

---

# THE CULTURAL WORLD AFTER THE CRUNCH

## THE OUTLOOK FOR ARTS SPONSORSHIP

BY HELEN SCOTT LIDGETT, MANAGING PARTNER  
AND REBECCA BLACKWOOD, DIRECTOR, BRUNSWICK ARTS

---

*The cultural world has been preparing for the impact of the global downturn. Most arts organizations expect the economic climate to have a significant effect on corporate support. Those that have been lucky enough to enjoy state funding in the past have also been anticipating a tightening of the public purse as demands for a new era of government austerity are heeded.*

*For arts lovers, worries abound about how this will affect the quality, variety, value and scale of cultural endeavor.*

*But what has really happened? Is it as bad as everyone fears? Has there been a significant change in how the arts are funded worldwide? Are sponsors demanding something new? Is there a common, global experience of change?*

*Brunswick Arts asked a cross-section of arts organizations and sponsors to discuss how cultural funding has changed, and the challenges and opportunities that presents.*



1. LSO St Luke's, the UBS and LSO Music Education Centre. UBS Soundscapes is an award-winning Arts & Business partnership with the London Symphony Orchestra  
Image by Kevin Leighton

Colin Tweedy

Chairman, Comité Européen pour le Rapprochement de l'Economie et de la Culture, and Chief Executive, Arts & Business

## THE BAD NEWS, AND THE GOOD

In continental Europe, the arts are overwhelmingly supported by the state and are suffering dramatic funding cuts. In most cases businesses are not in a position to come to their rescue. In Italy, technically in its fourth recession in a decade, the state funding body, the Fondo Unico per lo Spettacolo, has been forced to cut funding by a third. Many theaters and opera houses are expected to close as a result.

Britain used to be seen as having the worst of both worlds: not enough private giving compared to the US – home of the free market and private-sector funding – and not enough public funding compared to continental Europe. In the event, its mixed funding model will allow most of the arts sector to weather the storm.

Although government cuts will be harsh, business sponsorship and individual philanthropy, at around £655m (\$1bn), will remain a growth sector for the medium to long term.

The good news is that, we believe, as long as the world does not experience a double-dip recession, private-sector funding of culture will grow earlier and faster than any state funding.

The Middle East, particularly the Gulf states, is using culture as a tool for tourism and urban planning. Though growth has slowed, as it has in China, there is still optimism that the worst is over, and businesses are becoming aware of the value the arts can bring to marketing and brand reputation.

Meanwhile, UBS and Deutsche Bank, two major sponsors, have maintained their partnerships. And Bank of America Merrill Lynch is storming ahead as a cultural sponsor, making a big impact globally, proving there is hope and opportunity after the crash.

**Colin Tweedy** is Chairman of the Comité Européen pour le Rapprochement de l'Economie et de la Culture, a European network of organizations working in the arts. He is also Chief Executive of Arts & Business, a not-for-profit organization that encourages private-sector partnerships with culture.

**2. Golden Dragon – White Eagle,** a largely state-funded exhibition of treasures from the Chinese Imperial Palace in Beijing alongside works of art from the Staatliche Kunstsammlungen Dresden, in the Residenzschloss (Royal Palace) in Dresden  
Image by H.J. Krumnow

**3. Deloitte Ignite,** attracting young professionals to the Royal Opera House, London  
Image by Richard Hubert Smith



**Professor Dr Martin Roth**  
Director General, Staatliche  
Kunstsammlungen Dresden

## CRISIS? WHAT CRISIS?

Crisis? What crisis? This was more or less the attitude of German museums when we learned that, in America, the Getty Trust had lost a big part of its endowment, while the demise of Lehman Brothers had seriously affected the income of museums like The Metropolitan in New York. When analyzed proportionally – state support versus private and corporate support – it is very clear who sponsors the Staatliche Kunstsammlungen Dresden. The Dresden Art Collections are a treasure of the state.

We are, of course, fortunate to have received financial support from third parties, including our most committed long-term partners, Sparkassen-Finanzgruppe and Lange & Söhne, and the Volkswagen Gläserne Manufaktur, with whom we have been working on our 450th anniversary celebrations. These cases, however, fall under the heading ‘surplus’ rather than ‘substance’; they are situated in the periphery and not in the deep core of our efforts and work.

But, for us, private and corporate sponsorship will not become more prominent. The risks of state funding receding can be balanced by sponsorship and support from the corporate sector, but not the other way around.

**Professor Dr Martin Roth** has been Director General of the Staatliche Kunstsammlungen Dresden since 2001.

**Tony Hall**  
Chief Executive,  
Royal Opera House, London

## ENTERPRISING SOLUTIONS, HOLISTIC PARTNERSHIPS

We expected things to be tough, so we drew up contingency plans early on, as we plan up to five or more years in advance. We decided not to change our artistic programming. Instead, we reviewed spending and looked to expand our income streams to maintain our commitment to the high quality of the work on our stages.

Fortunately, ticket sales have held up well, but we have had to look for new sources of revenue. That’s why we created ROH Enterprises in the summer of 2009, which encompasses all our commercial interests, including licensing, cinema distribution and restaurants.

Securing new corporate sponsorship has been tougher, but we have drawn support from new sectors and continue to work toward long-term relationships. These provide more security and the opportunity for creative partnerships.

Like the corporate sponsor, we are looking for a holistic approach to our partnerships. Our sponsors are interested in branding and entertaining opportunities, access to the artists and creative teams, networking with other sponsors and stakeholders, cross-promotional opportunities and public relations. They may also be interested in employee involvement, or training from our corporate professional development program HouseWork.

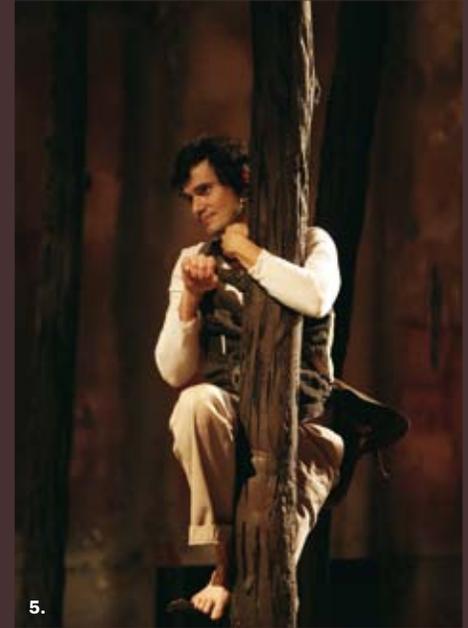
A good example is Deloitte, which sponsors *Ignite*, a three-day contemporary arts festival that opens the season every year. We needed to attract young professionals who were under-represented in our audiences, as did Deloitte. Employee involvement in the partnership is crucial: Deloitte employees volunteer to work at the arts festival. In return, they go on backstage tours of the opera house, get information about our programs and attend performances. They have also started their own ballet group at Deloitte.

Where you have a really good fit, such as in our partnerships with Deloitte, Rolex and Van Cleef & Arpels, who sponsored Balanchine’s ballet *Jewels* in 2007, the possibilities for a successful relationship are exciting.

**Tony Hall** is Chief Executive of the Royal Opera House, Covent Garden, in London. He was appointed Chairman of the UK Cultural Olympiad Board in July 2009, with responsibility for cultural events in the run-up to the London 2012 Games.

4. Stephen Dillane in The Bridge Project's *As You Like It*  
Image by Joan Marcus

5. Christian Camargo, also in The Bridge Project's *As You Like It*  
Image by Joan Marcus



**Rena M. DeSisto**  
**Global Arts and Heritage Executive,**  
**Bank of America Merrill Lynch**

## THROUGH CULTURE, YOU BREAK DOWN BARRIERS

We are approaching our support of the arts differently now because we are a different company after combining with Merrill Lynch, as opposed to doing things differently because of cuts in arts funding. Our support has always been robust and has not wavered. Since merging Bank of America and Merrill Lynch, we are now doing business in 100 countries, we have 300,000 employees from all around the world, and it is important for us to be active in more markets. Our arts program is a very powerful way to convey our commitment to those markets and play a meaningful role in breaking down barriers through greater cultural awareness.

One example would be The Bridge Project, a partnership between The Old Vic theater in London and the Brooklyn Academy of Music in New York. Two years of transnational theater productions have already taken place, and there will be a third year in 2012. This was initially a Bank of America sponsorship, but with the international touring of productions to places such as Paris, Madrid and Hong Kong, we have also been able to use it as a brand-builder for Bank of America Merrill Lynch, a new brand to some.

The partner organization is aware that we have particular constituencies to satisfy – shareholders, clients, employees, and so on – and has created a superb client entertainment platform, as well

as an opportunity for our employees. We have also gained an advocate for our company and for the business financing of the arts in Kevin Spacey, Artistic Director of The Old Vic, who will himself appear in The Bridge Project's 2012 production of *Richard III*.

Another significant international sponsorship that we have just signed is with the Chicago Symphony Orchestra. We are the new global sponsor of what is probably America's finest orchestra. A combination of factors made this an ideal choice: Chicago is very important to us as a company, the orchestra will be travelling around the world in 2011-12, and acclaimed conductor Riccardo Muti has become their Musical Director. A special moment in time to align our brand with another that stands for excellence and international outreach.

We are also very much engaged in environmental issues, and our sponsorship program represents this as well; for example, our partnership with London's Science Museum on an exhibition which explains the science of climate change.

Our criteria for sponsorship have not needed to become more stringent in the current economic climate for the simple reason that they have always been stringent. We have always been aware that we have shareholders and clients

"We're delighted that Bank of America Merrill Lynch has come on board for another season as our sponsor and I applaud their continued support for our work"



*Kevin Spacey*, Artistic Director of The Old Vic theater, partners in The Bridge Project, sponsored by Bank of America Merrill Lynch  
Image by Hugo Glendinning

to whom we are responsible, so our program is built on a foundation of sound business practices combined with corporate social responsibility.

When we sponsor an exhibition, for example *The Cult of Beauty* at the Victoria & Albert Museum, also in London, we feature prominently in a venue that stands for world class cultural values over a period of several months; we can gain traction for our company with centers of influence, prospects and clients; we can offer benefits to our employees; and our support also ultimately accrues to the benefit of all its visitors, as well as the museum and the community itself.

In short, we are building something powerful through a thoughtful approach to helping our company succeed while, at the same time, helping cultural institutions remain healthy and vibrant. And that is good for everyone.

**Rena M. DeSisto** is Head of Marketing and Corporate Affairs for Europe, the Middle East and Africa; and Global Arts and Heritage Executive at Bank of America Merrill Lynch.

6. The New Museum of Contemporary Art, New York, whose building opened in 2007 with the support of corporate sponsorship, foundations, government and individual patrons. In a time of cutbacks, many individual supporters have become more generous  
Image by Dean Kaufman



**Lisa Phillips**  
Director, New Museum of Contemporary Art, New York

## THE BENEFITS OF EFFICIENCY

Everyone has been hit hard. Patterns of spending and giving have been altered. Endowments have shrunk, and foundations are distributing less. Many corporations just stopped funding for a while. Governments are in debt.

After austerity and cutbacks, we are now gradually planning for modest growth. There is greater uncertainty in all sectors, but this also draws people to art, as they place more importance on spiritual and transformative experiences.

We cut back wherever we could without affecting our core programming. We have tightened our procedures and staffing and, in many ways, this is a benefit. The downturn forced everyone to find greater efficiencies and not settle for less than the very best performance. Standards have risen, and there is greater permission to test out new things that may work for a new age and to break out of formulaic habits.

Things are actually better. Our community has rallied. Individuals who believe in contemporary art and the mission of the museum never wavered. In fact, they have been more generous and supportive. This has been very heartening.

In the US, we have very little government support for the arts. This should change. We always find a way to make it work, but culture is generally seen as a 'frill' and not essential. Consequently, market forces play a large role, as success is tied to making money. Stronger government support would help to create a more level playing field and also send an important signal to the public that art and artists are valued in our society.

**Lisa Phillips** has been Director of the New Museum of Contemporary Art since 1999. From its beginnings in 1977 as a one-room office on Hudson Street to the inauguration of its dedicated building on the Bowery, designed by Pritzker Prize-winning architects SANAA in 2007, the New Museum continues to be a hub of new art and new ideas.

7. *Enel contemporanea 2009: Frontier*, an installation by Doug Aitken on the Tiber island in Rome. Enel has donated the work as part of its partnership with MACRO (Museo d'Arte Contemporanea di Roma)  
Image by Doug Aitken Studio



**Gianluca Comin**  
Executive Vice-President,  
External Relations, Enel

## MORE FOCUS, BUT ENEL IS STILL POWERING THE ARTS

We have had to focus our sponsorship choices in recent times, but continue to support high-profile international partners, and long-term projects tailored to the company's needs and values: care for the environment, commitment to research, modernity and innovation. We also seek the active involvement of the company in entire projects.

Culture is a strategic asset for our business and a factor of competitiveness in the market. The activities developed at a local level are particularly useful in strengthening ties with communities and creating institutional synergies. The investment in culture as an act of social responsibility is also considered an important performance indicator of our company.

*Enel Contemporanea*, a public art project that began in 2007, uses international artists to stimulate public awareness of a single issue: the use of energy from 'sustainable' and 'renewable' sources.

Another original program, *Centrale Aperta*, includes opening power plants to the public. Thousands of people attend free cultural events at our facilities, and at the same time, get to know our company's history and technological heritage.

Looking forward, in Italy we really need a simpler regulatory system that might contain more tax incentives for this kind of cultural support.

**Gianluca Comin** is responsible for institutional relations in Italy and internationally for Enel, Italy's largest power company. He is also President of the Italian Federation of Public Relations and sits on the board of Civita, a non-profit organization dedicated to promoting culture.

# STATE OF PLAY ARTS FUNDING IN EUROPE AND THE ROLE OF SPONSORSHIP

Maria Finders, Director, Europe  
Brunswick Arts, Paris

Culture does not exist in a vacuum, as the inhabitants of the Basque city of Bilbao in Spain can testify. The city, which decided in the 1990s to spend \$228.3m on a modern art museum plus \$3bn in urban development, now attracts about 800,000 tourists a year, up from fewer than 100,000 before. While Bilbao will not recoup its entire investment until 2014, the project has created more than 900 full-time jobs and pours about \$40m annually into the Basque treasury.

The project's success, focused around the striking Guggenheim Museum Bilbao, is primarily due to strong public-private partnerships, in recognition of which it won the first Lee Kuan Yew World City Prize this year.

What some call the "Bilbao Effect" can be found in other European cities, such as Metz in France, where a new Pompidou Centre has opened, boosting the local economy by 40 per cent. Meanwhile other cities and cultural institutions across Europe are looking at how public and private funding can be combined to achieve cultural innovation and economic growth. Strategies vary across continental Europe, since there are significant regional and national differences to the ways the arts are funded.

In many countries, for example, public support of the arts is considered as essential as education in preserving national heritage and creating sustainable economic growth. That is the case in Germany, home to Haus der Kunst, the House of Art, in Munich. "We are mainly state-funded, and quite generously so by the state of Bavaria," says Chris Dercon, the art museum's Director. "But we have substantial and almost-embedded local sponsors – for example, the Schörghuber Gruppe [real estate, investments] has been on board since 1992. They like what we do, so they maintain their support."

The museum often mounts exhibits of cutting-edge art, something he understands many sponsors may consider too risky. "In some cases, we prefer not to work with sponsors, as this is the way we stay independent in terms of our content and programming," he explains.

In Sweden, corporate sponsors have to be extra-committed, as they get no tax relief for supporting the arts. But Katarina Swanström,

Head of Corporate Sponsorship at the Moderna Museet in Stockholm, says this does not seem to deter them.

"In 2008, the Moderna Museet celebrated its 50th anniversary. Instead of a crisis year, it was a year of all-time high attendance figures and successful fundraising," she says. "Of course, it was not easy to recruit new sponsors during the fall of 2008, but many existing sponsors signed new long-term contracts. Sponsors want to be associated with Sweden's leading art museum and a strong brand. They also want visibility to a large and vital target group in a prestigious venue."

France, on the other hand, has a complex series of laws that provide tax relief to corporate or private supporters of the arts. There, many companies choose to work closely with public authorities when planning long-term commitments, rather than with institutions whose programming and management often change.

One imaginative example is a stained glass project between energy company GDF (now GDF Suez) and the public heritage authorities. Valérie Vigouroux, Director of Communications for GDF Suez, explains: "Glass for us represents clean energy, as a stained glass window comes to life only when sunlight is shining through it. We also like being behind something that will be around for centuries to come." The scope of the project ranges from preservation work to commissioning new pieces, like the installation planned for Reims Cathedral by German artist Imi Knoebel.

In Britain, Charles Saumarez Smith, Secretary and Chief Executive of the Royal Academy of Arts, says it has become tougher to get corporate support for big exhibitions. "Some big City of London companies that used to sponsor exhibitions do not currently want to be seen by employees as spending money in this way," he says. "But others remain committed. We have developed especially good relations with BNY Mellon, BNP Paribas and JTI, because they have remained loyal to the RA through the recession. I really appreciate this."

Looking forward, he continues: "We have had to be more versatile in putting together sponsorship packages. For Citibank I have talked to their private clients in Moscow, Warsaw, Dubai and Abu Dhabi and described our work to them.

The sponsorship Citibank gave to sculptor Anish Kapoor felt like a new model, because it was not about building corporate profile, but instead about developing long-term client relationships."

Corporate sponsorship of the arts, whether instead of or in addition to state funding, has become much more sophisticated in recent years, and in the current economic climate such sophistication is more important than ever. Every project will be different, of course, but there are some general rules that all arts sponsors will benefit from considering:

## The know-how of sponsorship

- ✎ Know what you want from sponsorship.
- ✎ Know who your customers are now, and who you want them to be in the future.
- ✎ Understand and build relationships in the partnership.
- ✎ Remember that emotion gives rise to defining memories. Do not be afraid to make "emotional" choices; you only get one chance to make a first impression.
- ✎ Be prepared to spend enough to get the benefits you want.
- ✎ Think quality first, quantity second.

## Bear in mind

- ✎ Sponsoring art events is not necessarily expensive.
- ✎ Art is the ultimate emotional branding.
- ✎ However, art is not for everyone.

## What to expect from a sponsorship

- ✎ Increased visibility for your brand. This may include being mentioned in ads; event catalogues and programs; signage at the event; and on gift bags and other items given away at events.
- ✎ The chance to offer your clients the unique experience of attending shows, exhibitions or special events.
- ✎ Energized employees who gain new pride from their company's involvement in cultural events. 😊

**Brunswick Arts** was set up in 2001 to provide strategic communications advice to arts organizations, corporates, charities and the not-for-profit sector. It has teams in London, Basel, Berlin, Paris, Stockholm, Beijing, Dubai and New York.