

Community Foundation Leadership in Action Stories

Creating Harmony out of Discord: Saint Paul's Arts Partnership

by Cindy Sesler Ballard | August 2009

On New Year's Day 1985, the Ordway Center for the Performing Arts opened its doors. From the outset, it captured and held the public's imagination as Saint Paul's "jewel on the Mississippi." Envisioned as offering "everything from opera to the Russian circus," the \$46 million privately-funded facility includes a 1,900 seat main hall, a more intimate 306-seat theater, two spacious rehearsal halls, and elegant lobbies. It was originally home to the Minnesota Opera, the Saint Paul Chamber Orchestra, the Schubert Club, and the Minnesota Orchestra.

Squabbles between the Ordway and the four resident arts organizations (RAOs) erupted early and often, generating mistrust as well as misperceptions. The RAOs perceived the Ordway as bureaucratic and at times autocratic. The scheduling of performances, the life blood of arts organizations, was a major bone of contention. The Ordway played a leadership role in developing the Broadway touring industry, and would occasionally pre-empt events scheduled by the RAOs if a Broadway opportunity knocked. Rents, fees, access to the facility, and the Ordway's allocation of costs to the RAOs were additional sources of tension.

A steady stream of consultants over the course of a decade produced reams of reports but no solutions. In 2005, the Minnesota Orchestra withdrew from the Ordway and others assessed the feasibility of building an alternative venue. At the same time, the Ordway and two of the arts organizations began long overdue endowment building campaigns. Some of the funding requests naturally landed at The Saint Paul Foundation. Faced with the conundrum of "endowing status quo bad behavior" or risking the prospect of the Ordway going dark, Foundation CEO Carleen Rhodes and civic leader and Securian Financial Group CEO Bob Senkler shouldered the responsibility of orchestrating a lasting peace.

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After ascertaining that the CEOs of the Ordway and the RAOs were receptive to outside assistance, Carleen and Bob led the creation of a Task Force composed of five funders and three board members from each arts organization. Relationships were too dysfunctional to include CEOs in early meetings, which were characterized by the posturing and contention of the previous decade. As trust grew and behaviors improved, the CEOs were eventually included in Task Force meetings.

About three meetings into the process, the group agreed to hire a results-oriented consultant with strong financial skills and a deep appreciation of the complexities of performing arts facilities. This proved to be a linchpin of the peace process because the consultant was able to dispel misconceptions about the Ordway's cost allocations to the RAOs and surface flaws in the Ordway's business model. Finding common ground was equally important. As one funder noted, "you're not going to have an effective relationship until you have a shared business interest."

The first breakthrough came on the over-arching issue of scheduling, but perhaps what made it possible was the lifting of the veil on financials and the stark realization that everyone, including the Ordway, was facing significant and real financial challenges. After a year of intense negotiations, a master schedule was agreed upon that democratized the landlord-tenant relationship that had evolved over time between the Ordway and the RAOs. Now each organization "owns" a portion of the long-term schedule and is secure in the knowledge that it cannot be pre-empted. Cooperation is the new order of the day when, previously, schedule swapping was off the table for fear of setting a bad precedent.

In struggling to determine the most efficient use of the Ordway, it eventually became clear that the original solution, which dealt exclusively with how the schedule was structured, was not the best solution. "While technically it worked, anything could throw it off," said one participant. The best solution was in fact to renovate and expand the 306-seat theater into an 1,100-seat concert hall. What is significant about the ultimate solution is that a group barely civil a year or so earlier had accumulated a sufficient store of trust that it was willing to take joint responsibility for a risk of this magnitude.

Affordability became the next behemoth to tackle. Once the parties gained a shared understanding of operating expenses and developed a rent structure based upon a pro rata share of the annual schedule, they realized that rent was so substantial it needed to be subsidized. This "shared business interest" led to the creation of the Arts Partnership, a nonprofit composed of the Ordway and the RAOs. The CEOs rotate the presidency on an annual basis, and the nine-member board is composed of the four CEOs, their four board chairs, and an additional Ordway board member. The Arts Partnership has launched a campaign to "endow" rent and fund capital improvements. The current goal is to raise \$71 million, with

\$32 million slated for the endowment. About \$15 million has been raised to date; no funds will be spent on the expansion until the endowment has been raised. An unanticipated consequence of exercising leadership on the peace accord is that The Saint Paul Foundation has been asked to hold campaign proceeds and manage the endowment.

This relatively young group has already scored a public policy win that would have been impossible without the sense of shared enterprise produced by the Arts Partnership – and the forum that the Partnership provides for ongoing collaboration. What transpired was the formation of an unlikely alliance with environmentalists, hunters, and fishers (the “blasters and casters”) on a sales tax amendment to the Minnesota Constitution. Arts have strong support in Minnesota, and some polls indicated that the amendment might fail without this influential constituency. The amendment passed overwhelmingly and went into effect July 1, 2009. It will yield a projected \$240 million per year for 25 years, largely for environmental protection and increased access for hunting and fishing, but with almost 20 percent dedicated to arts and culture. A steering committee of both contingents worked together for more than six months, gained an appreciation for each other’s points of view, and may reconvene over state budget issues in the future.

Lessons Learned

Saint Paul Foundation CEO Carleen Rhodes says that the lessons learned have been very instructive for community leaders seeking to forge solutions to complex issues and especially community foundations:

- 1) **Start with finding common ground.** In this case, finding shared business interests (the need to endow rent to make their products affordable and the need to expand the facility to make the schedule practicable) leveled the playing field between the Ordway and the RAOs, giving them something to work for collectively instead of against each other.
- 2) **Have some neutral interests at the table.** Parties who hold the community’s interest paramount provide much needed perspective in partisan situations. If they have stature in the community, they also provide a check on bad behavior. Keeping the focus on the big picture and on high order values such as community well being are among the most important roles community foundations can play.
- 3) **Be patient and allow people to find their own way to solutions.** Everything takes longer than everyone thinks. If problems were simple, they would not remain problems for long. While

community foundations can set the stage by creating an environment conducive to problem-solving and providing the tools to devise workable solutions, the solutions themselves must be owned by those responsible for implementation. Allowing people to find their own way also strengthens relationships and builds trust, indispensable ingredients for lasting solutions.

- 4) **Be satisfied with small successes along the way.** Small successes eventually add up, and are typically the pre-conditions to major breakthroughs. Even process successes, such as moving beyond posturing to candid conversation, are events worth celebrating. Problem-solving of this nature is seldom linear and, while there may be technical dimensions to a solution, winning hearts and minds has to occur first. Although it may appear on the surface that nothing of consequence is happening, trust and respect must be given adequate time and space to germinate.
- 5) **Hire the right consultant.** A consultant may help or hinder the problem-solving process. If there is a history of consultant involvement, understanding the products and recommendations of prior consultants is an important first step. If the affected parties are challenged to reach consensus on what they want from a consultant and the relevant skill sets that would aid their problem-solving process, it will shed light on underlying assumptions and clarify the issues to be resolved.
- 6) **Use the implied leverage of philanthropic resources very subtly.** Although funders are fond of saying “it’s not about the money,” at some level, especially from the perspective of nonprofits, it is always about the money. Participants may interpret the community foundation’s convening as a prelude to future funding. It is important to avoid the dual temptations of raising unwarranted expectations and using funding as a hammer. At the same time, the community foundation should send a clear signal that its focus is on the larger community interest at stake, so that nonprofits recognize that any future support will depend on whether they contribute to that broader goal.

Rhodes concludes that “more has been accomplished than we imagined possible. We have achieved both community commitment and a vehicle for collaboration, decision-making, and efficient use of resources.”