

The Big Business Of Westchester's Arts

With the constantly shifting mix of audiences, donors, and competitors, there's huge money and huge headaches in the world of Westchester's art industry.

BY DAVE DONELSON



The business of the arts teeters on the point of perplexity. Which is more important, the business or the art? If you emphasize money, are you selling out? If you ignore it, do you become simply another starving artist?

Metaphysical questions like these take more mundane forms in the management of Westchester's many arts organizations. Should the orchestra budget for a new marketing director or commission a new symphony next year? Should the art museum hire an executive director with an MBA or an MFA? Should the film center program blockbuster features to sell more tickets or controversial documentaries to draw more contributions? It ain't easy running an arts business.

And make no mistake: The arts *are* businesses, declares Janet Langsam, CEO of ArtsWestchester, a nonprofit service organization (which has 24 employees, 150 volunteers, and an annual budget of \$3.6 million) dedicated to promoting the availability and accessibility of all types of art in the county. "We support our organizations, we look at trends to see what the needs are, we study the results of our programs so we know what succeeds and what doesn't. We do that on a regular basis just like any other business," Langsam says. She adds that the goal is to make money, too, because healthy businesses can't operate perpetually in the red. "We don't show a profit simply because we re-invest our assets as we earn them," she explains.

- The Film Industry's Huge And Growing Impact On Westchester

"The arts are important to all people, but there is an economic impact as well," Langsam points out. In 2010, according to *Arts & Economic Prosperity IV*, an ArtsWestchester-funded study conducted by Americans for the Arts, \$156 million in economic activity was generated in Westchester by arts organizations and their audiences. The report says that figure is nearly three times the spending generated in 1995. "Although arts organizations are struggling [because of growing expenses], the arts community has grown and developed," Langsam says. "The economic impact has grown and the audience has grown. Over the years, the number of jobs in the arts sector has increased." According to the study, the arts hire 4,800 fulltime equivalent employees and generate \$115 million in annual household income for county residents.



Music at Caramoor

From Potters to Painters to Philharmonics

Arts businesses in Westchester fall into numerous categories with lots of overlap. We're home to painters, sculptors, potters, photographers, musicians, orchestras, jazz bands, movie houses, theaters, galleries, and museums. Peekskill, New Rochelle, and Yonkers are just three of the many communities offering live/work lofts for artists, while nearly every village and hamlet in the county hosts an arts festival or two during the year. According to the ArtsWestchester-funded study, arts events drew 2.7 million attendees in 2010, about a third of them tourists from outside the county.

"The arts community in Westchester is incredibly rich," says James Undercofler, who was president and CEO of The Philadelphia Orchestra before he joined the faculty at Purchase College, SUNY as co-chair and professor of arts management.

Jeff Haydon, CEO of Caramoor, adds, "The fact that [institutions like] Caramoor and the Neuberger Museum and Jacob Burns and many others exist here makes Westchester a vibrant community to live in. You don't have to go to the city every week for a high cultural experience."



Kentise Barnes Fine Art

Haydon points out that a healthy arts presence contributes to real estate values. Langsam adds that cultural institutions are important to companies considering relocation, while Westchester Philharmonic Executive and Artistic Director Joshua Worby says the existence of arts institutions helps companies recruit new employees. There's also the direct economic impact on neighboring businesses as audiences spill out of theaters and concert halls and into restaurants and retailers. (See sidebar, "Art Supports the Neighbors.")

Livia Straus, co-founder of the Hudson Valley Center for Contemporary Art, explains how art breathed new life into Peekskill. "Our exhibitions have gotten a lot of acclaim and given the city an international reputation," she says. Straus says the cumulative effect is to not only bring people to dine at nearby restaurants but to help attract businesses looking to relocate as well as artists in need of studio space.

She points to the Peekskill Project, a citywide festival of contemporary art that uses the city itself as a stage for a series of monthly events that combined draw several thousand visitors. Past projects produced permanent installations like *The Golden Mean*, which, Strauss says, "has become an icon of the city." The 16-foot sculpture of a diver is both an artistic and engineering marvel featuring a two-ton figure balanced on six-inch wrists in preparation for a backflip. It stands near the waterfront in view of every Metro-North train passing through the city. The museum raised the funds for the \$25,000 installation costs, the city chipped in \$40,000 in the form of a waterfront development grant to cover foundry costs, while the world-renowned artist, Carole Feuerman, donated her commission for the piece, which amounted to several hundred thousand dollars. Does *The Golden Mean* generate direct revenue for anyone? No, but it certainly makes Peekskill a memorable place to visit—or live.

The arts are changing the business environment in the county's largest city as well. The Yonkers Arts Weekend featured the artwork of more than 150 artists at four locations across the city in May. "There is a growing awareness that Yonkers is a new arts area," says George Huang, owner of YOHO Artist Studios. "The city has become a very arts-friendly environment." Huang's company owns two buildings on Nepperhan Avenue that are part of the Alexander Smith Carpet Mills. When Huang bought them, 25 artists had studios there. Today, there are 80. "The artist studios have been a good investment," he says. And late last year, the city announced the former Yonkers City Jail on Alexander Street had been sold to Daniel Wolf, husband of artist Maya Lin, who plans to convert part of the building into a gallery.

A Complicated Business Model

While the arts contribute to the economic health of the county, the groups that deliver them to us can't operate without income. "The business model of all these organizations depends on

philanthropy or community investment," Haydon explains. "It's not a crutch. It's part of the investor business model we depend on." He cites Caramoor as a prime example of the need for both earned and contributed revenues in the arts business. (Earned revenue comes from sources such as ticket sales or contracts for services like educational programs, whereas contributed revenue comes from individual donors and foundations.)

"We run a historic, 90-acre estate, which is a money pit. In the home, we have stewardship for a collection of fine art objects, which don't have an income stream. Then we offer an education program at a subsidized rate to children, and, finally, we present music like opera, which is the most expensive art form known to man, and symphony orchestras, which are the second-most expensive," Haydon says. "Despite all those odds, Caramoor succeeds and works as a business because it attracts investors, meaning donors, to support it."

Dominick Balletta, managing director of the Jacob Burns Film Center, says the Pleasantville organization couldn't fulfill its multiple missions without both income sources. "Our film center has a heavily earned-income-driven model but contributed income is still important," Balletta says. "We have a membership base of 10,000 members and the member fundraising we do allows us to show series like world cinema, and issue-specific film series like *Global Watch*. We buttress that mix with first-run independent films like Wes Anderson's *The Grand Budapest Hotel*."

For the Clay Art Center in Port Chester, which was founded in 1957 as a for-profit (sort of) operation but changed to nonprofit status in 2006, earned revenue "pays about 75 percent of our expenses," says Executive Director Leigh Taylor Mickelson. That income comes from tuition for classes, gallery sales, and studio rental. Fifty studio artists have been juried into the facility. In addition to paying a fee for their space, they volunteer three hours per month. In addition, there are four artists in residence.

Contributed income brings art to Port Chester both in and outside the center. "Our community arts outreach has more than doubled since 2009," Mickelson explains. "We do everything from offering under-served children scholarships to holding free classes for the Don Bosco Community Center and others. We are in the public schools in many ways when funding can be arranged. What we're doing in the community really fills a gap." She says about 9,000 people come through the center every year.

Revenue is only part of the equation, however. Just like any other business, arts organizations have to set goals, define jobs, and allocate expenses accordingly. Operating budgets can be strained by some conditions unique to the arts business, though. "If a widget maker sells fewer widgets, it can simply cut production and take other fairly immediate steps to save money," points out the Philharmonic's Worby. "We're committing our resources 18 months out when we book a season."



Street art in Peekskill by Leon Reid



An art show at Jacob Burns Film Center

Worby points to 2007, when the Westchester Philharmonic made a major decision to generate future growth by engaging the legendary Itzhak Perlman as its artistic director. The economic world had changed by 2008 when Perlman made his first appearance. "His debut weekend literally was bookended by the two largest drops in the history of the Dow Jones average," Worby says. "Artistically and from the perspective of the box office, he did exactly what was intended. Our houses were full. Unfortunately, the crash was very painful to the contributed revenue streams including government grants and private donations and that led to our parting ways, which in turn affected our audiences."

Marketing for an arts business is an ongoing, demanding task—just like it is for any business that wants to capture part of the consumer's discretionary income. It's complicated by the fact that the arts consumer in Westchester is a special person, according to Larchmont gallery owner Kenise Barnes. "People in Westchester are very sophisticated because they have the opportunity to look at work in museums and galleries in New York City," says Barnes, who has been selling art in Larchmont for 18 years and recently expanded her gallery to 2,600 square feet on two levels.

Programming Decisions: Please the Public or Pay the Bills?

Then there is the question of how you please that fickle public—or the demanding donors—while staying true to an artist's mission to create new experiences for the audience. "In the performing arts, there's a tug of war," says Purchase College's Undercolfer. "On the one hand, you can program a season that will fill your house by doing classic plays and symphonies and do fairly well. On the other hand, there are organizations that are doing really fantastic artistic work but are having a really hard time raising money [to meet operational needs]."

Balletta explains the range of factors that drive programming decisions at Jacob Burns. "We owe it to our donors to be programmatically rigorous, mission-driven, and fiscally responsible," he says. "All of those aspects come into our decision making. We make mission-driven non-economic choices sometimes."



Worby looks at the dilemma from a slightly different perspective. "You have to play new music if you're going to remain a vital, vibrant organization," he says, but notes that audiences need to be eased into unexpected offerings. "They will accept it from time to time in small doses, so we surround [newer works] with 'war horses' like Mendelssohn's *Violin Concerto*, which is an all-time audience favorite."

Haydon agrees with a major caveat. "A big artistic project is risky," he says, "and the business model is already challenging. But, if you have a compelling vision, the money and the interest come."

Caramoor is pushing the envelope this year with *In the Garden of Sonic Delights*, a sound art exhibition that was conceived five years ago and got off the ground by applying an artist's creativity to finance and marketing. "We're commissioning 16 artists to create original works of art," Haydon explains. "To pay for them, we applied for a major economic development grant to promote tourism in the lower Hudson Valley. It was a matching grant, but we raised almost \$200,000 to complete it—on top of an initial \$150,000 grant from the state. We partnered with five other organizations to make it happen. That's an example of being creative in business." The installations opened in June at Caramoor as well as the Jacob Burns Film Center, the Hudson Valley Center for Contemporary Art, Lyndhurst, Stone Barns Center for Food & Agriculture, and the Neuberger Museum of Art.

Keeping up with changing audience tastes is crucial whether you're selling mixed nuts or mixed media. Undercofler cites the National Endowment for the Arts' 2012 "Survey of Public Participation in the Arts" to demonstrate the danger of resisting change. "[The survey] shows a decline in traditional audiences for opera, symphony, ballet, and jazz, but an increase in younger audiences for public art events like street fairs. Audiences want to participate in the process of the arts. That's why some art galleries have developed participatory exhibits," he says.

Caramoor is moving in that direction too, according to Haydon. "We are developing a strategy of immersion," he says. "[Visitors] come for a whole day that includes a visit to the grounds where they come across musicians performing under a tree. It may lead to a short concert followed by a participatory activity, followed by a discussion."

The decisions these arts businesses make each day would be familiar to a student in any MBA program. They deal with marketing and promotion, production and distribution, management, personnel, and finance. Attracting an audience to a gallery exhibition is little different from drawing a crowd to the grand opening of a women's boutique. Signing corporate sponsors for a school music outreach program is much the same as recruiting angel investors for a high-tech start-up. Success in an arts business demands not only talent and ideas but also discipline and perseverance.

In short, as Janet Langsam declares, "The arts are a well-thought-out industry in the county with a lot of very professional organizations."