

THE HOUSTON SHAKESPEARE FESTIVAL: A STRATEGIC PLAN

A Thesis

Presented to

The Faculty of the Department

of Theatre & Dance

University of Houston

In Partial Fulfillment

Of the Requirements for the Degree of

Master of Arts

By

Pamela Guinn

May, 2014

THE HOUSTON SHAKESPEARE FESTIVAL: A STRATEGIC PLAN

An Abstract of a Thesis

Presented to

The Faculty of the Department

of Theatre & Dance

University of Houston

In Partial Fulfillment

Of the Requirements for the Degree of

Master of Arts

By

Pamela Guinn

May, 2014

ABSTRACT

By identifying the critical niche it occupies within the cultural landscape of Houston, the Houston Shakespeare Festival has the opportunity to make the transition from a Houston gem to a festival of truly international importance. This work seeks to identify key objectives in order to achieve this vision. By pursuing increased community outreach, expanded productions, and broader collaboration with the corporate sector and theatre community in Houston, HSF can broaden its impact on both the University and the City of Houston. By expanding the marketing and development capacity of the Festival, HSF can reach a new and increasingly diverse audience.

ACKNOWLEDGEMENTS

I would like to thank my committee chair, Dr. Robert Shimko, for his sharp eye and Oxford commas. His passion and drive for the Master of Arts program has been both an inspiration and a model for growing the footprint of this very special School of Theatre and Dance. I would also like to thank my committee members, Jack Young, for asking the tough questions, and Fleurette Fernando for her encouragement and ideas whenever I hit a roadblock.

I would also like to thank “Doc” Sidney Berger, who taught me that Shakespeare belongs to everyone. Your passion for Shakespeare and for the Houston Shakespeare Festival means that generations of Houstonians have had and will continue to have the privilege of sitting on the lawn to enjoy some of humanity’s greatest literary works. Thank you for giving me the tools and sharing your passion. And thanks for the waltz.

I am grateful for Jim Johnson, in whom our Festival and School have a torchbearer to both carry forward this legacy and create new ones. While not a formal advisor to this paper, Jim unwittingly teaches lessons and inspires those like me who love theatre in even casual conversation.

And finally, I owe so much to my husband Rusty who encouraged me every step of the way, from the initial late night conversation about a great program at the University of Houston, to insisting I walk the stage at graduation. I would not have had the courage to scale this mountain without you. Thank you.

TABLE OF CONTENTS

Executive Summary	1
Mission Statement	3
The Strategic Goals.....	4
University Impact	7
Community Impact.....	10
Broader Impact.....	12
Key Objectives and Time Horizon	14
Near-Term (2015-2020)	14
Medium-Term (2015-2025).....	18
Long-Term (2025 and Beyond).....	21
Existing Assets and Resources	23
History of Houston Shakespeare Festival	23
Reputation and Goodwill.....	25
Venue and City Relationship.....	27
Leverage from University Relationship.....	28
Analysis of Key Drivers and Challenges	30
Houston Audiences Analysis.....	30
Houston Theatre Market Competitive Analysis.....	33
Environment for Charitable Giving	35
Houston Economy Analysis	39
Houston and Southwest Regional Philanthropy Analysis	41
Gap Analysis of Necessary Assets and Resources.....	44
Near-Term Gap Analysis.....	44
Medium-Term Gap Analysis	45
Long-Term Gap Analysis	46
Execution Strategy.....	48
Fundraising and Strategic Partnerships	48
Financial Projections 2014-2017	57
Bibliography	58

LIST OF CHARTS

Contribution to Houston GDP –2012.....	40
Non-University Sources of Funding – March 2010-April 2014.....	49

EXECUTIVE SUMMARY

The Houston Shakespeare Festival (“HSF” or the “Festival”) has historically occupied a critical niche in the cultural landscape of Houston. While vital, this niche has also been small, incorporating three key components: (1) the jointly held desire for closer collaboration between the City of Houston (“Houston” or the “City”) and the University of Houston (the “University”) (2) the vision to add socioeconomic and cultural diversity to the producers and consumers of theatrical art in Houston, and (3) to provide a nationally important city with inexpensive exposure to high quality, imaginative productions of the works of Shakespeare.

Since the establishment of HSF in 1975, Houston has changed. Houston is now a primary driver of economic growth in the United States, having added more jobs than any other metropolitan area between the 2000 and 2010 censuses (Census Estimates Show New Patterns of Growth Nationwide 2012). As of 2013, the City has also surpassed New York as the largest exporting city in the United States (Ryan 2013). The result of this has been a remarkable rate of population and economic growth.

At the same time, Houston has become more socially, ethnically and culturally diverse, and by 2013 had become the most diverse city in the United States (Klineberg 2013, 8). In addition, this cultural diversification has been accompanied by a transition to an increasingly young population, to the extent that the City now boasts one of the youngest median age levels (32.1) in the country (US Census Bureau 2010).

This nexus of increased diversity and economic growth has produced a ~~decades-old effect~~ vastly increased demand for cultural opportunities. Even now, Houston is being recognized for the emergence of a young and vibrant culture, earning note as #1 among “America’s Coolest Cities” by the Forbes/Sperling Group (Brennan 2012). The Houston Shakespeare Festival is well-positioned to leverage these trends to increase its impact on the community through continued pursuit of its long-standing mission. Yet in addition to providing opportunities for expanding this mission, these trends also provide a unique opportunity to broaden the Festival’s reach to match the trajectory of the City, and the positive economic trends may well provide the Festival with the means to achieve this.

Houston has always been a leading city, but Forbes recently named it America’s “Next Great Global City” (Kotkin, Map of America's Future: Where Growth Will Be Over the Next Decade 2013). Likewise, the Houston Shakespeare Festival has the opportunity to make the transition from a Houston gem to a festival of greater regional importance. By pursuing increased community outreach, expanded productions, and broader collaboration with the corporate sector and theatre community in Houston, HSF can broaden its impact on both the University and the City of Houston. By expanding the marketing and development capacity of the Festival, HSF can reach a new and increasingly diverse audience.

MISSION STATEMENT

The current HSF mission statement reads: “Through the production of the works of Shakespeare and other great authors, we draw together the diversity of our community to explore our common humanity. Using passionate and imaginative theatre productions, collaboration with other educational and cultural groups, and teaching the art and the craft of theatre to the next generation of artists, HSF serves as a teaching theatre for the 21st century.”

The parameters laid out in this mission statement, an emphasis on representing the diversity of the city of Houston, producing passionate and imaginative work, collaboration with other educational and cultural groups, and being a teaching theater for the next generation of artists, should continue to guide HSF while it concentrates on strengthening its infrastructure and introducing new programs to increase its presence in the Houston arts community.

THE STRATEGIC GOALS

The Festival has many opportunities to strengthen its infrastructure and to further achieve its mission. The following group may be considered the fundamental governing strategic goals of the Houston Shakespeare Festival. Among them are to (1) serve more in an underserved arts community, (2) engage and win a new audience^[R1], (3) advance commitment to education, and (4) achieve a higher production quality. All tactical objectives and associated methods of execution should fundamentally serve one or more of these goals.

- I. **Serve more in an Underserved Arts Community:** HSF seeks to serve more: more performances, more audience members, more passionate theatregoers engaged in workshops, more students learning about Shakespeare, language, poetry, acting, and the theatre.

As it is, Houston is underserved by traditional performing arts companies and performances. In comparison to communities of comparable size and financial resources, Houston has lower per capita saturation of most traditional arts organizations, performances and venues (Houston Arts Alliance and University of Houston 2012). Because it is underserved, Houston could well accommodate a greater volume of companies and performances without increasing competition for patrons amongst arts organizations with which HSF desires collaborative relationships. By expanding the volume, frequency, availability and accessibility of performances, and by increasing the quantity and

quality of marketing efforts, the Festival may provide opportunity for attendance by a greater portion of the existing theatre-going public.

Engage and Win a New Arts Community: HSF seeks to win a new audience in an evolving Houston: a young, more diverse demographic that has historically attended significantly fewer live arts events.

Houston is the most diverse city in the United States, and this diversity has had two principal aspects: a reduction in the City's median age, and an increase in the minority population, especially in the African-American and Hispanic communities. Both younger and minority audiences have historically attended traditional live arts performances less than half as often as more traditional audiences.

The Festival has extraordinary opportunities to change this dynamic in Houston: a low-pressure, less imposing outdoor venue, a location that is equally near to low-, middle-, and high-income neighborhoods, and most importantly a commitment to remaining a free festival. By pressing these advantages and creating new ones, the Festival can win over a new, large, culturally rich audience.

- II. **Advance Commitment to Education:** HSF will seek to advance its direct impact on the community and its attendance through expanded education and outreach programs.

Theatre programs in schools continue to fall by the wayside as a result of budget limitations. The number of such programs fell by 16% between 2000 and

2010 in elementary schools across the country. The problem is more dramatic in low income districts, where 28% fewer districts have formal secondary theatre programs than in high income districts (Parsad 2012).

Accelerating its commitment to this endeavor is important to two of the Festival's missions: reaching and winning over a new, more diverse audience and engaging with the community in educational outreach. Fortunately, the University and the Festival have resources that are well positioned to tackle this issue in the Houston community head-on. Doing so should have numerous points of positive impact on the community.

- III. **Achieve Higher Production Quality:** HSF will seek to continually improve the quality, ingenuity, and artistic credibility of its performances.

Great global cities – New York, London, Paris, Tokyo, Chicago, Beijing, San Francisco – all share a commitment to promoting arts and culture at the highest level. Houston has already established a world class museum district and an internationally recognized symphony orchestra and opera company. Yet live theatre remains a relatively subdued and underrepresented contributor to the cultural landscape of the City.

The Houston Shakespeare Festival is in a position to contribute to positive change in two ways, first and foremost through direct acceleration of the quality and reputation of its own performances over the coming years. But because of its role as a festival instead of a permanent installation, HSF need not act as a destructive competitor with other live theatre organizations in Houston.

Instead, HSF is uniquely positioned to act as a facilitator for the advancement of the prominence, quality, and reputation of Houston's theatre community more broadly by providing additional exposure, opportunities and audiences for all live theatre companies in the region.

UNIVERSITY IMPACT

Through pursuit of each of the Strategic Goals, the Festival will have, and will continue to actively seek out opportunities to have a meaningful and positive impact on the University of Houston and its community of academics, administrators, and students.

Impact Today

- I. **Increased Alumni Engagement:** The University of Houston boasts one of the most localized alumni networks of any major US university, with more than 63% of alumni living in Houston (About Houston: University of Houston n.d.). Based on historical surveys, alumni have been positively disproportionate attendees of Festival performances,⁷ and provide a mechanism for continued engagement between the University and its alumni.
- II. **Positive Reputational Impact:** The Houston Shakespeare Festival bolsters the reputation of the University of Houston. As a professional arm of the School of Theatre & Dance, it creates an opportunity for students to work side-by-side with professional actors, designers and technicians, publicly demonstrating that students are gaining the skills necessary for their post-graduate careers. High

quality artistic performances, much like citations of academic research, provide credibility to the University's academic programs and schools, and increase the potential for both public and private sources of funding. This success may be measured in attendance numbers, critical reviews and audience surveys as well as recruitment numbers.

- III. **Source of High Quality Undergraduates:** The Houston Shakespeare Conservatory was created in 2011. Each summer, a group of high school students live on the University of Houston campus and take classes with professionals working with the festival. The culmination of their training is the opportunity to perform on stage with the Houston Shakespeare Company. In years past, several students from this group have applied to, and been accepted into, the University of Houston, making this not only a successful educational outreach program but a university recruitment tool.

Additional Opportunities for Impact

- I. **"Tier 1" Reputation in the Arts:** Part of the criteria of maintaining Tier One Status for the University of Houston is attracting high quality undergraduates (Hamilton 2011). The Conservatory has demonstrated the ability to recruit high quality students. This criterion also extends to recruiting high-quality graduate students; part of the draw of recruiting potential graduate students to the University of Houston School of Theatre & Dance is the opportunity to work with the Festival. However, the Festival's forward-looking commitment to advancing

education and engagement with secondary schools in the Houston area provides early and valuable exposure to the University among high potential young Houstonians.

II. **Evolve from a Cost Center to Funding Center:** The Festival is currently valuable enough to the University to justify a significant and ongoing economic commitment. Thus, it represents a necessary and high value Cost Center for the University. Engaging with similarly minded private individuals, corporations, and public funding institutions to support and expand the impact of the Festival can also serve to mitigate the need for ongoing financial commitment from the University, and when considered alongside the impact of expanded engagement with alumni (and resultant increases in alumni giving), the Festival may well become a net positive to the University in a financial sense, in addition to the other valuable contributions it makes. [R2]

III. **Advance Competitiveness for Student Talent:** Awareness of the University, and specifically of the School of Theatre & Dance, and the strength of its programs is critical to the attraction of student talent. There are precious few venues through which the School of Theatre & Dance may become more competitive in the search for student talent, among them media acknowledgement, direct advertisement and marketing, and engagement during critical decision-making and opinion-forming periods between elementary schooling and secondary education. More frequent performances and associated media coverage, as well

as expansion of educational outreach programs, have the potential to meaningfully expand these mechanisms for attracting students.

COMMUNITY IMPACT

Community impact is ultimately the core function of the Festival, a function it serves primarily by delivering consistent artistic performances at no cost to the Houston community. In addition, the Festival has historically served a prominent role in promoting passion for and education in the arts among young people ~~and students~~, and has provided both employment and performance experience to budding and seasoned theatre professionals in the city of Houston.

Current Impact

- I. **Source of Free Entertainment:** The Houston Shakespeare Festival above all provides quality of life value to the Houston community at no cost, allowing tens of thousands of residents and visitors alike each year the opportunity to enjoy live theatre in a novel and beautiful outdoor setting without the expense that typically accompanies attending artistic events of similar quality.
- II. **Economic Impact:** According to *Arts & Economic Prosperity IV*, “nonprofit art and culture are a significant industry in Harris County—one that generates \$869 million in total economic activity. This spending—\$373.4 million by nonprofit arts and culture organizations and an additional \$495.6 million in event-related spending by their audiences—supports 19,651 full-time equivalent jobs, generates \$612.3 million in household income to local residents and delivers

\$97.4 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts, we not only enhance our quality of life, but we also invest in Harris County's economic well-being" (Americans for the Arts n.d.). Houston Shakespeare Festival is a small but growing part of this economic impact, and through simple acts of encouragement to picnic and shop for items related to attending, could increase that impact even more. Additionally, through an increase of HSF's income, staff salaries could be raised to be more competitive and attractive. [R3]

- III. **Promoting Passion for Theatre:** Through the HSF Conservatory and by merit of the Festival's free attendance policy, the HSF has both direct and indirect avenues to promote passion for theatre, especially among populations who may not previously have enjoyed this art form. This passion enriches the Houston community by progressively engaging each generation in commitment to aesthetics, beauty, and collaborative arts.
- IV. **Professional Opportunities for Houston Artists:** The Festival provides summer employment and valuable work experience for young and established artists in a typically slow season for work in this area. The Festival thus plays a valuable role in maintaining a thriving and healthy artistic community in the City of Houston.

Opportunities for Impact:

- I. **Cooperation with Other Arts Organizations:** The Festival need not be competitive with peer institutions in the City; in fact, the Festival should be energized by the opportunity to co-brand and co-market other opportunities for

Houstonians and visits to enjoy the arts in Houston. Because of its unique placement during the year, the Festival can leverage this cooperation with peer institutions to gain additional annex venues, access top Houston artists, and generate a halo effect for the Houston theatre community more broadly.

- II. **Focus on Low-Income Access to Theatre:** The Festival's desire to win over a new audience in the most diverse city in America means that finding ways to provide low-income areas better access and transportation to productions will be critical and high value impact methods going forward. The Houston Shakespeare Festival is already highly democratized relative to peer institutions, but active efforts in engaging and attracting these new and different audiences will amplify the Festival's impact.
- III. **Augment Youth Theatre Education:** The Festival has historically engaged in significant educational outreach, although the capacity to impact the community in a very direct way is not only an increasingly critical need, but something that is conceivably within the Festival's grasp. Leveraging the staff and crew of the Festival and the University to augment declining primary and secondary theatre education in Houston will have a lasting impact on the community and the Festival itself.

BROADER IMPACT

As a completely free cultural event, the Houston Shakespeare Festival is positioned to create a significant footprint, as it is open to the broadest possible

audience. By bringing together talent from all over Houston (and bringing it home from all over the nation), it also becomes a summer home for artists during the slow season for permanent companies, making it nationally relevant. Through scale and continual increases in production quality, the Festival also has the ability to become a destination event for theater-goers and a sought-after professional opportunity for artists.

Opportunities for Impact:

- I. **Tourism and Destination Theatre:** Increasing the scale, marketing and production quality of the Festival could create regional tourism opportunities in the short run and become an even more significant attraction in the long run. Cultural tourists are frequently searching for unique artistic events and opportunities, and the Houston Shakespeare Festival is particularly well-suited as a large, free, outdoor Festival with a long-standing history to begin to attract a much broader following.
- II. **National and International Partnerships:** An increase in the prominence of the Festival could lead to partnerships with other cultural venues in Houston (e.g. museums, other performance arts organizations, etc.) as well as similar festivals elsewhere in the U.S. and abroad. Such partnerships would allow the Festival to have a broader global impact in line with the Festival's objective to increase its regional importance.

KEY OBJECTIVES AND TIME HORIZON

NEAR-TERM (2015-2020)

As noted previously, the Festival's key objectives in the future must be considered and chosen in light of the four principal Strategic Goals. Over the course of the next five years, the Festival will pursue a series of Key Objectives oriented around each of these Strategic Goals.

Near-Term Objectives to Serve Underserved Community

- Near-Term Objective 1: By 2020, increase number of Festival performances by 50%. This will require (1) identification of potential or annex venues (such as utilizing performance space at the University of Houston School of Theatre & Dance) for additional performances due to the time lock of Miller Outdoor Theater's season, and/or (2) partnership with other theatre companies to present joint productions in context of the Festival.
- Near-Term Objective 2: By 2020, leverage marketing and outreach efforts to increase average nightly attendance to 4,000. To compare, the average nightly attendance in 2013 was 2,550. [R4]
- Near-Term Objective 3: By 2020, introduce a third related but non-Shakespeare production to each year's repertory, expanding the reach and breadth of the Festival.

Near-Term Objectives to Win a New Audience

- Near-Term Objective 4: By the 2016 Season, increase collateral (i.e. branded clothing, merchandise, etc.) to begin establishing and expanding the Festival's brand equity among target audiences and communities.
- Near-Term Objective 5: By 2016, establish partnerships with community organizations with an emphasis on creating affinities among young professionals and low income and minority groups (e.g. Multicultural Education and Counseling through the Arts, or "MECA", lectures and films.)
- Near-Term Objective 6: In 2014 or 2015, create a Board of Advisors. Through the establishment of a Board of Advisors, the Festival will begin to establish a more permanent network of passionate individuals in the community to assist with the development of partnerships. The Board of Advisors will consist of 4-6 members and include specialties such as finance, law, accounting, marketing and key ties to the Houston community.
- Near-Term Objective 7: By 2016, create a corps of volunteers. This corps of less than 10 volunteers (to begin with), will be managed by a development associate. Their goal is to create a support group willing to perform additional duties for the festival. Some of these duties might include running errands, assistance with disbursement of publicity materials, planning and preparation for educational talks, manning festival booths, and providing a potluck dinner for actors at technical rehearsal. This will give the volunteers the opportunity to engage with the artists and for the artists to have a special meal with festival supporters.

- Near-Term Objective 8: By 2017, engage with Houston Metro to schedule and advertise special direct public transit opportunities from low income Houston communities to and from the Festival.
- Funding Objective 9: By 2018, transition or augment the Board of Advisors into a more traditional Board of Directors. The objective of the Board of Directors will be (1) to solidify ties with the Festival and passion within the Houston community, (2) welcome more specialties and sources of volunteers to the Festival, and (3) to strengthen the Festival's fundraising capabilities.

Near-Term Objectives to Advance Education

- Near-Term Objective 10: By 2017, introduce a TEKS-oriented lesson plan program for Houston English teachers to promote "before-the-school-year" participation by high school students as part of curriculum. This would be included in Study Guides available on the HSF website which would additionally include play synopses, historical facts, and other educational activities.
- Near-Term Objective 11: By 2017, participate in the academic Blackfriars Conference at the American Shakespeare Center. This not only provides the opportunity for scholars associated with the Festival to share their research, but also for these scholars to network with other scholars from festivals around the country. This would likewise serve as a recruiting opportunity for the University for graduate students.

- Near-Term Objective 12: By 2018, introduce a year-round staff of crew and University-affiliated actors to travel during the school year to elementary and junior high schools to present theatre vignettes and increase affinity among young Houstonians for both theatre and the Festival itself.
- Near-Term Objective 13: By 2020, establish educational partnerships with at least 3 Houston schools, providing on-site history, language and artistic instruction by HSF associate dramaturgs and volunteers.

Near-Term Objectives to Achieve Higher Production Quality:

- Near-Term Objective 14: Immediately⁷ utilize the current group of patrons and develop a network of housing options for visiting artists. This will give patrons a special opportunity to engage with the artists during the HSF season (along with proper acknowledgement in HSF programs), while alleviating the financial stress on HSF of finding housing for these visiting artists.
- Near-Term Objective 15: Immediately establish a broad practice of surveying Festival audiences, collecting, among other information, data concerning the demographic and socioeconomic details of the theatregoers, as well as whether attendees have previously supported the festival and whether they have previously attended.
- Near-Term Objective 16: By 2016, update the HSF website to include further history, production pictures, an education section (see Near-Term Objective 10), dramaturgy or director's blog and giving opportunities.

- Near-Term Objective 17: By the 2016 Season, establish successful partnerships with the strongest Houston-based arts organizations (such as The Alley Theatre, Stages Repertory Theatre, Main Street Theatre, Classical Theatre Company, or Stark Naked Theatre) that would place their most skillful company members in the Festival, potentially by providing a means through the Festival to benefit fellow companies through joint marketing and branding opportunities.
- Near-Term Objective 18: By the 2018 Season, Participate in the Shakespeare Theatre Association yearly conference. This will improve HSF's visibility with festivals all over the world and encourage growth and better business practices by the HSF staff.^[R5]

MEDIUM-TERM (2015-2025)

Medium-Term Objectives to Serve Underserved Community

- Medium-Term Objective 1: By 2021, reintroduce the Children's Theatre Festival ("CTF") as "HSF Youth." Once a primary outreach arm for the Festival, CTF was retired under previous administration. Not only will HSF Youth provide a year-long opportunity for HSF to engage with the community, ~~but~~ HSF Youth will additionally help fund HSF and keep its own costs low by focusing on local talent. One way to accomplish this is to hire local playwrights to create the scripts and hiring undergraduate UH student actors. This will further provide student actors with professional experience.

- Medium-Term Objective 2: In 2024, the 50th anniversary of the Festival, HSF will partner with other Houston theatres to produce a cycle of plays, such as the *Henriad*, in each theatre's particular style, highlighting the diversity and quality of Houston theatre. Staggered scheduling will be encouraged so that audiences may experience these plays in chronological order.

Medium-Term Objectives to Win a New Audience

- Medium-Term Objective 3: By 2021, create adult outreach programs aimed at the 21-25 age demographic. These might include activities such as “Bubbles and the Bard” where a group meets before a final dress rehearsal with a development associate or member of the dramaturgy team for a pre-show talk, champagne, and a “sneak peek” of an HSF production. The development or dramaturgy team could also lead guided readings of productions in rehearsal, highlighting production history, poetic meter, and interesting insights from rehearsals.
- Medium-Term Objective 4: From 2019-2024, begin routinely producing special events such as “Midnight Macbeth,” (a midnight production of *Macbeth* held at an appropriate venue) marketing directly to the younger demographic of audience members, inviting them to experience or re-experience Shakespeare in a new way that is more likely to lead to word-of-mouth recommendations, “viral”-style growth in popularity, and more personal involvement on the part of audience members.

- Medium-Term Objective 5: By 2020, create a touring company to perform Shakespeare in military bases around Texas. This would serve to promote the Festival beyond Houston, identify with a new audience with limited normal exposure to Shakespeare and contribute positively to the artistic community in Texas. It is likely that this endeavor may be sponsored by the National Endowment for the Art's program Shakespeare in American Communities.

Medium-Term Objectives to Advance Education

- Medium-Term Objective 6: By 2025, establish educational partnerships with at least eight Houston-area schools, providing on-site history, language and artistic instruction by HSF staff and volunteers.

Medium-Term Objectives to Achieve Higher Production Quality:

- Medium-Term Objective 7: By 2023, cement a partnership with a peer institution elsewhere in the United States, such as the American Shakespeare Center. The objective would be to establish a relationship as a "sister theatre" to the Festival. This partnership would work to improve the Festival and its partner through sharing of artists, venues and mentorship with a highly successful theatre with which the Festival already has ties. In the case of the American Shakespeare Center, faculty at the University of Houston School of Theatre & Dance already hold a relationship with the theatre's directors and several University alumni have joined their company after graduation.

LONG-TERM (2025 AND BEYOND)

Long-Term Objectives to Serve Underserved Communities

- Long-Term Objective 1: Between 2025-2030, the Houston Shakespeare Festival shall, through the identification of additional venues and expanding its reach, establish a presence on a year-round, if not continuous, basis.

Long-Term Objectives to Win a New Audience

- Long-Term Objective 2: By 2025, the Houston Shakespeare Festival will have robust partnerships, including special events and other opportunities, with community organizations representing each of the new audiences sought by the Festival, including in particular community organizations serving minority communities and young professionals in the Houston area.

Long-Term Objectives to Advance Education

- Long-Term Objective 3: By 2025, the Festival will have regular relationships with ten schools in the Houston area, in which the Festival will provide associate dramaturgs, development associates or University student actors to instruct and entertain students and teachers, and continue to expand the pool of Houstonians with an affinity for the Festival well into the future.

Long Term Objectives to Achieve Higher Production Quality:

- Long-Term Objective 4: By 2030, the Houston Shakespeare Festival should seek to begin a formal process to build a Houston-based model of the Rose Theatre,

one of Shakespeare's original theatres, to be the Festival's year-round home venue. Additionally, this "Rose of Texas" would be an asset to the Festival's "sister" relationships with like-minded organizations elsewhere, many of which have constructed other versions of Shakespearean theatres, for example the Globe Theatre in London and the American Shakespeare Center's Blackfriars Playhouse. This building will additionally have the opportunity to become a landmark tourist attraction in Houston, providing space for performances as well as educational [events](#) and conferences.

EXISTING ASSETS AND RESOURCES

HISTORY OF HOUSTON SHAKESPEARE FESTIVAL

The Houston Shakespeare Festival celebrates its 40th ~~s~~Season in 2014, having been created and co-founded by Dr. Sidney Berger in 1975. Dr. Berger felt that with all the arts that the city of Houston had to offer, it was unthinkable that it was without a Shakespeare festival. That year, he met with UH administrators and members of the Miller Theatre Advisory Board to produce a two-production season of Shakespeare plays to be performed in repertory at the Miller Outdoor Theatre. Since that time, the festival has continued to be held over two weeks every summer, offering two productions in repertory. Indeed, with ~~now forty~~40 years of performances under the Festival's belt, it would be even more unthinkable now to consider Houston without the Houston Shakespeare Festival.

During its now ~~four decades~~~~forty years~~, it has been led by only three Executive Directors: Dr. Berger from 1975 until 2006, Steven Wallace from 2007-2013, and beginning with the 2014 season, Jim Johnson. The duties of the current Festival, under the leadership of Jim Johnson, are divided between three senior faculty members of the School of Theatre and Dance: ~~The~~ Executive Director (Jim Johnson), Artistic Director (Jack Young), and Literary Director (Dr. Robert Shimko).

This history is an asset to the organization, in so much as it means that the list of past attendees, as well as cast and crew alumni, is very long indeed. The ability to evoke

memories of past experiences and productions is a powerful one in engaging the community to participate more directly, whether through volunteerism, financial contributions or simply through promotion of the Festival through word of mouth.

Other festivals as well as researchers on tourism have demonstrated the importance of cultivating an audience of repeat attendees, in addition to a growing influx of new audiences. Repeat visitors are unsurprisingly those who are most likely to bring along or recommend the festival to friends and family; ~~they~~^{they} “act as information channels that informally link networks of friends, relatives and other potential travelers to a destination” (Reid and Reid 1993). In addition, repeat visitors are among the most cost effective, as marketing is less necessary for repeat attendance than for soliciting new visitors (Jang and Feng 2007). Indeed, limited historical marketing efforts indicate that the Festival’s attendance in prior years has been predicated almost entirely upon repeat attendance. Only about 18% of those surveyed in 2013 indicated they were attending the Festival for the first time. (Note: We must consider the possibility that these numbers are skewed, as those who attend the festival repeatedly are more invested in it, and therefore more likely to fill out a survey.)

Even so, ensuring a vibrant and growing festival will mean continuing to attract new audiences as well. Focusing marketing efforts on new visitors not only serves to achieve the various objectives of the Festival by opening up Shakespeare to new audiences, it also represents an opportunity to efficiently achieve this vibrancy. Prior research indicates that destinations such as the Houston Shakespeare Festival must

“understand their entire market structure, which consists of other segments, including continuous repeaters and deferred repeaters” (Jang and Feng 2007). To leverage the full value of the Festival’s history, it will be important to (1) continue to deliver what long-time attendees have valued, to (2) reach out to previous but lapsed attendees with reminders of their past experiences, and to (3) allow new participants to share in the richness the Festival’s history has created.

It is also important for emerging and newer global cities like Houston to retain long-standing organizations and traditions. As a result, the City’s commitment to the Houston Shakespeare Festival and its health should remain strong going forward.

REPUTATION AND GOODWILL

Increasing commitments from the University and Houston-based foundations to the Festival demonstrate rising recognition of the Festival’s importance to the community and the strength of its traditions. Additionally, the Houston Shakespeare Festival’s mission is one that resonates with a variety of constituencies, and its product is well regarded.

Large foundations and endowments have been consistent financial backers to the Festival. Cullen Trust has given \$30,000 every year since 2011. The Houston Endowment has increased its contribution from \$10,000 in 2011 to \$20,000 in 2012. The Brown Foundation gave \$25,000 in 2011 and again in 2012. Thus, not only is the reputation of the Festival strong historically, it has exhibited strong momentum. This is a

testament to the continued quality of the Festival and the efforts of its staff, in addition to the quality and consistency of philanthropic organizations in the City.

In addition, the responses from attendees continue to highlight the broad goodwill in the community for the Festival. In the summer of 2013, HSF audience members were asked to participate in a survey. The questions asked respondents about their age, zip code, whether the participant had attended the festival for the first time that evening, a few times previously, or for years, which show they attended or both, whether they brought food, drinks or alcoholic beverages, whether they were UH alumni, how they found out about the festival, and whether or not they had attended productions at UH. A space was also left for any additional information the audience member wished to add.

The 2013 survey reinforced that HSF has become an anticipated tradition for many of its returning audience members. Of those surveyed in 2013, 55% said they had been coming to the festival for years. 27% said they had been a few times, and just under 18% were there for the first time. This level of repeat attendance is both a significant positive and a real challenge. It strongly suggests the power of the long history of the festival and the impact that has had on participants over time, while also revealing how important and transformative attracting new audiences could be. Even 500 new attendees on an average night would transform the festival's composition from 18% to nearly 30% in new attendees.

The feedback from the audience gleaned from this survey was largely positive. Among the freeform survey responses from attendees were these:

“It is fabulous – Look forward to it every year – Performance chat with actors?”

“It’s perfect”

“Great as it is”

“I enjoy the festival as it is”

“Keep up the great work”

“You all are perfect”

“Good productions”

“...Y’all are really [a]wesome. Keep it up.”

Consistent with the Festival’s near-term objectives, other respondents said that they would like the festival to expand:

“Extend it one more week each year”

“Hold more performances”

“Do more plays” |

[R6] VENUE AND CITY RELATIONSHIP

HSF has performed at the Miller Outdoor Theatre (“Miller”) since its inception in 1975. Miller prides itself on attracting professional and artistically excellent works for Houston audiences at no charge. The 2014 season will mark Miller Outdoor Theatre’s 90th anniversary, a history in which the Festival has played a consistent and prominent role.

The Miller Outdoor Theatre, according to administrators, “is the largest ‘always free’ program of its kind in the country.” Its covered area includes 1,705 seats while “the hill” is large enough to accommodate 4,500 (Miller Outdoor Theatre n.d.).

We believe that the long-standing relationship with the venue is mutually beneficial to the Festival and to the Miller Outdoor Theatre, as the tradition of attending Shakespeare here becomes multi-generational and strongly attached to the brand of both organizations. The result is an excellent working relationship that should serve to facilitate productive discussions of expansion and extension of the Festival consistent with HSF’s near-term growth objectives.

The values and objectives of the Festival are highly consistent with those of the Miller Outdoor Theatre, which are as follows:

1. Quality is our foremost consideration in selecting performances for the Miller stage.
2. We are committed to serving the many diverse communities of Houston.
3. We support performances with broad, popular appeal.
4. We expect a high level of accountability.
5. We fund programs that are cost-effective in audience reach (Advisory Board and

Core Values: Miller Outdoor Theatre n.d.).

LEVERAGE FROM UNIVERSITY RELATIONSHIP

The University has historically provided substantial support to the Festival in terms of personnel, staff, financial resources, and infrastructure. Shared resources form the core of this support. The facilities of the School of Theatre & Dance serve as a

primary rehearsal venue for the Festival and also provide a home for the faculty and staff that produce the Festival every year. In addition, the shop facilities on University premises serve as the primary production facility for sets and props for the summer's productions.

In addition to facilities resources, University faculty members provide direction, auditioning, consulting, planning, and other services that are critical to the success of the Festival each year. Faculty and student volunteers arrange and conduct auditions for the Festival, a significant undertaking that would be a much more expensive proposition for a privately operated theatre. Travel and lodging arrangements for guest artists and the management of Festival logistics (e.g. venue, contracts, scheduling, etc.) are all administered by staff operating jointly on behalf of the University and the Festival.

The University has likewise historically provided significant financial support to the Festival. While leadership has sought grants and external sources of funding where possible, ultimately the funding providing to the Festival through the School of Theatre & Dance has historically been critical to the Festival's operations. While these amounts have varied from year to year, the University's direct financial support has consisted of tens of thousands of dollars in funding each year. While the Festival's long-term objective is to become more financially self-sufficient, the commitment of the University to the value the Festival brings is invaluable, especially during periods of stress on other funding sources.

ANALYSIS OF KEY DRIVERS AND CHALLENGES

HOUSTON AUDIENCES ANALYSIS

Non-musical theatre attendance, both nationally and regionally, is heavily influenced by a variety of demographic factors. Income, ethnicity, education, and age all result in significant variation in attendance and patronization of plays, and different regions within the United States experience significant variation in attendance rates.

Ethnicity is among the most prominent factors in determining theatre attendance. Based on a 2008 study by the National Education Agency, those who identified themselves as Hispanic were nearly one third as likely to have attended at least one play in the last twelve months as those who identified as White. African Americans were roughly half as likely to have attended a play as White Americans. The Festival's emphasis on celebrating diversity clearly faces significant challenges but also carries a corresponding importance (Iyengar, Bradshaw and Nichols November 2009).

Age, too, is a significant influencer of attendance of all forms of performing arts, including non-musical theatre. Americans who are 55-64 are roughly 50% more likely to attend a play than an individual who is 18-24. Based on Survey results, the Festival is more successful than the national average in attracting these young adults ~~than the national average~~. In 2013, 18.3% of attendees surveyed at the Houston Shakespeare Festival were 18-24, compared with 10.5% of attendees at plays nationally.

It is income, however, that drives the starkest differences in attendance of non-musical theatre in America. Individuals from families with incomes s above \$150,000 are nearly six times more likely to have attended a play than those from families making less than \$30,000 a year. Even compared with the most common middle class income range of \$50-75k, wealthier Americans are still nearly three times more likely to attend a play. This gap is the pervasive one that the Festival is best positioned to address as a free event in proximity to a variety of low- and middle-income neighborhoods. Aggressive pursuit of these communities through marketing, transportation partnerships, and other methods is likely to be among the highest value actions the Festival could take (Iyengar, Bradshaw and Nichols November 2009).

Regional influences are strong as well, above and beyond these other demographic effects. Theatre attendance in the West South Central region, which includes the state of Texas, is roughly half as prevalent as it is in New England or along the Pacific Coast. Only the East South Central region, which lies along the central and eastern gulf coast, attends non-musical theatre less frequently. Whether the cause is more limited availability of live theatre or other cultural influences, attendance of plays in the South Central United States is quite poor, at just over 6% of the adult population per year (Iyengar, Bradshaw and Nichols November 2009).

Houston's demographic composition is a key contributor to its cultural richness, but it also presents very real challenges and opportunities for a traditional theatre company. As the most diverse city in America, the City of Houston is home to a

population that is 25.6% White, 23.7% African American and 43.8% Hispanic (State & County Quickfacts: United States Census Bureau 2014). While the City is large enough to support many live theatre organizations regardless of demographic effects, the Festival's commitment to promoting diversity means changing some of these historical patterns.

Evidence from other live theatre organizations in the City points to continued challenges in this area. One of the largest peer companies in Houston hosts annual audiences that look rather more like the national trend for non-musical theatre than Houston itself, with 81.5% White, 4.1% African American and 9.4% Hispanic audiences. The implication is that a White resident of the City of Houston is nearly 18 times more likely to attend productions by this prominent company than an African American resident of the City.

Reaching younger audience members, despite the relative youth of the City, has proven challenging for peer companies as well. The same previously referenced organization attracted almost the same number of centenarians as 20-21 year olds. More broadly, attendees above the age of 55 represented approximately half of the audience, while representing only a quarter of the Houston adult population. As before, this should not be seen as a criticism of any organization – certainly appealing to these audiences is a very valid target. Yet for the Houston Shakespeare Festival, it highlights both the challenges of promoting diversity and the opportunity to achieve something very novel by doing so.

HOUSTON THEATRE MARKET COMPETITIVE ANALYSIS

Houston has a large, generally well-funded and well-attended live theatre arts community with several successful companies. Excluding the extraordinarily well-heeled Houston Grand Opera, live theatre in Houston is dominated by seven professional companies: The Alley Theatre, Stages Repertory Theatre, The Ensemble Theatre, Main Street Theatre, Catastrophic Theatre, A.D. Players, and The University of Houston Department of Theatre & Dance.

Live theatre companies are competing for shares of a pie that is, in a way, both growing and shrinking. On the one hand, as pointed out previously, the City of Houston is growing dramatically, increasing the potential audiences which all live performance arts organizations might attract. On the other hand, this growth is likely to come primarily from demographic groups that have historically attended live arts at significantly lower rates. More concerning is that this growth will be challenged to overcome the lower attendance trend that now permeates the entire population. Indeed, since the already low attendance rates demonstrated in the 2008 report, the NEA reports that non-musical play attendance dropped by 12% between 2008 and 2012 (National Endowment for the Arts 2013).

While these attendance trends represent a real challenge, the Houston Shakespeare Festival has certain advantages. First, festival attendance across the country has been among the few bright spots in an increasingly dim future for live performing arts. The attendance of outdoor performance festivals by the most

attractive young adult demographic (18-24) actually increased between 2008 and 2012, from 22% to 25%. This trend is especially encouraging in the particularly young City of Houston.

Most importantly, however, the Houston Shakespeare Festival need not be a competitive entity in the live performance arts community in Houston, but rather can engage as a collaborative participant ^[R7] that seeks to influence a rising tide for its peers. The Festival is in this position for a number of reasons: first, the composition of audiences for outdoor theatre festivals like the Houston Shakespeare Festival and traditional live non-musical theatre is significantly different (Iyengar, Bradshaw and Nichols November 2009). The organizations are simply not always competing for the same viewers. In addition, any competition for overlapping audiences would be only for time, and not for economic resources given the Festival's long-standing free attendance policy.

Perhaps most importantly, however, the current performance season for the Festival overlaps in only the most minimal way with most existing arts organizations. The largest Houston live theatre company, The Alley Theatre, for example, had only one production in August, which in 2013 ended prior to the opening of the Festival. The second most prominent organization, Stages [Repertory](#) Theatre, had a single limited engagement show outside of its main series running during the Festival. The University of Houston, also among the largest producers of theatre in the city, ran only the Festival

itself during this period. Even the most similar festival-type company, Theatre Under the Stars, had no overlap with HSF in past years^[R8].

A lack of schedule overlap does not always indicate a lack of competition. Since disposable income for Houston families to spend on arts and theatre is limited over any period, money spent on attending arts events at certain times of the year may preclude it during others. Since the Festival is free, however, this should be expected to have practically no impact on HSF attendance. It may, on the other hand, have some impact on the willingness and capacity to give to the Festival. This risk is something that must be accounted for in the Festival's fundraising activities.

This lack of direct competition puts the Festival in a unique situation to act not as a competitor but collaborator. Providing opportunities for additional income to members of other Houston theatre companies, sharing venues, and co-branding and co-producing shows in future years all represent methods whereby the Festival could work with the Houston theatre community rather than against it. This should serve to improve the health of the Festival, the health and cooperativeness of the theatre community in Houston, and the international reputation and prominence of both.

ENVIRONMENT FOR CHARITABLE GIVING

Charitable giving in the United States has continued to recover following the economic recession of 2008-2009, reaching \$417.8 billion in 2013, an increase of 13.3% over 2012. Approximately \$18.5 billion was given to the arts, up 14.1% from 2012. The

Atlas of Giving, a Dallas-based research organization, projected 2014 arts giving to rise to \$19.3 billion, an increase of 4% (Atlas of Giving 2014).

In a broad sense, individual giving continues to be the largest source of charitable funding; however, this is somewhat skewed by the fact that religious giving, which is almost entirely individual, constitutes the largest single recipient of charitable funding in the United States. Foundation giving, a significant source for arts organizations, was approximately \$58.1 billion in 2013, while corporate giving was \$20.2 billion (Atlas of Giving 2014).

Yet individual giving is likely to remain the most prominent growth opportunity in funding for the Festival, and philanthropy among wealthy individuals remains robust. In 2011, more than 95% of high net worth families (those with incomes greater than \$200,000 or net worth of more than \$1,000,000) gave to charity. Perhaps even more encouragingly, 88.5% volunteered their time, in comparison to 78.7% in 2009; in fact, more than one-third volunteered at least 200 hours. Both giving and volunteering have become more strategic and intentional over time, which “may be related...to the rise in the use of giving vehicles, which include donor-advised funds, foundations, and charitable trusts.” Indeed, more than 70% had a formal giving strategy and 40% consulted an advisor on their giving (The Center on Philanthropy at Indiana University 2012).

Giving to the arts tends to be among the highest areas of frequency for high net worth individuals. In 2011, only education (79.6%) and basic needs charities (79.3%)

represented a higher rate of giving for high net worth individuals than arts and culture (68.8%). In amounts, however, [Arts](#) organizations tend to receive smaller overall allocations, totaling 4.9% of individual charity in 2011. Unfortunately, giving to the arts has been on the decline, and by more than any other area, falling by more than 30% since the peak giving year of 2009. The average gift by high net worth individuals to arts organizations in 2011 was \$3,952, with a median gift of \$675. High net worth giving also varies by region. Unsurprisingly, giving in the Northeast is the highest, but giving in the South of the United States, which is dominated by Texas, is actually the second highest, ahead of the Pacific Coast and Midwest, historically centers of very significant philanthropy (The Center on Philanthropy at Indiana University 2012).

Giving from individuals is also increasingly driven by the belief that their giving will produce an impact. In 2011, 74% of high net worth donors said that they were “motivated to give because they feel moved about how their gift can make a difference.” Individual donors gave most (averaging \$102,642) to organizations where they felt their gift would have the largest impact and where they volunteered. Many felt that this impact would be in the arts, as 5.6% of high net worth families made their largest single contribution to an arts organization (The Center on Philanthropy at Indiana University 2012).

The Houston Shakespeare Festival should have the ability to significantly increase individual giving as a source of funding on several grounds. First, the ability of a large individual gift to impact the Festival is greater than almost any other arts

organization in the City of Houston. For families who share the broader value favoring impact described above, a large single or regular gift to HSF would be among the highest and most visible impact gifts they could make to the arts. Making this potential impact known to potential donors will be an important strategy in engaging these families as patrons and valued partners of the Festival.

The Festival also has the ability to offer meaningful, high impact opportunities for donors and partners to engage as volunteers that would not be possible for many arts organizations, given the non-profit status, informal environment, and outdoor venue of HSF. Given the increased propensity of volunteers to make significant and impactful financial commitments, encouraging volunteer opportunities among those who are passionate about the organization could be a high value endeavor.

Foundation giving remains very prominent in the arts, with a similar composition to high net worth individual giving. Approximately 20,000 grants were written to arts organizations in 2011, about 13% of total foundation grants that year. This total was more than all but Human Services and Education grants. As with individual giving, amounts tend to be smaller, as only 9% of grant funds supported arts organizations. With the arts, performing arts organizations were the most common recipient of grants, receiving 41% of arts grants and 36% of arts funding (Foundation Center 2012).

Despite the general positive trend in philanthropy in Texas, Arts and Culture grants by foundations have actually lagged somewhat. While Texas represents approximately 8.3% of the population of the United States, it receives only 6% of

foundation grants nationally. Still, 28 Texas-based foundations made grants of more than \$1,000,000 to the arts in 2012, only four of which have made historical commitments to the Houston Shakespeare Festival: the Brown Foundation, The Wortham Foundation, The Houston Endowment, and the Cullen Foundation (Foundation Center 2012).

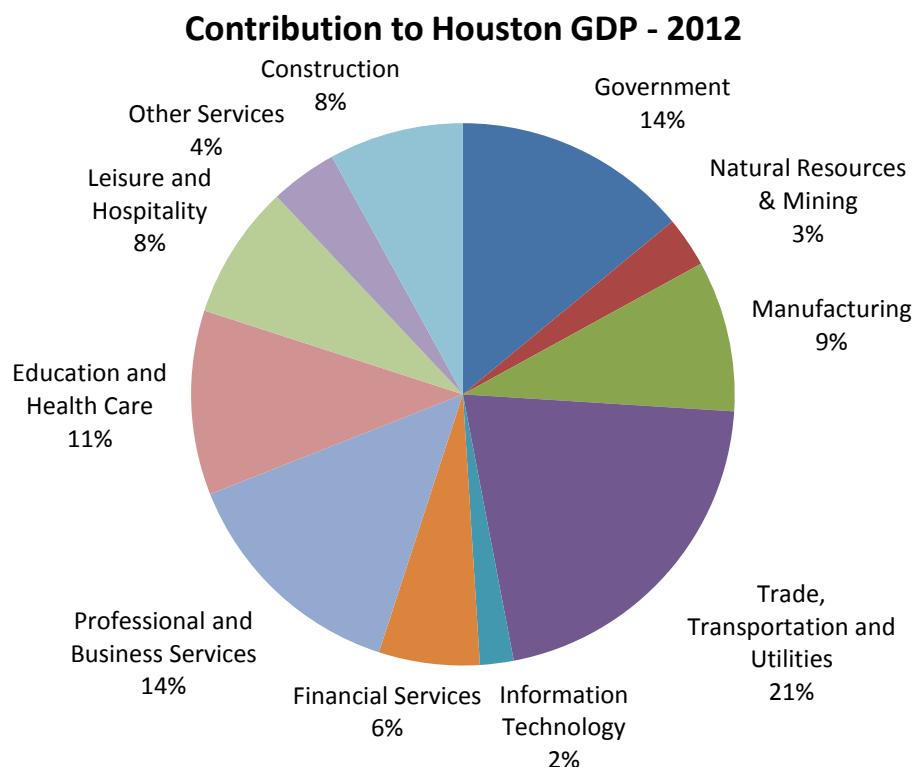
Foundation funding for the Festival has been a major source historically, and it is important that the Festival continue to demonstrate to its existing partners loyalty, efficient operation, and significant impact. Yet many other foundations have expressed a commitment to supporting arts, education, and culture in Houston and Texas, and the Festival has an extraordinary opportunity to communicate its long-term vision to these organizations. It is likely that many will experience like-minded passion for the Festival's Strategic Goals.

HOUSTON ECONOMY ANALYSIS

Houston is one of the largest corporate centers in the United States, housing headquarters for 23 Fortune 500 companies, more than any city other than New York City (City of Houston: Houston Facts and Figures n.d.). The Energy and Petrochemical industries are disproportionately large contributors to the economy, and indeed, the Houston metropolitan area is responsible for more than a third of the production of many refined petroleum products. That said, Houston boasts many economic engines beyond oil and gas, including the largest medical complex in the world, a thriving

aerospace industry, a significant financial services presence, and massive trade infrastructure oriented around the Port of Houston (Gattis 2012).

The result of having these industries within Houston has been explosive economic and jobs growth relative to the rest of the country since the recession of 2008 and 2009. Houston was the first major city to regain all the jobs lost in that recession, adding more than two jobs for every one that was lost (Thompson 2013). In part this can be attributed to the somewhat cyclical fortunes of the energy industry, but it also reflects increasing international investment and trade with the City of Houston. Of the largest 100 non-US domiciled companies in the world, more than half have operations within the City.



The signs of growth are evident throughout the city, and they have come at the expense of other cities and states around the country. Long-standing Los Angeles

mainstay Occidental Petroleum is moving its headquarters to Houston (Gopinath 2014). Even the former Dallas-headquartered Exxon-Mobil will call the Houston area home after finishing the second largest office development under construction in the entire United States at the moment. Nearly ten million square feet in office space are under construction in the City at present, comparing quite favorably to the single million under construction in Los Angeles (Kotkin, American Cities May Have Hit 'Peak Office' 2013).

The economy's growth has not been entirely focused on traditional corporate expansion, but has also included a dramatic increase in the number of entrepreneurs. Between 2008 and 2011, the number of self-employed Houstonians grew faster than in any other large metropolitan area in the country (Kotkin, The Third Coast: From Brownsville to Tampa Bay, an economic powerhouse emerges 2012).

While expected growth for Houston continues to be robust, the region's reliance on the energy industry does create the risk of cyclical, or periods where the economy will weaken as a result of energy prices or general economic activity. As a result, arts organizations and non-profits in general in Houston are well-served by identifying a diverse range of funding sources, including individual, corporate, foundation, and public sources. In addition, the formation of an endowment or capital campaign may be key to weathering periods of economic uncertainty.

HOUSTON AND SOUTHWEST REGIONAL PHILANTHROPY ANALYSIS

One additional result of Houston's economic health has been a very prominent role for corporate executives and corporations within the non-profit arena in Houston.

Current and former oil and gas executives represent a significant portion of the Board membership on many of the most prominent non-profits and arts organizations in Houston. The reason is simple: as Apache President and Alley Theatre Board Member Robert Plank told the Financial Times in 2010, “If we’re going to have our headquarters here, we want to support organizations that make Houston a better place to live” (Bernhard 2011).

The ability of new wealth and new industries to take part in the development of non-profit organizations and institutions is far more pronounced than in more entrenched communities like New York or San Francisco. As a result, the role of both corporate and individual giving in the financial support of arts organizations in Houston is exaggerated relative to similar institutions in other regions. For example, the Chairman of the Houston Grand Opera Board is the former head of the MD Anderson Cancer Center, one of the most prominent healthcare institutions in the City. The Chairman of the Alley Theatre Board is a Managing Partner with a prominent energy mergers & acquisitions legal practice.

Standards for non-profits in Houston are very high. Based on a report by Charity Navigator published in 2013, Houston’s charities were ranked as the 2nd healthiest and most committed to accountability and transparency, boasting significantly lower administrative expenses and fundraising expenses than national average (Metro Market Study 2013 2013).

Despite a focus on individual and corporate giving, however, Houston does maintain a prominent foundation giving environment. The 30 largest foundations in Houston funded 2,333 grants, or a sum of \$325 million, in 2011. The largest givers were Houston Endowment Inc, The Brown Foundation Inc, the Greater Houston Community Foundation, the Laura and John Arnold Foundation and The Cullen Foundation (Feldman 2013), a list that includes historical donors to the Houston Shakespeare Festival (The Houston Endowment and The Brown Foundation).

A robust fundraising effort in Houston must necessarily be capable of sourcing funding from both foundations as well as through solicitation of individual and corporate giving. The latter, in particular, is likely to be most successfully pursued through Board and ~~v~~Volunteer membership opportunities, and by providing wealthy Houston families with compelling networking opportunities and ~~the~~ evidence of the results of their giving.

GAP ANALYSIS OF NECESSARY ASSETS AND RESOURCES

NEAR-TERM GAP ANALYSIS

The gaps in the Festival's existing assets and resources that would prevent achievement of the near-term objectives fall generally within three areas: (1) insufficient financial resources, (2) underutilized potential volunteer resources, and (3) the need for additional use of venues.

The objectives most likely to cause strain on existing financial resources would be the proposed expansion of the length and scope of the festival. A 50% expansion of the length of the festival and an additional show would increase artist expenses, production expenses, and facilities expenses. Given historical expenditures, achieving these objectives will likely require securing an additional \$125,000-\$175,000 in regular funding from a variety of sources.

Expanding the Festival's educational outreach programs would impose additional financial requirements as well. The development and publishing of materials, the administration of the volunteer programs, and transportation expenses would likely incur an additional \$10,000-\$20,000 in expenses. In addition to the financial costs, the Festival will need to attract and maintain a consistent roster of 15-20 volunteers.

In addition to the financial and volunteer needs associated with the near-term objectives, the Festival will also need to work with its partners to expand access to venues. Adding 50% to performances would functionally require an additional week of

access to venues. The aforementioned costs assume the extension of the existing arrangement with Miller Outdoor Theatre for an additional week; to the extent this is not possible, reserving a comparable venue might prove to be an additional expense. Additionally, a more cost-effective option might be utilizing space at the University of Houston School of Theatre & Dance.

Perhaps the lowest hanging fruit among near-term objectives, however, is the creation and expansion of direct and indirect marketing for the festival. Collaborating to create a competitive poster competition would be a minimal expense with high potential value. Printing of posters and other marketing collateral would be a small additional expense, as would negotiating for additional exposure in Houston-based media and publications. By 2019, an increase of up to \$10,000-15,000 in marketing expenditures would likely be necessary to achieve the additional impact goals of the Festival.

In all, it is reasonable to estimate that achieving the near-term objectives would require approximately \$145,000-\$210,000 in funding, along with the establishment of a volunteer roster of 15-20 individuals. In addition, it would require constructive engagement with venue providers, in particular the University of Houston School of Theatre & Dance, to expand the Festival's duration.

MEDIUM-TERM GAP ANALYSIS

Similar to the near-term objectives, the principal missing resources to the medium-term objectives are financial in nature. In addition, however, many of the

objectives also rely on the establishment of relationships with peer institutions in Houston and elsewhere, a process that must begin in earnest through the devotion of staff resources to that effort in 2015. Finally, during this period, the Festival will likely need to allocate additional resources to development, as the expansion of the Festival's impact over this period will require funding that outstrips current fundraising efforts and capacity.

Projecting specific funding and resource shortfalls over the 5-10 year horizon is unlikely to be a productive exercise, as many things may change over that time horizon. Nonetheless, if the Festival seeks to grow in a similar fashion to the objectives described herein, funding will need to expand substantially from existing levels. The budget by 2025 will likely need the capacity to expand by 100% from current levels to \$700,000-800,000 per year. More importantly, the staff efforts devoted to development and relationship management with peer institutions will need to be expanded and established, respectively.

LONG-TERM GAP ANALYSIS

As with the Medium-Term Objectives, projecting specific needs – especially with respect to funding – over a 10-year horizon is a futile exercise. That said, it is simpler to identify the critical need underlying the achievement of the Long-Term Objectives described in this Strategic Plan: a capital plan.

In short, the Festival's impact over the long-term horizon will depend upon its ability to develop a sustainable pool of capital that will allow it to secure its own venue

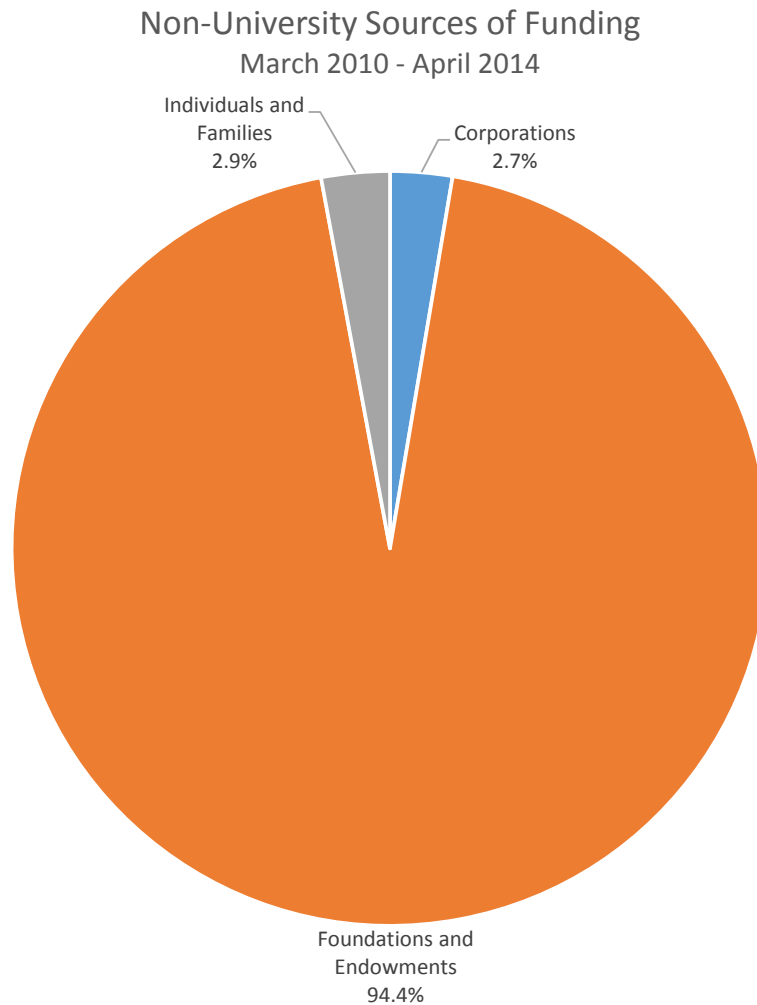
and credibly enter into partnerships with peer institutions. To become the Next Great Global Festival, the Houston Shakespeare Festival must be able to support at least a \$1,000,000 per annum budget while seeking out transformational gifts in a capital campaign that would allow for a year-round impact on the City of Houston. Even at this scale, the Festival would represent one of the highest impact ways for philanthropists in the City to generate community impact through the Aarts with the smallest financial commitments.

EXECUTION STRATEGY

FUNDRAISING AND STRATEGIC PARTNERSHIPS

Achieving the Festival's mission and objectives will require several key implementation steps over the course of the next several years. While many are tactical and must be determined in context by the HSF Staff, highlighting the largest necessary initiatives is instructive and provides some parameters to the execution of the Strategic Plan. Given the importance of advancing the Festival's fundraising needs, specific actions relating to these needs are highlighted separately. All other strategic initiatives are listed together.

The execution of funding strategy must be guided in part by an understanding of the historical sources of support for the Houston Shakespeare Festival. Total direct giving to the Festival between March 2010 and April 2014 ~~amounted to~~^{totaled} \$759,078. This amount excludes the support provided to the Festival through indirect means by general fund contributions to the University of Houston without particular designation to the Houston Shakespeare Festival.



As the chart above demonstrates, in past years, the Festival has derived almost 95% of its support from University and Endowment and Foundation sources. The implications are significant: HSF has attracted less than \$6,000 per annum from both corporate and individual givers over the last four seasons. This is clear evidence that the Festival can do a great deal more to work with corporations to better identify the shared benefits of commitment to the Festival and its mission, and that the network of loyal attendees could be drawn even closer to the event by providing opportunities to

participate in the Festival's unique value proposition for the community, whether through volunteering or financial commitments.

Funding Objectives:

- Funding Objective 1: Through establishment of a Board of Advisors in 2014 or 2015, the Festival will begin to establish a more permanent network of passionate individuals in the community to assist with the development of partnerships and with the transition of the Festival to a more self-sufficient, efficient organization. The Board of Advisors will consist of 4-6 members and include specialties such as finance, law, accounting, marketing, and key ties to the Houston community.
- Funding Objective 2: By 2018, transition or augment the Board of Advisors into a more traditional Board of Directors. The objective of the Board of Directors will be (1) to solidify ties with the Festival within the Houston community^[R9], (2) to welcome more specialties and sources of volunteers to the Festival, and (3) to strengthen the Festival's fundraising capabilities. The Houston Shakespeare Festival's desire is to both broaden and deepen its impact on the community; thus, bringing in new audiences and supporters may in many cases be more important than direct giving by Board members. Thus, while the Board itself should determine its fundraising and personal giving policy, the Festival itself should not plan to make such giving an explicit component of Board membership.

- Funding Objective 3: The Festival should seek closer working relationships with its individual supporters, one objective of which would be to expand private giving substantially. By 2020, the Festival should aim to source at least \$50,000 per annum from a diverse base of individuals and families. Achieving this level will be the result of a consistent, gradual effort. The Festival should pursue one or more of several methods to achieving this goal:
 - Creation of a “Friends of the Festival” group to allow closer connection with and regular financial support from a network of individuals and families. This group provides three levels of giving: (1) \$10 per month—this level allows for a convenient automatic deposit each month for giving. Donors at this level are entitled to four priority tickets for the covered area at Miller Outdoor Theatre. They are also invited to the Patron’s Tent, with the opportunity to meet Festival artists and to hear a pre-show talk by the dramaturgy team. They would also be listed in program materials with their level designation. (2) \$500—donors at this level are entitled to eight priority tickets for the covered area at Miller Outdoor Theatre. They are also invited to the Patron’s Tent, with the opportunity to meet Festival artists and to hear a pre-show talk by the dramaturgy team. Additionally, they are invited to a special behind-the-scenes event, such as an open rehearsal or backstage tour. They would also be listed in program materials with their level designation. (3) \$1000—donors at this level are entitled to twelve priority tickets for the

covered area at Miller Outdoor Theatre. They are also invited to the Patron's Tent, with the opportunity to meet Festival artists and to hear a pre-show talk by the dramaturgy team. Additionally, they are invited to a special behind-the-scenes event, such as an open rehearsal or backstage tour, and receive a thank you from the stage before the evening's performance. They would also be listed in program materials with their level designation.

- Establishment of a more robust online presence, including creation of an email notification list, active Facebook and Twitter accounts, and an online portal allowing individual giving online. This channel will allow more direct opportunities to occasionally solicit giving from a network of individuals who have indicated interest in the Festival, while also providing free marketing opportunities and a means to communicate special opportunities and perks of becoming more involved with the Festival.
- Provide more direct giving opportunities at Festival events through (1) program inserts, (2) "bucket-brigade" style solicitation during intermission by volunteers and conservatory performers, and (3) donation / information stands manned by volunteers and key entry and exit points from the Festival.
- Funding Objective 4: Increase Earned Income sources by investing resources in vending and merchandising, simultaneously creating marketing value and brand

recognition while also generating incremental income for the Festival. Survey results of past Festival attendees indicate that t-shirts, blankets, bumper stickers, and other marketing collateral are not only noteworthy potential funding sources but also seen as an attractive feature sought by repeat attendees. This is a low implementation cost initiative that should be fully in place by the 2015 season.

- Funding Objective 5: The Festival's financial backing has historically come through the support^[R10] of many of Houston's most generous charitable foundations. The Houston Shakespeare Festival's top funding goal must be to continue to demonstrate to these foundations that the Festival remains committed to efficiently executing its valuable mission in a way that has a real and growing impact on Houstonians. In addition, however, growing that impact will mean growing the commitments from existing partners who share the growth vision. It will also mean identifying and growing the number of foundations who support the Festival. Given the expansion of the Festival's objectives to more clearly seek diversity and educational goals, it may be possible to collaborate with a broader number of the charities that have historically given to the arts in Houston, fewer than 20% of which have partnered with HSF in recent years.
- Funding Objective 6: Securing corporate support will take a different form, as corporate support will likely mean identifying a leadership corporate partner with which the Festival could provide significant marketing and branding

opportunities, alongside a small number of additional corporate partners who would seek more limited marketing exposure. By 2020, the Festival should seek a net impact of \$50,000 from annual corporate giving, although this amount will likely require the creation of some co-branded collateral (e.g. signage, branded merchandise, etc.) that would incur some costs. Creating a staff infrastructure that would facilitate and allow this kind of expenditure and decision-making on co-branding opportunities will likewise be necessary.

- Funding Objective 7: At some point over the next 5-10 years, depending upon the Festival's progress on its current Key Objectives, they should launch a Capital Campaign driven by the Festival's long-term goals. Several initiatives, in particular (1) the establishment of a year-round presence in the City of Houston, the (2) attraction of global quality artists to the Festival, and (3) the foundation of a capital campaign. With adequate preparation, the Festival's objectives require a more stable base of capital to allow for opportunistic use of resources to maximize impact.

Strategic Objectives:

- Strategic Objective 1: Success in achieving the Festival's Objectives and Goals will require formation and maintenance of a reliable and large cadre of volunteers. Educational outreach efforts will require staff and student volunteers from the Festival and from the University, while development efforts at Festival events and more generally may make use of friends of the Festival as volunteers. In both cases, this volunteer network must be intentionally coordinated, with non-

financial perks and opportunities provided to allow participants access to impactful and valuable exposure that would otherwise be unavailable to them. In all, by 2020 the Festival should seek to have 10-15 regular volunteers at Festival events, drawn from a potential pool of approximately 100 such volunteers.

- Strategic Objective 2: The Houston Shakespeare Festival's historical fundraising activities, outside of University and Foundation fundraising sources, have been passive. Given the Strategic Objectives described herein, the Festival must expand its development efforts, including the cultivation of Boards and Friends networks as described above. In addition, the engagement with both corporations and additional foundations will require the dedicated effort of both volunteers and HSF staff, as well as some willingness to expend capital in fundraising initiatives. By 2020, the Festival should expect to have at least 1/2 of a full time employee, or volunteer equivalent, employed in dedicated development efforts.
- Strategic Objective 3: In order to adequately satisfy its goals, the Festival must develop the internal decision-making processes and infrastructure necessary to facilitate a robust marketing program. A successful program will (1) conduct regular, statistically sound surveys of attendees to ensure successful ongoing engagement with audiences, (2) develop and execute advertising and media strategies that result in quantifiable increases in audience size, (3) drive repeat attendance from year to year by increasing the visibility of and affinity for the

Festival among attendees, and (4) increase awareness of opportunities to support the festival through volunteering and philanthropy. At a developed state, associated responsibilities may include up to 1/4 to 1/2 of a full time employee or volunteer equivalent.

Houston Shakespeare Festival				
<i>Financial Projections - 2014-2017</i>				
	2014 Actual*	2015E	2016E	2017E
<u>Income</u>				
Advertising	\$ -	\$ 3,000	\$ 3,000	\$ 3,000
Merchandise	\$ 3,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Earned Income	\$ 3,000	\$ 10,000	\$ 10,000	\$ 10,000
Individuals	\$ 4,000	\$ 10,000	\$ 25,000	\$ 50,000
Corporations	\$ 20,000	\$ 30,000	\$ 40,000	\$ 50,000
Foundations	\$ 135,000	\$ 150,000	\$ 160,000	\$ 170,000
Total Donated Income	\$ 159,000	\$ 190,000	\$ 225,000	\$ 270,000
TOTAL INCOME	\$ 162,000	\$ 200,000	\$ 235,000	\$ 280,000
<u>Expenses</u>				
Equity & Non-Equity Artist Salary	\$ 48,616	\$ 50,074	\$ 51,576	\$ 53,124
Artistic Direction Salary	\$ 41,000	\$ 42,230	\$ 43,497	\$ 44,802
Production Salary	\$ 67,100	\$ 69,113	\$ 71,186	\$ 73,322
Staging and Production	\$ 25,050	\$ 25,802	\$ 26,576	\$ 27,373
Venue Expense	\$ 55,968	\$ 57,647	\$ 59,376	\$ 61,157
Marketing Expense	\$ 8,150	\$ 8,395	\$ 8,646	\$ 8,906
General and Administrative Expense	\$ 13,514	\$ 13,919	\$ 14,337	\$ 14,767
TOTAL EXPENSES	\$ 259,397	\$ 267,179	\$ 275,194	\$ 283,450
TOTAL NET INCOME BEFORE UNIVERSITY SUPPLEMENTAL	\$ (97,397)	\$ (67,179)	\$ (40,194)	\$ (3,450)

* Income and donation estimates for 2014 represent estimates that incorporate both historical donation levels and to-date donations in FY2014

BIBLIOGRAPHY

- n.d. *About Houston: University of Houston*. Accessed April 1, 2014.
<http://www.uh.edu/about/houston/>.
- n.d. *Advisory Board and Core Values: Miller Outdoor Theatre*. Accessed April 1, 2014.
<http://milleroutdoortheatre.com/advisory-board-and-core-values/>.
- Americans for the Arts. n.d. "Arts & Economic Prosperity IV: Impact of Nonprofit Arts and Culture Organizations and Their Audiences in Harris County, TX." *Houston Arts Alliance*. Accessed January 13, 2014.
http://www.houstonartsalliance.com/images/uploads/documents/TX_Harris_County_-_AEP4_FinalReport.pdf.
- Atlas of Giving. 2014. *US Charitable Giving: 2013 Results & Initial 2014 Forecast*. Annual Report, Dallas: Atlas of Giving.
- Bernhard, Bo J., PhD. and Mikhael Ahlgren PhD. 2011. "Las Vegas and Houston: Global Command Centers in the Sun Belt." *UNLV Gaming Research & Review Journal* 5-15.
- Brennan, Morgan. 2012. "Houston Tops Our List of America's Coolest Cities." *Forbes*. September 26. Accessed February 20, 2014.
<http://www.forbes.com/sites/morganbrennan/2012/07/26/houston-tops-our-list-of-americas-coolest-cities-to-live/>.
2012. "Census Estimates Show New Patterns of Growth Nationwide." *United States Census*. April 5. Accessed March 30, 2014.
<https://www.census.gov/newsroom/releases/archives/population/cb12-55.html>.
- n.d. *City of Houston: Houston Facts and Figures*. Accessed March 31, 2014.
<http://www.houstontx.gov/about/houston/houstonfacts.html>.
- Emerson, Michael O., Jenifer Bratter, Junia Howell, P. Wilner Jeanty, and Mike Cline. n.d.
- Feldman, Claudia. 2013. "Foundations give generously to Bayou City." *Houston Chronicle*. February 19. Accessed March 25, 2014. <http://www.chron.com/about/houston-gives/article/Foundations-give-generously-to-Bayou-City-4290598.php>.
- Foundation Center. 2012. *Foundation Directory Online*. New York.
- Gattis, Tory. 2012. *Houston Strategies*. November 4. Accessed March 31, 2014.
<http://houstonstrategies.blogspot.com/2012/11/the-rise-of-third-coast-and-houstons.html>.
- Gopinath, Swetha. 2014. "UPDATE 4-Occidental to spin off California assets, move HQ to Houston." *Reuters*. 14 February. Accessed March 20, 2014.
<http://www.reuters.com/article/2014/02/14/occidentalpetroleum-california-idUSL3N0LJ4CW20140214>.

- Hamilton, Reeve. 2011. "Explainer: What's a Tier-One University?" *The Texas Tribune*. February 4. Accessed April 6, 2013. <http://www.texastribune.org/2011/02/04/explainer-whats-a-tier-one-university/>.
- Houston Arts Alliance and the University of Houston. 2012. "The Creative Economy of Houston." Economic Analysis, Houston.
- Houston Arts Alliance and University of Houston. 2012. "The Creative Economy of Houston: A Comprehensive Study of Creative-Sector Industries and Their Impact on the Houston Economy." *Houston Arts Alliance*. July. Accessed November 12, 2013. http://www.houstonartsalliance.com/images/uploads/documents/The_Creative_Economy_of_Houston.pdf.
- Iyengar, Sunil, Tom Bradshaw, and Bonnie Nichols. November 2009. *2008 Survey of Public Participation in the Arts*. Research Report #49, Washington D.C.: National Endowment for the Arts.
- Jang, SooCheong, and Ruomei Feng. 2007. "Temporal Destination Revisit Intention: The effects of novelty seeking and satisfaction." *Tourism Management* 580-590.
- Klineberg, Dr. Stephen. 2013. "The 32nd Kinder Institute Houston Area Survey: Tracking Responses to the Economic and Demographic Transformations." *Rice University Kinder Institute for Urban Research*. Accessed February 10, 2014. http://has.rice.edu/uploadedFiles/Houston_Area_Survey/2013%20HAS%20for%20Web%20Site.pdf.
- Kotkin, Joel. 2013. "American Cities May Have Hit 'Peak Office'." *Forbes*. November 5. Accessed March 27, 2014. <http://www.forbes.com/sites/joelkotkin/2013/11/05/american-cities-may-have-hit-peak-office/>.
- . 2013. "Map of America's Future: Where Growth Will Be Over the Next Decade." *Forbes*. September 4. Accessed March 15, 2014. <http://www.forbes.com/sites/joelkotkin/2013/09/04/a-map-of-americas-future-where-growth-will-be-over-the-next-decade/>.
- . 2012. "The Third Coast: From Brownsville to Tampa Bay, an economic powerhouse emerges." *City Journal*. Autumn. Accessed March 23, 2014. http://www.city-journal.org/2012/22_4_gulf-coast.html.
2013. "Metro Market Study 2013." *Charity Navigator*. June 1. Accessed March 31, 2014. <http://www.charitynavigator.org/index.cfm?bay=studies.metro.main>.
- n.d. *Miller Outdoor Theatre*. Accessed February 10, 2014. <http://milleroutdoortheatre.com/>.
- National Endowment for the Arts. 2013. ""National Endowment for the Arts Presents Highlights from the 2012 Survey of Public Participation in the Arts"." *National Endowment for the Arts Web site*. September 26. Accessed April 2, 2014. <http://arts.gov/news/2013/national-endowment-arts-presents-highlights-2012-survey-public-participation-arts>.

- Parsad, B., and Spiegelman, M. 2012. "Arts Education in Public Elementary and Secondary Schools: 1999-2000 and 2009-10." *National Center for Education Statistics*. April. Accessed February 25, 2014. <http://nces.ed.gov/pubs2012/2012014rev.pdf>.
- Reid, Laurel J, and Stanley D. Reid. 1993. "Communication Tourism Supplier Services: Building Repeat Visitor Relationships." *Journal of Travel & Tourism Marketing* 3.
- Ryan, Molly. 2013. "Houston surpasses New York as top U.S. export market." *Houston Business Journal*. July 11. Accessed February 10, 2014. <http://www.bizjournals.com/houston/news/2013/07/11/houston-surpasses-new-york-as-top-us.html>.
- Sarnoff, Nancy. 2014. "Real Estate: The Exxon Mobil effect." *Houston Chronicle*. February 1. Accessed February 23, 2014. <http://www.houstonchronicle.com/business/real-estate/article/The-Exxon-Mobil-effect-5197565.php#/0>.
2014. *State & County Quickfacts: United States Census Bureau*. March 27. Accessed March 30, 2014. <http://quickfacts.census.gov/qfd/states/48/4835000.html>.
- The Center on Philanthropy at Indiana University. 2012. *The 2012 Bank of America Study of High Net Worth Philanthropy*. Boston: Bank of America Philanthropic Management .
- Thompson, Derek. 2013. "Houston is Unstoppable: Why Texas' Juggernaut is America's #1 Job Creator." *The Atlantic*. May 28. Accessed March 23, 2014. <http://www.theatlantic.com/business/archive/2013/05/houston-is-unstoppable-why-texas-juggernaut-is-americas-1-job-creator/275927/>.
- US Census Bureau. 2010. *PL94-171 Data*. 2010 PL94-171 Report, Washington D.C.: US Census Bureau.