Strong Balance Sheets and Artistic Freedom

Greater Pittsburgh Small Arts Pilot Capitalization Program launched by foundation coalition

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Kathy Buechel, Executive Director
The Benter Foundation

A multitude of smaller arts institutions in the Pittsburgh region do inspiring work to promote creativity and strengthen their communities, yet without access to the right kinds of capital they often struggle to make ends meet. Does true artistic freedom blossom best within a disciplined and carefully considered framework? This concept is behind the Greater Pittsburgh Small Arts Pilot Capitalization Program, a three-year project that supports organizations in achieving financial stability and resiliency for the sake of their artistic vitality. A group of foundations that includes Claude Worthington Benedum Foundation, The Benter Foundation, The Heinz Endowments, Henry L. Hillman Foundation and The Pittsburgh Foundation have committed $2.1 million toward the program and its five participating regional arts and cultural organizations.

The arts groups selected for the Greater Pittsburgh Small Arts Pilot Capitalization Program are Attack Theatre, Bricolage Production Company, Mendelssohn Choir of Pittsburgh, Pittsburgh Glass Center and Touchstone Center for Crafts.
Capitalization is key to small arts organizations’ success

Capitalization - having the financial resources to support mission over the long term – is essential for the abiding success of our region’s small arts entities. A well-capitalized organization can weather setbacks, take artistic risk, and grow or change as circumstances warrant. It has a business model that reliably covers full costs while yielding a surplus, and a balance sheet with cash in the form of working capital and reserves.

Inspiration for the Greater Pittsburgh Small Arts Pilot Capitalization Program came in 2014 during the Pittsburgh stop of the “Conversations on Capitalization & Community” workshop presented by arts and culture funders advocacy group Grantmakers in the Arts. Post-workshop, the six foundations joined together to consider their belief that significant, multi-year capital investment in business model change and balance sheet stability can lead to long-term organizational and creative health.

$2.1 million investment in pilot program

In fall 2015 the funding group engaged Kevin Gieder, a Pittsburgh-based consultant and shared CFO, and New York-based consultant Rebecca Thomas to lead the pilot design process and manage the resulting program. After a deliberative six-month planning process led by Gieder and Thomas, the funding group selected five organizations to receive three-year flexible capital investments, as well as ongoing consulting services to guide successful plan implementation. The investments in each participating organization, inclusive of consulting support, range from $185,000 to $320,000.

Flexible capital and tailored advice

Organizations selected for participation in the pilot receive consulting assistance as they consider the business implications of critical program strategies and decisions. They have produced strategic capitalization plans that map out promising pathways to healthier finances, and will monitor progress toward their goals so they can make appropriate adjustments as needed during the three-year program.

The program’s overarching goal is to provide a group of organizations with flexible capital and tailored advice that supports their exploration of promising strategies for financial sustainability. “This program recognizes that building fiscally strong nonprofits requires more than just money,” said Thomas. “Greater Pittsburgh Small Arts Pilot Capitalization Program is supporting organizations from planning through implementation.”
Process for participant selection

The organizations taking part in the pilot program were chosen from a group of 20 candidates submitted by the funders. After attending a learning session about capitalization and program expectations, candidates submitted an application describing how multi-year flexible capital would help them strengthen the finances supporting their artistic ambitions. Eight semi-finalists progressed to the rigorous, consultant-led six-month planning process that narrowed the field to the five organizations ultimately chosen.

“The planning and selection process provided valuable information about the challenges Pittsburgh small arts organizations face,” said Heinz Endowments Vice President of Creativity Janet Sarbaugh. “In the future, our desire is to better address equity in funding for all arts organizations in order to create an even more vibrant arts culture. Our hope is that knowledge and lessons learned will be replicable for both small arts organizations and funders beyond those in the pilot program.”

“We’re investing in this important pilot program to support a pioneering group of organizations in their journey toward sustainability,” said Kathy Buechel, executive director of The Benter Foundation. “We have already learned a great deal about what readiness for capital investments looks like and how funders can work together to support this goal.”

Small arts organization participant statements

"Attack Theatre is honored to be a part of this cohort, and through this support and investment in us, we will be able to grow the reach of our arts education programming and serve more students and educators through kinesthetic learning in the classroom and beyond,” said Rebecca Himberger, Attack Theatre’s executive director. “This investment will strengthen our capacity to deliver the high-quality programs that have reached more than 40,000 students and teachers in the last four years and have become an important part of the fabric of educational environments throughout the region.”

“For Bricolage, these past several years have been a time of immense growth, ambitious goals, and a deepened commitment to the Pittsburgh community,” said Managing Director Jackie Baker. “We’re fortunate to be in a city with funders who understand that project-to-project support is not enough to create long-term sustainability, and that many small arts organizations are punching above their weight. Bricolage’s ability to invest in more people and resources as we set out to offer more immersive work and run our shows even longer is critical to our continued growth.”

“The Mendelssohn Choir of Pittsburgh is thrilled to be participating in the Greater Pittsburgh Small Arts Capitalization Program,” said Executive Director Mary Ann Lapinski. “We look forward to using this opportunity to expand the organization’s business model to facilitate increased and innovative community programming and engagement. Long-term this programming will broaden and deepen the Mendelssohn’s artistic impact regionally and cultivate a more diversified mix of revenues for financial health.”
“Pittsburgh Glass Center’s capitalization plan was created side by side with our strategic plan and these documents are our roadmap for the future,” said Heather McElwee, the center’s executive director. “Highlights of our plan include increased participation in Pittsburgh Glass Center classes, workshops and studio rental through investments in new technology and people. The creation of an operating reserve, which the organization has never had before will promote long-term sustainability. We have already been able to leverage our plan for additional funding and support.”

Touchstone Center for Crafts is honored to be a recipient of the Greater Pittsburgh Small Arts Capitalization Planning Grant funding and part of the inaugural cohort,” said Lindsay Gates, the organization’s executive director. “This investment will assist Touchstone in improving the awareness and visibility of our organization, and enable us to serve more artisans with nationally renowned craft instructors while welcoming the local community to experience our 150-acre campus.”

Next steps

The Greater Pittsburgh Small Arts Pilot Capitalization Program has completed its first year and will continue through the end of 2020. Over the next 20 months, participating organizations will continue to receive custom consulting support tailored to the progress they make and the challenges they encounter during the implementation of their capitalization plans.

“We look forward to following the journeys of our partner small arts organizations as they develop new strategies, programs and internal capacities to strengthen the business side of their art,” said Sarbaugh. “We can’t wait to learn what works — as well as what doesn’t — and share this knowledge with small arts organizations across our region and beyond.”