

How do Small Community-Based Arts Nonprofits in the Twin Cities
Struggle or Flourish?

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ABSTRACT

This study focuses on the question, *What factors are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling?* This inquiry is important to the sector because there is limited research available specifically regarding small community-based arts nonprofits; however, the positive impacts of community-based arts organizations are documented. This study is a useful tool for individuals running these small arts nonprofits. Using a grounded theory approach, Rosa Raarup and Lauren White gathered qualitative data, primarily from in-person interviews, with three community-based arts nonprofits in Minneapolis-St. Paul, Minnesota. After an analysis of the findings and the literature, the authors recommend that small community-based arts nonprofits pay special and equal attention to the three points of the Raarup/White Triangle. This triangle, as well as a number of sub-factors, helps create a full picture of what a small community-based arts nonprofit needs to focus on in order to create a complete, thriving, and resilient organization. The three points are, 1) mission clarity and focus, 2) quality of leadership, and 3) core external resources (both people and money). If any of the three points of the triangle are weak or lacking, an organization will struggle. During the writing of this paper, the COVID-19 pandemic was a monumental concern for many arts nonprofits, both locally and nationally. However, the authors assert that the Raarup/White Triangle helps uphold a thriving community-based arts nonprofit and the three points are vital to consider. This is believed to be true even in the era of COVID-19, or any other extreme event.

Keywords: Community-Based, Arts Nonprofits, Minnesota, Twin-Cities, Leadership, Mission Clarity, Funding Equity.

1 - INTRODUCTION

With pressing issues facing the lives of people in communities across the country, who cares about art? Some people may feel art is only for the wealthy or a luxury. Perhaps for some of the big “capital A” or “high” arts organizations (large art museums, orchestras, ballet, opera, etc.) this is true, but every community has artists and culture. Cultural activities and artistic expression are one of the few resources that every neighborhood, town, and city possess and are vital aspects of daily lives. So perhaps the question is, why should people care and what can they do to support arts and culture? Since the beginning of human existence, artists have helped make meaning of the world around them. From early cave paintings in France and South Africa, to ancient Egyptian, Persian, Greek, and Chinese sculpture, fiber, and drawings, to more modern artists like Michelangelo, Frida Kahlo, or Banksy; artists offer story, reflection, and commentary. Art can bring humor, thoughtfulness, and creativity to the world's most complex conditions. However, as Ron Chew describes in “Community-Based Arts Organizations: A New Center of Gravity”, “there is widespread acknowledgment that traditional European art forms like ballet, opera, and the symphony can no longer be considered the sole windows into a community’s artistic soul and the sole measures of this country’s creativity” (Chew, 2009, p.1).

1.1 - Importance of Community-Based Arts

The emerging and growing field of socially responsive and community-based arts practices, can change hearts and minds around difficult issues, make meaning of complex problems, and bring people together to improve lives in a unique way. Community-based arts create livable and vibrant communities and places to connect with one another in a unique and inspiring manner. Community-based arts organizations, “have established a finely tuned

community-based artistic practice that is authentic, responsive, and contributes to larger social and civic goals”, wrote Chew (2009, p. 1). “The work of these organizations moves people to understand that art can be about more than engaging in an aesthetic experience. Art can also comfort in times of trouble, heal personal wounds, inspire community participation, and foster a more compassionate society” (p. 1). Community-based arts can also strengthen neighborhood bonds and positively impact things like the economy, and educational and health outcomes.

ArtsFund, an advocacy group in Seattle, WA whose mission is to “strengthen the community by supporting the arts through leadership, advocacy, and grant making” did a study in 2018 entitled *Social Impact of the Arts* where three themes emerged regarding how the arts specifically impacted their communities. They were: youth development and education, health and wellness, and neighborhood vitality. They combined a “county-wide public poll, a landscape scan of arts and cultural nonprofits, a review of national research, and in-depth case studies of ten local arts organizations” in order to amplify the important role that the arts have in their communities. The study found that:

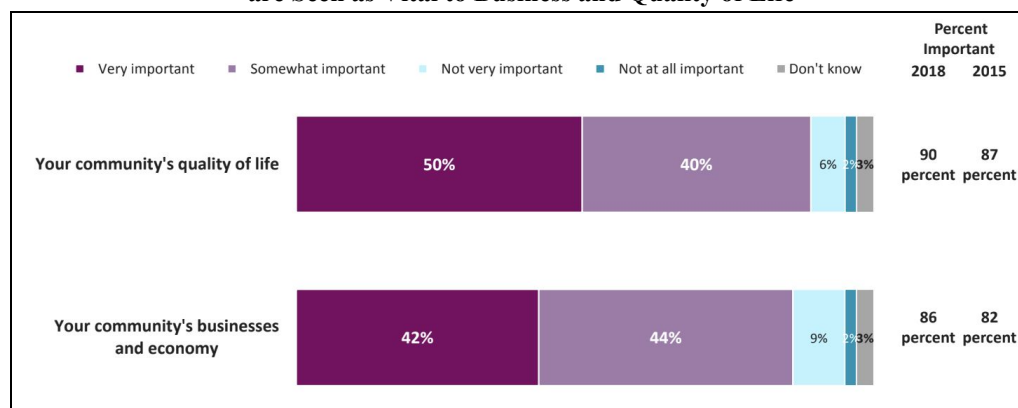
Arts education is a ‘field-leveling’ intervention.... For example, 43% of eighth-graders of low socioeconomic status and low arts engagement plan to earn a bachelor’s degree. This number is thirty points higher (73%) for students with similar backgrounds who also have arts engagement. (ArtsFund, 2018, p. 17)

This shows that the impact of arts starts at an extremely young age and has ripple effects throughout the life of a child. Arts education not only helps students succeed in school, but it also provides a vital outlet for students of all ages to express themselves in a positive manner. This same study also presents ways that the arts impact older constituents through health and

wellness specifically. Nationally, “45% of medical institutions offer some sort of arts program. Of those, 80% stating they do so to benefit patient recovery.” (ArtsFund, 2018, p. 20). Medical institutions who offer arts programs directly witness the positive effects that arts have on their patients, one could conclude that similar effects could also be seen within the larger population when arts programs are readily available.

When the arts thrive within neighborhoods, the communities that live within those neighborhoods thrive. Community-based arts expand upon these findings and further bring meaning and heart into the communities they are a part of. Americans for the Arts, an advocacy group located in DC, whose mission is to, “build recognition and support for the extraordinary and dynamic value of the arts and to lead, serve, and advance the diverse networks of organizations and individuals who cultivate the arts in America” (2019), expanded upon this idea with their study titled, *Americans Speak Out About the Arts in 2018: An In-depth Look at Perceptions & Attitudes About the Arts in America*. In their reporting, they noted that “whether people engage with the arts or not, 90% believe cultural facilities, (theaters, museums, sculpture parks, neighborhood arts centers) improve quality of life” (Americans for the Arts, 2018, p. 24), (see *Figure 1*).

Figure 1 - Cultural Facilities such as Museums, Theaters, and Concert Halls are Seen as Vital to Business and Quality of Life

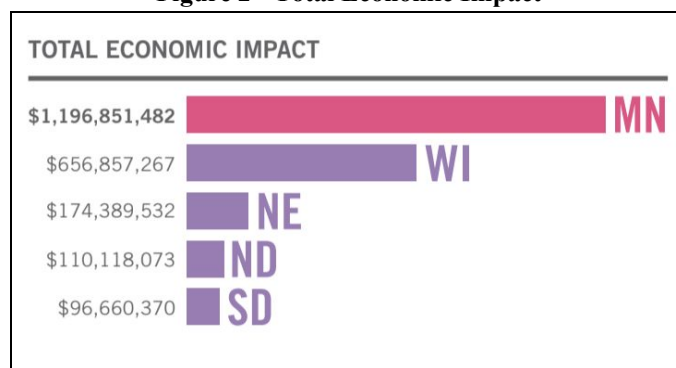


Source - Americans for the Arts, 2018, p. 24

1.2 - Minneapolis and St. Paul, Minnesota

Having a sense of the national landscape is important for understanding the broad impact, but this study focuses on Minneapolis-St. Paul, Minnesota. Throughout this study, “we” is used to represent Rosa Raarup and Lauren White, the two people embarking on this study. One of the largest and most comprehensive arts and economic impact studies in this region is the *2019 Creative MN Report*. Not all states have been studied at such depth, but these findings assert that “Minnesota was shown to have double the arts economy of Wisconsin (despite very similar population sizes), 11 times the arts economy of North Dakota and over 12 times the arts economy of South Dakota” (Creative MN, 2019, p. 6) (see *Figure 2*).

Figure 2 - Total Economic Impact



Source - Creative MN, 2019, p. 6

The arts economy references the total economic impact the arts have, so in Minnesota, the total economic impact is \$1.2 Billion whereas in Wisconsin the total economic impact is \$657 Million. It is clear that Minnesota is a unique arts and cultural hotspot that sets it apart from other states and stands out within the greater midwest. The report also has a specific section focusing on the Twin Cities Metro Area and states that out of the 894 arts and cultural organizations within the Metro area 814 of them have a budget under a million dollars. One of

the criteria we used in narrowing down organizations for this study was a budget size of one million dollars or less. This large number of arts and cultural nonprofits within that realm amplifies the vital need for an inquiry into the topic of small arts nonprofits.

While this study looks at the arts and creative fields within Minnesota as a whole, we are most interested in highlighting and focusing on smaller arts nonprofits that are community-based. Although we both believe in and value all art forms and artists, for this project specifically we did not focus on arts nonprofits that are “art for arts sake” organizations. We believe there is an important need in all communities for a variety of arts organizations, however, for the purpose of this study, we examined community-based arts nonprofits. Community-based can mean something different for each organization, although in general we looked at arts nonprofits that create work specifically for the community that they live and work in. Often this is place-based work, meaning it would look completely different if it was located in a different city, state, or country. It typically also includes ideas of justice, equity, or community engagement, though the exact terminology is flexible.

1.3 - Struggling and Flourishing Nonprofits

Within the last few years, many community-based arts nonprofits in the Twin Cities have struggled, both financially and organizationally. A number of these seemingly impactful organizations within the Twin Cities have ceased operation altogether. Meanwhile, others forged on and overcame their times of struggle, and at least for the time being, appear to be thriving. Perhaps this suggests that there needs to be a shift in the way nonprofits, specifically community-based arts nonprofits, operate. We were interested in learning how small

community-based arts nonprofits can learn from each other and evolve in order to have a more sustainable future.

1.3.1 - Overview of Literature Review

While in the process of this study, we conducted a literature review around the topic of thriving and or struggling nonprofits in order to ground ourselves in the current conversations within this field. During the literature review, we found a wealth of research around the topics of nonprofits in general or arts nonprofits but information specifically regarding community-based arts nonprofits is lacking. This further amplified our need to do this inquiry. In our initial research, themes emerging from the literature focused on: funding, boards, staffing models, organizational culture, leadership, programming and mission, and life cycles of an organization. Although a lot of the research focuses on nonprofits generally, a fair amount has been conducted on larger arts nonprofits as well. Within the funding and board themes, the main points that have been highlighted encompass resource dependency theory, resource diversification, and the idea of ‘good board governance’. Although scholars, consultants, and practitioners (Azmat & Rentschler, 2017; Brown, 2005; Callen, Klein, & Tinkelman, 2010; Chait, Ryan, & Taylor, 2005; Miller-Millesen, 2003) seem to diverge on what ‘good board governance’ truly means, this may signify that there is no one type or theory that fits all nonprofit organizations and there is still research that needs to be done specifically surrounding community-based arts nonprofits.

The themes of staffing models and organizational culture are derived from a wide array of data, although the scholars primarily agree that nonprofit workers, specifically arts nonprofit workers, experience burnout, turnover, lower wages, and are overworked at higher rates than in other sectors. The research also suggests that many arts nonprofit workers stay with an

organization because of their belief in the mission and or a ‘scarcity and martyr complex’, an idea that the work is so important and no one else will do it. Scholars (Cray, Inglis, & Freeman, 2007; Geer, Maher, & Cole, 2008; Northouse, 2018; Rhine, 2015) are also in agreement that there is no one type of leadership style that fits all arts nonprofits, although both “authentic” and “transformational” leadership are among the top that seems to be highlighted as effective.

Perhaps this demonstrates the importance of compassion and heart, as well as creating connections and motivation amongst all stakeholders within nonprofits.

The final two themes that emerged as potentially important are mission and programming within an organization, and life cycles of nonprofits (Hager, Galaskiewicz, Bielefeld, & Pins, 1996; Helmig, Ingerfurth, & Pins, 2014; Sawhill & Williamson, 2001). The mission of any nonprofit dictates the work that they do within their community, although at times what the community truly needs and wants is not what the nonprofit is currently providing. This can cause a lack of relevant programming from an organization and can lead to closure. Other times, nonprofits close because their mission has been accomplished, this is more common with nonprofits that are not arts-based, though it is still a trend to acknowledge. This leads to the final theme regarding life cycles for nonprofits. Scholars on this topic seem to mostly agree that organizations that are older and or more connected to their community are more successful. At the same time, scholars (Hager et al., 1996) recognize that nonprofit organizations also tend to have life cycles of growth, renewal, and sometimes even death. Recognizing and acknowledging where nonprofits are within their own life cycle seems to be a key first step to better understanding if they are currently flourishing or struggling.

1.4 - The Importance of this Study

Though no two organizations are exactly the same in their challenges or opportunities, perhaps they have more in common than not, and therefore can put findings from this study to use. We had the benefit of dedicated time to be able to conduct this cross-organizational study that many would find helpful but do not have the time or energy to carry out. Additionally, we had the advantage of being “insider-outsiders” (part of the local arts community but not deeply embedded in any of the organizations we are studying), which reduces any sense of competitiveness or bias that could occur if someone working at one of these organizations were to conduct this inquiry. We want this sector to thrive, so what can we learn about how to better ensure this happens?

This work is also important to the sector because of all the ways that community-based arts can improve our lives and neighborhoods, as described earlier. This is not assuming that community-based arts are inherently only positive. Similarly, when arts organizations close abruptly, this can also be quite traumatic for those connected to them. Limiting this damage is an important aspect to focus on as well. At its best, the scholars and researchers cited above illustrate that community-based arts organizations change the landscape of a neighborhood or city by increasing understanding and empathy amongst diverse residents, improving educational, health, and economic outcomes, and creating interesting and vibrant places that people want to live, work, and invest resources in (Americans for the Arts, 2018; ArtsFund, 2018; Chew, 2009; Creative MN, 2019). For us, and likely all of the people in this study, this is an important reason to figure out how to do this work better.

2 - RESEARCH QUESTION

Our study question is: *What factors are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling?* As we will outline in our literature review and as stated above, areas that are commonly studied and researched suggest some factors that may be at play here; however, we were interested to hear directly from those involved. Are there factors we haven't thought of? Is there a unique interaction of specific factors impacting this subset of arts organizations? Is something larger changing in the landscape of the Twin Cities arts ecosystem? This is an important topic to explore for a few reasons. One reason is to improve the field, as one would want to in any career or sector. For example, what are pitfalls to avoid or critical successes to model? Also, how can we think about resources in terms of diversity - both people and funding? And how do topics of organizational culture, burnout, or leadership styles fit into the equation? Additionally, what about different kinds of business models, and relevancy or need for the mission of an organization. Another reason is that we know that small arts nonprofits often feel isolated in their problems and they find resources scarce, leaving little time for creative collaboration and cross-organizational problem-solving. Through this study, we can help fill some of this gap.

3 - POSITIONALITY OF THE AUTHORS

The idea of unbiased research is not only impossible to embark on, but it is also unrealistic. As individuals, we each journey through life experiencing unique and powerful moments, and it is essential to shed light on these experiences in a meaningful and deliberate

manner. Some experiences may cohere with the research, while others may diverge, although it is vital to address any biases in order to create trust with those participating in the research such as interviewees or those being studied. For this proposed study, the two researchers are Rosa Raarup and Lauren White. Both currently live in Minneapolis, Minnesota, and are white, middle-class, cis-gendered, able-bodied females who are deeply invested in the local arts and cultural landscape. We both want to continue to work, volunteer, and be engaged in this sector long-term.

3.1 - Rosa Raarup

I grew up in a Quaker home that was rooted in the idea of creating spaces that are welcoming and equal for everyone. Although I am no longer a practicing Quaker, these ideas have permeated throughout my life and I have strived to incorporate them into every aspect of my life. Equality and the ideas around it have changed for me throughout my life and I now have more of a desire for the world to be equitable and just for all.

After high school, I traveled and volunteered throughout Europe, Nepal, and Belize. I became enthralled with meeting new people and learning as much as I could about their daily tasks and the small moments that make us all human. There is connectivity pulsing throughout the world and when I arrived home to Minnesota I felt as though I was able to better connect to my neighbors and strangers. I then attended the University of Minnesota - Twin Cities for undergrad and have a Bachelor of Arts in Theater Art with a focus in Applied Drama and Social Change. In the Fall of 2017, I began my master's program at the UMN- Twin Cities. During both undergrad and graduate school, I was fortunate enough to intern and work with many arts organizations. This background places me well within the realm we will be researching for this

study. I have the history of being involved with community-based arts nonprofits, along with the academic knowledge of nonprofit structures.

I am an insider to the nonprofit world, by currently working within the field as well as being an attendee and participant with many community-based arts nonprofits. The three organizations we will be studying will remain anonymous, however, I have attended events at all three. I began the study with a surface level understanding of their structures and personally felt welcomed and invited into their spaces. Although I have a participant's view of each organization, I have never worked or been financially tied to any of the organizations. In this manner, I am an outsider. I am also an outsider within this study because I currently work at a large arts nonprofit and my current duties with my job have a much different scope than that of a smaller nonprofit.

That said, I have worked, volunteered, and participated with many small nonprofits. I am drawn to volunteering and participating with small and medium arts nonprofits because I am able to have an impact on the work that is going on. I am also able to feel as though I am part of a community of like-minded people who wish to do good within the world. I believe that we can learn from our neighbor, it is not about every organization being the same, but it's about working together towards equity and justice so that we can all succeed in our own way. I undertook this research process because I believe this is possible, but first, we must learn what works and what doesn't. I want small arts nonprofits to be successful, and I believe this is possible. These are some of my biases.

3.2 - Lauren White

Growing up in New Zealand and having lived and traveled in other places in the U.S. and world, I have learned to be highly adaptable. I have always been drawn to learning people's stories and making sure everyone feels included. I am curious, constantly learning, and love to figure out what makes people tick. This is likely why I am interested in learning what makes arts and cultural organizations function well, because ultimately, they are made up by and for people. Because of my background, I am often described as a chameleon, but am also known to be trustworthy and reliable. I predict this could both help and complicate my research in this field because I can form relationships quickly, but also might have trouble staying objective.

I have a Bachelor's degree in Art, Journalism, and Global Studies, and am finishing the Arts and Cultural Leadership Master's, both from the University of Minnesota. My education gives me credibility, and access to people and places, but can also make me potentially suspicious to some people of color and other marginalized communities who have been historically researched and may distrust higher education. This is compounded by being a white person. This is important to note as we conducted interviews with a variety of people and asked them to trust us with their stories.

I was inspired to do this project because a number of small arts nonprofits that I loved seemed to close or struggle to stay open over recent years. I kept finding myself asking "what's going on here? Why are all of these places like the Bedlam Theater, Intermedia Arts, and the Soap Factory closing?" And then "what does this mean for the Twin Cities, and my career here in the arts?" I have a strong bias that small community-based arts organizations, that are relevant and responsive, are integral to a healthy and vibrant city and arts ecosystem. I believe the arts

and cultural ecosystem, like the ecological ecosystem, must be diverse in all senses of the word in order to be sustainable. I don't think it is good for only one cultural or ethnic group and or a few large institutions to dominate a town or city's artistic practice. I assumed in this study that we would not find any magical answers to our research question; however, I remained hopeful that we would unearth some small nuggets of helpful information. Some connections, or common experiences that could be shared with leaders of small arts organizations and be helpful as they make decisions about structure, funding, outreach, and more.

I believe in striving for an abundance mindset, where we can all learn from each other and share ideas and resources for the betterment of our work and our communities. I try not to subscribe to a scarcity framework in which resources are limited and we are in constant competition with each other. I also believe that organizations have a life span, and that they are not granted relevancy into perpetuity. Sometimes it is time for an organization or nonprofit to sunset, but hopefully, this study also helps illuminate how that might be done thoughtfully and respectfully of all stakeholders.

4 - LITERATURE REVIEW

In order to better understand factors that are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling, a brief inquiry into recent literature was needed. We specifically examined this unique subset of organizations in order to uncover relevant information for arts nonprofits within the Twin Cities arts ecosystem. To conduct a broad search of relevant literature, we utilized 12 different databases, search engines, and top-level sources. We focused on the concepts of organizational

culture, struggling, thriving, art*, community-based, nonprofit, Minnesota, burnout, and abundance. In order to narrow our search, we added the following keywords: leadership, board, staff, executive director, success, failure, creative, art trends, community, social justice, community development, social change, community building, community support, relevancy, sustainability, viability, and fundraising. We found a wealth of research around the topics of nonprofits in general, or arts nonprofits, but information specifically regarding community-based arts nonprofits we found significantly lacking. Common themes that emerged focused on: funding, governance, staffing models, organizational culture, leadership, programming and mission, and life cycles of an organization. We found four major themes to sort this literature review: success and failure, financial, leadership, and boards.

4.1 - Success and Failure

The defining feature for all nonprofit organizations, whether art-based or not, is their mission statement. Although many scholars agree that mission completion should be the main way to recognize if a nonprofit organization should cease operation (Helmig et al., 2014), often financial implications, community needs, and other factors come into play, meaning no two nonprofits end up closing in the same manner (Hager et al., 1996). Arts nonprofits are in a unique spot within this conversation regarding mission, especially since most are serving a need that will not be able to be “fixed”. Although the impact of mission statements can be difficult to measure for all nonprofits, Sawhill and Williamson state that, “The more abstract the mission is, the more difficult it is to develop meaningful measures of outcome or mission impact” (2001, p. 378). Further amplifying that there is currently not a straightforward path in determining if a nonprofit organization is truly successful or struggling.

Nonprofits regularly look towards the for-profit world for guidance. According to Helmig et al. (2014), in their work, “Success and Failure of Nonprofit Organizations: Theoretical Foundations, Empirical Evidence, and Future Research” they stated that in the early 1960s, “the goal attainment approach was the dominant logic to capture success in private businesses” (p. 1514). However, they stated that recently this has been criticized for numerous reasons, mainly:

In order to evaluate the accomplishment of organizational goals, they must be clearly stated...however, publicly communicated goals may differ from actual firm goals...in addition, companies may pursue multiple, even conflicting goals, which may complicate which goals should be used as an indicator of success. (Helmig et al., 2014, p. 1514)

This approach considers only the ends, not the means, as relevant for organizational success. As a response, systems approach has been implemented more recently (Sawhill & Williamson, 2001). Within, “Mission Impossible?: Measuring Success in Nonprofit Organizations” Sawhill and Williamson state that:

Performance measures must be tailored to the missions and goals of individual institutions; no generic scorecard nor any universal set of indicators will work in all cases for all nonprofits...The best of these goals, in our judgment, were those that (1) set the bar high, but not too high, (2) helped focus the organization on high leverage strategies (3) mobilized the staff and donors, and (4) served multiple purposes, such as setting the larger public agenda about a certain issue. (2001, p. 383)

This approach builds off of goal attainment and judges the organization's ability to reach said goals, not merely the end goals. Since all nonprofits are inherently unique, their goals should be as well. Also, how a nonprofit organization decides to measure success, needs to be decided

upon by the organization as a whole. Determining success can not and should not be a blanket set of factors that can be used for all organizations.

On the reverse side of success is failure, this too looks different depending on the organization and the viewpoint of the individual examining the reasons for failure. As stated above, mission completion, and closure because of it, is often looked at as success, or an end of a life cycle (Hager et al., 1996). Although the idea of mission completion can be complicated, Helmig et al. push these ideas around failure and mission completion further, stating:

When should an organization admit that it has failed to accomplish its mission? This problem is further complicated by the ambiguous nature of mission completion. While some scholars might call it a sign of organizational success, others, applying an organizational theory perspective, might consider it a symptom of failure because the organization ceases to exist. (2014, p. 1511)

Legitimacy is another major reason for an organization to close. Helmig et al. talk about the ebbs and flows of the “U-shaped relationship between density and failure” (2014, p. 1516). They state that when only a small number of organizations exist they lack legitimacy and organizational failure is high. Then, they went on to say when more organizations within that niche have been created the failure rate goes down because legitimacy facilitates access to resources. However, they explained that resources can then become limited and the failure rate increases as more and more organizations compete for the resources. They warned that this can be related to funding, audience, or any number of “resources”. Helmig et al. found that research also suggests that smaller nonprofits are more likely to fail than large nonprofits (2014). Both legitimacy and size are highly interconnected in regard to an organization's success. Within their study “Tales From

the Grave: Organizations' Accounts of Their Own Demise”, Hager et al. (1996) found that sometimes the worst thing an organization can do is try and change itself. They compare new organizations to organizations trying to change themselves and found that not only do small organizations struggle but according to these authors, young and new organizations tend to struggle the most. They also found that organizations that said they were too small were also more likely to say that being disconnected from their community was a serious problem.

Organizations that were too young were also more likely to say that being either disconnected from their community or being isolated from other nonprofits was a serious problem (Hager et al., 1996). Nonprofit organizations only thrive if there is a community base large enough to support them. Hager et al. applied resource dependence theory to successful nonprofits, discussed to a greater length within the board of directors section, and described that:

Resource dependence theory would lead us to expect that those organizations that establish and maintain relationships with their community, funders, and other service providers, and professional associations would, as a consequence, be more likely to survive. (1996, p. 979)

While it is also important to connect with other nonprofits, being connected to community and funders is a reigning factor of success and can be applied to nonprofits that are both art-based or not.

While mission statements for all nonprofits can be difficult to measure in regard to success, arts nonprofits are distinctively challenging (Sawhill & Williamson, 2001). As stated above, how connected to their community and how relevant they are within that community are key factors of success and these measurements may be a more concise way to measure success

within arts nonprofits (Hager et al., 1996). In “Representation and Diversity, Advocacy, and Nonprofit Arts Organizations” Kim and Mason expand on the idea of being an arts organization for a whole community with the notion that it is vital to take part in local advocacy efforts:

In recent years, arts and culture nonprofits have sought to make themselves more relevant to community issues by engaging in advocacy...Our results indicate that constituent and community racial and ethnic compositions are associated with the level of advocacy at arts nonprofits. Also, arts nonprofits with leaders who have been in the arts industry for a significant time are more likely to be engaged in advocacy than otherwise similar organizations. (2018, p.49)

Community-based arts nonprofits that engage in advocacy work are becoming more and more commonplace. However, the traditional way of measuring success for nonprofits becomes precarious when someone can look at an organization from so many different lenses, such as the staff, board, or external stakeholders. In “Characteristics of Civically Engaged Nonprofit Arts Organizations: The Results of a National Survey”, Kim asked the question, “If you had to choose, which of these two you would say best identifies your organization: community nonprofit organization or professional arts organization?” one participant responded, “It's a theater company but it's also a charity and we better live up to that” (Kim, 2017a, p. 188). The balance between being a nonprofit doing community-based work, as well as an arts organization that generates art experiences, creates a specific dynamic that is unique for arts nonprofits, and measuring success then becomes a multi-faceted process. This small sector of community-based arts nonprofits is even more under-researched and unknown than nonprofits as a whole, creating a gap in the research for us to fill.

While there are many factors that make arts nonprofits unique in regard to success and failure, the main one that sets them apart from other nonprofits is they usually do not have a mission that can be “completed”, such as something related to social services, or the environment. Often, when an arts nonprofit ceases operation it is seen as a “death” or “failure” (Lena, 2018). This can be detrimental to not only the staff and board but also the community members. In “The Process Model of Closure and Nonprofits: The Exit of Exit Art”, Lena explains:

Since we continue to ask nonprofit organizations to be mission-driven, there is an option for their leaders to conclude that a mission has been accomplished. If we continue to view organizational closure as a failure of management—and refer to it pejoratively as “death,” “failure,” and so forth—we do no service to the staff, board, or public who support these organizations, and we make it harder for organizations that should close to do so. If we do not illuminate closing procedures that yield descriptions of them as successful, we continue to leave grantmakers and other funders bereft of the information they need to support the needs and understand the struggles of nonprofit organizations undergoing the process of closure. (2018, p. 29)

Closure can happen for many reasons and it is empirical to look at nonprofits who cease operation and close as an end to its life cycle versus a final death and failure of the organization (Hager et al., 1996). Ultimately, at times a closure is out of the control of anyone involved and it can be harmful to look at it as a failure of everyone involved.

4.2 - Financial

The financial picture of any nonprofit is key to its success, or perhaps more so, failure. In contrast to for-profit businesses, one can't easily raise prices to increase revenue, both at the risk of alienating supporters and could be viewed as unrelated to mission advancement. "Unlike for-profit organizations whose ultimate goal is to maximize profits, financial measures are meaningful for nonprofits only to the extent they help understand organizational capacity to achieve their mission" (Kim, 2017b, p.526). Arts nonprofits specifically can have some unique challenges and opportunities when it comes to finances. In this literature review, there are three areas related to finances that are important to explore. First, historical and current trends in arts funding, specifically around philanthropy and government funding. Next, revenue diversification and its impact on the ability of arts nonprofits to succeed. Finally, financial management. How well the leaders of arts nonprofits understand and manage finances plays an important role. This also leads into a later section about leadership and governance.

4.2.1 - Trends in Funding

Funding for the arts in the U.S. has seen some major changes over the past decades. This includes government funding (both federal and local), foundations, and individual philanthropy. Historically, the U.S. government has never been a major funder of the arts, even with the creation of the National Endowment for the Arts (NEA) in 1965; however, support has trended even further down over recent decades. As Michael Kaiser (2015) explains in *Curtains?: The Future of the Arts in America*, "Art and government have been separated since the nation's founding" (p. 9). Kaiser goes on to say that even those investments, plus those from a few other agencies, have been quite modest and federal arts support has always been limited (p. 9). Local

government support has been more robust, though not evenly throughout the country. Americans for the Arts and the National Assembly of State Arts Agencies (2017) both agree that:

The National Endowment for the Arts (NEA) receives a mere 0.004% of the total federal budget, less than 1/2 of one-hundredth of one percent. Appropriations to state arts agencies constitute just 0.04% of state general funds expenditures, less than one half of one-tenth of one percent.

In the landscape of government funding, federally and locally, Stubbs (2017) asserts that “Public funding for the arts has not kept pace with inflation. When adjusting for inflation, total public funding decreased by 12.8 percent over the past 20 years” (p. 9). It is important to note here that Minnesota is an exception to this. The passing of the 2008 “Legacy Amendment” increased state funding for arts and cultural activities significantly. Since 2010, the state has raised and appropriated over \$565 million dollars to arts and cultural organizations across the state. The majority of this has been distributed through the MN State Arts Board and the MN Historical Society, and it is further granted out by these two bodies (*Appropriations*, n.d.). While this is impressive, it’s still a minimal percentage of the state budget, and important to consider in relation to the rest of the country.

Government support for the arts, while vital, has never been extensive, which means that artists have turned more to foundations and individual philanthropy. Significant changes in the economy and in the social and political realm over the past 20 years have impacted arts funding from those groups too. During the Great Recession, arts nonprofits that relied the most on government and foundation grants suffered the most. These tend to be rural, avant-garde, service, and organizations of color (Kaiser, 2015, p. 33). It was also these organizations “individual

donors who were most affected by the recession and most likely to cut arts giving” (p. 34). Those that are mainstream, bigger, and have more wealthy individual donors can better weather the storm of financial insecurity. Yet, these small organizations are not the ones that are receiving most of the support. Even back in 1996, Kriedler warned:

The most vulnerable organizations are the small and medium-size arts groups that have had the highest reliance on inexpensive labor and grants. In the San Francisco Bay Area, for example, more than 95% of the nonprofit arts groups fall into the small or medium size range using, as a rough standard, organizations with annual operating budgets of less than \$1.5 million. (p. 96)

And more recently we see that the same trends have continued, and begin to see the impact of underfunding small arts and cultural organizations:

The majority of arts funding supports large organizations with budgets greater than \$5 million. Such organizations, which comprise less than 2 percent of the universe of arts and cultural nonprofits, receive more than half of the sector’s total revenue. These institutions focus primarily on Western European art forms, and their programs serve audiences that are predominantly white and upper income. (Sidford, 2011, p. 4)

This leaves the U.S. with both an underfunded and disproportionately funded arts ecosystem. In terms of private foundations and private individual giving, the outlook is also concerning. As Cobb (2002) explains:

From 1990 to 2000, the average annual growth rate for private giving to arts and culture organizations was only 3.9 percent, a little more than half the 7.3 percent for private giving as a whole. Indeed the rate of growth for giving to arts, culture, and the humanities

has lagged behind that of all other subsectors over the past decade. Of particular concern, the gap grew dramatically in the second half of the decade. During that five-year period, 1995–2000, the average annual growth rate for giving as a whole was 10.4 percent, whereas it was a meager 2.9 percent for giving to the arts. (p. 128)

For those interested in arts and culture in their lives, the decrease specifically in this sector is quite troublesome as the trend has continued through the Great Recession and well into the 21st Century. In “The New Philanthropy: Its Impact on Funding Arts and Culture”, Cobb (2002) goes on to argue that “Venture Philanthropists” should be a new funding stream for arts and cultural groups. These are folks with private wealth, who are interested in investing in projects and people that are not working for profit. Cobb states:

If the arts community wants to expand support from this new wave of funding, it needs to position itself for a more results-oriented, socially involved philanthropy... The arts community must make the case that arts and culture change lives, make special efforts to use the talents of the new “engaged philanthropist,” and enhance the accessibility of the arts by connecting them with the community. (p.139)

Certainly, in philanthropy in general, some people argue the engaged donor is more common now than ever before. Folks want to be part of the work and see their gifts make an impactful somewhat immediate difference. This changing landscape in philanthropy, combined with the decrease of government funding, has immense implications for arts funding, particularly on smaller more marginal organizations.

4.2.2 - Revenue Diversification

Revenue diversification is the second important attribute of finances in this literature review. Many scholars and practitioners agree that having diverse revenue streams is key to a financially stable organization, specifically:

Multiple revenue streams create a safety net for nonprofits because organizations can rely on alternate sources of income if one revenue source dries up. Revenue diversification has garnered a great deal of attention as a strategy to cope with dependency on external funding, and there is substantial empirical evidence that demonstrates diversified revenue streams decrease nonprofits' financial vulnerability. (Kim, 2017b, p. 527)

Revenue dependence theory demonstrates that particularly smaller organizations are more volatile with only one main source of funding. Especially those that are reliant on donations (Carroll & Stater, 2009). Greater diversity in income streams leads to greater stability. Earned income is key to financial stability, and organizations should be sure to not be reliant (more than 50% of revenue) on individual donors particularly (Kim, 2017b). Carroll and Stater (2009) also find that this does not negatively impact the delivery of programs or the mission focus of a nonprofit, as some may worry. It can be a challenge though, especially if funding patterns are already established, "Organizations under pressure to keep overhead costs low may find it difficult to pursue a revenue diversification strategy because maintaining multiple funding streams often imposes administrative burdens" (Kim, 2017b, p. 528). Nonprofits are essentially forced to keep overhead low so that all revenue is going back into the programming, and because most funders don't "fund overhead" they can be caught in a difficult cycle that is hard to break

from. Even paying for fundraising staff or consultants is seemingly impossible at many small organizations.

Due to the decrease in financial support for the arts from both government and more traditional funders, this landscape is constantly changing. Arts groups are looking for new ways of funding, like “venture philanthropists”, partnerships with private businesses, mergers, and more. Arts organizations are perhaps forced to consider more for-profit partnerships and other capital ventures, but this doesn't seem to impact their expenditure patterns. Often, the critique of partnerships with for-profit businesses or other new models for earned income is that it will devalue the art or corporatize the experience. However, spending is still relatively focused on program services (Hughes & Luksetich, 2004). This does not seem to be negatively impacting the nature or quality of the programming. Arts nonprofits are forging new ways of developing income streams due to the decrease in historical funding sources. Individual donors are giving less and that does not seem to be improving. This changing landscape requires the leaders of nonprofits to be highly knowledgeable and adept at financial management.

4.2.3 - Financial Management

The third bucket of important literature on this topic is financial management. The sheer volume of writing on financial management is overwhelming, but there are some key thoughts as it relates to nonprofits. This literature overlaps significantly with that on board governance and leadership, though the key link to finances is that crisis in arts nonprofits are often financial in nature. Certainly, there can be other issues, which will be addressed in other sections, but often if an organization is facing disaster, uncertainty, or closure, finances are involved as is the oversight and management of those finances. We want to know who to blame for financial

mismanagement - the staff, the board, a funder? Understanding where and when things can go wrong is an important component in the financial conversation.

In one of the few studies of its kind, and related to this one, Quebecois researchers studied arts nonprofits with the question “What are the main causes of the financial crises in not-for-profit arts organizations in Quebec?” (Turbide, 2012). They found a few key findings that relate to this study. One, artistic quality and reputation were not the cause of the financial crisis. Two, in terms of financial management, many of the groups expanded programming which increased operating expenses but did not result in increased revenue OR expanded facilities and did not increase revenue enough to cover the higher operating costs. Both of these leave organizations with a serious financial gap. All of the organizations also “suffered from late reporting and rarely presented detailed financial data” (Turbide, 2012, p. 7). There were also commonalities on the nature of the Board and Executive Director, though not specifically relating to financial management. Programmatic decisions can have serious financial consequences, which underscores the importance of both artistic and operations staff working closely together. Detailed financial data is required to understand the trajectory of an organization, and it is the responsibility of both staff and board leadership to monitor this information.

4.3 - Leadership Relationship Dynamics

According to Cray et al., arts nonprofits are distinctive from all other nonprofits (2007). The powerful influence of the artistic director, or artistic vision function if the role is not staffed, and their emphasis on an artistic vision for the organization can come in conflict with the executive director and the requirements of other managerial functions (Cray et al., 2007, p. 297).

Of course, not all arts nonprofits have both an artistic director and an executive director but within “Managing the Arts: Leadership and Decision Making under Dual Rationalities”, Cray et al. insist that these two functions are in constant battle nonetheless based upon how arts nonprofits as a whole are set up. Within “An Examination of the Perceptions of Stakeholders on Authentic Leadership in Strategic Planning in Nonprofit Arts Organizations”, Rhine (2015) amplifies that finding a balance between the artistic and business interests is highly important within arts nonprofits. However, a true balance is hardly ever found and only one out of eight organizations included in their study felt that they had a true balance within their own organization. All nonprofits must balance their mission statement and general management although arts nonprofits sit uniquely in this conversation. Cray et al. (2007) state that, “The dual functions of guiding artistic endeavors and organizational administration, even in the best-run arts groups, fosters structural complexity, competing sets of goals, and multiple stakeholder claims” (p. 297). Both nonprofits and arts nonprofits also often try to replicate for-profits in regard to organizational performance but have largely found this highly difficult. These authors state this has been mainly due to stakeholders, dislike of corporate models, and issues of leadership and general management.

4.4 - Leadership

One place where nonprofit and for-profit align is around the importance of leadership. Within the report “High-Performance Organizations: The Secrets of Their Success” by The Boston Consulting Group, they state that high-performance organizations have a people-first mentality and make leadership development an integral part of their organizational planning (Bhalla, Caye, Dryer, Dymond, Morieux, & Orlander, 2011). If the employees are not happy

then the organization can not succeed. It is vital to ensure a leadership pipeline is an ongoing practice so employees will feel as though they are being invested in and will, therefore, invest more in the organization. High-performing or successful organizations also reward behavior, not just results, to a greater degree than low-performing organizations (Bhalla et al., 2011). By valuing leadership-development, the organization, whether it is nonprofit or for-profit, is claiming that leadership styles are not only important for an organization but integral to their overall success.

Within “Managing the Arts: Leadership and Decision Making under Dual Rationalities” Cray et al. (2007) highlight four styles of leadership that appear to be relevant to strategic leadership in arts organizations. They are charismatic, transactional, transformational, and participatory, highlighted in Table 1 (Cray et al., 2007, p.302).

Style	Characteristics	Strengths	Weaknesses	Applicability
Charismatic	Single leader who relies on personal attributes	Promotes high levels of commitment; single, overriding vision	Can generate dependency; success depends almost solely on leader	Most appropriate in small, new organizations or those in crisis
Transactional	Leader-follower relationship based on mutual benefits	Leadership is routinized; transition between leaders is less disruptive	Followers become calculative in their commitments	Most appropriate in routine, bureaucratic organizations
Transformational	Leader inspires followers to move self-interest	Focuses the organization on immediate problems	Concentrates on the leader and ignores situational variables, particularly followers	Appropriate where the organization requires significant change
Participatory	Leader involves others in decision making and other leadership roles	Promotes a sense of belonging; speeds implementation	Slows decision making and other processes	Appropriate in flat organizations with widely accepted goals

Source - Cray et al., 2007, p.302

Since it is unlikely for one person to have all these traits, it has been recommended that leaders change as the organization changes. According to Cray et al. (2007):

There is considerable debate on the extent to which individuals can change their own styles, but it is clear that a mismatch between an individual's leadership style and organizational needs or context can result in disaster, even for a leader who has previously been successful. (p. 301)

This speaks to the importance of the right person for the job. Leadership styles can greatly impact an organization as a whole and being mindful of that relationship is key to a successful nonprofit. Within the academic exploratory study "Managing Nonprofit Organizations: The Importance of Transformational Leadership and Commitment to Operating Standards for Nonprofit Accountability", Geer et al. explores the specific relationship with transformative, committed leaders and states that "both transformational leadership and commitment to operating standards are significantly associated with nonprofit accountability" (2008, p. 62). This ties into the idea of founder-led organizations and how at times this can positively affect nonprofit organizations. However, a founder's relationship with the organization can also have negative effects. Arts nonprofits often have founders that are deeply ingrained in the organization and Lena warns that "when founders are viewed as essential to the functioning of the organization, as they often are, their loss can be deemed unsurvivable" (2018, p. 22). A founders' relationship is delicate to balance in order for the organization to be sustainable without their presence.

In addition to the leadership styles of charismatic, transactional, transformational, and participatory proposed by Cray et al, Northouse in *Leadership: Theory and Practice* highlights Bill George's authentic leadership approach as another leadership style that is highly effective

within organizations (2018). According to George, Northouse states that authentic leaders demonstrate five characteristics:

- 1) They have a strong sense of purpose, 2) they have strong values about the right thing to do, 3) they establish trusting relationships with others, 4) they demonstrate self-discipline and act on their values, and 5) they are sensitive and empathetic to the plight of others. (2018, p. 199)

There is no one leadership style that fits an organization at all times during their life cycles, instead, it is important to deeply understand the organization you find yourself in and what style of leadership would best fit with what you are trying to accomplish within the organization as a whole. Rhine states, “authenticity is determined largely by follower or stakeholder perception of that authenticity” (2015, p. 4). Authentic leadership may be an optimal leadership style choice for organizations, however, Rhine urges that it must be felt by all, not just leadership staff and board, in order for it to be truly meaningful and impactful. This again enhances the argument that there is no one ideal leadership style, but leaders and styles of leaders must change and evolve as the organization changes and evolves.

Leadership styles are readily discussed as a major component as to whether an organization struggles or flourishes. Within “Philanthropic Disruptions: Changing Nonprofit Education for an Engaged Society”, Weber & Witkowski explore the leadership pipeline and state the need for leadership skills with future leaders but also that, “nonprofit studies programs should provide students with more than technical competencies. These programs should provide students with the leadership skills and the understanding of the historical, cultural, and political roots of the nonprofit sector...” (2016, p. 98). The first academic nonprofit management

programs emerged in the late 1970s and early 1980s (Young, 1999). Classes focused on administrative functions within universities have long centered around “social work, public health, arts, education, and other fields in which nonprofit organizations are active” meanwhile “while generic education for the management of private nonprofit organizations is a relatively new development”(Young, 1999, p. 14). Young states that there should be different tracks and programs that are specific for each nonprofit track since the nonprofit field itself is so large (Young, 1999). There also needs to be a substantial body of theory and research in regard to nonprofit management, similar to what you would see in other fields. Young also warns against putting nonprofit management students with for-profit management students:

The for-profit culture overwhelms the classrooms in these schools and often leaves students interested in nonprofits to make their own connections between management principles designed for business organizations and applications to nonprofit organizations. The students interested in nonprofit management are different from typical business students. Generally, they are more value-driven, less hard-nosed or personally ambitious, very articulate, and socially aware, but often less well prepared in the quantitative disciplines. (1999, p. 16)

Not only should nonprofit management courses and programs be unique from for-profit management courses but Weber & Witkowski also advise that these programs should “proactively aim to involve nonprofits in the development of programs and service-learning projects” (2016, p. 100). According to a survey of MPA programs accredited by the Network of Schools of Public Policy, Affairs, and Administration (NASPAA), “only 3% of the internship courses and 12.5% of the capstone courses are categorized as service-learning course” (Weber &

Witkowski, 2016, p. 100). Nonprofit management courses and programs do exist, however, the ones proposed by Young (1999) and Weber and Witkowski (2016) are still not fully developed. The lack of formal education regarding nonprofit management, and more importantly arts nonprofit management, can be seen as detrimental to the field and a major contributor to why a nonprofit organization either struggles or flourishes.

Nonetheless, leaders within the field are still optimistic about the future of leadership within arts nonprofits. Burlingame (2009) and Heidelberg (2010) both offer advice during this new century, specifically surrounding the importance of leadership within the field and they both challenge common assumptions within the arts nonprofit world. Within “Nonprofit and Philanthropic Studies Education: The Need to Emphasize Leadership and Liberal Arts”, Burlingame warns that today’s greatest challenge for leaders within the nonprofit sector may be “creating a new vision, while simultaneously maintaining trust in what we do” (2009, p. 65). At the same time, educators within this field must provide education that “assumes leaders and managers in nonprofits are not just users of knowledge, but generators of knowledge” (Burlingame, 2009, p. 65). As the nonprofit field ages it is slowly gathering a wealth of knowledge this must be passed down. In “The Need for Arts Researchers in Arts Organizations”, Heidelberg hypothesizes that nonprofit arts organizations will have to undergo three significant changes, in addition to hiring an in-house arts researcher, in order to survive a crisis: “1) shift from using research defensively to offensively, 2) embrace the separation and balance of powers within the organization, and 3) assist in the further professionalization of arts management as its own field” (2010, p. 235). Arts nonprofits are in a unique place within the nonprofit field as a whole. Not only does it have two contrasting leadership positions, the artistic director and the

executive director, but academic programs, courses, and research around arts nonprofits, and more specifically, community-based arts nonprofits, is significantly lacking.

4.5 - Board of Directors

No literature review related to nonprofits would be complete without examining the role of the Board of Directors. Nonprofit organizations, or 501c3's, are essentially granted "tax-exempt" status because they are engaging in the betterment of some sector of society rather than profit-making. In turn, they must be directed not only by staff but ultimately by a volunteer group known as the board. The board is essentially in place to create accountability and safeguard the public from any wrong-doing of the public entity/nonprofit. According to The Office of Attorney General Keith Ellison in the state of Minnesota:

Under Minnesota law, directors of Minnesota nonprofits are responsible for the management, finances, and other affairs of the corporation. This means that directors must supervise and govern the nonprofit's efforts in carrying out its mission. This does not mean that directors are required to manage the day-to-day activities of a corporation. Rather, directors can appoint officers and employ individuals who carry out the daily tasks of running the nonprofit organization. Directors must be active, informed, and engaged, as they are considered fiduciaries—a term used for individuals who are in a position involving trust. Specifically, directors are subject to the fiduciary duties of care, loyalty, and obedience to the law, among others. Minnesota courts have long held that the law imposes the highest standard of integrity on the bearers of these fiduciary duties.

(n.d., p. 3)

The link between board effectiveness and organizational performance is well studied. “Extensive research and practice in nonprofit governance is based on the premise that well-performing boards coincide with well-performing organizations” (Brown, 2005, p. 317). Understanding boards better can help us understand organizational patterns and effectiveness. Boards vary greatly across the nonprofit sector, and across the arts and cultural sector. There are key distinctions depending on the type of organization and board, the role they are designed to play within an organization, their effectiveness and engagement, their relationship to staff leadership, and more.

No discussion of this would be whole without mentioning the seminal book *Governance as Leadership: Reframing the Work of Nonprofit Boards* (Chait et al., 2005). This important text has been used by scholars and practitioners since its publishing to understand board governance. There are a few key points, especially as they relate to small arts nonprofits. In early chapters, Chait et al. (2005) describe some common issues and misunderstandings that affect boards, including the issue of board members not understanding their purpose as it relates to the organization's mission, which leads to a lack of engagement. The best remedy for this is enriching the board's experience, though how, of course, is different for every organization (Chait et al., 2005). They propose a new framework for understanding the three modes of governance:

- Type I - “The fiduciary mode, where boards are concerned primarily with the stewardship of tangible assets” (p. 6).
- Type II - “The strategic mode, where boards create a strategic partnership with management” (p. 7).

- Type III - “The generative mode, where boards provide a less recognized but critical source of leadership for the organization” (p. 7).

“When trustees work well in all three of these modes, the board achieves governance as leadership” (p. 7). For this project, it will be helpful to assess each board in terms of this framework.

Another central way to understand and predict board behavior and effectiveness is through the lens of theory. There are four main theories associated with understanding the role of nonprofit boards: Agency, Stewardship, Stakeholder, and Resource Dependency theory. For example, is the board concerned with equal representation of its constituents (stakeholder theory) or more interested in board members being good stewards of the organization's resources (stewardship). Potentially the board is focused on the relationship and efficiency between the CEO/ED and the board chair (agency), or collecting as many resources (mostly dollars but also people) as possible (resource dependency). These theories can be helpful in predicting how a board might function or behave, but as Miller-Millesen (2003) argues, they are not the end all because they do not account for human behavior. How people will act and react within the context of a specific organization and board experience is key to board performance (Miller-Millesen, 2003). For example, “Miller-Millesen (2003) contends that agency theory and resource dependence theory are not mutually exclusive ways of looking at nonprofit board functionality, but rather are complementary when used to predict and explain board behavior” (Callen et al., 2010, p. 104). Callen et al. go on to illustrate an example of this in more detail:

Agency theory focuses primarily on containing management costs, and on preventing the misallocation or diversion of resources away from satisfying the goals of the organization

toward the pockets of management. Therefore, a well functioning board from an agency theory perspective is successful when it minimizes unnecessary administrative expenses by monitoring management's perquisite activities. In contradistinction, resource dependence theory focuses on raising resources. A well functioning board from a resource dependence theory perspective is successful when it ensures the institution's ability to raise resources...Thus, these theories are complementary in that they focus to a great extent, although not entirely, on different aspects of nonprofit performance and on different relationships between board governance and nonprofit performance. (2010, p. 104)

Like any framework or tool, these board theories are helpful in understanding and predicting behavior, but they do not function in a vacuum, so one must consider the ways in which they interact with each other and in the context of the nonprofit. In the case of small community-based arts nonprofits with limited resources, one can see how any and all of these theories could potentially be applied.

Other facets of boards such as: board type (working or governing), demographic makeup including gender, economic, and racial diversity, board culture, and service expectations are also important to include in the literature review of board impact. The board workbook *Ten Dimensions That Shape Your Board* (Vanderwall & Benavides, 2008) is a helpful tool in understanding where a board falls along a number of common spectrums, including, but not limited to: strength, size, connection to community, and culture. Academic research on many of these topics, particularly board diversity and its impact, is limited but emerging. More has been done in the corporate sector to understand diversity, inclusion, and impact. One study from

Australia, which has a somewhat similar arts landscape in terms of support and government funding, provides some helpful context. Azmat & Rentschler (2017) found that both gender and ethnic diversity specifically, on arts nonprofit boards put organizations in better positions to succeed. The results of their study specifically on arts nonprofit boards found the following conclusions:

First, it creates a climate for gender and ethnic equality, sending signals to stakeholders that organizations are adhering to diversity principles, which portrays them as credible and legitimate (Miller and Triana, 2009). Second, ethnic and gender diversity on boards helps them to build a positive image and boosts reputation which is important for arts organizations to secure funding, develop strategic partnerships, and earn stakeholder trust and confidence. Third, both gender and ethnic diversity on boards can be linked to better performance... Finally, ethnic and gender diversity on arts boards helps them to better understand the marketplace, be creative, and to manage effective relationships with stakeholders. (Azmat & Rentschler, 2017, p.331)

This emerging research offers some promising results in the argument to focus on board diversity and inclusion to improve engagement and effectiveness across the organization. These findings suggest that not only will the board be better engaged, but all stakeholders in the nonprofit, and that the organization will achieve better results.

4.6 - Summary

A thorough review of the literature available related to the topic of small community-based arts nonprofits, that are either struggling or thriving, revealed primarily that this literature is severely lacking. However, what was available on nonprofits in general, or

larger mostly non-community based arts organizations, resulted in four main categories of thinking. They are: the concepts of success and failure, the particulars of funding and financial management, the role of leadership in nonprofits, and the impact and effectiveness of boards. These themes offer a framework against which to compare interview findings. These four areas prominently emerged in the stories we heard and we also heard different factors related to struggling and thriving that were not present in the literature. Because we conducted a grounded theory study, we did not want to make predictions in advance, but we wanted to be informed and listen acutely for key themes. It seems that “leadership” cuts across all of these topics as without strong leadership, perhaps the other areas suffer no matter what. The difficulty in focusing on leadership is that the body of literature and thought on “good” leadership is extensive and somewhat subjective. However, it will be an important lens to consider in our interviews. Additionally, most of this literature is focused on nonprofits in general, some on arts nonprofits, and very little to none on small or community-based arts organizations. In this way, our study will contribute to the literature of this important sector of the nonprofit community.

5 - METHODOLOGY

5.1 - Research Question

The Twin Cities of Minneapolis and St. Paul, Minnesota are known nationally as an arts and cultural hub. According to the *2019 Creative MN Report*, the total arts economic impact per capita within Minnesota in 2016 from arts and cultural nonprofit organizations was \$218.02, whereas Wisconsin was \$114.09 per capita. This demonstrates that Minnesotans are invested in the survival of arts and cultural organizations, although there seems to be a disconnect between

arts organizations that are doing well compared to organizations that are not. As we were developing the interview questions, we decided that we did not want to define what success or struggle meant because this is bound to look different for each organization. This is why we believe it is vital to research *what factors are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling?* One nonprofit could potentially even have both flourishing and struggling aspects within different parts of the same organization. We hope to uncover core reasons behind why many small community-based arts nonprofits within the Twin Cities are closing down, while also discovering the factors present in similar organizations that are thriving.

5.2 - Methodology

In approaching this study, we moved into relatively uncharted territory and thus were unsure of what we would discover. For this reason, we chose to do a grounded theory study as a way to, “move beyond description and to generate or discover a theory” (Creswell, 2013, p. 83). Grounded theory research came out of sociology in 1967 by Barney Glaser and Anselm Strauss (p. 84). Ultimately, their view of what grounded theory should look like diverged from each other. Although, they are still the two researchers who stated that theories must be “grounded” in data. This data is collected in the field and by utilizing qualitative methods it is then deciphered, contextualized, and the researcher is able to gain in-depth insight into the topic. Grounded theory studies also acknowledge that the researcher(s) do not claim to know all the answers or which theory, or theories, will best apply to the study. There are many leadership, board, and nonprofit organizational theories we could draw from for this study, although since we are in a state of unknowing, there is no use in forcing a theory to mold to what our perception is of the current

situation. We were open to all possibilities and hoped to create a new theory that would best fit our current understanding of the key inner workings of Twin Cities community-based arts nonprofits.

The research process employed a qualitative approach, focusing on interviews and data gathered from others as the main avenue for obtaining information. By focusing on three Twin Cities community-based arts nonprofits, all remaining anonymous, we hoped to draw correlations, as well as find places of discrepancy within the data. We originally formed a list of 14 Twin Cities community-based arts nonprofits that we believed would be potential candidates. From there we created a set of parameters as a way to narrow down the list. The parameters were as follows:

1. The mission, vision, and applicable programs had to have an explicit focus on art and community betterment. We are not interested in “art for art's sake” for this study but art for a cause or purpose related to the needs of their defined community. In other words, some sense of social justice, equity, or community development, though the exact terminology could be flexible to best represent the organization’s work.
2. The organization must be based in either Minneapolis or St. Paul, Minnesota. This is where we both live, work, and volunteer. Considering the scope of this research, we couldn’t fully cover a bigger area than this either.
3. The annual operating budget must be one million dollars or less. In Minnesota, this is around 91% of the arts and cultural nonprofits (Creative MN, 2019).
Kriedler, in “Leverage Lost: The Nonprofit Arts in the Post-Ford Era”, states that

“the most vulnerable organizations are the small and medium-sized arts groups... organizations with annual operating budgets of less than \$1.5 million” (1995, p. 96).

4. They must have been in operation for at least 10 years. This was to ensure we looked at organizations that had at least some resilience over time, not ones that quickly pop up and then close.
5. Each organization could not be “founder-led”, meaning they have all gone through at least one major leadership transition. Again, this was to help isolate organizations that demonstrate some resilience and are not simply doing well because of one committed, successful individual.

The three final organizations that we decided to focus on spanned areas of performance and theater arts, visual arts, community gathering spaces, and involve both free and paid events. Due to the diverse nature of these three organizations and the number of unknowns at the time, it was only suitable that we embarked on a grounded theory study. This allowed for the most room to explore these organizations and create a better understanding of the factors that are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling.

5.3 - Data Collection

The qualitative methods used in this study were primarily interviews and existing data extraction, such as annual reports, financial reports, attendance counts, surveys, and board meeting minutes. Prior to our interviews, we created a set of questions, with the help of two

librarians at the University of Minnesota, as a way to unearth data within each organization. The questions covered topics such as:

- Board health (Utilizing resources from Propel and MCNP to fully assess.)
- Organizational culture
- Financial trends
- Organizational leadership and decision making
- Key outside stakeholder opinions (volunteers, donors, community members)

5.4 - Qualitative Methods

The main qualitative method used within this study were in-person interviews conducted by either Rosa Raarup, Lauren White, or both. The main interviewees were from three community-based arts nonprofits. After initial conversations and informal meetups with key staff members of the three organizations, they provided us a list of people willing to be interviewed. We started with three interviews from each organization and they were with key staff leaders (usually an Artistic or Executive Director), a board of directors representatives (usually the board Chair or recent past Chair), and key "outsider" stakeholders (usually a longtime volunteer or artist). We also interviewed key members of the arts nonprofit community within the Twin Cities to fill gaps we found within our study and to triangulate our data. All interviews conducted remained completely anonymous in the final study in order for the most truthful and honest thoughts to emerge during the process. In total, we completed 12 interviews.

Each interview was approximately one hour, and we took detailed short-hand notes throughout the interview process. We made the decision to not record the interviews in order to make the interviewee as comfortable and open as possible. The interviews themselves took place

in locations that the interviewee felt most comfortable, this ranged from office spaces, coffee shops, and in-home locations. After each interview, the interviewee received a thank you email and contact information was shared in order for any follow-up to take place if needed.

The other section of qualitative data that was used was existing data sets provided by each organization. We requested at least three years of information. These included financial reports and or budget documents, annual reports, organization and board structure, evaluations, attendance counts, 990s, and survey data done by the organization. They were all pieces of data that would help tell the story or paint a better picture of the participating community-based arts nonprofit. This was shared multiple ways, such as dropbox, google drive, and email. We made sure to work with each organization and created an avenue to share information that was easiest and best for each individual.

5.5 - Data Analysis

The data analysis included multiple read-throughs of the interview notes and a three-part coding process that involved content and thematic analysis. During the coding process, Rosa and Lauren worked separately in order to triangulate and closely examine the data without any biases forming when reading someone else's thoughts during the process. After the first coding round, we came together to go over broad themes and patterns that emerged. We then did our second round of coding with the intention of naming all of the themes that presented themselves. Some of the themes that we found were only presented a handful of times, while others were mentioned time and time again. After the first round of coding, the broad themes we found were similar. However, during our second round of coding, our findings slightly diverged. We quickly

realized the importance of clearly defining certain words or phrases in order to maintain consistency within our analysis.

After the second round, we created a list of themes and did one final round of coding to figure out exactly how many times each theme was presented within the interviews. We then created groupings within these findings and we were able to order them from most discussed to least. These groupings emerged naturally as there were themes that averaged the same number of times present for both of us. The third round of coding found our findings to be in sync with each other, which gave us confidence that our findings were sound. After completing the findings, we analyzed them in relation to each other, the findings of the literature review, our own lived experiences, and the financial data provided by the three organizations.

5.6 - Team Approach

This was the first time that two Arts and Cultural Leadership Master's candidates have worked on a joint capstone project. Throughout the entire process, we stayed in constant and close communication with each other, our faculty advisor, and colleagues. This was critical to our success. We met in-person at least once every other week and used text, calling, and email for other updates and questions. Once our state went into a stay-at-home order from the Governor related to COVID-19, we used Zoom and Google-hangout to make sure we were staying connected. We also used Google Docs to write, comment, and edit each other's work, and to keep detailed logs of our activities. We divided the literature review first by search engine, then randomly in half for all articles, then both read what we deemed the most relevant pieces. We recorded notes and tracked our progress, and used shared folders in Zotero (citation manager), and google docs.

On data collection: We ensured that we each conducted at least one of the interviews with each organization so that no organization only spoke with one of us. This was to limit any biases and capture more data, assuming that we would both “hear” different things from an organization. We also attempted to each do the same number of interviews to divide the workload and have similar experiences with the project. As described above, we would each memo after an interview, and share any other important insights, as well as the interview transcription. Additionally, we both read through the collateral documents that each organization provided. In order to both understand the full picture, we both had to be involved in all aspects of data collection, though it was not feasible, nor necessarily appropriate, to have both of us attend every interview.

In terms of writing, our typical approach was to both work on an outline of a section until it felt complete, then divide the outline roughly 50/50 for each of us to start writing. Writing in google docs allowed us to see each other’s work in real-time and receive and provide feedback almost immediately. We would then both read through the entire section and edit and revise, before sharing with our faculty advisor for his comments.

6 - FINDINGS

Throughout the coding process, the themes that we found to be the most important changed throughout the initial rounds of coding. However, at the end of our third round of coding our findings became similar and the important themes emerged. We ended up identifying and placing all 15 themes into six tiers, ranking them from most important to least important based on how many times they were cited by interviewees.

Note: We refer to the people we interviewed as both “interviewees” and “participants” interchangeably.

6.1 - Tier One: Consistent or Reliable Funding/Funding structure

This theme was the clear front runner. It was found ~45 times in the interviews, far and above any other factor. This included fundraising, earned income, ticket sales, membership programs, revenue diversification, and more. When asked the question:

We’re studying what factors are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling? What are your first thoughts on this topic/do you think about that? What do you think we should be looking at?

Eight out of twelve interviewees named stable revenue streams as the number one factor. It was the first thing they said. Three more interviewees named this factor in response to this question as well, but not as their first or immediate reply. One interviewee said, “Consistent avenues of financial support is critical for stability”. At least two people expressed how critical this is especially for small organizations, and for organizations run by Black, Indigenous & People of Color (BIPOC) individuals. Within this theme, there were three prominent sub-themes: diverse revenue streams (not relying on one or two types of funding), running a lean organization/staying financially flexible, and fee or revenue structure in terms of asking for donations or charging for art experiences.

6.1.1 Diverse Revenue Streams

Multiple organizations discussed either successfully or attempting to find funding outside of traditional grants. Increasing donations, sponsorships, memberships were all cited as examples

of non-grant money. Also having no more than one-third of their operating budget coming from one source. A particular importance was placed on having individual donations to be at least 20-35% of the operating budget. One interviewee said “we won’t be sustainable without more individual donors. We have to start asking for more”.

6.1.2 Lean Organization

At least two interviewees highlighted the importance of “staying as financially flexible as possible” and the benefits of running a “lean organization”. Expressed in a different way by another person, organizations struggle when “they try to do more than your resources allow”. Expenses should not be higher than revenues on an ongoing basis or long term basis. This can lead to burnout, turnover, and other organizational issues as well.

6.1.3 Fee for Service/Earned Income

Many interviewees spoke about earned income as a key factor in financial stability. Whether it was memberships, sponsorships, ticketing/charging for admittance/participation, or other creative solutions. Part of this theme is also related to access and value. Many small community-based groups resist charging in the name of access and reducing barriers to participation, but then struggle to raise enough revenue. One artist/arts administrator described this problem and a possible solution:

These groups slap together these huge events with spit and tape. If everyone just gave \$2-\$5 they would be fine. But we’re going to offer free work in the name of access, so everyone can be part of it. But it’s a deficit model that can’t continue. We need to monetize it, but what’s a responsible way to do that if it’s really valuable to you? As artists, we have to begin to ask for money. We give away so much for free, and we’ve

devalued our work. It's a terrible practice. I think we need to create different fee structures and be transparent.

While a majority of the interviewees named financial structures as a key factor in struggling or flourishing, it is important to note that a similar number emphasized it wasn't the only factor. Many people made the distinction that it was very important, but running quality programming, supporting artists and communities, building connections, fulfilling their mission, etc. were the reasons it is critical to have enough resources. One person said it's about "having enough money to do what you want". Another interviewee offered "money is not the answer for everything, but it sure is a hindrance." When asked, *How would you define struggling?* the same person replied "always worrying about how we're going to pay the bills" first, followed by a few other factors. This theme was found in every interview and at much higher rates than any other factor.

6.2 - Tier Two: Foundations and Grants, Artist Involvement, and Organizational Structure

This second tier of three themes was found between 25-29 times across the interviews.

6.2.1 Foundations and Grants: funders role, structure or politics of grant funding

This theme did not include mentions of grant funding in terms of financial structure and budgets and revenue, that is included in Tier One. This is specifically focused on the role of foundations and grant funding in terms of how they function and their impact on arts organizations. Two key concepts emerged: barriers to funding and recent shifts in funding.

Barriers to Funding

Barriers to funding refer to groups that have a harder time accessing grants, as well as barriers to grants due to the way they are designed, such as the funding categories and requirements. At least three interviewees discussed the issue of funding disparities and access to

fundors. One said, “the barriers for small organizations are so very high (social capital, connections to money)”. And another “there are severe barriers to accessing funding. Whole communities don’t have access to certain funding”. The other barrier mentioned was the way in which funders create grant programs. One interviewee described the categories of which you could apply for money as “archaic”. A lot of community-based artwork is multidisciplinary so grant programs that require a group or project to fit in categories such as “performance art” or “visual art” don’t work. The interviewee continued: “my work doesn’t fit in those categories. The funding dictates the work that’s being made. It feels like a game to be played to get the money, but not really in service to the artists”.

Trends in Funding

There were two distinct shifts or trends in funding. One was corporate foundations moving away from funding the arts (when they were up until recently a large arts funder). One person asserted that in recent years “corporate funding for the arts has significantly decreased. All of the big corporations here (in MN) used to fund the arts and don't anymore. Target (Foundation) was the last one and now that’s gone”. Another interviewee echoed this same shift almost verbatim. “The philanthropic changes over the past 15 years - most recently Bush and Target, but all the big corporate foundations used to support the arts and don’t anymore”.

The second shift was arts funders moving more to support individual artists and away from funding arts organizations. At least two interviewees honed in on this point as important. Neither felt it was necessarily purely a bad thing, acknowledging that artists need direct support as well, but felt it was perhaps a slippery slope, and would have negative consequences to underfund or stop funding arts organizations as well. One offered a warning: “fundors seem to be

moving toward more support for artists, and I think that will end poorly”. While another described what they saw as a “significant shift in the last couple of years to supporting individual artists more”. They described supporting artists as a good thing but the problem being that it is “at the expense of supporting small institutions. There’s not enough to support both well. Some artists still need a theater with sound, lighting, etc... if we don’t have those resources, we can’t support that work. Organizations are also important in the development of artists”.

6.2.2 Artists: involvement, focus, opportunity

This theme captures comments related to artists and their positionality in an organization. How much power do they hold in an organization? How involved are they in decision making? What are opportunities for them to practice their art and how central is that to an organization? One interviewee captured this by asking “how do we make artists' lives more liveable?” Three participants stated that centering artists successfully was a key indicator of “flourishing”. Two specifically called out paying artists a fair or living wage as a factor in success (or what would be successful) and one talked more about ongoing, positive relationships with artists. Phrases like “if we could afford to pay artists what they deserve”, and from another “have some reserve and pay artists a living wage”. Additionally, “good relationships with artists is a critical measure of our success... we’ve gone from transactional to relational”. This investment in relationships with artists emerged as important. Both investing in their development as artists, and making artists a central part of the organization and decision making. As one interviewee described “it starts with artists and artist experience... There are lots of avenues to enter, exit, re-enter as artists (and staff). Lots of opportunities. We invest in people over time”. And because of this, the artists “feel supported”. They continue “we have people who could do more ‘prestigious’ things, but they

choose to work with us”. Another organization said “the majority of our money goes to the artists” and a different participant from the same organization said, “artists are fundamental to the work”.

Centering artists, or not, in positions of power and decision making was also mentioned multiple times across groups. It included being sure to have artists on the board, paid artist advisory councils, and including long-time artists in key organizational decisions like hiring a new executive director and or artistic director. On the flip side, another interviewee said about their organization that artists “aren’t super involved in other parts of the organization”, beyond their role as an artist.

6.2.3 Organizational Structure: staffing, sustainability, nimbleness, agility

Organizational structure refers to elements not specifically related to finances, but about an organization's capacity to sustain itself and thrive in terms of things like staffing, decision making, change management, and power dynamics. *Leadership* specifically is addressed later; this theme is in the words of the interviewees. Three main points fell into this theme: flexibility, sustainability of workloads, and the idea of hierarchy or shared leadership structures.

Flexibility

At least four people talked about the importance of staying flexible, simple, and or agile. One said, “the organization is very simple”. Another: “flexibility and being agile is key”. And also “It’s vital to be flexible and adaptable, both in the short-term and long-term”. However, these beliefs dovetailed in most cases with concerns about how much work can then be accomplished well over the long-term. If you have less staff, less structure, etc.. then perhaps the work won’t last as long or have as much impact. This relates to the findings on burnout.

Organizational Culture and Sustainability

A number of participants commented on the culture of small arts nonprofits in terms of how much work is put on a small amount of staff. Assertions such as “we expect a lot with the small number of staff”. And the same person who said “our organization is very simple” also added “but staff capacity is an issue. It’s a lot of work for a few staff”. Another artist/arts administrator cautioned that in a small community-based arts nonprofit, the ED and or AD are likely doing everything and we really need to be thinking about “creating capacity to have a healthy work balance”. A participant offered their thoughts “I think the culture of small arts, especially community-based, is maybe the worst in the nonprofit sector. We’re constantly doing more with less, with higher and higher expectations. How about doing less with more? I think we have to do less.” *Burnout* will be addressed in the next tier; these comments are referring more to the structural elements. Some of the interviewees offered some thoughts on building more organizational capacity with different ideas on leadership.

Hierarchy/Leadership Models

A couple of the organizations had been experimenting with new staffing structures to improve organizational capacity and longevity. One talked about trying a new shared leadership model between three staff people. Two people in the group described it as “much more collaborative” and “more holistic”. Another organization has tried different numbers of staff at different points to experiment with the right balance. One interviewee pondered if perhaps the entire nonprofit structure is “fundamentally wrong” and we need to move away from hierarchical structures. Lastly, one participant offered a model they’ve seen in another set of organizations where multiple groups share one physical space (Open Book in Downtown, Minneapolis) and

rotate management. They all pay into a fund to maintain the space and take turns each year managing it. All interviewees discussed some kind of creative thinking about who, and how in terms of organizational management.

6.3 - Tier Three: Audience Engagement, Board of Directors, and Self-Care

The third most frequently named group of themes were each presented within the interviews on an average of 23 times each. The themes included were audience development and engagement, board of directors, and self-care, organizational-care, and burnout.

6.3.1 - Audience Development and Engagement

The first theme in tier three is audience development and engagement. This idea was presented in every interview in one way or another, however, the way it was discussed took a few different avenues. The four ways it was discussed were - 1) the importance of representation from their community-base (organization-defined) within the work, investment in their community, 2) community perception and transparency, 3) the idea of membership and who actually shows up to their events, and 4) how audience development and engagement plays into the idea of flourishing.

Representation from their Community-base and Investment to their Community

As stated above we heard from our interviewees that financial stability is paramount; however, the same participants also stated that “there is a certain financial level we need to exist, but we also need to put on a unique, creative event with a wide range of people and artists and engage the community”. Another participant stated that being a community organization that is not geographically rooted/centered can also be a challenge as well as an opportunity, going on to state, “we do have a connector function as a floating organization....how do you define your

community when it's not about race, ethnicity, geography, etc?" Meanwhile, a different participant from that same organization stated that "community becomes much more ambiguous when it's not place-based....I think people do need something to root to". While location played a role in most of the organizations, one specific participant stated that a major turning point for their organization was, "when we moved locations....there was no community at our previous location".

At least three participants discussed the importance of "nurturing relationships that feel authentic, still connected". When asked, *What do you think you/the organization could/should do to ensure continued success in the future? OR Could have done? (if closed)*, another participant stated the importance of, "building and maintaining authentic relationships with East African and Indigenous communities" however, "it's hard to pat yourself on the back without feeling colonizing". Regarding representation, this same participant asked the question, "do you have representation from communities you're purportedly serving and how much power do they actually have?" Keeping community at the forefront was discussed by another participant as well, when they said, "we do more paid shows than free shows, but we are more invested in our community partners....and the community is still first and foremost". At the end of an interview, a different participant stated that regarding the idea of closing or not, that as long as they are "still relevant and valuable to both the community and the artists" they should remain open and functioning.

Community Perception and Transparency

The next way audience development and engagement were discussed was around the idea of community perception. Two participants elaborated on the idea of general "lack of knowledge

from the community/public about what it takes to make (this work)". Stating also "people just can't imagine it". One interviewee talked about being transparent as an organization and having good public perception and trust, "it's all about being transparent during times of change". A different participant from the same organization stated that:

I think sometimes organizations get caught up in weird perceptions with the community....maybe people see certain organizations with dwindling capacity and resources and that becomes the public narrative of organization and what's going to be the last nail? There is a collective consciousness and how does our response change once that seeps in?

Another participant also spoke of public perception, although this was specifically around the idea of an organization struggling and flourishing, "they are not poles, it is never just one or the other at any one time....they have a lot to do with public perception and that this time of change is not an explosion" They stated that it frustrates them when people from the community say that everything is going down when there is organizational change because they said: "it's not all financial", so community members aren't seeing the whole picture.

Membership and Who Shows Up

Two participants spoke at great lengths about the disconnect between who actually shows up for an event versus who shows they are interested online. One stated that "the Facebook event would say 2,000 but then 200 max would show up...then the people who do show up rarely give any money, even when all the programming is completely free". While this person discussed the use of social media to gain attention, another interviewee talked about the importance of "using social media to its advantage" and making it work for you. Whether it is through social media

channels or not, gaining audiences were often looked at as an area that needed improvement. One participant stated, “we have a lot of new work but no audience...audience development is often forgotten about”. Another participant cited what they thought were challenges regarding audience engagement and said, “I think a challenge with public art especially is how do you present accessible programming while finding ways to fundraise”. This idea of fee structures was talked about in great lengths above, but there was a bit of crossover within this section regarding ways to make programming accessible and attractive to all community members. Lastly, another participant touched on the idea of a membership program and what that could look like for community-based arts nonprofit. They wanted it to be as fun as possible, and meaningful for both parties, stating, “a place to give and also get...find ways to make it fun”

Responses to the question - *How do you define flourishing (at this organization)?*

The last sub-theme is in relation to the question we asked during our interviews, which was, *How do you define flourishing (at this organization)?* While there was a variance in answers, four participants highlighted the importance of community involvement and large audience size. Specifically, one participant stated, “huge audiences, people care and they show up” while another stated “more community members behind the work”. Another interviewee looked at it more holistically stating “people in their community are being touched by their work - both aesthetically and socially”. In general, there was a shared understanding of the importance of community involvement, as one participant put it, “more inclusivity and outreach to other communities” would define flourishing at their organization.

6.3.2 - Board of Directors

The second theme within tier three was board of directors. Within this theme, we found four sub-themes that were discussed most heavily: it is often board members' first board experience, training for boards is vital, the importance of passion and connection to the programming, and how white supremacy culture and power heavily influences community-based nonprofits still today.

First Board Experience

Four participants cited that often within community-based arts nonprofits, it is board members' first board experience. Not only is it often their first board experience, but small community-based arts nonprofits also have “boards that are still made up of family members with power” said one of the participants. This was also seen linked to a struggling organization when asked the question, *How do you define struggling at small arts nonprofits?* to an independent interviewer (someone not tied to one of the three organizations interviewed), they stated: “governance issues....especially for smaller organizations....you'll have your friends join the board but then they are not prepared to lead when there are serious issues”. A different independent interviewer stated similar findings and said that “small community-based organizations have a harder time attracting experienced board members....they are often inexperienced”.

Training for Board Members

At other times, even when the organization has seasoned board members, time for training was cited as being a hindrance. One board chair said, “it's hard to do all the work and there is not much time for formal board training”, later going on to say that fundraising was the

hardest part of the position due to lack of formal training. This same participant said that there are so many “easily avoidable mistakes” that board of directors make and that many “come down to the idea that people (board members) don't understand their fiduciary duties....they could be sued”. A different participant, not connected to one of the three organizations but an executive director, also warned of the grave effects training can have on a board of directors and said that “some do board training, but not all....if you don't know what you're doing you can ruin an org without even realizing it”.

This same participant said that they look at board training as its own program within their organization, and put money into it as they would any other program, saying, “that's how important it is for us”. They also built-in “10 - 15 minutes of training within board meetings” so their board members are constantly learning how to govern better. A different interviewee also talked about their board in a positive light saying that they have “an amazing board....which basically comes down to personalities”. They stated that their board has provided a lot of “pressure to be financially stable” and that even though they are happy with their board now, they want to figure out how they can maintain that into the future. They said this comes down to board training and development opportunities, “we have healthy governance now but I would like more ways for more board development....how they can better manage you....how can we help them so they can better help us”. A different participant spoke about how Propel Nonprofits can help with board training, saying “training experiences for board members, thanks to Propel, are much better now than it was 10-15 years ago”.

Passion and Connection

All board members get connected to an organization in slightly different ways, however within our participants, many stated that going through the programming and understanding the community was a meaningful way to come to the board. One participant stated that moving forward it will be vital to “continue to have people on the board who are passionate about the organization and our mission and values”. Having the right people on the board was discussed multiple times, however, it was looked at in two different ways. The first is the importance of having a board that is connected to their community and the second is thinking about different experiences you want on the board. One interviewee said that when recruiting a strong board it’s important to “think of the kinds of experiences that would be helpful”.

When thinking of past boards they have worked with, one participant compared more ‘working boards’ that they work closely with versus ‘advisory boards’ that they haven’t met. They said there is “no opportunity for trust-building or collaboration” with advisory boards. Often they set the budget but never even meet the staff which is “useless compartmentalizing”. Meanwhile, an independent interviewee stated the importance of board members to have personal relationships with the organization and discussed the use of storytelling for board members. They said, “creating that short elevator speech is so important....make it personal and short”.

White Supremacy and Power Dynamics

There were two participants that discussed board roles and implications on a larger level. One stated that “in a lot of ways I think boards are often just holding up white supremacy and old structures of power”. They were looking at new and different ways to operate as a board and

believed that the old ways of always doing things must change. Another participant talked about roles within a board and said, “when the board members have a role, not hierarchical but true, clear roles around what they need to do they have a purpose and there isn’t a conflict of interest”. Both interviewees also highlighted board burnout being something that needed to change and cited that it stemmed from the structures that are currently in place. Multiple interviewees cited that there needs to be a big change in who is on the board and that the people in the room are also important. One participant discussed how “gender dynamics and the wage gap is worse in nonprofits than for-profits” and that at the end of the day they said this all goes back to the board.

6.3.3 - Self-Care, Organizational-Care, and Burnout

The final theme within tier three were ideas around self-care, organizational-care, and burnout. The main two topics that were discussed surrounded the ideas of being overworked to the point of burning out, and compensations and benefits. This was discussed on all levels, staff, board, and artists, and there were many similarities that carried across participants' answers.

Overwork and Burnout

Four interviewees discussed being overworked, and one went so far as to explain the physical toll that it has on them, “mental and physical acuity....it has a physical toll”. Other staff people stated that during a performance week they sometimes will have to work 80 hours in one week, saying “the staff is to the max. More staff is needed to do the work....the load is just not sustainable currently”. A different interviewee at that same organization echoed this sentiment, “I want to put more time in than I am supposed to, I see so many connections and opportunities....but I don’t have the time or resources to do that right now”. Meanwhile, a participant from another organization said that a major shift for them as they look back to their

past was that their “staff were overworked and underpaid” and that caused a ripple effect. They also decided that this wake-up call was a way to not repeat the same mistakes moving forward.

Compensation and Benefits

One participant claimed that the root of high staff turnover, burnout, and overwork was not having enough money or compensation. Three participants tied compensation to a scarcity mindset. One stated that “people need to make a decent living in this sector. What is the barrier? A scarcity mindset can be part of it. We are so happy for a \$5 donation and that's bad”. Another interviewee said that we have a lot here in Minnesota compared to other cities and states, “so we accept doing more for less, accepting lower wages, when in fact we should be fighting for more”. A different participant discussed that there is a general sense of devaluing one's own work and giving away things for free and that “it’s a terrible practice”.

Meanwhile, other interviewees went deeper into compensation and said that staffing and payment models themselves may be an issue. One participant wanted interns to be paid more, while another didn’t offer advice but compared the two options of being paid hourly with a cap versus a stipend with required deliverables. Regarding contract and part-time work, one participant stated “this kind of staffing model doesn’t always work well, or work for everyone. But it’s great for the people it does work for”, however they did acknowledge that there is no retirement or health care offered.

Benefits, including health insurance and retirement, were brought up specifically by three interviewees. One was very personal about it, “we need other jobs....we have children, health care, mortgages....we live in a capitalist system”. And another when asked, *What’s the hardest/worst thing about doing this job/this work?*, stated they currently have too many reins,

“also compensation and benefits, we have a simple IRA but no health insurance”. A different interviewee gave a warning for the near future, saying that many of the current AD’s are now retiring with no retirement or health care. “That’s not sustainable and I think it’s a real crisis. I’m glad your generation (millennials) are trying to change that. Not accepting it”.

6.4 - Tier Four: Diversity, Equity, and Inclusion (DEI) and Perpetuity

The fourth tier encompassed two different themes and they were diversity, equity, and inclusion (DEI) work, and ideas around growth and perpetuity. They each showed up within our interviews an average of 18 times. Some participants discussed them heavily, while others only noted these ideas once.

6.4.1 - DEI Work

While almost all of our interviewees mentioned DEI work in some capacity, it was usually in one of two ways. The first was regarding the importance of more diverse staff, board, and artists, the other was thinking more broadly about how DEI efforts can fundamentally change an organization and make them more resilient and stronger. One participant stated that “organizations led by folx on the margins, women, LGBTQIA (lesbian, gay, bisexual, transgender, queer or questioning, intersex, and asexual or allied), BIPOC (Black, Indigenous and people of color), are running organizations in really different ways”. There are many different ways to run an organization and this interviewee believed that DEI conversations should be at the core of this change work.

Diversity for Staff, Board, and Artists

One interviewee claimed that DEI and the call for more diversity within small arts nonprofits is not a new phenomenon. They said that it was thrust onto a much bigger stage for

large organizations and funders within the Twin Cities around 2012 when the Walker Art Center, the Guthrie Theater, and the Ordway Center for the Performing Arts all had “different equity crises”, however, the “small organizations had been doing this work for a long time”. Another participant said that DEI work is now really elevated, and that “it’s become a huge part of the conversation with funders and organizations”. Whether small arts nonprofits have been doing this work for a while or not, it was generally agreed upon that “outreach and diversity work is critical”. When asked, *How do you define flourishing (at this organization)?*, one participant stated, “more equitable staff and board, we are really white now”. Meanwhile, another interviewee said that “diversity in actors is super important....we do ‘color-conscious casting’”. The makeup of the who is in the room, at any given time, was an important issue for these participants. Another participant stated that it is the staff leading this charge on creating a more diverse and equitable workplace, stating that “a growing number of people (staff) in those organizations are now trying to make changes around racial, economic, disparities”.

Becoming a Stronger Organization

A few interviewees cited that DEI efforts were coming from a staff level, while others didn’t mention a specific place it was coming from; they did mention that “it feels different now”. That same participant said “if we were going to keep going, and now we could (because of funding), we wanted to be better. Our DEI work, we can’t just churn and burn through people”. A different participant said that during their transformation over the years they have created an advisory council to “combat white supremacy....they are a group of paid artists and community activists that advise our organization and it is treated as a program with the organization as a whole”. Building relationships and paying people for their work was an important topic for this

interviewee. Another participant echoed this sentiment saying, “partnering has always been a founding value, but what does that mean now - with an equity lens?” and went on to say, “much deeper roots with our partners now”. Throughout the majority of the interviews, it was clear that DEI efforts were something every organization we interviewed was actively working on. As one interviewee said, “our equity work is becoming increasingly more important to our success”.

6.4.2 - Growth and Perpetuity

The second theme within tier four was the idea of perpetuity, and how change can affect an organization. This took many shapes, the four sub-themes that emerged were, the pros and cons of perpetuity, growth versus not growing, change within an organization, and ideas around taking a year off from producing a large event.

Perpetuity

Three interviewees discussed the idea of perpetuity and that it is important to not look at the idea of closing as a purely negative and failing of an organization. One independent interviewee said that moving forward it will be important to “understand that it doesn’t have to run forever. There are ways to celebrate the ending”. Another participant stated that being open and not assuming too far into the future is vital for them in order to stay relevant:

Success does not equal perpetuation. It’s ok to go out of business. You don’t have to last forever to be successful. We have an organizational culture of being against staleness and bureaucracy. We’re not planning into perpetuity. We’re not assuming we’ll be here in 10 years. But we do need our version of stability, maybe 5 years? There’s freedom in that.

However, a different interviewee warned that closing does have its own implications and that, “the impact from losing an organization is reverberated throughout the artist community and

wider” and that currently “it feels like it’s unraveling with no one with any power doing anything about it. Just maintaining the organizations that are too big to fail”.

Rate of Organizational Growth

Out of the 12 participants, two discussed the importance of capacity and how that is connected to ideas around organizational growth. One of the independent interviewees stated that they noticed that small community-based arts nonprofits are “constantly doing more with less, and have higher and higher expectations. How about doing less with more? I think we have to do less”. A different participant echoed this approach and said that not growing their organization has been a point of success, stating they “have not grown over the years but have been supremely stable”. They did however state that new leadership does want to grow but that is very chicken and egg, meaning which comes first, “growth or capacity?”.

Change and Taking Time Off

While growth was looked at cautiously by some, ideas around organizational change were viewed quite differently. One interviewee stated bluntly “experimentation, learning, and change is our MO”. And another stated that flourishing is all about their ability to change. Meanwhile, a different participant discussed the importance of understanding change and said, “we need to understand the ways in which we’ve changed, the Twin Cities have changed, the world has changed, and artistic practices have changed. We need to talk about how we’re different (unique) and crystallize our work around goals related to that”.

While change was viewed as vital for an evolving organization, three interviewees stated that it is easier said than done. One stated, “it’s hard to do the work while also changing. Change is slow-moving”, while another said, “now there are more events like us so we have time to

adapt, grow”. Meanwhile, a different participant discussed what their organization is doing in order to make time for the change they need. They discussed the Allied Media Conference (AMC) and how the Allied Media Projects, who produce the AMC, came up with the idea of a ‘chrysalis year’, or taking a year off of programming to transform the organization. They stated that “AMC talks about doing this (a chrysalis year) during a peak year, although from the outside this can seem like the organization is struggling or failing, in reality, the opposite is true”. They also went on to discuss the importance of transparency and being honest with their community, which was discussed above.

6.5 - Tier Five: Mission, Physical Space, and Leadership

The themes within tier five are mission, physical space, and leadership and they were each found approximately 13 times throughout the interviews.

6.5.1 - Mission Clarity and Focus

A number of people, both within the organizations and outside interviewees discussed the importance of mission clarity or focus. Sometimes described as “mission drift”, interviewees described the importance of being very clear about their mission and vision, and not straying from that. Some felt this was an easier thing to do than others. One participant pondered “How do you choose what to do?” while another said they had “no problem saying no if it doesn’t fit with the mission”. This idea of mission focus was also described as having very clear founding principles and sticking to them over time. One external interviewee described it this way, “There is an underlying issue that you’re working at a scope and scale that you’re not capable of (considering your resources). Which is about an inability to say no. Which is about clarity of

purpose.” One person mentioned that a clear mission was necessary especially here in the Twin Cities because there is so much competition.

6.5.2 - Physical Space

The challenges related to space were clear. Some interviewees attributed part of their success to not owning or investing in physical space. Multiple people from two organizations talked about choosing to not own space to keep overhead low. In one case “renting a desk” and in another finding free or inexpensive space as needed. This allowed them to invest more in the work and or in artists, instead of rent, mortgage, or repairs. One outside interviewee named a change in the real estate market as part of the challenge now. They said “it used to be a lot easier for small arts groups to find and rent space” and tied this to larger issues with gentrification and the rising costs of real estate. As another participant described “space is hard. It’s hard to find it if you’re renting and hard to pay all the bills if you own it”. One interviewee summed up the issues of space in the Twin Cities like this:

The economics of space is really challenging. I think one of the things we haven’t spent enough time researching here is that a lot of these nonprofits all started in the ’80s and ’90s and they all got their own buildings and now they need work, like a new roof... No small arts organization has a line item for capital improvements in its budget. One of these huge events can bankrupt you. But ownership is also control.

Losing space that you once had was also cited as a reason for struggling.

6.5.3 - Leadership

“Leadership” or explicit comments about leaders, leading, executive director and or artistic director, etc. were only talked about by the independent interviewees and one other

organizational participant; however, we will discuss in the analysis how it relates to other factors, therefore we felt it was important to include in the findings. The one participant connected to an organization mentioned it in relation to leadership transition and equity work. They mentioned a particular leader that had stepped aside willingly so that the organization could evolve and grow more equitability. Meanwhile, independent interviewees stressed the importance of good leadership. As one person put it “this is all really about leadership. Good leadership is self-reflection, courage, high emotional intelligence, a willingness to call up hard questions, and answer them. Holding yourself and others accountable”. They also talked about skills like conflict management and change management being important for leaders, as well as the importance of having a clear and exciting vision.

6.6 - Tier Six: Connections to other Organizations, Finding Joy, and Volunteers

The last and final tier, tier six consists of three different themes. They are: being connected to other organizations, the passion and joy that nonprofit workers find, and volunteers. The first two were found around 7-15 times total, while ideas around volunteers were only found a couple of times. We included volunteers here in the findings because of the lack of discussion it received. Also, we will be expanding on their role within an organization more in our analysis and wanted to have a grounding on the topic beforehand.

6.6.1 - Connections to other Organizations

Six participants stated that being connected to other organizations is vital for their success. What that meant for each interviewee varied and ranged from interactions with other organizations and questions like “are you valued by other organizations?” all the way to conversations around merging with other organizations. One participant named various

organizations and offered an idea that perhaps they should form an alliance with other similar community-based arts nonprofits. Meanwhile, another interviewee discussed this topic more in regard to building relationships and stated that “we need to do more outreach to community organizations to get them involved in (our event)”. Another participant went so far as to say that “good relationships with artists and partners is a critical measure of success”. While many had ideas around what partnerships could look like, only one participant had a clear example to follow. Which were ideas around shared space and following the same process for what Open Book in Downtown, Minneapolis is doing currently. This was fully explained above in the theme about organizational structure and surrounded the idea where multiple groups share one physical space and rotate management. This was discussed in greater lengths above but also relates to partnerships and how it can greatly benefit all parties.

6.6.2 - Finding Joy

When asked, *What is the best thing about doing this job/this work?*, the majority of interviewees stated that the work itself provided them with so much joy. The people they interact with, the artists, and the art are all what keeps them going and coming back for more. One interviewee stated it is “the cornucopia of humanity that you come across. It’s the absolute best. You just don’t get that anywhere else”. Meanwhile, another participant spoke about being able to be part of something that is always changing, saying “it’s very generative work....we get to work with artists and ideas that are so generative and exciting”. Another interviewee mentioned that people within the Twin Cities people are committed, excited, and enthusiastic about art and that is what drives them to stay in the field. They stated that “people want art and want it to happen and will work for it and support it....when it doesn't happen it affects people”. For most of the

participants, being involved with arts nonprofits was more than a job, it was what brings their heart joy.

6.6.3 - Volunteers

During each interview, we asked, *What is the role (or your understanding) of volunteers at (your organization)?*. However, even though the majority of interviewees viewed volunteers as fundamentally necessary, most also stated that volunteers are not utilized in many ways outside of a couple of hours of day-of needs. One participant put it well and stated, “without them, we don’t exist....they provide the joy, excitement, and fun”, however going on to also say, “they aren’t super involved in other parts of the organization”. Only one participant mentioned anything about volunteers outside of this question and it was regarding who should be doing fundraising day of. The interviewee said, “we’re going to have a perimeter and a gate with a suggested donation, the people doing this have to be real stakeholders, not just volunteers with a script”. While the majority of participants believed in the value of volunteers, it was clear that there were mixed beliefs on exactly what their role should be.

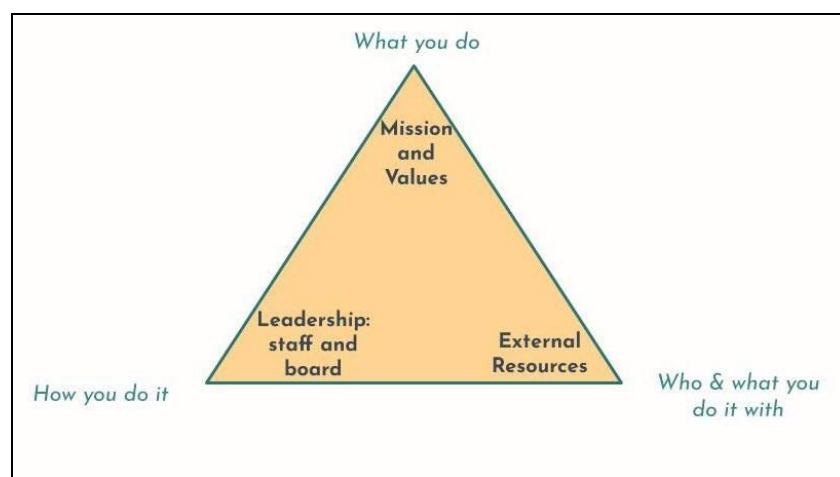
7 - DISCUSSION & ANALYSIS

In our analysis and recommendations, we chose to focus on internal factors because these are the things that a small organization has some control over. However, we do want to note the one external factor that ranked in the second-highest tier in the interview findings, is the current grant funding structure. Many interviewees talked about the flaws they see in the grant-making system including: government, family, private, and corporate foundations. The issues include:

access, inequity, the amount of money allocated to the arts in comparison to other sectors, shifting priorities often, and the high restrictions on the dollars.

As we analyzed the findings we began to see the image of a triangle emerge as a way to illustrate our analysis and conclusions. The triangle that was formed has three distinct points, and each point represents a critical area that a small community-based arts nonprofit needs to focus on in order to thrive. The image of the triangle below highlights the three points. The first is,

what you do, which is your mission, vision, and values. It is vital to be extremely clear and focused on what you do, along with what you do not do, in order to be sure you are truly sticking with your stated

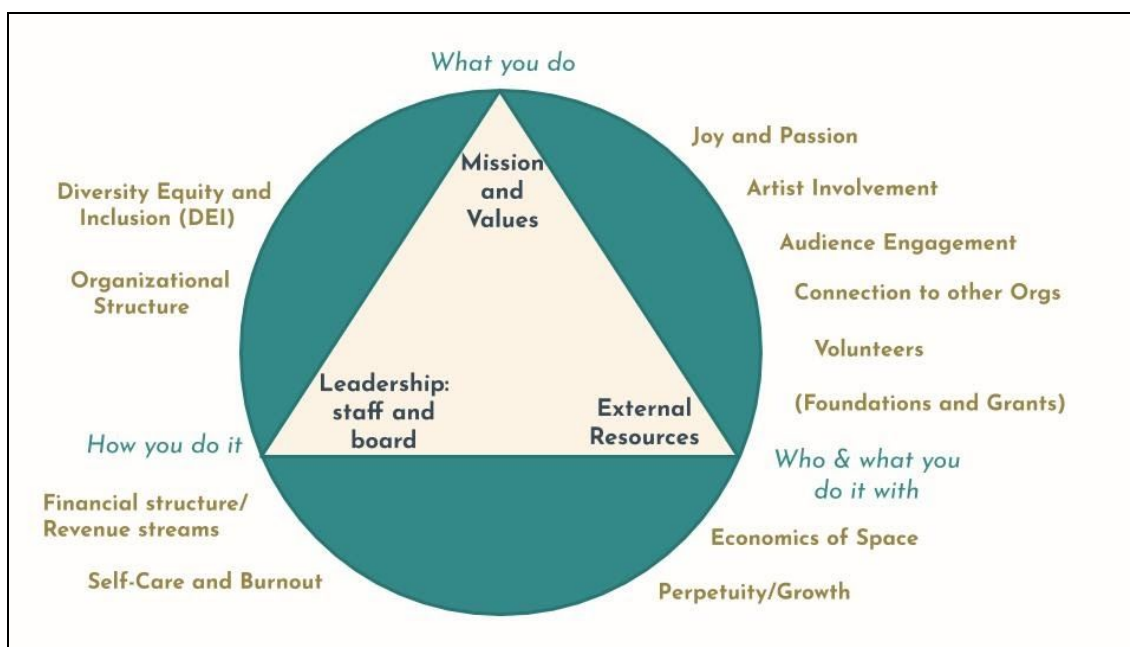


mission. The second point is *how you do it*, which is your leadership, both staff and board. This area is about who is in charge and who are in decision making positions about what you do, and what structures you are operating in. The third, and last, point of the triangle is *who and what you do it with*, also known as your external resources. This is in regard to the other people, power, money, and everything else the leadership needs to carry out the mission. We believe this image of a triangle illustrates what a small community-based arts nonprofit needs to focus on in order to thrive. We then also believe that if any of the three points of the triangle are weak or lacking, an organization will struggle.

We constructed the Raarup/White Triangle to incorporate all of the findings within three balanced points. As such, our analysis builds on our findings in two important ways. Specifically, the frequency of leadership and mission clarity were ranked much lower in our findings. However, in our analysis, where we looked at both our data and examined our literature review, we determined that a large number of the other themes were due to elements of leadership, mission and values, and external factors. So, although some of the themes were found more often, the core reason that participants mentioned them more often was because there was a deeper root cause that was making the theme more prominent.

The other themes we discussed in our findings then fill in the gaps to create a circle around the triangle. The rest of the themes are also important but not as important as the three main themes that create the triangle. The remaining themes help create a complete, thriving, and resilient organization. The full triangle and circle together can be seen below (see *Figure 3*).

Figure 3 - The Raarup/White Triangle



The themes are placed around the circle in relation to how they are connected to their related corners. For example, organizational structure, which is on the left side of the image above, is between *what you do* and *how you do it*. This means it requires strong leadership from both staff and the board in order to support a healthy organizational structure; however, it also requires attention to the values an organization has and how the organization supports the mission. Another example is the theme audience engagement, which is on the right side of the image above and between *what you do* and *who and what you do it with*. This theme relates to external resources since audience members are not part of the organization's staff or board leadership. They are also closely connected to the mission and values of an organization because often, small community-based arts nonprofits have missions directly related to serving their community and audience base. A third example is the economics of space theme, located on the bottom right corner and between *how you do it* and *who and what you do it with*. This theme is contingent on many external resources, such as the availability of suitable real estate to rent or buy, or costs associated with owning property. This theme is also reliant on leadership, both staff and board members, in relation to the decisions that are being made and how resources are allocated to physical space.

8 - RECOMMENDATIONS

We began with the research question, *what factors are present, or absent, in Twin Cities community-based arts nonprofits that correlate with their flourishing or struggling?* As a result of our findings and analysis, we recommend that small community-based arts nonprofits should pay special and equal attention to the three points of the Raarup/White Triangle in order to

ensure a complete, thriving, and resilient organization. The three points are, 1) mission clarity and focus, 2) quality of leadership, and 3) core external resources (both people and money).

While all of the themes that we found are important and connected, we strongly believe that if small community-based art nonprofits are lacking or have weakness in one of the three points, they will struggle. Meanwhile, if they are able to maintain all three points of the triangle, while also paying attention to the other themes within the full circle, they will thrive.

During the writing of this paper, the COVID-19 pandemic became a monumental concern for many arts nonprofits, both locally and nationally. However, we still believe in the importance of our triangle and the three points, even within this new era of COVID-19 or any other extreme event. As we were going through our interview notes we found a quote that truly amplified our findings: “This is about three things: Clarity of purpose, what are you, and what aren’t you? Good leadership...self-reflection, courage, accountability, and high emotional intelligence. And not trying to do more than your resources allow.” We believe this quote encapsulates our findings and final recommendations.

9 - LIMITATIONS & FUTURE RESEARCH

In this study, we were limited by the amount of time we had, the people we had access to, and the geographic area. Since literature and research within this sector are lacking, it would benefit small community-based arts nonprofits to interview more people at more organizations, and perhaps even break down the types of artistic expression, though we were interested in seeing what was common across organizations despite the type of art. We identified four areas for possible future research, beyond simply expanding the scope of this existing project. They

are: the role of artistic “quality”, the role of volunteers and compensation, funding in Minnesota, and looking at small community-based arts organizations in greater Minnesota, anywhere outside of the metro area.

The idea of the quality of programming, artistic excellence, quality of experience, etc. was not found in the interviews; however, we did see it briefly mentioned in our literature review as something that was not a key determinant for struggling or thriving. The idea of how relevant an organization is to their community was also not directly brought up, but it was talked around in numerous ways. Such as the importance of representation from their community-base, investment in their community, and the avenues in which they do audience development and engagement. This led us to believe that perhaps a high quality of programming was an assumption for the organizations and that’s why no interviewees talked about it. It would be interesting to specifically look into quality, as subjective as that is, in future research.

Another topic that was not found in the interviews but we expected it to be was the role of volunteers in these types of organizations. We originally thought we would add them as a theme in coding; however, outside of our direct interview question about them, they were not discussed. This could mean they are an overlooked resource, or not particularly important in thriving or struggling, or something else. Board members are volunteers, and they were certainly cited, but they were always referred to as “board members”, and seemed to be held in higher regard. They were represented as a particular kind of volunteer that was more critical. A few interviewees also talked about the role of volunteer work in terms of the serious historical under-compensation in this sector - both underpaid and unpaid work. This is certainly an area for more research.

The third area for possible further research is on various issues related to funding in Minnesota. The legacy amendment is an important part of the funding equation in the state. Some interviewees expressed gratitude and a sense of relative abundance, that Minnesota has it so much better (compared to other states) in terms of government funding. While others felt that this attitude does a disservice in advocating for the importance of the arts and is antithetical to the need for always pursuing more resources. Additionally, in recent years a number of large corporate foundations in Minnesota (eg. 3M, General Mills, Best Buy, Target) have ceased funding the arts as interests shifted. A few interviewees also expressed concern about funders seemingly moving to support individual artists more and decreasing their support for arts organizations. The implications of all of these issues and trends related to funding would be important to research as the impacts are potentially quite large in the long term.

Lastly, while no interviewees mentioned it, we also think that studying small community-based arts organizations in greater Minnesota, outside the metro area, would be another interesting future research possibility. They likely face different challenges and opportunities, and it would be interesting to explore whether they require different factors for thriving or struggling.

11 - CONCLUSIONS

An emerging theme that was present in our interviews and our own lived experiences is that some of the traditional ways of operating arts nonprofits are not working anymore. We have heard people talk about things like: shared leadership models, being more creative about funding structures and sources, being more nimble and agile, paying people a fair living wage for their

work, and how centering equity and justice will be absolutely critical to their future success. Of course, this is all being thrust into a new spotlight with the COVID-19 pandemic. There have been numerous webinars and town halls focused on nonprofits and the arts sector specifically as it relates to COVID-19. Minnesota Council of Nonprofits released in May 2020 their first economic impact report on the COVID-19 pandemic and reported that arts organizations are experiencing the highest level of distress of all nonprofit sectors in the state (2020). It is clear that arts organizations, particularly small ones, and especially those led by people of color, are struggling disproportionately and need assistance. Small arts nonprofits asking funders and donors for more unrestricted operating funds is not new, but it has certainly been the common refrain to funders since the pandemic hit. We have also been hearing that small arts nonprofits don't want to simply go back to normal. They see this crisis as an opportunity to create new ways of being, even if it is a painful way to get there.

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