \$425), stay longer (4.7 nights vs. 3.3 nights) and are more likely to stay in a hotel, motel or bed and breakfast (56% vs. 42%). The result is that arts and culture provide substantial benefits to the hospitality industry, as well as any business that benefits from a healthy local economy and increased visitorship. (Testimony in Support of FY99 Appropriations for the National Endowment for the Arts, Submitted by Ken Fergeson, Chairman, National Bank of Commerce on behalf of Americans for the Arts to House Appropriations Subcommittee on Interior & Related Agencies, Chairman Ralph Regula, March 4, 1998.)

Develops Skilled and Motivated Employees

The arts foster stronger local economies, generate corporate good will, provide employment, help kids get better grades and test scores, and - yes - help make our lives more fulfilling. But it is now increasingly clear that the arts remain a key element in making American business competitive. The arts develop the kinds of minds, the kind of thinker, the kind of manager that businesses must have more of if they are to remain competitive in the global marketplace. Successful arts in education programs also strengthen the entire educational process and produce better educated and more motivated young people, ultimately strengthening society and by extension business.

The GE Fund promotes the fact that for General Electric support of the arts is a workforce issue. While acknowledging that the arts are intrinsically good, have a positive impact on local economies, etc., the company is most interested in the fact that the arts develop the kind of educated, creative, collaborative workers it needs in its businesses.

Workers today must be creative and innovative individuals who are capable of dealing with rapid change, and have a team oriented work style. The arts are clearly a major element in developing the specific skills and working style important to industry today.

If one looks at the original intention

of reengineering, as expressed in Michael Hammer and James Champy's "Reengineering the Corporation," one finds language that supports the value of the arts in developing the worth of the workers that business needs today. Employees must not only have technical training in business skills, but must also have self-discipline and character. Jobs are now multi-dimensional, with workers being "imbued with an appreciation of the process as a whole." Today's workers must go beyond training that "teaches employees the 'how' of a job," to education that teaches the 'why.' Managers also "need strong interpersonal skills and have to take pride in the accomplishments of others." Who can read these words without thinking of the values and skills learned from art, music and literature?

Charles Handy looks at the theatre as "the guiding image for tomorrow's

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organizations." He notes that workers "can't be ordered, only convinced," and managing is therefore akin to directing a cast of actors. The producer and/or director must choose the team, motivate them, perhaps train them, but ultimately leave them to it after opening night."

In his *Harvard Business Review* article, "Covert Leadership: Notes on Managing Professionals", (HBR, November 1, 1998) Henry Mintzberg, Professor of Management Studies at McGill University in Montreal, concludes that the management style that must be adopted by a successful conductor - something Tovey dubs covert as opposed to overt leadership - is comparable to the management style that must be used with today's "knowledge workers." He notes that management is now "not obedience and harmony, but nuances and constraints."

Ray Cortines, former New York City Schools Chancellor and now executive director of the Pew Network for Standards-based Reform at Stanford University, has said that "employers want much more than students who have mastered basic skills. The un-think-

ing automatic laborer is an outdated phantom of an industrial age. In this new age of computerization and globalization, the workplace demands much more. The 'much more' that the workplace wants is precisely what art delivers: critical thinking, nimbleness in judgement, creativity and imagination, cooperative decision making, leadership, high level literacy and communication."

And Kathleen Dore, President of Bravo Networks, outlined her "Five Key Traits for Employment in the Next Millennium," in a speech given at the 1999 American for the Arts Conference in Atlanta. All of these key traits can be developed through the arts: 1) Ability to articulate a vision. 2) High tolerance for ambiguity. 3) Orientation towards results. 4) Spirit of collaboration and empathy. 5) Sense of play.

The arts can play a role not just in educating young people, but in stimulat-

ing workers throughout their entire life. The kinds of workers that business now demands will also want to live in stimulating communities that feed a passion for art, music, drama, dance, literature, film, etc., not just as observers but often as participants.

A number of major business leaders have spoken eloquently about the value of the arts in developing the workers of the future.

James Houghton, retired Chairman and CEO of Corning Incorporated, and now Chairman of the Board of New York's Metropolitan Museum of Art, points out that many new media technology companies like Intuit look for strong arts backgrounds in potential employees, as indicators of people skilled in communications and teamwork. Houghton also notes that in business today capital, technology and natural resources can be had virtually anywhere in the world, but workers with superior skills are the one resource that is not so easily transferable. This affects the competitiveness of individual companies, geographical regions and our entire nation. It is evident that we are entering a new "knowledge age."

What may not be as evident is the recognition that the arts may offer a key solution to developing these new knowledge workers.

Ivan G. Seidenberg, Chairman and CEO of Verizon, has noted that “creativity is the one irreplaceable human skill in an increasingly automated world... the only sustainable source of competitive advantage.”

Frank A. Bennack, Jr., President and CEO of The Hearst Corporation, has observed that “arts education builds the kind of people that we all say we can’t find enough of.”

Peter Lynch, writing in the June 1999 issue of *Worth* magazine says that employee volunteerism programs can translate into “reduced absenteeism and office stress as well as improved job performance.” He quotes a study conducted by the Independent Sector that found employee volunteerism programs:

- Allow me to gain a new perspective on things (78%)
- Makes me feel needed (68%)
- Help me deal with some of my personal problems (40%)
- Provide me with new contacts that help me with my business or career (23%)

The 1999 Cone/Roper Cause Related Trends Report shows that cause programs have a dramatic impact on employee pride, morale and loyalty:

90% of employees of companies involved with a cause feel proud of their company’s values, versus 56% of employees at companies without cause programs.

87% of employees of companies involved with causes feel a strong sense of loyalty to their company, versus 67% of employees at companies without cause programs.

More than half of American workers (56%) wish their employers would do more to support a social cause or issue.

Obviously Business Volunteers for the Arts®, the Arts & Business Council’s national program that recruits and trains businesspeople to work as pro bono management consultants for nonprofit arts groups provides structured volunteer opportunities that directly address the needs of these employees.

Employees involved in the community activities of their employers, like volunteering for the arts organizations their company supports, are 30% more likely to want to continue working for that company, and to help it succeed. (IEG Sponsorship Report, April 26, 1999)

Finally, a thriving local arts community helps attract and retain the “intellectual capital” required to succeed in our new information and service-oriented economy.

A Civil Society

Today’s corporations value diversity. The arts foster and make accessible the work of artists who enhance the ability of our citizens to participate in a more civil society, uniting us in understanding and appreciating our diverse cultural heritage, and empowering us to imagine and create a shared vision for the future. (The Atlanta Arts Accords, signed June 7, 1999)

Recent research conducted by the Arts Marketing Center of the Arts & Business Council of Chicago found that among medium users of the arts, and among ethnic minorities, the arts provide them with a sense of freedom and escape from stereotypes. The arts also provide a neutral forum where ideas aren’t judged by their source; there is no right or wrong, no win or lose. Additionally, the arts provide a friendly, safe, secure place where unity reigns. (Barriers & Motivations to Increased Arts Usage Among Medium and Light Users, Arts & Business Council of

theory of “multiple intelligences,” concluded *Gaining the Arts Advantage*, a 1999 study by the President’s Committee on the Arts and Humanities and the Arts Education Partnership (with major support from the GE Fund): “It’s been shown that kids learn in different ways, so we need to be giving them the opportunity to do just that.” The arts, the study’s researchers observed, provide multiple ways for students to exercise their intellect. The study found that schools that effectively integrate the arts have a much more powerful sense of community, of “family,” that students develop stronger time-rationing skills and discipline, and that a warm, welcoming climate promotes better learning.

Examples abound of the role of the arts in addressing youth at risk. According to Janet Reno, former U.S. Attorney General, “Young people who are involved in making something beautiful today are less likely to turn to acts of violence and destruction tomorrow. The arts...provide opportunities for youth from all backgrounds to do something positive and creative with their talents and their time. We all need to support the arts. In doing so, we are telling America’s youth that we believe in them and value what they can be.” In a study

“Creativity is the one irreplaceable human skill in an increasingly automated world... the only sustainable source of competitive advantage.”

**- Ivan G. Seidenberg
Chairman and CEO, Verizon**

Chicago, 1999.)

Kimberly Ewbanks is a high school student at DeWitt Clinton High School in New York, who participated in a theatre-going class for non-theatre majors taught by playwright Wendy Wasserstein. In a *New York Times* article she said that “seeing plays has changed me from a student who believed that in order to be successful in life I had to excel only in math and science. Life isn’t only math and science. It’s about hypocrisy, prejudice, love, joy, compromise, hate and conflict. These things are not only found in life but in theatre itself.” (“A Place They’d Never Been: The Theatre,” Wendy Wasserstein, *New York Times*, June 20, 1999.)

Recent arts education efforts have been based on Dr. Howard Gardner’s

by Americans for the Arts looking at three cities, Atlanta, Portland (Oregon) and San Antonio, the results were startling. In Atlanta, 50% of the youth at risk who participated in arts programs reported a decrease in delinquent behavior. In Portland, 31.6% of the participants developed a more favorable attitude towards school. In San Antonio reported delinquent behavior declined 16.4%. In all cities there were increases in communication effectiveness, cooperation and ability to see a task through to completion range from 28.6% to 72%.

Clearly, business benefits from a more civil society where there is a more powerful sense of community, reduced delinquency and crime, and higher level, collaborative learning skills.

Direct Benefits to Business: Product Sales, Goodwill, Brand Recognition

Much documentation exists of the many ways that corporate sponsorship can be used to generate substantial and measurable business benefits. Through sponsorship and other types of collaborations, arts organizations can be valuable "business partners." Here are just a few highlights of these direct business benefits.

Of the thousands of businesses that supported the arts in 1997, 37% of the CEOs believe that the general public is more likely to purchase products or services from companies they know support the arts. ("The CEO Challenge: Top Marketplace and Management Issues," May 17, 1999, The Conference Board and Heidrick & Struggles, surveying 565 CEOs.)

In fact, 65% of consumers report they are likely to switch brands or retailers due to cause marketing, while 83% have a more positive image of a sponsor who supports a cause they care about.

Americans report that when companies select a social issue, they expect them to focus on it over time and in substantive way. Almost 8 in 10 Americans consistently report that they prefer companies commit to a specific cause for a long period of time rather than focus on many different causes over shorter periods of time. (1999 Cone/Roper Cause Related Trends Report, Roper Starch Worldwide for Cone Inc., Boston) In a follow-up study to a Royal Shakespeare Company sponsorship in England, 80% of respondents were aware of the sponsorship and 70% had higher opinion of sponsor as result.

The Metropolitan Life Foundation began holding its corporate board meetings at different arts venues and found that it had a significant impact on increasing attendance and participation. Participants in the Business Volunteers for the Arts program, beyond building skills and leadership that benefit their business, can often lead to business connections and relationships that can be used for business advantage. Example: a BVA from an accounting firm learned

that her company was trying to obtain as a client a firm that had a senior executive serving as chair of the board of an arts group she was helping through BVA. She was able to arrange an introduction that led to this firm being signed as a client.

A study by the Dade Community Foundation, "Arts & Business: Partners in Building a Strong Community," cited several South Florida examples: Northern Trust reported that hosting arts events bring its clients together with key constituents of arts groups, helping generate new customers for the business and potential new donors for the arts group. American Express teamed up with the Convention and Visitors Bureau and arts groups in Broward County to offer special combined cultural tourism packages that generated new business for American Express, the hospitality partners and the arts groups. Comments Rosa Sugrañes, President of Iberia Tile, "I'm not involved [with the arts] in order to get new business. What I really get is the opportunity to meet and work with truly great people. But I do get new business."

36 Years of Keeping the Arts in Business

The Arts & Business Council Inc. stimulates partnerships between the arts and business that strengthen both sectors in the communities they serve. For 36 years we have accomplished this mission with programs that promote volunteerism and leadership, build arts management capacity, gather and disseminate relevant information, and advocate for closer ties between business and the arts.

The Council's programs and services fall into four broad categories:

Voluntarism: In New York and in cities across the country, the **Business Volunteers for the Arts® (BVA)** program recruits, trains, and places business professionals as pro bono management consultants with nonprofit arts organizations. Since its inception in 1975, this program has involved thousands of volunteers who have provided consulting services valued in excess of \$100 million to thousands of arts groups. It is by far the largest arts voluntarism program in the nation.

Information and Management Services: The twelve-city **American Express National Arts Marketing Project** helps arts groups develop new audiences and earned income through a series of arts-specific marketing workshops, an advanced marketing training and granting program, and a Web site. **The Cultural Tourism Initiative**, a re-

grant program funded by the New York State Council on the Arts, is designed to enhance the ability of cultural organizations throughout New York State, working with local tourism agencies and other partners, to attract visitors, foreign and domestic, to their communities. With support from the New York Community Trust and NYSCA, **marketing workshops** are now offered in Harlem, Queens, Brooklyn, Albany, Binghamton and Buffalo. The Council's newsletter, **The Arts & Business Quarterly**, has become a leading source of information on trends and issues related to arts and business partnership.

Convening and Celebration: Through its annual **Fall Gala Dinner** and Spring **Encore Awards** event, the Council recognizes excellence in arts management, business support of the arts, voluntarism, and artistic achievement. The Gala features the presentation of the prestigious Kitty Carlisle Hart awards. In New York

and nine other cities nationwide, the **MetLife Foundation National Arts Forum Series** explores topical issues of interest to both the arts and business communities, and also provides an opportunity for informal networking with peers.

Professional and Career Development: The **Con Edison Multicultural Arts Management Internship Program** places college students interested in careers in arts management with nonprofit arts groups during the summer months. **ArtsWork NY**, a feature of our Web site, lists job opportunities in arts management in the New York metro area, including internships and professional training programs. With support from the National Endowment for the Arts and The Hearst Foundation, the **New York Arts Leadership Institute (NYALI)**, designed to train a new generation of arts executives to serve as community leaders, will be launched next year.