Interorganizational Relationships and Mergers of Nonprofit Arts Organizations: Two Case Studies of Mergers of Nonprofit Arts Organizations

Dissertation

Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy in the Graduate School of The Ohio State University

By
Ra Won Lee, M.A.
Graduate Program in Arts Administration, Education and Policy

The Ohio State University
2016

Dissertation Committee:
Wayne Lawson, Advisor
Margaret Wyszomirski
Sydney Walker
Candace Stout
Abstract

In the midst of an evolving environment, nonprofit arts organizations are seeking new ways to address various managerial challenges. In recent years, various forms of interorganizational restructuring practices have prevailed as a means to increasing nonprofit arts organization’s long-term viability. This research has examined, in particular, two cases of mergers of nonprofit arts organizations to identify the reasons for which nonprofit arts organizations merge, various concerns and challenges that are involved in such mergers, and the factors that contribute to a successful completion of the mergers. Additionally, the research has utilized a survey to investigate the extent of interrelatedness among a sample of nonprofit arts organizations in Columbus, Ohio. The research has constructed in-depth narratives and analyses of the two case studies and has constructed an analytical framework for understanding the mergers of nonprofit arts organizations. In addition, the research has captured a set of evidence for various interorganizational relationships that exist among the nonprofit arts organizations. The research concludes with a set of policy recommendations for supporting mergers and interorganizational integration in the nonprofit arts sector.
Acknowledgments

I would like to express my sincere gratitude to Professor Wayne Lawson and Professor Margaret Wyszomirski who have provided me guidance over the entire course of my graduate study at the Ohio State University. The same gratitude is extended to Professor Sydney Walker and Professor Candace Stout who have provided guidance over the course of this study. I would like to also thank the Department of Arts Administration, Education and Policy and the Barnett Center for Integrated Arts and Enterprise at the Ohio State University for having provided me with an opportunity to pursue graduate studies.

This research would not have been completed if the study participants had not been generous to share their time and knowledge with me all throughout the data collection phase of the research. I very much hope that this research, in return, will be of value to all of the study participants and their organizations.

Lastly, I would like to thank Ms. Kirsten Thomas at the Department of Arts Administration, Education and Policy, and my family for all the support that they have provided me with.
Vita

2004 ................................................................. The Purcell School
2008 .................................................. M.Mus. Piano Performance, Indiana University
2011 ........................................... M.A. Arts Policy and Administration, The Ohio State University
2011 to present ......................... Ph.D. Arts Administration, Education and Policy, The Ohio State University

Fields of Study

Major Field: Arts Administration, Education and Policy

Concentration: Cultural Policy and Arts Management
TABLE OF CONTENTS

Abstract .......................................................................................................................... ii
Acknowledgements ........................................................................................................ iii
Vita ................................................................................................................................. iv
List of Tables .................................................................................................................. ix
List of Figures ................................................................................................................ x
List of Graphs .................................................................................................................. xi

CHAPTER 1: INTRODUCTION....................................................................................... 1

1.1 Research background: a changing environment for nonprofit arts organizations .......................................................................................................................... 1
1.2 Interorganizational integration as a strategy to address managerial challenges .............................................................................................................................. 4
1.3 Reasons for studying interorganizational relations and interorganizational integration in the nonprofit arts sector .......................................................... 5
   1.3.1 The rise of interorganizational integrations ................................................ 5
   1.3.2 The cost of interorganizational integration .............................................. 11
   1.3.3 Limited applicability of existing literature on interorganizational integration ................................................................................................................................. 12
1.4 The purpose of research ....................................................................................... 13
1.5 Research questions ............................................................................................. 14

CHAPTER 2: LITERATURE REVIEW .......................................................................... 15

2.1 The study of interorganizational integration in the for-profit sector ............... 15
2.2 The idiosyncrasies of nonprofit arts management .......................................... 16
2.3 Triple bottom lines in nonprofit arts management ........................................... 17
2.4 Various types of interorganizational relationships ......................................... 21
   2.4.1 Amelia Kohm and David La Piana (2003): The Partnership Matrix ................................................................. 22
   2.4.2 Thomas E. Backer (2002): Structure of partnerships and related community organizations ................................................................. 25
   2.4.3 The Lodestar Foundation and the Foundation Center: Nonprofit Collaboration Database ......................................................................................................................... 27
   2.4.4 Thomas A. McLaughlin (2010): C.O.R.E. continuum of collaboration ......................................................................................................................................................................................... 30
2.5 Discrepancies in the use of terminologies ....................................................... 32
2.6 Study findings about various aspects of interorganizational integration in the nonprofit sector .......................................................... 37
   2.6.1 Research findings about the reasons for pursuing interorganizational integration in the nonprofit sector ................................................................................................................................. 38
   2.6.2 Research findings about various processes involved in
4.4.4 Projected benefits of the DPAA merger……………………104
4.4.5 Managerial concerns and challenges involved in the DPAA
merger……………………………………………………………………..108
4.4.6 Merger success factors for the CATCO-Phoenix
merger……………………………………………………………………113

CHAPTER 5: CASE STUDY COMPARISON AND ANALYSIS………………119

5.1 Reasons for pursuing the mergers……………………………………119
5.1.1 Circumstances for the mergers……………………………………120
5.1.2 Projected benefits of the mergers…………………………122
5.2 Managerial concerns and challenges involved in the merger process…125
5.2.1 Managerial concerns……………………………………125
5.2.2 Managerial challenges……………………………………126
5.3 Success factors for successful completion of the mergers…………………………127
5.4 The merger process………………………………………………..131
5.5 Resource dependence theory and its use in explaining mergers of nonprofit
arts organizations………………………………………………132
5.6 Defining the triple bottom lines in the arts…………………………135
5.6.1 Artistic vitality bottom line………………………………………..135
5.6.1.1 Defining “artistic vitality”……………………………………135
5.6.1.2 Fundamental elements of artistic vitality………………136
5.6.1.3 Indicators and measure of the fundamental elements
of artistic vitality……………………………………………………138
5.6.2 Public value bottom line…………………………………………140
5.6.2.1 The introduction of “public value”……………………………..140
5.6.2.2 What is meant by “value”?……………………………………141
5.6.2.3 Defining “public value”…………………………………………142
5.6.2.4 Fundamental elements of the public value of the
arts……………………………………………………………………142
5.6.2.5 Indicators and measures of the fundamental elements
of the public value of the arts…………………………………………145
5.6.3 Financial sustainability bottom line…………………………….152
5.7 Interrelatedness of the triple bottom lines in the arts…………………154
5.8 Projected benefits of the mergers and their relation to the bottom lines…155
5.9 Defining Triple Bottom Line Management in the arts………………160

CHAPTER 6: SURVEY…………………………………………………………161

6.1 Survey overview…………………………………………………………161
6.2 Information sharing……………………………………………………163
6.3 Overlap of artists……………………………………………………….164
6.4 Overlap of donors………………………………………………………165
6.5 Collaborative programming experiences……………………………..166
6.6 Administrative arrangements or contracts……………………………167
6.7 Interests in future collaboration.................................168
6.8 Implications of the survey results...............................169

CHAPTER 7: CONCLUSIONS...............................................171

7.1 Research overview...................................................171
7.2 Policy implications of the study findings........................174
7.3 Limitations of the study..............................................177
7.4 Recommendations for future research..........................178

REFERENCES...................................................................179

APPENDIX A: Online survey..............................................186
# LIST OF TABLES

Table 2.1 A comparison of definitions of IR terminologies……………………..34

Table 5.1 Case study findings on the circumstances for the mergers………………120

Table 5.2 Case study findings on the projected benefits of the merger……………122

Table 5.3 Case study findings on managerial concerns involved in the merger process………………………………………………………………………………125

Table 5.4 Case study findings on managerial challenges involved in the merger process………………………………………………………………………………126

Table 5.5 Case study findings on the success factors for successful completion of the mergers………………………………………………………………………………127

Table 5.6 Comparison of case study findings………………………………………130

Table 5.7 Artistic vitality: fundamental elements and examples of measures………140

Table 5.8. Public value of the arts: fundamental elements, indicators, examples of measures, and the primary domain of impact……………………………………151
LIST OF FIGURES

Figure 1.1 Announced mergers and acquisitions: United States of America, 1985-2013. (Institute of Mergers, Acquisitions, and Alliances, 2013)……………………………………6

Figure 2.1 The partnership matrix. (Kohm & La Piana, 2003)………………………..22

Figure 2.2 Structure of partnerships and related community organizations. (Backer, 2002)…………………………………………………………………………………………...25

Figure 2.3 C.O.R.E. continuum of collaboration. (McLaughlin, 2010)………………30

Figure 5.1 The merger process……………………………………………………………..131

Figure 5.2 Fundamental elements of artistic vitality………………………………………..138

Figure 5.3 Benefits of the arts. (RAND Corporation, 2004)……………………………..143

Figure 5.4. Fundamental elements of the public value of the arts……………………..144

Figure 5.5 Interrelatedness of triple bottom lines in the arts…………………………..154
LIST OF GRAPHS

Graph 6.1 Percentages of survey respondents sharing information with other nonprofit arts organizations in Columbus, Ohio…………………………………………………………163

Graph 6.2 Percentages of survey respondents that have an overlap of artists with other nonprofit arts organizations in Columbus, Ohio……………………………………164

Graph 6.3 Percentages of survey respondents that have an overlap of donors with other nonprofit arts organizations in Columbus, Ohio……………………………………165

Graph 6.4 Percentages of survey respondents that have collaborative programming experiences with other nonprofit arts organizations in Columbus, Ohio……………166

Graph 6.5 Percentages of survey respondents that have or have had administrative arrangements or contracts with other nonprofit arts organizations in Columbus, Ohio………………………………………………………………………………………167

Graph 6.6 Percentages of survey respondents that have interests in collaborating with other nonprofit arts organizations in Columbus, Ohio……………………………………168
CHAPTER 1: INTRODUCTION

1.1 Research background: a changing environment for nonprofit arts organizations.

In February 2010, the Salzburg Global Seminar convened a conference entitled “The Performing Arts in Lean Times: Opportunities for Reinvention”. The participants at the conference collectively iterated a set of issues that they believed most pertinent to today’s performing arts sector. The summary report of the conference called for performing arts around the globe to: a) actively utilize technology as a means to better foster arts participation and to invigorate the vitality of the arts sector; b) build a new level of relationship with audiences in ways that go beyond a transactional (i.e. supplier–consumer) relationship; c) deliver truly unique and engaging arts performances; d) be more relevant to the community; and e) clearly define and create value(s) (Salzburg Global Seminar, 2010). In sum, the report acknowledged that the landscape for the performing arts sector has changed and that the arts organizations need to actively maneuver themselves to survive in the changing environment.

Projections and entailing concerns over the changing environment for the nonprofit arts sector have been prevalent for quite some time. Specifically, there have been many concerns over the finance of the arts sector. In a classic study, Baumol and Bowen (1966) have illustrated that the economy of the performing arts exhibits a unique trait that they have referred to as the “cost disease”. Baumol and Bowen
argued that nonprofit arts organizations will face an increasing financial difficulty as their increase in productivity fails to make up for their much greater increase in production costs. Unlike many goods whose marginal cost of production decreases as the volume of production increases, a performing arts production requires the same workforce each time it is performed; hence, an increase in the volume of production in the arts does not necessarily lead to a significant decrease in the marginal cost of each production. Rather, Baumol and Bowen predicted that the cost of production in the arts will only increase in decades to come as the artists demand greater wages as their level of education and professionalization goes up. Given the limited demand for the nonprofit arts, many of Baumol and Bowen’s projections for the nonprofit arts sector came to be true in the following decades. A number of major philanthropic foundations such as The Rockefeller Foundation, The Ford Foundation, and The Mellon Foundation, too, have studied the economy of the nonprofit arts sector throughout the second half of the twentieth century. Their projections have often reflected concerns similar to Baumol and Bowen’s concerns over the finance of the nonprofit arts. Financial challenges in the nonprofit arts continue to exist to date.

In the meantime, many have been recognizing that the nonprofit sector as a whole is evolving in aspects other than the financial aspects as well. According to a study published by the James Irvine Foundation (James Irvine Foundation, 2009), the social sector is seeing: a) the rise of new generations that exhibit dramatically different traits from previous generations; b) technology affecting, transforming, and empowering networks and organizations in new ways; c) increased attention to civic engagement
and volunteerism; and d) the dissolution of sector boundaries and the emergence of new forms of networks and organizations. Today’s nonprofit organizations are not only dealing with increasing costs and decreasing returns on their production. Likely embedded in the organizations’ challenging realities are changing public expectations, new tools and means of communication, and a world awash of convergence of what are traditionally thought of as separate.

Within the arts sector, not only is the environment changing but people’s cultural consumption behavior, too, is changing. For instance, Russel Willis (2010), President and CEO of the National Arts Strategies, has noted that people nowadays have relatively little time to experience the vast amount of cultural activities available, yet they have increased time spent alone in which they choose to consume highly customized forms of culture. Meanwhile, Lee (2011) has documented that people in the United States attend many genres of arts in a given year, supporting the discourse that people are becoming increasingly eclectic in their cultural consumption.

As so stated, nonprofit arts organizations are continually experiencing and responding to their fickle environment. As many leaders in the field acknowledge widely, this research sets forth that today’s arts organizations are largely engaged in three ways of adapting to the changing environment. First, arts organizations are promoting managerial and technical innovations. Second, arts organizations are creating new kinds of cultural products. Third, arts organizations are redefining and advocating for the public value of the arts.
1.2 Interorganizational integration as a strategy to address managerial challenges.

There are a number of practical ways by which today’s arts organizations embrace various organizational challenges. For instance, some invest in acquiring the latest technologies that will increase administrative efficiency. Some hire new artistic directors that will pioneer new artistic endeavors with the organizations. While many organizational challenges are met “in-house”, some challenges lead organizations to look to other organizations. This research sheds a particular light on organizational arrangements where two or more independent organizations in the nonprofit arts sector come together for a common purpose or a goal.

An organizational arrangement between two organizations may signify a certain relationship between the organizations. In other words, an organizational arrangement between two organizations forms an interorganizational relationship (IR) between the organizations. In reality, no two IRs are exactly the same. Relationships vary in terms of their purpose, duration, the extent of integration, and many other detailed arrangements. Hence, various forms of IRs exist and they are referred to by a variety of terms. Some of the more common terms include collaboration, partnership, and merger. However, there are many more terms that describe an IR and yet there are many discrepancies in how the various terms are used and understood in both the nonprofit arts sector and in academic literatures that describe the IRs. This research uses the term “interorganizational relationships” to collectively refer to all types of

4
organizational arrangements between two or more independent organizations. When
IRs form, the relationships entail a certain degree of interorganizational integration
(II)”.

1.3 Reasons for studying interorganizational relationships and interorganizational
integration in the nonprofit arts sector.

There are a number of reasons to study II in the nonprofit arts sector. First, the number
of IIs in the nonprofit arts sector is increasing rapidly and many project that the
number will continue to increase as more arts organizations and their funders consider
opportunities to converge. Moreover, II is oftentimes considerably costly for nonprofit
arts organizations that pursue them. Studies about II in the nonprofit arts sector would
prove useful to nonprofit arts organizations that seek knowledge about II as they
consider pursuing an II. Additionally, as will be elaborated in Chapter 2, existing
literatures about II render limited applicability to nonprofit arts organizations that
exhibit their own idiosyncratic management practices. Hence, there exists a need to
examine II in the nonprofit arts sector in light of the complexities of nonprofit arts
administration. Below is a set of more detailed explanations about the reasons for
which this research has come about.

1.3.1 The rise of interorganizational integrations.

Between 1990 and 2007 in the United States, on average, 618,475 new for-profit
firms emerged and 556,413 firms closed their businesses for good each year (U.S. Census Bureau, 2012). The average lifespan of a private firm in the United States in 2013 is 15 years, which is 52 years shorter than it was in the 1920s, according to an analysis of the Standard & Poor’s 500 companies (Gittleson, 2012). Albeit the shortening lifespan of private enterprises, private firms actually seek numerous ways to prolong their lifespan and preserve their work for as long as viable. A widespread means is to restructure parts or the whole of an organization to become better suited to respond to the calls of the demand in the market economy. Namely, mergers and acquisitions have long been a familiar practice in the for-profit sector – so much so that such practices often appear in the popular culture. Figure 1.1 shows the number of announced mergers and acquisitions in the United States between 1985 and 2013.
Although the popular culture depicts II of for-profit businesses all the more often, II cases in the nonprofit sector are not uncommon. For instance, mergers in nonprofit sector have been pursued since the 1980s and the number of merger cases increased significantly throughout the 1990s. The study of mergers in the nonprofit sector have proliferated also (Toepler, Seitchek, & Cameron, 2004b). A recent study (Arabella Philanthropic Investment Advisors, 2009) has noted: “One recent study covering 11 years of merger filings found that merger activity is only slightly less common in the
nonprofit sector than it is in the for-profit world – though it is far less common among very large nonprofits than it is among large companies.” (p.3). Additionally, a study of mergers in the nonprofit sector (Bridgespan Group, 2009) has identified 3,300 nonprofit merger cases in the states of Massachusetts, Florida, Arizona, and North Carolina.

In the meantime, an increasing number of nonprofit organizations are considering the II as a viable managerial option and many project that the trend will continue. For instance, an interview of 20 “arts leaders” (La Piana, 2004) has revealed that 17 of the interviewees expect an increase in the number of consolidations in the nonprofit sector. More recently, a survey of more than 1,100 “nonprofit professionals” representing a total of 986 organizations (Nonprofit Finance Fund, 2009) has revealed that 42 percent of the respondents were either collaborating with another organization in providing their public services or considering such collaborations with other organizations, while 17 percent of the respondents have expressed an interest in a merger feasibility analysis.

Organizational changes are seldom unrelated to the external changes in the environment in which an organization operates and both the private and the nonprofit sectors seek means to adapt to the continual environmental changes. As for the nonprofit sector in the United States, there has been a vast expansion of the sector in the last quarter of the twentieth century. Between 1982 and 1997, the total number of 501(c)3 organizations in the United States more than doubled. Between 1999 and
2009, the number continued to increase from 1.2 million to a little less than 1.6 million. As of 2012, the number of nonprofits that are registered with the Internal Revenue Service was reported to be 1.6 million, while an estimate of 2.3 million nonprofit organizations were believed to be operating throughout the nation. The vastly varied nonprofit sector constitutes 1 nonprofit organization for every 175 Americans (Urban Institute, 2012).

One may question what has led to such a vast expansion of the nonprofit sector in the United States in the latter decades of the twentieth century. One explanation is that the government has been moving away from directly intervening into every aspect of the society. Instead, more room was left or created for the nonprofit organizations to take the lead in responding to various social needs (McLaughlin, 2010). The change in the role of the government in addressing social needs may be explained in terms of ‘voluntary failure’. Traditionally, the government was often thought of as the primary respondent to the ‘market failure’ where certain social needs are left unmet by the free market because of insufficient profitability. According to Salamon (1987), one may reframe the government’s role as a respondent to voluntary failure where the voluntary sector first responds to the market failure to address the unmet public demands, and then the government responds to the voluntary failure where the nonprofit sector has failed to address the market failure sufficiently. In light of the concept of voluntary failure, the nonprofit sector in the United States may be described as having taken on an increasingly greater role in addressing the social welfare in lieu of the government. Hence, one may argue that the noticeable growth of
the nonprofit sector was a reasonable occurrence given the downsized role of the government in addressing various social issues.

Then what would account for the increase of II in the nonprofit sector? First, some argue that the significant expansion of the nonprofit sector in the United States has created a fiercer competition in the nonprofit sector and the increased competition has led to an increasing number of organizations pursuing II as a strategy for survival. According to Bielefeld (1994), organizations may respond to financial challenges in three ways: first, organizations may devise a new line of services in order to increase earned revenue; second, organizations may establish new and appealing reputation or organizational images to better appeal to the funders; and third, organizations may reduce various kinds of operational costs. Various types of IRs and IIs can help organizations devise new services, build a stronger public reputation, reduce various operational costs, and thus help organizations respond to increased competition for survival.

Another cause for the increased competition in the nonprofit sector is the aggressive entrance of for-profit firms into the domains of public services. Just like the nonprofit organizations, many for-profit organizations fall short of remaining in the market competition every year. In year 2009, a total of 6,602,000 (rounded to the thousands) for-profit firms existed in the United States; slightly less than 6 percent of the firms were new startups, while a little less than 12 percent of the firms marked an end to their organizational history in that year (U.S. Census Bureau, 2009). As private firms
continually seek the “blue oceans” in which they project a higher chance of survival and making a profit, their realm of services have been extending farther into industries where nonprofit organizations have traditionally thrived. ‘Resource dependency theory’ explains that organizations seek to procure resources as the resources constitute their organizational power. As the number of for-profit competitors for nonprofit organizations has increased, however, nonprofit organizations have experienced an increasing difficulty in procuring resources (Kohm & La Piana, 2003) and have thus sought opportunities to combine resources with other organizations.

1.3.2 The cost of interorganizational integration.

Another reason to study IRs and II is that II is a big undertaking for many nonprofit organizations in terms of various costs that are associated with it. McLaughlin (2010) has warned against nonprofit organizations that choose to carry out an II for the purpose of saving administrative costs in the amounts of a few million dollars. McLaughlin has argued that the costs of carrying out the II may just nullify the projected financial benefits of the II. Costs do not only include the use of cash and endowment, but additional costs occur in a number of other forms such as increased staff fatigue, increased staff turnover, and the loss of an organizational identity. Additionally, given that many nonprofits are often already operating on a minimized budget, executing II may not bring about a significant reduction in administrative costs.
1.3.3 Limited applicability of existing literature on interorganizational integration.

As for the studies of IRs and II in the nonprofit sector, a number of scholars (Toepler, Seitcheck, and Cameron, 2004b; Campbell, 2008; Chen & Krauskopf, 2012) have noted that many aspects of IRs and II in the nonprofit sector remain understudied. As of now, there exists more studies on IRs and II in the for-profit sector. As for the studies on IRs and II in the nonprofit sector, studies have largely looked into reasons for II in the nonprofit sector, the costs and benefits of II, and the factors that impact the outcome of II in the nonprofit sector.

It is not surprising that studies about IRs and II in the nonprofit sector provide a more pertinent insight into IRs and II in the nonprofit arts sector than many of the studies of IRs and II in the for-profit sector. Yet, IRs and II in the nonprofit performing arts sector still require a separate observation because nonprofit performing arts sector exhibits its own attributes that are different from other nonprofit sectors. Specifically, nonprofit arts organizations are different from some other nonprofit organizations in that the arts organizations do not exist to deliver a certain service to the general public. Rather, the arts organizations primarily exist to create and present arts to an audience. The difference brings about some critical considerations in how arts organizations are managed. For instance, proponents of an integrated service delivery system in public healthcare argue that designing and developing an integrated service delivery system at the macro level could bring about increased operational efficiency and effectiveness in delivering the public healthcare services. Performing arts, on the
other hand, will encounter some critical problems if they were to be administered through an integrated service delivery system because the arts are valued for their artistic originality – even when operational efficiency or effectiveness does not prevail. Many experimental arts may entail very little tangible measures of success such as earned revenue or the number of audiences to whom the arts have been presented; yet, the artistic or philosophical expressions that are embedded within the arts may carry a greater value than some of the tangible measures of success. Unfortunately, many studies of IRs and II in the nonprofit sector have examined non-arts nonprofit organizations whose operations may be viewed as a system that converts public investment into public services. Such studies can fail to fully account for arts organizations that seek to understand how IRs and II impact their artistic endeavors.

1.4 The purpose of research.

The primary purpose of this research is to construct an in-depth understanding of the reasons or the purpose for which today’s nonprofit arts organizations pursue the most extensive form of II, namely a merger. Subsequently, the research aims to identify the most effective ways of supporting mergers in the nonprofit arts sector. In the meantime, the research will also acquire and present a comprehensive understanding of II and IRs in the nonprofit sector based on a literature review and a set of findings from a survey.
1.5 Research questions.

Given a timely interest in the examination of IRs and II in the nonprofit arts sector, this research pays a particular attention to the most extensive form of II, namely mergers of nonprofit arts organizations. Specifically, the research set out three research questions:

1. What are the reasons and the purpose for which nonprofit arts organizations merge with other nonprofit arts organizations?
2. What kinds of managerial concerns and challenges are involved in a merger of nonprofit arts organizations?
3. What factors contribute to a successful completion of a merger of nonprofit arts organizations?

In the meantime, this research has also sought to investigate the interrelatedness of today’s nonprofit organizations because studies have found that extensive forms of II such as mergers and acquisitions often happen among organizations that have had past IRs (Forbes Funds, 2007; MAP for Nonprofits, 2012). Hence, a dynamic web of IRs would signify a soil on which IRs involving a greater extent of II may further sprout. The significance of any study of IRs and II in the nonprofit arts sector would be minimized in the absence of an environment where the knowledge that this research generates would prove relevant and desired.
CHAPTER 2: LITERATURE REVIEW

2.1 The study of interorganizational integration in the for-profit sector.

The study of IRs and II has a longer history in the field of business administration than in the field of nonprofit or public administration. According to Cartwright (2006), mergers and acquisitions in the private sector have received much attention since the mid-1970s. Studies on various types of IRs in the nonprofit sector, on the other hand, have mostly been published since the beginning of the 1990s. Hence, it is not surprising to find that much more has been written about IRs in the for-profit sector than in the nonprofit sector to date.

The studies about merger and acquisitions in the for-profit sector have primarily examined three areas of research inquiry: strategic fit of integrating firms; organizational fit (which includes cultural fit) of integrating firms; and the processes involved in executing the mergers and acquisitions (Cartwright, 2006). According to Rainey (1991), organizational theorists and organizational behavior theorists acknowledge many commonalities between private management and public management. In fact, the three primary areas of research inquiry about IRs in the for-profit sector seem to constitute three primary areas of research inquiry in the study of IRs in the nonprofit sector as well. However, study results about IRs in the for-profit sector do not render fully useful to understanding IRs in the nonprofit sector because for-profit organizations and nonprofit organizations show a number of fundamental
differences.

2.2 The idiosyncrasies of nonprofit arts management.

First, a significant difference between for-profit firms and nonprofit organizations is that for-profit firms are owned by their stakeholders while nonprofit firms are administered by their governors. The owners of private firms invest in private businesses and may benefit directly from the profits made, but the 501(c)3 status of nonprofit organization prohibits the distribution of the organizations’ profits to their governors. Hence, it is reasonable that the managers of for-profit firms and nonprofit organizations will have different interests and motives in managing their firms or organizations. Therefore, it is also plausible that a different set of factors will be taken into consideration when either a private firm or a nonprofit organization executes an II. In addition, the stakeholders that gain and the stakeholders that lose as a result of an II are also likely to be different for for-profit firms and nonprofit organizations.

Second, for-profit and nonprofit organizations operate for a different set of purposes. A primary purpose for almost all private firms is to make a profit. For nonprofit organizations, profit is seldom the primary organizational purpose. When for-profit firms execute II, maximizing profit can take precedence over other considerations. For nonprofit organizations, however, profit maximization, at least in theory, constitutes one of other equally important considerations. For such a reason, Ben-Ner (2004) has argued that nonprofit organizations that outsource too much of its
operations to private firms for the purpose of increasing efficiency may, in effect, be “for-profit firms in disguise” (p.17).

2.3 Triple bottom lines in nonprofit arts management.

According to Wyszomirski (2013), there are three managerial aspects that today’s nonprofit arts organizations keep in mind: financial sustainability; artistic vitality; and recognized public value. The three aspects are known as “triple bottom lines” (TBLs) in the arts. According to Wyszomirski, the three bottom lines are not a product of a pre-planned policy strategy. Rather, the triple bottom lines rose to be of importance simultaneously and incrementally over the latter half of the twentieth century as a result of a set of programs, policies, and leaderships at the micro-, macro-, and meta-policy levels. Wyszomirski explains that today’s nonprofit arts organizations are often evaluated on how they have managed to cater to all of the three bottom lines. The idea of catering to three areas of managerial concern appears to share an analogy with the ‘full cost accounting’ in business administration where an organization’s operations are measured in terms of its financial, social, and environmental impacts. The practice of catering to all three bottom lines, in other words the “triple bottom line management” (TBLM), is arguably considered the ‘best practices’ in today’s field of arts administration, although funders and organizations in the field do not necessarily refer to or describe their managerial practices by the specific terminology ‘triple bottom line management’.
The bottom line that has perhaps been discussed most urgently among the nonprofit arts administrators is the financial sustainability bottom line. Arts organizations that have long struggled to make the ends meet have learned that financial instability significantly hampers a nonprofit organization’s ability to fulfill its organizational mission. In the 1980s, some scholars spoke of the “new public management” and proposed that public organizations could yield greater managerial effectiveness by adopting market-oriented management strategies that are practiced in the for-profit sector. However, earlier in the 1960s, scholars such as Baumol and Bowen (1966) had predicted that the performing arts will have difficulty surviving in the market economy because the rate of their cost of production far exceeds the rate of their productivity. Likewise, in the twenty-first century, economist Flanagan (2012) has evaluated the finance of today’s symphony orchestras and concluded that most orchestras in the United States will run deficits even if they were to fill every seat at every concert that they perform. Wyszomirski (2013) has explained that the National Endowment for the Arts (NEA) strove to fill the “income gap” in its early years, and then continued to focus on stabilizing the nonprofit arts organizations and supporting their long-term sustainability. Although the NEA did not fulfill such a mission perfectly during the 1990s, the private sector took on the role instead and continued to support the arts in noticeable ways. Unfortunately, such government and corporate giving still fall short of establishing sector-wide stability for nonprofit arts organizations and many continue to seek ways to consolidate the financial bottom line in the arts sector.
Acknowledging that nonprofit arts management has more than one, namely financial, bottom line leads one to suspect that the reasons for which arts organizations engage in II may not entirely be comprised of financial concerns. Although many can easily assume that economic pressure causes nonprofit organizations to consider II, a number of studies (Backer, 2002; Forbes Funds, 2007; MAP for Nonprofits, 2012) have revealed that financial concerns were not the primary reason for the II for many nonprofit organizations. McLaughlin (2010) has suggested that economic challenges have catalyzed rather than caused the IIIs in the nonprofit sector. Then what are the other considerations that nonprofit arts organizations pay attention to? The second bottom line that Wyszomirski (2013) has pointed out is artistic vitality bottom line. Unlike some other nonprofit organizations that exist to deliver a certain service or utility to the public, the arts sector recognizes and cherishes the arts *per se* in separation from quantifiable utilities that the arts bring about.

However, the legitimacy for the public support for the arts have evolved somewhat over the years. According to Wyszomirski (2013), a major criterion of evaluation that the NEA used to evaluate its grant applicants in the NEA’s initial years of administration was the quality of the arts that the grant applicants have produced. The NEA assumed that the ‘highest quality’ equates to ‘artistic excellence’ and, hence, it incorporated a peer-review process to select the grantees. However, the peer-reviewed selection process received a criticism that the NEA is, in effect, institutionalizing elitism in its evaluation of the arts. Subsequently, the NEA gradually incorporated other values such as cultural diversity and artistic innovation into its policy realms.
The NEA’s support for creativity once translated into artistic experimentation in the 1990s, but public funding that resulted in controversial artworks by artists such as Robert Mapplethorpe backfired on public funding for artistic experimentation and stirred a heated discussion on the fundamental value and the social impacts of the arts. The public became less inclined to support for arts for the “arts’ sake”. Eventually, the subject of public support has become the artistic vitality of the arts rather than the arts per se or the artists.

Given such a history of the evolving public perspectives on the arts, today’s nonprofit arts organizations are not only paying attention to financial and artistic considerations, but also on the public value of the arts. Wyszomirski has defined the third bottom line as the “recognized public value” bottom line. As the Culture War prevailed throughout the 1990s, traditional American values came to be debated and polarized. The public came to question if the arts are worth the support that they receive and if the arts generate a recognizable value or benefit to the society. For instance, Fullerton (1992) has recognized that the arts bring about national prestige, educational benefits, cultural enrichment, and enjoyment of aesthetic value. However, Fullerton added that such social benefits come also from sectors and industries other than the arts and are not exclusive to the arts sector. Fullerton argued that there is an insufficient legitimacy for the public support for the arts from the economic perspective which commands that the production of goods whose public value is not proven should be left to the market economy. In reality, nonprofit arts sector continually iterates and advocates for the benefits of the arts for the society. For instance, arts education is one of the
representative public service that many arts organizations are providing for their local communities.

2.4 Various types of interorganizational relationships.

It seems that there are a number of different types of IRs in the nonprofit sector. Examples include collaboration, partnership, consolidation, and merger. In reality, no two collaborations or partnerships will look exactly the same in that every IR is formed with its own set of agreements between the organizations. Hence, the number of ways of developing an IR may be infinite. In literature, there is just a set number of terminologies and categories that seem to distinguish one group of IRs from another. A review of literatures has found that various scholars have devised a number of different ways of categorizing various types of IRs. Moreover, it seems that there is a fair amount of discrepancies in how many of the common IR terminologies are defined and used.

Despite the discrepancies in literatures, understanding the nature of an IR and the varying degrees of II is important because the extent of II determines the amount of resources it takes to develop and maintain an IR. IRs with more extensive degrees of integration entail not only a greater amount of communication between organizations, but may also necessitate increased external assistance on financial and legal accountability. Mergers, for instance, tend to be pursued with a help from a team of consultants, and tend to take substantially longer to complete than other forms of IR.
Below is a set of studies that have looked at various types of IRs in the nonprofit sector. Each of the studies could constitute a useful conceptual framework for understanding IRs and II in the nonprofit sector. Yet, no literature seems to have constructed a conceptual framework for understanding II of nonprofit arts organizations specifically.

2.4.1 Amelia Kohm and David La Piana (2003): The Partnership Matrix.

![Figure 2.1 The Partnership Matrix.](source)


Kohm and La Piana (2003) have addressed various types of IR in the nonprofit sector in terms of ‘partnerships’. Kohm and La Piana’s Partnership Matrix considers two variables in categorizing various forms of partnerships: the degree of organizational
autonomy that remains unaffected by a particular partnership; and whether the integration among partner organizations is more concerned with program execution or administrative consolidation. The matrix shows seven different types of partnerships in relation to one another: collaboration; joint programming; administrative consolidation; joint venture corporation; management services organization; parent-subsidiary; and merger.

In the Partnership Matrix, the term ‘collaboration’ is generally used to refer to a number of IRs that involve some kind of collaborative efforts among two or more organizations. Kohm and La Piana have placed a limit to the use of the term by specifying collaboration as sharing of information and coordination of efforts but stating that collaborations “do not include shared, transferred, or combined services, resources, or programs” (p.6). Additionally, collaborations tend to be short-lived. In fact, Kohm and La Piana do not consider collaboration as a form of ‘strategic restructuring’ where restructuring refers to the practice of reorganizing various aspects of an organization to various degrees.

‘Joint programming’ and ‘administrative consolidation’ are considered as ‘alliances’ by Kohm and La Piana in that they usually involve an agreement in writing that outline a partnership that will affect one or more specific organizational functions. Joint programming occurs where two or more organizations work together to co-manage a specific program. Administrative consolidation occurs where organizations agree to share certain assets or overhead costs.
The remaining four partnerships in Kohm and La Piana’s Partnership Matrix are categorized as ‘integrations’ because they incorporate a change in organizational control or structure. ‘Management service organizations’ serve to provide collective administrative services to their founder nonprofit organizations. ‘Joint ventures’ are created with two or more organizations joining forces in order to advance a particular mission. In a ‘parent-subsidiary partnership’, the subsidiary organization or organizations more or less give organizational way to the parent organization, except for that the subsidiary organizations retain their organizational identity and public visibility. In fact, many stakeholders often raise concerns about an organization losing its relationship and affinity with its community as the organization goes through an organizational transformation. Lastly, ‘mergers’ are the most extensive form of organizational integration where two or more organizations legally merge in terms of governance. Mergers often equate to putting an end to the merging organizations’ history and creating a wholly new organization.

Kohm and La Piana’s Partnership Matrix points out quite clearly that each of the partnerships are pursued for different purposes. Specifically, the Matrix illustrates that the reasons for which nonprofit organizations pursue II lie on a spectrum between administrative considerations and programmatic considerations. The different kinds of partnerships that are included in the Matrix seem to be present in the nonprofit arts sector indeed. However, a shortcoming of the Matrix in explaining II in the nonprofit arts sector would be that the Matrix would treat an arts organization’s artistic programs and educational programs alike. When a nonprofit arts organization seeks a
programmatic innovation, it may be looking to reinvigorate its artistic pursuit, or it may be re-designing the array of public services that the organization provides to its community, or both. In essence, if the Matrix were to be used to categorize various IRs of nonprofit arts organizations, it would be most useful at distinguishing whether the primary reason for II is more concerned with addressing the financial sustainability (i.e. administrative) bottom line or programmatic concerns. However, the Matrix would not necessarily help one distinguish whether an IR of nonprofit arts organizations is designed to address the artistic vitality bottom line or the public value bottom line in the arts.

2.4.2 Thomas E. Backer (2002): Structure of partnerships and related community organizations.

Figure 2.2 Structure of partnerships and related community organizations.

Backer has offered another matrix on IRs in a study of partnerships in the arts sector (Backer, 2002). Backer’s matrix is quite unique in that the study is one of very few that have specifically studied II in the nonprofit arts sector. Backer has defined partnerships as “more or less formal structures” (p.9) that can be either temporary or permanent. Unlike Kohm and La Piana (2003), or McLaughlin (2010), Backer writes that the term ‘collaboration’ is essentially a common term for ‘partnerships’.

Backer’s model resembles Kohm and La Piana’s Partnership Matrix somewhat. Backer’s model, too, includes ‘joint venture’ and ‘merger’. Backer, however, has examined a different set of dimensions in distinguishing the various partnerships. Specifically, Backer has paid attention to the formality of a partnership and also to the degree to which the accountability is shared by the partnering organizations.

Backer has interestingly included ‘informal network’ in his list of partnerships. Informal networks, according to Backer, are purposefully left unstructured and informal to allow for, for instance, close or somewhat personal interactions among the most influential key players in the sector. A ‘committee’, too, allows for close interactions and working together among the key players, except for that a preset formality of a committee allows for activities within a timeframe. ‘Coalitions’ are noted to be more structured than committees and geared towards working for specific goals in mind and often formed at the grassroots level.

‘Strategic alliance’ is described as more formal than partnership or collaboration in
that it involves a contractual relationship among partnering organizations. ‘Joint venture’ is similar to strategic alliance in that it is formally structured to bring about a certain task while the participating organizations retain all aspects of their own organizational being, but joint venture requires “a commitment of capital resources” (p.11). As with other scholars, Backer has pointed out that ‘mergers’ are permanent legal arrangements that bring together two or more organizations. In fact, Backer notes that time is one of the significant factors that is tied to distinguishing one form of organizational restructuring from another.

Backer’s model appears to suggest that the degree of accountability shared by the organizations and the formality of the partnerships are relative. Backer, however, has not specified how he really defines the formality of a partnership, leaving it ambiguous as to what constitutes the formality of an IR. The absence of a clear definition limits the use of this model in case studies. It appears that the formality refers to the degree of II that is confirmed in writing, however. Backer’s model appears useful in that it visualizes varying degrees of II formality and entailing accountability. However, this model is not designed in such a way that it would explicitly show that IRs in the nonprofit sector are pursued for a variety of purposes.

2.4.3 The Lodestar Foundation and the Foundation Center: Nonprofit Collaboration Database.

Another classification of IRs in the nonprofit sector is found online on the Lodestar
Foundation’s Nonprofit Collaboration Database. The Lodestar Foundation’s Collaboration Prize Competition was launched in 2008 in an effort to encourage long-term collaborations in the nonprofit sector. As of May 2013, a data set of more than 670 entrants to the competition was housed at the Nonprofit Collaboration Database now maintained by the Foundation Center. The database is valuable in that it allows for an online search of real-life examples of ongoing collaborative practices in the nonprofit sector. The database specifically lists the following ways of collaboration under “ways to collaborate”:

- Purchase goods and/or services together
- Share (co-locate) or better utilize space
- Combine marketing efforts
- Share staffing
- Share staff training
- Share development (fundraising) activities
- Share developing, offering and/or delivering projects, programs, and/or services
- Form a new organization to deliver a program or provide administrative services
- Form a confederation
- Merge – resulting in one integrated organization
- Merge – resulting in an affiliate and/or subsidiary relationship

The first five in the list may be grouped as activities that reduce overhead and administrative costs, while the next two may additionally involve better addressing or positioning the organizations’ missions. The list then introduces forming either a new organization or a confederation that will work in support of the existing organizations.
Lastly, the list distinguishes two kinds of mergers: one involves a total integration of organizations into one new organization; the other involves constructing a new hierarchical relationship among the organizations.

Interestingly, however, the Database does not seem to consider sharing of resources as a form of collaboration. Instead, the Database recognized only the following IRs as ‘collaboration’:

Administrative consolidation
- Through a contract or agreement
- Creation of a new organization

Joint programming
- Involving or building on existing programs / services
- Creation of a new program or service
- Creation of a new organization

Confederation Merger
- Fully integrated, including those with some brand independence retained
- Merged governance, management, programs and operation with separate corporate structures

The Lodestar Foundation’s categorization of IRs in the nonprofit sector provides another example that there is a significant amount of discrepancies in how people categorize various forms of IRs. As for the study of nonprofit arts organizations, even though the Lodestar Foundation’s has not designed a matrix or a framework for understanding IRs, the Foundation’s list shows a greater number of IR possibilities than Kohm and La Piana’s Matrix or Backer’s model. Specifically, mergers in the arts sector may differ from some mergers in other sectors in that arts organizations may
want to continue to present its own art even after they have merged into a new legal entity. Such a merger would differ from a merger where two or more organizations merge and subsequently produce a whole new array of products and services as a new company. As such, the Lodestar Foundation’s list provides a greater number of IR possibilities that researchers could encounter as they embark on examining various IR cases that exist today.


While Kohm and La Piana, Backer, and the Lodestar Foundation have distinguished various types of IRs with a set of specific IR terminologies, McLaughlin (2010), instead, has referred to all forms of IRs collectively as ‘collaborations’ that are comprised of various degrees of integration, complexity, and impact. Specifically, McLaughlin’s C.O.R.E. Continuum of Collaboration shows that there are largely four aspects of organizations that are affected by collaborations. The four organizational aspects that are impacted by collaborations are namely corporate, operations, responsibility, and economics. According to the Continuum, a merger entails organizational changes at all of the four aspects. If that involves changes to three or less of the four aspects are referred to ‘alliances’, although McLaughlin has pointed out that alliances are by no means legally endowed organizational structures.

McLaughlin has argued that the first organizational aspect that is affected by collaboration is in the areas of economics, followed by organizational responsibilities which include administrative and fiscal responsibilities, then decisions regarding programming and service provisions, and then the corporate structure (i.e. governance) and the organizational brand or identity.

In fact, many of McLaughlin’s definitions are quite different from those of Kohm and La Piana (2003) or Backer (2002). First, McLaughlin has defined ‘collaboration’ as his own “generic term for what happens any time two or more non-profits work together in some formalized way.” (p.51). McLaughlin has used the term ‘affiliation’ to refer to less formalized collaborations that require “little more than meetings and good faith”. (p.51). Additionally, McLaughlin has defined ‘partnership’ as “a legally
binding agreement between two or more entities that is intended to produce economic benefit for both that is to be shared in some predetermined fashion” (p.51), perhaps suggesting that partnerships are driven by financial interests. McLaughlin has added that partnerships are “legal vehicles for collaboration”. (p.51).

The most significant merit of McLaughlin’s Continuum would be that, unlike Kohm and La Piana’s Partnership Matrix, it examines organizational aspects that are more than just ‘administrative’ and ‘programming’ operations of nonprofit organizations. However, it is questionable whether the sequence of impact of collaborations on the organizations happen in such a linear fashion as suggested by the Continuum. For some organizations, financial challenges necessitate II, but for some organizations, programming considerations are the primary reason for which organizations join forces with one another. Some collaborations may impact various aspects of organizational operations simultaneously. It is also questionable whether II in the realm of economics always entails less complexities than II in the realm of administration and programming, as the Continuum suggests.

2.5 Discrepancies in the use of terminologies.

As just illustrated, scholars define IRs and II in a number of ways. In addition, a review of literatures reveals that there is a significant amount of discrepancies in the use of terminologies that refer to various kinds of IRs. Table 2.1 shows a comparison
of IR terminologies used by Kohm and La Piana (2003), Backer (2002), the Lodestar Foundation, and McLaughlin (2010).
Table 2.1 A comparison of definitions of IR terminologies.

<table>
<thead>
<tr>
<th>Kohm &amp; La Plana (2003)</th>
<th>Administrative consolidation</th>
<th>Management services organization</th>
<th>Parent-subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration (information sharing, coordination)</td>
<td>Joint venture corporation (joining forces for a mission)</td>
<td>Merger (legal merging of governance)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Backer (2002)</th>
<th>Coalition</th>
<th>Joint venture (resource commitment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative consolidation</td>
<td>Confederation</td>
<td>Merger (one integrated organizations or affiliate or subsidiary relationship)</td>
</tr>
<tr>
<td>Joint programming</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lodestar Foundation</th>
<th>Administrative consolidation</th>
<th>Confederation</th>
<th>Merger (one integrated organizations or affiliate or subsidiary relationship)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint programming</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The table demonstrates that a number of terminologies have been used in significantly contrasting or even contradicting ways:

- **Collaboration**: Kohm and La Piana have used the term ‘collaboration’ to refer to IRs that do not involve resource sharing. The Lodestar Foundation, on the other hand, has used the term ‘collaboration’ to refer to IRs that involve much more extensive II, namely administrative consolidation, joint programming, confederation, and mergers. In the meantime, Backer has noted that the term ‘collaboration’ can generally be used interchangeably with the term ‘partnership’. In the meantime, McLaughlin (2010) has used the term ‘collaboration’ to refer to all cases involving two or more organizations working together in a formalized way. In sum, the word ‘collaboration’ has been used to refer to IRs with any degree of II when used colloquially.

- **Partnership**: Kohm and La Piana have used the term ‘partnership’ to refer to all IRs collectively. However, Kohm and La Piana have not included in their spectrum IRs that exist only on personal levels. Backer’s use of the term ‘partnership’ was more inclusive in that it has embraced informal IRs, namely committee and information network that exist through personal relationships. McLaughlin, on the other hand, has provided a more specific definition of ‘partnership’ as a legal contract that spells out the economic gains and distribution of the co-work.
(Strategic) alliance: Kohm and La Piana have pointed out that ‘alliances’ involve written agreements that affect one or more specific organizational functions of the collaborating organizations. Backer’s description of ‘alliance’ is the same, but adds that organizations retain all aspects of their organizational being nonetheless. McLaughlin, meanwhile, has pointed out that the term ‘alliance’ is not a legally endowed organizational structure. Unlike Kohm and La Piana, and Backer, McLaughlin has used the term ‘alliance’ to refer to IRs that actually entail an integration of various organizational functions and operations, except for structural integration.

Joint venture (corporation): Kohm and La Piana have described ‘joint venture’ as a IR where two or more organizations join forces to actualize a specific mission. Kohm and La Piana have also referred to joint venture as an ‘integration’ in that the IR incorporates changes in organizational control or structure. Backer, too, has described joint ventures as IRs that exist to achieve a common goal. Backer, in the meantime, has stressed that joint ventures entail a commitment of capital resources from the partnering organizations.

Merger: Kohm and La Piana have defined ‘merger’ as a legal arrangement that combines the governance of the organizations that are merging. Backer has emphasized that the time is an important attribute that distinguishes one form of IR from another. Backer has pointed out that mergers are permanent legal arrangement. Likewise, McLaughlin has pinpointed that ‘merger’ involves a
structural integration of the merging organizations. The Lodestar Foundation, on the other hand, has defined two kinds of ‘merger’. One definition is the same as how La Piana and Backer have described ‘merger’. The other definition is different and refers to two or more organizations forming affiliate or subsidiary IRs with one another. Kohm and La Piana have distinguished the second definition as ‘parent-subsidiary’ and consider it as different from a merger.

Since the discrepancies in the use of terminologies may lead to a substantial misunderstanding in discussions about IRs, it is important for researchers to keep in mind the liberal use of terminologies in both literatures and among the practitioners in the field of arts administration and set his or her own parameters of distinguishing various IRs throughout the course of a study on the IRs.

2.6. Study findings about various aspects of interorganizational integration in the nonprofit sector.

Prior studies on II in the nonprofit sector provide some useful findings about various aspects of II and inform various research variables that should be paid attention to when studying II. A comprehensive overview of the existing research findings reveals the scope of the research foci as well as the research areas where questions remain.

Literatures on IRs and II in the nonprofit sector in general have thus far produced
some substantial findings about the reasons for pursuing IRs and II, processes that are involved in II, benefits and costs of II, factors affecting the outcome of II, and the evaluation of II. Meanwhile, the areas that have thus far received insufficient research attention include the formation and evolution of the leadership and the governance that oversees II, and competing interests of various stakeholders throughout an II process. Kohm and La Piana (2003) have reported that there has been a noticeable increase in the number of news articles on consolidations in the arts sector since the late 1990s. Toepler, Seitchek, and Cameron (2004a) have reported, however, that the II of cultural institutions has not received much scholarly attention. This research, hence, has reviewed various research findings about IRs and II across the nonprofit sector with a view to examining the applicability of the research findings in understanding IRs and II in the nonprofit arts sector. In general, many of the research findings about IRs and II in the nonprofit arts sector seem at least partially congruent some research findings about IRs and II in the nonprofit sector in general. However, this research has found that no study has examined IRs and II in the nonprofit arts sector with a significant weight placed on the uniqueness of nonprofit arts management.

2.6.1 Research findings about the reasons for pursuing interorganizational integration in the nonprofit sector.

Kohm and La Piana (2003) have argued that studies have not fully clarified the exact conditions that lead to II. However, studies have revealed a number of reasons for
which nonprofit organizations pursue II. According to Campbell (2009) and many other case studies of II in the nonprofit sector, most IRs are developed for multiple reasons and purposes.

‘Resource dependence theory’ supports that organizations strive to procure resources that other organizations possess, as a means for increasing organizational power. In fact, resource procurement is a major reason for which II is pursued in many cases. The type of resources that organizations seek does not only include tangible assets such as equipment and facilities; many organizations pursue II to acquire intangible assets such as staff expertise and leadership. In fact, quite a number of II cases have been initiated in the absence of an organizational leader (Kohm & La Piana, 2003; Forbes Funds, 2007). Most arts organizations operate with a dual leadership where the executive director of an arts organization primarily oversees the managerial operations while an artistic director guides the artistic pursuit of the organization. Hence, one may find that some arts organizations pursue II in the absence of an executive director, while some pursue II in the absence of an artistic director, or both.

In some cases, II is also sought to stabilize the existing governance or leadership of an organization rather than to bring a change to the status quo of the organization (Singer & Yankey, 1999). Additionally, II is often sought to stabilize the financial aspects of nonprofit administration. Singer and Yankey, for instance, have interviewed 30 executive directors and board members that have overseen their nonprofit organizations’ II transactions in Cleveland area, Ohio; 93 percent of the interviewees
have identified long-term financial liability as the chief purpose in executing II. Quite often organizations consider II as a viable option when organizations have come to face a financial or operational crisis. However, McLaughlin (2010) has warned that considering IR after the crisis has come will not be a promising solution to the situation. Rather, McLaughlin has argued that II should be considered as a means for combining an organization’s strengths with another organization’s strengths. For arts organizations, securing financial sustainability has long been an important managerial task.

While the resource dependence theory stresses the organization’s resource-seeking behavior, there are other reasons for which nonprofit organizations pursue many forms of IR. A study of 41 nonprofit mergers (MAP for Nonprofits, 2012) has argued that there are ‘survival’ and ‘strategic’ reasons for which nonprofit organizations pursue II. ‘Survival’ reasons pertain to increasing revenue, while ‘strategic’ reasons point to purposes other than revenue generation. For instance, 93 percent of the cases in the study have reported that the organizations have sought to enhance their service delivery through II. Moreover, 29 percent of the cases have confirmed that they have sought to bring about a diversification of services as well. What the study findings attest is that nonprofit organizations operate to fulfill their organizational mission as public entities. In the meantime, the ‘survival’ and ‘strategic’ reasons for pursuing II are not necessarily mutually exclusive. In the case that an arts organization pursues II for the purpose of acquiring an artistic director, the pursuit may be both a ‘survival’ and a ‘strategic’ decision if the arts organization is seeking to strengthen its financial
sustainability by revitalizing its artistic endeavors.

Organizational growth is yet another reason for which II is pursued. What is interesting is that while the organizations become larger organizations following IR in terms of the broadened service spectrum and the combined capital, the size of the administration usually remains under a ‘manageable’ size even after the II (McLaughlin, 2010). Hence, merger of two organizations, for instance, do not necessarily double the administrative efforts after the merger has finalized. Organizations also seek to establish new or better organizational image or reputation through II (Singer & Yankey, 1991; Kohm & La Piana, 2003), although some organizations will lose their organizational identity as they are acquired by their ‘parent’ organizations. In some cases, key leaders of an organization may pursue II as a means for fulfilling his or her personal interests pertaining to increasing their power within the organization (Singer & Yankey, 1991). Hence, it is plausible that various stakeholders of an organization will have different perspectives on organizational decisions given that personal interests affect the stakeholders’ perspectives.

Oftentimes, the reasons and conditions leading to II are related to the external forces and environmental conditions. Specifically, many studies (Singer & Yankey, 1991; Kohm & La Piana, 2003; Eschenfelder, 2011; MAP for Nonprofits, 2012) have pointed out that an increasing number of funders are suggesting, initiating, or demanding organizational consolidation – often for financial reasons. Funder demand and financial concerns are found to be significant drivers for consolidation and II in
the nonprofit arts sector as well. In a study of a merger of arts organizations, Toepler, Seitchek, and Cameron (2004a) have found that the merger has been initiated because of the increased competition for funding and the demands from the major funders to consolidate. Similarly, another study of more than sixty partnerships among arts organizations (Backer, 2002) has found that financial challenges and funder demands for consolidations were among the major causes for a growing number of partnerships’ in the arts sector. Harrington (2006) has argued that arts organizations consolidate as they face an increasing competition for funding as well as an increasing competition against other forms of entertainment and leisure activities.

Many funders question whether their smaller nonprofit organizations are together producing a redundancy of service delivery and, thus, incurring unnecessary overhead costs that could be diverted directly to service provision instead (Singer & Yankey, 1991). Hence, some organizations consider II in order to keep their funders happy and to attract new funders that may demand an integrated service delivery system (MAP for Nonprofits, 2012). However, it should be noted that funders do not suggest or demand II for the sole purpose of minimizing overhead costs. Many funders suggest II as a means of better fulfilling the mission of the organizations (Campbell, 2009). Some public service providing nonprofit organizations may decide that they can better deliver their mission by compromising the quality of their service but, instead, increasing the amount of service that they provide. Nonprofit arts organizations, however, may be less inclined to compromise the artistic quality of their work for the purpose of increasing the volume of their work.
2.6.2 Research findings about various processes involved in interorganizational integration.

Although decisions pertaining to II impact an organization as a whole, studies have shown that such organizational decisions are determined by certain stakeholders of the organization. The study of 41 nonprofit mergers in Minnesota (MAP for Nonprofits, 2012) has referred to the key leaders of II as “champions”. Champions are individuals that lead the II process with a clear vision of the outcomes of the II. According to the study, an executive director was identified as a champion of the merger process in 85 percent of the cases, while a board member was identified so in 46 percent of the cases. While the champions have played a significant role in moving II processes forward in many cases, the vision that the champions hold do not necessarily receive a consensus from other stakeholders of the organizations. In nonprofit arts organizations, one may even find a disagreement between an executive director and an artistic director. A case study of the merger between the Utah Symphony and Utah Opera (Basinger & Peterson, 2008) had hypothesized that various stakeholders of the two arts organizations will hold their own unique perspectives on the merger and that their perspectives will change throughout many stages of the merger process. However, the study has revealed that the stakeholders’ opinions about the merger were quite precisely contingent on the amount of information that has been communicated to the stakeholders. While the ‘insiders’ of the merger process had much confidence in the merger, the ‘outsiders’ to whom less information was made available strongly opposed the merger.
II usually takes a considerable amount of time, expertise, and perseverance from its initiation to completion. Hence, the champions usually implement IR with the support of the board members, board committees as well as external consultants that specialize in II. In the study of 41 nonprofit mergers in Minnesota (MAP for Nonprofits, 2012), a board member strongly pushed for a merger in 61 percent of the cases. Campbell (2008) has added that the leaders that initiate II do not necessarily remain the chief commander throughout the entire process. In arts organizations, the outcome of an II may vary significantly depending on whether an executive director has led the II or an artistic director has led the II.

In the meantime, most organizations devise a detailed, multi-phased plan to implement IR. The plan usually entails both financial and strategic calculations. However, the extent of organizational integration or consolidation is not necessarily a predetermined matter. A study of twenty-two nonprofit organizations that have embarked on a merger process (Forbes Funds, 2007) has found that 71 percent of the organizations did not fully complete the task. Instead, two thirds of the organizations settled on IRs that involve less integration than full mergers. The ‘contingency theory’ explains that there is no best “one-size-fits-all” organizational solution for operations of all organizations. Instead, the best solution is contingent on the given conditions of an organization in a given situation (Rainey, 1991).

Meanwhile, Campbell (2008) has found that II between two organizations exhibited a different set of decision making process from II involving three organizations.
Additionally, Campbell has observed that the financial status of the organizations more or less dictated the power relationship among the partnering organizations. In three of the four cases studied, the organization that was weaker in financial terms first suggested II to the organization that had a greater financial capacity. Also, the organizations that were pressed by the time were found to be in weaker positions for bargaining. However, Astley and Zajac (1990) have found that smaller organizations can leverage their functional centrality as their strength in partnering with larger organizations. Additionally, Campbell (2009) has observed that larger organizations take on a greater burden of paying due diligence when partnering with smaller organizations. In any case, most organizations and key stakeholders that are involved in any type of II had a strong desire for attaining their organizational autonomy.

2.6.3 Costs and benefits of interorganizational integration.

II in many cases is a major undertaking that consumes a considerable amount of resources. First, IR requires a substantial amount of time from its planning stages to its completion. Mergers of nonprofit organizations at times take two years to complete (Forbes Fund, 2007). A long II process is not only costly in terms of the opportunity costs but it also signifies an accumulation of other costs during that time. In particular, studies have found that II is costly in terms of human-related matters, given that consolidations and mergers involve an integration of the people involved in the process in addition to the organizational functions that are being integrated. Studies have shown that staff members, in particular, can deal with a lot of stress and anxiety
during II. For instance, II often implies an uncertainty in job security for many staff members and, according to Houghton, Anand, and Neck (2003), staff members will exhibit a decreased ‘psychological contact’ to their organization as they suspect that organizational decisions that will have a direct impact on their employment status are being discussed and decided in secrecy. A number of studies (Singer & Yangkey, 1991; Kohm & La Piana, 2003; Forbes Fund, 2007) have reported that staff morale goes down during II. Also, given that II often brings about a new governance and leadership to the organization, staff members need to readjust to the new structure and demands of the organization (Kohm & La Piana, 2003).

Even after a consolidation or a merger has come about, the integration of people that have now come under one organizational umbrella takes a considerable amount of time. A study of nonprofit mergers (Chen & Krauskopf, 2012) has found that staff members of a newly-merged organization had not fully integrated on personal levels eight months after the merger has completed. In fact, a number of studies have found that the cultural fit between the partnering organizations greatly impact the outcome of IR. Wernet and Jones (1992) have found that the challenges caused by cultural differences between merging organizations usually supersede the challenges caused by strategic differences between the organizations. Similarly, McLaughlin (1998) has found that challenges that arose from issues of trust and organizational culture exceeded challenges that arose from loss of organizational mission, identity, or services..
As an II process extends over a long period of time, organizations start to see increased staff turnover (Houghton, Anand, & Neck, 2003; Hyerstay & Sonego, 2013). The loss of key talents and staff members entail a loss of organizational history and networks (Hyerstay & Sonego, 2013). Staff turnover further erodes the work and the morale of the remaining staff members. In sum, II significantly disrupts the status quo of the organizations and decreases the productivity of the organizations in a number of ways.

In addition to the costs associated with the human resources within the organizations, IR can be costly in that consolidations and mergers may entail a loss of organizational identity in the community. Stakeholders that have previously supported or considered themselves associated with the previous organizational identity may subsequently be lost (Singer & Yankey, 1999; Houghton, Anand & Neck, 2003; Kohm & La Piana, 2003). Arts organizations are particularly concerned with retaining their organizational identity because many donors support a particular type of arts that they like.

Despite the various costs, many nonprofit organizations still seek and pursue II for the benefits that they perceive as overriding the costs. Most studies examine the economic impact of II as II is often pursued to bring about financial stability. Interestingly, study results pertaining to the economic impact of II are mixed. In a study of eighteen nonprofit mergers, acquisitions, and consolidations (Singer & Yankey, 1991), about half of the study participants reported to have encountered merger-related financial
problems. At the same time, 93 percent of the participants have reported that they have seen increased financial stability and funding capacity. Golensky and DeRuiter (1999) have found that mergers resulted in overhead cost reductions as well as increased funding. Yet another study (Forbes Funds, 2007) has found that mergers have caused an overall decrease in the amount of foundation giving to the merged organization. A study of 41 nonprofit mergers (MAP for Nonprofits, 2012) has examined the organizations’ finances three years prior to the mergers and three years after the mergers. In sum, organizations have generally experienced short-term financial instability followed by better, increased financial stability in the long-term.

A study (Forbes Funds, 2007) has found that mergers can cost an organization between $5,000 and $50,000 in the initial stage exploration. The cost of actual merger can extend up to $100,000 in some cases. Anand (2000) has argued that many mergers by acquisition end up a financial failure when the acquirer fails to gain more than the investment that has been put into the acquisition. Hence, it should be noted that II is likely to bring about economic benefits given a certain amount of time in which the initial cost of II would be recovered by the cost savings the II enables.

2.6.4 Variables that affect the outcome of interorganizational integration.

As with other organizational strategies, good research and planning prior to II implementation is vital to a successful execution of II (Singer and Yankey, 1991). The aspects that organizations typically review prior to their decision to restructure
include financial standing, mission statement, client (i.e. service recipient) needs, as well as the urgency and willingness to restructure. The research and planning, in effect, involves evaluating the potential candidates for partnerships or IR and figuring out how compatible the partners are on various grounds. In fact, mergers are often compared to marriages in terms of discussing the compatibility of the partners involved. Studies consistently find that managing cultural differences between the organizations is often a big challenge for organizations that integrate. A study of nonprofit merger experiences has reported that troubles with emotional conflicts between people were generally more challenging than the economic problems that arise during the merger process (Forbes Funds, 2007). Houghton, Anand, and Neck (2003) have borrowed the term ‘acculturation’ from the study of anthropology to describe the cultural integration of different organizations. Anand (2000) has emphasized the importance of knowing well the partners before making the decision to merge. Perhaps for this reason, studies (Forbes Foundation, 2007; MAP for Nonprofits, 2012) have shown that II often take place between organizations that already have had past collaborative or partnering experiences with one another.

Once the decision to pursue II is made, the way the II process is communicated both within an organization and among the partnering organizations becomes an important factor impacting the outcome of the IR process. Houghton, Anand, and Neck (2003) have borrowed the term ‘crisis mentality’ to explain a situation where the key players limit the amount of information they share with other stakeholders of the organization because they feel that their decisions are too critical to the interests of other
stakeholders. Studies, however, have found that a good amount of communication among all of the stakeholders throughout the II process yields a more successful outcome of II because the stakeholders want to be informed of how the II will impact their individual interests (Houghton, Anand & Neck, 2003). As for the communication among the partnering organizations, establishing and maintaining a good sense of trust is important (Campbell, 2008). Smaller organizations are particularly more concerned with the issues of trust when partnering with larger organizations that could potentially exploit the smaller organizations’ limited assets and autonomy (Toepler, Setichek, & Cameron, 2004b).

Additionally, II is often treated as a managerial strategy and requires a good leadership to manage the process. II is best executed with a committed leader and nimble board committees (McLaughlin, 2010; MAP for Nonprofits, 2012). Also, good relationships among the executive leaders are also found to positively impact the outcome of II (Toepler, Setichek, & Cameron, 2004b). What is interesting is that various stakeholders may exhibit competing interests and personal interests may interfere with decisions made for the organizations. For instance, Anand and Singh (1997) have explicated that top managers may have little incentive to advance II or downsize their organizations if doing so jeopardizes their authority or employment status. Managers may feel that others will perceive IR as a result of their managerial failure and, hence, may shy away from initiating IR.
2.6.5 Negative perspectives on interorganizational integration.

Along with a growing interest in II in the nonprofits sector, II receives a fair amount of skepticism and criticism. While many case studies report an overall satisfaction from the organizations that have completed II, the outcomes of II are seldom evaluated with scrutiny. Instead, many organizations tend to equate the completion of II as a success and do not necessarily measure or materialize the impacts of the organizational change (Kohm & La Piana, 2003). Chen and Krauskopf (2012), too, have pointed out that there is very little study on the long-term benefits and impacts of mergers of nonprofit organizations. In the nonprofit arts sector, an evaluation of artistic vitality and public value is seldom carried out, partly because artistic vitality and public value are very difficult to measure or quantify. Various arts organizations will likely use different standards for evaluating their artistic vitality and public value.

Both scholars and practitioners thus have raised some critical questions about the value of II on a number of grounds. One criticism arises over II that overly emphasizes efficiency. Unlike in the free market, the provider and the recipient of a good or a service are not necessarily the same in the nonprofit sector. In other words, there is a ‘contract failure’ in nonprofit service provision. Hence, when the funders of a public service provider overly emphasize efficiency, many detailed aspects of the needs of the service recipients may be overlooked because the funders are not the actual beneficiaries of the services. Funders that seek to eliminate redundant overhead costs may demand that small organizations or branches providing similar services be
consolidated. Kohm and La Piana (2003), however, have pointed out there are two potential problems with consolidating small organizations or branches. One is that doing so may reduce the geographical proximity of the services to the service recipients in living in many parts of a community. The other problem is that the consolidation may inappropriately curtail diversity in service provision. Some organizations may appear to be providing the same service, yet each organization may be addressing a different social issue. Many social issues require a simultaneous provision of multiple remedies, and different service recipients may require a different set of services.

In fact, some opponents of II point out that II does not necessarily increase operational efficiency. According to Rainey (1991), quite a number of scholars of organizational theory and organizational behavior theory see for-profit and nonprofit organizations as more or less the same on fundamental aspects. There is a common assumption that for-profit management is superior to nonprofit management in terms of administrative effectiveness and efficiency. However, there are numerous managerial failings in the for-profit sectors and a great number of managerial successes in the nonprofit sector. Kohm and La Piana (2003) have argued that there are arguments to suggest that for-profit management is not necessarily more efficient than nonprofit management. Anand (2000) has pointed out that most joint ventures in the for-profit sector last less than a couple of years and that larger companies do not necessarily generate higher productivity because larger organizations are more difficult to manage. Houghton, Anand, and Neck (2003) have reported that about half
of corporate mergers fail to achieve the objectives for which the mergers have been initiated. Studies on corporate mergers and acquisitions during the 1980s showed that between 50 to 80 percent of the cases ended up a managerial failure (Singer & Yangkey, 1991). Given the relatively high risks associated with II, some argue that organizations that have been managed poorly should be left to come to an end rather than be prolonged by IR on a low promise of a return on the investment. McLaughlin (2010) has added that II will unlikely produce a noticeable cost saving for most nonprofit organizations whose costs have already been reduced to their minimum level.

In the nonprofit performing arts sector, reducing the number of performances could eliminate the variable costs that occur with each additional performance. However, artists and many arts audiences argue that two performances of the same art work are not redundant because performing artists utilize their artistic spontaneity in each of the performances to create a different artistic experience with each performance. In the meantime, administrative consolidation could lead to a number of negative effects that are particularly detrimental and meaningful to the nonprofit arts sector. One possible outcome of mergers and acquisitions in the arts sector is that bigger organizations could dominate the market in a community. La Piana (2004) has argued that II of nonprofit organizations may lead to an elimination of competition in a community. Subsequently, the dominating organizations may not strive as hard to improve the quality of their work or services. An oligopoly in the arts sector could threaten the livelihood of smaller arts organizations that exhibit their own set of
artistic creativity and diversity. Moreover, if what some refer to as a “corporatization” of nonprofit organizations is consistently promoted by the funders, many organizations may be incentivized to model after the standards set by the funders rather than devising their own means of delivering their organizational mission.

2.7 Implications of the literature review of II for this research.

The review of the literature has provided a second-person understanding of the reasons for II and the array of research variables that one will come across when examining case studies of II in the nonprofit sector. For this research, in particular, the review of the literature has found that while the studies described thus far have been successful at identifying the reasons for which various nonprofit organizations have pursued II, the studies’ analyses have seldom led to a construction of an analytical framework for understanding the reasons for the II and the practical implications of the reasons. Also, the review of literature has revealed that only a few studies have examined II that take place between nonprofit arts organizations.

2.8 Parameters of research case studies.

In a study of participants of a Wallace-Reader’s Digest Funds project for building public participation in the arts and culture, in the meantime, Ostrower (2003) has found that II may take place between organizations that are different from one another
in a number of ways. Ostrower has found that the differences impact various aspects of II.

2.8.1 Partnerships between organizations of different sizes.

Partnerships were formed between organizations where one organization is significantly smaller than its partnering organization. Smaller organizations benefited from the partnership with a larger organization as they were connected to the larger organizations’ strong administrative, financial, and marketing capacities. Larger organizations, on the other hand, approached smaller organizations with an intention to reach specific target audiences, often at the community level. Partnerships between large and small organizations were reportedly approached with a particular sensitivity to a number of challenges that arise from large disparities in a number of organizational aspects including staff size, level of professionalization, amount of resources, organizational culture, and structure. Hence, issues of fairness and influence often accompanied partnerships between large and small organizations. Despite the inevitable challenges, however, the report noted that the partnering organizations were often pleased with the outcomes of the partnerships.

2.8.2 Cross-ethnic partnerships.

A number of partnerships involved in the project were formed between organizations that represent or are largely affiliated with different ethnic groups. A noteworthy
consideration of such cross-ethnic partnerships is that the outcomes of the partnerships must be beneficial for all partnering organizations. Partnerships involving different ethnic groups are often created for the pursuit of ethnic diversification in terms of audience and stakeholder development.

2.8.3 **Partnerships between organizations of different types.**

The study has identified partnerships that were formed between organizations that represent different forms of arts and culture. Such partnerships open new doors in terms of programming. Partnerships that involve organizations whose mission and purposes differ may pursue partnerships as a joint venture. Arts organizations often collaborate with other organizations that present a different type of arts to create new kinds of interdisciplinary arts.

2.8.4 **Venue-related partnerships.**

Practical operational needs such as finding a venue or a facility were at times a reason for the formation of a partnership.

The overall scope of the research inquiry and the research questions have been informed by the review of the literature. One important scope of the research is that this study focuses on mergers and II that exist between nonprofit arts organizations only. Nonprofit arts organizations will often work in conjunction with other types of
nonprofit organizations including schools, hospitals, and religious organizations etc. However, this research has examined the relationships that exist between nonprofit arts organizations only because the research aimed to construct an understanding of II in light of the idiosyncrasies of nonprofit arts management.
CHAPTER 3: METHODOLOGY

3.1 Research questions.

As previously stated, the research questions for this research are the followings:

1. What are the reasons and the purpose for which nonprofit arts organizations merge with other nonprofit arts organizations?
2. What kinds of managerial concerns and challenges are involved in a merger of nonprofit arts organizations?
3. What factors contribute to a successful completion of a merger of nonprofit arts organizations?

3.2 An overview of research methodology.

This research has employed two case studies and a survey in addressing the three research questions. First, for an in-depth examination of mergers of nonprofit arts organizations, this study has identified and examined two case studies of mergers of nonprofit arts organizations. The first case study involved two nonprofit theatre organizations: Contemporary American Theatre Company and the Phoenix Theatre for Children. Both organizations are based in Columbus, Ohio, and the two organizations merged in July 2010, under the name CATCO-Phoenix. The merged organization changed its name to CATCO in July 2012, and continues to operate
under the new name. The second case study involved three nonprofit performing arts organizations: Dayton Philharmonic Orchestra, Dayton Ballet, and Dayton Opera. The three organizations are based in Dayton, Ohio. The three organizations merged into one organization in July 2012 under the name Dayton Performing Arts Alliance, while maintaining the three organizations names under the new name for the merged organization. The study has examined the two case studies individually and then compared the findings of the two case studies.

This research has produced narratives explaining the chronological process of the merger and various aspects of the merger for each of the case studies. According to Creswell (2013), the “key idea (of the grounded theory) is that this theory development does not come “off the shelf,” but rather is generated or “grounded” in data from participants who have experienced the process (Strauss & Corbin, 1998).” (p. 83). In that sense, this research has partially incorporated a grounded theory approach to data collection and analysis. Creswell has explained that narratives in a research may be a phenomenon that is studied, or the method used in the study. In this study, the researcher has continually engaged in “causal process observations” where the researcher cross-references multiple narratives to ascertain the sequence of events in a chronological order in order to incorporate multiple, fragmented narratives into one chronological narrative. Subsequently, the researcher engaged in de-assembling, and then re-assembling of various parts of the interviewee’s narratives so that the case study narratives can be ‘re-storied’. The analysis of the data collected from the interviews have also been cross-referenced against other types of data collected for
Along with the two case studies, this research has employed an online survey that is designed to find out the ways and the extent to which a sample of nonprofit arts organizations are interrelated in Columbus, Ohio.

3.3 Sampling and data collection.

3.3.1 Semi-structured interviews.

The two case studies have employed semi-structured interviews and a study of various documents provided by the research participants. In addition, the study has utilized the internet in finding additional information. A ‘snowball sampling’ was used to identify and recruit the interviewees for the case studies. First, the executive directors of the two merged organizations were contacted, namely Steven Anderson, Artistic Director of CATCO, and Paul Helfrich, CEO and President of the Dayton Performing Arts Alliance, on November 12, 2014, and April 29, 2015 respectively. Each director consented to participate in the research and subsequently recommended a number of potential study participants, many of whom consented to participate in the study and further recommend additional study participants. Due to an Institutional Review Board process and at the request of the two organizations, the interviews took place in the months of June, July, and August 2015. A total of 46 potential study participants have been identified through the snowball sampling and 39 of them have been
contacted with a request for their participation in the study. A total of 26 study participants have participated in one-to-one interviews for this research. 10 participants have participated in the first case study on the merger of CATCO and the Phoenix Theatre for Children. 15 participants have participated in the second case study on the merger of Dayton Philharmonic Orchestra, Dayton Ballet, and Dayton Opera. 1 participant has participated in both case studies.

Interview participants for CATCO-Phoenix merger:

- Steven Anderson, Artistic Director, CATCO / former Artistic Director, Phoenix Theatre for Children
- Dan Reynolds, former board president, pre-merger CATCO
- Bruce Harkey, former board president, pre-merger CATCO
- Trip Lazarus, former board member, pre-merger CATCO / former board president, the Phoenix Theatre for Children
- Robert Falcone, former board member, pre-merger CATCO / board member, GCAC
- Peter Hersha, board member, pre-merger CATCO
- Bill Conner, CEO and President, CAPA
- Diana Ferguson, former CFO, CAPA
- Doug Kridler, President, Columbus Foundation
- Emily Savors, Director of Community Research and Grants Management, Columbus Foundation
- Dia Foley, Constituent Investment/Grants Office Director, Ohio Arts Council
Interview participants for DPAA merger:

- Paul Helfrich, CEO and President, Dayton Performing Arts Alliance / former President, Dayton Philharmonic Orchestra
- Tom Bankston, Artistic Director, Dayton Opera
- Karen Russo, Artistic Director, Dayton Ballet
- Neil Gittleman, Artistic Director, Dayton Philharmonic Orchestra
- Teri Warwick, CFO, Dayton Performing Arts Alliance
- Quentin Marsh, Director of Production and Operation, Dayton Performing Arts Alliance
- Gloria Pugh, Education Director, Dayton Performing Arts Alliance
- Jane Varella, Orchestra Personnel Manager, Dayton Performing Arts Alliance
- Jessica Hung, Concertmaster, Dayton Philharmonic Orchestra
- Dick DeLon, former board member, Dayton Philharmonic Orchestra, honorary trustee, Dayton Performing Arts Alliance
- Rebecca Appenzeller, board chairman, Dayton Ballet / former board member, Dayton Philharmonic Orchestra
- Craig Brown, former board member, Dayton Ballet / honorary trustee, Dayton Ballet
- Barbara Stonerock, VP, Community Engagement, Dayton Foundation
- Ken Neufeld, President, Victoria Theatre Association
- Dia Foley, Constituent Investment/Grants Office Director, Ohio Arts Council
- David Ramey, President, Strategic Leadership Associates, Inc.
The researcher met with each of the interviewees one-on-one, with an exception of one instance when two of the interviewees met with the researcher at the same time. The length of the interviews ranged between half an hour to an hour and a half, with an average length of an hour. The interviewees received a list of interview questions prior to the interviews so that they would have some time to think about the answers. However, the actual interview was semi-structured in that the list of questions only served as the guideline for the interview and the interviewees often elaborated on their responses, prompted by more follow-up questions. In light of the social constructivist perspective, semi-structured interviews appeared most fitting to this research. While keeping my interview questions open and loosely-constructed to minimize the researcher’s influence on the participants’ responses, the set of pre-determined questions helped the interview process by providing consistence for all interviews.

3.3.2 Additional forms of data.

In addition to the interviews and interview transcripts, this research has collected and utilized various kinds of tangible data in its data analysis. The data (or the sources of the data) include the following:

- Columbus Foundation FFI Grants, 2009-2014
- Merger process diary, Phoenix Theatre for Children, June – October, 2009
- An alternative business proposal to the merger, CATCO
- Ohio Arts Council grants, 2006-2015
- A white paper, Dayton Philharmonic Orchestra
- Spending on educational programs, 2008-2014, Dayton Philharmonic Orchestra
- Financial reports
- Audited financial statements
- Strategic merger plans
- Brochures
- News articles
- Websites

3.3.3 Online survey.

The online survey was created in April, 2015, and it was distributed to a total of twenty-six nonprofit arts organizations in Columbus on April 27, 2015 via email. The twenty-six organizations have been selected for the study by the following criteria, based on the information retrieved from Guidestar.org as of June 06, 2014:

a) the organization is a registered 501(c)3 nonprofit arts organization in Columbus, Ohio, that presents arts performances and generates an earned income from the ticket sales; and

b) The organization has an annual income of $50,000 or greater, according to the Form 990 submitted to the Internal Revenue Services.
Below is the list of arts organizations that have received the survey:

- Actors’ Theatre of Columbus
- Available Light Theatre
- BalletMet Columbus
- CATCO
- Chamber Music Columbus
- CityMusic Columbus
- Columbus Association for the Performing Arts (CAPA)
- Columbus Children’s Choir
- Columbus Children’s Theatre
- Columbus Civic Theater
- Columbus Dance Theatre
- Columbus Gay Men’s Chorus
- Columbus Symphony
- Early Music in Columbus
- Harmony Project
- Jazz Arts Group of Columbus
- King Arts Complex
- Kristina Isabelle Dance Company
- MadLab
- Opera Columbus
- Phoenix Theatre for Children (now merged with CATCO)
ProMusica Chamber Orchestra
- Shadowbox Live
- Short North Stage
- Standing Room Only Theatre
- Vaud-Villities Productions

A total of 12 organizations have taken the survey between April and August, 2015. The survey response rate was 46 percent.

3.4 Data analysis.

The data analysis of the interview transcripts involved multiple stages of coding process as suggested by Creswell (2013). First in open coding, every idea embedded in the interview transcript were coded. Then the researcher engaged in an axial coding where “the investigator presents a coding paradigm or a logic diagram in which the researcher identifies a central phenomenon, explores causal conditions, specifies strategies, identifies the context and intervening conditions, and delineates the consequences for the phenomenon.” (p.89). In this research, the second round of coding has produced the following categories: circumstances; person/organization involved; process; outcomes; concerns; challenges; benefits; losses/costs; success factors; resources; artistic vitality; financial sustainability; and public value. In subsequent phases of coding and analysis, the interview transcripts have been re-arranged and sorted in to categories.
CHAPTER 4: CASE STUDY NARRATIVES AND ANALYSIS

4.1 An overview of the case studies.

This research has examined two cases of mergers of nonprofit arts organizations. The first case is the merger of the Contemporary American Theatre Company (commonly known as CATCO) and the Phoenix Theatre for Children in Columbus, Ohio. The two organizations merged in July 2010 and the newly merged company operates under the name CATCO. The second case is the merger of three performing arts organizations in Dayton, Ohio, namely Dayton Philharmonic, Dayton Ballet, and Dayton Opera. The three organizations merged into one legal entity in July 2012 by the name of The Dayton Performing Arts Alliance (DPAA). This study has found that the two cases share a significant amount of similarities and a few noteworthy differences in the realms of the reasons for the merger, managerial concerns and challenges that have been involved in the process of bringing about the mergers, and the factors that have enabled a successful execution of the mergers. By providing a detailed narrative and analysis, this study aims to highlight its key findings and discuss the managerial and policy implications of the findings. The illustration and primary analyses of the two case studies for this research are presented in this chapter. The following chapter, Chapter 5, presents a comparison of the two case studies and develops a theoretical framework for understanding mergers of nonprofit arts organizations.
4.2 Case study #1: Merger of CATCO and The Phoenix Theatre for Children.

4.2.1 Background information: Contemporary American Theatre Company.

CATCO was founded in January 1985 in Columbus, Ohio, with a pilot production of its founder Geoffrey Nelson. The organization gained its 501(c)3 nonprofit status in the following year and began its formal operations at a leased warehouse space in the Short North District, an arts district in the college downtown of Columbus, in the fall. CATCO remained a fairly small arts organization in that it was operating with a small staff of an artistic director, a managing director, a development director, an education director, and three full time actors in 1989 (Dia Foley, personal communication, August 13, 2015). But received well for its “guerilla-like” casual atmosphere, CATCO saw a period of organizational growth and expansion up until the mid-90s with its budget reaching just under a million dollars and an addition of educational program by the beginning of the 90s (Dan Reynolds, personal communication, July 11, 2015). CATCO managed to close each fiscal year with a balanced budget and the percentage of earned income against contributed income remained higher than local and national average (Dia Foley, personal communication, August 13, 2015). In 1995, CATCO joined the Actors Equity Association, giving CATCO a new pride as a professional theatre company in Columbus. CATCO moved its location to the Vern Riffe Center in downtown Columbus in 1997.

The period of CATCO’s organizational growth and expansion, however, was followed
by a period of financial instability and the resultant organizational restructuring in the following years. Cheri Mitchell who has served as the managing director for CATCO since 1989 left CATCO in 1998 and subsequently a new managing director was hired after a national search. While CATCO continued to expand its artistic horizons, CATCO, for the first time, did not manage to end its season with a balanced budget in 1999. By the turn of the millennium, CATCO was found to be in “near-bankruptcy” situation, partly affected by the “dot com crash” (Trip Lazarus, personal communication, June 15, 2015). Aggressive budgeting and a program “extension mode” soon ensued, but CATCO continued to accrue deficits until November 2003. The newly-hired managing director signed a severance agreement with CATCO and left the organization in late 2001. By this time, CATCO’s budget size had grown to $2.4 million, and some questions about the clarity of the financial standing of the organization were raised. CATCO had recently received a grant of $100,000 grant from the Greater Columbus Arts Council (GCAC), yet the cash position of the organization was reported to be “terrible” (Bill Conner, personal communication, July 15, 2015). Upon the departure of the managing director, in 2002, the CATCO’s board chair, Bruce Harkey, convened a board retreat to discuss the present concerns and future maneuvering of the organization. Also invited to this board retreat was Bill Conner who has just moved to Columbus from Boston to take on the position of the President of Columbus Association for the Performing Arts (more commonly known as CAPA), a nonprofit arts and theatre management and service company in Columbus. Alarmed by the signs of some serious financial problems, Conner and Harkey embarked on a forensic accounting with the work of Kristie Nicolosi, then the
board treasurer, and Diana Ferguson, then the Chief Financial Officer at CAPA. After a few weeks, it was revealed that CATCO had a debt of $250,000 to its vendors, and to everyone’s surprise, CATCO had also accumulated about five quarters of unpaid payroll taxes totaling another $250,000 owed to the Internal Revenue Services that had not been made known to the board or the artistic director, Geoffry Nelson. The discovery called for an immediate downsizing and restructuring of the organization as well as a series of financial and legal actions and negotiations necessary to avoid a formal closure of CATCO. In the following year or so, CATCO’s staff was reduced to 7 from 28. Instead, CATCO entered into an agreement to outsource its back-office operations, namely in the realms of finance, accounting, marketing, advertising, ticketing, and information technology, to CAPA beginning in 2003. Conner became the volunteer Managing Director of CATCO with an expected tenure of five years and Ferguson became the volunteer Chief Financial Officer for CATCO. The arrangement with CAPA and the commendable and some exhausting work of some key players associated with CATCO enabled a resuscitation of CATCO in the next couple of years, but the dire financial situation left CATCO with its reduced season with 5 shows, down from 8 shows previously, and a continued need for strong leadership of the organization. Later in 2007, Conner resigned from the position of a volunteer Managing Director and CATCO’s then Production Manager, T.J. Gerckens, stepped up to assume Conner’s position.
4.2.2 Background information: The Phoenix Theatre for Children.

While CATCO was growing in size and in reputation up until the mid-90s, another professional theater called the Players Theatre Columbus closed its doors for good in September 1993, falling just days short of opening its 70th season. The Players Theatre Columbus had been considered Columbus’s representative theatre company and had been occupying the Vern Riffe Center as its resident company before CATCO moved into their space. With the closure of the Players Theatre Columbus, CATCO then became the “next-tier” theatre to inherit the role of presenting professional theatre productions in Columbus. Within months after the Players Theatre Columbus folded, its Associate Artistic Director Steven Anderson founded a new theatre company for the production of theatre plays for children. The new organization was named the Phoenix Theatre for Children with a reminiscence of the “ashes of the Players Theatre Columbus” (Steven Anderson, personal communication, May 6, 2015). As happens with many small arts organizations, Anderson wore a lot of hats within the new organization. Anderson assumed the role of the chief executive while writing four or more new plays each year. Additionally, his work included working in local prisons and other places in community to run programs that are designed to address a number of social problems or needs. The Phoenix Theatre for Children also took over the management of the Columbus Performing Arts Center (CPAC) from the Columbus Recreation of Parks, which became a source of earned revenue for the Phoenix Theatre for Children.
As the relationship between Bill Conner and CATCO developed into a formal agreement between CAPA and CATCO, Anderson came to think that he would appreciate such an arrangement for the Phoenix Theatre for Children so that he would “just focus on the arts and the education side of (Phoenix)” (Steven Anderson, personal communication, May 6, 2015). Conner and Anderson later discussed the feasibility and the merits of the idea and CAPA eventually took over the back-office operations of the Phoenix Theatre for Children in 2007. Before joining forces with CAPA, the Phoenix staff consisted of an Artistic Director (Steven Anderson), an Associate Artistic Director, Production Stage Manager, a scenery designer, and a master electrician.

4.2.3 The merger process: CATCO-Phoenix.

The financial crisis of 2007-08 had almost a ubiquitous impact on the arts sector. It is not to say that the financial crisis was the cause for the mergers of nonprofit arts organizations in the recent years, but all five arts organizations that have been examined for this research have experienced the impact of the macro-level economic downturn to varying degrees. By 2007, CATCO had somewhat recuperated itself to a more stable state but was still running on deficits. In late May 2009, CATCO received a grant decision from GCAC which reflected a significant reduction in amount from previous years. CATCO’s grant request had been cut “not horribly, but big enough that it was a difference maker” (Peter Hersha, personal communication, July 27, 2015). At this point, Anderson and Trip Lazarus, then the Board Chair of the Phoenix
Theatre for Children received calls from Conner and Gerckens asking about their interest in merging with CATCO. Discussions about the merger feasibility unfolded all throughout the summer and fall of 2009. Each company created a merger committee and a subset of the two boards worked separately to study the pros and cons of the merger. CATCO board chair, Kevin Lyles, provided legal consultation to both organizations. In October 2009, the merger committees voted to recommend the merger to the full boards. Then the CATCO board had 25 members and the Phoenix board had 14 board members. Both boards voted to proceed with the merger, although there were two dissenting votes on the CATCO board. The merger was announced in the same month and CATCO received a grant of $40,000 from the Columbus Foundation in support of the costs related to the merger. The merger of the two organizations was completed in June 2010 and as of July 1, 2010, the two organizations became CATCO-Phoenix. The former Artistic Director of the Phoenix Theatre for Children, Steven Anderson, became the new Producing Director of the newly merged company. T.J. Gerckens was the Managing Director, and the former Artistic Director of CATCO, Geoff Nelson, became an Artistic Director Emeritus. Later in July 2012, CATCO-Phoenix changed its name to CATCO.

4.2.4 Discussion of the reasons and conditions for the merger.

Many studies of mergers in the nonprofit sector place a focus on identifying the reasons for which certain nonprofit organizations have merged with other organizations. However, Kohm and La Piana (2003) have argued that studies have not
fully clarified the exact conditions for an interorganizational integration. After much contemplation on the interviewees’ responses, this research came to recognize that the reasons for the mergers are really two-fold. First, oftentimes, what the interviewees have described as the ‘reasons’ for the merger were, in essence, a set of ‘projected benefits’ of the merger that the organizations envisioned as they were considering the merger. Second, what the interviewees spoke of just as much, and what was underlying the projected benefits of the merger were, once again in essence, a set of ‘circumstances’ that the organizations were in when the idea of the merger came about. In sum, this research has found that both a ‘projected benefit’ of a merger and a certain ‘circumstantial condition’ can constitute a ‘reason’ for which a merger has come about.

Hence, in addition to identifying a list of merits (i.e. projected benefits) of the merger, this research has sought to illustrate various circumstances that have surrounded the case study mergers. The merits of the merger alone do not provide a sufficient explanation to why the mergers have come about because oftentimes merger is not the only means by which the organizations can attain such benefits. Also, a close examination of the circumstances surrounding the mergers will contribute to providing a meaningful insight to funders and policymakers that seek to understand how the mergers can better be encouraged and succeeded.
4.2.5 Circumstances surrounding the CATCO-Phoenix merger.

So then, under what circumstances did CATO and the Phoenix Theatre for Children come to consider the merger and what did each organization hope to attain with the merger? First, the contribution base both organizations had been negatively impacted by the 2008-09 financial crisis. As stated earlier, CATCO had risen above what more than one CATCO board member have referred to as the “IRS fiasco” by the time the 2008-09 financial crisis hit. However, the income structure of the organization was showing less than forty percent of earned income versus over sixty percent reliance on the contributed income which would generally be considered unhealthy by the general standard in the nonprofit arts sector (Peter Hersha, personal communication, July 27, 2015). When the 2008-09 financial crisis took its toll on the local philanthropic giving, CATCO was relieved to see that most of the corporate donors that had pledged for the 2008-09 had stood by their word. However, there was an immediate concern for the budget for the following 2009-10 season.

Peter Hersha, a past board president of CATCO, explains:

“This of course was in the context of a bigger picture in terms of the great recession, as now we call it, we didn't know then that it was the financial crisis. What we had been concerned with were the events leading up to September 2008 and the events after September 2009 evolved, and we were concerned about the impact on contributed income for all arts organizations. In our case, particularly, CATCO, corporate grants helped though 2008-09 as
everyone was kind of committed and I think most people honored their commitments. But the concern was for 2009-10 and beyond, whether the philanthropic community, will the philanthropic community support be a problem, both corporate and non-corporate, and the GCAC which was one of the government funders……so it became more of a crisis kind of feeling.” (personal communication, July 27, 2015).

The Phoenix Theatre for Children was no exception to the impact of the 2008-09 financial crisis.

Trip Lazarus, who has served as the Board Chair of the Phoenix Theatre for Children for the last two years of the organization’s existence recalls: “The reason we were interested in pursuing, from the Phoenix point of view, was we were a small organization, maybe a half a million organization at the time. CATCO was may be about one and a half million dollars. So while we thought we were sustainable, the threat there was in the funding community in 2009. The money was not forthcoming,” (personal communication, June 15, 2015).

In addition to the impact of the 2008-09 financial crisis on the contribution base, the organizations were seeing a growing concern for the long-term financial viability of the organizations, although for different reasons. Although CATCO had managed to avoid a permanent closing of the organization, following the “IRS years”, CATCO
was operating with a reduced season, yet the deficits were growing and the ticket sales were stagnant. A survey of CATCO’s audience then revealed that the CATCO audience was not representative of the demographics of Columbus. The survey showed that CATCO’s audience largely comprised of white, upper-middle class, and people of age sixty or older, and it was a challenge for CATCO to attract young audience into the theatre doors. Additionally, the survey showed a lack of attendance by Jewish and LGBT populations. The Vern Riffe Center provided a great office space and location for the CATCO employees, but being a government office building, it did not make a friendly or an exciting theatre venue for a diverse audience in terms of accessibility. Additionally, although CATCO’s performances were executed with a high quality, long-time supporters of CATCO were seeing a lot of the same actors on stage over the years, and one interviewee has shared that there was a sense that CATCO’s programming was somewhat largely “male-friendly” and “cutting-edge”.

The Phoenix Theatre for Children, on the other hand, was concerned about the impact of the organization’s relatively small size on the long term viability of the organization.

Lazarus shares:

“there was a talk in the funding community that we have too many small organizations that are duplicating effort, funding, and small organizations are going to have to figure out how to join forces so that we don’t try to fund so many. So there were just rumors and talks enough to make us think even
though we are very adaptable and opportunistic and kind of lean and mean organization as far as being able to ruthlessly keep expenses down and finding any sources of revenue.” (personal communication, June 15, 2015).

The Phoenix Theatre for children had a good reputation for its artistic abilities and had a solid audience base, but there was an inherent challenge to running a children’s theatre in terms of retaining its audience base for the long-term.

Steven Anderson, now the Producing Director of CATCO, and former Artistic Director of the Phoenix Theatre for Children explains:

“You see, the problem is, it's just like a fruit (laughs). The children grow up. The relationship is not just with the ones you have, because they get a year older, a year older, and a year older. You have about seven years to hold on to them. So it's about how you cultivate those younger ones.” (personal communication, May 06, 2015).

Unlike CATCO, however, the Phoenix Theatre for Children was not growing deficits from year to year. Lazarus shares that the Phoenix Theatre for Children “didn’t feel that threatened” financially in the years leading up to the merger (personal communication, June 15, 2015). Even though both CATCO and the Phoenix Theatre for Children had handed over their back-office operations to CAPA prior to the merger discussions began, the Phoenix Theatre’s arrangement with CAPA, again, was with a less of an urgent concern for financial viability.
Steven Anderson states:

“Bill (CEO of President of CAPA) used to say that the marriage with CATCO was sort of a shotgun marriage, but we had an actual courtship with the Phoenix. We really, it wasn't, I didn’t have to do it. We did it because it made good business sense.” (personal communication, May 6, 2015).

Meanwhile, when the two organizations started discussing the feasibility and the merits of the merger, there was a growing support for interorganizational integration among the philanthropic community in Columbus. When the merger took place, there was a discourse in the philanthropic funding community was that there were too many duplicate nonprofit organizations and that a lot of donors had become tired of giving. Many funders felt that many nonprofit organizations could be run more efficiently. Doug Kridler, the President and the CEO of the Columbus Foundation, the ninth largest community foundation in the United States, had been advocating for the importance of interorganizational integration in the nonprofit sector and the Columbus Foundation created a grant called Funding for Financial Restructuring (FFR) after the 2008-09 financial crisis:

Kridler explains:

“So (the FFR) was created when the economic downturn happened, starting in September of 2008. Over the course of the year, I decided that instead of continuing to fund capital projects at a time when the survival of the nonprofits was more at risk, we were to take the funds we have been
dedicating to capital projects to funds that would encourage shared services, mergers, collaborations, and social enterprise.” (personal communication, August 14, 2015).

Although both CATCO and the Phoenix Theatre for Children had been receiving operating support from the Columbus Foundation prior to the merger, CATCO (and effectively the Phoenix Theatre for Children) received an additional $40,000 Funding for Financial Restructuring (FFR) grant from the Columbus Foundation when the merger took place.

4.2.6 Projected benefits of the CATCO-Phoenix merger.

As just illustrated, CATCO and the Phoenix Theatre for Children were under a set of common circumstances when the merger discussions took place. Both organizations’ contribution base was negatively impacted by the 2008-09 financial crisis, both organizations had a common concern for their long-term financial viability, and there was a growing support for interorganizational integration in the nonprofit sector provided by the philanthropic funding community. Meanwhile, the research has found that CATCO and the Phoenix Theatre for Children each had a slightly different set of benefits that they had in mind as they pursued the merger.

Since CATCO was deeply concerned with its long term financial viability, CATCO has thought of many ways to foster a stronger financial ground. Prior to the merger,
CATCO did not stage professional theatre productions for children and a part of CATCO’s attraction to the Phoenix Theatre for Children was that an addition of services for children would not only attract new audiences but also that more funders are inclined to support services that are educational and benefit the young. One of the interviewees said: “if you mention children, it’s a lot easier to raise funds, (laughs), people open up their wallets”. Lazarus explained that the merger has helped CATCO to have “a more unified front in the funding community”. (personal communication, June 15, 2015). In addition, according to Dan Reynolds, a past CATCO board member, there was an expectation that “the merger itself would generate excitement among donors in community so there will be donations specifically to combine the organizations”. (personal communication, July 11, 2015).

In addition, as with many other mergers in the nonprofit sector, CATCO hoped that combining the two organizations would bring about some cost savings. According to Ferguson who was handling both CATCO’s and the Phoenix Theatre’s finances at CAPA when the merger happened, “from the financial perspective it (the merger) made sense……. When you think about filing 990s, doing an audience, payroll, HR, employees, you can get a bit of economy of scale out of it.” (personal communication, July 28, 2015).

However, the research has repeatedly found that a significant part of CATCO’s attraction to the Phoenix Theatre for Children was for its Artistic Director, Steven Anderson. One of the interviewees has described the attraction as the “Steven
Anderson package”. Those in support of bringing Steven Anderson to CATCO believed that his skill sets would be a valuable asset to the future of CATCO.

As for the Phoenix Theatre for Children, the incentives for the merger were quite different. Trip Lazarus, a past board president for the Phoenix Theatre, has kept a log of information as the merger process unfolded and conversations took place within and between the two organizations. Lazarus’s notes from a merger exploration committee meeting lists out a number of possible outcomes that the Phoenix Theatre could expect from merging with CATCO. The list spells out the followings:

- financial stability;
- vertical market;
- shared core values;
- cradle to grace;
- economies of scale;
- exposure to wider audience/mailing lists;
- production value;
- bring education to wider audience. (notes provided by Trip Lazarus, June 18, 2015).

The list seems to show that, in addition to hoping for better financial stability and cost saving through economies of scale, a significant portion of the Phoenix Theatre’s thinking behind the merger was that the organizations would be able to grow in size, increase production value, and expand its audience base through the merger. The
Phoenix Theatre for Children could see that by merging with CATCO, the merged company would be able to provide theatre experience for children and adult alike. It should be noted here that CATCO and the Phoenix Theatre for Children did not necessarily have in mind merging CATCO’s artistic programming with the Phoenix Theatre’s artistic programming. The organizations were interested in merging the companies and the Phoenix Theatre was interested in widening the spectrum of artistic offerings that will be made available to the audience. An important fact here is that both organizations had a high regard for the artistic merit and quality of the other.

4.2.7 Managerial concerns and challenges involved in the CATCO-Phoenix merger.

Even though the two organizations have merged successfully, the research has found that a number of noteworthy concerns and challenges have been involved in the merger of CATCO and the Phoenix Theatre for Children. When the idea of merger came to be considered, both organizations re-visited their organizational identity. The organizations had trepidations about the merger in the sense that they were worried that their organizational mission and identity may be lost or compromised in the course of the merger or after the merger. Although the two organizations were both theatre companies, the two organizations were very different in the realms of their target audience, artistic aspirations, and the value that they have placed on serving the community needs. Being a smaller organization, the Phoenix Theatre for Children had a particular concern about losing its organizational identity and being absorbed by CATCO rather than being a part of the merged company.
Lazarus explains:

“Yes we were definitely concerned about that. Some of it was probably some arrogance on our, my part: ‘hey we are not going to let them, we are going to be a big part of this new thing, and we will make sure we don’t lose Phoenix’s mission’, and we were pretty adamant about that.” (personal communication, June 15, 2015).

Before the merger, the Phoenix Theatre for Children placed a comparatively stronger emphasis on serving the community needs. The Phoenix Theatre had fears that the merger may diminish the its ability to make large investments on serving the community needs away from the performance stage. Unfortunately, this concern came to be true to a certain extent. The workload for Anderson has increased significantly since the merger and his direct involvement in community outreach programs has been diminished (Steven Anderson, personal communication, May6, 2016). Another concern that the Phoenix Theatre had was that the financial standing of CATCO did not seem stable enough. A number of interviewees have described CATCO as accumulating a “structural deficit”, and there was a trepidation on the Phoenix’s board that the merger may place CATCO in a greater financial difficulty.

When the two organizations merged, both organizations decided to keep both names and call the new organization CATO-Phoenix. However, two years into the merger, a marketing analysis of the CATCO-Phoenix suggested that Phoenix be re-branded as
“CATCO is Kids” in order to bring a coherence to the organization’s offerings. The suggestion made sense to the organization so the name Phoenix Theatre for Children disappeared for good as of July 2012 and CATCO-phoenix’s children’s programming came to be known as “CATCO is Kids”. Unfortunately, the rebranding brought about a challenge to the organization.

Hersha explains:

“That turned out to be a dire decision because many many many of the Phoenix subscribers thought that Phoenix had died and had gone and it was no more. And the reason we picked up on this was because the subscription for the children’s programs was tanking and Steven started to find out ‘I thought you were gone’”. (personal communication, July 27, 2015).

CATCO, prior to the merger, too, had concerns in regards to preserving its organizational identity, but the nature of the concern was a little different from that of the Phoenix Theatre for Children. First, although CATCO was known to produce a lot of cutting-edge productions at a high level of artistic quality, the CATCO board had mixed opinions on CATCO’s identity.

Reynolds explains:

“That was something that we had a conversation about with the board: what was the identity of CATCO? Nobody knew…… it thought of itself and tried to present itself as a professional theater as opposed to other groups that were not
professional, and their (CATCO’s) association with the actors’ equity was very important…… so it seemed to be less artistically driven and more professionally driven. We were the status organization within the theater community. But to me, as an outsider, that seemed very insignificant.” (personal communication, July 11, 2015).

Even after the merger was completed, the newly merged organization took a while to explore and experiment with its artistic products. Anderson explains: “for a while there was a period of time where people really did not know what to expect, and that’s not good either. It was important to do but it wasn’t good for us.’ (personal communication, May 6, 2015).

Closely related to CATCO’s concern over losing its organizational identity was the fact that CATCO’s identity was almost synonymous with its founder Geoff Nelson, so to speak. Having founded and served the organization as the Artistic Director for over twenty-five years, according to Reynolds, Nelson was “a key in making CATCO what it was”. (personal communication, July 11, 2015). Nelson certainly had a following within the organization and community and there was a sense that CATCO would experience a significant cultural shift if it were to sail without its founder. As such, a tough challenge involved in the merger of CATCO and the Phoenix Theatre for Children was that the merger was to bring about a duplication of human resources including the duplication of the Artistic Directors.
Reynolds explained:

“I think anything that’s founder-driven has a question about how is it going to survive once the founder is gone and I think it always has a doubt that it can or maybe that it even should. I think some people raised the question ‘should CATCO exist without Nelson, he’s the point of the CATCO’. I could see that argument”. (personal communication, July 11, 2015).

Since the two boards decided to hire Anderson as the long term Artistic Director for the merged company, the merger process inevitably involved a certain amount of uneasy conversations among various stakeholders that have been involved in the merger process. The task for CATCO and the Phoenix Theatre for Children was not only to decide who would lead the merged organization long term but, more broadly, to determine what kind of leadership structure would best serve the future of the merged organization. A number of possible leadership structures have been considered by the boards prior to the merger and the CATCO-Phoenix began their operations with Steven Anderson as the Producing Director, T.J. Gerckens as the Managing Director, and Geoff Nelson as Artistic Director Emeritus. However, in the following years, due to financial limitations and other considerations, T.J. Gerckens’s role changed to Production Manager, five of pre-merger CATCO’s staff have been dismissed, and Geoff Nelson moved away from actively producing shows for the merged CATCO-Phoenix. Among the board members, there have been a mix of concerns and preferences for a single-director leadership model and a dual-director leadership model as each model entails strengths and weaknesses. Since CATCO was
bringing in a new Artistic Director, CATCO, in particular, needed the conviction that Anderson would adequately lead both the CATCO programming and the children’s programming before they made the decision on the merger.

Another big challenge that was involved in the merger was merging of the two boards. Just before the merger, CATCO’s board was almost twice as large as the Phoenix Theatre’s board and there was a conscious effort to have an equal representation on the board of the merged organization. The two boards combined, prior to the merger, had 39 board members, but by a carefully planned attrition, the board has been reduced to 18 members as of summer of 2015. On a number of occasions, the research has found that the merging of the board entails much more than simply combining two boards into one.

Kridler explains:

“One of the biggest challenges in mergers, in some ways we have been talking about the easy stuff although it could be difficult, and that's all the business, but any nonprofit depends on public support and the energy around fundraising should emanate very strongly out of the board. And so, it's one thing to combine staff, HR, but how do you aggregate the board where one plus one equals three out of the combination of the board because often the board is where you lose a lot of energy, not so much with the business, but you lose a lot of energy and conviction, leadership, and advocacy, because they had to come together and don't want to, or didn’t agree with the merger…… So it's a very delicate thing.” (personal communication, August 14, 2015).
Ferguson shares a similar story:

“Most notably various board that I have reported to over the years, the culture of each organization as well as the culture of each board is so unique. That is where the rub with the merger is going to be. Can you develop a blended or a new culture that works for this organization so that they are inspired to fulfill the mission and able to be successful, work as a team, and yet not be alike because if everyone is alike, you don't move the organization ahead.”

(personal communication, July 28, 2015).

In fact, two CATCO board members left the organization after it has been decided that Anderson would be leading the merged organization as the Artistic Director, although it is not to conclude that the decision was the sole or primary reason for the board members’ decision to leave. After the merger, the merged company received some angry letters expressing some people’s discontent with some of the decisions made by the boards in regards to the merger. The same people wrote again at a later time recognizing the merits of the decisions. All throughout the merger process, there have been mixed opinions and voices between the two boards, and the boards not only had to accommodate differences in opinion but also needed to get to know one another and work through one another’s culture.

Anderson recalls:

“The January 2010, the two boards began to meet at the same time. They were
separate entities but they just met at the same time which meant that, literately, the president of CATCO board called the meeting to order, and the president of the Phoenix……. The minutes were read, and the CATCO voted on them, and the Phoenix voted on them. The finances were of course separate because they were two separate companies still…… and during that period of time it became clear that not only did they, the two boards, did things differently, they didn't really like each other…… At one point one of the CATCO people said ‘we just need to have a party!’(laughs), ‘we don't know each other’, and…… the Phoenix people were like ‘the thing that we don't need is another party!’.

(personal communication, May 6, 2015).

The period of similar ‘acculturation’ was inevitable for the staff members too. The CATCO staff and the Phoenix Theatre staff had had very different ways of working. Although the reasons are unidentified in this research, the staff turnover was relatively high in the years following the merger. Given such a challenge, one may say that the merger continues to take place and settle even after all the legal work for the merger has been completed.

**4.2.8 Merger success factors for the CATCO-Phoenix merger.**

Throughout the research, I came to hear about instances where other nonprofit organizations (both arts and non-arts organizations) have considered mergers but did not bring the idea to completion. Now in it’s sixth season, it seems that the merged
CATCO is generally received as a successful merger in that the merger was completed and that it has built a stronger financial stability by turning the statements well ‘in the black’ in the more recent years. The 2013-14 season ended with a 48:52 ratio between earned income and contributed income with a more diversified programming that attracts a more diverse audience. Although the merged organization is still and constantly evolving, an analysis of the interview data has produced a list of noteworthy factors that seem to have played a significant role in successfully bringing a merger to its full completion.

First, the merger was helped by various linkages that had already existed between CATCO and the Phoenix Theatre for Children. Two organizations were both located and performing at the Vern Riffe Center and the stage scenery for both organizations were built by the same technician. The boards of the two organizations had a number of friends in-between, and both organizations were receiving operating grants from the Columbus Foundation and the Ohio Arts Council (OAC). In addition, two linkages played an instrumental role in making the merger more manageable. One of them was CAPA. According to Lazarus, the fact that CAPA was doing the back-office services both organizations “turned out to be a very helpful thing in the merger”. (personal communication, June 15, 2015). Diana Ferguson who was the Chief Finance Officer at CAPA and personally handled the finances for the two organization shared: “If you put them into one, you can get a bit of economy of scale out of it. And it felt like that would strengthen the new combined organization by having this combined system.” (personal communication, July 28, 2015). Since the two organizations were
already partly managed by the same company (i.e. CAPA), it meant that combining the two organizations on financial ground would be relatively smooth. Trip Lazarus was the other linkages between the two organizations that played a significant role in the merger process. Lazarus not only worked actively and diligently to the calls of this duties as the board president of the Phoenix Theatre for Children, but he had served on the board of both organizations in the past and his involvement in the process provided both organizations an increased comfort.

Reynold recalls:

“I remember that there was a process that worked out who would be the board chair and vice chair. I think the CATCO chair ended up staying on and Trip as the vice chair, and then Trip became the president of the CATCO. So it was, it worked out so that Phoenix felt like it was coming in having involvement at the highest level, and frankly Trip’s involvement was very important to that. Trip had been involved in CATCO so he knows the CATCO board and everybody involved just had a lot more respect for him, liked him a lot, and a lot of trust for him. So the idea that the Phoenix would bring him in the dialogue with CATCO, and everybody liked it because of Trip.” (personal communication, June 15, 2015).

Second, the merger was cultivated because of the expertise and philanthropic support of the board and community partners that cared to see the merger complete. A study of 41 nonprofit mergers in Minnesota (MAP for Nonprofits, 2012) has found that many
of the mergers had what the study has named merger “champions” that lead the merger process with a clear vision. In the merger of CATCO and the Phoenix Theatre for Children, a handful of people and community partners have together provided a considerable amount of benevolent support for the merger. To name a few, Bill Conner, CEO and President of CAPA, and Steven Anderson, then Artistic Director of the Phoenix Theatre for Children, initiated the conversation about the merger and assumed an increased amount of voluntary work on themselves before and after the merger respectively. In addition, the boards of the two organizations were actively engaged in evaluating the merits and downsides of the merger instead of simply granting an ascent for the merger when the idea was first suggested. For instance, the CATCO board at one point engaged in a discussion with a “devil’s advocate” to openly discuss the pros and cons of the merger. Peter Hersha, CATCO’s board president elect, authored an alternative strategic business plan to the merger committee that included new ideas pertaining to CATCO’s programming, marketing, and community collaborations as an alternative strategic solution to the merger. Although the plan was never presented to the full board, Hersha’s work speaks of the level of care that many of the board members had for the future of the organizations. The merger process was not free of conflicts and difficulties but the research has found many instances where the people involved in the process went the extra mile for the benefit of the organizations.

Ferguson explains:

“there was a lot more rub initially than what was helpful to some of the
conversations. But these are all intelligent people that care and in the end, any board, for as long as they care, you can get through the difficulties. If you have trustees whose egos are too big or whatever, they just can’t care enough about the organizations. That’s when the decisions are not made as well as they should be.” (personal communication, July 28, 2015).

On the Phoenix’s side, Trip Lazarus’ log of information pertaining to numerous meetings and instances of communication show that the board discussed the merger on at least a weekly and often on a daily basis between June 30 and October 27, 2009. In addition, CAPA provided merger-related services free of charge, and at least two CATCO board members who are attorneys, Dan Reynolds and Kevin Lyles who was president of the CATCO board, provided their legal expertise on the merger. The Columbus Foundation’s $40,000 was provided specifically for the merger in addition to the yearly operating support and some board members have also helped defray the merger-related costs by either donation or pulling on their social capital. In sum, the merger was possible because of the generosity of various players within the organizations and the local community.
4.3 Case study #2: Merger of Dayton Philharmonic Orchestra, Dayton Ballet, and Dayton Opera.

4.3.1 Background information: An overview of Dayton Philharmonic Orchestra, Dayton Ballet, and Dayton Opera.

Out of the three organizations, the Dayton Philharmonic Orchestra (DPO) is the oldest institution. In 2015, the DOP became 82 years old while the Dayton Ballet (DB) and the Dayton Opera (DO) became 78 years old and 54 years old respectively. The DPO has had in its history only four artistic directors. The current Artistic Director and conductor Neil Gittleman joined the DOP in 1995. Paul Helfrich, now the CEO and President of the Dayton Performing Arts Alliance (DPAA) first joined the DPO as the President in October 2008, and then in 2012, when the three organizations merged, Helfrich became the President and CEO of the DPAA. In 2011, the DPO had an annual budget size of about $5.7. The DB had the smallest budget size of about $1.3M. The DO had a budget size of about $1.7M. An orchestra that provides ‘per service’ compensation for most of its musicians, the DPO has been offering about 76 performances of approximately 36 different programs in recent years. Back in 2003, the Benjamin & Marian Schuster Performing Arts Center (commonly known as the Schuster Center), a landmark performing arts center in downtown Dayton, opened their doors and the DPO moved in as a resident organization. The move for the DPO signified the beginning of a new era in the DPO’s history but financially, the move turned out to cause a dramatic increase in the production costs while generating only a
moderate increase in earned revenue. DPO started trimming down its educational programs even though the DPO has long had a reputation of having one of the largest educational programs among comparable symphony orchestras. The DPO has long been contracted to play for the DO performances but has very rarely provided musicians to play for the DB performances. The DPO has been engaged in collaborative performances with some other nearby arts organizations including the Human Race Theatre Company and the Dayton Contemporary Dance Company. Just prior to merging with the DB and the DO, the DPO had considered entering into a management services arrangement with the Victoria Theatre Association which operates the major theatres in downtown Dayton.

Currently operating with 19 full-time dancers and a ballet school with two campuses and a non-professional training company, the Dayton Ballet is the second oldest original ballet in the United States. Karen Russo, Artistic Director, first joined DB with her involvement in the ballet school in 1997, and became the Artistic Director in 2011. Prior to the merger with the DPO and the DO, the DB had reached out to a few other ballet companies and the DO at various times with a consideration for a merger.

Tom Bankston, Artistic Director of Dayton Opera, started working for DO in 1999 while holding an administrative position with the Cincinnati Opera simultaneously. A few years prior, the DO had reached out to the Cincinnati Opera for leadership and collaborative possibilities and Bankston, who was then the Production Manager at the Cincinnati Opera, ended up working at both organizations until he parted ways with
the Cincinnati Opera a few years later. The DO has long had a management services agreement with the Victoria Theatre Association until the DO merged with the DOP and the DB. The DO has been presenting three operas and a gala performance and it has been running an artist-in-residence summer program for professional training in singing since 1987.

4.3.2 The merger process: Dayton Performing Arts Alliance (DPAA).

Paul Helfrich arrived at DPO just months before the financial crisis of 2008-09 took its toll on the DPO’s endowments. Since the DPO’s move to the Schuster Center in 2003, the DPO had been relying on its endowment funds to stand against the deficits that had been growing since the move to the Schuster Center. The DPO had been working to make operational adjustments to place the organization on a stronger financial ground but with the 2008-09 financial crisis, it became apparent that the adjustments needed to take place immediately in order to keep its head above water. Subsequently, in June, 2009, the DPO embarked on a special, 3-year-long fundraising campaign called “Protect and Secure”. Simultaneously, it formed a group called “business model review group” that would examine every option it has to be able to operate with a higher efficiency while doing its best to retain the level of its ongoing activities. The group met in the summer of 2009 and began to make some changes to its programs and budget. The DPO was, at least for the time being, not to bring in guest conductors for the upcoming seasons and the musicians were told that their salary was not likely to see an increase at the next 3-year bargaining contract. The
DPO’s Classical Series has been reduced from nine in a season to eight.

Meanwhile, the 2008-09 season was turning out to be a very tough season for the DB as well. In December 2008, the DB’s *The Nutcracker* did not meet its ticket sales goals and posed a great threat to the organization as the ticket sales for the show accounts for 20 percent of DB’s annual budget. Then Director, Dermot Burke, immediately took a voluntary 50 percent cut on this salary and then decided on a 10 percent cuts on other administrative pays soon after. In the following few months, a scheduled *Young Audience Program* was cancelled, part-time employees were dismissed, the company of 20 dancers was reduced to 14, health insurance for all employees was terminated, and the next season was reduced from 34 weeks to 28 weeks. The adjustments were quite drastic and unanticipated, but perhaps because of the DB’s quick reactions to the threat, DB was able to come out of its financial difficulty by end of 2009-10 season when it turned its 2008-09 deficit of $623,969 to its 2009-10 surplus of $38,002. By this time, DB has reinstated its fourth-production in its 2011-12 season program and has signed shared employee agreements with the DO and the Victoria Theatre Association.

Meanwhile, DO was celebrating its 2010-11 season as it marked DO’s 50th anniversary with a remarkable financial success for the season. DO, too, was not free of concerns for the organization’s long term sustainability, but it was a relatively small company with an Artistic Director, a Development Director, a Marketing Director, a production and administrative staff. Unlike the DPO and the DB, DO did not have
full-time or part-time artists. The DO brought in artists by contracts. The DO’s HR issues and financial operations were handled through its arrangement with the Victoria Theatre Association.

In the summer of 2010, the DPO’s ‘business review model group’ met again to discuss the long term solutions to its financial challenges. A number of ideas were brought up and discussed including a service agreement with the Victoria Theatre Association. One of the ideas raised at the meeting was an idea to form a strategic partnership with DB and DO. Subsequently the DPO reached out to the other two organizations with the idea of a form of a partnership or a merger. A group of six people, namely a director and the board chair from each organization, began to get together to discuss the merits and feasibility. The discussion among the three organizations started to take shape and by the end of the year, the size of the group had grown to include twelve people. Meanwhile, the group reached out to The Dayton Foundation to ask for a support for a consultant who would facilitate the three-way conversation among the DPO, DB, and DO. With support from the Dayton Foundation, David Ramey, a regional consultant and President of Strategic Leadership Associates Inc., joined the group to facilitate the conversation and write assessment reports. Throughout the remaining months of 2010, various stakeholders of the three organizations and Ramey participated in conversations in dozens of meetings. In January, 2011, Ramey presented to the boards of the three organizations a “Strategic Option Assessment” report which included a SWOT analysis and a recommendation for a merger. The three boards voted to participate in a following phase of a deeper
exploration into a merger. A Steering Committee was created to prepare and move the three organizations to a proposed merger throughout the year. In September, Helfrich was voted to be a fitting leader for the merged organization if the merger were to be completed successfully. In the month of December, five stakeholder forums were convened. In late January, 2012, Ramey presented a 71-page-long “Proposed Merger Plan” to the three organizations. Around this time, following a long-concerted effort to raise community support for the organizations and the merger, the three organizations received the news that the Dayton Foundation will provide a $750,000 gift as well as an additional $500,000 from an anonymous donor on the contingency of the organizations moving forward with the merger. In the first week of February, 2012, the boards of the three organizations vote to go ahead with the merger. On June 28, 2012, the paperwork for the merger was filed. The three organizations together became the Dayton Performing Arts Alliance (DPAA) as of July 01, 2012, becoming the first instance of a merger involving three nonprofit performing arts organizations in the United States. Paul Helfrich was named the President and CEO of the DPAA, while the existing Artistic Directors of the three organizations remained in their position. Even though the three organizations became one legal entity with the merger, they retained their own names under the Alliance. The merger has effectively brought an end to the service agreements that the DB and DO had with the Victoria Theatre Association.
4.3.3 Circumstances surrounding the DPAA merger.

When the DPO reached out to DB and DO with a consideration for a merger, the three organizations were on quite different financial grounds. The DPO had the largest endowments of the three organizations but it had also been borrowing against the endowment for some years. Deficits had been growing and when the 2008-09 financial crisis hit, its endowments went underwater. The situation quickly translated into faster growing debts and problems with DPO’s cash flow. Subsequently, the DPO was in the most urgent position to put a handle on its financial standing. Meanwhile, as aforementioned, when the merger conversation began in 2010, the DB had already assumed significant downsizing of the organization due to reduced ticket sales, subscriptions and some difficulty with contributions. DB quickly managed to stand on its feet again but the organization had lost many of its full-time dancers as well as most of its administrative staff. DB had a positive cash flow but the DB had never had a big endowment. Instead, the previous Director, Dermot Burke, had run a program called “2020” and had raised $10M from the community to create new ballet repertoire. Although the campaign was successful and Burke created a few new works, the money raised was an unrestricted fund and when the financial difficulties arose, by the permission of the donors, the fund went into covering the operating expenses. The DO, on the other hand, had a positive bottom line partly due to the success that it had with its 50th anniversary season. In addition, DO had developed a fairly good staying power with some assets and an endowment. However, a common ground for all three organizations was that the three organizations were all concerned
with their long-term viability. The DPO growing deficits were deteriorating the organization’s staying power; DB lacked a financial ‘cushion’ which to fall on in case another financial crisis hit; and the DO was experiencing and concerned with their declining ticket sales and their narrow clientele that largely consisted of older generations. Moreover, there was no guarantee that DO’s financial success with the 50th anniversary season would continue in the following years.

Meanwhile, a while before the DPO reached out to DB and DO, there has been an initiative by the Dayton Foundation to support more collaboration and interorganizational integration among nonprofit organizations in Dayton. Playing a role of overseer of about thirty-five hundred community funds, the Dayton Foundation assists an effective giving of the funds to the various needs of the community. When the financial crisis hit in 2008, the Foundation received a lot of calls from nonprofit organizations requesting for operating grants rather than program grants. The requests led to the creating of the Nonprofit Alliance Support Program (NASP).

Barbara Stonerock, the Vice President of Community Engagement at the Dayton Foundation explains:

“But our policy was not to give operating grants. So we met with our grants committee and our governing board…… The Dayton Foundation’s unrestricted giving dollars is only 2 million dollars a year, compared to the 50 million dollars that goes out the door, controlled by the donors. So we don't
have enough to go around for operating to make a dent, or to make it meaningful, so we started to think 'how can we help our nonprofits work or collaborate with each other in a smarter or more efficient way': partnerships, mergers or alliances. We thought providing technical assistance grants to help nonprofits explore partnerships, mergers, and alliances with each other would be the best way that we can help the organizations through the tough times. So started the Nonprofit Alliance Support Program (NASP).” (personal communication, July 24, 2015).

Later on, the Dayton Power & Light Company and the Montgomery County joined the Dayton Foundation in support of the NASP. Through the NASP, the three organizations received three grants totaling $29,050 which allowed for David Ramey’s involvement and input in the merger process. In addition, the Dayton Foundation’s $750,000 gift for the merger and also the $500,000 gift form the anonymous donor undoubtedly provided a paramount support to the organizations pursuing the merger. The Dayton Foundation’s support for the organizations has also included creating networking opportunities for the community leaders to meet and discuss collaborative opportunities. The directors of DPO, DB, and DO had attended the Foundation’s networking events in the past and the Dayton Foundation has also facilitated continued communication among the three organizations in times of competing interests.
4.4.4 Projected benefits of the DPAA merger

An interesting situation with the merger of DPO, DB, and DO was that when the three organizations sat down and calculated the financial projections of the proposed merged organization, the analysis showed that the merger will only incur minimal cost savings for the organizations. In other words, a financial analysis showed that there is a very small financial incentive to pursue the merger if only for the purpose of reducing administrative costs for the organizations.

Craig Brown, a former DB board member who has prepared the financial reports for the three boards during the merger process explains:

“So that all kind of came together and we said 'we can eliminate the competition and we can save some money in the back-office.' And in that process the thing that emerged was the fact that it wasn't about saving money. So final analysis when we got down to doing the numbers and thinking about it a bit more, it didn’t make a lot of differences in numbers…… You can eliminate one of two accountants, a few other things, but it wouldn't make much of a dent in the structure.” (personal communication, June 17, 2015).

Instead, the three organizations found themselves to be in a situation where the merger would increase their production value. When the DPO’s ‘business model review group’ first met to discuss the possibility of forming a strategic partnership with other organizations, DPO chose DB and DO on the basis of their artistic likeness.
A white paper that was drawn shortly after the first meeting of the business model review group outlined that the three organizations are a good fit for the fact that they are all “producers of performing arts events”, “have roots in the ‘classical’ performing arts with a concurrent interest in new works”, “have the employment of a large group of resident performing artists”, “present art that relies on the performances of a symphony orchestra or smaller ensembles of classically trained musicians”, and “present works that are presented on a stage and require professional, technical, and production services.”. For the DPO, merging with the DB and the DO meant that it could now create performances that would feature professional dancers and singers in addition to the DPO musicians and their traditional symphony repertoire. The musicians were also happy that they could receive added performance opportunities with the addition of ballet performances. Up until the merger, the DB’s performances were danced to recorded music, and DB liked the idea that the merger will enable an inclusion of live music to the ballet performances. In addition, the merger would create more performance opportunities for the dancers if they were to dance in any of the DO’s opera performances. Although the DPO had been contracted to play for the DO performances in the past, the merger meant that there will be a more integrated working relationship between the DO and the DPO. The DO also saw that their opera performances could be enhanced if they were to include the DB dancers in their operas.

Hence, throughout the merger process, and in many of the interviews that are conducted for this research, the merger has often been described as pursued for
“artistic reasons”. The projected increase of production value and enabling opportunities for creating new artistic programs that will draw on three different art forms seem to have been among the major merger outcomes that all of the three organizations had a great interest in. Increased production value and collaborative opportunities can be achieved through means other than the merger as well, but Gittleman speaks of the benefits of a merger:

“And the fact that if you are three separate organizations that are talking to each other about collaboration, your separateness still makes it hard to collaborate because if you are talking about projects that need some time to happen. When push comes to shove, you're gonna say 'it's nice, but we really need to focus on this'. We all felt that when we are one organization planning together, that would give us the opportunity not just to think about ideas but let the ideas actually have a chance. So we weren’t running three separate agendas and saying 'let’s see when we can collaborate', but saying 'let's collaborate, let's work that into it.'” (personal communication, June 10, 2015).

Before the merger, the three organizations were in a situation where the three organizations’ performances would be competing with one another for audience when they were scheduled for the same day. It was hoped that, through the merger, the three organizations would be able to work collaboratively on the season schedule to avoid such a competition. In addition, the organizations saw the three art forms as a good fit for cross-promotion and thought that the merger may increase the audience base for
all three organizations. After the merger, the DPAA actually created a subscription package that allows the audience to choose among any of the three organizations’ performances to include in their subscription. The organizations were also happy to gain increased performance opportunities and an access to the artists of different art forms through the merger. Not only were the season programs to include artists of various art forms, but it was hoped that the organizations’ educational programs, too, would be able to draw on artists of various art forms. The three organizations, particularly the DB, were also to gain a stronger administrative team through the merger. For DB, in particular, the merger meant that they would not only gain access to the musicians, but they were also incentivized to merge by the fact that they would gain an access to a stronger administrative staff. At this time, the DB had lost most of its administrative staff after the 2008-09 season and was in lack of human resources in a number of administrative areas including marketing and development. By all means, growing in size seemed to entail positive implications.

David Ramey who has carried out the strategic analysis for the merger of the DPO, DB, and DO, and has worked on numerous organizational restructuring projects explains:

“I think we know anecdotally from our work that if an organization is not 8 to 10 million dollars at scale in this culture, it’s gonna have a hard time sustaining.” (personal communication, July 30, 2015).

Meanwhile, the $500,000 donation from the Columbus Foundation and the $750,000
donation from the anonymous donor were also a strong merit of the merger. The donations were unrestricted in their use but they were only to be given if the three organizations would proceed with the merger. With the merger, the organizations received the donations and three years into the merger, the anonymous donor decided to fund the DPAA for another three years. In fact, one of the rationales behind the merger was that the merger would earn the merged organization a local and/or national recognition and increased contributed support.

4.4.5 Managerial concerns and challenges involved in the DPAA merger.

When the merger discussion first rolled out, all three organizations had a certain amount of anxiety as to how much of operational and artistic control they would have to give up. The smaller organizations, namely the DB and DO, had the concerns arising from their smaller size.

Rebecca Appenzeller, a long time board member of the DB, has shared:

“\textbf{I think initially the concerns were, the size of the Philharmonic versus the opera and ballet raised the concern that the ballet would end up getting lost in the merger. The perception was that because the Phil was so large, it would just subsume the ballet and the opera in the process, so after a few years we might seize to exist. I think that was the initial fear going into it. Plus, the fact that Neil had a very strong personality and a strong presence in the community. I think it was a great fear that the ballet would get overshadowed,}
not so much by the opera, we were on more of an equal footing because of the size, but that we'd get subsumed by the Phil.” (personal communication, June 17, 2015).

As much as the three organizations were interested in creating opportunities for collaborative programming, the organizations had a strong will for preserving their own artistic identities and products. David Ramey’s “Proposed Merger Plan” outlined a total of 14 performances measures for the success of the merger, and the list has identified both the “sustained traditional core series of each art form of Ballet, Opera, and Symphonic offerings” and the “fully-integrated integrated expressions of all art forms in each series each year” as metrics for success. For the DPO musicians, although they were open to playing various kinds of music, being able to continue to play the DPO’s classical concert series were their priority and they did not want to become the “pit orchestra”. (Jessica Hung, Concertmaster of DPO, personal communication, August 10, 2915).

Preserving the organizations’ artistic identities and products was not only important in terms of staying true to each organization’s mission, but it was very important to keeping the donors to each of the organizations. Gittleman shares: “I think the biggest concern that everyone had was how donors would react and would we end up getting less total donations for the merged entity than separately.” (personal communication, June 10, 2015). In addition to the artistic identities and products, the organizations needed to retain their names and brands as well. According to Ramey, arts patrons are
“idiosyncratic in the sense that you will find more intense donor loyalty” (personal communication, July 30, 2015) to one particular art form.

Helfrich explains:

“That was something that we continued with the donors, to say ‘if you like, you may designate your gift to the specific art form’ and that it will be used only to support that art form…… In the first year, we found that only a relatively small number of donors, I would say no more than a third, made a truly unrestricted gift to the Dayton Performing Arts Alliance. Most of them said ‘well, this is for the Philharmonic, this is for the Opera, this is for the Ballet’. Now about half of them are making just a gift to the Dayton Performing Arts Alliance, and we expected that.” (personal communication, December 12, 2914).

Meanwhile, even though the three organizations were closely related artistically, sort of like a ‘second-cousin’ art forms, so to speak, the organizations came to learn that the organizations still had a fair amount of artistic differences that needed to be taken into consideration throughout the merger. The three organizations had different ways of working arising from their artistic differences. For instance, an initial thinking was that the three organizations would be able to consolidate their operations staff into one person. However, the organizations ended up not being able to do so.

Russo explains:
“Yes, we've always had a stage manager, we still continue to have a stage manager. I think at first the idea was that we would have one and they would be able to operate and manage all art forms. But as we merged, we realized that they are different animals, they need to know different things. They need to know how to call shows differently. The person that's on opera literally tells singers what to do; ballet dancers don't have that. They do it all by themselves.” (personal communication, July 14, 2015).

The same learning curve took place in the areas of marketing and development:

Russo explains:

“The challenges are also within the department of marketing and development because if, say those people prior, they knew how to market for the Philharmonic but not so much to dance and opera, which dance is more of a visual marketing tool. In terms of development, the way the ballet raises money is sponsors per ballet, so you would say you would sponsor a ballet, whereas the development might see it as an overall, yearly development thing.” (personal communication, July 14, 2015)

Additionally, even though the organizations agreed on the merits of co-scheduling, differences existed in terms of how each organization programmed for their season. For the DPO, Gittleman had a long list of repertoire that had been created by the DPO’s performance history as well as inputs from the DOP’s Artistic Advisory and
the musicians. For DO, Tom Bankston retained the organization’s programming choices. For DB, Russo explains: “the ballet does not have a culture where it picks things out of the catalogue. There are the classics but the way most of the work that repertory companies do is unknown.” (personal communication, July 14, 2015). Partly for such a reason, organizations were programming at different points in time. Gittleman explains: “It’s probably an exact duration to say sort of six months for the Ballet, one year for the Opera, and eighteen months for the Orchestra”. (personal communication, June 10, 2015).

The artistic differences and different ways of working also had an impact on the extent to which the merger enabled an integration of DPAA’s educational programs.

Gloria Pugh, Education Director of DPAA explains:

“Initially, the idea of being about provide kids with a more comprehensive experience was very exciting. With our Spark program where we send our musicians to the schools, I was thinking it would be really great for them to get ballet dancer's perspective on creative writing, and singer, and musician…… then the reality of realizing how these artists work and how they are hired and what their work constraints were and extra time constraints, suddenly we were like 'oh, we can’t take ballet dancers to the schools because they have to have a certain floor, and they can't do that, and that'…… And once again with the opera residence in programs, they are here for 3 months, so we don't have the luxury of using them outside of the programs that the
opera has designed for them over the years.” (personal communication, July 16, 2015).

Lastly, the DPO started the merger conversation with a significant amount of debt and a condition under which the DB and DO agreed to pursue the merger was that the DPO will have cleared the debts by the time the three organizations merge. DB and DO were certainly concerned that they may end up taking on the DOP’s financial burdens on themselves through the merger and wanted to avoid that.

4.4.6 Merger success factors for the DPAA merger.

The merger of DPO, DB, and DO took two full years from the idea initiation to the legal binding of the three organizations. The process was certainly a big task and was not without moments of conflict. Despite the challenges that have been involved in the merger process, the research has found that a number of factors have contributed to the successful completion of the merger significantly. First, when the merger was initiated, the three organizations had already made significant reductions to just about every aspect of their operations. Of course the organizational reductions had not taken place with a conscious expectation that a merger would happen. However, the fact that the organizations had been ‘slimmed down’ allowed the organizations the nimbleness and flexibility that help bring about a merger.

Bankston shares:
“We were able to do it because of our size, I think. I mean a city like Cincinnati, to think that Cincinnati Orchestra and the Cincinnati Opera and the Cincinnati Ballet would ever think about merging, I don’t think it’s even in the remotest possibility.” (personal communication, June 8, 2015).

Mergers in many cases will inevitably involve certain types of duplication such as an overlap of directors and staff that often create a fair amount of resistance to mergers within the organizations. In the case of DPAA, there was a place for almost everyone within the merged company as each of the organizations had already examined their financial and operational standing prior to the merger and had realigned themselves to be most efficient. But since the operational reductions were made out of a necessity to provide a temporary financial solution, in order to build a stronger prospect for the future, the organizations needed to find means to build themselves back up again. Another reason for which the merger of DPO, DB, and DO worked out, which was quite fortuitous, is that the organizations had resources were complementary to one another. Artistically, as aforementioned, the three organizations had art forms and the artists that could be integrated. Financially, the three organizations’ weaknesses and strengths complemented one another.

Brown explains:

“So I think that every organization saw the strengths and weaknesses of the other, and the thing was that made it work was that there was a balance there. None of them could make it on their own, as I said before, the ballet had the
The opera saw the most significant decrease in ticket sales and was most at risk, and had some endowment left, but it was just a matter of time. And the philharmonic was in debt and was getting deeper in debt.” (personal communication, June 17, 2015).

Hence, by combining the three organization’s finances, the merged company were to strengthen its staying power and the cash flow at the same time. Meanwhile, considering the complexity of the merger that has created the DPAA, the three organizations were greatly helped by having a few ‘third-party’ or external facilitators in the merger process. First, David Ramey played an important role in providing each organization with an equal voice.

Brown recalls:

“So the thing that made it happen was having this committee structured with Dave Ramey as the guy. Dave had a very nicely structured process that everybody looked at Dave as the leader of the process who had a completely independent voice. In most mergers, you have, DPO coming in, trying to get other two organizations to agree, and they were the big ‘gorilla’ in the room and everyone would be sort of subservient, even though they say that they would be equal. But having a third party come in a put it together with equal voices really worked well.” (personal communication, June 17, 2015).
In addition, the Dayton Foundation also played a role of facilitator to the three organizations on multiple occasions.

Stonerock shares:

“There was a lot of behind the scenes conversation. Because we shared some significant volunteer leadership, there was five conversations that happened that helped to keep it on track, and we have a significant relationship with Mr. Ramey, and so, one time, and this is public that we kind of joke about, there was one issue that was a big sticking point that was threatening to kibosh everything, and we joke that we locked them in our conference room. We didn't lock the door, but we gathered everyone and said 'no one should leave here until we solve this problem' (laughs). We weren't in the meeting but we convened the meeting and made sure that they stuck in there.” (personal communication, July 24, 2015).

The facilitation came out of various kinds of philanthropic support that helped out with the merger. As aforementioned, the Dayton Foundation, the Dayton Power & Light Company, the Montgomery County, and the anonymous donor provided support that formed a solid financial backing for the merger process. In addition, Craig Brown, a past president of the DB board, provided the three organizations with a “financial infrastructure” that the three organizations needed in order to move forward. (Rebecca Appenzeller, personal communication, June 17, 2015).
Appenzeller explains:
“(Craig Brown) was able to take the finances from all three organizations and basically translate them into a format that allowed us to combine them all and be apples and apples with how the organizations would do after the fact versus what they looked like individually beforehand, and if you combine them all as if they had been operating previously as a combined entity…… he gave all of the organizations a high level of comfort that we understood what was in the books for each of the organization and that there was a way to create a new format that you can fold each organization into and be able to go back and compare how the combined organization would have looked were they actually merged.” (personal communication, June 17, 2015).

Additionally, throughout the long merger process, there was a conscious and continuous effort to include everyone in the merger conversation and keep everyone in the know. The DPO and David Ramey cared for the fact that the other two organizations were smaller organizations and that they need to be treated equally throughout the merger process. The very first meeting of the three organizations was deliberately designed so that it would include one director and the board chair from each organization. The first ‘study team’ for the “Strategic Option Assessment” involved four people from each organization. Then the subsequent phase of the study involved five ‘stakeholder focus group’ meetings in the month of December, 2011, which included a total of 165 participants that include the three organizations’ employees, volunteer association boards, donors, voting members, honorary trustees,
and corporate funders and sponsors. In addition to the “Merger Plan”, a separate “Communication Plan” was developed. Some of the DPO musicians were a little skeptical about the merger initially, but Paul Helfrich attended the musicians’ rehearsals to answer any questions that they musicians may want to ask.

The creation of a new board was another aspect of the merger that was carefully planned out to ensure that the merged organization would have a board that would best represent all of the three organizations. Bankston explains: “there was a conscious attempt in the process of the merger to have a representation from each of the three boards to make up the new board. And then, in addition to, totally new blood for the board.” (personal communication, June 8, 2015). The combined board started out with 107 members but by a careful planning, it was reduced down to 36.

Lastly, in addition to the artistic likeness that the three organizations shared, the three organizations had a number of linkages among them. The directors of the three organizations were known acquaintances to one another. Neil Gittleman, Artistic Director and conductor of the DPO, had a close working relationship with Tom Bankston, Artistic Director of the DO, as they have been working on the operas together. All of the organizations were receiving grants from the same funders, namely the Ohio Arts Council and the Dayton Foundation, to name a few, and they all had contractual relationships with the Victoria Theatre Association. Between the DPO and the DB, there was at least one board member who has served on the boards of the two organizations.
This research has set out with three research questions: First, why do arts organizations merge? Second, what kinds of managerial concerns and challenges are involved in a merger of nonprofit arts organizations? Third, what factors contribute to a successful completion of a merger of nonprofit arts organizations? In the previous chapter, the answers to the three research questions for each of the two case studies of this study have been presented. In this chapter, the findings of the two case studies are compared and, subsequently, the findings of the case studies are discussed with an elaboration on the practical implications of the findings.

5.1 Reasons for pursuing the Mergers.

As aforementioned, the reasons for the mergers were found to be two-fold in both of the cases. First, the organizations were under a certain set of circumstances that led and simultaneously led the organizations to be able to pursue the merger. Second, each of the organizations involved in the mergers had its own set of benefits that it projected that it would be able to attain through the merger.
5.1.1 Circumstances for the mergers.

<table>
<thead>
<tr>
<th>Contribution base impacted by 2008-09 financial crisis</th>
<th>CATCO</th>
<th>Phoenix</th>
<th>DPO</th>
<th>DB</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerned for long-term viability</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Community support for mergers available</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 5.1 Case study findings on the circumstances for the mergers.

Table 5.1 shows circumstances that the interviewees have described as underlying the organizations’ decision to pursue a merger. The study has found that the same set of circumstances were experienced and described by all of the five nonprofit arts organizations that have been studied for this research.

Specifically, a majority of the interviewees have pinpointed the financial crisis of 2008-09 as the ‘starting point’ of the merger considerations. At the onset of my research inquiry, I had expected to see that all of the five organization involved in this research had been quite unable to finish each fiscal year ‘in the black’ during the years leading up to the merger. Moreover, I had supposed that the smaller organizations, namely the Phoenix Theatre for Children, Dayton Ballet, and Dayton Opera, would have had a greater difficulty staying afloat after the 2008-09 financial crisis. Contrary to my expectations, the research has found that not all of the organizations were struggling with their short-term viability. The smaller organizations, namely the Phoenix Theatre for Children, the Dayton Ballet, and the Dayton Opera, had been more successful that the larger organizations, namely CATCO and the Dayton
Philharmonic Orchestra, at making quick changes and adapting to external contingencies. Instead, what the research has found is that each of the five organizations’ contribution base had been negatively affected by the financial crisis of 2008-09, and, coupled with other contingencies, a common ground for the five organizations was that they all had a concern for long-term viability.

Meanwhile, the research has found another important common ground for the case studies. The mergers happened at the time of increased and targeted community support for mergers and other forms of interorganizational integration. Coincidentally, the mergers happened because the community and philanthropic support was available. For CATCO and the Phoenix Theatre for Children, the merger would not have been initiated if Bill Conner, an external stakeholder, had not cared enough to bring the two organizations together in order to strengthen their long-term viability. Similarly, the merger exploration would have been too burdensome for CATCO if the process had not been helped by a handful of individuals that have volunteered their time and expertise pro bono. The merger was also greatly helped by the support from the Columbus Foundation as the Foundation provided financial support for merger-related costs. For the organizations of DPAA, the grants from the Dayton Foundation and the anonymous donor were one of the key merits of the merger. Operating in their fourth season since the merger as of September 2015, DPAA still has a concern for their long-term viability, even with the large grants from the two funders. However, there would be no denial that the grants have allowed the three organizations extra time in which to revitalize themselves for increased long-term viability.
Ramey states:

“all arts organizations struggle financially, so it doesn't eliminate the problem, right? So sometimes I think consulting, if you have a systemic problem like the community does not invest enough in the arts, you are not gonna solve that. But if you buy more time for the culture to evolve, that's good, right? So I think the DPAA maybe has bought ten years to figure out what's the next step.” (personal communication, July 3, 2015).

### 5.1.2 Projected benefits of the mergers.

<table>
<thead>
<tr>
<th>Projected Benefits</th>
<th>CATCO</th>
<th>Phoenix</th>
<th>DPO</th>
<th>DB</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stronger contribution base / better financial stability</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Opportunities for collaboration on programs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Increased audience base</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Increased production value</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Elimination of competition</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Access to artists</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Organizational growth through administrative consolidation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cost savings</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New director</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.2 Case study findings on the projected benefits of the merger.

The interview participants have provided many accounts of various expectations that the organizations had in mind when the organizations contemplated on the merits of pursuing the mergers. Coding of the interview transcripts has revealed a list of benefits that the organizations expected to gain through the merger. The projected
benefits of the mergers were namely better financial stability based on increased contribution base, opportunities for collaborative programming, an increased audience base, increased production value, a stronger contribution base, elimination of competition, gaining access to artists, organizational growth through administrative consolidation, cost savings, and a new director. It should be noted that these benefits were not necessarily guaranteed at the time of the discussion of the mergers. In fact, a careful examination process would be required to assess whether the projected benefits have actually been attained by the organizations through the merger. However, what the research has found to be noteworthy is that the projection of the benefits, coupled with the circumstances underlying the operations of the organizations, together have constituted the ‘reason’ for which the organizations have decided to pursue a merger.

Unlike the set of circumstances that were found to have impacted all of the five organizations involved in this research, the research has found that there was more of variance among the set of benefits that each organization expected to attain through the merger. Also, the research has found that CATCO and the Phoenix Theatre for Children each had quite a different set of benefits to pursuing a merger, while the three DPAA organizations shared more of a common ground in regards to what they hoped to gain through the merger.

The research has found that all of the five organizations believed that the merger would allow them an opportunity to build a stronger contribution base and foster
better financial stability. Then, all organizations but CATCO had an expectation that the merger would allow the organizations more opportunities to co-create their artistic and educational programs and, hence, increase their audience base and production value. CATCO, instead, sought to bring in a new director for the company through the merger. The three DPAA organizations thought that they would be able to eliminate competition with one another and gain an access to one another’s artists when the three organizations merge. Additionally, the study has found that the smaller organizations, namely the Phoenix Theatre for Children, the Dayton Ballet, and the Dayton Opera were happy to promote an organizational growth by gaining an access to the larger organizations’ administrative staff. As aforementioned, while CATCO and the Phoenix Theatre for Children expected cost savings through the merger, the DPAA organizations were aware that the merger would not really incur much of a cost saving for the organizations.
5.2 Managerial concerns and challenges involved in the merger process.

5.2.1 Managerial concerns.

<table>
<thead>
<tr>
<th></th>
<th>CATCO</th>
<th>Phoenix</th>
<th>DPO</th>
<th>DB</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of organizational mission and identity</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Loss of donors and subscribers</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Assuming partner organization’s finance liabilities</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Table 5.3 Case study findings on managerial concerns involved in the merger process.

A common concern that all of the five organizations had was that their organizational mission and identity may become compromised through the merger. The study has found it very interesting that the nonprofit arts organizations involved in this study had a strong will to preserve their organizational mission and artistic identity even after the merger. Even though the organizations were becoming one legal entity through the merger, all of the five organizations wanted to maintain the same, if not a greater, level of artistic operations of their own after the merger. In addition, all of the five organizations shared the concern that the creation of a new organization may drive their existing donors and subscribers away. Throughout the merger process, the organizations paid careful attention to keeping their existing donors and subscribers even after the merger. Another finding was that an organization’s financial instability posed a concern or a fear for partner organizations in that the merger entails assuming partner organizations’ financial and legal responsibilities.
5.2.2 Managerial challenges.

<table>
<thead>
<tr>
<th></th>
<th>CATCO</th>
<th>Phoenix</th>
<th>DPO</th>
<th>DB</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodating different ways of working</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Merging of the boards</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duplication of HR and staff dismissal</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4 Case study findings on managerial challenges involved in the merger process.

In both cases, many of the interviewees have described the “learning curve” that the organizations went through as they spoke with one another on how to bring about the merger and how the newly merged organization would operate. The interviewees have expressed that a significant amount of cultural differences existed between the organizations. Another significant challenge involved in the mergers arose out of the fact that the mergers created duplication of various human resources, particularly the staff and the board members. Duplication of staff was found to be less of a problem if the organizations had already downsized prior to the merger, however.
5.3 Success factors for successful completion of the mergers.

<table>
<thead>
<tr>
<th>Having complementary arts and resources</th>
<th>CATCO</th>
<th>Phoenix</th>
<th>DPO</th>
<th>DB</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational linkages</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Careful planning for board creation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Third-party facilitator</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Community support for mergers</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Open communication</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pre-merger downsizing/restructuring</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.5 Case study findings on the success factors for successful completion of the mergers.

Despite organizational and cultural differences and a number of challenges that were involved in the merger process, the five organizations have managed to execute the merger in full. The research has found a number of factors that seem to have contributed significantly to bringing about both cases of the mergers. First, the mergers took place between arts organizations whose arts are complementary. For CATCO, Columbus Children’s Theatre (CCT), another local theatre for children, was a possible partner organization for merger, but CATCO thought that the CCT was presenting slightly different theatre plays.

Lazarus explains:

“Columbus Children's theatre is a little different. Phoenix was always using professional actors to create plays for children; whereas the CCT uses a combination of professional actors and a lot of kids from the community……
So that was one thing, we are still looking to be a professional presenting for the community, now across ages,” (personal communication, June 15, 2015).

Likewise, for the DPAA organizations, one of their possible merger partners was Dayton Contemporary Dance Company (DCDC). However, the DCDC was deemed unfitting for their artistic difference.

Gittleman explains:
“We had talked about that. We had talked about the DCDC and what we came to was, whatever we were exploring, it had to be something manageable and not sort of solve world peace. And the notion that, with the Ballet and the Opera, we had this thing in common which is the classical music. DCDC, at that time, they had changed their artistic director to the current director. The previous director would almost always have on their program one traditional music, but except for that, mostly the music that they danced to, because it's largely, essentially an African-American dance company, so their musical repertoire tended towards jazz, soul, hip-hop, and spiritual and not so much classical music except the pieces that the previous artistic director liked to do. So it wasn't a natural musical fit, the way the opera and the ballet were.” (personal communication, June 10, 2015).

Appenzeller explains:
“I think, as an example, it would have been harder to have merged with DCDC
which is a contemporary dance organization because the music is totally different…… It was certainly easier to envision collaboration with the Ballet. The opposite might not have been true for Phil, they might have said, what can the Ballet do for us, but in fact, having the ballet dancers in the Phil concerts have in fact greatly enhanced their performances as well.” (personal communication, June 17, 2015).

In addition, the study has found that the mergers were greatly helped by having various organizational linkages including board members that have served on two or more organizations that were involved in the merger. Interestingly, the study has found that, in both of the case studies, having a prior experience of working together was not necessarily a prerequisite for a successful merger. Instead, the organizations have recognized the importance of creating an effective board and paid great attention to the process of creating a new board that would lead the merged organizations. The mergers were also greatly assisted by having an external facilitator or a consultant to guide the assessment and negotiation processes involved in the mergers, and various forms of community support really enabled the mergers in significant ways. An interesting difference that has been noted between the two case studies is that an open and active communication among all stakeholders involved in the mergers throughout the merger process was helpful only when there was not a fear that the merger would not create job loss for the employees. The DPAA merger was helped by the fact that the organizations had already downsized and dismissed its staff prior to the merger.
<table>
<thead>
<tr>
<th>Circumstance</th>
<th>CATCO</th>
<th>Phoenix</th>
<th>DPO</th>
<th>DB</th>
<th>DO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution base impacted by 2008-09 financial</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>viability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community support for mergers available</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Concerned for long-term viability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stronger contribution base / better financial</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunities for collaboration on programs</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Increased audience base</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Increased production value</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Elimination of competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to artists</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Organizational growth through administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consolidation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost savings</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>New director</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial concerns</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of organizational mission and identity</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Loss of donors and subscribers</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Assuming partner organization’s finance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial challenges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodating different ways of working</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Merging of the boards</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duplication of HR and staff dismissal</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Success factors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Having complementary arts and resources</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Organizational linkages</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Careful planning for board creation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Third-party facilitator</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Community support for mergers</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Open communication</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pre-merger downsizing/restructuring</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 5.6 Comparison of case study findings.
Table 5.6 is a composite of tables 5.1 through 5.5, and it summarizes the key findings of the case studies for this research.

5.4 The merger process.

Figure 5.1 The merger process.
Based on the findings of the two case studies, an organization’s decision making process may be summarized as illustrated in Figure 5.1. Each of the organizations that have pursued the merger were found to have contemplated on a series of questions before deciding to pursue a merger. First, the organizations have assessed their long-term viability, and then estimated if they would be able to attain benefits through the merger that may not come in the absence of the merger. To be able to execute the merger, the organizations strove to see if they would be able to attain support for the merger process, and if they their merger-related concerns could be addressed successfully. Once the organizations’ boards have voted to proceed with the merger, a set of challenges arose, but the merger process was assisted by a number of factors enabling the organizations to overcome the challenges.

**5.5 Resource dependence theory and its use in explaining mergers of nonprofit arts organizations.**

One of the purposes of this research was to construct a comprehensive conceptual framework for understanding the reasons and purpose for which nonprofit arts organizations pursue a merger. Many studies thus far have been explaining mergers and other II practices in light of ‘resource dependence theory’. In essence, the theory posits that organizations are interdependent because there is a limited amount of resources available to all organizations and, hence, organizations seek to procure resources that are often in the possession of other organizations. The resource dependence theory is rooted in the perspective of the contingency theory that observes
organizations in relation with outside entities including other organizations, and the
resource dependence theory is known to have been discussed most notably in Pfeffer
and Salancik’s book *The External Control of Organizations: A Resource Dependence
Perspective.* (1978). The resource dependence theory claims that interorganizational
adjustments can be explained in terms of organizations’ desire to procure resources.
The theory also claims that resources constitute organizational power in that resources
provide organizational autonomy.

Davis and Cobb (2010) have stated that:

“the most widely-used aspects of the (resource dependence) theory outlined
in *External Control (of Organizations)* analyze the sources and consequences
of power in interorganizational relations; where power and dependence come
from, and how those that run organizations use their power and manage their
dependence”.

There has been a period of little use of the theory in the study of organizations, but the
interest in the theory appears to be on the rise. (Davis & Cobb, 2010).

This research, too, has embarked on its data analysis with a view to identifying the
resources that the nonprofit arts organizations sought to acquire through the mergers.
There were certainly resources that each of the arts organizations sought and acquired
through the mergers. For CATCO, the greatest resources that would come with the
merger included a new director for the organization, Steven Anderson, and the
leadership that he will bring, a new audience base, a new set of programs, and savings on operational costs. For the Phoenix Theatre for Children, the resources that would come through the merger included, likewise, a new set of programs, a new audience base, and savings on operational costs. For the three organizations of DPAA, each of the three organizations acquired through the merger an addition of artists of different arts forms, a more consolidated and, hence, a stronger administrative team of its own, a new audience base, and an increased staying power.

However, as the research sought to find answers to the reasons for which nonprofit arts organizations pursue a merger, it became apparent that the resource dependence theory provides only a partial explanation for the arts organizations’ motivations behind their decision to merge in that the organizational mission of nonprofit arts organizations extend somewhat beyond the attainment of resources. In congruence with Wyszomirski’s (2013) idea of Triple Bottom Lines in the arts, the research has found that the arts organizations involved in the case studies paid attention to how the merger would impact all three bottom lines as they pursued the merger. Moreover, the research has found that the three bottom lines are interrelated with one another and that the mergers can be explained as the organization’s attempt to strengthen the triple bottom lines in the arts in order to improve their long-term viability or sustainability. In order to examine the three bottom lines in the arts, one has to first define them.
5.6 Defining the triple bottom lines in the arts.

5.6.1 Artistic vitality bottom line.

5.6.1.1 Defining “artistic vitality”.

Frank Hodsoll, the fourth Chairman of the National Endowment for the Arts (NEA) spoke of artistic vitality along with excellence and diversity as he publicly addressed the mission of the NEA in 1981 (NEA, 2000). Decades have passed since Hodsoll spoke of artistic vitality, yet a systematic examination of the subject is not easily located to date. In the United Kingdom and Australia, it seems, there have been some discussions about “artistic vibrancy” in more recent decades. In a discussion paper published by the Australia Council for the Arts, Bailey (2010) has summarized “artistic vibrancy” as a “catch-all phrase that tries to capture the goals and qualities that artists and arts organizations strive for.” (p.4). Discussions of artistic vitality, however, often examine artistic vitality as existing at the community or sector level rather than at the individual or organizational level.

In the United States, there has been a greater discussion around “cultural vitality”. Most predominantly, the Urban Institute embarked on the Arts and Culture Indicator Project (ACIP) in 1996 to establish ways of measuring cultural vitality. A goal of the ACIP was to put forth cultural vitality as an indicator for the quality of life in policy making. Previously, common indicators for the quality of life included measures of
employment, healthcare, and housing, but did not include the role of arts and culture in life. The latest ACIP publication was published in 2006, and the work of ACIP appears to continue to date.

ACIP has defined cultural vitality as “a community’s evidence of creating, disseminating, validating, and supporting arts and culture as a dimension of everyday life in communities.” (Jackson, Kabwasa-Green, & Herranz, 2006, p.4.). Moreover, the ACIP has outlined three domains of cultural vitality: presence of opportunities for cultural participation; cultural participation; and support for cultural participation. Throughout the ACIP’s discussion of cultural vitality, culture is articulated as embracing a broad spectrum of activities in life including activities involving the arts. UNESCO (2001), too, has specified that culture “encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs.” (p.13). Assuming that the arts are wholly contained within the realm of culture, artistic vitality is defined as “a community’s evidence of creating, disseminating, validating, and supporting the arts as a dimension of everyday life in communities” in this research.

5.6.1.2 Fundamental elements of artistic vitality.

By definition, “vitality” is a “peculiarity distinguishing the living from the nonliving” (“Vitality”, 2014). One way to understand artistic vitality, then, may be that artistic vitality is the aggregation of evidence for all activities relating to the arts. The ACIP’s
definition of cultural vitality points to four realms of activities relating to cultural vitality: creation; dissemination; validation; and support. This research, however, proposes that artistic vitality consists of three fundamental elements: creation; dissemination; and validation, as illustrated in Figure 4.2. The ACIP has suggested four realms of arts-related activities; yet ‘support for the arts’ may not necessarily constitute a fundamental element of artistic vitality in that, from the perspective or an artist or an arts organization, ‘support’ for the arts is primarily what the artists and arts organizations receive rather than do. In other words, this conceptual framework for this research assumes that the artists and arts organizations are the primary generators of artistic vitality and that they primarily create, disseminate, and validate their arts. The public, on the other hand, are the secondary generators of artistic vitality and they primarily support and participate in the arts. It should be noted, however, that artists and the public are not necessarily mutually exclusive. Contending definitions of ‘artists’ exist, and artists are often the audience for one another’s arts.
5.6.1.3 Indicators and measures of the fundamental elements of artistic vitality.

Indicators and measures of creation of the arts.

UNESCO (2009) has defined creation of culture as “the originating and authoring of ideas and content and the making of one-off production.” (p.19). This definition points out the heart of the act of creation, yet the questions of what constitutes the arts and how to define an ‘artist’ remain. This research proposes that the creation of the arts refers to activities that produce artistic creations, whether tangible or intangible. Hence, measures of creation of the arts may include the number of newly created or commissioned arts works, the number of in-residence artists at a performing arts
organization; or the public spending on arts-related products.

*Indicators and measures of dissemination of the arts.*

UNESCO (2009) has defined dissemination of the arts as “the bringing of generally mass-produced cultural products to consumers and exhibitors”. (p.19). This research, however, contends the notion that the arts are generally mass-produced. Instead, examples of measures of dissemination of the arts would include every instance of arts performances or exhibitions, the number of arts retail venues, and the number of arts festivals.

*Indicators and measures of validation of the arts.*

This research proposes that the validation of the arts occurs when one assumes a cost in exchange for the value of the arts. Hence, validation of the arts may take the form of discourse or critique, sharing efforts (commonly via web-based technologies), and monetary payment. In that sense, various kinds of support for the arts may be understood as validation of the arts as well. In other words, the public validates the value of the arts that they choose to consume by assuming the costs that are associated with the arts. Table 5.7 shows examples of measures of the fundamental elements of artistic value.
Table 5.7 Artistic vitality: fundamental elements and examples of measures.

In sum, an arts organization with a strong artistic vitality bottom line would continue to produce a substantial volume of arts with a diverse and creative programming choices, experiment with artistic ideas and media, draw a great number of audiences, provide an array of means of participating in the arts, receive good support for their artistic merit, and innovate and reframe its work in a way that maximizes its relevance to the community. In fact, McMaster (2008) has described innovation as practices in arts administration that represent arts in a timely and relevant manner.

5.6.2 Public Value bottom line.

5.6.2.1 The introduction of “Public Value”.

The word “public value” was first coined and discussed by Mark H. Moore in his
book *Creating Public Value: Strategic Management in Government* in 1995. In his book, Moore has called for a shift in thinking about public administration. Traditional conceptions of public administration endowed public administrators with the role of a public ‘steward’ that would manage and preserve the public assets that they are entrusted with (Moore, 1995). At the time of the publication book, proponents of the New Public Management had been proposing that public administration can adopt market-driven strategies from the private sector in order to increase administrative efficiency in the public sector. In *Creating Public Value*, Moore argued that the public value does not simply rest on the fact that the output of a public support is meaningful; rather, public value is substantiated where the produced public value is proved to be worth the public investment. Additionally, Moore has argued that public administrators should not only preserve the public assets that they are entrusted with, but should also take on the role of actively readdressing and developing the public value of the public assets.

**5.6.2.2 What is meant by “value”?**

The word “value” refers to ‘usefulness’ and/or ‘importance’ (“Value”, 2014). Hence, when the public recognizes a value, the recognition would take a form of acknowledgement of its usefulness and/or importance. In terms of measuring a value, the magnitude of the recognized value of “x” may be reflected in the amount of “y” which may take the form of a price or the sacrifice that one accepts/pays in attainment of “x”.

141
5.6.2.3 Defining “public value”.

Talbot (2006) has defined “public value” as “the combined view of the public about what they regard as valuable.” In defining “value” for the purpose of discussing the “public value” of the arts, this research utilizes an applied usage of the term in the field of political science and propose that it exists in the “fulfillment of peoples’ needs and desires in life” (“Value”, 2010). Combining Talbot’s definition of “public value” with the applied usage of the term “value”, this research defines “recognized public value” as referring to “what the public recognize as fulfilling their needs and desires in life”. Hence, this research proposes that the arts entail public value when the arts fulfill the needs and desires of individuals and the society at large.

5.6.2.4 Fundamental elements of the public value of the arts.

The nonprofit arts sector continues to articulate the public value of the arts given the competition against other public sectors that compete for public support. Thus far, the public value of the arts has been discussed most commonly in terms of the arts’ benefits or impacts. For instance, Gifts of the Muse: Reframing the Debate About the Benefits of the Arts (McCarthy, Ondaatje, Zakaras, & Brooks, 2004), a well-known publication by the RAND corporation, has outlined ‘intrinsic’ and ‘instrumental’ benefits of the arts impacting both individuals and the public at large. Figure 5.3 illustrates a visual summary of the report.
Figure 5.3 Benefits of the arts.


Studies and reports similar to the *Gifts of the Muse* advocate for the public value of the arts and provide various subjects for measure in substantiating the public value. However, I find that not all of the subjects for measure are appropriate indicators for the public value of the arts. For instance, improved test scores that have resulted from an implementation of an arts-integrated education program is a quantifiable subject of measure that can serve an indicator for the instrumental benefit of the arts at the individual level. However, improved test scores *per se* is not necessarily a strong indicator for the public value of the arts because the arts do not constitute its singular source of generation.
Based on a review of discourses surrounding the public value of the arts in various forms, this research has identified a specific set of most fundamental elements that the public value of the arts consists of: artistic excellence; public participation in the arts; and the impacts of the arts in the realms of human, economic, and social development, as illustrated in Figure 5.4. The guiding principles that have been used to identify “x” as a primary element for the public value of the arts are: a) “x” per se stems directly from the arts; and b) one could reasonably propose that “x” fulfills the public’s needs and desires in life.

Figure 5.4. Fundamental elements of the public value of the arts.
5.6.2.5 Indicators and measures of the fundamental elements of the public value of the arts.

*Indicators and measures of Artistic excellence.*

In the earlier years of the history of the National Endowment of the Arts (NEA), artistic excellence broadly indicated arts of the highest quality. Thereafter, however, the arguments for supporting the arts for the “arts’ sake” have been losing their strength. Dismissing artistic excellence as a key element of the public value of the arts would, however, constitute neglecting the fact that the mastery of technical abilities of artistic expressions can directly address public’s certain needs and desires in life.

Artistic excellence is not a common subject for measure, but attempts to define and quantify it continue despite some practical challenges. When the public discourses and skepticisms over the “elitist” view of the arts arose in the 1980s, the NEA started to include additional values including ‘diversity’ and ‘vitality’ within the realm of ‘excellence’ (Wyszomirski, 2013). Later on, McMaster (2008) has taken an interesting approach and has quoted that “excellence in culture occurs when an experience affects and changes an individual” (p.9). McMaster has proposed that excellence essentially describes an experience and that the arts assist sense-making in life. He has also distinguished ‘good practice’ as being different from ‘excellence’, and has added that good practice leads to excellence in the arts. Since artistic excellence can take multiple interpretations, it also takes a wide range of indicators and measures.
Some common indicators and subjects for measure include the following:

a. Artistic achievement: artistic achievement is often assessed and acknowledged and by peer arts professionals which would include peer artists, artistic directors, and arts critics. At the institutional level, Bovaird (1991) has suggested that the number of “stars” that an arts organization attracts in a given period of time can be a measure of the organization’s artistic excellence. In fact, funders will often provide support to an arts organization or a project based on the names that they recognize and admire.

b. Quality of artistic experience: this indicator is often assessed by audience members. The assessments often take the form of feedback or discussions on their own experiences. Surveys that aim to collect the audience members’ assessment may ask the survey participants to report on the captivation of a performance, the level of pleasure they have attained, and the ‘transcendence’ that they have experienced. Such subjects of measure are difficult to quantify in numbers, but are studied nevertheless. Examples of more tangible measures of audience satisfaction may include number of repeat visitors, level of excess demand, and willingness to pay (Bovaird, 1991).

c. Artistic diversity: diversity pervades many aspects of decision making in programming; artists and arts organizations could foster diversity in their
choices of artistic movements, genres, forms, interpretations, representation, and media. The range of programming choices could serve as an indicator of artistic diversity in the arts.

d. Artistic creativity: artistic creativity could refer to either artistic experimentation or artistic innovation. Artistic experimentation or innovation may be measured in the number of new art works created in a given time period.

Indicators and measures of public participation in the arts.

The public value of the arts touches on the public’s needs and the desires when individuals participate in the arts. The Connecticut Commission on Culture and Tourism has categorized five ways of public participation in the arts (Moore & Moore, 2005):

a. Inventive arts participation: individuals engage in the creation of the arts. Common measures of such a type of participation include the number of newly created arts works or the number of contracts for arts commissions. In some reports, public spending on arts-related products such as musical instruments is used as a measure of firsthand public participation in the arts.

b. Interpretive arts participation: individuals engage in artistic expressions that bring additional value to pre-existing works of art. Adaptations from
a Shakespeare’s play or a new interpretation and presentation of Nijinsky’s *Rite of Spring* are examples of such a practice.

c. Curatorial arts participation: individuals engage in “purposefully selecting, organizing, and collecting art to the satisfaction of one’s own artistic sensibility”. (p.27). Arts exhibitions would be regarded a curatorial arts practice.

d. Observational arts participation: individuals experience arts of their choice. Common measures for observational arts participation include the number of audiences and earned income for arts exhibitions or performances. The number of views on a video-sharing website such as the YouTube may serve as a measure of observational arts participation as well.

e. Ambient arts participation: individuals experience arts that they did not deliberately choose. For instance, listening to music playing in the background in a café would constitute ambient arts participation. Although the impact of such a ‘passive’ participation would be reasonably great given the ubiquitous web-based arts outlets, such arts participation is seldom formally measured.

Additionally, one may argue that the public actively engages in validating the arts as they share, discuss, assess, and support various forms of arts, especially using web-based technologies nowadays.
Indicators and measures of the impacts of the arts in human, economic, and social development.

Selwood (2002) has observed that there has been a policy tendency in England to “value culture for its ‘impact’ rather than its intrinsic value” (abstract). The observation appears to hold true for the arts sector in the United States in that much of arts advocacy efforts in procuring public support for the arts in the past decades has focused on substantiating and articulating the impact of the arts. The three most predominant areas of examination have been in regards to the impact of the arts on individuals, the impact of the arts in generating economic forces, and the impact of the arts in building social capital.

a. Impact on human development: studies have proposed that the arts assist human development in regards to cognitive and emotional growth and that the arts bring attitudinal and behavioral changes in individuals. Extending on the instrumental uses of the arts, studies have proposed that the arts can be utilized to bring about improved test scores and treatment of mental illness.

b. Impact on the economy: the arts’ impact on the economy has long been discussed. Given the quantifiable nature of the economy, numerous statistical measures are used to indicate the impact of the arts on economic development. Common examples include revenues, expenditures, and statistic pertaining to employment.
c. Impact on social capital: the arts are often advocated as contributing to community development. Examples of indicators and subjects of measure of social capital include trust in public entities (Knack and Keefer, 1997), degree of civic involvement (Putnam, 1995), and the prosperity of different ethnic groups in a region (Portes, 1997).

Table 5.8 summarizes the indicators of the four fundamental elements of the public value of the arts and show examples of their measures. Moreover, it shows whether each of the fundamental elements makes the greatest impact at the individual, institutional, sector, or the community level.
<table>
<thead>
<tr>
<th>Fundamental elements of the public value of the arts</th>
<th>Indicators</th>
<th>Examples of measures</th>
<th>Primary domain of impact</th>
</tr>
</thead>
</table>
| **Artistic excellence**                           | --High level of artistic achievement  
--Artistic experience that changes an individual  
--Artistic diversity  
--Artistic creativity | --Peer and audience “balanced scorecards”  
--Range of programming choices  
--Number of new arts works | Artists and arts institutions |
| **Public participation in the arts**               | --Inventive participation  
--Interpretive participation  
--Curatorial participation  
--Observational participation  
--Ambient participation  
--Validating activities | --Number of audience  
--Spending on arts-related products  
--Number of arts exhibitions and performances  
--Enrollment in arts education programs  
Number of arts-related institutions  
--Number of retail arts venues  
--Number of arts festivals | Individuals |
| **on human development**                          | --Cognitive development  
--Emotional development  
--Attitudinal change  
--Behavioral change | --Test scores  
--Mental health treatment results | Individuals |
| **on the economy**                                | Economic growth | --Employment  
--Spending on arts  
--Arts sector revenue | Arts sector |
| **on community building**                         | Growth of social capital | -Voter turnout  
--Prosperity of different ethnic groups | Community |

Table 5.8. Public value of the arts: fundamental elements, indicators, examples of measures, and the primary domain of impact.
In sum, an arts organization with a strong presence of the public value bottom line would foster public value of the arts by creating arts that leave a significant impact on the people, encourage and increase public participation in the arts, make positive contributions to the economy of a community, and offer a variety of educational and service programs that diverse constituents of the community benefit from. Additionally, the organization would maintain a good network of volunteers and supporters of various kinds.

5.6.3 Financial Sustainability bottom line.

In a recent study of financial sustainability for nonprofit organizations (RAND, 2012), the RAND corporation has stated that “Broadly, sustainability refers to the ability of administrators to maintain an organization over the long term.” (p.14). The report has also cited Bowman (2011) to state that “Financial sustainability refers to the ability to maintain financial capacity over time.” (p.14). Financial capacity is described as reflecting “the degree of managerial flexibility to reallocate assets in response to opportunities and threats.” (p.14).

Following the financial crisis of 2008-09, nonprofit arts organizations saw a decline in all three aspects of their financial standing: ticket sales went down for many nonprofit arts organizations; giving from corporates, government, and individuals decreased; and the value of many endowment funds and assets plummeted. The finance of nonprofit arts organizations consists of three sources of revenue: earned revenue,
Bowman (2011) has stated that:

“an organization sustainable in the long term but unsustainable in the short term will be chronically short of cash. Conversely, an organization sustainable in the short term but not in the long term may have adequate cash but inflation will cause the value of its assets to erode over time. This, in turn, will cause the quantity and quality of services to diminish unless capital campaigns periodically bring infusions of new assets.” (p.94).

Hence, the strength of the financial sustainability of a nonprofit arts organization may be demonstrated by indicators which would include a successful, long-term management of a satisfactory level of cash flow, a satisfactory level of funding received from corporate, the government, and individual donors, a stratified portfolio of endowment, and a satisfactory level of earned revenue. In the meantime, legal and accountable management of the resources should not be neglected in evaluating the financial sustainability of an organization as its absence could erode the sustainability in the long-term. Hence, this research posits that the financial sustainability is comprised of four fundamental elements: Earned income; contributed income; capital; and accountability.

In sum, an arts organization with a strong financial bottom line would secure the organization’s long-term financial viability by maintaining a healthy flow of earned
and contributed income, manage and build its endowments, and carries out its due diligence in a timely manner.

5.7 Interrelatedness of the triple bottom lines in the arts.

Figure 5.5 Interrelatedness of triple bottom lines in the arts.
Figure 5.5 is an illustration of how the fundamental elements of the three bottom lines have been found to be interrelated in this research. In sum, the study has observed that nonprofit arts organizations create the arts, and at the place of the dissemination of the arts (i.e. at the performance), the public (i.e. the audience and the artists) participate in the arts and earned income is generated for the nonprofit arts organizations. When the public participates in the arts, the impacts of the arts are created and the artistic excellence also contributes to the magnitude of the impacts. Both the impacts of the arts and the artistic excellence have been validated by the public and the validation can take the form of earned income and contributed income for the arts organizations. In the meantime, how well the organizations fulfill their fiscal duties and due diligence affects how the organizations on the whole are evaluated and subsequently validated. Coupled with capital, if any, earned income and contributed income feed into more creation of the arts that entails the artistic excellence and leads to dissemination of the arts.

5.8 Projected benefits of the mergers and their relation to the bottom lines.

There have been many instances throughout the research process where the interviewees have described how the organizations’ expected the merger to have an impact on various aspects of the organizations’ operations simultaneously. Specifically, the organizations were inherently aware of how the triple bottom lines can affect one another, although the interviewees did not specifically describe in terms of the “bottom lines”. For instance, a big merit to the merger for CATCO was Steven
Anderson. A thinking behind hiring Steven Anderson as the leader of the merged company was that he would address both artistic concerns and financial concerns concurrently. Robert Falcone, a past CATCO board member, has described Steven Anderson as “flexible in terms of thought process of what CATCO should and shouldn't be doing, what they should be presenting, where they should be presenting it.” (personal communication, August 3, 2015). What Falcone testified was that Anderson was adept in maximizing the impact of CATCO’s productions in such a way that the productions will feed into a greater validation of their work, which would subsequently feed into a greater income for the organization, subsequently allowing a sustained stream of CATCO theatre productions. Similarly, yet conversely, the Phoenix Theatre for Children, has recognized that the weakening of the financial sustainability bottom line can lead to a weakening of the artistic vitality bottom line.

Lazarus explains:

“That right there is maybe the biggest. That didn't seem like a remote possibility a few years ago. The fact that we've been able to start a cash reserve for financial stability so that we can take experiments and take occasional failures that are bound to happen when you are putting on theatre plays for the community. Nobody knows what is gonna sell.” (personal communication, June 15, 2015).

The Dayton Opera, too, had experienced that its financial constraints had a negative impact on the artistic and public value bottom lines.
Bankston explains:

“During some of the tough financial times at the Dayton Opera, we would, there were certain artistic compromises that we made along the way in terms of, I mean one area was with the orchestra. We would oftentimes use reduced orchestration to save a dollar here and there.” (personal communication, June 08, 2015).

However, it should be noted that the relationship among the three bottom lines can be ambivalent at times. Once again, the study has observed that the nonprofit arts organizations are well recognizant of the complexities that are involved in managing for multiple bottom lines in nonprofit arts management. For instance, the Phoenix Theatre for Children liked the fact that it will gain through the merger an increased audience base and a broader range of choices for its audiences. On the positive side, as the merger has brought about an increased number of productions in a year,

Lazarus explains:

“I think we have more opportunities for interns now, so we can get higher quality actors because we have more things for them to do. It's not just children’s plays and it's not just going into schools to do things. We can get more serious interns into our program and that feeds into …..if we can't offer them so much, then they have to find other things to do and that's a compromise to their career.” (personal communication, June 15, 2015).
On the negative side, increasing the audience base which has brought about a higher earned income for the merged company has partially affected the artistic vitality bottom line in a negative way in that it has less to decreased satisfaction to the artists:

Lazarus explains:

“Well there are shows that everybody is doing, then the actors aren't gonna be too happy because it's like the lowest denominator…… a lot of loyalists felt that the merger was a dumbing down of the CATCO for mass appeal. We had to do more mass appeal.” (personal communication, June 15, 2015).

In the meantime, the Dayton Ballet had experienced a chain of consequences resulting from a problem with the financial bottom line.

Russo explains:

“The problem was we didn't have enough weeks and enough dancers to be able to put on the full lengths. That's where we lost customer base. We lost students for our second company because they used to be the swans in Swan Lake and that was starting to falter a little bit, and it starts to chip away and morph so basically what you are offering is just repertory shows and you are only hitting one part of your audience, so our subscriptions went down, so it kind of affected everything.” (personal communication, July 14, 2015).

However, the merger has managed turned the cycle of impact into a positive direction
Russo explains:

“The formula is now two full lengths, two repertory shows, so we still have a good base of subscribers and single ticket buyers. And those performances give about an average of 30 weeks for the dancers and you are gonna get mid to top range dancers that are going to look at you if you offer at least thirty weeks and above. We also have health insurance that we got to put back on our contract as our offer which dancers don't usually get, so that was a bonus.” (personal communication, July 14, 2015).

An evidence that the public value bottom line is also tied with the artistic vitality bottom line and the financial sustainability bottom line has been captured in the arts organization’s programming decisions. The nonprofit arts organizations described the programming process as involving assessing the artistic merits of presenting a particular program as well as the financial implications of the program, while paying attention to the impact that the program will have on the audience at the same time.

Gittleman explains:

“I have a sense of, if we have a program that uses extra music, we are doing Mahler symphony that has extra musicians on it, then I know we can't probably have more than one, maybe two programs like that in a year. And if we do, there's gonna have to be a program that is small to balance out…… But
sometimes it might be 'do we do a Tchaikovsky symphony or Mendelssohn’, and we would say ‘Tchaikovsky sells better than Mendelssohn but we have not done a Mendelssohn symphony in five years’ or whatever, So it’s those kind of decisions.” (personal communication, June 10, 2015).

In light of the idea of the triple bottom lines in the arts, the two cases of mergers of nonprofit arts organizations may be described as having taken place as a means to address a concern of long-term sustainability by enforcing the three bottom lines in the arts on the recognition that enforcing one bottom line can have a positive impact on other bottom lines as well.

5.9 Defining Triple Bottom Line Management in the arts.

Based on the definitions of the three bottom lines, the ‘triple bottom line management’ (TBLM) in the arts may be described as a “a way of nonprofit arts management where nonprofit arts organizations want to create and disseminate their arts, desire to have their arts validated, strive to fulfill the needs and wants of individuals and the society at large by fostering artistic excellence, public participation in the arts, and the impacts of the arts, and work to secure long-term financial viability of the organization by managing well its earned and contributed income, endowments, and carrying out due diligence.”
CHAPTER 6: SURVEY

6.1 Survey overview.

Along with the two case studies of mergers of nonprofit arts organizations, this research has carried out a survey to examine the interrelatedness of nonprofit arts organizations in a region, namely Columbus, Ohio. As found in both of the case studies, the merger process has been significantly assisted by having a number of organizational linkages between the merger partner organizations. Literatures (e.g., Forbes Foundation, 2007; MAP for Nonprofits, 2012), in the meantime, have found that interorganizational integration often takes place between organizations who have past collaborative or partnering experiences in between them. Hence, the survey was designed to find out if other nonprofit arts organizations in Columbus, too, are connected in any way and to see if any indicators of future interest in mergers or other types of II may be captured.

The survey has been distributed to a total of twenty-six nonprofit organizations in Columbus. The organizations have been selected by the following criteria:

c) The organization is a registered 501(c)3 nonprofit arts organization in Columbus, Ohio, that presents arts performances and generates an earned income from the ticket sales; and
d) The organization has an annual income of $50,000 or greater, according to the Form 990 submitted to the Internal Revenue Services, as of June 06, 2014.

The twenty-six organizations were comprised of eleven theatre companies, seven organizations that present music ensemble performances, three dance companies, two classical music orchestras, one opera company, and two organizations that present a mix of arts performances. Survey responses have been received from twelve of the twenty-six organizations that have received the survey, marking the response rate at 46 percent. The survey respondents consisted of seven theatre companies, five music ensemble organizations, and one orchestra. The survey has shown the most significant results in the following areas of inquisition described below. The survey in full is attached as an appendix to this research.
6.2 Information sharing.

Graph 6.1 Percentages of survey respondents sharing information with other nonprofit arts organizations in Columbus, Ohio.

Graph 6.1 shows the percentages of twelve survey respondents that have answered to either share or have shared information of any kind with each of the twenty-six nonprofit arts organizations in Columbus that have been asked to participate in the survey. As the graph illustrates, the twenty-five of the twenty-six survey recipient organizations have been found to have engaged in information sharing with one or more of the survey respondents. The survey did not ask the survey respondents to specify exactly what kind of information has been shared, but the graph shows that
almost all nonprofit arts organizations that have been considered for this survey operate in collaboration with at least one or more nearby nonprofit arts organizations in Columbus in terms of sharing information.

6.3 Overlap of artists.

Graph 6.2 Percentages of survey respondents that have an overlap of artists with other nonprofit arts organizations in Columbus, Ohio.

Graph 6.2 shows the percentage of the survey respondents that have an overlap of artists with each of the twenty-six nonprofit arts organizations. Given a relatively high percentages of theatre companies that have participated in the survey, it was found that thirty percent or more of the survey respondents have an overlap with seven out
of a total of eleven theatres companies that have been asked to participate in the survey. The survey has also found that the twelve survey respondent organizations together have an overlap of artists with a total of twenty-three out of twenty-six organizations.

6.4 Overlap of donors.

Graph 6.3 Percentages of survey respondents that have an overlap of donors with other nonprofit arts organizations in Columbus, Ohio.

Graph 6.3 shows the percentage of survey respondents that have an overlap of donors with the twenty-six arts organizations. The extent of overlap was considerably smaller when compared to the overlap of artists. The graph nonetheless shows that there
seems to be a considerable number of donors that are supporting more than one nonprofit arts organizations in Columbus.

6.5 Collaborative programming experiences.

Graph 6.4 Percentages of survey respondents that have collaborative programming experiences with other nonprofit arts organizations in Columbus, Ohio.

Graph 6.4 shows the percentage of survey respondents that have engaged in one or more collaborative programming instances. The survey has found that the survey respondent organizations have collaborated with half of the twenty-six organizations. Interestingly, the organizations that have been found to have engaged in the
collaborations include arts organizations of various arts disciplines, namely theatre, music, dance, and opera. The finding my suggest that the ‘artistic’ collaborations may quite often take across different arts disciplines.

6.6 Administrative arrangements or contracts.

Graph 6.5 Percentages of survey respondents that have or have had administrative arrangements or contracts with other nonprofit arts organizations in Columbus, Ohio.

Graph 6.5 shows the percentage of survey respondents that engage or have engaged in administrative arrangements or contracts with the twenty-six arts organizations. The percentages may seem low, but the survey responses may be significant given that
none of the arts organizations formally offer back-office services, with the only exception of CAPA.

6.7 Interests in future collaboration.

Graph 6.6 Percentages of survey respondents that have interests in collaborating with other nonprofit arts organizations in Columbus, Ohio.

Graph 6.6 shows the percentage of survey respondents that have an interest in future collaborations of any kind with the twenty-six organizations. A half of the twenty-six organizations have been found to be desirable partners for collaboration for fifty percent of more of the survey respondents. BalletMet and Opera Columbus have been found to be the most desirable collaboration partners for collaboration more than
seventy percent of the survey respondents showing an interest. The survey has found that all of the twenty-six arts organizations were deemed to be desirable partners for collaboration by one or more of the survey respondent organizations.

6.8 Implications of the survey results.

The set of survey results presented in this chapter have some noteworthy implications for the study of mergers and interorganizational integration in the nonprofit arts sector. First, the results presented above show that many of today's arts organizations work in conjunction with one another on multiple levels. Although sharing of information may not constitute a form of II, the fact that the organizations share information with one another indicate that at least a channel of communication exists among the organizations. In many cases of II, the ideas to pursue II spring out of casual or somewhat formal conversations that take between various stakeholders of the organizations. Second, the fact that some of the organizations have an overlap of artists and donors may indicate that the organizations may be in competition with one another in terms of attaining the artist and their contributed income, although the artists may be benefitting from the overlap in that there are able to find more work opportunities. Third, even though the case studies of this research have shown that having a past experience of collaborative programming or administrative consolidation was not a prerequisite for their mergers, the fact that some of the arts organizations in Columbus are engaging in collaborative programming and administrative integration indicate that such forms of II are possible among the arts
organizations and that, given a set of good reasons and means, the IRs may lead to more extensive forms of II including a merger. Lastly, the survey has found an abundant evidence for the arts organizations’ interest in collaborating with other regional arts organizations. Hence, provided sufficient support, more collaboration among the arts organizations may take place. It should be noted, in the meantime, that the survey response rate was less than fifty percent and the survey respondents did not include CAPA which provided administrative services to eleven of the twenty-six arts organizations involved in this survey. There exists a reasonable possibility that the actual level of II among the nonprofit arts organizations in Columbus is greater than the survey has been able to measure.
CHAPTER 7: CONCLUSIONS

7.1 Research overview.

Interorganizational integration is one method by which some of today’s nonprofit arts organizations are adapting to the changing environment and promoting a stronger long-term sustainability of the arts organizations. As aforementioned, other means by which today’s nonprofit arts organizations are addressing their concern for long-term sustainability include re-shaping managerial models, creating new forms of arts, and adapting technical innovations.

The number of instances of II in the nonprofit sector in general is rising and some II can be quite costly and burdensome for some nonprofit organizations that hope to engage in II. Hence, to assist nonprofit arts organizations and their stakeholders, this research has set out to acquire and present a comprehensive understanding of II and IRs in the nonprofit sector. In doing so, the greatest focus has been placed on the study of mergers of nonprofit arts organizations. The following questions guided the research process:

1. What are the reasons and the purpose for which nonprofit arts organizations merge with other nonprofit arts organizations?
2. What kinds of managerial concerns and challenges are involved in a merger of nonprofit arts organizations?
3. What factors contribute to a successful completion of a merger of nonprofit arts organizations?

In answering the research questions, the research first built a general understanding of II and IR in the nonprofit sector based on a literature review. Subsequently, the research incorporated two case studies of mergers of nonprofit arts organization to build a more in-depth understanding of the reasons for the mergers and the challenges that are involved in the mergers. Lastly, the research utilized a survey to investigate the interrelated nature of the nonprofit arts sector. The series of research methods have led to a formation of a set of policy implications and recommendation for supporting mergers of nonprofit arts organizations.

To present briefly, a review of the literature has revealed that there is a handful of studies on II in the nonprofit sector, yet they have seldom constructed an analytical framework for understanding the reasons and the purpose for which nonprofit organizations pursue II. Also, only a few studies have paid particular attention to II among nonprofit arts organizations that exhibit an idiosyncratic way of operations. Moreover, the review of the literature has found that there is a considerable amount of discrepancies in how scholars define and use various II terminologies.

By incorporating two case studies, this study has found that nonprofit arts organizations have pursued mergers when there was a concern for long-term sustainability, and the merger was estimated to bring about a set of benefits that the
organizations would only be able to attain through the merger. However, the mergers were only executed fully when there was a community support that has assisted in covering various costs incurred by the decision to merge. The case studies have also identified a set of concerns and challenges that have been involved in the process of bringing about the merger and have identified a set of factors that have enabled the organizations to overcome the concerns and challenges. In sum, nonprofit arts organizations wanted to maintain their organizational mission and identity even after the merger, and made special efforts to retain their donors and subscribers as well. The organizations wanted to ensure that their merger partner organizations were on a good financial standing, and that they would be able to create a new, effective board for the newly merged organization. Challenges occurred in the areas of restructuring the staff and learning to adapt to different ways of working. The merger processes were greatly helped by identifying partner organizations with whom one can expect to create a synergy in collaborative programming, having an overlap of board members in between the organizations, and planning carefully for the creation of the board for the new organization. The mergers may not have come about if the mergers had not been assisted by third-party consultants and facilitators, and financial support that had been given to help with merger-related costs specifically.

Based on the findings of the case studies, the research has also illustrated how the triple bottom lines in the arts – namely the artistic vitality bottom line, the financial sustainability bottom line, and the public value bottom line – are interrelated, and has found that the merger was a means by which the nonprofit arts organizations sought to
strengthen the three bottom lines so that, as a result, the organizations’ the long-term sustainability, too, would be bolstered.

The survey has captured a considerable amount of evidence that today’s arts organizations are interconnected through sharing information, artists, and donors. Many organizations engage in administrative and artistic collaborations, and were found to express a great interest in future collaborations.

7.2 Policy implications of the study findings.

A significant proportion of public subsidy to nonprofit arts organizations provides support for specific programs and projects. In many cases, such ‘project’ grants enable nonprofit arts organizations to create and present new programs to the public. Another form that the public subsidy for nonprofit arts organizations takes is ‘operating’ grants where the grants are provided to cover the operating costs of managing the arts organizations. Throughout the interview process for this study, I have come to hear on many occasions that many of the nonprofit arts organizations would like to receive more of the operating support. Both the Columbus Foundation and the Dayton Foundation have shared that they have received an increased amount of request for operating support since the financial crisis of 2008-09.

While the project grants have helped the arts organizations to continue to create new programs, the impact of the grants have been, in some ways, short-lived in that the
production of the programs would cease to take place in the event that the grants are withdrawn. The impact of the operating grants, too, are short-lived if the grants are used just to cover the costs and are not invested to bring about a stronger administration and overall artistic improvement. The findings of this research suggest that providing support for mergers or other forms of II may be a more effective means to addressing the long-term sustainability of nonprofit arts organizations than program grants or operating grants.

The research has found that today’s nonprofit arts organizations are inherently aware of the interrelated nature of the triple bottom lines in arts management and that they strive to address all of the bottom lines. In the two case studies examined in this research, mergers were the only way by which the organizations could address and create ‘synergy’ in all three aspects of arts management. Many interviewees have testified that the organizations may have ceased to exist if the mergers had not taken place. The study has found that many of the arts organizations that have an interest in pursuing a merger or other forms of II are unable to do so because they lack the resources that are needed to bring about the organizational restructuring.

Based on the study findings, the study has identified a number of ways by which mergers and II of nonprofit arts organizations can be encouraged and supported.

First, nonprofit arts organizations can be supported by providing subsidy for the merger-related costs that incur when they embark on the merger or interorganizational
Second, the nonprofit arts organizations can be supported by providing third-party consultants that are able to assess various aspects of the organizations’ operations and feasibility for mergers or other forms of interorganizational integration. Similarly, the nonprofit arts organizations, especially smaller organizations, can be helped greatly by providing assistance in accounting and legal services.

Third, organizations that decide on merging or integrating can be supported by providing assistance in planning out how the organizations communicate with their donors and audiences in such a way that the donors and audiences will be retained after the merger.

Fourth, study findings suggest that more instances of mergers of interorganizational integration may take place if more grants are designed to be given to projects that will involve collaborative programming.

Fifth, study findings suggest that nonprofit arts organizations may find increased opportunities to merge or integrate if the organizations’ directors, board members, and artists are provided with formal and regular opportunities to meet and discuss their ability and compatibility in pursuing mergers or other forms of interorganizational integration.
7.3 Limitations of the study.

While a set of commonalities have been found between the findings of the two case studies, the generalizability of the findings may be increased if more cases of mergers of nonprofit arts organizations are examined additionally. However, as of the time of the writing of this study, there is only a handful of cases of mergers of nonprofit arts organizations in the United States. Hence, the significance of the case studies would lie in that they have recorded somewhat strenuous process of the mergers and have shed a light on understanding various aspects of uncommon cases of interorganizational integration in the nonprofit arts organizations. Additionally, a great proportion of the case study narratives are grounded in the verbal accounts provided by the study participants. While the most effort has been made to include as many and varied stakeholder groups of the case study organizations as possible, and to cross-reference facts in the process of constructing the narratives, the case study narratives, by nature, entail their limitations that are common to qualitative inquiry.

As for the survey, it is regrettable that, despite persistent efforts, a complete enumeration of the twenty-six nonprofit arts organizations in Columbus failed to take place. A complete enumeration of the survey participants may have enabled a construction of a more complete ‘snapshot’ of the nonprofit arts sector in Columbus, Ohio.
7.4 Recommendations for future research.

The researcher suggests that the most meaningful findings may be drawn from future research that will examine the impact of the merger on various aspects of nonprofit arts organizations’ operations after the merger has been executed. An evaluation of the benefits of the merger against the costs of bringing about the merger would bring about an additional layer of understanding of mergers and II in the nonprofit sector in general. As of the time of writing, a formal evaluation of the two case studies has not been carried out. However, a longer period of time may need pass before such an evaluation would be fitting. In the meantime, additional subjects for future research may include II between nonprofit arts organizations and nonprofit organizations of other types.
REFERENCES


12(47), 13-84.


Willis, R. (2010). Proceedings from keynote address at the Bolz Center Collegium, Wisconsin School of Business: Madison, WI.


## APPENDIX A: Online survey

1. Does your organization share (or has it shared in the past) any of the following assets with the listed arts organizations in Columbus? Please check all that apply.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Information of any kind</th>
<th>Office, rehearsal, or performance space</th>
<th>Tangible equipment (e.g. computers, sheet music)</th>
<th>None.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor's Theatre of Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Available Light Theatre</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>BalletMet Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CATCO</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CAPA</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Columbus Children's Choir</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Columbus Children's Theatre</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Organization</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Gay Men's Chorus</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harmony Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>King Arts Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phoenix Theatre for Children</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ProMusica Chamber Orchestra</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shadowbox Live</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Does your organization have an overlap (or has it had an overlap in the past) of any of the following people with the listed arts organizations in Columbus? Please check all that apply.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Artists</th>
<th>Administrative staff</th>
<th>Artistic director</th>
<th>Executive director</th>
<th>Board members</th>
<th>Volunteers</th>
<th>Donors</th>
<th>None of the listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor’s Theatre of Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Available Light Theatre</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>BalletMet Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>CATCO</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CAPA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Children's Choir</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Children's Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Gay Men's Chorus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harmony Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>King Arts Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Does your organization have (or has it had in the past) any collaborative arrangements, agreements, or contracts in carrying out the listed organizational functions with the listed arts organizations in Columbus? Please check all that apply.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Program scheduling</th>
<th>Artistic programming</th>
<th>Educational programming</th>
<th>Marketing</th>
<th>Fundraising / Development</th>
<th>General administration</th>
<th>Public, donor relations</th>
<th>None of the listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor's Theatre of Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Available Light Theatre</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>BalletMet Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CATCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Children's Choir</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Children's Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Gay Men's Chorus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Harmony Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>King Arts Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phoenix Theatre for Children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ProMusica Chamber Orchestra</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shadowbox Live</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short North Stage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standing Room Only Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vaud-Villities Productions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Does your organization have (or has it had in the past) any *outsourcing* contracts in the listed organizational functions with the listed arts organizations in Columbus? Please check all that apply.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Program scheduling</th>
<th>Artistic programming</th>
<th>Educational programming</th>
<th>Marketing</th>
<th>Fundraising / Development</th>
<th>General administration</th>
<th>Public, donor relations</th>
<th>None of the listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor’s Theatre of Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Available Light Theatre</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>BalletMet Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CATCO</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CAPA</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Columbus Children’s Choir</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Columbus Children’s Theatre</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Gay Men’s Chorus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harmony Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>King Arts Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phoenix Theatre for Children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. Does your organization have (or has it had in the past) any other collaborative arrangements or agreements with the listed organizations? Please specify.

<table>
<thead>
<tr>
<th>Name of organization</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor's Theatre of Columbus</td>
<td></td>
</tr>
<tr>
<td>Available Light Theatre</td>
<td></td>
</tr>
<tr>
<td>BalletMet Columbus</td>
<td></td>
</tr>
<tr>
<td>CATCO</td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td></td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td></td>
</tr>
<tr>
<td>CAPA</td>
<td></td>
</tr>
<tr>
<td>Columbus Children's Choir</td>
<td></td>
</tr>
<tr>
<td>Columbus Children's Theatre</td>
<td></td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td></td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td></td>
</tr>
<tr>
<td>Columbus Gay Men's Chorus</td>
<td></td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td></td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td></td>
</tr>
<tr>
<td>Harmony Project</td>
<td></td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td></td>
</tr>
<tr>
<td>King Arts Complex</td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance Company</td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td>Collaboration</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Phoenix Theatre for Children</td>
<td></td>
</tr>
<tr>
<td>ProMusica Chamber Orchestra</td>
<td></td>
</tr>
<tr>
<td>Shadowbox Live</td>
<td></td>
</tr>
<tr>
<td>Short North Stage</td>
<td></td>
</tr>
<tr>
<td>Standing Room Only Theatre</td>
<td></td>
</tr>
<tr>
<td>Vaud-Villities Productions</td>
<td></td>
</tr>
</tbody>
</table>

6. Which of the following words best describe your organization's relationship with the listed organizations? Please check all that apply.
<table>
<thead>
<tr>
<th>Organization</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>CATCO</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>CAPA</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Children's Choir</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Children's Theatre</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Gay Men's Chorus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td></td>
</tr>
<tr>
<td>Harmony Project</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>King Arts Complex</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance Company</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Phoenix Theatre for Children</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>ProMusica Chamber Orchestra</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Shadowbox Live</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Short North Stage</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>Standing Room Only Theatre</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vaud-Villities Productions</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Does your organization have an interest in pursuing future relationships with the listed organizations? Please check all that apply.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor’s Theatre of Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Available Light Theatre</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>BalletMet Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>CATCO</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Chamber Music Columbus</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
<td>[]</td>
</tr>
<tr>
<td>Name</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CityMusic Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>CAPA</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Children's Choir</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Children's Theatre</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Civic Theater</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Dance Theatre</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Gay Men's Chorus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Columbus Symphony</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Early Music in Columbus</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Harmony Project</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Jazz Arts Group</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>King Arts Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kristina Isabelle Dance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MadLab</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opera Columbus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phoenix Theatre for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ProMusica Chamber</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchestra</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shadowbox Live</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short North Stage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standing Room Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theatre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vaud-Villities Productions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>