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THEATRES THAT WORK: A STUDY OF SUCCESSFUL GROWTH IN SMALL REGIONAL THEATRES IN AMERICA

DISSERTATION

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

By

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* * * * *

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1997

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ABSTRACT

At a time when regional theatres are struggling to balance their artistic growth with institutional survival the need to understand why certain regional theatres succeed and others fail has never been greater. Moreover, the almost total concentration of researchers on the larger theatres at the expense of the smaller ones that now make up the majority of American regional companies has seriously skewed our understanding of the growth dynamics and management decision-making characteristics of the newest generation of artistic leaders.

The purpose of this study is to offer a fresh examination of how and why successful small regional theatres become and, more important, remain successful. It assesses not only how small companies—defined here as members of the Theatre Communications Group (TCG) who have reported operational budgets of less than $900,000—have adapted their goals, operations, and growth choices to the realities of limited budgets and stubborn deficits between 1990 and 1995, but also how they have turned these conditions into long-term stability.

The study uses two methods of primary research to investigate the presence of systemic levers of successful growth. The first method is a national survey of small theatres that provides a core data base from which to analyze financial and audience figures from 24 respondent theatres and compare these results to the annual TCG reports.
My analysis further compares these small theatres to one another according to subset categories of budget size and age of company. Second, the study examines organizational history and management decision-making for common underpinnings in origin, leadership style, and operating procedures among three case study theatres: The Bloomsburg Theatre Ensemble, Horse Cave Theatre, and Riverside Theatre.

The results of this investigation suggest that (1) our assumptions and expectations about the growth of regional theatre that have been inherited from the 1960s and 1970s obscure rather than help explain the accomplishments of these theatres; (2) successful small theatres exhibit a wide variability of annual growth rates and constantly changing growth profiles that are significantly different from the national averages and from one another; and (3) successful small theatres have been successful primarily because they have effectively adapted to the challenges of major growth decisions rather than succumbing to them.

The study argues that a new definition of success needs to replace the old mythology of idealistic expectations and that such a definition should be based upon an analysis of the systemic issue of growth rather than symptomatic variables, such as critical success, increased budgets, or audience development. Finally, the study offers a basis for rethinking how small regional theatres function and suggests that any solution to the problem of defining growth should include an appreciation of the fragmentation, complexity, and contradictions inherent within this special universe of companies.
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CHAPTER 1

INTRODUCTION

The first law of the theater is
success: without success there can be
no theater.¹

Zelda Fichandler

At a time when regional theatres are struggling to balance their artistic growth
with institutional survival, the need to understand why certain regional theatres succeed
and others fail has never been greater. According to recent commentary, America's
regional theatre is undergoing a serious crisis. Having acquired mortgages and expanded
operating budgets during the 1970s and 1980s, these theatres now reportedly face
diminishing contributions, numbing deficits, and audience stagnation or erosion. The current
tone of uncertainty is summed up in a description of the issues faced by seventy theatre
professionals who attended a conference hosted by the Theatre Communications Group
(TCG) in 1995:

The stakes are high: Audiences are no longer growing; funding sources are drying
up; the culture wars have left many in the arts feeling constrained and besieged;
barriers are growing between artists, audiences and theatres; talented artists
continue to leave the theatre for more lucrative arenas. Indeed, the non-profit
theatre community stands at a critical crossroads.²

Conference roundtable discussions reverberate with questions such as: Has the revolution
that decentralized American theatre lost momentum? Are its foot soldiers too tired or too
broke to carry on? Are there too many theatres? Are theatres too big for their own good? Are our institutional models still viable?

How accurate are these assumptions of crisis? And why have such concerns acquired such dominance over the positive accomplishments of regional theatre?

Fifty years ago, the development of American regional theatre began amidst a wave of optimistic projections. The pioneering and passionate work of Margo Jones in Dallas, Nina Vance in Houston, and Zelda Fichandler in Washington in the 1940s and 1950s proved the viability of regional theatre. Seeded with $43 million from the Ford Foundation between 1962 and 1977, the future of regional theatre was imagined as a constellation of resident companies that would bring live theatre to communities all over the country. The assumption was that these new organizations would eventually become stable and find independent community bases. This same optimism continued throughout the 1960s, with the establishment of the National Endowment for the Arts. With extensive federal and private support, the 1960s and early 1970s were an enriching time for new resident theatres all over America.

As federal support dissipated in the late 1970s and through the 1980s, however, these theatres, now numbering over three hundred, were forced to adapt to new economic realities. Although the pioneers were supposed to be independent from the commercial New York stage, the resident theatres that followed appeared to adopt the operating styles of their commercial counterparts. According to current criticism, mainstream programming seemed to transform many regional theatres into either stock companies for the latest hits from Broadway or Off-Broadway interspersed with traditional classics or, more recently, into tryout venues for new plays on the way to New York.

The inherent weaknesses of the early assumptions, however, made such adaptations inevitable. Since resident theatres lacked a body of tested empirical information and an experienced work force of arts professionals and community
volunteers, their leadership borrowed from the general approaches and structures that governed other community-based nonprofit institutions, such as charities, zoos, and hospitals. This was not a bad body of information from which to borrow, but it was not specific to the theatre and it suggested little or nothing in terms of process. While this body of anecdotal knowledge has served for those years during which funding climates were favorable, it has not adapted well to current organizational and economic realities.

As our assumptions about the role of the arts in American life have begun to shift, so has the optimism in the future of our regional theatres. Some theatre professionals today question the need for regional theatre at all, something which would have been unthinkable a decade ago. They argue that the regionals are a failed dream because they cater almost exclusively to middle-class audiences, are run by boards of directors, are entirely about money rather than art, shut out experimental artists, and have never built the resident companies they were created to provide. In Richard Schechner's view, for example, the regional theatres should be abandoned to the support of those limited audiences and "if those who delight in that taste cannot support it, so be it."6

Unlike Schechner, most theatre managers would naturally try to fix the problems rather than abandon their organizations. So they continue to try to identify the causes, usually pointing the finger at some combination of lack of money, increased power of boards, shifts in audience demographics, or decline in federal funding. While these elements certainly contribute to the problems of keeping our regional theatres open, some researchers suggest that they exist more as symptoms rather than as underlying causes for financial vulnerability. Nello McDaniel and George Thom, working with the Foundation for the Extension and Development of the American Professional Theatre (FEDAPT), for example, describe their alarm about the rapidly deteriorating financial and operational conditions of so many performing arts organizations:
Over the last several years, we have found ourselves responding more and more to established arts organizations and arts professionals for whom the not-for-profit arts model has been in place and working. These organizations were experiencing extraordinary, even life-threatening financial and operating crises. In general, the problems were so significant, so threatening, and so similar that we could not attribute them to isolated factors—to a bad season here, a slumping economy there, or bad management, bad boards, or even simply to bad art. We believed something more profound was involved that could explain what we were seeing happen to healthy producing arts organizations. The patterns of debt, the organizational dysfunction, and feeling of deep and profound despair were too common, consistent, and pervasive.

The authors argue that the real source of the problem is inappropriate growth choices, which begin a devastating cycle of behavior that becomes increasingly difficult or impossible to break. McDaniel and Thom observed that arts organizations attempting to function at a level which is 30 to 50 percent above the floor of available financial resources experience devastating problems in surviving. Indeed, an analysis of the collapse of both The Los Angeles Theatre Center in 1991 and Players Theatre Columbus, Ohio, in 1993, suggests that inappropriate growth even to 20 percent of expenses over income irretrievably crippled both theatres. Expenses outran income, human resources burned out, and the inevitable gaps widened until both organizations exhausted themselves. Thus, growth choices that push expenses 20 or more percent beyond the floor of income is perhaps one of the key reasons why originally healthy theatres suddenly fail.

The most significant problem, however, in understanding why some theatres are more successful than others is how the pervasive focus on failure obscures the genuine accomplishments of these theatres. Within all of the concern for failed expectations, too often missed is the extraordinary amount of success and adaptability experienced by American regional theatre. The portrait of vulnerability and failure described above is not the whole story—perhaps not even the most important story. During a time of increasing deficits and decreasing audiences, America's regional theatres show remarkable signs of success and expansion. In the 1994 "Theatre Facts," for instance, Barbara Janowitz
reports that total expenses among a sample of regional theatres during the 1992-93 season rose barely more than the rate of inflation, demonstrating "the theatres' ability to adjust expenditures to income-driven parameters" and preventing deeper deficits. Individual and foundation giving each continued impressive double-digit growth. In addition, in 1993 theatres such as Wilmington's Delaware Theatre Company, the McCarter Theatre Center for the Performing Arts of Princeton, New Jersey, and the Studio Arena Theatre in Buffalo countered the national negative trends to report increases in subscription income; substantial growth in single-ticket income occurred at Seattle's Intiman Theatre Company, the Mark Taper Forum of Los Angeles, San Diego's Old Globe Theatre, and the Worcester Foothills Theatre Company of Worcester, Mass. Within the last five years, The Milwaukee Repertory Theater has successfully paid off a $6 million debt incurred in the form of tax-exempt bonds issues by the Redevelopment Authority of the City of Milwaukee in 1985, which enabled the theatre to begin construction of its new facilities. The eleven-year-old Capital Repertory Company of Albany, New York, raised more than $175,000 towards erasing its life-threatening deficit of $447,000; The Body Politic Theatre and Remains Theatre of Chicago responded successfully to financial problems by reorganizing their producing operations and administrative structures.

Other theatres are growing and relocating to bigger and better spaces. Chicago's Wisdom Bridge plans to move to a new $136-million performing arts Center in Skokie, and The California Shakespeare Festival completed a capital campaign in 1992 to become owner of a new $2.8 million amphitheatre funded entirely by private sector donations. By 1993, San Diego's Sledgehammer Theatre, Seattle Children's Theatre, California's Berkeley Repertory Theatre, the fifteen-year-old St. Louis Black Repertory Company, and Theatre de la Jeune Lune in Minneapolis were all planning to move into new and larger houses. None of this sounds as though regional theatre has lost momentum or that its foot soldiers are too tired to carry on.
A second related problem with available commentary is the almost total concentration on the larger theatres at the expense of the smaller ones. In recent issues of Theatre Profiles, the greatest number of regional theatres within any one budget range are those with budgets of $1-2 million (44 out of a total 239 in 1994). This frequency suggests that when a theatre approaches the $1 million budget mark, it has evolved into a distinctly different type of organization and can no longer be considered a "small" operation. Thus, if we choose the budget level of $900,000 to mark the difference between "large" and "small" theatres, we find that in 1994, small theatres made up 54 percent of the total TCG membership (129 out of 239 theatres). Moreover, this number is surely understated since the current TCG Theatre Directory includes an additional 46 associate theatres not listed in Theatre Profiles, and recent issues of Artsearch contain vacancy listings for others that have been in operation for up to thirteen years with budgets up to $300,000 and yet are not members of TCG. Although small theatres now make up the majority of regional theatres, are the fastest-growing category of regional theatre, and have been founded by the newest generation of artistic leaders, no separate study has been made of their particular operational dynamics or the reasons for their success. It is the study of these small “impossible” theatres, as one managing director described them, that constitutes the primary focus of this dissertation.

If studying failure is useful primarily to ring alarm bells, this dissertation argues for a shift of focus to study success and to ask why certain theatres have survived and grown. The available answers—artistic excellence, large boards, balanced budgets, effective fundraising and marketing, the right combination of programming, and so on—only describe the reverse side of the coin from failure. If failure can be attributed to systemic mistakes in growth choices, does success, too, happen for systemic reasons? Indeed, how can we define success among American regional theatres in the nineties? Unless we try to establish some understanding of successful growth more useful than current symptomatic
analysis and examine the particular histories of small regional companies, we will continue to focus on analyzing failure while developing neither a persuasive case for the necessity of regional theatres nor any new possibilities for their future.

National studies of American regional theatre appeared to have reached their highest frequency in the 1960s and 1970s when the subject was new. Since the 1980s, full-length studies have largely disappeared and been replaced by individual case studies. Perhaps because regional theatre has now become a mature industry composed of a diverse collection of several hundred companies with many different purposes and audiences, available sources are usually limited in the 1990s to magazine articles, newspaper stories, and graduate theses and dissertations.

Studies of American regional theatre fall into four categories. The first are general surveys that examine the development of regional theatre during the sixties and seventies. Works in this category include A Theatre Divided by Martin Gottfried (1967), Beyond Broadway by Julius Novick (1968), Joseph Zeigler's Regional Theatre: The Revolutionary Stage (1973), and New Broadways (1982) by Gerald Berkowitz. Although these studies all share the limitation of any survey—the absence of detailed analysis of any one company—they are useful in charting the evolution of the dominant critical assumptions about the founding, nature, and purposes of these theatres. Especially important is their sharing of the generalized assumptions characteristic of the 1960s: that the early theatres were small collectives founded by revolutionary idealists united in their rejection of the commercial institutional theatre and committed to new plays of social substance.

Another category are more recently published organizational histories of specific theatres, such as The American Shakespeare Theatre and The American Conservatory Theatre, and unpublished graduate theses and dissertations. Drawing on internal records and interviews, these organizational studies describe the growth and development of individual theatres. They usually take the form of a chronology in which each theatre
undergoes a tentative beginning, experiences growing pains, and then blossoms into a full-
fledged regional company. Often candid in their assessment of strengths and weaknesses, 
books such as John Wilk’s The Creation of An Ensemble: The First Years of the American 
Conservatory Theatre (1986) are nonetheless limited in usefulness because they are 
essentially anecdotal and concentrate almost exclusively on artistic or personality issues 
while deemphasizing the economic dimension. Financial issues are raised only when 
operating crises occur. Finally, these studies so far have dealt only with the largest 
regional companies and ignore the smaller ones.

The graduate theses and dissertations provide specific case histories of individual 
theatres and often analyze theatre operations from the viewpoint of a particular issue (role 
of the artistic director, fulfillment of a mission, etc.). These theses and dissertations, such 
as Ellyn Gersh’s The Mark Taper Forum, 1967-1982: A Critical Assessment (1986) and 
John Mayers’s The Steppenwolf Theatre Company of Chicago, 1974-1982 (1993), offer 
the most detailed analyses of individual companies within the past decade. However, they 
share the same limitations as the published versions: emphasis upon anecdotal 
organizational and artistic history; little or no economic analysis; and the ignoring of 
smaller companies. Written with different purposes and viewpoints, it is difficult to 
generalize their conclusions about one theatre to the operational success of another. More 
important, each study seems to accept the conventional narrative of regional theatre 
development and evaluates how the subject theatre has either succeeded or failed to fulfill 
the expectations of those assumptions. Since these studies rarely challenge the 
assumptions upon which this narrative is based, they seem of marginal use in 
understanding the systemic levers of successful growth in the nineties.

One such exception to this methodology is Nina Jane Stanley’s study, Nina Vance: 
Founder and Artistic Director of Houston’s Alley Theatre, 1947-1980 (1990). Taking a 
fresh look at internal documents, Stanley concentrates on how Vance’s personality and
philosophy of theatre influenced the success of the Alley and, as a result, provides one of the few new works to challenge traditional myths. The author highlights the differences between the Vance legend and the realities of founding and leading a regional theatre from inception to institutionalization. Using new interviews, the writer offers a much less sentimental profile of this theatre's past than found in other available treatments. Vance appears less as a gifted visionary than a practical improviser who always faced an uncertain financial situation and whose theatre grew in difficult, uncertain stages amidst growing pressures. Although achieving the status as leader of a major theatre institution, Stanley characterizes Vance as uncomfortable with her success and longing for the simpler past.15

The third category of sources are the several economic and audience surveys that have tracked nationwide trends. These studies, such as the Rockefeller Panel Report, The Performing Arts: Problem and Prospects (1965), Baumol and Bowen's economic study, The Performing Arts: The Economic Dilemma (1966), Theatre in America: The Impact of Economic Forces, 1870-1967 (1968), by Jack Poggi, and the 1981 National Endowment for the Arts report, Conditions and Needs of the Professional American Theatre, all remain landmark studies that continue to influence how we look at the past problems and evolution of regional theatre. Their different analyses, methodologies, and conclusions, however, are difficult to synthesize and serve primarily as comparative models with which to compare the very different theatre world of the 1990s.

The "Theatre Facts" survey published annually by TCG since 1984 in American Theatre magazine and TCG's bi-annual Theatre Profiles both offer valuable and timely statistical analyses of income, expenses, and audience trends among TCG member theatres. The five-year time frame analysis of each "Theatre Facts" report offers a useful way to understand the general growth trends of these companies. Its very nature as a survey, of course, precludes the investigation of distinctions between and among
individual companies or types of companies and its sampling does not break out the differences between larger and smaller companies. So we are forced to speculate to what degree its conclusions reflect what is happening among the smaller theatres. Moreover, the constantly changing sample base of "Theatre Facts" limits trend analysis possibilities only to each five-year period; a ten-year trend profile is impossible. Nonetheless, these annual surveys provide the only continuous and consistent overview available of the current growth and economic performance of American regional theatre.

In sum, current theatre scholarship has so far provided a limited selection of studies that focus on the recent economic history of American regional theatre. Scholars prefer to focus on the artistic or intellectual or architectural history of theatres, while avoiding the economics which almost always drives those theatres. Comparisons between or among companies are almost non-existent, and small theatres with budgets of less than $1 million are largely ignored. Although studies such as that of Janowitz sound a valuable alarm that theatre managers must now pay attention both to the assumptions upon which their organizations are based as well as to their bottom lines, researchers have so far provided only extensions of the original Baumol-Bowen model: nonprofit arts organizations will always remain unstable due to the inevitable income gaps that require increasing levels of subsidization. However, recent experience suggests that successful small regional theatres may have solved such systemic problems through a new generation of leaders who have achieved successful growth through a combination of tenacity and adaptability.

Despite the need for a new paradigm with which to measure the successful growth of American regional theatre, the available sources provide only a problematic and often subjective notion of operational accomplishment. If the available research studies have proven of limited use, how should we go about developing more effective ones? Why should we continue to assume that the unexamined smaller companies work on the same
basis as the oft-studied larger ones? Most important, how can we argue that the regional companies are a necessary part of our national theatre without any attempt to provide a consistent measurement of their accomplishments? This study attempts to address these problems.

This dissertation investigates how and why small regional theatres become and, more importantly, remain successful. It examines not only how successful small professional theatres (defined here as members of TCG who have reported operational budgets of less than $900,000) have adapted their goals, operation, and growth choices to the realities of limited budgets and audiences and stubborn deficits, but also how they have turned those conditions into long-term stability. It is a central assertion of this study that any examination of success among regional theatres should focus on stability derived from systemic factors rather than symptomatic ones. Therefore, this study investigates the presence of systemic levers of successful growth in American regional theatre by concentrating on three selected case studies. Using a survey to first assemble a national cross-section of small theatres in terms of budget and audience growth that provides a core data base and some rough statistical comparisons, this study analyzes individual organizational history and management decision-making in order to discover common underpinnings in origin, leadership style, adaptation to growth choices, and operating procedures.

In sum, this study attempts to answer three questions about success: (1) are our assumptions and expectations about regional theatre, inherited from the 1960s and 1970s, still relevant or have contemporary realities of doing business made them obsolete to such a degree that they obscure rather than help to explain those theatres' accomplishments? (2) do successful small regional theatres grow in similar or different ways from the national averages and from one another? If no common characteristics and no correlation with national averages is found, what does this tell us about the nature of these theatres'
success? and (3) why have successful small theatres been successful? Has it been for systemic reasons, such as managed growth and continued adaptability as institutions, or just hard work and blind luck? Indeed, how important to their success has been their capacity to adapt to economic challenges rather than succumbing to them?

**Approach and Methodology**

I chose two different methods to address the research problems posed in this study. First, I designed a national survey to assemble a five-year data base for a sample of small regional theatres with which to establish trends and initial comparisons in income, expenses, and audience growth between 1991 and 1995. Further, I used this data base to isolate any characteristics that distinguished these theatres from the larger ones examined in the wider population provided by TCG's 1995 "Theatre Facts" and from one another. The second method employed detailed case studies of three successful theatres from the same sample list to explore precisely how each theatre has met the challenges of the nineties.

The first method used a survey mailed to the managing directors of a population of 70 theatres with budgets of $900,000 or less chosen from the 1994-95 TCG Theatre Directory (See Appendix B). Because of the enormous diversity of regional theatres now in operation, this study attempted to draw valid comparisons over a specific five-year time frame (1991-1995) by narrowing to some degree the operating characteristics of the selection in terms of stability, budget size, length of season, and geographical location. Therefore, the selection included only those theatres that played primarily to adult audiences, were in operation in one geographical location since 1991, reported budgets of $900,000 or less, and operated more than three consecutive months of the year in areas outside New York City. Eliminated were companies located in New York City, children's theatres, summer theatres, university-sponsored theatres, and theatres with budgets above
$900,000. I chose the members of the Theatre Communications Group because they were easy to survey, reflected the diversity in budget size (budgets ranged in the 70 selected theatres from $91,000 to $833,000) with locations in many different areas of the country. Thus, the selected group was both expedient and reflective of the total regional theatre population. In order to identify trends in budget and audience growth, the survey requested basic information on income, expenses, and audience attendance for the previous five seasons.

The second method—and the core of this dissertation—used three detailed case studies with on-site interviews to examine The Bloomsburg Theatre Ensemble in Pennsylvania (founded in 1978), Horse Cave Theatre in Horse Cave, Kentucky (founded in 1977), and Riverside Theatre in Iowa City (founded in 1980). Each of these theatres has demonstrated a tenacious drive that has resulted in successful growth over a period of seventeen to nineteen years. Here is a brief review of their histories:

The Bloomsburg Theatre Ensemble

The Bloomsburg Theatre Ensemble (BTE) began when a group of young college theatre artists from all over the country gathered in the small rural town of Bloomsburg, Pennsylvania (population 12,000), to study with the legendary acting teacher, Alvina Krause. Their mentor eventually inspired their dream of creating a professional community-centered theatre. After two years of study, the group decided to put down roots and start a professional non-Equity theatre. Capitalization began with a dollar-a-week dues. A grant from the Bloomsburg Town Council provided seed money for the first season in 1978, in which the ensemble presented two plays in the cafetorium of Central Columbian Middle School. The school became their temporary home for the next three seasons. In 1980, BTE purchased the Columbia movie theatre in downtown
Bloomsburg. Three years of planning, fundraising, and renovation followed, resulting in the opening of the renamed, 369-seat Alvina Krause Theatre in 1983.

Now in its eighteenth season, BTE has become one of the nation's few true resident ensembles. With nine full-time ensemble members, a staff of ten, two buildings, and an annual budget of over $600,000, the company produces an eclectic range of contemporary and classic plays, as well as new and original works. Additional programs include internships of young professionals, tours and matinee performances for area high school students, and a theatre school. The company's subscription audience base has remained steady at around 1,000. In 1991, BTE was selected to tour five African nations for the United States Information Agency Arts America Program. In 1995, grants from the Rockefeller Foundation and The Japan Foundation made it possible for BTE to collaborate with Japanese artists to produce classical Japanese theatre.

The theatre company operates as a theatre collective whose mission is to become as central to its rural community as schools, libraries and hospitals. Although the original ensemble has lost numerous members, it has accepted new ones, bringing the number of the current ensemble to nine. The ensemble director is a rotating position, and annual intra-company auditions are held for every role. The five-play main stage season is selected by the entire ensemble on a unanimous basis. Although a member of TCG, the company has remained non-Equity.

The theatre has survived periodical financial crises over the years but broke even between 1992 and 1994. In March, 1995, however, BTE was faced with a bank foreclosure. The previous purchase of the theatre and rehearsal building required BTE to take on mortgages and other long-term debt which amounted to $400,000. This debt had remained flat over the past seven years. In April, 1995, after raising emergency funds to keep the wolf from the door, BTE kicked off a campaign to finally retire this debt and initiated a plan to raise $450,000 to secure its future into the next century. By December
of that year, the campaign had received over $200,000 in gifts and pledges. By October, 1997, the beginning of its twentieth anniversary season, BTE expects to have eliminated the entire deficit, burned its two mortgages and created a $50,000 cash reserve.

Horse Cave Theatre

Now in its eighteenth season, Horse Cave has always been a professional theatre company operating under an Actors’ Equity Association contract. Its productions play in a rotating repertory format under an Equity Letter of Agreement. Located in a remodeled 346-seat, nineteenth-century opera house, Horse Cave opened in 1977 as a summer theatre with three plays in repertory for three months. Its original impetus was from the community who hired a theatre professional to begin a theatre that would attract tourist money to this small Kentucky town of 2,000 population. By 1980, the operation had expanded to include September matinees for public school children and a four-play, four-month season. In 1981, the theatre began its distinctive Kentucky Voices series, with an annual new play by a Kentucky playwright; now an integral part of the theatre’s mission, the Kentucky Voices program develops plays through staged readings, playwrighting classes and main stage productions. Other experiments followed, including a college campus residency in Louisiana and a spring touring company. In 1986, a $1 million gift allowed the theatre to buy the adjacent building for rehearsal and set storage. The 1990 season was extended to five months into October. Additional grants were secured in 1992, which provided for a $1.3 million renovation and expansion of the theatre which was completed in 1993. At this time the season was expanded again to mid-December with the production of six plays. The completion of the renovation of its major facilities improvement—which included purchasing the theatre building—allowed the company to expand its total number of performances from 106 in 1992 to 166 in 1993 and 189 in 1994.
This rapid expansion, however, also created financial problems. Although the theatre had recorded apparent surpluses in 1991 and 1992, a large operating deficit occurred in 1994 that had to be covered with transfers from its reserve operating fund. In response, management and board have developed a new long-range plan that called for cutbacks in production expenses, a larger board, and an improved budgeting process. The theatre’s mission has remained to serve both its rural southern Kentucky audience and the traveling public with a rotating repertory of proven plays and new works by Kentucky playwrights.

Horse Cave reaches three primary audiences: residents within a fifty mile radius of the theatre, an area with a population of 650,000; the region of Kentucky and northern Tennessee, including Louisville and Nashville; and the tourist audience. Now producing within a budget of over $610,000, Horse Cave has become a successful community-based, mainstream professional company that appeals to a regional audience of middle-class, retired patrons.

Riverside Theatre

The smallest of the case study theatres, Riverside was founded in Iowa City by two students who had recently graduated from the University of Iowa. The two founders, Ron Clark and Jody Hovland, remain as the core of its operation, serve as Co-Artistic Directors, as well as directing, performing, and touring during its regular production season. The theatre’s mission has always stressed teaching and community involvement rather than commercial status. An Equity contract has never been the theatre’s goal; its artists remain non-union. The organization was incorporated as non-profit in 1981 and, after a decade of producing theatre in rented spaces throughout the area, moved into its new space—a renovated warehouse seating 108—in 1990. A ten-week fundraising drive gave the company $50,000 to turn this space into its first permanent home.
Iowa City is a small town of about 50,000 population which is doubled with a university population of at least the same number. Its location is rural, with surrounding areas dominated by family farms. Although the city offers a university theatre season, a series of touring productions at Hancher Auditorium and a community theatre, Riverside is the area's only resident professional theatre. The company draws its audience not only from Iowa City, but from other towns throughout Eastern Iowa, such as Cedar Rapids and Davenport.

Riverside produces an eclectic range of playwrights, from the classic to premieres of new scripts. Its production style has always focused on the actor and script, employing intimacy combined with emphasis on lighting and sound design rather than expensive scenery. It has built a reputation for original, provocative choices in its material and production style, usually producing five productions each season, including commissioned original works based on the state's heritage. Productions run for three weeks. Every summer season for the last four years has included the Young People's Company, which offers high school students a five-week theatrical program devoted to rehearsing and producing a major classic. Workshop productions have included School for Scandal and Midsummer Night's Dream, and are normally sold out for their five performances in July. A new extension to this program includes a similar workshop for junior high students.

As operations have expanded since moving into its new space, the organization has hired part-time staff in marketing, office management, and technical direction. Its production personnel receive stipends on a show-by-show basis. The theatre is governed by a 12-member board.

Spurred by the operation of a new space, Riverside Theatre has experienced a show but steady growth in its budget over the last few seasons. In 1991-92, its annual budget was $118,000; by 1994-95, this reached $157,000. In 1995, discovering that the traditional subscription ticket process limited access to new audiences, the company
replaced it with a new membership program designed to attract non-traditional theatregoers. The effort not only attracted younger audiences, but lost none of the theatre’s regular subscriber base.

Growth has also brought problems. The theatre regularly plays to only 65 percent capacity, forcing a cutback in salaries and overhead for 1995-96. Nonetheless, the company seems on the verge of a new period of growth. A five-year plan developed in 1995 includes goals for increased production runs, expanded touring, increased membership, and off-site rehearsal and building space.

These three theatres provided an excellent sample for comparative study. On one hand, they have achieved a record of successful growth over a period of years and possessed management continuity with a high degree of consistency of purpose. Founded within a few years of one another, they represented the same generation of artistic leadership. On the other hand, they differed in characteristics of origin and were located in three very different communities. The diversity of these three theatres was an advantage rather than a problem because it reflected the current profile of small American regional theatre, which is now a collection of theatres located both in urban and rural areas that serve a wide variety of audiences and possess many different histories and purposes. Indeed, the validity of this research is based on case studies that parallel the fragmentation of the national profile.

Significantly, each of these theatres faced either a major growth decision within the last six years or a major financial crisis related to a previous growth decision. Thus, these companies were forced to adjust to new challenges in managing their growth. Since periods of transition best reveal the inner workings of decision-making, the case study process emphasized these recent challenges rather than attempting to compile a comprehensive survey of each company’s production and operational history.
**Structure**

One of the basic arguments of this study is that it is impossible to reach a new understanding of regional theatre success without first identifying and discarding the old mythology which has so thoroughly permeated our assumptions about and expectations of these theatres. Accordingly, a certain amount of ground-clearing is necessary. The second chapter of this study, therefore, examines how the development and original pragmatic intentions of the founders of the American regional theatre have been mythologized and how this mythologization has contributed to the current assumptions of failure. The chapter traces the growth of an idealistic set of impossible expectations that originated in commentary of the sixties, continued through the seventies, and despite the availability of contradictory data, continues to affect the current analysis of regional theatre performance into the nineties. The discussion explores how the prevailing narrative has used hindsight to oversimplify into a national "movement" a collection of diverse and separate theatres that resist easy definition. The section addresses how this scenario assumes an evolutionary development from small operations into today's large institutions and ignores the variety of different beginnings and retrenchments that successful companies have undergone since the sixties.

Next, I discuss the impact of the Baumol-Bowen model—in which two Princeton economists argued that since the performing arts are incapable of raising their labor productivity, operating costs will continue to rise faster than income to create inevitable deficits that prevent them from ever becoming self-sustaining—and how it continues to influence commentary on regional theatres despite the growing trend towards self-sufficiency. The chapter examines how using such an oversimplified characterization to describe the growth of a diverse theatre mosaic has led to an assumption that success is based upon a bigger-is-better budget model of growth and to a bias against more pragmatic measures of success such as stability and degree of institutionalization. The
result has been an acceptance of the presumption that only the larger companies are worthy of research and that their operational priorities, problems, and achievements are somehow prototypical of all other theatres. The final part of the chapter examines how ignoring the smaller companies has provided little insight into the changing, multifaceted nature of success in American regional theatre over the past two decades. Only when these outdated assumptions are challenged can objective analysis begin to redefine the nature of regional theatre's success.

Chapter Three presents a statistical examination of small regional theatres throughout the country. After briefly reviewing the past and current status of analytical statistical studies of regional theatre, the chapter describes the results of an original mail survey of a sample of small regional companies between 1990 and 1995. The study provides data from 24 respondent theatres and analyzes the growth characteristics of this sample of theatres with budgets of $900,000 or less drawn from the same universe of membership in the Theatre Communications Group. The analysis attempts to establish aggregate trends in budget and audience growth, analyzes similarities and differences between these theatres and the national averages provided by the TCG edition of "Theatre Facts" between 1991 and 1995, and explores growth subsets of budget size and theatre age categories among these 24 theatres. Each theatre was asked to provide its earned and unearned income and expenses between the 1990-91 and 1994-95 seasons, plus total main series attendance (subscriptions plus single ticket sales) and total number of main series performances for the same time period. The data is assembled with charts similar to those used by TCG, and includes earned and unearned income, total income, expenses, earnings gap, and deficits between 1991 and 1995; percent changes in earned and unearned income, total income, expenses and deficits for the five-year period, with total percent changes for the entire period of each category; aggregate totals and percent changes in audience
attendance for main series productions for each year, and for the five-year period; number of performances annually; and degree of management continuity.

The first part describes the survey design and defines the method of measuring growth. The second section examines aggregate totals of income, expenses, and audience growth between 1990 and 1995 and compares the growth rates for each variable with those of the TCG universe. After grouping these theatres according to the categories of budget size and company age, the next section assesses to what degree growth percentages in income and expenses vary among theatres of different size and age. The final part of the chapter offers some observations regarding the general growth characteristics among these theatres, the significant differences between the survey data and that reported by TCG, and the differences among these theatres in growth rates and direction after stratification by budget size and theatre age.

Although this study demonstrates some significant general growth characteristics among these theatres, the chapter concludes with a discussion of the inherent limitations of using aggregate statistics to investigate systemic growth trends among small theatres. The presence of wide variability of annual growth rates and the constantly changing growth profiles among these small companies force us to consider statistical analyses only as a preliminary step towards understanding the nature of their successful growth.

Chapter Four focuses entirely on three case study theatres selected from the total sample of 24 survey theatres: The Bloomsburg Theatre Ensemble, Horse Cave Theatre, and Riverside Theatre. Documentation of each theatre's organizational history and structure, financial statements, audience growth records, and key growth points preceded on-site interviews and a detailed examination of operational performance between 1991 and 1995. Interviews with staff and artists were then conducted to provide information about such factors as the decision-making process, personal values, leadership behavior, daily operational practice, long-term plans, and morale. The investigation attempted to
answer the following questions: (1) How were programming and budget decisions made? To what degree has management followed the conventional definition of success and to what extent has it developed a different one? How important has incremental growth been to managerial decision-making? (2) What was the decision-making process involved in the previous major growth expansion? (3) What were the results of that expansion? If growth produced a crisis, how was the crisis handled? (4) What changed in terms of management behavior and operations since the growth decision? and (5) What makes this theatre work? What characteristics, if any, do these three theatres have in common? Are there any key elements of success present in every case or is each an individual achievement?

The chapter treats each theatre separately and then attempts to draw some conclusions regarding similarities in systemic development that may account for each company's success. The discussion concentrates on how each theatre recently experienced a nearly identical cycle of growth in which a crisis linked to a major growth decision was subsequently overcome. The chapter examines how the result of this solution was a more adaptable organization with new skills in managing growth, an increased involvement of community, board and staff in decision-making, and a rededication to the theatre's original mission. The result in every case was a theatre operation poised both to meet the new challenges of the 1990s and to exploit its own strengths. The systemic issue responsible for success, then, was each company's effective adaptation to growth. Also examined in this chapter is the paradoxical nature of growth and how, for example, a theatre's success may depend less upon a record of positive incremental achievement than upon how it responds to a crisis. Finally, the discussion describes several common characteristics shared by all three case study theatres that may be useful to others theatres evaluating their own potential for meeting the challenges of major growth in the future.
Chapter Five presents the conclusions of this study and a summation of what has been learned. It reviews the preceding challenges to three assumptions about how regional theatre functions—that American regional theatre has failed to live up to its early expectations, that growth should be defined symptomatically, and that research methodology can rely upon aggregate statistics and need not investigate smaller theatres—and discusses how the rejection of these assumptions has required a rethinking of the definition of success among regional companies. The first part explains how these challenges led to an investigation of success rather than failure, to a focus upon systemic rather than symptomatic growth as the central research variable, and to the design of a methodology that combines on-site case study with detailed statistical analysis of individual small theatres. The discussion then offers an approach that combines long-term annual growth statistics with specific case study techniques in order to overcome the limitations of critical and symptomatic analysis and, at the same time, uncover the paradoxes and systemic levers that lead to successful growth. The next section addresses how the crucial element of these theatres' success was the ability of their leadership to adapt to new realities without sacrificing their original mission, to embrace the expertise of new managers and board members, and to pay attention to the financial information that chronicled their economic health. Then the chapter offers a basis for rethinking how small regional theatres function and argues that any solution to the problem of measuring growth must include an appreciation of the fragmentation, complexity, and contradictions inherent within this constantly shifting universe of small companies. Finally, the discussion presents some suggestions about how leaders of other theatres may use these findings to prepare for and successfully meet their own next cycle of growth challenges.
ENDNOTES

CHAPTER 2

THE MYTHOLOGIZING OF THE AMERICAN REGIONAL THEATRE

A standard narrative has evolved since the 1960s about the history of the American regional theatre which, in this writer's view, has obscured the basis for its success. This narrative portrays the evolution of nonprofit regional theatre in America as having its origins in the pioneering work of like-minded visionaries through the 1940s and 1950s whose dream was to fill a national cultural vacuum by bringing the world's great stage works to communities outside New York City. The four pioneering companies were those of Margo Jones in Dallas in 1947, Nina Vance in Houston in that same year, Zelda Fichandler in Washington in 1950, and Jules Irving and Herbert Blau at Actors' Workshop in San Francisco in 1952. The standard scenario describes how these few theatres were united in their rebellion to the "Broadway Establishment" and existed as artistically pure harbingers of a true national theatre uncontaminated by greed or the search for profit. In the late fifties and continuing through the sixties, the Ford Foundation and National Endowment for the Arts gave crucial support to these struggling companies. Inspired by the success of such theatres as Arena Stage and the Alley, the standard scenario describes how dozens of new companies sprang up in the sixties and seventies, creating a theatre that radically altered the American theatre by decentralizing it and weaving theatre into American life as an essential cultural force. Although weakened by institutionalization and dependence upon government and corporate funding, the growth of regional theatre continued throughout the eighties and nineties.
Although it captures the general outline of the development of regional theatre, this scenario has several problems. First, it uses hindsight to oversimplify into a national "movement" with a single direction and mission a collection of diverse and separate theatres that, more than ever, resist easy definition. How, for instance, can we reconcile the notion of a movement with the singularity of artistic founders such as William Ball, Herbert Blau, or Zelda Fichandler, and their particular communities? Indeed, regional theatres have always been an amorphous phenomenon whose most basic definition remains slippery. What, for instance, should they be called? Are they "resident theatres," even though most regional theatres no longer support a permanent resident company? How can the "repertory" part of their title, as in The Seattle Repertory Theatre, describe seasons which have long ago abandoned rotating repertory scheduling? Can the term "regional theatre," originally used because most of the companies were located outside New York City and used throughout this study as perhaps the most acceptable term, accurately describe such disparate theatres as The Manhattan Theatre Club, the summer Williamstown Theatre Festival, and niche companies devoted to gay or feminist orientations—all currently members of the Theatre Communications Group (TCG)? As Zelda Fichandler notes, even the "nonprofit" designation seems insufficient: "Being nonprofit does not really define us—our goals, our aims, our aesthetic, our achievements. What defines us, measures us, is our capacity to produce art."

The most cursory examination reveals substantial differences among the early theatres in terms of how they produced theatre art. All may have sought a decentralized theatre, but Margo Jones's theatre used Equity actors cast out of New York and mixed a
preponderance of new plays with several classics,\textsuperscript{2} while the Houston theatre of Nina Vance began as an amateur organization whose board strongly fought against professional status (a split that nearly destroyed the theatre), building its production seasons around such plays as \textit{Life With Mother}, \textit{The Barretts of Wimpole Street}, and \textit{Stalag 17} that appealed to mainstream audiences.\textsuperscript{3} In a 1989 interview, Zelda Fichandler recalled the individualistic nature and separate development of the early theatres:

\begin{quote}
In the beginning, the pioneers in the movement were separated one from each other. We were puttering around with decentralizing and institutionalizing an art form. We didn't know about each other, and we were all working very separately. It was like scientists working on the same research project in different parts of the globe and then coming together... . When we did finally meet each other, it was really quite thrilling. There was a kind of startling feeling when we all came together.\textsuperscript{4}
\end{quote}

Secondly, how can we continue to accept a portrait of those early pioneers as artistic visionaries who turned their backs on the commercial theatre and dreamed of supplanting Broadway, when we recall that Arena Stage was originally organized as a profit-making operation and that Margo Jones's efforts to continue a Broadway directing career both gave her a glamorous aura back home and conflicted with her responsibilities in Dallas almost, at one point, causing her to abandon the Texas venture altogether?\textsuperscript{5}

The goals of the first generation of leaders may have been more complicated—and self-centered—than simply an artistic revolution against Broadway. Although Jones, for example, felt a duty to dream that “we should have at least one hundred such theatres in this United States, so that a cross-country traveler could stop off every night to see a different play,” she also wanted “a theatre of my own, where I could do new plays and the classics”\textsuperscript{(115)}. At the Alley Theatre, an early financial crisis was averted when Nina
Vance signed Broadway star Albert Dekker to do *Death of a Salesman*. When that success could not be extended because of Equity rules, Vance took the next step and created an Equity company—and brought in more stars. Vance revealed in 1971 the personal and, indeed, selfish motivation behind her founding of the Alley:

I didn’t start a theatre, I sought to express myself. . . . Therefore, it did not occur to me in any way that I could not direct plays or act in them—or anything—unless I clawed it out of the earth myself! Therefore, I didn’t set out to start a theatre, I set out to start a place where I could express myself, and others could come along.

There are more examples of how the visionary myth collides with the complicated realities of actual practice. After thirteen years as founding artistic director of The Manhattan Theatre Club, Lynne Meadow, for instance, still had not pinned down a vision for her theatre:

I’ve never pontificated about my artistic vision. I’ve never sat down and said that I believe in a theatre that does X and Y. . . . I wish I had a definition for what my artistic vision is that I could utter and say I believe in a theatre that does this. I don’t. I think I believe in—somehow I feel that I make a statement of who I am in the plays that I choose, and the people that I choose to do them. . . . And I prefer to have someone look at the body of work that I’ve created—both as a director and as a producer—and say this is what the Manhattan Theatre Club stands for.

As late as 1991, Zelda Fichandler was still trying to counter the impression of herself as a crusading visionary and explain the true situation:

You have to understand the humbleness of the thought. Starting Arena Stage was not a grandiose idea. That’s why I bristle a little bit at the word vision, because it’s too large a word. It was an idea. A modest enthusiastic, improvisational, bumptious, ill-thought-out idea.

A characterization of the early leaders that includes the diversity of their purposes and backgrounds, as well as their often clearly commercial interests would help us to see them less as like-minded visionaries than as separate, often amateur, entrepreneurs with an
insatiable need for self-expression who made things up as they went along. As Herbert Blau noted in 1964, "If the new growth of the regional theatre constitutes a sort of revolution in the American theatre, it is also substantially without revolutionaries.""11

Thirdly, the scenario posits a linear model which assumes an evolutionary development from small, shoe-string operations into today’s large institutions. This assumption ignores both the variety of different beginnings and the several pivotal changes and retrenchments that successful companies have undergone since the sixties. We should remember that the presence of a charismatic founder in Houston and Dallas is only one possible organizational pattern. In some cities, amateur theatres gradually turned professional or, as in Minneapolis and Seattle, the city fathers went out and bought a theatre as a community booster venture. In other cases, the founding influence came from a local university. Even these categories fall short of encompassing the huge difference between Fichandler sleeping on the floor of her first make-shift premises in 1953 (a facility so small that an actor who exited from the left side of the stage could not reenter from the right side without leaving the theater and trotting about the building)12 and Tyrone Guthrie moving into a brand-new, custom-designed, two million dollar theatre in 1963.13 The American regional theatre, therefore, was less a revolution or cultural renaissance than a new invention based on intuition, highly individualistic purpose, trial-and-error development, and geographical coincidence. It was a theatre lodged in shifting ground with a mixed record of success and failure. Financial deficits were not something experienced for the first time in the 1980s, but attended every early operation with
sometimes only the support of the Ford Foundation to make the difference between a new season and collapse.

From the beginning, regardless of the idealism inherent in a new idea, survival was the primary goal. And survival meant economic stability—careful planning, cost control, and selling tickets. The apocryphal story of the first meeting between Margo Jones and Nina Vance conveys the intense commercial pragmatism of the early founders. Expecting to discuss playwrights or acting techniques, Vance was taken aback when Jones instead is reported to have said: "You're new, baby. How many tickets can you sell?"14 Asked what was the most important thing she had learned during her years at the Alley, Nina Vance replied "To survive."15

Finally, the success of early regional companies may have had less to do with visionary art than with the absence of competition. Other than touring productions of Broadway hits, neither Dallas, Washington, nor Houston appeared to have contained any variety of professional theatregoing possibilities prior to the establishment of regional theatres. One of the most serious initial problems Margo Jones faced, for example, was finding a space for her theatre in a city of 350,000 in which most theatre space was controlled by movie chains.16 Similarly, when the Arena opened in Washington in 1950, there were no other resident theatres and the new operation had the theatregoing public to itself.17 In Houston, Nina Vance found that, although there were many people returning to the area after the war, the city had just one theatre: the Houston Little Theatre.18 As late as 1964, the planned opening of an ANTA theatre caused panic at the Alley because Vance believed such competition would prove disastrous to her operation; Vance
mobilized nationwide support from the Ford Foundation and regional theatre directors to 
defeat the idea (173-76). 

Thus, the inherent problems of the conventional narrative of the development of 
American regional theatre—oversimplification of its diversity into a one-dimensional 
movement, mischaracterization of its pragmatic founders as idealistic visionaries, 
imposition of a linear evolution that ignores critical differences in original goals and 
values, and the inattention to the importance of lack of competition—all obscure the 
multi-faceted nature of these theatres. 

A more useful scenario would argue that the American regional theatre did not 
originate full-blown from the head of Nina Vance and Margo Jones, but grew from a 
variety of small, obscure, and struggling companies (based frequently on a strong 
commercial thrust) led by a disparate collection of individualistic entrepreneurs, often 
isolated from one another and devoted as much to their own careers as to the initiation of 
a theatre movement. Their purpose was perhaps less about banishing Broadway than, as 
Zelda Fichandler describes, ending the dominance of the single-show, boom-or-bust 
syndrome: 

Some of us looked about and saw that something was amiss. What was essentially 
a collective and cumulative art form was represented in the United States by the 
hit-or-miss, make-a-pudding, smash-a-pudding system of Broadway production. 
What required by its nature continuity and groupness, not to mention a certain 
quietude of spirit and the fifth freedom—the freedom to fail—was taking place in an 
atmosphere of hysteria, crisis, fragmentation, one-shotness, and 
mammonmindedness within the 10 blocks of Broadway. 19 

These theatres probably grew in number during the sixties because of capital 
offered by the Ford Foundation and the National Endowment for the Arts as for idealistic
artistic reasons. They made up their operating procedures and artistic programming as they went along, never really lost their connection to New York City and the Broadway stage, and have created over the past fifty years less an easily defined movement than a collection of fragmented, community-based enterprises that continue to defy easy categorization. If we are to analyze the success of the newest breed of theatre leaders whose will to diversity has propelled them to the most unlikely spots, then we must begin first to demythologize the early pioneers and accept them more as idiosyncratic, charismatic artists who started theatres according to their own tastes because they wanted to work in a commercial theatre whose prospects, especially for women, were slim.

Using an oversimplified characterization to describe the growth of a vibrant theatre mosaic has led to the acceptance of two assumptions that mold the past into a coherent sequence of events, unable to accommodate the vastly more complicated world of American theatre since 1950. First, the idea that success is based upon an essentially romanticized and utopian image of critical success and budget growth, all rooted in the idealism of the 1960s and symptomatic of the expansion priorities of the 1970s, this assumption contains a bias against more pragmatic measurements, such as stability and degree of institutionalization. Secondly, since conventional analysis routinely tends to privilege certain large companies such as Arena Stage and the Guthrie, commentary assumes that their operational priorities, problems, and achievements are somehow prototypical of other theatres. As a result, the distinctive characteristics and achievements of the smaller theatres with budgets of less than one million dollars, such as The
Bloomsburg Theatre Ensemble in Pennsylvania, or Horse Cave Theatre in Kentucky, are ignored.

To better understand the importance of investigating new ways to examine regional theatre, it is helpful to review what has led to these assumptions and, despite the contradictions provided by actual practice, has created the current mythology.

The 1960s

The first comprehensive examination of performing arts in America was the 1965 Rockefeller Panel Report, *The Performing Arts: Problems and Prospects*. The report examined the role of the arts in American society and maintained that the most radical changes in American theatre were the bypassing of Broadway by the development of nonprofit theatres outside New York and the beginning of the decentralization of professional theatre throughout the country. The report also noted the deficits among these theatres and cautioned against the mistake of believing "that the current high pitch of excitement about them will carry everything before it." Since costs cannot be expected to be entirely covered by box office receipts, the report argued that the success of nonprofit theatres should be measured not by financial performance but by the extent to which they fulfill their artistic "obligations," such as a high standard of performance, perpetuation of their artistic heritage, the development of new works, and the providing of opportunities for new talent (55-56). In other words, professional artistic achievement should define success.
One year later, the Twentieth Century Fund sponsored a landmark study by William J. Baumol and William G. Bowen, that explored the economics of the arts. In The Performing Arts: The Economic Dilemma Baumol and Bowen argued that since the performing arts are labor intensive and, like a handicraft industry in a machine age, incapable of raising the productivity of that labor per man-hour, operating costs will rise over time relative to costs in the economy as a whole. As a result of this productivity lag, performing arts groups will experience an inevitable shortage of funds or an "earnings gap," defined as the difference between expenditures and earned income, that will prevent them from ever becoming self-sustaining. The authors considered this state of chronic operating deficits, later referred by other writers as "Baumol's disease" or the "cost disease," as a universal among orchestras, opera companies, and regional theatres. Because the costs of producing a live performance would always grow more rapidly than the revenues obtained from it, because arts managers would continue to resist increases in ticket prices for fear of discouraging audiences, and because fierce competition existed from other arts and entertainment forms, they predicted that the earnings gap would increase from year to year. The resulting state of permanent crisis would force upon the companies constantly rising fundraising needs.  

The general acceptance of this model not only created a shift in focus from earned to unearned income—because nonprofit theatre "cannot" pay for itself nor control its deficit growth—but also an acceptance of deficit funding. Since the gap could only grow if there were sufficient contributions to fund that growth, a theatre's health could be measured, ironically, by the size of its earnings gap. The Baumol and Bowen analysis
suggested a new economic strategy for the sixties: nonprofit theatres would need increasing subsidation in order to grow because costs could not be controlled and deficits would inevitably increase.

Subsidy money was readily available. The Ford Foundation alone contributed almost $18 million to fifteen companies between 1962 and 1974. Ford's objective was to help struggling companies with general operating support in order to "turn the corner in their quest for acceptance in their own communities and in the theater world in general."

Regional theatres adapted their operations to this strategy. They added fundraising staffs and learned how to ask for the available subsidy money. Their budgets-and earnings gaps—grew. More important, they became accustomed to big deficits. As the availability of capital increased, so did the number of regional theatres, which numbered about forty by 1967. Audiences were also increasing, and theatres were moving from makeshift premises into new downtown buildings. Increased government funding was available from the National Endowment for the Arts (NEA) and the Elementary and Secondary Education Act.

By 1967 and continuing into the early 1970s, however, critics, responding to the idealism and suspicion of institutions of the late sixties, concluded that the search for subsidies to meet increasing deficits had become a corrupt way of life that prevented regional theatre from fulfilling what they considered its activist potential. They began to ask whether, in pursuit of government and foundation funding, these companies had lived up to their original high expectations. The critics decided they had not.
In *A Theatre Divided* (1967), for example, Martin Gottfried criticized the dream of regional theatre as contaminated by the race to gain subsidy, which transformed a vital new force into a business "ultradependent on the giant balloon blown up with the funds of American Subsidy." In his view, the artistic founders, desperate idealists willing to work for little more than satisfaction, had lost their innovative energy and their independence and would do anything to get money. As a result, "the running of a resident theater becomes a highly institutional job requiring political dexterity, trustee-juggling, foundation infighting, tea-time community relations and, not least, boxing out the other resident theaters in the power pattern of American Subsidy" (105). Gottfried noted that generous grants were no guarantee of survival. During this period, despite sizable grants, Gottfried pointed out that the Fred Miller Theatre in Milwaukee had folded; the American Shakespeare Festival went from crisis to crisis; and the Mummers Theatre in Oklahoma, a favorite of the Ford Foundation which contributed $1.3 million in capital support between 1962 and 1966, was an abysmal failure.

Gottfried especially considered the gradual institutionalization of these theatres as abhorrent. Using a simplistic bipolar model of theatre history typical of the polarized thinking in the 1960s, the author declared that regional theatres had gone from "independent leftists fleeing Broadway philistinism to ultramodern institutionalists who know every trick of the rightist American subsidy game" (104). Totally dependent upon subsidy, American regional theatre had become, in Gottfried's view, repetitious and faddish, its decision-making contaminated by the need to attract mainstream audiences and funding. This was an astonishingly early declaration of failure. Ford Foundation and NEA
money had begun to fuel the regionals' growth only a year or two before, but Gottfried decided that these theatres had already lost their credibility. He believed that only when resident theatre directors had regained their individualistic vision and drive would they create a true national theatre.

The notion that foundation subsidy led to outside control over artistic policy would have amazed someone like Nina Vance. According to Che Moody, a long-time staff member at the Alley, Vance would have rejected any such suggestion:

I used to get so angry; I would say in speeches that it ludicrous to think the Ford Foundation was dictating policy to Nina. That is the last thing she would have put up with. I was in her office when she talked to Mac Lowry once—I’ve forgotten what it was they wanted her to do. And she said, “O.K., I’ll tell you what I’m going to do. I refuse the grant. You can take the grant back. No one is dictating artistic policy to me under any circumstances, and I do not want the grant.” She meant every word of it, and they backed off like crazy because Mac Lowry wanted her to have that grant. She was ready to hand it back. She absolutely wasn’t going to be dictated to.28

Julius Novick, who surveyed thirty-three regional theatres of the 1967-68 season, believed that the primary problem was artistic, not economic. Regional theatres had reached that "awkward age" of no longer being brand-new; their honeymoon with financial backers and audiences was over. Making the questionable assumption that these theatres should have become mature organizations in three or four seasons, Novick criticized their leaders' failure to achieve stability as institutions. In his 1968 book, Beyond Broadway, he argued that regional theatres had become too much alike and produced mediocre work for a small bourgeois audience.29 Novick blamed the people who ran the theatres, accusing them of the inability to connect means to ends with any urgency, of doing mediocre work, and of peddling "standard merchandise in which they have no personal
stake" (21). The result was that "many theatres often do not speak for or about anything at all, and that is a deficiency that prosperity will not cure" (21). In other words, fix the artists, and you have fixed the theatres.

In Theatre in America: The Impact of Economic Forces, 1870-1967 (1968), Jack Poggi took a third tack. He used an historical approach to argue the superiority of small, amateur groups capable of producing innovative revolutionary plays over those theatres which had expanded into institutions and become indistinguishable from one another. He traced the growth of resident theatres from three in 1950 to forty by 1967, and noted how their noncommercial rebellion was as much against the economic practices of the commercial theatre as against its artistic standards. He suggested that the financial support by the Ford Foundation in 1959 marked the significant turning point for the regional theatre movement (214). Poggi argued, however, that money was not the sole reason for this explosive growth. Other important factors were the continuing decline of Broadway and the road, and the vacuum left by the semiprofessional and amateur companies of the twenties and thirties which had created a hunger for a theatre that was both professional and serious.

Poggi also noted the different patterns of resident theatre formation since 1963. Instead of spending years developing broad-based community support, newer theatres were founded by a short-cut approach exemplified by the Guthrie, in which a company quickly acquired financial support and subscription lists, built a new theatre or converted an existing building, and went into business. In Seattle and Philadelphia, community leaders organized a theatre and then went looking for an artistic director. In Hartford and
New Haven, a director picked a city and then persuaded the community to start a theatre (225). Others, such as The American Shakespeare Festival, began as summer festival theatres. In the case of The Charles Street Playhouse in Boston and Firehouse Theatre in Minneapolis, small groups of actors had established their own fringe company (229).

Poggi was especially worried that the rapid economic growth of resident theatre would not last. He cited evidence of constant financial crises, noted how the gap between income and expenditures had affected the resident theatres even more severely than Broadway, and pointed out the growing reluctance of foundations to continue to close the earnings gap (230). Echoing Gottfried, Poggi feared that continued financial stress would force these theatres to attract mammoth subsidies, turning them into institutions incapable of producing revolutionary plays. In his view, these theatres could not achieve professional standards without expanding, but expansion brought financial problems that limited experimentation and spontaneity (194). The regionals' dilemma, then, was how to retain their spontaneity and independence by remaining small and poverty-stricken when the need to achieve professional growth and economic stability meant taking on increasing financial burdens. Rather than trust these theatres' ability to adapt, Poggi's solution was to turn back the clock and remain small because, "it might appear that their poverty is a virtue. Perhaps instability is also a good thing"(283).

The crux of the disappointment expressed by commentators such as Gottfried and Novick was the expectation that regional theatres existed primarily to produce new and revolutionary plays. Embracing the idealism of such pioneers as Margo Jones, who wrote of her belief that "the only way a theatre can be progressive is to do new plays," they
ignored Jones’s equally emphatic insistence on balanced programming: “At the same
time, I do think that it [regional theatre] should present the classics, because these have
been proved through the ages to be literary and dramatic masterpieces. They must be
kept alive for our audiences of today.”

The assumption that regional theatre had not fulfilled its artistic potential was
challenged by theatre artists who stressed the practical underpinnings of their operations.
Tunc Yalman, artistic director of the Milwaukee Repertory Theatre, for example,
responding to a set of questions by the Tulane Drama Review (TDR) in 1968, angrily
rejected the assumption of failure and reminded his critics that the classics, not new plays,
were the primary thrust of most regional companies:

Who the hell are these critics? And if they exist, how many productions at how
many regional theatres have they seen recently? To imply that the regional
theatre has failed to set a high artistic standard for itself is a negation of the very
reason for regional theatres. If we do not at least set a high standard for ourselves,
then why exist? If we don’t, who will? David Merrick? . . . TDR seems to forget
that regional theatres, just like symphony orchestras, by their very nature, are not
formed and do not exist for the sake of artistic innovations, but rather as a source
(usually the only source) for an entire community to get acquainted with the great
works of the past and the contemporary era.

Stuart Vaughan, artistic director of The Seattle Repertory Theatre in the early
1960s, was more blunt in defending the pragmatic basis of programming choices against
those commentators, such as Richard Schechner, who had criticized the “bookish
stolidity” of the regional theatre:

I think people all over America want to see the great classic works of the theatre.
New professional theatres looking for a wide audience should start with those
plays and not with the engaging, the new, or the trifling. The dilettante fringe will
always castigate the theatre for sticking to such safe plays. It is absurd to attack a
classic season as "safe." Undertaking a classic season is not for boys, fools, or scholars. ^

Nonetheless, critics continued to judge regional theatres by self-absorbed political agendas that were already beginning to lose contact with the reality of actual practice. The resulting myths and paradigms would in succeeding decades become filters of their own creation, hampering their adjustment to changing circumstances.

Perhaps the study that best encompasses the sense of disappointed expectations of the 1960s is Joseph Zeigler's *Regional Theatre: The Revolutionary Stage*, published in 1973. Zeigler argued that the appearance of regional theatres was not simply a new decentralization from Broadway, but an anti-Establishment "revolution" that began with Margo Jones and ended with Joseph Papp when productions of the New York Shakespeare Festival succeeded on Broadway. According to Zeigler, this revolution had evolved through four turning points: the entry of the Ford Foundation in 1957; the opening of the Guthrie in 1963; the move to Lincoln Center of the Actor's Workshop in 1965; and the transference of Arena Stage's *The Great White Hope* to Broadway in 1967. ^

Zeigler believed that the difference between the theatres that failed and those that succeeded was a matter of internal decision-making: "those which survived made creative compromises which strengthened them; those which perished made the wrong compromises" (50). Using an essentially circular argument, Zeigler maintained that successful early theatres, such as the Arena Stage, had compromised themselves into institutions capable of capitalizing on support from outside forces such as the Ford
Foundation; unsuccessful companies, such as The Mummers, The Charles, and The Front Street Theatre, had never achieved stability as institutions.

Overall, Zeigler believed that the institutional approach that had once been the means of survival had now become a curse. The combination of overstructuring and the achievement of Establishment status that promoted a homogenization of programming and philosophy, had led to a "malaise" caused by the desire for stability, quality, and centrality:

The thrust toward stability bred uneasiness over the theatre's service function in the community. The thrust toward quality bred a horror of sameness toward theatres. The thrust toward centrality bred fears that the thrust itself might not succeed. These last fears constitute the regional dilemma: the nagging suspicion in people who have given their lives to the movement that they might have thus relegated themselves to a minor position on the periphery (200).

Thus, regional theatres had failed to continue Zeigler's revolution in two ways: either they went financially bankrupt because they could not achieve a solid financial foundation or they became artistically bankrupt because they achieved stability as an institution. Within this circular reasoning, success was not really success. What should they do next? Go back to the past and "accept regionalism as an ultimate expression"(251).

By the early seventies, the basic elements of the regional theatre mythology were already in place. A collection of highly individualistic, multi-textured, geographically separate approaches to producing quality theatre away from the hit-or-miss Broadway establishment, who defined themselves as they went, whose purpose was to create an analog to the great works offered by regional symphony orchestras, had succeeded in attracting enough mainstream funding and audiences to establish more than eighty stable nonprofit institutions offering year-round professional theatre. Yet these remarkably
successful theatres were considered to have failed to fulfill their premise as alternatives to commercialism because they had not fulfilled a sixties scenario that demanded they reject the "contamination" of mainstream money and audiences, accept their "duty" to produce new plays by unknown playwrights, and remain small, adventuresome, good and noble revolutionary collectives. Although theatre leaders had proven their ability to create stable, if fragile, institutions capable of continuity and growth, and although, according to Variety, by 1966 there were more professional actors working in regional companies than in Broadway and touring productions, critics faulted them for not realizing their potential to become "a dynamic and expressive force in this country's artistic life." Within this mythology, production of new scripts was considered not only a measure of success, but also a duty to be assumed "if they are to carry out their creative mission, merit the largess they are receiving, and fulfill the promise inherent in their very existence. Otherwise they would be doomed . . . to suckle at the shrinking breast of Broadway and become another last hope in the annals of the American theater." Passed down from critic to critic and survey to survey, these demands, based on a combination of inaccurate, arbitrary and impossible expectations, remained the basis for subsequent judgment and may account for why, despite the evidence that success was far more dominant than failure, regional theatre has been accused of having lost its vision.

The 1970s

Although the sixties are usually considered the boom period of growth, it was in the seventies that America's regional theatre experienced its greatest increases in number
of companies, budget and audience growth, and productivity. Until 1959, TCG had 28 member theatres; that number grew to 55 between 1960 and 1969. By 1979, however, TCG membership included 160 nonprofit professional theatres in 85 cities. Minneapolis, for example, had by 1979 not only the Guthrie, but the Minneapolis Children's Theatre Company, the Cricket Theatre, the Actors Theatre of St. Paul, the Playwrights' Lab, and two African-American theatres, the Mixed Blood Theatre Company and Penumbra. San Francisco possessed, in addition to the American Conservatory Theatre with its $5.7 million budget, the Magic Theatre, the San Francisco Mime Troupe, the Berkeley Repertory Theatre, the Berkeley Stage Company and the Julian Theatre. Chicago, a latecomer to the regional theatre structure, experienced during the seventies an unprecedented growth in its theatrical community with the Goodman, the St. Nicolas Theater Company, that grew from a 1974 operating budget of $12,000 to one of over $1 million by 1979, the Victory Gardens Theater, the Organic Theater Company, the Body Politic Theatre, The Wisdom Bridge Theatre, and the North Light Repertory Company.

Much of this growth was funded with foundation and government grants. The Ford Foundation continued to support major companies until 1977. Arena Stage, for instance, received $600,000 from Ford in 1970; the Seattle Repertory, $300,000; and San Francisco's ACT, $1.5 million. Many of these grants were unrestricted gifts to keep theatres in operation. In 1971, the Foundation announced a radical new funding approach: the "cash reserve" grant. The purpose of this four-year matching grant was to eliminate deficits and stabilize the financial position of theatre, opera, and dance companies. Among the first recipients were Center Stage ($320,000), the Hartford Stage
Company ($240,000), the Seattle Repertory Theatre ($305,000), and Trinity Square ($357,000). By 1977, Ford had given away nearly $26 million to theatre companies throughout the country. In addition, the NEA gave support to hundreds of companies and individuals ($125,000 to the New York Shakespeare Festival; $117,500 to Arena; $95,000 to ACT, all in 1971).

During this decade, regional theatres were developing their own distinctive profiles. Some artistic leaders, for example, discovering that rotating repertory or a permanent acting company were seldom workable ways of running a successful regional organization, adapted their goals to standard stock runs and jobbed-in actors. In addition, several theatres, noting the successful transferring of Arena's The Great White Hope to New York in 1967, discovered that closer relations with Broadway could be financially profitable and garner the national recognition necessary to attract major actors and directors. The ultimate Broadway recognition came in 1976, when Arena Stage received the first Antoinette Perry Award given to regional theatres. A distinctly New York accolade, the award has continued to be given each year to individual regional theatres. Zelda Fichandler provided a list of the achievements that she shared with other founders during this period:

We taught ourselves how to direct, produce, administer, raise money, work with acting companies, work without acting companies, make grant applications, raise budgets, raise standards, build buildings, teach and involve a community, change the taste of a community, fail and rise again like the phoenix or, in some ways, fail and not rise again, play a season of plays, then another season and another, search out new playwrights, learn about the crafts of the theater almost without teachers.
At the same time as the Arena Stage became the prototypical regional theatre of the 1970s, a new group of theatre founders appeared. These young artistic leaders were a new breed. They were children of the 1960s, recently graduated from college theatre programs, were used to having a one or more regional operations already established in their city, and possessed a self confidence that had no connection whatsoever to the commercial theatre of New York. Having little or no experience in running a theatre, they often chose to develop their own managerial style on a haphazard basis rather than use existing models.

The acting ensemble of The Steppenwolf Theatre Company in Chicago was a good example of this new regional dynamic. As described by John Mayer in his dissertation, the raw college students who “stumbled into existence” as Steppenwolf in 1976 had no mission other than complete artistic control of their own ensemble acting process. They took their name from a Herman Hesse novel, were influenced by the films of John Cassavettes and Ingmar Bergman, and chose plays on the basis of good acting roles rather than as a service to their audience (63). The results were economic instability on one hand, and a staying power and distinctive production style on the other. They learned quickly. By 1978, the company had moved out of its 88-seat space in a church basement in the suburb of Highland Park and into the competitive theatre environment of Chicago. In 1980, its production of Lanford Wilson’s Balm in Gilead established the company among Chicago’s most respected theatres and brought a change in leadership with a serious agenda for growth that culminated in transferring the production of Sam Shepard’s True West to New York’s Cherry Lane Theatre in 1982. This production won Obie
Awards for its actors and national exposure as a feature presentation on PBS’s “American Playhouse.” It was an extraordinary journey to maturation; within only six years, a group of actors in their twenties had created a world-class theatre organization.

Noting the growth in size and number of regional companies, however, critics saw only betrayal and a loss of integrity. If the critical response to regional theatre in the sixties focused on “problems and prospects,” that analysis in the seventies became “problems and compromises.” Yes, they survived, critics seemed to say, but at the cost of flirting with Broadway; yes, they grew into efficient producing organizations, but at the cost of quality and vision; yes, they achieved high professional standards, but at the cost of becoming commercialized. One of the most outspoken critics was Robert Brustein, whose apocalyptic scenario about how regional theatres had been debauched by the temptations of Broadway, reached a crescendo of outrage by the mid-seventies. Adopting the role of critical gadfly to a 1976 TCG conference, for example, Brustein chided the attendees for their obsessive preoccupation with money and the mechanics of audience building when, in his opinion, they should have been talking about artistic issues.

Not all analysts, however, shared Brustein’s opinions. Julius Novick, for example, expressly challenged Brustein's hand-wringing about how Broadway had debauched regional theatre:
I see no signs of this. A *Shadow Box*, a *Gin Game*, are not signs of corruption in the theatres from which they come, but honest expressions of the tastes and aspirations of those theatres. . . . The non-commercial theatre has taken on Broadway's old job as creator of decent middle-brow drama for the American people . . . the limitations of regional theatre are the limitations of the American theatre.  

Novick acknowledged the surprising stability of these theatres, writing in 1979 that it was "amazing how little they have suffered: how few theatres have disappeared, how few have drastically curtailed their activities." Duncan Ross, the artistic director of The Seattle Repertory Theatre, expressed a similar defense of the regionals' accomplishments at a 1980 TCG conference and wisely placed the issue into a national cultural context:

There probably is a "malaise," a word I have heard often at this conference, but I don't believe it is a malaise of the American people or the American spirit. I think it may be a consequence of an enormous cultural jump that this country has made in 20 years in our art. I came to this country in 1961, and what has happened in theatre across the whole country in those 20 years represents something that would have taken maybe 50 years in other countries.

In the 1970s American regional theatre for the first time began to develop a consistent national statistical base of facts about its own operations. Heretofore dependent upon anecdotal information or numbers collected for individual studies, organizations such as the Ford Foundation, the NEA, and TCG began to compile data that tracked annual changes in income, expenses, funding, and audience attendance. In the biennial *Theatre Profiles*, first published in 1973, TCG provided the first compilation of member trends that allowed year-to-year comparisons. One of the first results of this gradually expanding data was the discovery that, contrary to conventional wisdom, the regional theatres had, in fact, done a remarkable job of solving their financial problems and had more than held their own during the economic contractions of the seventies.
Unfortunately, not all of this new data was presented in an objective manner. The TCG data especially tended to be accompanied by idealized editorial overstatement. Peter Zeisler, executive director of TCG, for example, trumpeted in the first issue of *Theatre Profiles* that Broadway “has been replaced by a national network of producing organizations.” And Robert Holley, who collected the data for the first "Theatre Facts" in 1984, flavored his summation with an unlikely romantic metaphor: “By 1980, the idea was working. The chrysalis had opened, and the American theatre had evolved into a vital artistic force in communities across the continent.”

A major financial study of the performing arts, produced in 1974 by the Ford Foundation, provided information from 166 theatres, operas, symphonies, and dance companies from 1965-66 through 1970-71. Trends in overall income and expenditures were analyzed to reveal a total earnings gap of $62 million that required $36 million from local private contributions to fill. The study's conclusion accepted the Baumol and Bowen model and highlighted the results of an expansion fueled by deficit funding:

The survey fully documents the fact, well known to professionals in the field, that labor-intensive performing arts, whose productivity cannot keep pace with the ever increasing productivity of the industrial economy in which they exist, are faced with an ever increasing gap between their operating costs and their earned income. The costs, principally wages, are set by the cost level of the economy; the earned income is limited by the inherent limit on the number of performances live performers can give and the number of seats in halls.

The long-term danger of deficit funding was reflected in a comparison of theatre surpluses versus deficits between 1965 and 1970: In 1965-66, 13 theatres had surpluses and 9 had deficits; in 1970-71, 8 had surpluses and 16 had deficits (90).
The report also uncovered several positive indicators. Among the twenty-seven resident theatres included in this study, an accumulated earnings gap amounted to $6.6 million but, after unearned income was added, this gap was reduced to a miniscule $46,000, the lowest of all the arts categories. In effect, the impact of the "cost disease" had been nullified by successful uncovering of new contributions. Moreover, budget growth declined from 43 per cent in 1965-66 to .1 per cent by 1970 (Appendix A, 6). Averages are always misleading to some degree, but these figures suggest that by 1970 resident theatres had reduced their previously high expansion rates and had come to accept a certain stable level of annual deficits. These deficits were made up by steadily increasing unearned income which now rose from 20.8 in 1965 to a high of 33.4 percent of total income (Appendix C, 13). Despite a degree of financial fragility, these twenty-seven theatres, through a combination of aggressive fundraising and budget control, appeared to be holding their own.

In 1981, the National Endowment for the Arts compiled data from over 1600 theatres, including Broadway theatres, road companies, dinner and summer theatres, and nonprofit theatres to produce a research report for the United States Senate. The report was entitled Conditions and Needs of the Professional American Theatre, and used data from the previous Ford study, plus financial statements from sample theatres, information from the National Endowment files and from the New York State Council on the Arts. Among the sample theatres were 59 members of the League of Resident Theatres (LORT) and 113 small theatres spread all over the country. The study examined the condition of live professional theatre in America between 1966 and 1977 and asked the following
question: What is the current economic condition of the professional theatre, what accounts for these conditions, and how has it developed within the period? The result, in contrast to the Ford study, not only challenged the Baumol thesis but—perhaps because the data reached to 1977 and reflected more of the decades's booming regional growth—described a much more successful picture.

NEA researchers found a regional theatre that between 1966 and 1977 had experienced an extraordinary growth. Theatre activity had increased dramatically. The larger theatres had doubled their audience attendance since 1966; and, as a result of these loyal audiences, artistic leaders felt they could take more programming risks. As the number of theatres increased, the number of new plays produced each year seemed to have doubled since 1961. Financial needs were being met; contributions had been steadily growing. Although their prognosis for the future remained guarded, researchers concluded that the theatre had adjusted well to the changing economic conditions.

Whereas the Ford study had concentrated on the growth of unearned income, the NEA report focused on the increases in earned income and its relationship to costs. The relationship between costs and revenue had not increased as predicted by the Baumol-Bowen model but had remained about what it was at the time those economists had made their study (18). NEA researchers noted that regional theatres had done a good job in resisting the cost-revenue squeeze, and that the relation between earned income and expenditures had been roughly the same since the early 1970s. Effective measures had been taken in both larger and smaller regional theatres to boost revenue and to hold down costs: "In spite of the pressures of the 'cost disease,' an important segment of the
nonprofit theatre has managed the feat of increasing earned income at the same rate as its rapidly rising budgets" (73)—something that Baumol and Bowen had argued would be impossible.

The reason for this success was a combination of cost-saving and revenue-sharing adjustments: lengthening of seasons; cutting of cast size; reduction in the number of productions; and increases in the average lengths of run. Also, since new theatre buildings were generally larger than older ones, they provided more seats for sale. In addition, new financial and marketing management techniques had been used to attract and retain audiences.

One of the most important aspects of the NEA study was the investigation of the differences between the economics of larger theatres, defined as having budgets in excess of $250,000, and smaller ones with budgets of $250,000 or less. The study found that smaller theatres were not big theatres in miniature, but distinct operations that possessed their own characteristics.

Although the largest theatres increased their budgets about 9 percent per year with real growth in earned income, unearned income and total expenditures, cost-saving measures had brought these budgets into balance, with the result that "unanticipated deficits are rarer than they were in the 1960s, and earned income . . . has increased at the same rate as operating expenses"(19). Earned income accounted for 62 percent of expenditures and unearned income for 35 percent, and there was a 3 percent deficit overall (23 of the sample theatres had balanced budgets, 11 had surpluses) (48). In other words, the proportion of the budget covered by earned income remained roughly constant over the recent past. The doubling of audience attendance at these theatres between 1966 and 1977 was attributed to an increased number of performances for each production.
Subscription sales were strongly on the increase and subscription income had become the greatest part of total earned income, growing at an annual rate of 10.7 percent (72). By raising ticket prices and extending seasons, total ticket income had kept up with rising costs, an important achievement during a period of rising inflation.

As the larger theatres grew into institutions during the 1970s, their success both increased the primary theatre audience and spawned smaller "niche" theatres designed to penetrate specialized audiences. Indeed, the appearance of these small theatres directly confutes the mythology of failure because the standard mythology does not allow for any departure from the larger prototypes. The founding of so many smaller theatres demonstrates how successful theatre activity begets more activity and how important the study of these smaller operations is to understanding the success story of regional theatre in general.

Lacking any grandiose sense of mission, these new theatres simply went about doing the work which interested their founders. These theatres were not the latest version of the early regional companies founded in the 1950s. On the contrary, they were considered places "where minority cultures, women, and special interest groups can dramatize their aspirations and develop their cultures, a low-cost theatre which the young, the old, and the poor can afford to attend" (35). They specialized in producing new plays, experimented with new ideas and approaches, and offered a testing ground for performers, writers, directors, and designers.

These smaller theatres operated differently from their larger brethren. They had increased their budgets by 10 to 20 percent annually, a sign of considerable growth, but
were more dependent on contributions, particularly government funds (19). In 1976-77, earned income was 45.8 percent of expenditures and contributions 51.6 percent, and there was an overall deficit of 2.6 percent. In the sample of 113 small theatres, 44 had balanced budgets and 25 had surpluses (79). Most of these theatres depended less on subscribers than single ticket buyers. On the average, they sold low-priced tickets, catered to the taste of special segments of the population, and experienced erratic growth until they reached a budget level of $100,000. Interestingly, there were differences between subgroups: the smallest theatres tended to have a ratio of 40/60 percent earned to unearned income and a much higher growth rate, whereas the larger companies averaged a 50/50 ratio of earned to unearned income and a smaller growth rate.

In their conclusion, however, the NEA researchers agreed with the earlier Ford report in pointing out that the common denominator to stability was funding continuity. Simply put, growth depended on cash; continued future growth, therefore, depended on the fuel of increased revenue. If substantial new sources of revenue were not found, the regional theatre could experience a period of retrenchment (20). Nonetheless, the overall tone of the report was optimistic. The underlying sense of health reflected in the report was captured in a 1979 interview with Arvin Brown, artistic director of the Long Wharf:

There are plenty of reasons to be frightened for the future of the theater, but only frightened as to what extreme events or pressures might bring. I think there's an essential health radiating from within. We've been around long enough to have found our audiences. One of the interesting things, which I'm sure you'll find as you do these interviews, is that the problem of most of us is not audiences. Long Wharf cannot have any more audiences than we have now, and we're not alone in that. That's a big change. The thing I also feel excited about is that the discrimination and adventurousness of the audience has changed tremendously. We do our most exciting, most immediate business with new plays. All it takes is to announce that we're putting a new play on that stage, and the interest is
immediate. That's a complete reversal from what was true five to seven years ago, and it can only be because, over those years, the audience has seen enough new plays that have proved to be satisfying and challenging evenings that they're not afraid.⁹

In one of the few case study examinations during the seventies of the differences between large and small companies, John Glore compared the different organizational development of Seattle's Repertory and Empty Space theatres. Whereas the Rep, founded in 1963 by a committee of local citizens to fill a vacant theatre building, became a civic institution guided by its board, the Empty Space was founded in 1970 by Burke Walker on purely personal aesthetic needs in the basement of the Public Market. In contrast to regional founders of the fifties and sixties such as Jones or Blau and Irving, Walker had no "grandiose manifesto to bring something or other to America" or even to the theatre. His theatre had no backers or financial support beyond ticket sales. The minimal facilities at his disposal were trivial matters when compared to the aesthetic necessities that impelled it.⁰ Although both theatres faced the common problem of balancing aesthetics and financial growth, the Rep accepted institutional growth as an inevitable part of its evolution. It needed an institutional scale to survive. In contrast, Empty Space was never comfortable with becoming an institution and continually reverted to its original focus and scale as a "developmental" theatre whose thrust was towards a combination of new plays, "offbeat classics," such as Mandragola and Gammer Gurton's Needle, and eclectic "junk theater." One of the new group of founders, Walker was proud of his theatre's self-interested desire to always challenge their audience: "If you look back over the production history, the programming is amazingly consistent. There are
shifts in emphasis, but it was all there from the beginning. It came really from our entertaining and educating ourselves. We were doing things that interested us" (72).

The first crisis for Empty Space appeared when they outgrew their initial simplicity and conceded the need for a larger facility and mainstream subscribers. The change was something Walker fought against, refusing to accommodate to mainstream conservatism: "If anyone subscribes to the Empty Space, I hope they know that they're taking their lives into their hands!" (73) The prospect of a new space drew ambivalence from Walker, whose original belief was that his theatre could exist in any empty space:

The next year or two is going to be the big test. We have lots of R-E-S-P-E-C-T, and we're about to find out how much of that is lip service when it comes to getting down to the nitty-gritty of going out there to finance moving into another theater. It's almost as if we're tolerated just so long as we stay small enough and don't get too much exposure... If we don't get the new larger theater, I'm sure the Space will either change radically, or close (73).

Aware of his dilemma, Walker seemed determined to retain the artistic niche of "junk theatre" which still fascinated him because it refused to yield to formula. (The new growth track never did fit. The Empty Space got its new theatre in 1984. In 1989, after a five-year struggle to meet the overhead expenses of the custom-designed home, the Empty Space was forced to relocate into a smaller and less expensive space. Regardless of an eighty-three percent average audience attendance and a year-long fund drive, the group was unable to pay back the final portion of its original construction loan. Although Walker stepped down as Artistic Director in 1991, the theatre's mission has undergone very little change since it was founded. The incident lends credence to the NEA's argument that small theatres founded in the seventies not only did not always follow an
evolutionary growth trend into larger ones, but were inherently different organizations whose success was based on the stubborn retention of their fundamental aesthetic.)

One of the last book-length studies of the regional theatre in the seventies, Gerald Berkowitz's *New Broadway* (1982), served as a transition to the eighties by examining a number of large regional companies and stressing the previous decade's achievements. As its title implied, Berkowitz attempted to break the habit of evaluating regional theatre using the outdated standards of Broadway centrism. For Berkowitz, despite the closing of some theatres because of "financial pressures, personality clashes or the simple fact that their cities were just not ready to support a resident theatre," there was no question of the regionals' success: "The growth of the resident theatre movement and the spread of vital and fertile theatrical activity independent of New York is clearly the most significant development in the American theatre since 1950" (87). The author noted that, at the close of the 1970s, the League of Resident Theatres had more than sixty members, and the NEA estimated there were more than ten times as many smaller "alternative" theatres around the country. As a result, "For the first time in the twentieth century the term 'American Theatre' was not synonymous with 'New York City theatre'" (77). Moreover, the study placed the growing relationship between the regionals and Broadway in a non-judgmental context, explaining that even though transfers of regional productions to Broadway had created identity problems for both sides, it was not a question of either/or, as some watchdog critics such as Gottfried had argued. The question, instead, was one of geography:

The power that Broadway still bore in 1980 was borrowed power; it came from being located in the intellectual, cultural, commercial and communications capital
of the country. . . . Broadway's continuing importance was a function, not of its centrality in the American theatre, but of New York City's centrality in American society (183).

In a summary that was to prove prescient for the next decade, Berkowitz noted that the single cloud on the horizon was a new administration in Washington which had announced cuts in federal arts subsidies. Since the public (and, he could have added, most theatre leaders) had accepted the basic principle that regional theatres were not meant to be self-sustaining and deserved financial support from government sources, if these subsidies were taken away, how ready was the institutional theatre in America in the 1980s to find new sources of subsidy? (184-5)

By 1980, the lines had been drawn more firmly between the operational performance of regional theatre and its critics. The former had achieved a remarkable growth sustained by an expanding foundation and government funding base combined with effective internal cost control. The momentum of the sixties had been enhanced, audiences were growing, and new plays gradually combined with the classics to create a healthy and increasingly commercialized operating environment. The theatres were proving surprisingly adaptable. Faced with increased need for cash to fuel their growth, within a decade their managements had become successful fundraisers across a range of funding options. The larger theatres had achieved a status as institutions and offered a wide variety of theatrical resources--special performances for children, courses in acting, tours, gift shops, and so on. In addition, the growth of smaller "niche" theatres had appeared as both complements and competitors to the larger institutions, introducing a new group of artistic leaders who were more interested in their own work with specific
communities than national recognition. Critics such as Brustein, however, continued to
refuse to acknowledge this success and argued that such growth meant increased
dependence, loss of artistic innovation, and conservatism. In the sixties, theatres that had
been founded to produce the classics were criticized for not doing new plays; in the
seventies, now possessing the audiences necessary for taking programming risks, the
regionals were criticized for becoming too conservative.

Had the regional theatres become more conservative as they grew larger? Ruth
Mayleas, director of the National Endowment for the Arts' Theater Program, did not think
so. Writing in 1979, she confirmed what the growing data was suggesting:

One hears in certain quarters that, as the theaters grew larger and had more at
stake economically, they became more cautious in their choices. My own
observation, backed up by information contained in hundreds of National
Endowment applications over the course of 12 years, indicates the opposite: as
these theaters became more established in their communities and as a genuine
rapport with audiences developed, their artistic scope seemed to broaden. Today
new plays—American and otherwise—are produced widely; the new play is out on
the main stage, as well as being developed on second and even third stages.
Theaters that ten years ago had no interest in new plays— or maybe their directors
did, but their audiences didn’t— are actively seeking them out; they are also less
concerned about world premieres and more about the quality of the plays
themselves. . . . On balance, the repertoires today reflect a far greater diversity in
general and certainly more attention to new plays in particular.63

Alan Schneider expressed the frustration of artists who found it impossible to
satisfy the critical nay-sayers who seemed unable to evaluate regional theatre with any
consistent criteria:

When we were not doing nearly so many new plays, we were blamed for timidity
(when in fact we were as yet simply unable to convince the playwrights and agents
to join our cause). When we started to produce new plays in steadily increasing
quantity and quality, we got bawled out for being interested only in doing tryouts
for New York (which was not always so) and for selling our non-profitable souls.
When we were able, before TV got them all, to field companies of actors and have them stick around for a season or two, we were blamed for encouraging mediocrity and for imitating the Europeans so abominably. When most of our theatres had to go back to casting for individual productions only, we were accused of giving into the Broadway system, which we weren’t.

At a time when theatres were doing mostly classics (as the Guthrie is doing now), we were told that we were just playing it safe. When we weren’t doing classics, we were blamed for being afraid to tackle the grand themes. And if a theatre failed, as many did and always do for a host of reasons, it was always only because it was made up of fools and knaves— not because the critics or the audiences might have had any limitations of their own. If a theatre happened through some good fortune to survive and prosper, as a few have managed from time to time, that could only be because it was conservative and “dull.”54

Such challenges made little difference to the critics. Their tendency to find failure in success would lead to an even greater degree of critical indictment in the 1980s, when real financial crises appeared.

The 1980s

If the seventies were a decade of dynamic growth for regional theatre, the mid-eighties confronted these theatres with an economic reversal that has continued to threaten their stability. The moment and extent of the financial reversal was evident from TCG reports. In 1984, TCG published the first of its annual “Theatre Facts,” a combination of leading indicators, such as income, expenses, deficits, and audience growth statistics presented in a five-year trend drawn from a membership population of over 230 regional theatres nationwide. The data from 37 sample theatres spanned 1980 through 1984 and revealed a theatre continuing to expand in budget growth—achieving a cumulative surplus of about $1.5 million in 1980—until the 1981-82 season, when contributed income, especially federal support, suddenly declined to almost one-half of its former level.55
1981, federal support had reached a five-year high and covered 6.5 percent of expenses; by 1984, due to reduced spending in the arts by the Reagan Administration, federal funding covered only 4 percent of operating expenses. The results were sudden and severe deficits for the sample theatres: $519,000 in 1981-82; $696,000 in 1982-83; and $1,395,000 by 1984. This financial reversal seemed proof to the critics of regional theatre that the dream had been all but lost. Despite a national recession that surprised even the largest American corporations and forced economic retrenchment throughout the decade, regional theatre was held up to higher standards. Peter Zeisler (who as a former manager of the Guthrie should have better understood the impact of national business cycles) wondered in a 1985 editorial whether a "profound malaise" had gripped the regionals, and worried about a "growing sense of chaos within the field as various players desperately try to maintain a tenuous foothold." Theatres may be surviving, he lamented, "but there's not much joy in Mudville or anyplace else." Zeisler described the regional theatre, which had posted extraordinary growth for a decade, as "a no-growth situation for the artist, the administrators, the trustees and the institutions.

Regional theatre directors, meanwhile, tried to help the public to understand the core strengths of their organizations. Responding in 1983 to the question of "Has the Regional Theater Fulfilled Its Promise?," Zelda Fichandler was adamant in setting the record straight and expressing her confidence in her colleagues’ eventual successful response to the changes in public and private funding:

I would say that regional theater has fulfilled its mission far more than one would have suspected 25 or 30 years ago. That's not to say it's on the cutting edge of
genius. But considering it was creating an administrative form as well as an art form in an environment where financial support has been capricious, I think it's amazing how it has grown and cleaved to itself. This theater is run by people who are self-questioning, not complacent. Consequently, it runs, changes, twists, erupts, and survives.\footnote{69}

Regarding the current funding problem: "As national funding reduces itself," Fichandler added, "one feels bereft. But you have to see that as an arc of history and keep the imaginative life of the theater going. You can't let program and repertory go down the drain while you're worrying about dollar signs."\footnote{70}

Commentators did not always share Fichandler's confidence. By 1984, an NEA study coined a new phrase in reporting that the nation's major nonprofit theatres were making artistic compromises in order to remain solvent. Financial survival had come at the cost of an "artistic deficit," that is, in seeking ways to economize, theatrical producers had cut back along some dimensions of quality.\footnote{71} TCG executive director Peter Zeisler seized upon this phrase as a club with which to beat regional theatre leaders:

In 25 years, we've built theatre institutions in America—it now seems clear that we've built them at considerable cost. Increasingly, artists are resisting having to make financial sacrifices in order to work in our institutions. We're seeing substantial burnout on the parts of artistic and managing directors, because they do not have adequate preparation time or adequate staffing to manage the awesome responsibility of running a theatre institution.\footnote{72}

He accused theatre leaders of allowing economic survival to dominate over artistic concerns and buying stability at the price of unrealized artistic potential. The result, according to Zeisler, was that the nonprofit theatre was in "a state of arrested development."\footnote{73}
When the question of "Is There An Artistic Deficit?" was put to several directors of regional companies in 1985, however, their responses showed little sense of malaise; instead, they revealed a struggle to adapt to a different way of doing business in a tougher and less heady environment. Gordon Davidson, artistic director of the Mark Taper Forum, for example, put it this way:

The needs we were fulfilling at the time we began our lonely journey have changed. Our needs, our sense of accomplishment and the people we try to communicate with have changed. We can neither become servants of the audiences that we talk with, nor can we ignore them. The complicated partnership which exists between the community in which we work and the work which we do is a very delicate one.

We have created extraordinary vessels in which we can work, one way or another. And we can work within limitations—that's what the whole business has been about.  

Arvin Brown insisted that controlling general production costs at the Long Wharf was a stop-gap measure only and not a permanent artistic way of thinking. He expressed the same determination as Davidson in meeting this new challenge:

Yes, there is a financial crunch. Yes, to a certain extent institutions are taking on a life of their own. But there are no problems which cannot be solved if we, our staffs, and our boards are capable of communicating what it is that makes us continue to pursue this incredibly difficult—and finally, supremely rewarding—medium.  

In fact, the evidence for an "artistic deficit" was largely anecdotal. Smaller cast plays or single stage sets cannot be used to measure production quality. Economists James Heilburn and Charles M. Gray agreed with the artistic leaders: "A cautious observer would have to conclude that the existence of an artistic deficit is an interesting hypothesis.
that has not yet been fully tested." Nonetheless, critical evaluators continued to ignore the achievements of theatre practitioners in order to pursue their own assumptions.

Another revealing demonstration of how far the commentary of publications such as *American Theatre* had become removed from the working realities of the regional theatre occurred in 1986 when TCG decided to mark its 25th anniversary by celebrating twenty-five years of nonprofit theatre growth in America. Although the issue promised "a collection of eight essays by theatre artists who have played a part in shaping America's nonprofit theatre" and a chronology of significant productions, the selection of essayists and producing organizations bore little relation to the growth record of regional theatre. Instead of providing a retrospective of achievements between 1960 and 1985, the essays focused almost entirely upon theatre of the 1960s and early 1970s: an article by Peter Schumann of the Bread and Puppet Theatre; a 1966 article by Douglas Turner Ward regarding regional theatre's failed expectations to include African-Americans; and a description by Spalding Gray of his involvement with Richard Schechner's Performance Group production of *Commune* in 1970. Other than a few production photographs, there was no treatment of the nearly 200 regional companies in major cities.

Moreover, that issue's production photographs demonstrated a surprising New York bias. They included photographs of The Living Theatre, the original Broadway production of *Who's Afraid of Virginia Woolf?*, Lincoln Center, Mabou Mines, Richard Foreman's Ontological-Hysteric Theatre, The Acting Company, Peter Brook's *Midsummer Night's Dream*, the New York Shakespeare Festival, *Sweeney Todd* on Broadway, the Wooster Group, and the Negro Ensemble Company. Once again, the
editors of *American Theatre*, who had promised a summing-up of the previous years of nonprofit theatre, revealed a remarkable lack of interest in the actual achievements of that theatre. It took Zelda Fichandler, writing in that year’s *Theatre Profiles*, to defend the tangible achievements of herself and her colleagues in “the fastest-growing art form in history”:

Thirty-five years ago there was Broadway and the Road. Today, there are more than 250 theatres (What would Margo think?) of varying shapes and sizes and styles, and our national theatre no longer operates within ten blocks of Broadway but across 3,000 miles of melting-pot America. While the level of work and the extent of enterprise and courage vary greatly from theatre to theatre, and no single theatre as yet stands as a pinnacle of artistic achievement, the overall sense is of individuality, energy, quest and growth. Our many theatres now offer more employment weeks to actors than does Broadway, gradually year-by-year realigning work patterns away from New York and changing the way actors can lead their lives and make their living. Community after community has had its hunger for live theatre responded to or even awakened for the first time; taste has been elevated, discrimination sharpened, life itself enriched through the perception of life-made-into-art. People have come to want their theatres and their arts and will pay money—in taxes, at the box office and in contributions—to have them.77

Over the remainder of the decade, the artistic directors and staffs of the major theatres refuted the predictions by their critics that regional theatre would not meet its goals by the end of the 1980s. In its 1989 five-year trend of total regional income and expenses, TCG reported that, as a result of budget growth reductions beginning as early as 1986, the earnings gap which had grown by 21 percent in 1985 was kept to around 9 percent growth by the end of the decade. Regional theatre had engineered a financial turnaround. Total income of 50 sample theatres rose faster than expenses, and total deficits fell from the decade high of nearly $1.4 million in 1984 to a tiny $9,400 by 1989—the smallest deficit in the decade.78 In addition, Janowitz reported in “Theatre Facts 89”
that attendance at these sample theatres had reached a record high and grew faster than at any other time in the decade; production activity had attained a new peak, and box office income had increased by the largest percentage in the previous years. Flat government funding had been offset by rises in individual and corporate giving (33-34). Janowitz noted the achievement:

It is to the theatres' credit that they have managed to increase the overall level of contributed support during the 1980s, a decade dominated by eight years of the Reagan Administration with its inhospitable federal arts policies, major changes in the tax laws governing charitable contributions by individuals, and equally widespread changes in the corporate philanthropy environment (38).

Although nearly half of the 192 nonprofit theatres surveyed in 1989 ended the year with operating deficits and although the improved picture was far from universal (both the Arizona Theatre Company and La Jolla Playhouse, for instance, were forced to conduct emergency fundraising campaigns in order to continue operations), "programming success and sophisticated marketing techniques combined to result in impressive audience growth throughout the season"(35). The result was a striking increase in single-ticket sales and a steady increase in subscriptions. Rather than an "artistic deficit," audiences were offered more performances of a greater number of productions than ever before.

By 1989, contributed income to sample theatres had covered the largest share of operating expenses in the five years studied—nearly 39 percent—as grants and contributions grew 12.5 percent over the previous year (39). Benefiting from a combination of a rebound in total personal income, a year-end market rally, and aggressive fundraising, donations from individuals had experienced the largest annual increase
between 1985 and 1989. Janowitz acknowledged the accomplishment of regional theatre leaders in reversing the financial crises of 1982 in only seven seasons:

The country's nonprofit theatres have done a remarkable job, in a relatively short time, of creating an institutional base of support for the wide spectrum of professional theatre produced each year. The 1989 TCG survey results are heartening in the expression of public support for the country's theatres, particularly in terms of the significant increases in attendance and contributions from individuals (43).

During a decade of new funding crises and a seemingly permanent air of uncertainty, the adaptability and flexibility of the nation's regional theatres was proven. Changes in leadership (in 1990, Zelda Fichandler retired after forty years as head of Arena Stage), relationships with the commercial theatre, audience taste, board dynamics, and institutional structures, combined with attempts by critics to hold these theatres to standards of an outdated myth which they never were designed to fulfill, had provided major challenges. Nevertheless, interviews with artistic leaders demonstrated how these theatres, now numbering nearly 300, had transformed themselves into more effective and productive institutions that were learning how to reinvent themselves for the 1990s.

Furthermore, a new generation of artistic leaders, such as Garland Wright at the Guthrie, Mark Lamos at the Hartford Stage, Robert Falls at the Goodman, and Des MacAnuff at the La Jolla Playhouse, had grown up entirely within an institutional theatre. As Garland Wright commented on the challenges for the new leadership, "If one assumes that doing art and running an institution are antithetical, then you took the wrong job. Artists do tend to shrink in the face of institutions, but that doesn't have to be the rule."
Instead of founding a new operation, this new generation of artistic leaders joined an organization with a history and set of expectations. Des McAnuff, although one of the few new leaders who had the opportunity to start a LORT theatre—the La Jolla Playhouse—from scratch, understood the new situation:

The founding producer-directors are being replaced by a peculiar panel consisting of artistic director, managing director, production manager and sometimes dramaturg, in some weird relation to a board of trustees which is supposedly protecting a statement of purpose created by someone who is no longer around. Our theatres are passing from a generation of leaders who began institutions out of a sense of need to a generation that is inheriting them.

Hired to replace an outgoing predecessor, the new artistic director of the 1980s was often greeted by a board of directors and a staff with long associations and, according to John Dillon, who joined the Milwaukee Repertory Theatre as artistic director in 1977, faced not only an entirely different set of questions than the original founders but also a sense of job insecurity:

How then are we to remake this institution, to force for it an identity as unique as that created by its founder? What, in short, are the inheritors inheriting? Do we inherit a corporate name, an empty building, a group of artists, a tradition? Are we being asked to remodel or just rearrange the furniture? And if we take too long trying to figure out if the new sofa should go by the window or the door, will we find ourselves out on the street?

In addition to a new generation of artistic leaders, the 1980s produced a new generation of researchers. The availability of financial and audience data from samples of regional theatres in the 1970s and 1980s encouraged researchers to conduct empirical investigations into anecdotal assumptions. For example, what of the Baumol-Bowen "cost disease"? Did the new empirical data confirm Baumol's arguments? The answer was yes, with several important exceptions. In a follow-up study of eleven symphony orchestras in
1976, Baumol found that, although the proportion of the earnings gap in orchestral budgets had remained more or less steady, the cost per performance from 1937 to 1971 had accelerated in most recent years. Additionally, the cost per performance and consumer price index had pulled further apart between those years. Baumol believed this analysis confirmed his original projections. Studies by other researchers, however, called into question certain assumptions in Baumol's thesis.

In 1979, C. D. Throsby and G. A. Withers, for example, concluded that rising living standards had worked to offset the effects of a productivity lag, and criticized Baumol and Bowen for giving that variable insufficient emphasis. Throsby and Withers compared the economics of performing arts companies in Australia, Canada, the United Kingdom, and the United States, and found general confirmation of the implications of static productivity and of rising real costs that lead to a steadily increasing earnings gap. However, even though the widening gap was evident, the authors did not believe it must "necessarily spell unmitigated doom for the future of the live arts" (135). The authors argued that increased real per capita disposable income had a positive and significant effect on arts attendance in the United States between 1929 and 1973 (114-115). These findings suggested that the economic crisis had been exaggerated:

Concentration upon the rising relative costs of arts performance ignores the prospects for increased demand arising out of rising community incomes and increased leisure time. This important offset to the mechanical prediction of doom provided by popularizers of the work of Baumol and Bowen (1966) has been little recognized or investigated.
The earnings gap would be under constant pressure to grow larger over time, but offsetting forces would likely serve to mitigate its intensity and danger. Thus, increased do-or-die subsidization may not be an absolute necessity in every case.

More exceptions were reported. In 1980, Baumoi reexamined the original data from the Ford Foundation and admitted that the cost disease seemed generally correlated to periods of stagflation, i.e., that increasing costs per performance can be matched by rising incomes which make increased attendance and philanthropic support possible. Moreover, in 1983, Samuel Schwartz and Mary G. Peters examined ninety-one theatre, opera, ballet, modern dance companies and symphony orchestras, and found that the relative size of the earnings gap differed among art forms. The gap increased slightly for opera companies, was approximately unchanged for orchestras, and fell substantially for theatre, ballet, and modern dance. Schwartz and Peters believed that the dire predictions for productivity lag leading to increasing earnings gaps had proved incorrect. While expenses did increase more or less as Baumol predicted, earned income increased at an equal or slightly higher rate, so the gap remained unchanged.

In 1985, Baumol confronted these challenges, arguing that, although recent data suggested that during the past decade cost increases were falling behind the inflation rate, data from 22 TCG member theatres between 1974 and 1983 showed nothing had gone wrong with his model's predictions. Although he did not explain how he choose his "homogeneous" group of theatres from the TCG membership, his first argument restated his earlier defense that a slowdown or decline in real per performance costs was the result of the long inflationary period of the 1970s:
Though we have no clear cut evidence, our hypothesis is that in such periods the public resists increases in outlays on the arts which exceed the growth in the price level to the degree typical of uninflationary periods. Since in the performing arts expenditures must, in the long run, adjust themselves to receipts, cost per performance then lags as a matter of economic necessity.87

His second argument was that the effect of the money-saving "economics" of the regional theatres had only camouflaged, rather than cured, the disease. Indeed, saving money by reducing cast sizes, for example, only traded off increasing costs for "money saving changes in the way they conduct their activities" (13). Rather than acknowledging the theatres' success in downsizing and controlling their growth, Baumol shifted the context to an artistic rather than an economic issue and joined in the accusations introduced the previous year about an "artistic deficit":

There are two different ways to live with inflation--either raise the price or debase the product. In the performing arts, coping can take the form of escalating real costs per attendee and rising real ticket prices. Or, instead, these obvious responses to the disease can be suppressed, and its virulence channeled into other consequences which many will consider still more serious--cuts in rehearsals, restriction on the sort of plays that can be produced... less expensive performers, larger theaters, safer programming, and other reductions in the economically feasible range of artistic options. It is thus responsible for the phenomenon which has been referred to as the artistic deficit (17).

Thus, despite the discovery that theatre deficits had been falling in real terms while earned income, private contributions, and audience attendance had been rising, and despite the continued fragmentation of variables among the various arts forms and exceptions that were chipping away at his twenty-year-old model, Baumol insisted that nothing much had changed. A generalized economic model built to describe a performing arts situation in 1965 was, in his view, perfectly suited to do the same in 1985.
It should not be surprising that traditional models and assumptions had become problematic in understanding the regional theatre of the 1980s. The American regional theatre by 1985 had become so large and diverse a collection of companies with different purposes and sizes that no single organizational or economic model seemed to fully describe its changing profile. As a result, full-length studies had disappeared by the mid-1980s and were replaced by individual case studies that usually began as graduate theses or dissertations. In 1986 alone, for example, academic researchers examined the organizational histories of The Manhattan Theatre Club, The American Conservatory Theatre, The American Shakespeare Festival, The Washington Theatre Club, and the Mark Taper Forum.

Unfortunately, research during this period tended to continue rather than challenge the older models and assumptions. Drawing on internal records and interviews, organizational studies usually took the form of an "inside story" in which each theatre was fit into a single evolutionary growth model that included a tentative beginning, the experience of early growing pains, and then a blossoming into a full-fledged regional company. Often candid in their assessment of strengths and weaknesses, these studies were nonetheless limited in usefulness because they were essentially anecdotal and concentrated almost exclusively on artistic or personality issues. They rarely used the growing body of economic and audience data; financial and growth issues were raised only when describing operating crises. Typically, they chose the major theatres and ignored the smaller companies altogether.
More disappointing, however, was the researchers' unquestioned acceptance of the regional theatre mythology, which they used to second-guess artistic leadership. These theses and dissertations assumed a hypothetical ideal model, and then criticized theatres for not achieving it. The results, of course, were accusations of failure and the tendency to apportion blame on a purely symptomatic basis. The American Shakespeare Festival failed, for example, not because of its inadequate financial stability, but because of a lack of artistic identity, a confusion between the objective of commercial and of nonprofit theatre, and an inappropriate relationship between its administrative and artistic elements. Similarly, the Mark Taper Forum, despite its exceptional accomplishments, unique financial support from the Performing Arts Council as a constituent member of the Los Angeles Music Center, and stable leadership of Gordon Davidson, was faulted for its digression from its 15-year-old mission statement, its failure to establish a permanent resident company, and its abandonment of a "search for truth." An investigation of the reasons for the collapse of the Washington Theater Club in 1974 after fifteen years of production concluded that, although that theatre's management moved the operation to an expensive new facility without raising the necessary capital, introducing reliable accounting procedures, balancing its entrepreneurial choices of new plays with mainstream choices for its conservative audience, or developing realistic budgets, the "more important" reasons for its bankruptcy were the diminution of its sense of purpose and tendency of the board to interfere with artistic philosophy. The fundamental failure of graduate research of the 1980s was its inability to realize that it was dealing with
institutions whose success might better have been measured by the parameter of stability rather than vague idealism or critical response.

Even more than the previous decade, the American regional theatre of the 1980s underwent a major and difficult reinvention. It changed its economic basis, embraced a diversity that seriously challenged previous organizational models, and produced a remarkable record of innovative programming. Amidst all of these complex but positive changes and demonstration of adaptability, commentators wedded to the idealism of the past expressed even greater accusations of failure. By 1989, the American regional theatre had regained its balance and inherited a new generation of artistic leaders just in time to meet yet another financial recession and a more chaotic period of challenge. Its critics, unfortunately, both misunderstood and underrated the decade's accomplishments.

The 1990s

If the regional theatres needed to reorganize themselves to meet the unexpected funding losses of the eighties, the economic realities of the nineties exerted even harsher and more dangerous pressures. In the 1994 Theatre Facts, Barbara Janowitz reported that American regional theatre was experiencing a new and disturbing level of deficits and instability. In her sample five-year study of sixty-eight theatres, overall theatre attendance and number of subscribers continued to decline while expenses continued to grow at a faster rate than earnings. Earnings covered only 58.6 percent of expenses—the smallest percentage in five years. The resulting earnings gaps and aggregate operating deficits were by far the largest reported in the five-year period. Moreover, real income growth for
the sample group was stagnant and more than half the sample group played to a smaller total audience in 1994 than they did in 1990.91

One consequence of the pattern of higher expenses and income gaps was the inevitable closing of undercapitalized regional organizations. The combination of subsidy dependence of the sixties and the expansionist habits of the seventies often proved lethal. The five-year total of theatres that were forced to terminate operations was now 21 companies, including San Francisco’s Eureka Theatre, The Theatre Project in St. Louis, Santa Fe’s New Mexico Repertory Theatre, The Los Angeles Theatre Center, The Fairfield County Stage Company of Connecticut, and Ohio’s Players Theatre Columbus.92 Several of these closings occurred with a disconcerting suddenness which left many unanswered questions and a bitter legacy of blame among local boards, staff, and audiences.

To some extent, theatre leaders recognized their growing vulnerabilities and attempted to prevent such collapses. Managements tried to maximize audience attendance while conserving expenses by offering more performances of fewer productions; they also increased special production activity, used new marketing techniques, pared down budgets, shared productions with other theatres, downsized casts, and used increasingly sophisticated means of soliciting donations.93 Despite these new strategies, most commentators believed that regional theatres would likely continue to experience financial and operating crises. As Janowitz concluded in her 1994 report, theatres best equipped to weather the future “will be those that are able to maintain a strong enough connection to
their communities and their audiences to garner individual contributions and other local support sufficient to withstand the potentially Draconian shifts in political and grant-making policies, and trends in the marketplace.94

Once again, theatre leaders disproved premature predictions of their demise. By 1995, the tenacity of the regional leaders to adapt their operations to the nineties began to demonstrate positive results. In “Theatre Facts 1995,” for example, a sample of 66 theatres reported higher productivity in performances. Although their subscription base declined to its lower level in the survey years, single and group ticket sales rose to produce increased overall attendance—a trend that reflects the national steadiness of arts attendance and increased attendance at nonmusical stage plays.95 Reversing the prior four years’ steady decline in earnings that covered expenses and offset stagnating contributions, earned income grew more than two and a half times the growth rate of expenses. The editors of “Theatre Facts 1995” concluded that “the artistic and managing directors of member theatres are proving themselves quite capable of recalibrating their cultural strategies to reposition their institutions within an increasingly consumer-oriented, competitive marketplace.”96

The collaboration between regional and commercial theatres also continued to grow. Embracing Zelda Fichandler’s assertion that “I don’t think there is necessarily a correlation between collaboration and corruption,”97 the nonprofit theatre continued to deepen its cooperation with commercial sources of funding, including Broadway, film and television. Gordon Davidson of the Mark Taper Forum, for example, organized the Entertainment Council of Industry with film executives to encourage mutually beneficial
projects (17). And Ron Sossi, artistic director of the Odyssey Theatre in Los Angeles, hoped to become involved with "live pilots" that would exploit his theatre's strength as a training ground for new playwrights.98

Managers of individual theatres had also begun to establish mutually supporting solutions among themselves. A meeting between the boards of both Baltimore's Center Stage and the Hartford Stage Company was arranged to compare funding strategies, and the creation in Dallas in 1992 of The Umbrella Production Company, provided a collective in which a dozen or more small companies could pool their resources and jointly administrate one Equity Small Professional Theatre contract.99

In the 1990s, nonprofit theatres remain the primary source of new works and talent for theatres across the country. Since 1989, The Seattle Repertory, for instance, took The Heidi Chronicles, The Sisters Rosensweig, I'm Not Rappaport, and Conversations With My Father to New York for successful runs. Tony Kushner's Angels in America won the 1993 Pulitzer Prize for drama and began its Broadway run after its earlier journey to regional theatres. Similarly, Robert Schenkkans' The Kentucky Cycle—1992's Pulitzer Prize-winner—reached Broadway after its origin in the nonprofit theatre.

The artistic and managerial leaders of the current American regional theatre sensed the significance of the special challenges of this decade. John Sullivan, managing director of the American Conservatory Theatre, described the mixture of uncertainty and possibility that is characteristic of the nineties:

We're in the midst of an artistic transition. . . . I don't think the economy can be blamed for all of the current difficulties; something more fundamental is at work . . . something far greater and more general than just an economic recession is happening. We're just one small segment of a world in enormous change. I don't
care if you sell cars or commodities or theatre tickets; no matter what business
you're in, the market is changing in ways we just don't understand.100

Although the data convincingly showed new patterns of growth and success amidst
new pressures, the rhetoric of failure continued to obscure that success. Robert Brustein,
for example, continued his campaign to cast the leaders of regional theatre as the villains
in his morality play in which the once-pure virgins have been corrupted—put "back in the
brothel"—by the evil knight of commercialism.101 In Brustein's opinion, the best and most
imaginative directors have deserted a regional system which continues "so remorselessly
and inexorably, to suck the idealism and adventure--and pleasure--out of any promising
theatrical venture"(10). He was especially disturbed about the "cannibalizing" effects of
Broadway:

It is because my own observation and experience suggest that the co-opting of
resident theatres for the sake of Broadway transfers spells not only the end of a
once-proud dream of alternative theatre but the abandonment of its animating
ideal and the dispersal of its membership. It signals the dissipation of energies
once devoted to developing talent and creating theatrical art into the marketing
and merchandising of product (212).

A good example of how an unwillingness to let go of the sixties myth can lead to
self-absorbed nonsense is a 1992 article by Todd London. The author, former literary
director of Robert Brustein's American Repertory Theatre, admitted that his hero was
Herbert Blau, whose 1964 manifesto, The Impossible Theatre, contained the "crashing
idealism" and revolutionary spirit which he believed was no longer part of America's
regional theatre. According to London, Blau's ideology was:

the voice of the American theatre's artistic mothers and fathers, not when they
were running multimillion-dollar institutions, but when they were kids with an
attitude and a world to change. . . . Here flows the blood of the hard-headed
American pioneer, the nervy bohemian, the self-righteous radical, the audacious
artiste. Here beats the compulsion to change what is—simply because it is—that moves a culture forward. . . . In our theatre, circa the verge of the millennium, the very spirit of rebellion has evaporated. The impetus to break away, found and pioneer has been replaced by the need to maintain, hold on, secure. The language of the visionary has been watered down into the corporate jargon of the successor, one, two, three, four generations young, generations that have foregone their adolescent rebellions and bypassed the stage Blau valued—that of gifted amateurism—for the polish of professionalism.  

London, who described himself as being “in mourning,” attacked the institutional theatre as an establishment that had:

preached and practiced its own well-intentioned brand of trickle-down Reaganomics that, simply stated, argues that the only way to sustain artists is through the institutions. Keep money and resources flowing to Daddy-Bear and he can hire and protect acting ensembles, resident directors, playwrights-of-the-house and assorted other associate artists. In other words, sustain the institutional infrastructure and rely on the largess of those running the mechanism to provide for the welfare of the individual (22).

His solution, of course, was just as romantic and oversimplified as his criticisms—return to the sixties no matter what the cost:

What seems necessary now for the American theatre establishment to move past its chronic troubles—lack of funding, cultural marginalization, too-rigid working processes, a deficit of imagination—is for it to revise itself with the same chutzpah and abandon that infused its founding . . . even if it means risking our jobs and institutional survival (24).

Fortunately, London’s entreaty to find the future of regional theatre by imitating the past did not represent the ideas of everyone. Some current analysts have realized that the 1990s demand a revision of research methodology. National surveys have begun to treat contemporary theatre as connected to specific economic and social contexts rather than in a vacuum. William G. Bowen, the co-author with William Baumol of the pivotal 1966 study of the economic dilemma of the arts, for example, was persuaded that “institutional demographics”—the number of existing entries into the nonprofit field and
their distribution by field and geography, trends in organizational births and deaths, and
the ages and sizes of organizations—matter greatly in understanding the behavior of
contemporary nonprofit organizations. His study of 1,524 theatre organizations out of a
total 3,726 arts organizations was by far the largest population yet used in such studies
(TCG, in contrast, currently has 310 members).

Bowen and his associates confirmed the remarkable growth in the number of new
nonprofit theatres during the late 1960s and first half of the 1970s, but also demonstrated
how this growth occurred within the entire population of public charities; that is, the
growth of regional theatre was part of a national surge in nonprofit growth and not an
isolated phenomenon. Secondly, the growth in budget size for 32 large and well
established theatre organizations between 1972 and 1992 was much more rapid than
expected. These organizations grew at an average rate of 10.6 percent per year—or 4.5
percent in real dollars after correction for inflation—compared to a real gross domestic
product (GDP) for the national economy which rose only 2.5 percent per year over the
same interval. Thus, the growth of these theatres was nearly twice the growth of the
GDP. The major reason for this extraordinary growth among performing arts
organizations was increases in earned income—an indication that theatres had shifted away
from dependence upon contributed income about the same time as the Ford Foundation
and government support began to trail off in the mid-seventies. The third major
conclusion of this study was that revenue profiles tended to be more stable over time than
expected. Organizations that depended heavily on private contributions in 1972 continued
to depend on private contributions to the same extent in 1992. This “once an elephant,
always an elephant” attribute characterized both faster-growing and slower-growing institutions (190). The survey’s numbers also confirm the generally accepted view that growth of new arts organizations has now tapered off, with growth the slowest in the last five years.

*American Theatre* magazine has also shown shows signs of revising its editorial and reporting assumptions. A 1996 editorial entitled, appropriately, “New Glasses,” admitted that, after reviewing a collection of previous “Theatre Facts,” what had once been a straightforward recitation of facts had become a political document:

> “Assumptions originally made to bring order to analysis . . . hardened into assertions of need, which weren’t being met. The yearly review of theatre operations and financing evolved into a drama of its own, with annual crises required to sustain the rhetoric.”

In addition, the author acknowledged that previous predictions of cultural catastrophe had been short-sighted and that regional theatres had achieved a snug position within their local communities and had demonstrated a new surge of success based on adaptability:

> Earned income has taken a pronounced leap upwards; expenses appear to be under control; single-ticket and group sales are expanding. It seems safe to say—if anything is safe to say—that our theatres may survive these tumultuous times because they have leadership that knows how to bend with shifting winds, to turn with the tides of change and to swim with the economic currents.

Moreover, in a new addition to their reporting structure, the editors of “Theatre Facts 1995” reviewed the changes to 40 tracked theatres for the period between 1980 and 1995. The long-term trend was one of remarkable growth between 1980 and 1985 (in which income and expenses rose 60 to 70 percent) followed by moderate increases of 25
to 30 percent between 1985 and 1990, and a growth rate that fell to roughly 7.5 percent in the 90s. This time, however, the editors refused to associate the growth decline with the death of theatre; instead, they explained that the rate of expansion since 1985 slowed considerably because the nonprofit theatre sought stabilization in a rapidly changing funding environment.\textsuperscript{105}

Finally, the smaller theatres are receiving some attention. The "Theatre Facts 1995" report for the first time grouped its tracked theatres by budget size based on their total expenses in fiscal year 1995. The categories included Largest Theatres ($5 million or more), Large Theatres ($5-3 million), Mid-sized Theatres ($3-1 million), Small Theatres ($1-0.5 million), and Smallest Theatres (Less than $500,000). The budget size breakdown demonstrated how skewed aggregate TCG totals have been: Only 8 of the tracked theatres fell into the Small Theatre category and only 6 were considered Smallest Theatres. The data suggested several interesting differences both between these theatres and their larger brethren and between one another. The Small Theatres, for instance, received the largest percent of total income from contributions—45.8 percent—of any budget group; their collective earnings gap decreased in 1995 and their aggregate earnings surplus matched that of the largest budget group. The Smallest Theatres, on the other hand, appeared to be far more vulnerable to economic downturns and funding losses: they were the only budget group to report earned income decreases in 1995, with box office income falling 10.7 percent; contributions represented the smallest percentage of total income, but federal and state cutbacks hit these theatres the hardest. As a result, this group's aggregate deficit nearly doubled in 1995. On the other hand, city and county
income sources increased by 143.3 percent in 1995 and these theatres registered by far the largest subscription growth of all budget groups (14).

The comparisons between this data and the 1981 NEA analysis of small theatres is instructive. The NEA study found a dependence upon contributed income and an emphasis upon single ticket sales among small theatres. The "Theatre Facts" report revealed a similar dependence on contributions in the Small Theatre category, but not in the Smallest Theatres. In addition, the Smallest Theatres sustained the largest subscription growth of all groups. The comparison suggests that the two categories (above and below $250,000 budget size) in the NEA study were too few to uncover important differences among sub-categories of small theatres. If theatres with budgets of less than $500,000 differ from those with budgets of over $500,000, then it is likely that theatres with budgets of $250,000 and less will also be different from those of $500,000 size. Budget size, then, appears to be an important variable in the analysis of small regional theatre growth.

Conclusion

Embracing a utopian ideology and biases, an advocacy of romantic revolutionary idealism and artistic purity, and a set of simplistic and exaggerated expectations, the mythology of American regional theatre is not only at variance with much of the actual documentation and practice of the history of these theatres but actually obscures its remarkable success. What began as a new postwar consciousness of expansive optimism, endless possibilities, and the concept of progress in Margo Jones's one hundred theatres stretching from coast to coast was transformed by foundation and government funding
into exuberant growth during the 1960s and 1970s. When the easy funding evaporated, regional theatre eventually reconstituted itself within a more realistic set of expectations in which stability, not growth, became the primary goal in the 1980s and 1990s.

Nostalgia for the social activism of the sixties and the boom years of the seventies, however, led commentators to believe that these years were the norm and sustainable. As financial resources necessary to sustain this level of growth failed to keep up with expectations, commentators became increasingly frustrated and tended to give the worst side of the issue more exposure than ever before. Their culture of complaint sustained itself by denying success and often wildly exaggerating the problems. As a result, the more regional theatre succeeded, the worse things seemed to feel for its artistic leadership. Concentration on a false sense of failure has been so relentless and so undiscriminating that every regional theatre in America seems threatened with crisis or collapse. The tendency to rely on unified, deductive generalizations in such economic models as that of Baumol and Bowen, plus the emphasis upon the larger companies as prototypes of every size of theatre, has made this obsolete narrative of little use in understanding the multidimensional changes in regional theatre within the last decade.

It is understandable that the social idealism of the 1960s and 1970s would influence expectations of the regional theatre during this period. But why has it persisted into the 1980s and 1990s when the available data and practice no longer support such assumptions? Why have current academic dissertations embraced the same idealized and romantic parameters? Why has sheer growth continued as a measure of success and the hypothetical economic model of Baumol and Bowen remained so strongly entrenched in
the conventional wisdom when successful regional theatres have already developed a
variety of different economic bases that have made any single economic model extremely
problematic?

Perhaps because the myth has been projected over and over, we no longer
question its oversimplified assumptions; the sense of failure has become a self-fulfilling
prophecy. Perhaps the myth endures because the current generation of commentators
formed their assumptions during the 1960s and has not been able to grow beyond them.
Or perhaps we are convinced that regional theatre is rolling inexorably toward the edge of
a cliff because, as Robert Samuelson suggests, since the end of World War II Americans
in general have become so imbued with unrealistic possibilities that unattainable
ambitions have, despite a half century of success, led to a "free-floating discontent".106

Our attitudes are shaped more by unattained ambitions than actual achievements. We see to have lapsed into a selective view of the American condition and into tortuous self-criticism. We are hypersensitive to all of America’s flaws and limits. . . . Our societal performance is judged against impossible standards and, naturally, found wanting (12).

Samuelson’s explanation seems remarkably close to the characteristics of the mythology
surrounding the American regional theatre.

Regardless of the cause, now is the time to rethink our expectations, jettison the
old myths, and seek an honest reassessment of our basic assumptions in a way that more
closely matches the actual practice of a new generation of adaptive arts leaders whose
goal of stability has been achieved by successful adaptation to the challenges of growth.
Rethinking expectations might begin as Nello McDaniel and George Thorn suggest, with
the principle that there are no longer models, only examples and with our focus upon
process rather than fixed models. The old mythology must be replaced with an exploration that captures the fragmentation, pragmatism, adaptability and complex nature of regional theatre that is clearly reflected both in the original records and in the most recent evidence. Since one of the most significant characteristics of the current regional scene has been the founding of small theatre organizations devoted to increasingly more specialized missions and audiences, the new examination should begin with these theatres and their new generation of artists and managers.
ENDNOTES

4 Nina Jane Stanley, “Nina Vance: Founder and Artistic Director of Houston’s Alley Theatre, 1947-1980” (Ph. D. Diss., Indiana University, 1990), 146.
5 Sheehy, 90-93, 124, 244-45.
7 Dauphin, 99-100.
14 Sheehy, 36.
15 Nina Vance, interview by Orville Perkins, in Stanley, 65.
16 Sheehy, 124.
17 Molotsky, 6.
18 Stanley, 32.
19 Zelda Fichandler, in Joseph Zeigler, Regional Theatre (Minneapolis: University of Minnesota Press, 1973), 25.
25 Zeigler, 172.
26 Gottfried, 127.
27 Lahoud, 40.
28 Che Moody, interview by William Trotman, in Stanley, 184.
30 Jack Poggi, Theatre in America (Minneapolis: University of Minnesota Press, 1973), xviii.
35 Zeigler, 170, 193.
41Glenna Syse, "Chicago Theater Finally Plays Second to None," *Chicago Sun Times*, 30 December 1979, sec. 3, p. 3.
42*Theatre Profiles 4*, 256-57.
43Lahoud, 39-41.
44Zeigler, 245.
45Magat, 183.
53Novick, "The Theater," 118.
54TCG, "Proceedings,“ 41-42.
62Berkowitz, 76.
63Ruth Mayleas, "Resident Theaters," 7-8.
64Laura Ross, *Theatre Profiles 5* (New York: Theatre Communications Group, 1982), xi.
66Holley, "Theatre Facts 84,” 5.
68Zeisler, 3.
70Shewey, 4.
75"The Art of the Possible,” 18.


Almost from the beginning, analysts of the American regional theatre have considered its growth patterns important enough to attempt to measure in some comprehensive way. As a result, the analytical study of how nonprofit regional theatres grow has been evolving for over thirty years.

Perhaps because nonprofit theatres demonstrated unusually quick expansion and attracted a great deal of attention early in their history, national studies of financial and audience data were most numerous between the mid-1960s and the early 1980s. The earliest studies, including the 1965 Rockefeller Panel Report, The Performing Arts: Problems and Prospects, Baumol and Bowen's seminal 1966 work, The Performing Arts: The Economic Dilemma, and Jack Poggi's historical approach in 1968 in his Theatre In America: The Impact of Economic Forces, included regional theatre as part of a national overview of general trends in the growth of the arts.

These early studies attempted to provide a comprehensive economic or social portrait of the nation's major performing arts organizations within which regional theatre
occupied a minor position. The 1965 Rockefeller Panel Report, for example, used very few numerical data and was based on a summary of thirty papers and over four hundred interviews dealing with problems confronting music, dance, opera and theatre. Designed as an overview that attempted “a comprehensive report on the state of the performing arts” this report focused on income generation but not expenses. In contrast, the total universe of Baumol and Bowen’s work included Broadway musicals, Off-Broadway plays, major orchestras, ballet, dance, and opera companies. Only fourteen regional companies, however, were included in this collection. Poggi, interested in how social and economic forces influenced the development of American theatre, used an historical approach. Primarily focused on the Broadway theatre, however, his work treated resident theatres in only twenty-seven out of nearly three hundred pages.

Later studies, such as the 1974 Ford Foundation study, The Finances of the Performing Arts, and the 1981 NEA report, Conditions and Needs of the Professional American Theatre, tended to use a larger group of theatres and, using the increased amount of data available by then, conducted a more thorough analysis. The 1974 Ford Foundation report chose a universe of 166 theatres, operas, symphonies, and dance companies and data from 1965 to 1971, but its 27 regional theatres included only those with budgets of over $100,000 and union contracts. Symphonies made up fifty-five percent of its universe and heavily weighted the total financial figures. The 1981 NEA study compiled data from a much larger collection of 1600 theatres, including Broadway theatres, road companies, dinner and summer theatres, and used data from the previous Ford study. Its sample of regional theatres was one of the largest--59 members of LORT
plus 113 smaller regional theatres—and examined what happened to the condition of live professional theatre in America between 1966 and 1977. A regional theatre had to meet one of the following conditions to be included in the NEA sample: it had to be eligible for support of a major granting institution; a member of TCG; employ actors under an Actors’ Equity Association contract; or employ paid actors.³

As national surveys became more comprehensive and sophisticated in methodology, however, they became harder to synthesize. The main problems were, first, the absence of consistency from one study to another and, second, the tendency to collect data from the larger and more established theatres while ignoring the smaller ones. Since each study used different data within different time periods to serve different purposes, growth patterns were extremely difficult to compare. Each study tended to remain self-enclosed. Moreover, data available from arts organizations were frequently of questionable quality and included such built-in inconsistencies as different accounting procedures. The result of all these different purposes and methodologies was a lack of consistent data and a broad brush overview that, especially with regard to regional theatre, made it difficult to know whether variances reflected actual growth changes or merely different methods of data collection.

One of the rare attempts to collate the data from a number of different studies was made in 1983 by Samuel Schwarz and Mary G. Peters. The authors tried collectively to analyze the variant data bases of previous studies in order to provide a comprehensive picture of the growth of the arts during the 1970s. In order to reconcile the wide inconsistencies in growth rates, universes, and methodologies among previous studies
during the decade, the authors made the questionable decision to combine the different
data bases. The decision required a laborious creation of a uniform computerized data
base, the interpolation of missing data, and the use of complicated formulas to calculate
growth rates. In their conclusion, Schwarz and Peters stated that, although growth over
the decade could not actually be measured with any accuracy, their data suggested that the
arts in America showed significant growth during the seventies and that contributions
largely determined the rate of this growth. They also admitted the biasing effect of the
larger organizations and noted the puzzling variability among the smaller ones. They
concluded that, in the case of regional theatre, “there is no feasible way to estimate the
size of the theater universe in 1980 or to project from the 1977 data.”\textsuperscript{4} This was a very
long road for such modest results.

Despite their different methods of data collection, time frames, and purposes,
national studies appear to have made three common assumptions: that larger theatres were
the prototypes for tracking the growth patterns of all regional theatres; that all regional
theatres regardless of size or age behaved alike with regard to growth; and that smaller
theatres were of marginal interest even though larger ones did not represent the majority
in terms of numbers of individual organizations.

There were some pragmatic reasons behind these assumptions. The data from the
larger theatres tended to be more detailed and accessible over a number of seasons, their
response rate was high, and their numbers were of higher quality than the smaller ones.
Conversely, smaller theatres were difficult to survey. Some had no physical location, their
staffs were overworked, financial records were often kept by a volunteer bookkeeper and
not readily accessible, accounting practices tended to be incomplete, and response rates were often low. Moreover, since volunteer and in-kind services tended to become a large part of the output of these small companies, their output measured in dollars tended to be undervalued.

By the mid-eighties, the problem of measuring the growth of regional theatres in a consistent and reliable way had not been satisfactorily solved. Measurement consistency required economic and audience data collected from the same universe of theatres over a similar time frame. Further, the increasingly diverse theatre landscape needed analyses that stratified theatres according to budget size and other variables. At best, previous measurement methodology and assumptions provided only temporary snapshots in time.

In 1984, however, TCG began to publish an annual collection of financial and audience growth data from a universe of member regional theatres in five-year time frames. Although sample groups changed in composition from year to year and, therefore, could not be compared between each report (that is, two five-year periods could neither be compared to one another nor combined to form a ten-year trend), the use of dozens of tracked theatres (66 tracked theatres, for example, out of the 1994-95 universe of 215 theatres) to collect data, consistently arranged among the same categories of financial and audience data, provided a welcome—and unique—source of information about growth trends.

Although the TCG annual reports solved the problem of data consistency over a number of years, they did little to solve the under-representation of small theatres. Not
until the 1996 report were smaller theatres broken out by budget size. In addition, the TCG totals continued to be skewed by larger theatres (the 1995 survey group, for example, ranged in size from $75,000 in annual operating expenses to nearly $39 million). The TCG reports have provided researchers with more consistent data, but they have also repeated the same three assumptions made by preceding national surveys and reinforced the regional theatre mythology. By presenting an increasingly multi-dimensional and fragmented collection of theatres as a deductive model in which all theatres grow alike, TCG's "Theatre Facts" largely pretends that small theatres do not exist. There is a need, then, to find a way to use the advantages of the TCG data in a way that includes stratification among the smaller companies.

In the following exploratory study, I attempt to exploit the year-to-year consistency of one TCG time frame—1990-1995—and analyze the growth characteristics of a sample of small theatres with budgets of $900,000 or less drawn from the same universe. The specific research questions are: (1) what were the annual budget growth rates of this sample of theatres in that five-year period and how closely did their trends in income, expenses, and audience growth compare to the 66 tracked theatres reported by TCG in "Theatre Facts 1995"?; and (2) what growth subsets, if any, were evident among those same small theatres?

In the first section, I describe the survey design and define my method of measuring growth. Second, using the 24 responses to a survey mailed to seventy small theatres, I examine aggregate totals of income, expenses, and audience growth between 1990 and 1995 and compare the percentage growth rates of each variable with those of
the TCG universe. Next, after grouping these theatres according to the categories of budget size and company age, I determine to what degree growth percentages in income and expenses vary among theatres of different size and age. Finally, I offer some observations regarding the general growth characteristics among these theatres, the significant differences between the survey data and that reported by TCG, and the differences among these theatres in growth rates and direction after stratification by budget size and age of theatre.

Ironically, the results of this statistical study call into question the general use of aggregate statistics to measure the growth characteristics of American regional theatre. It appears that unless financial and audience statistics are combined with careful case study, they may hide more than they reveal. This seems especially true when searching for systemic reasons for success among the diverse and variable data from the smaller companies that now make up the majority of our national regional theatres.

Methodology

The universe for this study was the total number of TCG members listed in the 1994-95 TCG Theatre Directory. From this cluster was drawn a subset of 70 theatres with expense budgets of $900,000 or less as listed in Theatre Profiles 11 that shared some general characteristics of length of season, genre, and geographical location. In order to improve the degree of consistency, the selection included only those theatres that played primarily to adult audiences, had been in operation in a single geographical location since 1991, and operated more than three consecutive months of the year in areas outside
New York City. Excluded, therefore, were theatres located in New York City, children’s theatres, summer theatres, university-sponsored companies, and theatres with budgets above $900,000 in 1990-91.

I mailed a survey to those 70 theatres, asking each to provide basic figures for earned and contributed income and expenses between the seasons of 1990-91 and 1994-95, plus total main series attendance (subscriptions plus single ticket sales) and number of performances for their main series. (Here and throughout this study, “earned income” refers to revenue from ticket sales, programs, and services; “contributed income” means income derived from contributions and grants.) In addition, several other variables were also requested, such as seating capacity, continuity of leadership, the age of each theatre company, and whether each theatre conducted any emergency fundraising campaigns within the last five seasons. The purpose of the mailed survey was to elicit some basic financial, audience, and management information that reflected the essential characteristics of operational performance—income, expenses and attendance—among the subset of 70 small regional theatres.

Realizing how little time theatre managers have for inquiries of this sort, I designed a two-page survey tool that would be easy to fill out from available records, contain no open-ended questions, and appear impressive in terms of useful research. The survey needed a simple and effective format. Towards this end, the initial survey design was examined by the staff of the Polimetrics Laboratory at The Ohio State University. Recommendations for changes in content and page layout were implemented, and a “comments” section added to increase the sense of participation for the respondents.
Rather than two stapled sheets, the design was converted to a folded layout with a front cover. In order to increase interest in and quick understanding of the document, the title, "Theatres That Work: A Study of Success in Small Regional Theatres in America," was displayed prominently across the cover page. In addition, the notation "Jerome Lawrence and Robert E. Lee Theatre Research Institute, The Ohio State University" was added to the heading in order to convey research legitimacy. A copy of the survey is included in Appendix A.

The survey contained three parts. The first asked for income and expense data between the 1990-91 and 1994-95 seasons. This section also asked whether the theatre had conducted any emergency fundraising campaigns within the last five seasons and, if so, in which season these were conducted. This base line data was useful in calculating the annual rate of budget growth, incidence of deficits, and degree of financial stability. The format also paralleled the data format of TCG's "Theatre Facts 1995." The presence of emergency fundraising was important in estimating to what degree the total income figures were achieved by either regular income generation or emergency measures. A theatre that showed a consistent break-even or surplus financial picture as a result of continual emergency fund drives would be considered less stable than one whose financial results were achieved without such drives.

Telephone follow-up to a number of non-responses a few weeks after mailing brought in several late surveys. The late surveys were examined for any evidence of non-response bias; that is, for evidence that those theatres that had not responded had experienced embarrassing financial problems and were unstable. No non-response bias
was evident from the surveys. (Nonetheless, a certain degree of non-response bias—that some of the theatres that did not respond may be different from respondents in a pertinent way—cannot be entirely ruled out.)

After eliminating four theatres because responses revealed they were either out of business or did not regularly produce plays, the subset was reduced to 66. A total of 27 responses were received, resulting in a 41 percent response rate; of these, 24 were usable surveys and constituted the actual raw data used in computing growth rates. These 24 theatres generated an aggregate $13 million in income and played to a total of 390,000 people during the 1994-95 season. In comparison to my subset, the universe for the “Theatre Facts 1995” report was a subset of 66 tracked member theatres (out of a total universe of 215 member theatres) that provided data to TCG between 1990 and 1995. These theatres embodied a broad geographic and cultural field, generated nearly $265 million in nonprofit income, and played to a total of nearly 7 million during the 1994-95 season.

The aggregate data from these 24 theatres revealed an overall financial vulnerability among budget size categories. The 1990-91 budgets of the respondents varied between $83,000 and $686,000. Seven theatres reported a 1990-91 budget size of $250,000 or less; nine were between $249,000 and $499,000; eight had budgets of between $500,000 and $750,000; and none were larger than $750,000. This group of theatres was fairly evenly divided among three budget categories. Nonetheless, only four of the twenty-four respondents reported no deficits during this five-year period. Eight theatres reported deficits in three out of five seasons, and three reported deficits in all
five years. Surprisingly, only eight of the theatres required an emergency fund drive. Despite their overall financial vulnerability, two-thirds of these theatres continued to operate successfully without seeking emergency help.

The second section of the survey focused on audience attendance and asked for total main series attendance and total number of main series performances. This simple audience data allowed comparisons between the audience growth of these theatres with those of the TCG subset by using annual growth rates for audience per performance. Seven theatres were unable to provide audience data for all five seasons, so the analysis was based on a subset of only 17 tracked theatres. The data revealed a wide range of audience size. Aggregate audience attendance during the 1990-1991 season ranged from 3,208 for 61 performances to 26,094 for 240 performances or even 32,779 for 131 performances.

The third section of the survey requested a few facts about seating and continuity: main stage seating capacity; the number of years the company had performed in its current or renovated facility; and the number of years the current artistic and managing directors had been with the theatre. These variables were included in order to provide several additional comparisons by cross-tabulation among the survey theatres themselves. For example, was there any relationship between how old a theatre was and the rate of its financial growth?

Once again, there was enormous variation among these theatres. The age of the theatres varied between eight years and forty years. Five theatres (21 percent) were ten years old or less, nine theatres (38 percent) were between eleven and twenty years old,
eight (33 percent) were between twenty-one and thirty years old, and two (8 percent) were thirty years or older. Even though five theatres represented the newest generation of artistic leadership, two were founded in the 1950s and still retained their founding directors. Contrary to conventional wisdom, small size does not necessarily imply new status.

Mainstage capacity of these theatres varied between the tiny (75 seats) to the medium (500 seats), but most were either between 100-200 seats in capacity (41 percent) or between 200-300 seats (36 percent).

The continuity of artistic leadership among these theatres was remarkable. Nineteen of the artistic directors (79 percent) were founding directors. Only three directors headed theatres for four years or less. The importance of this statistic cannot be stressed too highly. According to this data, turnover in artistic leadership was not a factor in the growth and success of these theatres. Whatever growth choices were taken, whatever the successes or challenges these companies underwent, and whatever would be achieved in the future must be related to the decisions of the same artists who founded them. Artistic leadership was a constant among the growth of these small theatres.

Management leadership, in contrast, showed a great deal more variability. Only six managing directors occupied their position at the time their theatre was founded; the majority were relatively new. Indeed, two of the eight-year-old theatres do not yet have a managing director, suggesting that as they gradually expanded these theatres tended to add management expertise.
Although artistic leadership was continuous, these theatres reported quite a bit of movement between producing locations. Only eight remained in the same facility for their entire history; seven companies moved into a new or renovated space within the last three seasons. There appears, however, to be no obvious or direct relationship between age and mobility. Theatres founded only eight years ago moved into a new space within the past two years, while some theatres twenty years or older have remained in their original space.

Finally, the survey asked whether the theatre wished to have a copy of the results (nineteen did) and provided a space to write any questions or comments.

I prepared a cover letter on Jerome Lawrence and Robert E. Lee Theatre Research Institute stationary and addressed it to the managing or administrative director of each theatre. The letter stressed that this study focused on a select sample of small regional theatres in order to learn some of the reasons for their success. The body of the letter appealed to the respondent to take a few minutes to complete and return the survey, included a deadline, explained how the information would be used, and emphasized the importance of each response. The letter also promised confidentiality. Each addressee received a pre-addressed, stamped return envelope as an incentive to complete and return the form. Prior to mailing, both survey and cover letter were pre-tested by the managing director of one of the subset theatres, The Contemporary American Theatre Company in Columbus. Her response indicated that the survey created a positive impression and that the questions were easily understood. A sample copy of the cover letter is included in Appendix C.
Two to three weeks after mailing, a telephone follow-up to non-respondents succeeded in eliciting several more complete surveys. The opportunity to speak personally with the managers of these theatres confirmed the high general interest in this study and the degree to which the respondents felt ignored by the majority of researchers. The calls also revealed that even small theatres receive a large number of requests for information and that subsequent surveys would do well to include a stronger incentive to increase the response rate.

The telephone contacts also confirmed the difficulty of researching these theatres. A number had no permanent office staff and could only be reached by answering machines; others wanted to reply, but were forced to delay or ignore the survey because of lack of time. Several mentioned that because recent management turnover had interrupted their record-keeping process, they were not able to retrieve information kept by their predecessors. Twenty-four usable surveys out of a possible sixty-six theatres was admittedly a small number with which to attempt to identify definitive trends, but the overall forty-one percent response rate attested to the interest within these theatres for acknowledgment and more information about their special natures.

Measuring Growth

In contrast to the studies of growth within arts organizations that have tended to emphasize changes in artistic programming or critical reception as measures of successful growth, my study investigated successful growth in terms of economic and audience parameters. The primary focus of analysis in this study was the financial growth over a
specific time frame. This study measures growth, therefore, in terms of increases or decreases in budget, income, and audience over a five-year period. The inclusion of audience growth is an essential part of those financial results because it is the development of a stable audience year after year that provides a measure of fiscal certainty.

This is not to say that successful growth occurs without increases in artistic output or quality or a new facility (indeed, the succeeding chapter demonstrates the pivotal impact of a new facility upon successful growth). Nor do I suggest that one sort of data from a group of theatres implies anything about the artistic achievement of those theatres. I argue only that the economic underpinnings for successful growth are often overlooked. An investigation of growth based upon financial results provides an opportunity to redress the balance and allows us to exploit economic data in a consistent and useful way.

The growth variables in this survey were based largely upon the economic variables used by TCG in its annual “Theatre Facts.” The first was budgetary growth expressed both as aggregate totals and as annual percentage changes in income and expenses between 1990 and 1995. The figures for each theatre’s earned and contributed income, expenses, and total income were added together to form aggregate totals for which annual changes were computed. These changes were studied in order to gain a statistical picture of these 24 theatres as a group. In addition, I examined the aggregate earnings gap and surplus and deficit totals in order to uncover trends and degree of variability with respect to financial vulnerability. Next, these percent changes were compared to those published in “Theatre Facts 1995.” Finally, the totals for earned and
contributed income were calculated as percentages of expenses and total income both to
study trends among these theatres as a group and to compare with those theatres tracked
by TCG.

The second category of raw data was audience growth expressed as aggregate
attendance totals, number of performances, and as attendance per performance (total
audience divided by the number of performances). Once again, the aggregate totals were
used to calculate percentage changes with which to identify overall trends among these
theatres and to compare to those figures reported by TCG.

The third and fourth variables, budget size and age, were used to investigate
relationships between subsets of the survey theatres and their annual economic growth
characteristics.

Aggregate Growth Trends

As shown in Table 3.1, between 1991 and 1995 annual growth in earned income among
these 24 theatres grew to a peak in the 1993-94 season (with a steep increase of 17.3
percent that year) and then fell by two-thirds the following year. Overall, the annual rate of
increase in total income fell consistently from 12.4 percent in 1990-91 to an increase of
only 5.1 percent in 1994-95. With the exception of the atypical 1993-94 season, the
growth rate of total expenses remained surprisingly constant despite inflation, indicating
effective cost control. Earned income increased at an annual rate consistently lower than
rising expense budgets and accounted for a steadily decreasing share of operating
expenses; the proportion of the budget covered by earned income steadily declined over
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<thead>
<tr>
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<th></th>
<th></th>
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<td>Earned Income</td>
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<td>5,462</td>
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<td>6,754</td>
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<td>-</td>
<td>4</td>
<td>7.4</td>
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<td>5.5</td>
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<tr>
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<td>9,736</td>
<td>10,555</td>
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<td>8.4</td>
<td>17.7</td>
<td>7.1</td>
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<td>-5,092</td>
<td>-6,023</td>
<td>-6,561</td>
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<td>Percent Increase</td>
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<td>1.3</td>
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<td>4,867</td>
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<td>6,466</td>
</tr>
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<td>22.7</td>
<td>14.6</td>
<td>10</td>
<td>4.8</td>
</tr>
<tr>
<td>Total Income</td>
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<td>9,953</td>
<td>11,043</td>
<td>12,573</td>
<td>13,220</td>
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<tr>
<td>Percent Increase</td>
<td>-</td>
<td>12.4</td>
<td>11</td>
<td>13.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>-156</td>
<td>218</td>
<td>488</td>
<td>145</td>
<td>-95</td>
</tr>
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<td>E. Income % of Expenses</td>
<td>54.3</td>
<td>52.2</td>
<td>51.7</td>
<td>51.5</td>
<td>50.7</td>
</tr>
<tr>
<td>E. Income % of Total Income</td>
<td>55.2</td>
<td>51.5</td>
<td>49.5</td>
<td>50.1</td>
<td>51.1</td>
</tr>
<tr>
<td>C. Income % of Total Income</td>
<td>44.8</td>
<td>48.9</td>
<td>50.5</td>
<td>49.9</td>
<td>48.9</td>
</tr>
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Table 3.1 Aggregate Income and Expenses, 1990-1995: 24 Tracked Theatres
the recent past. The trend was slightly different for contributed income, which rose at a steadily decreasing rate over the recent past and yet accounted for more and more percentage of total income. While the earned income as a percent of total income declined within this five-year period, the percent of contributed income increased to almost a 50/50 relationship by 1994-95. Thus, the financial survival of these theatres appeared to depend more and more on the growth of contributed rather than earned income.

Deficits formed a mixed picture. On the positive side, these 24 theatres reported aggregate surpluses in three out of five seasons, an excellent accomplishment considering the difficult competitive environment of the 1990s. Moreover, the 1994-95 deficit of only $95,000 was one-half the amount experienced in 1990-91. On the other hand, only four theatres avoided deficits in all five seasons. Two theatres reported deficits in one season and eighteen (75 percent) reported deficits in more than one season between 1990-91 and 1994-95. Annual deficits were incurred by 14 theatres in 1990-91 in amounts that ranged from $375 to $74,058 and by 14 theatres in 1994-95 ranging from $3,000 to $132,241. This sense of financial vulnerability was somewhat ameliorated, however, by noting that since 1992-93 the average deficit as shown in Table 3.2 remained almost the same. Considering the fact that the budget size of these theatres moved upwards over this five-year period, the average deficit in 1994-95 constituted a smaller percentage of annual budgets.
<table>
<thead>
<tr>
<th>Season</th>
<th>Mean Deficit</th>
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<tr>
<td>1990-91</td>
<td>$31,090</td>
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<td>1991-92</td>
<td>$48,616</td>
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<tr>
<td>1992-93</td>
<td>$29,278</td>
</tr>
<tr>
<td>1993-94</td>
<td>$28,698</td>
</tr>
<tr>
<td>1994-95</td>
<td>$28,927</td>
</tr>
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Table 3.2 Mean Deficit Trend, 1990-1995:
24 Tracked Theatres

In sum, the aggregate data showed a general economic build up between 1990 and 1993, a peak of economic growth rate in 1993-1994, and then significant cutbacks in nearly every variable in 1994-95. But as expenses routinely increased and deficits remained a continuing problem, small theatre leaders appeared to have held the line. Their financial position was not appreciably better in 1995 than in 1991 but it was certainly no worse on the average.

With the exception of the 1992-93 season, as shown in Table 3.3, aggregate audience attendance rose significantly over this five-year period. The highest growth (nearly 25 percent) coincided with the economic season peak of 1993-94. The total five-year increase in total attendance amounted to nearly 35 percent. Not surprisingly, this increase in attendance matched increases in the number of performances that rose from 1,904 in 1990-91 to 2,527 in 1994-95. The 25 percent increase in attendance probably accounted for a large portion of the increased earned income in 1993-94, as did the greater number of performances (23 percent) help explain the jump in expenses in that same year. What is puzzling, however, is the trend in audience per performance. As total audience and number of performances dropped in 1992-93, audience per performance
rose; but despite the significant increases in both total attendance and number of performances thereafter (34.7 percent and 32.7 percent, respectively), the audience per performance in 1995 was not much higher than that of 1991. Is there some kind of ceiling for audience per performance at these theatres?

<table>
<thead>
<tr>
<th></th>
<th>90-91</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
</tr>
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<tr>
<td>Total Audience</td>
<td>289,556</td>
<td>299,829</td>
<td>280,855</td>
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<td>Percent Increase</td>
<td>---</td>
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<td>-6.3</td>
<td>24.6</td>
<td>11.4</td>
</tr>
<tr>
<td>Number of pfs.</td>
<td>1,904</td>
<td>2,083</td>
<td>1,873</td>
<td>2,304</td>
<td>2,527</td>
</tr>
<tr>
<td>Percent Increase</td>
<td>---</td>
<td>9.4</td>
<td>-10.1</td>
<td>23</td>
<td>9.7</td>
</tr>
<tr>
<td>Attendance/pf.</td>
<td>152.1</td>
<td>143.9</td>
<td>150</td>
<td>151.9</td>
<td>154.4</td>
</tr>
</tbody>
</table>

Table 3.3 Attendance and Number of Performances, 1990-1995: 17 Tracked Theatres

A great deal of variability and contradictions emerged among the financial and audience statistics of these small theatres. Economic and audience growth seldom matched. Although growth of audience attendance reached a five-year high in 1994-95, for example, audience per performance reached only what it was in 1990-91. The year-end surplus of these theatres in 1993-94 was one-half of what was reported the previous year when audience attendance fell over 6 percent and number of performances fell over 10 percent. In aggregate terms, these theatres did better financially during the year when audience attendance suddenly dropped. And why did the percentage of earned income contribute less and less to expenses when annual increases in expenses were usually held to between 7-8 percent and the total audience kept expanding?
Conventional wisdom suggests that certain elements of an arts operation should move together; that, for instance, audience increases should parallel increases in percentage of total income or that effective cost control should translate into an overall healthy financial picture at the end of every year. But the record of these theatres suggests that simple formulas are not very useful to account for the growth variability inherent in small theatres. Increases or decreases in one element or another occurred simultaneously or in surprising juxtaposition. Although they established an evident continuity of leadership and a general pattern of economic peaking followed by cut backs, this survey revealed a group of theatres that seemed to ride an economic roller coaster rather than establish any record of managed incremental growth. Do we find a clearer picture when we compare the above statistics to those provided by TCG?

A comparison of percentage changes in income, expenses, and audience attendance between the 66 theatres tracked by TCG and the 24 small theatres from the same universe tracked in this study demonstrated some similarities but many more important differences. Indeed, the amount of variability and the extent of year-to-year changes reported by the smaller theatres suggested that general conclusions regarding the growth characteristics of regional theatre based upon only aggregate national statistics should be treated with caution.

As shown in Table 3.4, annual changes in income and expenses revealed wide differences between these two groups of theatres in every category in nearly every year. Growth percentages of the small theatres tended to reach two or three times those
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<td><strong>Earned Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
<td>4.4</td>
<td>3.6</td>
<td>1.3</td>
<td>12.6</td>
</tr>
<tr>
<td>Survey</td>
<td>4</td>
<td>7.4</td>
<td>17.3</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
<td>4.5</td>
<td>3.7</td>
<td>3.3</td>
<td>6.4</td>
</tr>
<tr>
<td>Survey</td>
<td>8</td>
<td>8.4</td>
<td>17.7</td>
<td>7.1</td>
</tr>
<tr>
<td><strong>Earnings Gap</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
<td>3.8</td>
<td>6.2</td>
<td>6.2</td>
<td>-2.5</td>
</tr>
<tr>
<td>Survey</td>
<td>1.3</td>
<td>9.5</td>
<td>18.3</td>
<td>8.9</td>
</tr>
<tr>
<td><strong>Contributed Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
<td>3.1</td>
<td>2.3</td>
<td>7.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Survey</td>
<td>22.7</td>
<td>14.6</td>
<td>10.5</td>
<td>4.8</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
<td>3.9</td>
<td>3.1</td>
<td>3.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Survey</td>
<td>12.4</td>
<td>11</td>
<td>13.9</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Table 3.4 Changes in Income and Expenses, 1990-1995:
Comparison Between TCG Report and Tracked Survey
reported by TCG, suggesting that small theatres are not merely a subset of the total TCG membership but a universe onto themselves.

Changes in earned income, for instance, seemed to move in opposite directions between the two groups. The TCG sample showed declining percentage increases until they reached a nearly stagnant 1.3 percent change in 1993-94, and then a sudden dramatic surge of 12.6 percent in 1994-95. As noted before, the small theatre sample reported almost double its earned income in each of the first three years, then dropped back to a previous level in 1994-95.

Although expenses for both groups increased about the same amount in 1994-95, the budgets of the small theatres grew as much as five times greater than those of TCG in 1993-94. In the two earlier seasons, the small theatres grew at about double the rate of the TCG sample. With the exception of the 1994-95 season, growth of expenses for both groups changed within a fairly narrow range (TCG between 3.7 and 6.4 percent, small theatres between 7.1 and 8.4 percent), indicating that both groups achieved a fairly similar and successful cost control effort.

As described in the previous chapter, the Baumol-Bowen model predicted a steadily increasing earnings gap among performing arts organizations as expenses outrun capacity for earned income. However, neither sample followed the predicted model in changes of the earnings gap over the past five seasons. The TCG sample reported a doubling of its earnings gap between 1992 and 1993, no change in the next season, and a negative increase in 1995. The small theatre sample followed much the same pattern.
Almost no change occurred between 1991 and 1992; then a doubling occurred between 1992 and 1994, followed by a fifty percent drop in 1995. The gap for the small theatres, however, did not decrease in 1995, and they experienced much larger swings of direction than the TCG sample.

Changes in contributed income showed a generally downward trend for both groups, but the small theatres achieved annual increases of double or triple those reported by TCG. The downward trend, unsurprisingly, affected the small theatres much more intensely; their increases in 1994-95 were only one-quarter of those achieved in 1991-92, dropping their total income increase to below that of TCG for the first time.

As smaller theatres grew faster than those in the TCG universe, so did their total income show greater year-to-year increases. Both groups reported increases between 1992 and 1994 (between 3.1 and 3.9 percent for TCG, and 11.0 and 13.0 percent for small theatres). However, while the TCG sample doubled its increase in total income from the previous year in 1994-95, the increase in total income of the small theatres, affected by significant drops both in earned and contributed income, fell to about one-half of what it had been previously.

The breakdown of earned income as a percentage of expenses and total income also showed significant differences between the two sets of data. As shown in Table 3.5, the earned income of smaller theatres appeared to account for less and less percentage of those theatres' expenditures while that of the TCG sample remained about the same. The table clearly shows a significant difference in underlying income and expense dynamics between the two groups of theatres: while the TCG theatres averaged a 60/40 relationship
### Table 3.5 Earned Income as a Percentage of Expenses and Total Income, 1990-1995: Comparison Between TCG Report and Tracked Survey

<table>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
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<td>60.3</td>
<td>60.3</td>
<td>59.1</td>
<td>62.6</td>
</tr>
<tr>
<td>Survey</td>
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<td>52.2</td>
<td>51.7</td>
<td>51.5</td>
<td>50.7</td>
</tr>
<tr>
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<td></td>
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<td></td>
</tr>
<tr>
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<td>60</td>
<td>62.4</td>
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<td>50.9</td>
<td>51.1</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCG</td>
<td>39.2</td>
<td>38.8</td>
<td>38.5</td>
<td>40</td>
<td>37.6</td>
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<tr>
<td>Survey</td>
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<td>48.9</td>
<td>50.5</td>
<td>49</td>
<td>48.9</td>
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</table>
between earned and contributed income as a percentage of total expenses and total income, the smaller theatres were divided at 50/50. The smaller theatres, therefore, were much more dependent upon contributions to cover their deficits than those in the TCG sample—and this dependency was growing.

The differences in audience growth between the TCG sample and the small theatres were even more pronounced than the differences in the financial data. Indeed, the audience totals as shown in Table 3.6 seem to describe two completely different types of performing arts organizations. Although the aggregate totals revealed no steady increases or decreases over the last five seasons for either group, the overall picture suggests an audience plateau for the TCG sample compared to a robust volatility at the smaller theatres. In three out of five seasons, the smaller theatres reported annual increases of 3.6, 11.4 and 24.6 percent; in contrast, the largest increase among the TCG theatres was 5.3 percent. Once again, the statistics suggested an underlying variability and erratic growth (sometimes positive, sometimes negative) among smaller theatres that the aggregate totals of the TCG report do not reflect. The data suggests that smaller theatres cannot count on steady audiences increases from year to year, but must adapt to constant upward or downward changes in audience response. This implies that programming and marketing assumptions appropriate to the TCG sample may be entirely inappropriate when applied to small theatres.
---|----------|----------|----------|----------
TCG     | -1.7     | 0.3      | -3.5     | 5.3      
Survey  | 3.6      | -6.3     | 24.6     | 11.4     

Table 3.6 Percent Changes in Attendance, 1991-1995: Comparison Between TCG Report and 17 Tracked Theatres

My assumption that the use of consistent financial and audience data would reveal some growth characteristics among these small theatres that were significantly different from those reported by TCG appears to have been largely borne out. In terms of aggregate economic growth, these theatres have not only moved in an opposite direction from the TCG sample between 1990 and 1995, but they have also shown a pattern of much more intense and volatile growth. Moreover, the small companies revealed a growing dependence upon contributed income rather than earned income to offset frequent deficits and larger percentage increases in audience growth.

On the other hand, these overall patterns were accompanied by a great deal of variability. The TCG data seem almost calm in comparison to the wide ranges of annual change in nearly every variable among the small companies. No model of economic or audience growth seems to account for the characteristics of these theatres, and so future growth changes seem impossible to project. But one thing seems clear: as a separate group of theatres these 24 companies seem to share very few characteristics with their brethren in the TCG population. Indeed, the TCG data seem to mask rather than
illuminate crucial differences. If these theatres differ so much from the national universe, to what degree do they also differ among themselves?

**Searching for Subsets**

Uncovering differences between the TCG sample and a group of small theatres drawn from that collection suggests that, because they invariably combine larger and smaller organizations, aggregate national statistics regarding regional theatre have value only as general guidelines. No set of sample statistics by itself, therefore, should be expected to represent an accurate measurement of the growth characteristics of American regional theatre. Certainly those statistics should not be used to build arguments for or against the regionals’ degree of success.

Since the above analysis reveals a wide and unacknowledged variability in growth between two subsets of regional theatres, we should ask to what degree the group of small regional theatres differs within itself. If comparisons between the theatres tracked in this study and those tracked by TCG reveal substantial differences between these two groups, we should expect some significant differences among subsets within this same group of small theatres. Are there any similarities in growth characteristics when small theatres, for instance, are stratified into specific categories such as size and age? Or is each theatre company a totally unique phenomenon? How valid is Nello McDaniel and George Thorn’s argument that there are no longer any models but only examples?

Among the possible subset categories within which to examine these theatres, I chose two that seemed most likely to uncover significant and useful comparisons: budget
size and company age. My assumptions were that (1) larger theatres in this group would demonstrate different growth characteristics from smaller ones, and (2) theatres less than ten years would exhibit different growth characteristics than those in existence for more than ten years.

In order to test these assumptions I divided the 24 theatres into budget size groups and age groups according to intervals that made logical sense and, as far as possible, included more than two theatres in each interval. The interval for budget size, for example, was $150,000 as reported in the base budget season of 1990-91. This interval yielded three categories: 7 theatres with budgets of $249,000 or less; 9 theatres between $250-499,000; and 8 theatres between $500-750,000. There were no sample theatres with budgets reported above $750,000 in 1990. Age intervals were chosen in ten-year increments, which yielded four categories: 5 theatres 10 years or younger; 7 theatres between 11 and 19 years of age; 10 theatres between 20-29 years; and 2 theatres over 30 years old. The use of these subset categories allowed me to examine operational growth characteristics along two entirely different—and yet related—parameters.

**Budget Size Subsets**

In order to track growth characteristics among the three budget categories, I computed the total income and expenses between 1991 and 1995 for each category of theatres, calculated annual growth rates for income, expenses, earnings gap, surplus/deficit, and percentage figures both for earned income as a percentage of expenses and as a percent of total income. The calculations, shown in Tables 3.7, 3.8, and 3.9, help
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<td>Contributed Income</td>
<td>552,704</td>
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<td>Total Income</td>
<td>1,276,530</td>
<td>1,502,826</td>
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<td>20.8</td>
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<tr>
<td>Surplus/Deficit</td>
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<td>58,043</td>
<td>4,637</td>
<td>139,253</td>
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<td>E. Income % Expenses</td>
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<td>62.7</td>
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<td>E. Income % Total Income</td>
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<td>60.3</td>
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<td>51.1</td>
<td>54</td>
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<tr>
<td>C. Income % Total Income</td>
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<td>39.7</td>
<td>41.2</td>
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Table 3.7 Aggregate Income and Expenses, 1990-1995: Theatres with Budget Size of $249,000 or Less (7 theatres)
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<td>(In Dollars)</td>
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<td>Earned Income</td>
<td>1,595,991</td>
<td>1,647,781</td>
<td>1,778,231</td>
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<td>3.2</td>
<td>7.9</td>
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<td>14.9</td>
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<td>Total Expenses</td>
<td>3,196,039</td>
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<td>3,840,265</td>
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<td>26.6</td>
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<td>8.6</td>
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<td>Contributed Income</td>
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<td>1,941,764</td>
<td>2,518,136</td>
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<td>41.4</td>
<td>29.7</td>
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<td>Total Income</td>
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<td>20.9</td>
<td>19.7</td>
<td>7.1</td>
<td>11.7</td>
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<tr>
<td>Surplus/Deficit</td>
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<td>312,560</td>
<td>456,102</td>
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<td>E. Income as % Expenses</td>
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<td>50.3</td>
<td>46.3</td>
<td>45.4</td>
<td>46.8</td>
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<tr>
<td>E. Income as % Total Income</td>
<td>53.8</td>
<td>45.9</td>
<td>41.4</td>
<td>46.3</td>
<td>47.6</td>
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<td>C. Income as % Total Income</td>
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<td>54.1</td>
<td>58.6</td>
<td>53.7</td>
<td>52.4</td>
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Table 3.8 Aggregate Income and Expenses, 1990-1995: Theatres with Budgets Between $250,000 and $499,000 (9 Theatres)
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<td>Total Expenses</td>
<td>4,771,439</td>
<td>5,013,766</td>
<td>4,903,078</td>
<td>5,768,938</td>
<td>6,489,378</td>
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<td>Earnings Gap</td>
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<td>2,481,487</td>
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<td>Contributed Income</td>
<td>2,140,516</td>
<td>2,328,723</td>
<td>2,313,597</td>
<td>2,686,288</td>
<td>3,068,112</td>
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<td>-0.6</td>
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<td>Total Income</td>
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<td>Surplus/Deficit</td>
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<td>-152,764</td>
<td>27,579</td>
<td>117,987</td>
<td>-56,061</td>
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<td>E. Income as % of Expenses</td>
<td>56</td>
<td>50.5</td>
<td>53.4</td>
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<td>51.9</td>
</tr>
<tr>
<td>E. Income as % of Total Income</td>
<td>55.5</td>
<td>52.1</td>
<td>53.1</td>
<td>54.4</td>
<td>52.3</td>
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<td>C. Income as % of Total Income</td>
<td>44.5</td>
<td>47.9</td>
<td>46.9</td>
<td>45.6</td>
<td>47.7</td>
</tr>
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</table>

Table 3.9 Aggregate Income and Expenses, 1990-1995:
Theatres with Budgets Between $500,000 and $749,000
(8 Theatres)
us to examine both the differences among categories and how each category changed in annual growth rate as it grew larger over the five-year period.

The calculations revealed the same overall economic growth cycle contained in the previously described aggregate figures: earned and contributed income increases that peaked in 1993-94 and then dropped sharply the following year. But a number of significant differences emerged that suggested that each budget size category was also different from the others in specific ways.

The theatres that began as smaller companies in 1990, for instance, experienced different growth patterns than the middle and larger categories. The smallest theatres outperformed both the aggregate totals and the other two size categories in financial terms. Theatres with budgets of $249,000 or less demonstrated no deficits in any of the five years; each year ended with a financial surplus. Annual increases in contributed income rose as high as 37 percent in 1993-94, but then showed negative growth the following year—an extremely sharp decline. Similar to the aggregate totals, these theatres reported a gradually increasing importance of contributions as earned income covered less of expenses. As they grew larger, these theatres became less dependent on earned income and more dependent upon contributions. However, the importance of earned income remained strong; the earned contributed ratio reached as high as 60/40 and dropped only to 54/46 by the end of the period as compared to 51/49 for the aggregate.

The middle group of theatres, 9 theatres with budgets between $250,000 and $499,000 in 1990, appeared to have been the most financially troubled. These theatres reported three annual deficits over five seasons. Increases in contributed income declined
consistently from year to year, yet contributions constituted a much larger percentage of total income than the smaller companies. These middle-sized companies reported a growing dominance of contributed over earned income despite an unusual negative growth in contributions during the peak 1993-94 season. This category achieved an earned/contributed ratio of 48/52 at the end of the period.

The largest group of theatres, 8 theatres with budgets of $500,000 and over, seemed to have experienced less of the severe ups and downs that characterized the other two groups. Growth increases in each variable were narrower in range. Although this group reported two deficit years out of five, the figures reflected a much greater control over expenses (they actually produced a negative expense and earnings gap growth in 1992-93). Even though their annual budget growth was less spectacular than the other two categories, then, these theatres kept their earnings gap under better control.

There is always a danger of reading too much into statistics, but these three groups of different size theatres seemed to bear out the assumption that size in some way affects growth. The smallest group seemed better able to match income with expenses, adapt themselves to the year-to-year changes, and achieve successful growth without deficits. When experiencing major growth challenges or sudden loss of contributed support, these theatres appeared better able to control their operations and land on their feet. The mid-sized theatres, in contrast, seemed erratic and unable to balance income and expenses with any consistency. Theatres with budgets of $500,000 or more appeared to have solved some of the growth problems of the others, finding stability in smaller growth increases combined with better control over variability.
Although they suggest some interesting results, these possibilities also invite some important questions. Is there something that smaller theatres understand about adaptability and balanced budgets that is lost when they grow larger? Is there such a thing as an awkward size that makes financial stability difficult? Is there something that larger theatres learn about how to successfully manage long-term growth that is inherently unavailable to smaller ones?

Age Subsets

One of the common assumptions associated with the age of performing arts organizations has been that theatres grow according to some kind of linear evolution that resembles the growth cycle of a living thing. Borrowing a shorthand developed by TCG, Joseph Zeigler, for example, described regional theatres created before 1960 as “acorns,” because “they had been planted in shallow soil with no assurances that they would grow into mighty oak trees,” as opposed to the “oak trees,” such as the Guthrie Theater, that were planted fully grown. Using another version of the same model, an analyst might trace the history of a theatre company from its initial birth through its teething troubles and period of quick-growing adolescence to a later period of maturity and perhaps decline.

Moreover, commentators often draw causal connections between age and growth. Younger theatres must be smaller than older ones; as theatres get older they are assumed also to get larger. The youngest companies are assumed to operate with less initial experience and stability than older ones, but grow faster and fail more frequently. Older
theatres are assumed to operate with more sophistication and depth and become better managed with age. Age, then, becomes an inherent measure of a theatre’s growth cycle.

Overall, the model describes a process of linear evolution in which each theatre moves in steps from one set of growth characteristics to another. Do the results of this survey confirm this traditional wisdom or reveal, instead, a tendency for small theatres to possess different growth characteristics at each age level? Do theatres demonstrate a tendency to evolve into larger and more financially effective and stable organizations as they grow older, or do they retain their initial characteristics throughout the five-year span? Is there, in sum, any evidence of a relationship between age and growth among these 24 theatres?

After dividing the group of 24 theatres into four categories of age separated by ten-year intervals, I computed aggregate income and expense totals between 1991 and 1995 for each group and calculated annual growth rates for each economic variable (earned income, total expenses, earnings gap, contributed income, total income, earned income as a percent of expenses, and earned income as a percent of total income). The computations are shown in Tables 3.10, 3.11, 3.12, and 3.13. I then examined the growth rates of each age category for characteristics that might differentiate one age group from the others. In most cases, the figures confirmed a general trend of income and expenses peaking during the 1993-94 season with a sharp decline afterwards. But other significant differences appeared among specific age categories.

The youngest group of theatres appeared to be the most successful and robust financially; they reported only one deficit year out of five. These five theatres also showed
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<td>28.9</td>
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<td>9.3</td>
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<tr>
<td>Contributed Income</td>
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<td>Total Income</td>
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<td>Percent Increase</td>
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<td>20.9</td>
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<td>Surplus/Deficit</td>
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<td>54</td>
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<td>50.7</td>
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<td>E. Income as % of Total Income</td>
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<td>54.3</td>
<td>53</td>
<td>45.2</td>
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<td>C. Income as % of Total Income</td>
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<td>45.7</td>
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<td>54.8</td>
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Table 3.10 Aggregate Income and Expenses, 1990-1995: Theatres 10 Years old or Less (5 Theatres)
### Table 3.11 Aggregate Income and Expenses, 1990-1995: Theatres Between 11 and 20 Years Old (9 Theatres)

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<td>Percent Increase</td>
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<td>12</td>
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<td>Total Expenses</td>
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<td>14</td>
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<td>Contributed Income</td>
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<tr>
<td>Surplus/Deficit</td>
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<tr>
<td>E. Income as % of Total Income</td>
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<td>46.1</td>
<td>51</td>
<td>49.8</td>
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<tr>
<td>C. Income as % of Total Income</td>
<td>46.7</td>
<td>51.4</td>
<td>53.9</td>
<td>49</td>
<td>50.2</td>
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- Table 3.11 Aggregate Income and Expenses, 1990-1995: Theatres Between 11 and 20 Years Old (9 Theatres)
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<td>1,688,060</td>
<td>1,941,406</td>
<td>1,910,621</td>
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<tr>
<td>Percent Increase</td>
<td>-</td>
<td>-2.6</td>
<td>9.2</td>
<td>15</td>
<td>-1.6</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>3,059,593</td>
<td>3,454,348</td>
<td>3,207,420</td>
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<td>3,654,475</td>
</tr>
<tr>
<td>Percent Increase</td>
<td>-</td>
<td>12.9</td>
<td>-7.1</td>
<td>7.8</td>
<td>5.6</td>
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<tr>
<td>Earnings Gap</td>
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<td>1,519,360</td>
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<td>1,743,854</td>
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<tr>
<td>Percent Increase</td>
<td>-</td>
<td>38.7</td>
<td>-4.8</td>
<td>-0.1</td>
<td>14.9</td>
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<tr>
<td>Contributed Income</td>
<td>1,577,819</td>
<td>1,726,455</td>
<td>1,579,029</td>
<td>1,506,647</td>
<td>1,702,644</td>
</tr>
<tr>
<td>Percent Increase</td>
<td>-</td>
<td>9.4</td>
<td>-8.5</td>
<td>-4.6</td>
<td>13</td>
</tr>
<tr>
<td>Total Income</td>
<td>3,487,231</td>
<td>3,585,481</td>
<td>3,267,089</td>
<td>3,448,053</td>
<td>3,613,265</td>
</tr>
<tr>
<td>Percent Increase</td>
<td>-</td>
<td>2.8</td>
<td>-8.9</td>
<td>5.5</td>
<td>4.8</td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>427,638</td>
<td>131,133</td>
<td>59,669</td>
<td>-11,004</td>
<td>-41,210</td>
</tr>
<tr>
<td>E. Income as % of Expenses</td>
<td>62.7</td>
<td>53.8</td>
<td>52.6</td>
<td>56.1</td>
<td>52.3</td>
</tr>
<tr>
<td>E. Income as % of Total Income</td>
<td>54.8</td>
<td>51.8</td>
<td>51.7</td>
<td>56.3</td>
<td>52.9</td>
</tr>
<tr>
<td>C. Income as % of Total Income</td>
<td>45.2</td>
<td>48.2</td>
<td>48.3</td>
<td>43.7</td>
<td>47.1</td>
</tr>
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Table 3.12 Aggregate Income and Expenses, 1990-1995: Theatres Between 21 and 30 Years Old (8 Theatres)
<table>
<thead>
<tr>
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<tr>
<td>Earned Income</td>
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<td>242,141</td>
<td>251,063</td>
<td>345,696</td>
<td>355,305</td>
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<td>Percent Increase</td>
<td>------</td>
<td>-4.3</td>
<td>3.7</td>
<td>37.7</td>
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<tr>
<td>Total Expenses</td>
<td>599,839</td>
<td>518,897</td>
<td>552,960</td>
<td>640,462</td>
<td>693,669</td>
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<tr>
<td>Percent Increase</td>
<td>------</td>
<td>-13.5</td>
<td>6.6</td>
<td>15.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Earnings Gap</td>
<td>346,946</td>
<td>276,756</td>
<td>301,897</td>
<td>294,766</td>
<td>338,364</td>
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<tr>
<td>Percent Increase</td>
<td>------</td>
<td>-20.2</td>
<td>9.1</td>
<td>-2.4</td>
<td>14.8</td>
</tr>
<tr>
<td>Contributed Income</td>
<td>324,339</td>
<td>232,562</td>
<td>292,975</td>
<td>271,938</td>
<td>323,519</td>
</tr>
<tr>
<td>Percent Increase</td>
<td>------</td>
<td>-28.3</td>
<td>26</td>
<td>-7.2</td>
<td>19</td>
</tr>
<tr>
<td>Total Income</td>
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<td>474,703</td>
<td>544,038</td>
<td>617,634</td>
<td>678,824</td>
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<tr>
<td>Percent Increase</td>
<td>------</td>
<td>-17.8</td>
<td>14.6</td>
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<td>Surplus/Deficit</td>
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<td>-22,828</td>
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<td>E. Income as % of Expenses</td>
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<td>45.4</td>
<td>54</td>
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<tr>
<td>E. Income as % of Total Income</td>
<td>43.8</td>
<td>51</td>
<td>46.1</td>
<td>56</td>
<td>52.3</td>
</tr>
<tr>
<td>C. Income as % of Total Income</td>
<td>56.2</td>
<td>49</td>
<td>53.9</td>
<td>44</td>
<td>47.7</td>
</tr>
</tbody>
</table>

Table 3.13 Aggregate Income and Expenses, 1990-1995:
Theatres 30 Years or Older
(2 Theatres)
the largest annual increases in budget growth and income, with a huge growth peak in
the 1993-94 season. The data gave the impression of dynamic growth combined with an
ability to adjust expenses to declines in income and achieve a surplus even when
contributions recorded negative growth in 1994-95. Increases in earned income were by
far the highest of any age category and remained relatively steady over the five-year
period. It appeared that fluctuations in levels of contributed income were the important
variable in fiscal stability. The power of these small theatres to solicit contributions (69
percent increase in 1993-94) was the strongest of all the age groups. Not surprisingly,
earned income declined in percentage of accounting for expenses and total income,
ending the period in a 50/50 relationship between earned and contributed income.

Although the theatres between 11 and 20 years old shared some of the
characteristics described above, they were not as financially successful. They reported
deficits in three out of the five seasons even though growth in income matched or
exceeded expense growth in every season. The interesting difference was that these
theatres showed no signs of peaking during the 1993-94 season. Instead, their growth
rates, although less robust than those in the younger category, continued a consistent rate
increase for the last three seasons of the period. In addition, no changes appeared in their
earned/contributed income ratio; these theatres had established a firm 50/50 ratio
throughout the entire period. Similarly, earned income accounted for almost exactly as
great a percentage of expenses in 1994-95 as it had five seasons earlier.

The third group of eight theatres that shared an age of between 20 and 29 years
seemed to experience a growth record somewhat the reverse of the preceding categories.
These older theatres were more successful financially in the early part of the time frame, recording surplus in the first three seasons, but then lost ground during the last two years. Each season, moreover, showed weaknesses where there should have been strengths: negative earned growth in 1991-92 and 1994-95; almost no increase in total income in 1991-92 and a loss in 1992-93; and a higher rate of expenses to total income in four seasons out of five. Annual increases in contributed income were anemic compared to the other three categories, with negative growth reported in two successive seasons. These older theatres appeared to have experienced more difficulty and less success in achieving stable growth than their younger counterparts. Getting older does not always mean getting better.

Nor does it necessarily mean getting bigger. By the end of the 1994-95 season, the five tracked theatres of ten years or younger recorded an aggregate budget figure of $4,258,387; the nine tracked theatres of between 11 and 20 years old recorded $5,237,043 for those years; and the eight theatres between 21 and 30 years old reached a total of $3,654,475. Thus, the average budget size of the youngest theatres was $851,677; those in the middle group, $581,894; and those of the older group $456,809. These averages run directly counter to the conventional assumption that older theatres grow into larger and more effective institutions. Does age have a negative relationship to successful growth? Is it possible that, considering the continuity of leadership among these theatres, that the older companies simply outran their management expertise and thus became less stable?
The remaining two theatres thirty years or older were too small a subset for valid comparisons. Nonetheless, their financial record was clearly the least successful of all the groups. These two companies experienced deficits in all five seasons, lost significant ground in income in 1991-92, and remained in trouble throughout the entire time period. The growth record of these two theatres suggests that, contrary to conventional expectations, age is no guarantee of stability. This surprising record of fiscal vulnerability suggests that, although both of these theatres were still led by their founding directors, getting older without somehow adapting to new realities or upgrading management expertise can be a dangerous liability.

**Summary and Conclusions**

This study of the growth patterns of 24 tracked small regional theatres on the basis of financial and audience statistics has found a shared set of general growth characteristics plus a number of significant features peculiar to these theatres when compared to those reported by TCG. Furthermore, the study suggests that these theatres do not all grow in similar ways; when sub-divided into categories of budget size and age, growth patterns were different from one category to another. This study demonstrates that, although measuring successful growth on the basis of artistic achievements alone may be problematic, measuring successful growth by statistics alone currently is more art than science.

The aggregate totals for the entire five-year period suggest four observations regarding general growth characteristics among these small theatres: (1) although the data
showed a great deal of variability from year to year, the overall rate of growth in income and expenses was considerable. It peaked during the 1993-94 season and then experienced a substantial retrenchment in the following year. Total income increased at the same rate or faster than operating expenses, which brought budgets into balance in four out of the five seasons. In spite of the pressure of the Baumol-Bowen “cost disease,” these theatres managed the feat of increasing earned income between 1993 and 1995 at almost the same rate as their rapidly increasing budgets; (2) there was a steady decrease of earned income as a share of operating expenses and a corresponding increase in the importance of contributions over the five-year period. By 1995, the average revenues of these small theatres were comprised of almost equal shares of earned income and contributions; (3) despite effective cost control, financial vulnerability continued to haunt these theatres due to the roller-coaster variability of increases and decreases in income and expenses. Changes in growth showed no sustained incremental trends in one direction or another; on the contrary, growth rates rose and fell from year to year without apparent reason. This variability was surprising because almost all of these theatres enjoyed stable and continuous artistic leadership for their entire existence; (4) with the exception of 1992-93, there was a dramatic increase in audience attendance and number of performances. These theatres were not only holding the line financially but doing more with fewer resources.

Comparisons between the growth changes reported by TCG data and those of the small theatres in this study found almost no similarities between the two. The small theatres demonstrated substantial differences in annual growth rate in every economic
variable in nearly every year as well as in audience attendance. The TCG sample reflected small increases or decreases within a narrow range versus an entirely different group of theatres that experienced volatile growth changes and continual movement up and down within a wide range. The data suggests two different populations rather than a miniature version of the larger group of theatres.

Although the general growth characteristics that appeared in the aggregate totals were more or less the same throughout the study, certain peculiar features emerged when these 24 theatres were divided into subsets of budget size and age. Stratification of the theatres into four categories of budget size suggested that each category experienced a slightly different set of growth characteristics. The smallest theatres outperformed all others in terms of financial success. The smaller the budget size, the higher the rates of increase for earned income, contributions, and expenses. The smaller theatres grew at a much more rapid rate than the larger ones while still maintaining very balanced patterns of growth. The middle theatres seemed the most financially vulnerable. These theatres ran heavier deficits than the other two groups and reported deficits in three of the five years. The largest theatres experienced the least range of annual economic changes, less spectacular growth and more control of expenses than the other two groups. Although they showed deficits in three out of the five seasons, the overall impression was that this group had discovered how to successfully manage incremental growth.

Stratification of these theatres into subsets of ten-year age intervals suggested an inverse relationship between age and growth. Comparisons showed that the expected linear evolutionary growth associated with young organizations turning into mature ones
never occurred among these small theatres. The youngest theatres, although the most robust and dynamic, were the largest, not the smallest, in average budget size. Most surprising was the economic performance of theatres between 21 and 30 years old. As the five-year period wore on, early surpluses turned into deficits. These theatres appeared more economically vulnerable as they grew older.

In summary, the growth data reported by these 24 small regional theatres appeared to confirm the hypotheses that not only do small theatres differ significantly from the aggregate national data reported by TCG, but also from one another when subdivided into categories of size and age. Moreover, there was no evidence these theatres obeyed any linear model of organic growth. On the contrary, growth characteristics varied enormously from year to year and subset to subset. Larger theatres may grow less quickly than smaller ones, but they appeared not to be any more adaptable or financially balanced. In addition, the assumption that young age implies less sophistication and more fragile growth, or that older age implies stability appeared entirely anecdotal. More often, the reverse was true. The evidence, then, suggested that size, not age, is a more important variable with respect to measuring growth.

I have ample reason, however, to be cautious about these conclusions. My statistics may contain some of the same limitations of reliability inherent in the TCG data. These 24 theatres, for instance, may not be representative of the universe or too small a sample of the 70 small theatres that reported budgets of $900,000 or less in 1990. Important variability, therefore, may not have been accounted for. There also may be significant subsets other than budget size and age. More formal analyses of the effects of
time on growth and aging, population dynamics, and the institutionalization of diversity are necessary to draw confident conclusions about causality.

Nonetheless, my findings may have important implications for developing a better methodology to examine successful growth among small regional theatres. For one thing, the best way to use aggregate statistics in the 1990s may not within a national framework that lumps together regional theatres of different size and age but as a measurement of the same subset that shares similarities of size, location, and programming over a time frame of at least ten years. Regardless of the initial value of such surveys as “Theatre Facts,” their methodology and underlying assumptions may now be outdated. Instead of uncovering the growth characteristics of regional theatres in ways that reflect their variability and constantly changing growth profiles, data such as that provided by TCG appears to mask the most important trends while highlighting the most problematic. In the pursuit of an understanding of growth in American regional theatre, the TCG data, therefore, may best be thought of only as a fleeting glimpse of a constantly changing phenomenon. Systemic levers of successful growth, therefore, may only be visible to the researcher when such statistics are combined with on-site visits conducted within detailed case studies. When analyzing today's networks of arts organizations, Nello McDaniel and George Thorn may be correct when they argue there are no more models but only examples.

Second, a straightforward recitation of the facts may be more useful than data accompanied by misleading editorializing. Generalizations that often accompany the statistics in “Theatre Facts,” such as “the institutional stress brought on by the deficits and
overall financial situation took its toll,” or the tendency of TCG analysts to use data to pursue political agendas in order to state, for example, that decreases in contributed income reflect how “the new Republican Contract with America points to a future . . . [of] enormous slashes to the country’s social programs” may add color to statistical analyses but they are surely inappropriate.8

The analyses reported above are exploratory and the conclusions that I have drawn from them are tentative. It appears, however, that measuring growth among small theatres is an art that requires careful parameters and the patience to deal with inconsistencies. Small theatres possess a nature all their own. They not only demonstrate growth characteristics different from national aggregate data of TCG, but they also appear to differ among themselves when divided along the lines of budget size and age. Their growth patterns confound conventional wisdom. The smaller and younger theatres appeared to outperform their larger and older colleagues financially, the mid-sized and middle-age theatres appeared to outrun management expertise, and the largest theatres, operating within more stable parameters, were unable to achieve financial stability. Bigger was not necessarily better; older was not necessarily wiser. Most important, the extreme variability in growth from year to year defeated any attempt to impose a simplistic evolutionary model upon this constantly moving target.

Although statistical averages provided a general examination of overall growth trends among the subset of the twenty-four small theatres surveyed, they gave little insight into the decision-making processes that may account for those trends. Indeed, the diversity of these theatres’ origins, geographical locations, budget sizes and missions force
us to consider statistical analysis only as a preliminary step towards understanding the nature of their successful growth. Individual case study combined with a trend analysis of financial and audience statistics seems necessary in order to uncover the critical levers of successful growth. It is just such a combination of statistics and on-site investigation of three case study theatres that I examine in the next chapter.
ENDNOTES

4 Samuel Schwarz and Mary G. Peters, Growth of Arts and Cultural Organizations in the Decade of the 1970s (Rockville, Maryland: Infomatics General Corporation, 1983), 3-60.
CHAPTER 4

THE PARADOX OF SUCCESSFUL GROWTH: THREE CASE STUDIES

Successful growth in any theatre organization inevitably involves decision-making by theatre artists, staff, and board members whose personal values, experience, and immediate intentions form the basis for those decisions. The previous chapter demonstrated the limitations of using aggregate financial and audience statistics to uncover clues about internal decision-making. Individual case study supported by on-site interviews appears to be a much more effective method for understanding how and why growth decisions are made. Each of the three theatres described below has recently undergone a serious challenge to its future as a result of a major growth decision. The particular environment and personalities that constitute the internal world of a small working theatre, therefore, must be probed for specific answers as to how each has met that challenge and what, if anything, these theatres may have in common.

The following three case study theatres were selected from the total universe of twenty-four survey theatres as a reasonable reflection of the diversity in size and location among small regional theatres throughout the country. The geographical accessibility of each theatre from Columbus, my own prior knowledge of these theatres’ history, and, in
the case of Horse Cave Theatre, the availability of archival information in the Jerome Lawrence and Robert E. Lee Theatre Research Institute at Ohio State University all played a part in the selection. The similarities and differences among these theatres were significant assets in the comparative study of successful growth.

The similarities helped to define some common bases for growth comparisons. These three theatres all produced their first season at about the same time (Horse Cave Theatre in 1977, The Bloomsburg Theatre Ensemble in 1978, and Riverside Theatre in 1982) and included the same generation of artistic leadership; furthermore, all three maintained their artistic continuity in that the original founders remain at the head of each company. Most important, each theatre experienced at least one major growth decision involving a renovated facility that provided both new advantages and challenges. These were “improbable” theatres, founded in geographical areas whose small populations seemed unlikely to support a regional theatre for any length of time.

Their diversity was an advantage because it reflected the nationwide variety of small theatre characteristics: The Bloomsburg Theatre Ensemble began as and remained a non-Equity actors’ collective; Horse Cave was founded as a professional summer tourist theatre with Equity actors; and Riverside Theatre began in a small Iowa town dominated by a major university. Differences in budget size were also evident: The Bloomsburg Theatre Ensemble and Horse Cave have grown to budgets of over $600,000, while Riverside Theatre has continued to grow more slowly at the $150,000 level. Thus, these three theatres all shared the same beginning time period, generational leadership, and incidence of critical growth decisions, but had entirely separate origins, missions,
growth rates and geographical characteristics. This combination offered an excellent basis for comparative study.

Preparation for the on-site visits included preliminary research into each theatre's history. Documentation of organizational structure, financial statements, programming, audience growth and key growth decisions was examined to provide at least a ten-year record of activity. (The Bloomsburg Theatre Ensemble and Horse Cave Theatre were able to provide a ten-year span of reliable financial records; reliable financial data for Riverside Theatre covered only the last five seasons.) Interview appointments with management and artistic leaders, board members, and other available staff were then arranged to extend over a three-day period during the summer of 1996. Completed interviews for all three theatres totaled over twenty-five hours of audio tape.

Since this study assumes that small regional theatres become—and remain—stable primarily because they learn how to manage their growth, interview questions centered around each company's decision-making process. In order to compare comments both within and between theatres, the same five general question areas were addressed to each person interviewed: (1) How are programming and budget decisions made? (2) What was the decision-making process involved in the previous major growth expansion? (3) What were the results of that expansion? If growth produced a crisis, how was the crisis handled? (4) What has changed in terms of management behavior and operations since the growth decision? and (5) What makes this theatre work?

The on-site research revealed that the general growth patterns among these three different theatres were almost identical. They all evolved not in any linear fashion but
through a series of major growth points. A period of early trial-and-error development led to each theatre hitting a plateau sometime between its twelfth and fourteenth seasons when growth outran management expertise. This period was followed by a major financial or human resources crisis linked directly to a past major growth decision. A subsequent gathering of resources and the development of new decision-making habits successfully met (or had begun to meet) the challenge. As a result, each theatre emerged as a stronger, more adaptable organization with new skills in managing growth and an increased involvement of community, board, and staff in decision-making. In each case, the theatre moved from a reactive organization in which artistic priorities held absolute sway, towards a proactive organization, in which artistic and economic priorities began to approach a rough balance. The timing of each growth period was different for each theatre, of course, but the overall pattern was the same.

As a result of this common growth pattern, I have chosen to discuss the on-site research results within a chronological framework. Therefore, each theatre’s growth history is divided into five sections: founding and early development; growth and deficits; the pivotal growth decision; the crisis and the successful adjustment; and the changes within each theatre as a result of that adaptation. At the end of the chapter I draw comparisons among all three theatres and examine to what degree their histories confirm the initial growth assumptions of this study. Finally, I offer some conclusions regarding why these theatres work and why a pattern of successful individual growth may be a better measure of success than the traditional parameters of nationwide financial statistics, audience growth, or artistic achievement.
The Bloomsburg Theatre Ensemble

At the beginning of its 1996-97 season, The Bloomsburg Theatre Ensemble (BTE) had sustained its original idea of an artistic collective for nineteen years. More improbably, the company built its continuity of operation not in a large urban area, but in a rural Pennsylvania town with a population of only 12,000. Although its history demonstrated periods of ups and downs rather than a straightforward linear trend, BTE evolved through four distinct growth points: (1) the purchase and renovation of its own theatre building; (2) the decision to remain an artistic ensemble led by its own members rather than by a director hired from the outside; (3) the period between 1984 and 1993, when growth was sustained by deficit funding that led to a bank foreclosure crisis in 1994; and (4) the revised arrangement of Ensemble, management, and board priorities that continued to move towards a new internal balance between 1994 and the present. The following discussion uses these four growth periods as key pivots in defining the source of BTE's success.

The Bloomsburg Theatre Ensemble originated in 1976 as a collection of nine young actors who gathered in the small town of Bloomsburg, Pennsylvania, in order to study with the legendary acting teacher, Alvina Krause. In retirement after thirty years of teaching in the acting program at Northwestern University and twenty summers of directing at the Eagles Mere Playhouse in Pennsylvania, Krause became a mentor and inspiration to this group of young professionals. After two years of twice-weekly classes
in the basement recreation room of Krause's home, the group—under the prodding of its mentor—decided to put down roots and start a professional resident, non-Equity theatre.

The group officially founded BTE in 1978. Its beginnings were primitive; resources were sparse. A rent-free space in the Town Hall served as an office. Capitalization began as dollar-a-week dues from each Ensemble member. A grant from the Bloomsburg Town Council provided seed money for the first summer season in 1978, in which the Ensemble presented two plays in the cafetorium of Central Columbian Middle School in Bloomsburg. The school became their temporary rental home for the next three years. Eventually, the summer season expanded to three plays, plus mime and poetry, with a December production of A Christmas Carol, produced in a rented college facility nearby. As part of their Theatre in the Classroom program, members of the Ensemble also toured adaptations of classics or world folk literature to elementary and middle schools throughout Pennsylvania.

The group's collective decision-making reflected an unusual combination of interest in communal experience and the autocratic energy of their mentor. The communal idealism of the young actors became infused with the passion of an elder teacher who considered that her previous students, including such actors as Charlton Heston, Patricia Neal, and Cloris Leachman, had become "fodder for the theatre industry." Krause believed that the actor was the first artist of the theatre and that a theatre should be as important to its community as its hospitals, its churches, and its fire department. If theatre was to survive, according to Krause, its actors had to take
responsibility for the survival of the art form. She was determined that this group would be the exception who would accomplish that goal.

The group’s basic mission and artistic center emerged out of this fusion of young communal idealism and aging passion for the survival of a non-commercial theatre. Accordingly, BTE’s mission statement stressed the importance of theatre to provoke questioning, awaken imagination and embolden the spirit in order to become “a tool in the evolution of the human potential for enlightenment and positive action.” The mission distinguished this group as a resident ensemble of citizen artists who strove to create a dialogue with its community and as a collective “to engage in a genuine interaction with our community.” Thus, the Ensemble based its foundation on a combination of community dialogue, education, diversity, social awareness, and artistic freedom. Eclectic programming avoided any niche and used a variety of acting and directing styles in order to provide a diversity of artistic challenge. From the beginning, the central question of the company asked: What are we going to be artistically? That question remained a central part of the company’s work for nearly twenty years because, as Laurie McCants, one of the original founders, explained: “As individuals we’ve all benefited from it; we’ve all been able to grow as artists and do what we wanted to do. . . . [It’s as though] we’re all artistic directors.”

As an artist-centered organization, play selection naturally became the core of the company’s collective process. Relentless argument and long meetings fought through plays and directors. A two-thirds majority voted the final choices. Moreover, each actor
auditioned for every role on a seasonal basis. Annual retreats and critiques after each production became—and remain—standard procedures.

Although still new to the community, the actors made two critical growth decisions only three years after founding: they purchased and began renovation of their own theatre facility in 1980 and they decided to form an artistic directorate to replace the leadership of Alvina Krause, who died in 1981. Both decisions gave this young company little opportunity for long-range planning yet shaped the company's strengths and weaknesses for the next decade.

The choice to purchase and renovate a theatre building came first. Realizing that an itinerant company of actors had little chance to create a permanent home or identity, Alvina Krause prodded the actors to seek a permanent artistic and financial base. In 1979, a downtown movie theatre that had degenerated into showing soft porn films went on the market; its owner was eager to fill the building with a respectable tenant. When a board member noticed that capital funding might be available from the Appalachian Regional Commission, the actors decided to apply for funds to buy the movie theatre. To everyone's surprise, the company's grant application for $263,000 was approved for the purchase and renovation of the building. The company purchased the building in 1980. No advance funding campaign accompanied the decision; nor did an informed appreciation of where operating capital was to come from. It was a purely intuitive decision with enormous implications for a young company that, according to McCants, "really didn't quite know what we were getting into." Three years of planning, funding, and renovation followed, resulting in the opening of the renamed Alvina Krause Theatre.
in 1983. This necessary and exciting growth decision became both the source of BTE's future recognition and the biggest threat to its ability to carry out its mission.

How would the Ensemble survive the loss of Alvina Krause? The options were to find a new strong leader, remain as Bloomsburg residents and take over the leadership themselves, or to disband. Demonstrating a tenacity and tendency to take risks, the Ensemble decided to assume leadership themselves by creating a three-member, rotating artistic directorate (later reduced to one or two). Although the Ensemble continued to make collective decisions in all artistic matters, the directorate functioned as its administrative and organizational arm.

In hindsight, the company's operational characteristics were set early in its history: a central collective of actors whose passionate artistic mission and priorities remained paramount; an elected directorate who took care of the non-artistic responsibilities such as budgets and fundraising; no specialized management expertise; and little long-term planning. The actors controlled their destiny and retained central decision-making within their own hands. While the organization remained small, this arrangement seemed to work well. But once the organization had grown beyond the Ensemble's management capabilities, things became much more difficult.

The following decade was one of steady growth for BTE and demonstrated the strengths and weaknesses of the company's unusual operating style. On one hand, the theatre produced an increasingly varied and successful combination of innovative and classic plays which appealed to a growing audience. The usual eclectic production season included four, then five, plays plus a holiday production for a total of about eighty
performances. A typical season might combine the works of Shaw, Shakespeare, and Williams alongside those of Sam Shepard, Samuel Beckett, and an original piece created by the Ensemble. Although the subscription audience reached a plateau at one thousand in 1986, total audience figures nearly doubled from 12,694 in 1984 to 23,612 in 1994. In addition, the Ensemble continued to make use of its artistic flexibility by mounting special projects such as King Lear in 1990 and Women of Bakkhos in 1992 that engaged the entire company in developing work over a two-year period. When Ensemble members needed a sabbatical to pursue individual interests, the company added guest actors. In 1991, BTE toured five African nations for the United States Information Agency Arts Program. The company brought actor/storytellers from Zambia, Zimbabwe and South Africa to Bloomsburg to collaborate on Under African Skies, a project that in 1993 reached 53,000 school children in three states. This was a remarkable record for just a few actors working within a small rural town in Pennsylvania.

As shown in Table 4.1, however, the company’s financial position became increasingly precarious within the same period. Surplus followed deficit; growth in income would spurt ahead one year and drop steeply the next; expenses generally always increased. The result was a cash-poor organization whose financial controls increasingly fell behind the demands of a complex and growing operation.

Cash flow, especially, became critical. With deficits covered by fundraising in only four out of ten seasons between 1984 and 1994, the possibility of insolvency haunted a steady turnover of administrative directors who attempted to put BTE’s financial house in order. In the 1988-89 Annual Report, for example, board president
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<tr>
<td>Earned Income</td>
<td>$198,620</td>
<td>216,251</td>
<td>$209,077</td>
<td>$212,029</td>
<td>301,412</td>
<td>232,160</td>
<td>268,075</td>
<td>315,517</td>
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<td>Expenses</td>
<td>377,872</td>
<td>390,350</td>
<td>439,473</td>
<td>511,830</td>
<td>544,097</td>
<td>494,726</td>
<td>551,310</td>
<td>542,932</td>
<td>609,885</td>
</tr>
<tr>
<td>% Increase</td>
<td>3.3</td>
<td>12.6</td>
<td>16.5</td>
<td>6.3</td>
<td>9.1</td>
<td>11.4</td>
<td>1.5</td>
<td>12.3</td>
<td></td>
</tr>
<tr>
<td>Contributed Income</td>
<td>167,159</td>
<td>212,585</td>
<td>217,998</td>
<td>326,303</td>
<td>211,852</td>
<td>190,151</td>
<td>247,082</td>
<td>210,560</td>
<td>389,154</td>
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<tr>
<td>Total Income</td>
<td>365,779</td>
<td>428,836</td>
<td>427,075</td>
<td>538,332</td>
<td>513,264</td>
<td>422,311</td>
<td>515,157</td>
<td>526,077</td>
<td>705,596</td>
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<tr>
<td>Surplus/Deficit</td>
<td>-12,093</td>
<td>38,486</td>
<td>-12,398</td>
<td>26,502</td>
<td>-30,733</td>
<td>-72,415</td>
<td>-36,153</td>
<td>-16,855</td>
<td>95,711</td>
</tr>
<tr>
<td>Total Audience</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>14,864</td>
<td>18,669</td>
<td>16,721</td>
<td>23,612</td>
<td>19,513</td>
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Table 4.1 Bloomsburg Theatre Ensemble: 9-Year Trend Analysis
Source: Bloomsburg Theatre Ensemble
John E. Hine described a net loss for the year of $46,070 and a balance sheet with current liabilities in excess of current assets by a ratio of 6 to 1. Hine commented on how separate artistic and fiscal planning processes led to over-optimistic projections and that “BTE had to become more mature” financially. A $50,000 line of bank credit and a new attempt to begin a fundraising campaign to reduce the long-term debt (which had reached over $270,000) followed. But, as Harry Ward, a long-time board member, recalled, the organization continued to run by crisis management: “We had no money, we were in debt, budgets were not given to the board on time, board members were loaning personal money to tide us over. . . . We used to pay thousands of dollars in penalties for not paying payroll taxes on time.” In 1989, in order to pay off current creditors and deal with the long-term debt, the company took out both a second mortgage on the theatre building and a new mortgage on a second building that had been donated to the organization.

By this time the organization had developed internally along the lines of a parallel hierarchy. On one side, the Ensemble continued its collective style of decision-making. According to founding members, the group gradually evolved into a kind of “marriage among very good friends.” The Ensemble made all artistic and personnel decisions and its close working relationships remained as the company’s central focus. Unfortunately, as time constraints and increased programming made greater demands upon each Ensemble member, matters regarding the board and administrative decisions received less and less careful attention. Once play selection and artistic staffing for each season were set, someone else created a budget and worried about accomplishing income targets.
On the other side of the hierarchy, board members sometimes considered mere attendance at meetings as the end of their responsibilities. The Ensemble director and administrative director provided the liaison with the board, as well as handling the increasingly complicated matters of budget control, financial reporting, fundraising, and day-to-day decision-making. But as financial problems became more urgent, the relations between Ensemble and board often became polarized. Since Ensemble members had stopped going to board meetings, communication frequently broke down. When earned income results failed to meet expectations, for example, board members would accuse the Ensemble of choosing the wrong plays; the Ensemble, defending its sense of artist empowerment, would reject the board’s opinion. Sometimes financial reports arrived at board meetings six months late. Bad news was so frequent that board leaders sometimes chose to ignore it. Harry Ward remembered one board meeting in which the president of the board, confronted with a negative auditor’s report, simply dropped the report from the agenda. The attitude, according to Ward, was that “if we don’t talk about it, it [the bad news] will go away.”

In financial terms, the period between 1990 and 1994 was the least successful in the company’s experience. The company recorded deficits for all four seasons; in the 1991-1992 season, all income categories were down from the previous year and BTE recorded a deficit of $72,415, the largest in its history. As a result, most of the summer staff was laid off and the theatre had to borrow money from board members in order to pay its vendors. Although annual revenue steadily increased, it had not been sufficient to eliminate the long-term debt. Thus, total debt remained flat. The larger BTE grew, the
weaker it became. By the 1993-94 season, for example, the ratio of current assets to liabilities was 1:23 (meaning that BTE had 23 times the amount in bills as the necessary cash to pay them). The auditor’s report at the end of the 1994-95 season cited that current liabilities exceeded current assets by over $200,000 and raised doubts about BTE’s ability to continue as a going concern. The company spent a great deal of their time holding off creditors.

In sum, between 1984 and 1994, while its artistic leadership continued to innovate and reach new critical success, BTE became a reactive organization that operated on crisis management. Ensemble members, who never pretended to possess sophisticated financial skills, could not provide the leadership necessary to attack the company’s economic problems or to recruit an administrative director who possessed the skills and the experience to initiate an urgently needed economic turnaround. The inability to confront the long-term debt, the dominance of an artistic ensemble unable to exercise the necessary discipline to meet budget targets, and the tendency to sweep bad news under the rug could no longer be offset by income increases derived from artistic growth. The increasing complexity and size of the organization had outrun its internal expertise.

Fortunately, new leadership had appeared which began to initiate some reforms. The first instance was Peter Carnahan, a board member and former director of the theatre and literature programs for the Pennsylvania Council on the Arts. Carnahan believed that the organization had to look the long-term debt straight in the eye, and in 1989 formed a Stabilization Committee to find new income and to reduce the debt. Carnahan’s initiative
resulted in Project Discovery, a program that funded free matinees for high school students with new money from small businesses. The second new leader was board president Philip Pelletier, who was instrumental in focusing the board’s attention on the long-term debt problems. But the most important new leadership appeared in 1992, when Steve Bevans joined BTE as the new administrative director. The combination of Pelletier and Bevans led gradually to a reconstruction of the board, a new three-year strategic plan, clear and timely financial reporting, a disciplined attitude toward budget projections, a new trust between the board and Ensemble and, most important, a fundraising plan to eliminate all current debt within one year.

As subsequent events proved, Bevan’s appearance was a coincidental turning point for the company. His previous experience as producer and manager of much larger theatres on the West Coast became particularly useful. On one hand, he possessed a business background and methodical financial habits to which the previously skeptical board responded with intense relief (“the best thing that ever happened to this organization,” commented Harry Ward). On the other hand, Bevans combined a respectful sense of the theatre’s mission and the line between artistic and management functions which the Ensemble immediately trusted (as Laurie McCants described it, no matter how sternly Bevans behaved regarding budget control, “he’s there with us”).

In addition to the previous company question of “What are we going to be artistically?,” Bevans asked “How are we doing on a cash basis?” As a result, the beginning of a balance between artistic and economic priorities took shape in 1992. This combination created the first long-range strategic plan in the fall of 1994 and a decision
between October of 1994 and February of 1995 to begin a major fundraising drive to eliminate total debt (which had by then risen to about $400,000). The introduction of advance planning to replace the previous crisis management came just in time. In the next ten months, the Ensemble, board, and staff of this theatre underwent a crisis that threatened its existence.

Even as the theatre's financial condition worsened, paradoxically its artistic accomplishments continued to flourish. In 1994-95, for example, the Theatre in the Classroom program reached a record 55,000 young people. For the second time in three years, BTE hosted guest artists from another country. Dan Kenny and Shichiro Ogawa from Tokyo came to train actors in the Japanese theatre form of Kyogen. In addition, BTE in that season won a $100,000 National Theatre Artist Residency grant from the Pew Charitable Trusts to create new work with movement artist Daniel Stein.

Although BTE now possessed the leadership and new planning skills necessary to overcome its inability to eliminate the two mortgages, no one expected the day in March, 1995, when a deputy sheriff entered the theatre office with a bank foreclosure notice. According to Dave Martin, a former volunteer and 1996-97 board treasurer, the problem derived from the national savings and loan crisis. That scandal had made it imperative for banks to explain to regulators as a bad loan any late payments over ninety days. Since BTE was behind in both interest and principal payments, the Guaranty Bank NA of Shamokin foreclosed on the mortgage rather than involve regulators in its affairs. The bank gave the theatre staff no advance notice of the impending action.11
The crisis galvanized the organization. As Harry Ward noted, the situation forcibly brought home the warning that they had to go out and get some money or they were not going to make it into another season: “We realized that if we didn’t stop this drain of money, sooner or later someone was going to turn the key in the door.” The organization developed an immediate attack on the problem: the leadership began a new dialogue with the bank; expenses were cut to the bone; salaries were deferred; and board members made loans to the company. More important, rather than retreating behind closed doors, BTE went public and explained its problem to the community through newspaper interviews.

Help began to come in from area residents who sometimes simply dropped by the theatre with a check. As Laurie McCants recalled, this community reaction was one of the reasons she knew the outcome would be positive because it created “an immediate response that the community was behind us rather than abandoning us.” (Ironically, the public announcement created an image problem for the bank; residents called the bank managers to accuse them of being heartless and greedy in threatening to shut down “their theatre.”) Finally, in April, 1995, the organization, led by Steve Bevans and board president Pelletier, took the already formulated $250,000 funding plan and expanded it into a $450,000 “The Show Must Go On” emergency drive to eliminate the mortgage debt, pay off all current debt, and create a $50,000 cash reserve. By December, the theatre had raised $200,000 of the total goal and, for the first time in years, had both sufficient cash and time for long-term planning.
Instead of a debacle, the crisis became a positive turning point for the organization because, as Dave Martin explained, "it aroused a tremendous amount of motivation to get the long-term debt off the books, produced more confidence for this organization to survive long-term than there was two years ago, and brought people together."14

Prior to the 1995 foreclosure crisis, BTE's management practices had followed the conventional definition of success in nearly every respect. The measures most often used to measure success were the extent of national recognition, artistic satisfaction, audience attendance, and breaking even on a cash basis. Although those traditional measures still exerted a strong influence, the majority of those persons interviewed believed that the crisis fundamentally changed the way BTE operated in at least four important ways. First, the financial reporting system was revamped. Financial information now reached the board within thirty days. Important economic issues were highlighted and the raw data encapsulated into easy-to-understand explanations. In addition, the budgeting process went through a more conservative and detailed examination between the Ensemble director and the administrative director before it reached the finance committee (whose membership now included Bevans and several Ensemble members). Approved by the board, the budget underwent monthly committee review and monitoring throughout the year. Expenses were constantly pared down to match expected income. Bevans instituted a new financial self-discipline by holding production expenses and income figures to their original projections and challenging shortfalls to be made up rather than accepted.
Secondly, the Ensemble expanded its collegiality to all parts of the organization and made a greater effort to communicate with and gain feedback from staff and board. This effort changed the dynamics of how decisions were made. Ensemble members, for example, became actively involved in all committees in order to stay in touch with non-artistic issues and to more thoroughly understand financial reports. According to McCants, the company wanted to remind the board of the actors' respect for and commitment to a higher level of financial self-discipline. Board members began to attend rehearsals. The Ensemble added a technical representative and a staff representative to its membership, both of whom would have a vote on play selection. Each Ensemble member chose one member of the board with whom to develop a personal relationship and took him or her out to lunch.

The effect of the first two changes created a much more balanced organization. A balanced management structure that possessed a great deal of overlap and interaction gradually replaced the previous centralized structure that placed administrative and financial elements out on the periphery of Ensemble decision-making or the parallel hierarchy that separated the organization into two exclusive camps. The Ensemble, board, and staff began to treat artistic and economic issues as equal priorities. The fundraising campaign, for example, became as important as rehearsals; and Ensemble members accepted the idea that innovative programming must always be balanced with such popular entertainment as *The Mousetrap*.

Finally, the success of the fundraising campaign and the increase in involvement throughout the organization transformed BTE from a reactive into a proactive theatre.
Perhaps for the first time in BTE's history, the company was no longer strapped for cash and could weather temporary shortfalls. As a result, Bevans could address long-range goals instead of holding off creditors. The newest version of the long-range plan, submitted in June, 1996, addressed the major challenges on the basis of carefully managed growth. It assumed that BTE's core programming and current management structure would be maintained, and included ten conservative, incremental goals for the next two years. Mainstage attendance, for example, would increase by 4 percent in 1996-97 and by 6 percent in 1997-98. The fundraising campaign to eliminate all debt and establish a cash reserve fund would raise another $225,000 by October, 1997. Also included was the objective of "zero deficit" budgeting in order to avoid new debt during and after the campaign. Significantly, the financial goals were placed at the top of the list. After nearly twenty years, BTE had opted for incremental growth based on a few realistic goals supported by carefully worked out strategies developed with close collaboration among Ensemble, staff, and board.

Regardless of BTE's successful response to the foreclosure crisis and despite its movement towards a more collegial, balanced and financially stabilized theatre, the danger had not yet past. Many uncertainties and challenges remained. "We've stopped the bleeding," Ward explained in the summer of 1996, but BTE was "still fighting for its life."15

Moreover, a new challenge had appeared. Since the founding members were now in their forties, the company needed to recruit new members to play the younger roles. New members began as interns or membership candidates after working with the
company as guest actors. They then became “associate members” required to establish a
nine-month residency in Bloomsburg before being voted upon for full membership. The
Ensemble members considered as their most significant problem the blending of these
new members into the older company culture. Laurie McCants explained how difficult it
was to transfer to those who had just joined the company the shared experiences and
artistic struggle of the founders: “It was a revelation to the older members that at our
retreat, the newer members were saying that it doesn’t feel like an ensemble. And we
worked so hard to create an ensemble. It was hard to hear that, but we have to hear
that.” Elizabeth Dowd, who had been with the company since 1978, shared McCant’s
concern about this split between the two generations and explained that, although there
was deep agreement about BTE’s mission, the compressed work schedule had caused the
new actors to question what it meant to be an ensemble member. The issue was whether
what had gone before had validity any longer.

Why does BTE work? On one hand, the answer depends upon whom you ask.
For Bevans, BTE works because of the special way the economic side has served the
artist. Scott Atherton, who joined the organization as development director in the fall of
1995, believed that the reasons were the special collective decision-making in which
everybody’s voice counted, and the organization’s intense devotion to its mission. Elizabeth Dowd, an actor, believed that the special ingredient was the power given to the
artist: “I have always felt like BTE was a place where things were possible . . . and I don’t
know very many artists who can say that, who can go home at night and say I have an
idea and I work with a group of people--administratively, technically, and artistically--
who are my partners and who won’t say I’m too tired to hear about it.” Board members Harry Ward and Dave Martin believed the secret has been the Ensemble’s dedication to quality performances, its choice to work for the same salary until 1994, and its collegial decision-making practices.

On the other hand, the reason why BTE works may have a much more systemic answer: its ability to successfully adapt to the problems of growth. Whatever specific artistic, audience, or financial yardsticks are used to measure growth, the transformation of BTE from a reactive organization, that operated primarily on intuitive decision-making, into a proactive one, that embraced managed growth and adaptability, may count as its most significant success. The adaptation at all levels to the trauma of major growth decisions and the tenacity not to allow the foreclosure crisis to overwhelm its belief in itself but instead to galvanize its resources and forge a new level of stability surely must count as major victories with long-term impact. Luck, no doubt, played a part in this transformation but the more important variable appears to have been the ferocity of purpose and passionate vitality displayed by company, staff, and board alike.

Until recently, managed growth had never been a part of BTE’s operational style. BTE sustained its growth simply by continually expanding its artistic goals and then searching for the money to pay for those goals. Growth decisions were entirely artist-driven. Reflecting its origins, BTE was always an artistic, not an economic organization. Artists led, budgets followed. The result was an imbalance in which continued growth paradoxically made the organization weaker. As part of the changes between 1995 and
the present, however, administrative and financial expertise are now comparable to artistic expertise.

But BTE has not been a theatre that has learned quickly. The combination of foreclosure crisis, new ensemble members, Steve Bevans, and a more financially-aware board has apparently broken the acceptance of deficits typical of the 1970s, 1980s, and early 1990s and forced a reexamination of the theatre's way of doing business. Interestingly, a large part of this transition has been the coincidental appearance of new leadership outside the ranks of the Ensemble. Without the influence of Bevans, for instance, it seems possible that BTE would have raised money for a short-term cash solution to the foreclosure problem but kept its old assumptions intact. The result may have produced a similar crisis later on. This recent set of challenges forced the Ensemble to search for a new balance between artistic and economic priorities while retaining its central mission. The theatre appears, however, to have successfully turned this difficult corner and is on the way to leaving behind the growth assumptions and habits of the previous decade. If the new artist-manager-board team remains in place for a few more seasons, it seems likely that BTE will exploit its success and become a stable, proactive, and even more remarkable example of an "improbable" small regional theatre.

Three general observations emerge from this case study. First, it is important to remember that the crisis that threatened the existence of BTE was not an artistic crisis but a growth crisis—albeit one inherited from a decision made fifteen years previously. The systemic weakness of consistently favoring artistic growth over economic resources finally caught up with an outdated and unresponsive management structure that no longer
controlled its own financial destiny. Fortunately, the right management individuals were in place in time to successfully meet the challenge.

Secondly, if the history of BTE proves anything, it demonstrates that even after twenty seasons a small theatre in the 90s might easily collapse without a balance between artistic and financial expertise. This case study also suggests that a small theatre may have not one but two dangerous stages of growth: first, its initial start-up period; second, a later period during major growth choices when its operational requirements outrun its original management skills.

Finally, the analysis of BTE suggests that, far from an easily understood series of incrementally rising budgets, audiences, and artistic achievements, successful growth is a multi-dimensional phenomenon that contains some surprising paradoxes. As BTE grew larger, for example, it grew weaker. The very source of BTE’s artistic recognition and continuity—the theatre building—became its most serious threat. Although the Ensemble remained the theatre’s continuous core for nearly twenty years, it was the coincidental appearance of outsiders who contributed the critical skills needed to avoid closing down. Growth, then, was necessary to BTE’s survival; but when it demanded the capital and expertise this theatre could least supply, growth became dangerous.

Horse Cave Theatre

Unlike BTE, Horse Cave Theatre (HCT) began in the imagination of local community leaders who hoped that it would increase tourism in this small Kentucky town of 2,000 population. The theatre chose a traditional management structure with a single
artistic director as its head, immediately assembled an Equity company, and produced in a rotating repertory schedule. Despite these differences, however, HCT shared a number of similarities with the Bloomsburg theatre. Both were founded in the same year, were located in “improbable” rural settings, and evolved through a series of four major growth points that included an ambitious expansion, the opening of an expensive renovated facility, a life-threatening cash crisis that occurred in the same year, and a recovery that promised a stronger and more stable organization.

In contrast to the origin of BTE, the idea for Horse Cave Theatre came not from theatre artists, but from several community leaders in Horse Cave, Kentucky, who believed that a summer theatre would improve the tourist business in this small rural town. Among those leaders were Bill and Judy Austin, owners of an old opera house in the center of town, who possessed a keen interest in theatre as well as the necessary ambition to push the project forward.

One of the Austins’ first goals was to find a leader for the theatre. Warren Hammack, an actor who had grown up only 150 miles from Horse Cave, had built a successful career as an actor at The Dallas Theatre Center and in Los Angeles and had become an admirer of the British repertory system. He heard of the opening for a director through a mutual friend and first visited Horse Cave in August, 1975. He came for two weeks to talk to the community leaders; he returned for a ten-week stay that fall, and was then hired as the theatre’s director. The theatre was afterwards incorporated as a non-profit organization, and board members began to raise money to capitalize the project. Hammack, meanwhile, left Kentucky to complete other contractual obligations. When he
returned in December of 1976 to begin his duties, he discovered that very little money had been raised. Making the decision to stay and commit himself to bringing this theatre into existence, Hammack assumed leadership of the fundraising drive. Traveling almost door-to-door throughout the winter months, Hammack and the small board raised $87,000 in pledges from 132 residents. A bank loan secured by these pledges financed both the opening season in 1977 and the second season in 1978. The first season in the summer of 1977 included four Equity members, and offered three plays—*Candida*, *Mary*, *Mary*, and *The Glass Menagerie*—in rotating repertory from June through September.

The organization’s overall artistic and management characteristics were set early in the theatre’s history: a professional Equity company that would produce plays in rotating repertory under an artistic director hired by the board. There was to be one person in charge who ran the theatre, made the artistic decisions and set the budget. The board’s involvement was limited to hiring the director, setting policy and approving the budget. Indeed, this top-down management structure continues to the present because, as Hammack explained, everyone still believes “There should be one person who is responsible—who is answerable—so that there is a contact point between the board and the management. That is unequivocal.” Not surprisingly, the emergence of Warren Hammack as the theatre’s central pivot became critical to the theatre’s success. As Liz Bussey, HCT’s current associate producer, noted, his crucial importance to this theatre continued twenty years later: “People’s relationship to Warren is key to the success of the organization. That’s the most important relationship anyone in the organization has, because he is the visionary, the map of the future. He’s got the compass in his hand.”
Hammack’s personal dream was gradually to establish a year-round theatre that was truly regional in scope and to build an audience that would appreciate theatre not as simple entertainment but as an engine for cultural growth. As late as 1993, Hammack articulated an artistic goal that could have been written in 1977:

The criteria by which I measure my success has always been very personal and perhaps not easily understood by others. I am often asked why I chose to develop a professional theatre in rural Kentucky. This has always seemed to me an odd question. If it is possible why not do it? Theatre is, if anything, the art of the possible. There is nothing inevitable about it. Theatre, in its creation of performances and its existence as institutions, is a process. It is not a place or a building or a product. It exists in the moment. It is a living process the purpose of which has always been to entertain and to affect.\(^{22}\)

The specific geographical and economic setting of the theatre also set many of the organization’s early growth parameters. Hammack’s artistic reasons for preferring rotating repertory, for example, made good practical sense. In a rural area, the usual three-week run of a summer production did not allow much opportunity for word-of-mouth to build or for tourists to see more than one production at a time. Rotating repertory that stretched a run out to six, eight, or even ten weeks gave time for awareness to spread around an area without any central media outlet and allowed tourists to see two or even three shows over two days. In addition, although the town of Horse Cave itself was in the middle of an economically depressed area and contained a population of only 2,000, there were 650,000 people with a fifty-mile radius. Thus, the need for high quality professional productions scheduled in a rotating repertory with affordable ticket prices and recognizable plays were important elements in determining the extent and nature of HCT’s early growth. The choices seemed to work. By 1978, the season had been
expanded to four plays over four months; the initial pledges were paid off the following season, audiences rose from 8,800 in 1977 to 13,900 in 1979, and HCT enjoyed several seasons of financial stability.

In the thirteen seasons between 1979 and 1992, HCT continued to expand under Hammack's leadership and vision of a regional summer festival theatre. Each season included a balanced mixture of American classics, modern dramas and comedies, a fall Shakespearean production for students from over 60 schools in 31 counties and a new play. The season eventually reached 68 performances of four productions by 1984 and then 82 performances of five productions in 1989. By 1992, HCT offered 106 performances, an annual fall Shakespeare production for area school children, and the development of the unique Kentucky Voices program in which an original work by a Kentucky playwright was developed and premiered each season. Budgets grew from about $228,000 in 1986 to $510,000 in 1992.

Audiences also continued to grow. The total audience increased to over 19,000 in 1987 and reached 20,000 by 1991. Three audience groups were eventually identified. The first was the local primary audience core from the immediate twenty-two counties within a fifty-mile radius of Horse Cave, including Bowling Green, which accounted for about 1000 subscribers. The second, the local threatregoing audience from a wider regional area that included Louisville (75 miles north) and Nashville (85 miles south) and a student outreach audience of over 10,000 from 62 schools. Thirdly, the tourist audience that passed through the region to visit Mammoth Cave National Park and other area attractions accounted for 15 percent of the total. HCT's core audience, was local, not
tourist. In contrast to the original purpose for this theatre, it was the people of Southern Kentucky, not tourists, who made HCT a success, who embraced it, and who made the improbable probable.

Important changes and growth in management decision-making also occurred between 1979 and 1992. The first change was when Pamela White, an actress who had appeared in HCT's opening season, married Warren Hammack and soon afterward assumed general management responsibilities that included bookkeeping and personnel. In 1991, when White returned temporarily to college to complete her degree, Liz Bussey was added to replace White. At the end of that season, Bussey discovered that the most important need was not another additional layer of management between Hammack and other staff but someone who would concentrate on fundraising. As a result, Bussey redefined her position as organizational fund raiser and took responsibility for gaining corporate, state and federal grants and for coordinating the annual fund drive. When White returned, the triumvirate of Hammack, White, and Bussey became the theatre’s new central management structure. By this time, the theatre’s budget had reached over $500,000; a three-person central staff had become absolutely necessary. Eventually White, as associate director, was responsible for overseeing financial management, including leadership of the budget process, major individual gifts (over $200), and board liaison. Bussey became associate producer responsible for fundraising, educational programs, and coordinating the Kentucky Voices program. Hammack retained his position as director of HCT; he made all artistic decisions and hired all personnel. All three also carried major artistic responsibilities as actors and directors during the
production season. The continuity of this central management team has become one of HCT's major assets.

The gradual evolution of this triumvirate was made easier and ultimately more successful by the coincidence of their common artistic vision. Both Hammack and White had attended drama schools in London and had been educated with an emphasis on classical movement and voice and the primacy of language in the theatre. Their respect for the British repertory system and their appreciation of the major plays of the modern repertoire gave them a common image of what a theatre ought to be. Liz Bussey had met White while both were studying theatre in London, and it was White who had convinced Bussey to join HCT. Thus, all three core staff shared the same traditional vision and values. Consequently, even though Hammack made the final decision on most issues, he could always rely on the opinions and support of the other two members of the team.

Given such a common language and values, such questions as play selection, length of season, and budgets became shared decisions among these three individuals. Play selection decisions were the central focus. The leadership sought a variety of audience experience and seasonal atmosphere, a balance between new plays and classics, good roles to attract good actors, and, of course, plays with good box office potential. Overall, programming retained a personal image of classic repertory. By 1992, HCT had produced seventy-four productions, including works by Moliere, Chekhov, O'Neill, Pinter, Fugard, and Shakespeare. "I founded this theatre on the integrity of the literature and we're going to do it," Hammack has been quoted as saying. "And people are going to come see it or they are not, but that's what this theatre is about."
As the theatre’s programming, audience, and budgets grew throughout the 1980s, so did its deficits. Although the original pledges were collected and the initial bank loan paid off in 1979, HCT began to run consistent deficits between 1982 and 1985. As early as 1981, the theatre’s annual auditor stated his opinion that financially the organization would probably “be unable to continue in existence.” When payroll taxes were left unpaid, this conclusion was repeated again in 1983. As in the case of BTE, as Horse Cave grew larger, it also grew weaker financially.

There were deficits, too, in terms of human resources. From its inception, HCT was routinely understaffed. As the operation grew from a budget of $156,000 in 1977 to one of $327,000 in 1986, and reached $400,000 in 1990, there were still only Hammack and White, plus one full-time office manager, as its central year-round management core; in addition to fundraising, marketing, financial management, and day-to-day operations, these two also bore heavy artistic responsibilities. Even with the addition of Bussey in 1991, the dilemma of too few people stretched too thin had not been satisfactorily solved.

By 1985, the theatre was in a very precarious financial position. Even with tight control over costs, income projections between 1982 and 1985 were consistently overestimated. The result was a four-year string of deficits. To lower Equity salary costs in 1985, Hammack was forced to shift from a League of Resident Theatres (LORT) contract to the less expensive Letter of Agreement (LOA) contract. However, rescue appeared in 1986 in the form of an anonymous $1 million gift. This gift allowed the theatre to pay off its current debt, stabilize operations, and begin to plan an expansion. The money could not have come at a better time. According to Pamela White, if the gift
hadn't appeared "we would have been in a very difficult position. Many theatres were experiencing economic crises in those years. We were very fortunate. We were not going under, but [without the gift] we would not have been able to expand and grow. It gave us all breathing room."  Jane Bartheleme, board member since 1986 and board president between 1993 and 1995, agreed that the gift was a turning point for HCT but believed that the theatre would have closed without the money.  

As subsequent events were to prove, the gift also had one disadvantage. As Bussey recalled, the habit of deficit spending continued; shortfalls were covered with transfers from the new cash reserve. Rather than a bottom-up comprehensive budgeting process with individuals responsible for their projections, the budget was assembled in pieces by various staff members. Since income and expenses never matched, the income projections were arbitrarily increased to make the budget balance. The finance committee and board would approve the result without any real analysis. When the inevitable deficits appeared at the end of the season, money was transferred from the cash reserve to cover the gap. Thus, the gift made it possible for HCT to sustain its growth but it also allowed the company to continue its old deficit funding habits and become dependent on having $100,000 every year to cover deficits. When the cash reserves ran out in 1995, there was nothing to cover those annual losses. Before that happened, however, HCT made the two most important growth decisions in its history.

As a result of the comfortable cash reserve made possible by the 1986 gift, HCT’s leadership began planning a major expansion as early as 1988. The first challenge was to renovate the theatre building. Since 1977, Hammack had wanted to perform into the fall.
and winter rather than continue just as a summer stock operation. The old building, with its unheated lobby of old barn planks and lack of set storage space made that impossible. The first step towards an expanded operation was to search for grant money to purchase and renovate the theatre itself. The choice was not an impulsive decision; it took five years of pursuing block grants from state officials. Between 1992 and 1993 a combination of grants finally was won that totaled $802,000—divided between $552,000 from the state Economic Development Administration and a $250,000 Community Development Block Grant. The theatre building was purchased in 1992, and the grant money formed the capital to begin what was to become a $1.3 million renovation of the facility. The company moved quickly. Renovation took only fifteen weeks and Horse Cave Theatre opened its seventeenth season in 1993 in a building that contained a fully insulated modern lobby, an enlarged backstage area for storing sets within the repertory schedule, and comfortable dressing rooms and technical areas.

Due to the conditions of the block grant, however, the growth decision also included an expansion of the season and number of personnel in that same year. The block grant was awarded specifically to create new jobs in an economically depressed county. Thus, the theatre had to agree to create the equivalent of 25 new jobs ($10,000 for every new job). By extending the season to 166 performances over seven months and hiring 50 people for the extra two months, HCT fulfilled the grant requirement.

These two simultaneous growth decisions were not without significant risks. As shown in Table 4.2, the renovation and season expansion added $200,000 to the theatre's budget over the space of one year, and the $1.3 million price tag meant that not all of the
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<td>29.2</td>
<td>64.6</td>
<td>10.5</td>
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<td>20,510</td>
<td>17,619</td>
<td>31,344</td>
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*Figures cover only 5 months due to accounting change

Table 4.2  Horse Cave Theatre: 10-Year Trend Analysis
Source: Horse Cave Theatre
renovation costs were covered without additional fundraising. Most important, the
decision meant risking the theatre's cash reserves. At the season's end, HCT had
successfully begun an exciting new period; it had also accrued the largest deficit in its
history.

Was the renovation necessary? Everyone interviewed agreed that it was. For
Hammack, the necessity for growth turned on the question of changing the theatre’s
image. Despite the increased professionalism of the operation, Hammack believed that
HCT was still perceived by its audience and the community as a summer barn theatre:
"We had to change the image from a little quaint barn into a professional working,
ongoing theatre. . . . People saw the barn and that's what they wanted to see, but the
quality of the shows was beyond that. In order to attract the kind of fundraising [we
needed], we had to break that image." Hammack's personal growth philosophy also
appeared to have influenced his decision: "Everything either grows or dies. . . . There is
no such thing as standing still; you're either going forward or you're going backwards."
For Hammack, HCT by 1990 had reached a dead end and was no longer going forward.
The theatre had completed its initial growth phase, had run out of energy, and needed an
infusion of new life in order to grow to the next level. The renovation provided that
infusion.

Another growth impetus occurred about the same time. Since 1982, HCT had
tried unsuccessfully to win an NEA Advancement Grant. Turned down, it tried again in
1990. Approval finally came in 1993. The grant program lasted from the fall of 1993 to
the summer of 1994 and required the theatre staff and board to meet monthly with a
facilitator consultant in order to write out a long-range plan. When this comprehensive eighty-page plan was submitted in 1994, the NEA awarded the theatre $50,000 to implement it. According to Bussey, the consultant forced the staff for the first time to deal with important organizational issues—such as unrealistic budgets—that no one wanted to talk about. But the process had a healthy effect on both board and staff. It insisted upon realistic goals, put new plans and structures in place, and increased people's psychological investment in the theatre. As a result, HCT confronted the growth risks head-on. It instituted a new zero-based budgeting system, became more organized as a management entity, involved the board more frequently in decision-making, systematized accounting and financial reporting practices, improved budget monitoring systems, and set down clear objectives in ticket sales and contributions. The most important value of this first long-range planning process was still in the future, when HCT faced the possibility of closing its doors.

Before that happened, however, the refurbished building allowed the company to enjoy a honeymoon period of confidence and pride. Indeed, discovering that the 1993 season had nearly doubled its audience from 17,619 in 1992 to 31,344 in 1993, HCT extended the number of its performances to 189 in 1994 and added its first year-round technical employees.

It took only three seasons for the combination of deficit funding and rapid expansion to reveal HCT's fragile financial underpinnings. As Amee Myers, who became marketing director in 1995, explained, optimistic expansion and high quality production of major plays could no longer be made to balance on such a small financial
base: “In 1995, for the first time, it didn’t work. Income was up but it wasn’t enough to meet budget growth.” Because two productions, The Rivals and All My Sons, did not sell well, earned income goals were not met. The house capacity sold for that season was only 39 percent. The season’s deficit could not be covered because there was no longer any cash reserve. As a result, there was no advance start-up money to begin planning for the next season. Unlike BTE, Horse Cave could not raise money mortgaging its building because it had been financed by government grants. In the fall of 1995, for the first time there was a question whether Horse Cave Theatre would open another season.

The organization’s leadership had anticipated the possibility of such a problem and arrived at a short-term solution. During the preceding spring, Hammack, White, Bussey and members of the board’s finance committee arranged a “participation loan” with five area banks. This was not a straight loan, but a line of credit in which the risk was shared by five banks instead of one. The line of credit allowed HCT to open its 1995 season; however, the unexpected 1995 deficits prevented HCT from making more than one repayment. The banks were forced to amortize the rest of the debt, and HCT had to lay off people at the end of the season and cut expenses to the bone. Hammack refused to announce an emergency fundraising campaign to the public because he believed that if people knew the theatre was in trouble, they would not support it with cash: “Nobody wants to put money into an organization that may go out of business.” As a result, the theatre went into a downward spiral. As Myers recalled: “There was a lull over this theatre last December. It was probably one of the most stressful working environments I’ve ever been under.”
Several things happened that winter, however, that allowed HCT to continue into 1996. First, a state grant came through near the end of the year that gave the company some critical start-up cash. In addition, the banks allowed the theatre to pay back its loan as a long-term debt. ("If the banks had made us pay back the money," Myers stated, "then too bad. Close the doors. Time to go home."\(^{31}\))

Next, the current board president, Leigh Lessenberry, displayed a new aggressive leadership when the theatre desperately needed it. At this point, even with cutbacks, the board understood that HCT still projected a 1996 deficit of between $30,000 and $40,000. At one critical meeting, according to Bussey, the board president said that it was up to them and pledged to raise or give an additional $3,000 himself; he then went around the room and asked each board member to do the same. They all committed to raising the additional money.

But perhaps the biggest reason why HCT did not close that December was that Warren Hammack refused to let it close. Several people recalled the initial desperation of not knowing what would happen or where to go, and then the turnaround in morale when Hammack announced that he was going to go down fighting if it was the last thing he did. It was Hammack's bulldog tenacity, his belief that there had to be an answer, and his love and belief in what Horse Cave Theatre did that rallied his staff and drove them forward. According to Gene Bracken, who joined the theatre in 1994 as development coordinator, the defining moment was the meeting at which Hammack stated that he was not going to let this theatre go down, that they were going to succeed, that they could and would produce a twentieth season. "When I saw that determination," Bracken recalled, "I knew we were going to make it."\(^{32}\)
Clearly, success in 1996 would be as important to HCT as the opening of the renovated building had been two years before. Nothing was left to chance. Budget cuts reduced expenses to a minimum; earned income and audience attendance goals were set very conservatively; and the choice of programming, including the mainstream comedy Run For Your Wife, took a step back from the previous emphasis upon classic dramatic literature in order to draw a wider audience. "We have to absolutely meet our goals this year," Myers emphasized. Not meeting them was "not an acceptable answer. We cannot be in the red. We need a surplus. If we make the goals, we're going to survive another year." Hammack agreed: "This year is a crucial year for us. We've got to make that bottom line. This is the year that's got to balance at the end."

Fortunately, the long-range plan from the advancement process gave the organization an advantage in articulating how increased ticket sales were going to be found, how it was going to raise more money, and how it was going to survive the transition and successfully reach stability by the end of the 1996 season. It also gave nearly everyone connected with the organization full knowledge of the stakes. But the financial pressure was intense. The outstanding bank loan debt, plus the unpaid portion of the renovation costs, still hung over the company's heads. Moreover, the board pledges had so far brought in only $5,000 of new money. The leadership, staff, and board of Horse Cave Theatre faced its most serious test; half way through the 1996 summer season, when these interviews were conducted, no one knew for certain of the outcome. If BTE had already passed successfully through this test of effective growth management, HCT was still in the middle of it.
The changes since 1995 provided HCT with a much stronger capability for meeting this challenge. The NEA advancement process, for example, seemed to have been one of the keys in transforming HCT's decision-making process from a reactive to a proactive one. The process forced a much wider circle of active involvement at all levels upon a leadership whose personal investment had previously been limited to a relatively small group of people. As Bussey explained the change: “What we discovered in [the advancement] analysis is that we needed to do a better job of involving the community [so that] at the same time we were opening that nice new spanking facility we were creating opportunities for people to be involved in its success. . . . The plan said we need to make it possible for more people to feel like they have ownership of Horse Cave Theatre.”

The wider circle of involvement seemed especially important to the board. Board membership increased from ten to twenty members, and in 1996, HCT formed its first active board committees. Board committees now made separate reports at meetings rather than, as Hammack described, “everyone talking about everything.” Staff responsibility for establishing honest budget projections replaced deficit funding habits. As financial reporting improved, so did the board’s understanding of where the money went. As a result, the board became much more eager to raise new funds. Now almost everyone attended board meetings. The sense that the board was essential for the continued success of this theatre had become part of every new member’s orientation.

As Hammack concluded, increased involvement and information sharing in every area of the theatre management strengthened the probability for success:
More people have a stake in this now. The banks are concerned about us; they want us to succeed. They really see us now as part of the whole community. [Without the renovation] they would have looked at us and said, well, it's a nice little theatre, been here a long time, it's a shame [to lose it], but those things happen. Now they look at this [theatre] and say it would really be a shame if that happened.\(^{36}\)

Paradoxically, as a result of its greatest financial crisis, HCT—like BTE—became a theatre the community decided that it could not afford to lose.

If the decision-making and community support had changed since 1995, the core values of this theatre did not. The priorities of quality theatre, the continuity of Hammack as unquestioned "captain of the team," and the triumvirate of Hammack, White, and Bussey as the central team who shared the same vision of what this theatre should be, all remained exactly in place. Neither did priorities change. As Bussey explained, "If I have to choose between writing a grant proposal and going to rehearsal, it is demanded of me that I be at rehearsal."\(^{37}\) Thus, in contrast to BTE's pursuit of a new balance between artistic and economic realities, HCT held tightly to the former. Its renovated building had successfully replaced the summer barn image with one of a state "treasure" with extraordinary community support and professional validation. The organization had widened the floor of responsibility and learned to break the habit of deficit funding. It had carved out a new long-range plan of incremental growth.

Hammack's single-minded commitment to a theatre that did not compromise its integrity over economic issues was grafted on to an institution of widening responsibility whose staff and board believed that stabilization was within reach.
Why does HCT work? There was unanimous agreement at Horse Cave that this theatre worked because of Warren Hammack and the commitment he brought to the core values of this organization. Liz Bussey expressed this assumption most clearly: “As long as Warren Hammack is committed to this theatre one hundred percent, this theatre is in good shape. But if Warren has to compromise himself and if that lessens his commitment, then the theatre is in trouble.” Hammack’s drive, determination, tenacity, and personal responsibility for this theatre seemed to infect and energize everyone who worked with him. Characteristically, Hammack expressed a much more modest—and perhaps more accurate—view. He thought HCT worked because “there are enough people that have the same idea of what this theatre should be and want it to continue.”

Clearly, HCT also works because it has successfully learned how to adapt to the challenges of growth. Artistic priorities have always fueled its growth decisions and the dominance of its artist-driven core of people remains strong. But the impact of the recent crisis and long-range planning process has forced a greater emphasis upon managed growth, a greater involvement of board, staff, and volunteers in decision-making, and a willingness to confront the essential economics that lie underneath this theatre’s survival. Like BTE, Horse Cave Theatre has begun to pay attention to the numbers and emerged as a stronger institution while moving back from the edge of bankruptcy. There is a new self-discipline and adaptability within this theatre as it struggles with the difficult adjustment of achieving financial stability without fear of compromising its artistic ideals. HCT has discovered that major growth is a complex, two-edged phenomenon that, on one hand, can provide a fresh beginning to a stagnant operation and, on the other,
can become a theatre’s greatest enemy. HCT appears to be on the verge of discovering that artistic and economic success are not mutually exclusive.

It is interesting how a small theatre founded in a rural town as a tourist attraction, organized along commercial lines with Equity actors and a single artistic leader with a passion for rotating repertory, has experienced a similar cycle of growth and crisis as a theatre in Bloomsburg that had a completely different origin and artistic structure. Both theatres confronted a life-threatening crisis based not upon artistic weakness or audience decline or poor management, but from the systemic challenge of major growth decisions. The solution for both theatres involved a combination of tenacity of leadership, a deliberate process of long-range planning, and pure luck.

Whereas BTE has already turned this dangerous corner and now possessed the financial stability it needed, Horse Cave Theatre seemed to be just entering the curve and dependent upon the positive results of the next two seasons. In both cases, however, the issues of artistic achievement, audience response, and cash needs were merely the symptoms of the same underlying dynamic: the absolute need for growth and the successful fighting through of the challenges of that growth.40

Riverside Theatre41

Of the three case study theatres, Riverside Theatre (RT) and BTE share perhaps the greatest number of similarities. Both were founded by actors who were recent university theatre graduates and both faced a major growth challenge of adjusting to a necessary move from a temporary facility into a new renovated space. However, the
particular nature of RT’s development—growing in small incremental steps to about one-quarter the size of BTE—and its residency in a town dominated by a major university, produced a quite different result. With the exception of its pivotal decision to move into a new facility, the early history and growth of RT has been a story of gradual evolution; rather than deficits followed by a life-threatening crisis, this theatre’s growth challenge has been one of avoiding stagnation. The trend has been the same—a growth challenge occurring after about fourteen seasons resulting in the search for a new balance—but the specific elements and managerial style have been quite different.

The founding and early history of Riverside Theatre reflected the expansive mood among regional theatre founders in the early 1980s. Two recent graduates of the professional acting program at The University of Iowa in Iowa City, Ron Clark and Jody Hovland, needed a place to work. Clark had experimented with finding work in regional theatres in Seattle and Minneapolis, but found those places too far away. Both Clark and Hovland were single parents who loved Iowa City and wanted to raise their children there; both also wanted some measure of artistic control. Clark recalled the situation as it existed in 1980:

I moved back to Iowa City because I wasn’t satisfied with the work I was doing. I had been living in Seattle and Minneapolis, doing acting work, and it appeared it was going to be a long, long time before I could get artistic control of my career. Jody was here and had similar ideas. Riverside Theatre really came out of a need to have a vehicle for our own work."

Seeming an improbable location to an outsider, the choice of Iowa City made excellent sense. The presence of the University of Iowa in this city of 50,000 had helped to create an unusual level of sophistication and history of support of the arts. In addition, major

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arts organizations such as Hancher Auditorium, which presented a wide variety of top-flight touring companies and innovative artists in theatre and dance, the university drama department, and the local community theatre had established an audience for theatre.

Clark and Hovland had no master plan or mentor. In the beginning, they had not even chosen a name for the theatre (the relatively improvised nature of the enterprise was demonstrated when a university faculty member asked them what name he should put on the schedule. The founders told him they would call back after lunch with a name. After quickly reviewing some possibilities they decided on Riverside Theatre, unaware there was also a nearby town with the name of Riverside. That choice still leads to some audience confusion.) Nonetheless, along with a third founder, Bruce Wheaton, a playwright with a Ph. D. in English, Clark and Hovland decided to produce a show to see what would happen. Wheaton served as RT’s first artistic director. “We had some vision,” Hovland commented, “it just didn’t extend twenty years down the road.”

Their first production, a two-person piece with a budget of $100, played in the university Armory for four performances in January 1982. The result was encouraging enough to keep going, but because they needed time to break from the university and to seek grant money, the next production did not occur for another fifteen months. In the interim, Clark and Hovland toured senior centers and supported themselves with part-time jobs. Eventually, they collected a small advisory board of friends and won the theatre’s nonprofit status.

By May, 1983, RT decided to rent space in the “Old Brick,” a building that housed two churches and served as a local public hall. That fall they offered a two-play
subscription season. The following spring they toured a collection of two-person scenes from Shakespeare. From the outset, they understood that they needed to carve out their own niche and choose plays that would not likely be seen at either the university or the community theatre. Production style was limited by budget and the realities of renting by the week at Old Brick. Seating was about 100 and had to be erected for each production; each production moved into the space on a Sunday, opened on a Thursday or Friday, played for two weeks and struck immediately. Nails were not allowed to be driven into the floor. Thus, simple sets and minimal scenic investment gradually became one of the group's hallmarks. The Old Brick became their home for the next nine years.

For the first few years, RT led a gypsy existence with little sense of permanency. The couple followed each season with tours throughout the Midwest of one of the season's productions. They conducted workshops and classes for senior citizens, disabled adults, juvenile offenders, and public school students. By 1987, they had become part-time teachers at Cornell College in Mount Vernon, Iowa, and had served as guest faculty members at The University of North Dakota and the University of Iowa. By 1984, RT was producing a three-show season at the Old Brick, and had established a closely held "mom and pop" operation in which Clark and Hovland did most of the work. The organization was capitalized by ticket sales and local fundraising. The theatre's box office was located in their own home.

The period between 1982 and 1987, then, demonstrated slow management evolution as Clark and Hovland made trial-and-error choices about the kind of theatre they wanted. When the third founder, Bruce Wheaton, gradually pulled away from any
central responsibility within the organization, this period was the beginning, the founders admitted, of “the Ron and Jody show.” Interested more in artistic work than in investigating theatre management models, the founders took one step at a time and kept asking basic questions such as: How many shows should they do? Should they continue teaching or not? What should be the focus for the company? Their decision-making style consisted of trying something to see what would happen. “We arrive at these decisions by throwing ourselves into it and then stepping back and say how did that feel,” Hovland stated. As a result, “We feel like every year we’re going back to the drawing board.”^44 RT therefore grew incrementally as a work in progress: the founders’ intuition served as the theatres’ compass; the priorities were completely artist-centered; the mission was to provide plays that challenged audiences rather than making them comfortable.

This evolution naturally produced a top-down management structure with Clark and Hovland as the central figures who assumed leadership over a small, part-time staff and an advisory board. Their open, warm personalities allowed the pair to create a highly collaborative artistic environment. Their prudent natures kept budgets balanced; their integrity and tendency to “lead with their heart” drew loyal audiences and financial support. Since central growth decisions were all made by Clark and Hovland, the expertise level of management reflected their own experience, judgment, and limitations. As they learned, the organization learned; when they lacked the time or specialized training, the organization had to wait. The two founders established a set of complementary skills and learned to “trade off” on each other’s personalities. Clark’s
knack of dealing with designers and technical directors moved him toward a more active artistic thrust; Hovland’s pragmatic nature and ability to “say no” evolved into the administrative half who took care of the bottom line.

Play choices were eclectic and a shared responsibility between Clark and Hovland. *Brecht on Brecht* and *Endgame* were combined with such playscripts as *Painting Churches, Eleemosynary*, or original musical reviews. Clark and Hovland chose what they imagined as an ideal slate of plays and then created budgets to support each of those plays. These decisions were brought to the small board for approval—which invariably occurred with little discussion.

By 1986, the basic artistic and management characteristics of Riverside Theatre were essentially in place. Riverside Theatre had become a completely artist-centered theatre led by a committed and passionate team whose intuitive sense of incremental growth and natural warmth matched the demands of a small theatre producing an eclectic season in an Iowa university town. Growth decisions were made intuitively. The management style was self-examining, and the company grew by tinkering. Relatively isolated and hard pressed to make ends meet, these two natural leaders had won the affection and respect of their community and become “parents” of a modest operation with very few ties to the national regional theatre world of consultants and commentators. Indeed, it appeared that they had created a theatre almost entirely in a vacuum. “The experience of running this theatre is how I know a theatre works,” Ron Clark stated. “I don’t know how a theatre works because I was somebody’s assistant for five years or I went through arts management in graduate school. The only way I know how a theatre
works is this model." By following their own artistic hunches and prudent financial sense, Clark and Hovland had created a stable, healthy, and productive theatre within a highly improbable location. By focusing almost exclusively upon internal priorities and artistic issues without exploiting available management expertise, however, they had also unintentionally limited the company’s future ability to grow. The changes that would force them to break out of this cycle, seek new management skills, and become a more balanced organization began in 1987.

Between 1987 and 1990, three events had important consequences for the growth of Riverside Theatre. The first involved the changing nature and size of the board. Prior to 1987, RT’s board was a small group of artistic colleagues; its meetings were egalitarian and chaired by rotation. The group was so small (three in 1983 and expanded only to six by 1990) that officers were unnecessary; the agenda was usually set by the founders. The board met casually, socially, and occasionally and, recalled Hovland, looked down the table at the artists and said “That [idea] sounds great. Let us know when you’re done.”

Things began to change when Tom Walsh, a professional fund raiser for the nearby Hoover Presidential Library, took the initiative in a transition to an active and working board. Walsh prompted new questions, including why Clark and Hovland were trying to do everything (there was no staff), why they were not hiring staff (there was no money to hire staff), why the board was not raising the money for staff (well, they will not), and, inevitably, why do they not change the board? As a result, the board expanded
and, more important, began to nominate new members who possessed professional business skills and local fundraising power. Walsh's leadership initiatives appeared exactly when they were needed because in 1987 RT created a project that in the next four years would help it to achieve national artistic recognition, enhance its local credibility, and move into a theatre space of its own. Clark noted that "Tom was the right person at the right time for us."^7

This pivotal event evolved out of a modest idea: a one-person piece produced for the Hoover Presidential Library and starring Jody Hovland as Lou Henry Hoover, Herbert Hoover's First Lady. The project, entitled, First Lady Lou, became so successful and aroused so much audience and grant interest that eventually it played all over the country for more than one hundred performances between 1987-1991. The success of this piece was a revelation to Clark and Hovland. Characterizing themselves as somewhat "funky and standoffish," the success of this new project opened up common ground between them and a new level of funders without compromising RT's artistic vision. It also allowed the pair to drop some of their part-time jobs. When RT moved into its own theatre in 1990, Hovland stated that "I have often called this theatre the theatre that Lou built."^8 Thus, the spurt of growth from the success of First Lady Lou, the increased leadership activity from the expanded board, and the availability of new funders allowed RT to continue its incremental growth, hire a part-time house manager and publicist, and, most important, survive the unexpected loss of its performing space.
The third event with major growth consequences began as a space crisis. Although aware of the continuing struggle of the Lutheran leadership of The Old Brick facility to adjust to the theatre’s expansion of programming (it had expanded to a five-play season by 1988-89), RT’s founders were unprepared for the ultimatum in December, 1989. The Old Brick board of directors required Riverside to cut its accessibility to four two-week blocks. The board felt RT’s expanded schedule was inconsistent with the purpose of a public hall and, in the interest of giving more time to its own religious events and to other community events, required eviction if the company did not cut back its schedule. Refusing an offer that would limit its growth potential, Riverside began immediately to search for a new space. Six months later, while performing its last show of the 1988-89 season in the Old Brick, RT still did not know where it would go next. Clark and Hovland considered going on hiatus, moving to a nearby community that had offered them an inexpensive space in a Masonic temple, or folding. But in April, Hovland happened to ask the owner of a paint store where she was shopping if the rest of that building was available for lease. To her astonishment, she learned that the current tenant was behind in rent and that the owner desperately wanted a new tenant.

By May 1st, RT had signed a lease on the new space. Under the continued leadership of Tom Walsh, the organization began a $50,000 capital fund drive to cover the necessary renovation costs. By early September, the fund drive was successfully completed and the new space opened completely paid for. Meanwhile, Clark acted as general contractor and worked with a donated architectural design. A four-person
construction crew framed the interior; the rest was done with volunteers. The entire renovation into a 108-seat theatre took just ten weeks. Once again, a company’s major growth step was a necessity rather than a planned or impulsive choice; in this case, however, Riverside Theatre—using its significant power of local fundraising—accrued no long-term debt.

Looking back, the founders argued that the eviction was the best thing that had ever happened to them. Clark and Hovland agreed that the move liberated them artistically to produce more work, involve more artists, and become a more active part of a larger arts community. Moreover, the spirit and image of the new space “legitimized us in so many people’s eyes; we weren’t gypsies any longer. We were business people.”

The new space enhanced the company’s artistic control, broadened its base in the community, and transformed the theatre from one that was just keeping itself alive into something “larger than itself.”

There were also some disadvantages. The most often mentioned was the increase in overhead expenses under the triple-net lease in which RT paid rent, property taxes, and utilities. The $22,000 annual rent was significant for a theatre with a budget of $174,000, but, given the competitive real estate market in this small town dominated by a major university, the rate was considered reasonable. Nonetheless, expenses quadrupled from May to September.

In hindsight, there appeared to have been an additional systemic disadvantage. It was one thing to operate a small theatre out of their home while renting a production
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<tr>
<td>(In Dollars)</td>
<td></td>
<td></td>
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<tr>
<td>Earned Income</td>
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<td>88,377</td>
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<td>118,052</td>
<td>147,542</td>
<td>161,692</td>
<td>157,469</td>
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<tr>
<td>% Increase</td>
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<td>25</td>
<td>7</td>
<td>-4</td>
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<tr>
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<td>55,606</td>
<td>62,414</td>
<td>82,606</td>
<td>79,673</td>
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<tr>
<td>Total Income</td>
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<td>111,192</td>
<td>150,791</td>
<td>161,692</td>
<td>157,469</td>
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<td>-6,860</td>
<td>3,249</td>
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<td>Total Audience</td>
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<td>6,500</td>
<td>6,444</td>
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Table 4.3 Riverside Theatre: 5-Year Trend Analysis
Source: Riverside Theatre
space for two weeks five times a year. It was quite another for Clark and Hovland to manage a year-round operation in which escalating management demands could outrun seat-of-the-pants decision-making. Paradoxically, at the moment during which Clark and Hovland had found a new expansion of artistic possibilities, these possibilities had been already handicapped by the increased time and energy required to sustain a twelve-month operation. In the case of BTE and HCT, growth outran financial resources; in the case of Riverside Theatre, growth was to outrun human resources. In the former, the result was a fiscal crisis that demanded an immediate solution; in the latter, the result was a gradual stagnation that was not life-threatening but needed be solved before new growth was possible. In all three cases, a major growth decision brought about an infusion of excitement, energy, and new artistic validity but also contained a threat that required an external stimulus and galvanizing of resources that led eventually to a new and stronger organization.

It did not take long for both the advantages and disadvantages of RT's new facility to make themselves felt. Growth at Riverside Theatre, on one hand, assumed an unusual mixture of artistic and board activity; on the other hand, that growth was followed by an unexpected decline in audience attendance and a plateau of management confidence. Between 1990 and 1995, artistic growth was unparalleled in this company's history. By the 1991-92 season, RT had increased the number of annual productions to seven. This number included a new and ambitious summer program for high school students that consisted of classes and the mounting of a classic play. The founders' interest in teaching young people and the pragmatic need to keep the building
open during the summer, plus an underwriting gift of $20,000 for the first three years, combined to launch this new project. Immediately successful both in audience response and income generation, the Young Peoples Company (YPC) has since become a regular part of RT's season and a major artistic growth step. In addition, an NEA Advancement Grant and grant from the Iowa Arts Council made possible the hiring of a part-time development director. By 1993, Riverside Theatre's budget had grown to nearly $148,000.

Growth in board involvement was equally remarkable. In contrast to the other two theatres, in which boards needed the stimulus of a major crisis before reorganizing into a governing body, RT's board appeared to have understood the need for change much earlier. The first expansion of responsibility was in the area of fundraising. Income from the annual February benefit “Diamonds or Denim” grew from $4,000 to $25,000 by 1996. This benefit drew so many contributors that it had to be moved from the theatre building to the larger facility of the local Holiday Inn. The board later created a second fund raiser, a fall wine tasting event. The board also initiated a change to a new accountant who would provide more detailed and timely financial reports. Although this remained a new and ongoing process, the board's initiative to assume broader institutional policy decisions, take its oversight responsibilities more seriously with respect to financial management and fundraising, and accept delegation of expanded duties from Clark and Hovland reflected a proactive attitude and ego-free collaboration.

In contrast to these healthy surges of artistic growth and board confidence between 1990 and 1995, Riverside Theatre reached a plateau in other areas. The most
obvious and threatening was an unexpected and unexplained decline in total audience attendance. Although the opening of the new facility in 1990 stimulated a record 95 percent capacity of seats sold and a total audience of 6,688, each year since showed a consistent decline in attendance. By 1994-95, despite programming of such recognizable plays as *Dancing at Lughnasa* and *Under Milkwood*, RT played to about 65 percent capacity and a total audience of 5,000—a 25 percent drop within only four seasons. This trend contradicted the traditional expectation of a new space attracting increased audiences and confounded the theatre’s leadership. Various theories were offered to explain this discouraging negative trend, but no consensus was reached. Whatever the reason, this mysterious decline in audience erased much of the initial euphoria of the new space and undermined the leadership’s confidence in the level of its marketing skills.

The erosion of audience reduced the theatre’s earned income and forced the organization to conduct “emergency” fundraising campaigns in its last three seasons to cover the earnings gap. Unlike their larger colleagues, RT’s deficits were manageable and remained between $3-5,000. A single annual letter to contributors, for example, sufficed to produce the extra income. However, the need to do this year after year demonstrated that RT was, in effect, running a deficit operation even though its year-end books showed a break-even status. The fragility of the theatre’s financial situation was brought home when, during the absence of Clark and Hovland on sabbatical in 1996, someone neglected to send out the necessary fundraising letter. As a result, the theatre accrued its first uncovered deficit of $5,000 that had to be bridged by a bank loan.
Finally, the disappointment of the new development director position was reminiscent of BTE's initial unsuccessful attempts to find an administrative director with the necessary skills. After two failed attempts to find the right person for the job, RT decided to eliminate the position. Clark and Hovland again assumed those responsibilities.

By 1995, the founders believed that they had reached the end of their management expertise and realized that the theatre's next stage of growth required new skills which they were unable to provide. The founders willingly acknowledged the dilemma of having a program and space that encouraged and needed new growth while lacking the energy and insight to provide the initiative. Hovland, for example, admitted that she did not know what to do next: "What we know and have been able to learn over the last fifteen years has been enough to keep the doors open and to convince people that we were pretty decent managers, but more and more we feel the absence of the next level of skill to make the next step." Clark voiced a similar awareness of the problem: "We're deluding ourselves to continue to say that we can be effective business leaders for the company. We can't. We're not smart enough in that way. We don't know enough." Paradoxically, the same parenting qualities and careful one-step-at-a-time growth habits that had served them so well as a "mom and pop" operation now had become drawbacks that put the leaders under intense pressure to be in too many places and make too many little decisions at one time. Riverside Theatre had outgrown its founders' ability to manage growth. Moreover, they discovered that their management limitations had begun to steal away important elements of their artistic lives. Something was needed to break
out of this box and cross a new critical threshold. The summer of 1995 became the pivot point from which the theatre began to meet this challenge.

At the annual board retreat that August the board and founders formulated the theatre's first long-range plan. Although an earlier plan had been written in 1992, this new document was a five-year strategic action plan initiated by Joy Smith, who in 1996 would become the board's first official chair. The board asked Clark and Hovland to sit down and dream about RT’s future. With numbers based upon an adaptation of a Lincoln Center model that specified certain average growth percentages each year, the group then put together a series of overall goals. The goals included renaming the artistic and executive director to co-artistic directors and developing a benefit package for both, targeting marketing to new student and senior audiences, increasing the board from ten to fourteen members, and establishing a set of standing board committees. This outline went to newly appointed committees for review and action, and, after full board approval, became a new measure of success. For the first time, the founders and board together collaborated on priorities, established a continuity of managed growth goals for the future, and achieved a new level of interaction.

The process of board development continued in the following season. During the 1996 retreat, for example, the group evaluated what goals had been achieved over the preceding twelve months, nominated its first chair and vice-chair, added new members with business and financial expertise (increasing board size to 12), confronted the audience problem, and expanded committee responsibilities. Mark Hunter, a free-lance teacher and director who served as a temporary replacement for Clark and Hovland
during their sabbatical, believed that the board's initiative in its own development was one of RT's most significant successes in the last two seasons. According to Hunter, its current members were genuinely committed, possessed a good mix of talent and skills, and were organized around the common goal of supporting this company and its vision.\footnote{52}

The presence of Hunter allowed Clark and Hovland to take the second important step in rethinking the future of Riverside Theatre. With their duties covered by an artistic colleague whom they trusted, the founders took a three-month sabbatical in the spring of 1996. They visited several regional theatres in California, Wisconsin, and Arizona. This was the first time the couple had ever observed board meetings and the production process of other theatre companies. The impact was profound. Clark and Hovland noted, for example, that in other companies the board assumed responsibility for guaranteeing a theatre's stability, that the artistic leadership spent much less time with management matters than they had, that staffs were empowered to make their own decisions rather than micro-managed from above, and that economic growth often occurred through management—not artistic—expansion.

At the same time, the trip strengthened their belief in the centrality of their artistic mission. “[The sabbatical] reconvinced me of the importance of our artistic mission,” Hovland recalled. “The quality of the work, the making of decisions about the kind of work we think we should be doing is absolutely critical.”\footnote{53} They discovered that they had devoted so much time to management tasks that they hadn’t kept their “eye on the ball of the artistry.” Their sabbatical observations provoked a move away from their previous parental model of leadership toward one in which an increased trust in staff and board
would encourage both greater growth and less work for themselves. The trip also convinced them for the need to hire a part-time managing director within the next three years.

Upon their return, the couple found strong support from the board for their new ideas. Although as Joy Smith pointed out, the emergence of the new board structure would be given its first test during the 1996-97 season, she believed that RT had to become “an entity onto itself and not just an extension of the two directors.” Smith had provided the key leadership behind the recent changes and understood the growth problem. In her opinion, RT’s future growth depended upon stronger linkages throughout the community and the board’s assuming the central financial responsibility for achieving that growth. The board’s job, in her view, was “to support the artistic mission of the company, to serve as ambassadors in the community, and to take whatever steps necessary to insure the fiscal future of the organization.”

If everyone agreed on the new set of priorities, they also agreed that the company had only begun the search for a new balance. Unlike BTE and HCT, which had either begun to or had already turned the corner, Riverside Theatre was just approaching its greatest challenge. The future was still in doubt. The theatre had no cash reserves. Although income projections for the 1996-97 season were deliberately set very conservatively, it would be a tremendous blow to growth possibilities if those goals were not met. The search for a part-time managing director was also problematic. As the experience with the previous development directors proved, without full-time funding or national recognition, RT was limited to local applicants who might not possess the
necessary combination of financial acumen, organizational skill, and knowledge of theatre. If the manager was not found, Hovland believed something serious would happen because she would refuse to continue in her current job longer than three more years.

Thus, the critical issues facing Riverside Theatre were concerned not with new growth in itself, but with creating the foundation for new growth. The leadership and board agreed that audience development was the number one priority, but solving that problem would depend upon both finding the reasons for the audience decline and a successful search for a manager with strong marketing skills. The challenge was not one of adjusting to a crisis but one of how to revive stalled growth in a theatre which had reached the end of one growth cycle and needed to begin another. What was remarkable, however, was how this small theatre gradually realigned its various resources, cultivated new board leadership, and began a major change in the way it did business without disruption by a clash of egos or a financial crisis. In its own complex and meandering way, RT had stumbled upon what appeared to be exactly the right combination of new goals and old values that promised a successful preparation for the next necessary growth step.

The founders and board believed they would succeed. Board members felt confident that they would eventually get the audience they needed, and were excited about stepping forward to become the kind of board this theatre needed during the remainder of the 1990s. Clark and Hovland were exhilarated at the energy of the new board members, and energized by the discoveries made during their sabbatical. The
nurturing collaboration among artists that had been established by its founders, the common sense exhibited throughout the previous fourteen years, the uncompromising artistic standards, and RT's place as an intrinsic part of this small community, continued to fuel the life and promise of this theatre.

Conclusions

On the basis of these three case studies, the assumption that small regional theatres become—and remain—stable primarily because they find out how to manage their growth appears to be a valid one. In each case, the move into a new facility or the renovation of an existing one triggered increases in the demand for resources that eventually outran the management's ability to supply. The ensuing crisis required a realignment of operational priorities that produced greater community involvement, changes in internal structure, greater attention to financial management, and rededication to the theatre's original mission. The result was a theatre operation poised both to meet the new challenges of the 1990s and to exploit its own strengths. Once the growth challenge was solved, other parameters, such as increases in income generation, audience attendance, and staffing followed. Success seemed less a matter of incremental increases in budgets or programming than how well a small theatre adapted to a challenge produced by a major growth step. The systemic issue was the successful adaptation to growth.

However, the simplicity of this conclusion needs to be qualified by the paradoxical nature of success as it occurred in these three theatres. It was a paradox that a theatre's success, for example, was dependent not upon a record of positive achievement
over time but how it responded to a crisis. Here is another example: the major growth step that infused Horse Cave Theatre with new energy and professional validation became the greatest threat to its existence. The larger these theatres became, the more vulnerable they seemed. Finally, each theatre underwent a crisis in resources that threatened its immediate or long-term survival and, by successfully meeting the challenge, emerged as a more balanced and more effective arts organization. The more intense the crisis, the stronger the theatre became.

Although the general nature of success may be difficult to pin down, the number of common characteristics that these theatres shared in their successful adaptations offers several specific and useful insights. Here are some of the characteristics shared by all the three case study theatres as they moved through the cycle of growth adjustment: (1) major growth steps were not the result of impulsive dreams. Each theatre was forced to acquire or renovate a new facility under the threat of eviction or collapse; (2) the way in which each theatre responded to its growth crisis depended in large part upon the nature of its origin. The ensemble structure in Bloomsburg went public with its finding needs; the closely-held, one-person leadership structure at Horse Cave preferred a private arrangement with banks; Riverside Theatre's more casual operating style produced a slow evolution of trial-and-error solutions among a number of people over several seasons; (3) coincidence was often an important factor in success. In every case the required leadership or resource appeared by accident rather than by plan. Steve Bevans joined BTE only one year before his presence and funding scheme were needed; the $1 million gift to Horse Cave Theatre came just as the theatre experienced severe cash flow
problems; the availability of its new space was a chance discovery at Riverside Theatre; (4) the successful adaptation to major growth choices transformed each theatre from a reactive organization in which artists, board, and staff operated in response to each season's problems into a proactive one equipped with a long-range plan, strategic goals, and a new ability to predict problems before they occurred; (5) each of these theatres hit a wall around their fourteenth season in which the demands of growth outran resources. No matter the location, size, degree of artistic success, or how hard everyone worked, each company reached the limits of its original management expertise about a dozen years after its founding; (6) these theatres were not quick learners. Perhaps because of their relative isolation from the mainstream of regional theatre dialogue or because of the enormous daily workloads, their leadership tended to stick to outdated operational habits, assumptions, and biases. They developed a skill at muddling through until a crisis forced them to reinvent themselves. Developing a balance between artistic priorities and administrative realities was not easy for these leaders to accept; nonetheless, once accepted, they quickly and eagerly embraced the changes and seem determined to master them; (7) managed growth was not part of the operational nature of these theatres until very late in their development. Leadership preferred to use intuitive decision-making to achieve stability. Indeed, one of the most neglected areas was the mastery of accurate financial reporting essential to managed growth. Only when the organization outgrew its intuitive basis and, as one artist described it, "woke up to the numbers," did more sophisticated and accurate financial processes appear. These characteristics suggest a
rough check list against which other theatres might evaluate their own potential for meeting the challenges of growth.

If, as the standard narrative argues, there has been a failure of artistic vision among leaders of American regional theatre, it was not apparent in these three theatres. Even after twenty seasons, the passion of their founders still was intense enough to bring tears to the eyes of Elizabeth Dowd at BTE and Warren Hammack at HCT as they talked about the importance of their missions. The tenacity of these artistic leaders not only remained strong enough to overcome the most stubborn threats to their companies' existence but also energized a new generation of staff, artists, and audiences to share their belief in the singular promise of these theatres. The intensive commitment and stubborn integrity of these founding artists may have produced a one-sidedness resistant to the implications of growth, but they succeeded also in sustaining places in American theatre where the artist was paramount.

In summary, these theatres are "works in progress" whose success has not been a series of specific measurements but an ongoing process of adaptation to growth that continues even until today. Case studies such as these, however, are only a starting point for future investigation. The characteristics these theatres share seem more than just a coincidence, but the possibility always exists that they may not be representative of the many other small theatres across the country. Nonetheless, the arguments that success must always be linked to growth and that these theatres work because they have discovered how to overcome the challenges of major growth suggest a useful beginning in explaining why some theatres succeed and others fail.

Laurie McCants, interviewed by the author, tape recording, Bloomsburg, Pa., 1 July 1996.

McCants, interview.

McCants, interview.


Harry Ward, interview by the author, tape recording, Bloomsburg, Pa., 2 July 1996.

Ward, interview.


Ward, interview.

McCants, interview.

Dave Martin, interview by the author, tape recording, Bloomsburg, Pa., 2 July 1966.

Ward, interview.

McCants, interview.

Martin, interview.

Ward, interview.

McCants, interview.

Scott Atherton, interview with author, tape recording, Bloomsburg, Pa., 1 July 1996.

Dowd, interview.


Warren Hammack, interview with the author, tape recording, Horse Cave, Ky., 22 July 1996.

Liz Bussey, interview with the author, tape recording, Horse Cave, Ky., 22 July 1996.


Amee Myers, interview with the author, tape recording, Horse Cave, Ky., 23 July 1966.

Pamela White, interview with the author, tape recording, Horse Cave, Ky., 23 July 1996.


Hammack, interview, 1996.

Hammack, interview, 1996.

Amee Myers, interview.

Hammack, interview, 1996.

Myers, interview.

Myers, interview.

Myers, interview.

Hammack, interview, 1996.

Bussey, interview.

Hammack, interview, 1996.

Bussey, interview.

Bussey, interview.

Hammack, interview, 1996.

This study has imposed an artificial closure of analysis of August, 1996, upon these case study theatres. Although this closure is arbitrary and although it would be interesting to discover whether, for example, Horse Cave Theatre met its goals in October or if BTE burned its mortgages, these theatres are in a constant state of flux. Closure, therefore, is impossible. The important issue is the overall growth pattern rather than updating current information.


Jody Hovland, interview with author, tape recording, Iowa City, Ia., 13 August 1996.

Hovland, interview.

Ron Clark, interview with author, tape recording, Iowa City, Ia., 15 August 1996.

Hovland, interview.

Clark, interview.

Hovland, interview with author, tape recording, Iowa City, Ia., 15 August 1996.

Jody Hovland, interview with author, tape recording, Iowa City, Ia., 13 August 1996.

Hovland, interview.

Clark, interview.

Mark Hunter, interview with author, tape recording, Iowa City, Ia., 14 August 1996.

Hovland, interview.

Joy Smith, interview with author, tape recording, Iowa City, Ia., 14 August 1996.

Smith, interview.
CHAPTER 5

RETHINKING THE DEFINITION OF SUCCESS AMONG SMALL REGIONAL THEATRES

This study began as an attempt to discover why some regional theatres succeed and others fail. In working towards an answer to this question, however, I had first to challenge three standard assumptions about how regional theatre functions and then to develop a new research methodology.

The first assumption was that the American regional theatre had failed to live up to its early expectations. Rooted in the social idealism of the 1960s and the boom growth years of the 1970s, critical commentary had created a mythology of failure. Using a combination of utopian ideology, nostalgia, misplaced idealism and exaggerated expectations, surveys produced by such analysts as Martin Gottfried, Julius Novick, and Joseph Zeigler had embraced the assumption that regional theatre had been created to produce new work, had privileged large companies as prototypes for all regional theatre, and had judged theatre leaders by the analysts’ own self-absorbed agendas in such a way that evaluations eventually lost contact with actual practice. Since commentators created an essentially romanticized version of the early regional pioneers, they considered the remarkably successful companies that followed as having failed their mythic promise as
alternatives to commercialism, become contaminated by subsidy, and lost their original vision.

The rhetoric of failure continued to obscure the new patterns of growth during the eighties and nineties. As regional theatre became more multi-textured and complex, the mythology clung to its original oversimplified and simplistic generalizations. The culture of complaint denied success and exaggerated problems. Its concentration on failure became so pervasive that by 1996 every regional theatre in America seemed threatened with crisis or collapse. Concentrating on failure, however, taught us very little about why some companies survived and others did not.

The central conflict between critical mythology and actual practice actually centered around different ideas about growth. When regional theatre expanded in the seventies, critics attacked the growth as a compromise that brought only conservatism. As regional audiences increased, funding bases widened, programming expanded, and smaller niche theatres appeared, critics argued that such growth demonstrated a continuing loss of artistic innovation. Financial reverses connected to the national recession in the early eighties brought new accusations of “artistic deficit” and the dominance of economic survival over artistic quality. Despite the vehement rejection by artistic leaders, the clear evidence of financial adaptability among older companies, and an increasing diversity among new regional companies, critics insisted upon using traditional models and assumptions to second-guess artistic leaders and underrate their accomplishments. Yet in every decade since its inception the regional theatre’s recurring
pattern of remarkable growth has overwhelmingly contradicted the sense of a failed dream. Accordingly, the primary focus of our analysis became growth.

But if growth became the central issue, how should we use it to measure success? In what ways were the two related? The second conventional assumption defined growth symptomatically. Conventional measurements of growth included measuring the amount of programming, increases in the size of budgets and audiences, the degree of effectiveness of boards, the extent of critical success, or the changes in government funding levels. These measures were problematic because they addressed only the symptoms of growth rather than growth itself. Moreover, symptomatic assumptions implied the eventual discovery of some highly unlikely magical formula. Growth problems could be solved if, for instance, there were more cash, bigger audiences, better boards, or more positive reviews. However, actual practice often differed from conventional expectations based on symptomatic analysis. Some theatres failed while enjoying record audiences; others succeeded despite budget cutbacks. Clearly growth defined symptomatically failed to establish any clear relationship between growth and success. A better alternative was to search for systemic rather than symptomatic patterns in annual growth rates demonstrated by a sample of successful theatres.

The problem of searching for systemic patterns, however, was the requirement of a consistent sampling of theatres and range of data within the same time frame.

Historically, one of the best ways to uncover systemic growth trends among theatres has been through trend analysis of financial and audience statistics. Unfortunately, the available data bases for regional theatre proved only partially useful. Several national
studies from the 1970s and 1980s had compiled sometimes comprehensive and sophisticated analyses of the nation's arts organizations, but they suffered from a lack of consistency from one study to another. No two time frames were identical. In addition, these studies tended to privilege larger theatres while ignoring the smaller ones.

The most frequently used current survey of regional theatre, the annual "Theatre Facts" published by TCG since 1984, was the most consistent body of data available, but it used aggregate totals that were skewed by the financial and audience statistics of its largest member companies. Smaller theatres within this membership made up one-half or more of the total membership and were the fastest growing segment; yet the TCG data rarely acknowledged differences in budget size.

The third step, therefore, was to challenge conventional research sampling in order specifically to investigate the extent to which growth was related to success among smaller theatres. Confronting the twin problems of data inconsistency and under-representation of small companies, I used an original survey of a subset of TCG theatres between 1990 and 1995. My analysis searched for signs of incremental growth among these successful theatres and tested their resemblance to the larger TCG sample.

This analysis measured financial results over a five-year time span to examine changes in annual growth percentages in budget, income, and audience. Instead of incremental and steady patterns of growth, my study found enormous variability both from the TCG sample and among the small theatres themselves. Ironically, the results demonstrated the limitations of aggregate statistics when they are used to measure growth among such a diversity of theatres. Indeed, comparisons between TCG data and the data
provided by 24 small sample theatres revealed such wide differences that the former
appeared to function upon an entirely different set of operational growth dynamics. The
TCG data presented a relatively stable picture of modest annual changes in growth, but
the data from the small theatres demonstrated much more volatile growth characteristics.
Subsets of size and age categories revealed different growth patterns from one category to
another.

The traditional use of statistics to uncover systemic growth characteristics from a
sample of theatres suggested both that small regional theatres differ significantly from
those reported by TCG and that these small companies also differ in important ways from
one another, especially in terms of size. Faced with a majority of small regional theatres
that routinely reported wide annual variability in growth percentages of budget, income,
and audience, the historical reliance upon aggregate statistical analysis appeared outdated
and misleading. Statistical research alone appeared of limited use in discovering
whatever systemic patterns existed among these theatres.

Nonetheless, my analysis offered several general ideas regarding the measurement
of growth among regional theatres: larger theatres should not be used as prototypes for
evaluating growth patterns of all regional operations; not all regional theatres grow alike
regardless of size and age; and smaller theatres are of crucial importance in studying
growth dynamics because their variability reflects an ever-present movement beneath the
surface that confounds conventional expectations.

This study also added several intriguing aspects to an understanding of small
theatres as distinct phenomena within the total universe of regional theatres. The small
companies were more dependent upon contributed income, experienced volatile fluctuations in income and audience growth from year to year, and exhibited surprising inconsistencies among themselves. Age was no guarantee of success and size seemed important only at the opposite ends of the budget spectrum. Thus, a small sized theatre less than ten years old was more likely to be successful than an older and larger colleague. Growth may exert a negative influence on success. Major growth decisions may increase a theatre's financial vulnerability as well as its artistic excitement. Growth and success, therefore, do not necessarily go together.

Despite the suggestiveness of these statistical conclusions, the question of why certain theatres succeed and others fail was still unclear. Measuring growth using statistics seemed to be more art than science. Conclusions based on statistics alone challenged one set of conventional assumptions about regional theatre, but these statistics also demonstrated unsettling inconsistencies. The measured variables seemed to move up and down without clear incremental trends. Since negative growth changes were often more frequent than sustained positive ones, the use of statistics alone ironically may serve only to reinforce the myth of failure. Statistics provided a general framework but could not by themselves uncover the systemic levers that drove the successful growth of these organizations. The search for the systemic levers of success demanded a different methodology: individual case study combined with statistical analysis over a long period of time.

A first glance at the financial trends reported by the three case study theatres--The Bloomsburg Theatre Ensemble, Horse Cave Theatre, and Riverside Theatre--provided an

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excellent example of the limited usefulness of growth statistics in measuring success.

Although these theatres had all demonstrated successful growth, major facility expansion, and continuous artistic development for sixteen years or more, on paper they appeared anything but successful. Records of The Bloomsburg Theatre Ensemble, for example, showed deficits in four out of five seasons between 1990 and 1995; prior to 1995, BTE also carried a long-term debt of $450,000. Horse Cave Theatre reported deficits in three of the five seasons between 1990 and 1995. Riverside Theatre kept its books balanced by means of emergency fundraising and experienced a five-year decline in its audience base. On the basis of statistics alone, these three theatres seemed on the verge of collapse.

The symptomatic statistics, however, failed to reflect each company's hidden strengths and systemic growth characteristics. As revealed by a combination of on-site interviews with staff and board principals, examination of internal documents, and, in the case of BTE and HCT, review of ten years' financial and audience data, each theatre was able to tap remarkable reserves of financial and human resources. These hidden characteristics allowed artistic and board leadership not only to stabilize each situation but, in fact, repeatedly to reinvent the operation and achieve renewal. The deciding issue was not growth per se, but how each organization adapted to growth challenges. The systemic pattern was cyclical, not linear. The crucial issue was economic, not artistic. The achievement was increased adaptability, not increased size.

Symptomatic analysis could not detect the ability of these small companies to transform themselves from reactive organizations that operated on the basis of intuitive decision-making into proactive ones that embraced managed growth at all levels. Nor
could it reveal the ferocity of purpose and passionate vitality of leaders who refused to allow economic crises to overwhelm their belief in themselves and their core values. As each theatre transformed itself from one whose growth was entirely artist-driven into an operation that began to balance artistic priorities with economic ones and as each leadership confronted an outdated and unresponsive management structure that no longer controlled its own financial destiny, growth became a measurement of success rather than failure. The systemic levers of success for each case study company were fully visible only when the issue of growth was investigated on a personal, in-depth, and specific basis.

Both critical and statistical measurement of success failed because they were based on symptomatic assumptions. Critical commentary, measuring success by such variables as the number of new plays produced on regional stages, created a myth of failure. Similarly, statistical studies, tracing increases in budget size, income, and earnings gaps in order to find linear trends by which to measure success, have failed to deal with the underlying strengths of these companies. For critics and statisticians alike, a theatre that experiences a financial crisis is suspect in terms of success. On the basis of our study, such a theatre may, in fact, be at the beginning of a new level of successful growth. Case studies combined with growth statistics demonstrate that major growth in new programming or budgets are only symptoms of success. Thus, it is growth that fuels the increases in income generation, attendance, programming and staff, and new plays, not the other way around. Growth is necessary not only for survival but also to avoid artistic stagnation. But because growth is a voracious user of resources, it is also a
dangerous adversary that can lead to vulnerability and collapse. Consequently, only a methodology that captures variable and paradoxical growth dynamics can reveal what it takes to operate a successful small regional theatre.

This is not to say that no correlation at all appeared between the survey based on a sample of small theatres within the TCG membership and the on-site case studies. There were, in fact, several similarities between these two groups. There were also a number of individual differences that made statistical comparisons problematic.

As shown in Tables 5.1 and 5.2, similarities were primarily those of a general nature. The case study theatres demonstrated the same enormous variability in annual growth rates in income and expenses as the tracked theatres, separating them from the much smaller changes of the TCG theatres. In addition, the case study companies appeared not to resemble any model of linear growth but tended to resemble the peaks and valleys of the 24 tracked theatres. Finally, the theatre with the smallest budget size, Riverside Theatre, was the most stable financially, reporting no deficits in any of the five seasons between 1990 and 1995.

The differences, however, were more compelling. Only BTE demonstrated the survey trend of an economic peak in the 1993-94 season, followed by a decrease in income growth the following year. Annual growth in expenses among the three theatres was not relatively constant at about 8 percent a year as reported by the tracked sample, but extremely variable. Only HCT showed earned income steadily decreasing as a share of operating expenses. Although we know by internal review that all three theatres became more dependent upon contributed income, the statistical data is inconclusive. As
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*Percentages unavailable due to accounting change.

Table 5.1 Changes in Income and Expenses, 1991-1995:
Comparisons Among TCG Report, Tracked Survey, and Case Study Theatres
### Table 5.2 Earned Income as a Percentage of Expenses and Total Income, 1990-1995: Comparisons Among TCG Report, Tracked Survey, and Case Study Theatres

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*Percentages not available due to accounting change.
far as audience growth, as shown in Table 5.3, neither BTE or HCT reported any stable audience per performance numbers near the figure of 150 (RT produced in a space seating only 108.)

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Table 5.3 Attendance Per Performance, 1990-1995: Comparisons Among 17 Tracked Theatres and Case Study Theatres

Statistics alone provide an unclear picture of why these three theatres have been successful. When we combine information assembled from on-site study, however, the figures begin to make sense and the relationship between growth and success becomes clearer. The huge increases in contributed income followed by a significant drop at HCT between 1991-92 and 1992-93 (123 percent increase followed by a loss of nearly 72 percent), for example, seems at first glance a record of poor funding management. But we understand that these figures reflect the one-time capital campaign to raise money for the company's theatre renovation, followed by an inevitable decrease the following year. The same is true for Riverside Theatre in that time frame: after the new building opened, expenses dropped significantly, as did earned income when the opening honeymoon season wore off in 1991-92.
On the other hand, statistical data that looked favorable sometimes masked serious problems. Riverside Theatre's financial stability was made possible by annual emergency fundraising; the accounting change at Horse Cave Theatre hid its deteriorating financial situation; and the less volatile fluctuations in short-term cash indicators at Bloomsburg did not reflect the long-term debt of its two mortgages. Thus, the statistical profiles showed three theatres that were both healthier than they really were in some ways and more vulnerable than they really were in others. In other words, the bare statistics were indecipherable without a detailed understanding of each organization's internal dynamics over a period of five to ten years.

But the greatest weakness of both critical commentary and straightforward presentation of aggregate data analysis has been their tendency to simplify the complex nature of growth into easily understood bi-polar scenarios. Success becomes divided into theatres that work and those that do not. Our study presents a much more accurate portrait of small theatres as works in progress that are constantly moving through a cycle of health and disarray pivoting upon a number of major growth decisions. Success, then, is less a matter of reaching some arbitrarily chosen critical or statistical goal than of effectively responding to a series of challenges, paradoxes, and coincidences. Becoming successful is less important than remaining successful after meeting the critical challenges of major growth.

While the critics and statisticians search for a firm basis upon which to make either-or judgments, theatre leaders have learned to search for a foundation for new growth among constantly shifting circumstances. Their focus is process, not landmarks.
In doing so, they are forced continually to realign priorities with resources, cultivate new leadership from the outside, and change the way they do business—without violating their central artistic mission. In their own meandering way, these three theatres have accomplished something much more improbable than their geographic location. They have continued to reinvent the necessary combination of new goals and old values that will prepare them to meet the next cycle of growth. It is this internal learning and restructuring process that conventional research methodologies fail to uncover.

Only when the statistical analyses were combined with on-site case study of three small theatres did a systemic relationship between growth and success appear. Statistical measures of growth alone were no more valid an indication of success than good reviews or bigger boards. The crux of the success of these theatres lay in how each one adapted to and survived the critical challenge of a major growth pivot point in its history. The human elements of tenacity, passionate artistry, and emotional involvement of founding directors, plus the enlarged management expertise provided by new managers and board members, were the crucial ingredients. Unlike other theatre artists who have inherited leadership among larger regional companies, the founders of these small theatres retained an uncommon and personal determination not to allow their theatres to fail—whatever the cost. The key element of these theatres’ success, then, was the ability of their leaders to adapt to new realities without sacrificing their original mission, to embrace the expertise of new staff and board, and to pay attention to the financial information that chronicled their economic health.
Conventional symptoms of growth, therefore, appeared to bear no relation to their success. Increases in funding, critical success, or audience attendance were largely coincidental to the basic dynamic of meeting the challenges of major growth. If a theatre overcame the often sudden shock of reaching what appeared to be the end of its financial or human resources, it began a new period of strength and expansion. Thus, the key systemic issue was the successful solution to a cycle of growth. The major growth steps happened not because of careful planning, but because of unexpected opportunity and necessity. The basic pattern of crisis, adaptation, and recovery was the same in every case. Incremental or managed growth was a concept little used or understood by these companies.

Successful adaptation, however, was not easy for these theatres. Adaptation to the demands of growth required not only a reallocation of resources but changes on the part of artistic leaders whose backgrounds and inclinations often resisted those changes. Rather than behaving as revolutionary organizations, these theatres proved to be very conventional in management style. They measured growth along conventional lines, were prone to inward-looking, and were so committed to their cause that they frequently were unaware of the need to change the organization. Each founder was a self-taught manager who spent most of his or her career solving artistic rather than financial problems. Indeed, interviews frequently communicated a certain continuing bias against changing operational habits to include, for example, more systematic and consistent financial analysis. Time and again, the artists interviewed expressed their confidence in understanding their own company’s financial operation without expert help (Riverside 222
Theatre was the only exception to this. The source of this resistance may have been an artist's traditional suspicion that commercial considerations inevitably endanger artistic values. Or since change requires a significant time investment, the resistance may have appeared simply because of a heavy work load. Whatever the reason, the development of a balance between artistic and growth priorities was sometimes very difficult to accept. Even though major growth required the mastery of accurate financial reporting, artistic leaders seemed reluctant to master those skills until circumstances forced them to. Intuitive decision-making was the more comfortable choice. After all, they explained, they had been doing this for nearly twenty years. But since growth management was not an intuitive process, previous strengths became a handicap when faced with a crisis in which the old operational habits no longer worked.

Thus we have yet a final paradox: those individuals whose determined leadership proved absolutely essential to the success of their company's future discovered they lacked the necessary skills to understand the nature of the crisis until outside expertise stepped in to bridge the gap. Consequently, these theatres may owe their success as much to coincidence as to artistic dedication. What would have happened to BTE had Steve Bevans not appeared a year before that company's foreclosure crisis? Will the leadership of HCT continue to embrace the significance of balanced budgets once the current crisis is over? Of all three theatres, Riverside Theatre seemed most willing to change its operational habits with respect to improving its financial management skills. But how long will it take RT both to find the right match of new manager and to form a new
management structure of shared authority within an organization that accurately describes itself still as a “mom and pop” theatre?

Despite internal resistance, however, the leadership within all of these theatres is learning how to build new organizations around the issues of information and communication rather than hierarchy and intuition. The leaders of these companies also have accepted the need for clear artistic and financial standards, have allowed their board to meddle constructively in ways that have strengthened rather than divided the organization, and have moved from governing by good artistic intentions to governing by good artistic and financial performance. Throughout, they have maintained a passionate tenacity that still energizes these companies. Doubts about the regionals' commitment to original goals disappear in the presence of these founders. Perhaps this is why each theatre has succeeded in adapting itself to the demands of major growth while resisting the crucial new skills necessary to achieving success.

In sum, a methodology that combined on-site case study and detailed statistical analysis exposed the limitations of critical and statistical symptomatic analysis and at the same time uncovered the paradoxes that lay at the center of successful growth among small regional theatres. Although handicapped by problematic assumptions, a pervasive mythology that focused on failure, and a statistical methodology that prompted more questions than answers, the investigation of the challenges that accompany growth has yielded the most tangible and consistent foundation for a new definition of success among these theatres.
The systemic lever we have been looking for, therefore, is not incremental growth or the characteristics of day-to-day operation but the successful adaptation to major growth decisions. Each theatre faced a gradual lack of congruence between operational reality and organizational structure initiated by major growth, experienced a crisis of resources, and then achieved a realignment that resulted in a more adaptive and proactive company. How each theatre dealt with a crisis or retrenchment following a major growth step was more important than any other characteristic. A new definition of success among regional theatres, then, should focus on stability and the paradoxes derived from this cyclical systemic growth factor.

Conclusions

As mentioned earlier, the foregoing analyses presented here are exploratory and the conclusions drawn from them are tentative. Since there has been no real research about these small theatres, this study should be considered as only a beginning. The need to follow up on the case study theatres is obvious. But if there is one overall idea that has emerged again and again throughout my findings, it is that the systemic lever hidden behind the success of small theatres that make up the bulk of the American regional stage is based primarily upon each theatre’s successful adaptation to major growth decisions.

Despite all of the variability within the data, one growth cycle stands out as dominant: a major growth decision in terms of new or renovated facility is forced upon a company; the company takes the expensive growth step as a means to protect or revive its creative life; the growth demands more financial or human resources than the
organization can effectively supply, leading to a serious financial or human resources
crisis that threatens the theatre's future; the theatre reorganizes itself, finds new resources
to meet the challenge and, during this transitional and difficult adaptation, discovers new
sources of strength and energy. The history of successful theatres, then, appears not as a
gradual or incremental evolution in size and resources, but as a cycle of short-term highs
and lows that demand steady leadership and constant reinvention. Success is less a
function of evolution then of how each theatre handles periodic growth challenges.

Managed growth, therefore, appeared not to be an inherent part of how these
companies did business. Even though their financial and audience data contained
warning signs, not one of the case study theatres seemed prepared or was able to
anticipate the growth crisis when it appeared. Artistic leaders preferred, ironically, to use
symptomatic and inappropriate measurements of success--good reviews, increasing
budgets, improving community recognition, and so on. Consequently, these
organizations were forced to adapt or even jettison previous ways of doing business,
develop more sophisticated record-keeping and warning mechanisms and reach out to a
range of expertise they had never used before. As these theatres approached their
twentieth anniversary, their new long-range plans that largely replaced intuitive decision-
making were the first signs of the basics of managed growth.

A corollary finding was that although budget size was important to how well a
small theatre adapted to a growth crisis, it seemed to make little difference how long a
company had been in business. These theatres appeared to be vulnerable to growth crises
no matter how old they were. Perhaps this was because the initial operational
assumptions of the founders continued to exist without effective challenge. Or perhaps the reason was that the roller-coaster economic history of these companies made long-range planning a low priority. Whatever the case, no theatre seemed immune from suddenly having to deal with a threat to its survival that originated from a period of major growth. Fortunately, each case study theatre experienced only one such crisis, and, in each case, a set of specific organizational safeguards against another such threat seemed about to be put into place. Nonetheless, the particular characteristics of these crises seemed difficult to predict. Probably no theatre leader should assume the problem will never happen again. On the contrary, it is likely that the next growth cycle may be even more severe because the economic stakes may be higher. Financial vulnerability will likely always accompany a small theatre’s plans, and future necessary growth may likely pose another threat to its survival. Success, then, is never a question of a happy ending. Small theatres seem destined to move through a series of periodic growth/crisis cycles that occur every decade or so. Success will likely have to be won anew each time.

There are at least four more ideas that I believe offer a basis for rethinking how these small theatres function. A major finding drawn from the case studies was the importance of origins. Although all theatres experienced the same general cycle of growth, crisis, and renewal, each solved the challenge in a way that reflected its specific organizational history. The solutions, therefore, were not interchangeable. The Bloomsburg Theatre Ensemble, for example, used its previously honed collective decision-making style to gather together actors, staff, and board committees into non-stop meetings and public appeals. In contrast, the leadership of Horse Cave Theatre, founded
on a more conventional top-down hierarchy, used a few key management and board members to assemble a private lending solution with area banks; public appeals for contributions were expressly avoided. The decision-making style of Riverside Theatre reflected the informal personalities of its founders in assembling a loose circle of advisers that eventually evolved its own new governing structure. The importance of origin leads us to conclude that a theatre’s success may be affected not only by its effective adaptation to decisions relating to major growth choices, but also by the characteristics of its origins. The first defines the cycle of grow-crisis-renewal; the second determines how that challenge will be successfully solved. No two theatres, therefore, will solve the same growth problem in identical ways. Thus, a theatre’s successful adaptation to growth may depend upon the effectiveness and specific characteristics of its early history. An ensemble theatre would react to the same cycle in an entirely different way from a theatre founded by community leaders who hire an artistic director or a theatre begun by actors who have graduated from professional university training programs. The implication of this finding throws serious doubt upon what these theatres can share. If so much depends upon unique origins and local circumstances, what can these theatres learn from one another? In other words, do national conferences of regional theatre leaders any longer have value to the artistic directors of small theatres? If not, what should be put in their place? Or is adaptation to growth something each theatre has to learn by and for itself?

Locale, of course, is another important element in this critical set of specific characteristics. If Jody Hovland and Ron Clark had chosen a small Kentucky town for their theatre, for instance, the result would have been entirely different from what Warren
Hammack and his board created at Horse Cave. Perhaps they would have failed. Once again, the evidence emphasizes the significance of systemic factors rather than symptomatic ones. All of these theatres changed their programming and funding practices as a result of major growth challenges, but each did so in a way consistent with their original organizational style and location. The continued presence of the founding director, therefore, was more significant to successful growth than mere longevity. Even twenty years after its founding, a company's founding director(s) still defined what each theatre was and how it reacted to crisis. Growth crises may dramatically change the way a small theatre does business, but apparently they do not change its basic organizational nature, its core values, or the way in which it responds to crisis—at least not until the founder is replaced with a new generation of leadership.

Conventional wisdom suggests that the frequent failure of directors who replace founders is due to some combination of inferior artistic work or inappropriate management style. Perhaps the more significant reason may be that directors who inherit someone else's theatre often do not achieve the same degree of success because they lack their predecessor's personal connection with the theatre's origins. When faced with a challenge to the theatre's future, the new directors have only their experience at previous theatres as a guide. Our evidence suggests that successful adaptation to growth depends upon a particular, intense, and unbroken connection between origin and response.

Another finding of this study was the enormous variability and continuing change demonstrated by these theatres. Even in-depth study failed to conclusively pin down the entire personality of these small companies over a specific period of time; they were in
constant flux. Thus, any model, whether critical or statistical, that purports to describe or evaluate the success of regional theatre must be considered problematic. Measuring growth among these theatres is a complex and multi-dimensional process full of paradox and inconsistency. The issue appears not how to define performance standards for regional theatre in general, but how to define success for this specific regional theatre in a specific location with a specific history. It is time, therefore, to replace the old mythology of failure not only with a concentration upon successful adaptation to growth, but also with an appreciation of the fragmentation, complexity, and contradictions inherent in this theatre universe.

One of the best examples of how diversity has outgrown previous assumptions about defining success among regional companies is the response of the leadership of some small theatres to the conditions of membership in TCG. We have already challenged the use of TCG data as outdated in its tendency to skew data towards larger companies to the detriment of the smaller ones. But the recent appearance of an informal "Rat Conference" in Seattle of the leaders of small alternative theatres demonstrated a new independence from the entire TCG membership culture. Dedicated to collaborative fringe groups, the conference's function was, according to American Theatre magazine, to question every assumption about growth, institutionalization, and money among regional theatres. The conference included twenty-four theatre groups. This network of theatres artists whose acronym, R.A.T., was not exactly defined but might stand for, among other possibilities, Regional Alternative Theatres. Those who attended the 1995 conference sought a network of their own based on the ideas that growth was not a
necessity and that small marginal theatres have more impact on their communities than large ones. Significantly, one of the attendees was Gerald Stophnicky, a founding member of The Bloomsburg Theatre Ensemble.

The conference seemed to challenge the value of membership in any organization that ignored the special interests of small companies. Belonging to TCG, for example, requires that a theatre company has survived for at least three years and is willing to pay an annual fee of several hundred dollars to become an associate member. In contrast, membership in the Rat Conference was deliberately egalitarian and anarchic. As Steven Cosson of the Smart Mouth Theater in San Francisco was quoted as saying, “there’s no way to be a member or nonmember. If you want to be there, you’re a member.”

The question of whether or not TCG has anything to offer small theatres was raised in an even more direct way by Ron Clark and Jody Hovland of Riverside Theatre when they discovered how TCG treats associate members differently than full members. In a 1996 letter to John Sullivan, Executive Director of TCG, Clark described his frustration when informed that as a director of an associate theatre he was not eligible to apply for any observerships at other theatres. This was an opportunity reserved for full members. Moreover, Clark complained that American Theatre magazine, published by TCG, refused to include the production schedules of associate members. Furthermore, although Riverside Theatre is the only professional theatre in Iowa, Clark’s request for magazine story ideas over the years have been consistently ignored. The last straw occurred in 1996, when, facing the theatre’s financial crunch described in Chapter Four, Hovland and Clark requested that TCG allow them to pay their annual dues in
installments. The national organization not only insisted that they pay the full amount at once, but informed them that a late fee would be assessed as well. In his letter to Sullivan, Clark wrote that he believed TCG "is completely out of touch with its associate members" and severed organizational ties with the organization. Unable to gain either respect or an agenda that includes issues peculiar to their unique problems, it is likely that small theatres will continue to experience frustration with a national organization that does not—or perhaps cannot—respond to their special needs. The process of challenging TCG's lack of attention to the nation's small regional theatres may produce new associations based on independence, informal exchange of information, and regional networks.

My fourth idea points to an interesting connection between the current artistic leaders of these small theatres and the original pioneers with whom this study began. Although these small theatres seemed the most difficult to understand in terms of growth statistics and operational practices, they were very easy to understand in artistic terms. Led by their original founders for the most part, their missions seemed constantly fueled by the assumption that noncommercial theatre was still the best and most important vehicle of theatre art in America. Regardless of how diversity had outrun previous assumptions about regional theatre, the personal commitment and courage of these leaders seemed to form a direct link back to the inspiration of such leaders as Margo Jones, Nina Vance, and Zelda Fichandler. Although cast on a smaller scale, the artists at Bloomsburg, Horse Cave, and Riverside possessed the same indomitable faith in the power of theatre to change its audience. Their personal influence and steadfast integrity
were an essential part of their success. Although forced to reinvent themselves and
discard some outdated assumptions, these leaders appeared to be the bedrock of their
organizations. Like their predecessors, they have always known what they want their
theatres to be remembered for.

What, then, will happen when these leaders retire or leave? Although each leader
expressed the desire to make certain his or her theatre was secure before thinking about
stepping down, the evidence suggests that the change will not be easily solved. The
difficulty at BTE of bridging the gap between older and newer ensemble members offered
a hint about the possible outcome. Whereas in the larger organizations new leadership
has been considered an advantage, it likely that among these small theatres the absence of
the founding directors may create a growth crisis for which there is no solution.

How might other small theatres across the country use the findings from this
study? I believe the findings reported here may be useful to design further comparisons
and extend the study of success as defined in terms of growth decisions in at least three
ways.

First, the acknowledgment of the uniqueness and importance of small theatres
may help the artistic leaders of these theatres to worry less about how their operations
compare to national trends and, instead, to formulate their own distinctive measures of
success. It was not long ago that commentators believed in something called the
American Regional Theatre. Some still do. But this study suggests there is not now and
perhaps never was any such thing. There have been only individual regional theatres,
each with its own characteristics and problems. Regional diversity has long outgrown
previous assumptions about how to define growth and success. National comparisons are of limited usefulness; local comparisons, everything. Success can best be defined within the characteristics of each theatre's specific origins, organizational practices, and communities. The important question seems no longer about what is happening in American regional theatre per se, but what is happening in individual regional theatres in specific communities at any one particular time?

Secondly, the key issue is not programming, money, boards, or critical reviews. The key issue is growth and the apparently inherent cycle in which major growth decisions both energize a theatre and make it vulnerable at the same time. Thus, artistic leaders of small theatres need to anticipate the long-term negative possibilities as well as the advantages of, for example, moving into a new space. Future growth choices require not merely careful planning for more space and seating, but the inevitable increases in resources and expertise. Growth is not a matter of degree but a sea change of long-term proportions. Such changes require careful attention to the numbers, a wide involvement of staff and board members, and an increased expertise in financial management before the decision is taken. Growth also requires luck.

Moreover, a growth-oriented small theatre must understand the systemic dynamics underneath its day-to-day operations. It should anticipate large variations in annual growth and become a learning organization capable of quick adaptation without losing its original values. Leadership must always take into account its origins. How it will respond to challenges created by growth choices likely will be determined more by previous habits than well-intentioned assumptions of intuitive change or the
recommendations of consultants. Growth is necessary; it is also a threat. The need for adaptation may arrive before a small theatre possesses the necessary means to meet that need. Once an organization has succeeded in mastering growth, the rest of the parameters—money, funding, and so on—will follow.

Finally, statistical analysis requires new methodologies in order to be useful as a measurement of accomplishment. Since available sources are problematic unless used very carefully and in tandem with rigorous case study analysis, theatre leaders may have to design their own statistical methodologies. Although small companies should in the future expect less help from national organizations such as TCG, they need not continue to work in isolation. A sense of their own strengths and measurement of successful growth may require new alliances and research designs. The challenge is to find a way to connect groups of these theatres together, establish a data base specifically designed to reflect their special natures, and then to investigate the crucial internal decision-making processes that are the keys to unlocking the nature of past success and pointing the way towards success in the future.
ENDNOTES

2 DeDanan, "Conference of Rats," 59.
3 Ron Clark to John Sullivan, 9 September 1996, Riverside Theatre.
Jerome Lawrence & Robert E. Lee
Theatre Research Institute
The Ohio State University

Theatres That Work: A Study of
Success in Small Regional
Theatres in America
SMALL NONPROFIT THEATRE SURVEY

I. INCOME AND EXPENSES

Please fill in dollar amount of income and expenses for each season.

<table>
<thead>
<tr>
<th>TOTAL INCOME AND EXPENSES</th>
<th>90-91</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Income</td>
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<tr>
<td>Contributed Income</td>
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<td></td>
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<tr>
<td>Total Income</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Did your theatre conduct any emergency fundraising campaigns within the last five seasons?

Yes _______

No _______

If yes, in what season(s) were these conducted? ________________________________

II. MAIN SERIES AUDIENCE ATTENDANCE

Please fill in your total attendance and number of performances for each season.

<table>
<thead>
<tr>
<th>TOTAL ATTENDANCE AND NUMBER OF PERFORMANCES</th>
<th>90-91</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Main Series Attendance</td>
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<tr>
<td>(Subscriptions plus singles)</td>
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<tr>
<td>Total Number of Main Series Performances</td>
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<td></td>
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</tr>
</tbody>
</table>

239
Finally, we would like to ask some questions about your management continuity.

Mainstage Seating Capacity ________ Number of years current artistic director has been with the theatre: ________ years

Number of years your theatre performed in its current or renovated facility: _____ years

Number of years current manager has been with the theatre: ________ years

Would you like me to send you a copy of the results of this research?
    Yes _____
    No _____

Comments:
Please feel free to write any questions or concerns you may have in the space below.

........................................................................................................................................
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THANK YOU!

Please return your survey in the enclosed envelope to:

    Vince Landro
    Theatre Research Institute
    1430 Lincoln Tower
    1800 Cannon Drive
    Columbus OH 43210
APPENDIX B

LIST OF THEATRES
(Source: Theatre Profiles, 1994; Theatre Directory, 1995-96)
Judith Gentry Peakes
Managing Director
BOARSHEAD: MICHIGAN PUBLIC THEATRE
425 South Cesar Chavez Avenue
Lansing MI 48933
517-484-7800
Founded 1966
Budget: $425,660

Holly Holsinger
General Manager
CLEVELAND PUBLIC THEATRE
6415 Detroit Avenue
Cleveland OH 44102
216-631-2727
Founded 1983
Budget: $290,000

Jo Lalli
Office Administrator
BRISTOL RIVERSIDE THEATRE
Box 1250
Bristol PA 19007
215-785-6664
Founded 1987
Budget: $547,309

Karen O'Brien
Administrative Director
CENTER THEATRE ENSEMBLE
1346 West Devon Ave.
Chicago IL 60660
312-508-0200
Founded 1984
Budget: $318,429

Cheri Mitchell
Executive Director
CONTEMPORARY AMERICAN THEATRE COMPANY
512 North Park St.
Columbus OH 43215
614-461-1382
Founded 1985
Budget: $600,000

Shirley Trauger
Executive Director
CHELTENHAM CENTER FOR THE ARTS
439 Ashbourne Road
Cheltenham PA 19012
215-379-4660
Founded 1940
Budget: $225,633

Leslie Tamaribuchi
Managing Director
CORNERSTONE THEATER COMPANY
1653 18th St., #6
Santa Monica CA 90404
310-449-1700
Founded 1986
Budget: $347,363
Lisa Adler
Managing Director
HORIZON THEATRE COMPANY
Box 5376, Station E
Atlanta GA 30307
404-523-1477
Founded 1983
Budget: $305,000

Warren Hammack
Director
HORSE CAVE THEATRE
Box 215
Horse Cave KY 42749
502-786-1200
Founded 1977
Budget: $397,802

Ethel Billig
Managing Director
ILLINOIS THEATRE CENTER
400A Lakewood Blvd.
Park Forest IL 60466
708-481-3510
Founded 1976
Budget: $265,000

Elizabeth Fuller
Associate Producing Director
THE INDEPENDENT EYE
115 Arch St.
Philadelphia PA 19106
215-925-2838
Founded 1974
Budget: $91,881

Marsha A. Jackson
Managing Director
JOMANDI PRODUCTIONS, INC.
1444 Mayson St. NE
Atlanta GA 30324
404-876-6346
Founded 1978
Budget: $816,412

Gale Cohen
Managing Director
L. A. THEATRE WORKS
681 Venice Blvd.
Venice CA 90291
310-827-0808
Founded 1974
Budget: $322,300

Anna Morman Welch
Administrative Director
LIVE OAK THEATRE
200 Colorado
Austin TX 78701
512-472-5143
Founded 1982
Budget: $507,811

Vicki Stewart
Managing Director
MADISON REPERTORY THEATRE
122 State St., Suite 201
Madison WI 53703-2500
608-256-0029
Founded 1969
Budget: $677,000

David Anderson
General Manager
MILWAUKEE CHAMBER THEATRE
158 North Broadway
Milwaukee WI 53202
414-276-8842
Founded 1975
Budget: $342,086
Fran Brumlik
Producing Director
NATIONAL JEWISH THEATER
5050 West Church St.
Skokie IL 60077
708-675-2200
Founded 1986
Budget: $452,900

Daniel Matthews
Managing Director
NEW REPERTORY THEATRE
Box 610418
Newton Highlands MA 02161
617-332-1646
Founded 1984
Budget: $463,628

Martha Boshers
Managing Director
NEW STAGE THEATRE
Box 4792
Jackson MS 39296-4792
601-948-3533
Founded 1966
Budget: $665,000

Brian Joyce
Managing Director
NOVEL STAGES
Box 58879.
Philadelphia PA 19102-8879
215-844-8868
Founded 1989
Budget: $251,000

Sharon Walton
Producing Director
OAKLAND ENSEMBLE THEATRE
1428 Alice St., Suite 306
Oakland CA 94612
510-763-7774
Founded 1974
Budget: $632,000

David A. Mills
Business Manager
ODYSSEY THEATRE ENSEMBLE
2055 South Sepulveda Blvd.
West Los Angeles CA 90025
310-477-2055
Founded 1969
Budget: $660,000

Ladonna Freidheim
Managing Director
ORGANIC THEATRE COMPANY
3319 North Clark St.
Chicago IL 60657
312-327-2427
Founded 1969
Budget: $400,000

Stephen Goff
Managing Director
PHILADELPHIA FESTIVAL
THEATRE FOR NEW PLAYS
3680 Walnut St.
Philadelphia PA 19104
215-898-3900
Founded 1981
Budget: $800,000

Kate Elliott
Managing Director
PHOENIX THEATRE COMPANY
Box 236
Purchase NY 10577
914-251-6288
Founded 1988
Budget: $480,000
Kittianne Velloff
Administrative Director
PLAYHOUSE ON THE SQUARE
51 South Cooper St.
Memphis TN 38104
901-725-0776
Founded 1968
Budget: $788,747

David P. Harty
Finance Director
THE PLAYWRIGHTS' CENTER
2301 Franklin Ave. E
Minneapolis MN 55406
612-332-7481
Founded 1971
Budget: $508,501

Charles C. Suggs II
Producing Director
THE POLLARD THEATRE
Box 38
Guthrie OK 73044
405-282-2802
Founded 1987
Budget: $349,100

Alan Ribant
Managing Director
PURPLE ROSE THEATRE COMPANY
137 Park St.
Chelsea MI 48118
313-475-5817
Founded 1991
Budget: $465,000

Jody Hovland
Co-Artistic Director
RIVERSIDE THEATRE
Box 1651
Iowa City IA 52244
Founded 1981
Budget: $170,500

Donna Porterfield
Administrative Director
ROADSIDE THEATER
306 Madison St.
Whitesburg KY 41858
606-633-0108
Founded 1974
Budget: $418,000

Nancy Borgenicht
Executive Producer
SALT LAKE ACTING COMPANY
168 West 500 N
Salt Lake City UT 84103
801-363-0526
Founded 1970
Budget: $535,130

Lisa Mount
Managing Director
SEVEN STAGES
1105 Euclid Ave. NE
Atlanta GA 30307
404-522-0911
Founded 1979
Budget: $328,000

Criss Henderson
Producing Director
SHAKESPEARE REPERTORY
820 North Orleans Ave., Suite 345
Chicago IL 60610
312-642-8394
Founded 1987
Budget: $750,000

Tony Wright
Associate Director
THE SHAKESPEARE TAVERN
Box 5436
Atlanta GA 30307
404-874-9219
Founded 1979
Budget: $254,095
Deen Kogan  
Artistic/Managing Director  
SOCIETY HILL PLAYHOUSE  
507 South 8th St.  
Philadelphia PA 19147  
215-923-0211  
Founded 1959  
Budget: $318,134

Pat Murphy Sheehy  
Producing Artistic Director  
SOURCE THEATRE COMPANY  
1835 14th St. NW  
Washington DC 20009  
202-232-8011  
Founded 1977  
Budget: $419,000

Jerry Russell  
Artistic/Managing Director  
STAGE WEST  
Box 2587  
Fort Worth TX 76113  
817-924-9454  
Founded 1979  
Budget: $402,380

Beth Stanway  
General Manager  
STAMFORD THEATRE WORKS  
95 Atlantic St.  
Stamford CT 06901  
203-359-4414  
Founded 1988  
Budget: $225,000

Donna Adams Mack  
General Manager  
ST. LOUIS BLACK REPERTORY THEATRE  
634 North Grand Blvd., Suite 10-F  
St. Louis MO 63103  
314-534-3807  
Founded 1976  
Budget: $712,808

Barry Mines  
Artistic Director  
THEATER AT LIME KILN  
Box 663  
Lexington VA 24450  
703-463-7088  
Founded 1984  
Budget: $570,349

M. George Carlson  
Managing Director  
THEATER AT MONMOUTH  
Box 385  
Monmouth ME 04259-0385  
207-933-2952  
Founded 1970  
Budget: $200,000

Steve Richardson  
Producing Director  
THEATRE DE LA JEUNE LUNE  
105 First St. N.  
Minneapolis MN 55401  
612-332-3968  
Founded 1978  
Budget: $820,000
Palmer D. Wells  
Managing Director  
THEATRE IN THE SQUARE  
11 Whitlock Ave.  
Marietta GA 30064  
404-425-5873  
Founded 1982  
Budget: $750,000

Scott Hawk  
General Manager  
THEATRE X  
Box 92206  
Milwaukee WI 53202  
414-278-0555  
Founded 1969  
Budget: $225,000

Julianna M. Lee  
General Manager  
THEATRICAL OUTFIT  
Box 7098  
Atlanta GA 30357  
404-872-0665  
Founded 1976  
Budget: $317,332

Sy Sussman  
Producing Director  
TOUCHSTONE THEATRE  
321 East 4th St.  
Bethlehem PA 18015  
610-867-1689  
Founded 1981  
Budget: $399,100

Jeffrey Blaha  
Business Manager  
UNICORN THEATRE  
3820 Main St.  
Kansas City MO 64111  
816-531-3033  
Founded 1973  
Budget: $281,000

Rocco Vienhage  
Theatre Administrator  
WEST COAST ENSEMBLE  
Box 38728  
Los Angeles CA 90038  
213-871-8673  
Founded 1982  
Budget: $232,868

Jeffrey Ortmann  
Producing Director  
WISDOM BRIDGE THEATRE  
750 West Wellington  
Chicago IL 60657  
312-928-8587  
Founded 1974  
Budget: $750,000

Howard Shalwitz  
Artistic Director  
WOOLLY MAMMOTH THEATRE COMPANY  
1401 Church St., NW  
Washington DC 20005  
202-234-6130  
Founded 1980  
Budget: $565,483
APPENDIX C
COVER LETTER
May 15, 1996

Mr. David Anderson  
Milwaukee Chamber Theatre  
158 North Broadway  
Milwaukee WI 53202

Dear Mr. Anderson:

As the manager of a small regional theatre, you are probably aware of how little attention has been paid to the accomplishments of these companies that now constitute a majority of TCG membership. Understanding how theatres like yours have successfully grown and built audiences is vital to changing this situation.

We are conducting research on a select group of small regional theatres around the United States in order to learn some of the reasons for their success in building stable organizations despite the uncertainties of the 90s. Enclosed you will find a short survey form that asks for some basic financial and audience information. Your answers to the survey will help us to compile a national data base to understand better some of the ways that theatres like yours successfully manage their growth.

Please take a few minutes to answer the survey and return it in the enclosed postage-paid envelope by June 7, 1996. Your responses are crucial because the accuracy of the survey depends on the answers of the majority of theatres in the survey group.

The information from this survey will be part of a doctoral dissertation and will remain completely confidential—only group data will be used. The questionnaire has an identification number for mailing purposes only. This is so we may check your name off the mailing list when your questionnaire is returned. I would be happy to send you a copy of the results of this research.

Thank you for your cooperation. I appreciate your quick response.

Sincerely,

Vincent Landro  
Research Assistant
APPENDIX D

LIST OF TWENTY-FOUR SAMPLE THEATRES
Lorenne Fey
Managing Director
ACADEMY THEATRE
501 Means St. NW
Atlanta GA 30318
404-525-4111
Founded 1956
Budget: $220,000

Jennifer Deer
Managing Director
ACTOR'S EXPRESS
887 West Marietta St.
Atlanta GA 30318
404-875-1606
Founded 1988
Budget: $293,964

Amy L. Murphy
Managing Director
ARDEN THEATRE COMPANY
Box 779
Philadelphia PA 19105
215-829-8900
Founded 1988
Budget: $485,442

Steve Bevans
Administrative director
BLOOMSBURG THEATRE
ENSEMBLE
Box 66
Bloomsburg PA 17815
717-784-5530
Founded 1978
Budget: $530,000

Jo Lalli
Office Administrator
BRISTOL RIVERSIDE THEATRE
Box 1250
Bristol PA 19007
215-785-6664
Founded 1987
Budget: $547,309

Amanda Diamond
Managing Director
THE COLONY STUDIO THEATRE
1944 Riverside Drive
Los Angeles CA 90039
213-665-0280
Founded 1975
Budget: $275,680

Cheri Mitchell
Executive Director
CONTEMPORARY AMERICAN THEATRE COMPANY
512 North Park St.
Columbus OH 43215
614-4621-1382
Founded 1985
Budget: $600,000

Bruce E. Millan
Artistic Director
DETROIT REPERTORY THEATRE
13103 Woodrow Wilson Ave.
Detroit MI 48238
313-868-1347
Founded 1957
Budget: $314,997
Melissa Hines  
Managing Director  
EMPTY SPACE THEATRE  
3509 Fremont Ave. N  
Seattle WA 98103-8813  
206-547-7633  
Founded 1970  
Budget: $779,073

Warren Hammack  
Director  
HORSE CAVE THEATRE  
Box 215  
Horse Cave KY 42749  
502-786-1200  
Founded 1977  
Budget: $397,802

Ethel Billig  
Managing director  
ILLINOIS THEATRE CENTER  
400A Lakewood Blvd.  
Park Forest IL 60466  
708-481-3510  
Founded 1976  
Budget: $265,000

Elizabeth Fuller  
Associate Producing Director  
THE INDEPENDENT EYE  
115 Arch St.  
Philadelphia PA 19106  
215-925-2838  
Founded 1974  
Budget: $91,881

Vicki Stewart  
Managing Director  
MADISON REPERTORY THEATRE  
122 State St., Suite 201  
Madison WI 53703-2500  
608-256-0029  
Founded 1969  
Budget: $677,000

David Anderson  
General Manager  
MILWAUKEE CHAMBER THEATRE  
158 North Broadway  
Milwaukee WI 53202  
141-276-8842  
Founded 1975  
Budget: $342,086

Kate Elliott  
Managing Director  
PHOENIX THEATRE COMPANY  
Box 236  
Purchase NY 10577  
914-251-6288  
Founded 1988  
Budget: $480,000

Jody Hovland  
Co-Artistic Director  
RIVERSIDE THEATRE  
Box 1651  
Iowa City IA 52244  
Founded 1981  
Budget: $170,500
<table>
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<tr>
<th>Name</th>
<th>Role</th>
<th>Organization</th>
<th>Address</th>
<th>Phone</th>
<th>Founded</th>
<th>Budget</th>
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<tbody>
<tr>
<td>Donna Porterfield</td>
<td>Administrative Director</td>
<td>ROADSIDE THEATER</td>
<td>306 Madison St., Whitesburg KY 41858</td>
<td>606-633-0108</td>
<td>1974</td>
<td>$418,000</td>
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<tr>
<td>Nancy Borgenicht</td>
<td>Executive Producer</td>
<td>SALT LAKE ACTING COMPANY</td>
<td>168 West 500 N, Salt Lake City UT 84103</td>
<td>801-363-0526</td>
<td>1970</td>
<td>$535,130</td>
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<tr>
<td>Criss Henderson</td>
<td>Producing Director</td>
<td>SHAKESPEARE Repertory</td>
<td>820 North Orleans Ave., Suite 345, Chicago IL 60610</td>
<td>312-642-8394</td>
<td>1987</td>
<td>$750,000</td>
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<tr>
<td>Jerry Russell</td>
<td>Artistic/Managing Director</td>
<td>STAGE WEST</td>
<td>Box 2587, Forth Worth TX 76113</td>
<td>817-924-9454</td>
<td>1979</td>
<td>$402,380</td>
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<tr>
<td>Barry Mines</td>
<td>Artistic Director</td>
<td>THEATER AT LIME KILN</td>
<td>Box 663, Lexington VA 24450</td>
<td>703-463-7088</td>
<td>1984</td>
<td>$570,349</td>
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<tr>
<td>Steve Richardson</td>
<td>Producing Director</td>
<td>THEATRE DE LA JEUNE LUNE</td>
<td>105 First St. N., Minneapolis MN 55401</td>
<td>612-332-3968</td>
<td>1978</td>
<td>$820,000</td>
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<td>Sy Sussman</td>
<td>Producing Director</td>
<td>TOUCHSTONE THEATRE</td>
<td>321 East 4th St., Bethlehem PA 18015</td>
<td>610-867-1689</td>
<td>1981</td>
<td>$399,100</td>
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<tr>
<td>Jeffrey Blaha</td>
<td>Business Manager</td>
<td>UNICORN THEATRE</td>
<td>3820 Main St., Kansas City MO 64111</td>
<td>816-531-3033</td>
<td>1973</td>
<td>$281,000</td>
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</table>
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Hunter, Mark. Interview by author. Tape recording. Iowa City, la., 14 August 1996.


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