

# using gap analysis

## AS THE FOUNDATION FOR ECONOMIC DEVELOPMENT THROUGH ARTS AND CULTURE

By Louise K. Stevens

Recently, much has been written about the importance of creative cities as magnets for business and tourism development. The case has been effectively made for transforming cities to attract “creative class” workers by economists Richard Florida, David Brooks, John Hawkins and several others. Their conclusions are that creative workers and the industries that employ them locate in creative hubs, which become economically supercharged. These hubs become magnets for visitors, and the ripple effect of this builds vitality across all economic sectors.

The question for economic development professionals is how to take the theory and transform it into reality. For 20 years, ArtsMarket has been engaged in a process of experimentation in shaping various types of cultural development plans for cities and regions, including authoring a cultural planning handbook through a commission from the National Endowment for the Arts. The problem with many of these now standardized cultural plans is that typically they are myopic, focusing narrowly on the needs of the arts sector and nonprofit cultural workers, not on the broader economic development needs and opportunities within their cities. Thus, they have failed to become economic development tools and have often not been embraced by policy leaders as important to the future development of their communities.

### A New Approach

With leadership from the Cincinnati Business Committee, ArtsMarket has designed a new approach to applied research and planning that transforms the old cultural planning approach into an economic development planning mechanism focused on arts and culture. An early version of this approach was developed through work commis-



*Aronoff Center for the Arts: Located in the heart of downtown Cincinnati, the Aronoff Center for the Arts is home to three stunning performance spaces which feature a variety of musicals, plays, lectures and concerts throughout the year.*

sioned for the city of Indianapolis and the Lilly Endowment, but was substantially expanded for the Cincinnati Business Committee. Essentially, it utilizes a competitive gap analysis protocol, combined with various market and Return On Investment protocols, to determine what cultural and creative elements are present or missing in a city and what needs to be done to invest in their development.

The problem statement formulated by the Cincinnati Business Committee in launching the analysis, “The Cincinnati Cultural Asset Report”, and “Transforming Cincinnati” (Vol. 2), was as follows:

*Cincinnati has significant cultural assets, on par with or beyond similar assets in cities such as Indianapolis, Pittsburgh, Minneapolis and others.*

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### THE CINCINNATI MODEL

*With leadership from the Cincinnati Business Committee, ArtsMarket has designed a new approach to applied research and planning that transforms the old cultural planning approach into an economic development planning mechanism focused on arts and culture. ArtsMarket's research staff compared Cincinnati to ten other markets to examine the cultural assets of each, as a competitive gap analysis. Gap analysis takes a booster-free view of a community's assets and liabilities; studies image and reputation along with balance sheets and museum collections; assesses the density and linkages of cultural destinations. Through this analysis interesting gaps become evident as priorities.*



Home to the Cincinnati Symphony, Music Hall was built in 1878 and is celebrating its 125 year anniversary in 2003 as the oldest orchestra/choral festival hall in the U.S.

*These competitive markets have effectively leveraged their arts and cultural assets to spur economic development, through downtown revitalization (making their urban core a dynamic, creative hub for business and retail through a strong arts presence) and through visitation by residents and cultural tourists.*

*There is concern that Cincinnati is lagging behind these competitive markets because it has not similarly leveraged its cultural resources as an economic engine. But it has the resources to draw upon. The question is: how? What have other cities done to maximize the impact of their arts and cultural resources?*

*Through an analysis of the competition, what can Cincinnati learn and use to drive economic development through arts and culture, and gain a market position on par with or beyond these competitive cities? What will enable it to win a larger national market share of cultural visitors, as compared to the competition?*

To address this, the research provided a series of benchmark analyses, examining Cincinnati in comparison to other cities. First, our team compared

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Cincinnati to ten other markets to examine the cultural assets of each, as a competitive gap analysis study. This included examination of the assets themselves and of how each city had branded and marketed these assets, and the related urban renewal/economic development done around the assets.

Quantitative data was collected directly from the cultural organizations in each of the comparison cities and from the city arts councils or arts funds. Interviews were held with the arts council directors in each city, the Convention and Visitor Bureau directors, those in charge of cultural marketing, and – to take the pulse in a more qualitative way – with the lead arts journalists in each city. Form 990s and annual audited statements were used for budget information. A meta-analysis was conducted of the economic impacts of the arts and culture in Cincinnati and the comparison markets, making possible the evaluation of return on investment evidenced from cultural activity.

In addition, the researchers used geodemographic analysis of the MSA and the surrounding two-hour drive time market to determine the nature of the existing market for arts and culture in Cincinnati and the comparison cities. Using market cluster analysis linked to Product Purchase Indexes (PPIs), the researchers identified the nature of the current market for culture, and the market segments that could potentially grow if Cincinnati invests in development as a creative hub. Through this analysis of the Cincinnati MSA and each of the comparison cities, it was evident that while a large culture market exists in the MSA, the type of “creative class” market as described by Richard Florida in “The Rise of the Creative Class” is less evident than in many of the competitive markets that were studied.

The analysis revealed that broad cultural development policy and various funding tools were being used in other cities as a stimulus for downtown economic development. Thus, the second phase of research examined the types of funding and development mechanisms that have been successfully used in the ten comparison markets as well as other important U.S. “creative class” cities. Finally, because virtually all of the comparison markets utilize some sort of dedicated public funding mechanism, the research concluded with a cost/benefit and yield analysis of what various combinations of public and private funding mechanisms would generate for arts and cultural development.

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These recommendations were drawn on the best elements evidenced in the comparison cities, the researchers' observation of what would likely have the greatest impact and feasibility in Cincinnati, and dialogue with Cincinnati public and private sector leaders.

### Three Parallel Tracks

The research pointed to the need to plan around three parallel tracks, which were used as a framework for further planning:

- 1) A public/private sector cultural development policy that sets and implements plans for economic cultural development including cultural districts and "infill," cultural corridors and linkages, public art, transportation, and other issues that require a coalition approach to problem solving;
- 2) A cultural tourism approach to selling Cincinnati as a major cultural center to residents and visitors, effectively funded and implemented over a multi year period; and
- 3) The development of a broad public/private coalition that supports and endorses a dedicated funding and financing mechanism to support cultural development in the urban core and effective cultural marketing.



*The Cincinnati Art Museum is celebrating the recent opening of its Cincinnati Wing, the most significant capital project undertaken by the Museum in more than a decade. The Wing is designed to tell the history of Cincinnati art from 1788 through the present day.*

It is important to note that this type of analysis challenges the ideas and assumptions of local boosters. Virtually every one of the top 50 markets in America (by population size) has at least one of every type of cultural asset, e.g., symphony, aquarium, ballet. Many of these venerable institutions are well established and beloved in their communities. Others grew rapidly between the mid 1950s and the 1970s, as cities throughout the United States invested in what might now be called the great cultural expansion. Cultural leaders in each of these cities believe that their city has "the best" of assets.

Gap analysis, however, takes a booster-free view of a community's assets and liabilities. It studies image and reputation along with balance sheets and museum collections. It notes the unique galvanizing effects of what can be called "icon destinations" such as the new Walt Disney Concert Hall in Los Angeles, or the new Milwaukee Art Museum. It takes a look at the density and linkages of cultural destinations. Drive-in/drive-out performing arts centers that are not surrounded by a variety of pre- and post-theatre restaurants and entertainment venues and that do not form the hub of lively day-time districts through public art and public gathering places are less successful as economic engines than those that have dense "cultural infill." Likewise, cultural districts that are simply defined by banners and some culture-related retail, but that have not become magnets where cultural workers live and establish creativity-oriented enterprises are far less successful than those that have attracted a 24/7 population.

Through this type of analysis, interesting gaps become evident as priorities. Who would think that a powerful public art program could be an economic development priority? Through gap analysis, it came to the fore as a priority for Cincinnati. Would traditional cultural planning look at the need for economic stimulus packages for small, for- and non-profit arts-related businesses as a priority? In the context of economic development and building the vitality of Cincinnati, this could emerge as one of the top priorities.

The development of cultural tourism initiatives as a component of cultural economic development is important in that it requires a city to sell its culture and creativity to the intended "new" market, even though this market may not be its current market stronghold. This requires changes in the current programming mix to meet the economic goals of the future. In our work in shaping the cultural tourism research and plan for Indianapolis for example, we identified the prospective cultural tourists in the regional markets that Indianapolis wants to attract – visitors from Louisville, Milwaukee, Cincinnati and Dayton, and beyond. Examining these cities' geodemographic characteristics, the researchers found that many of the best



*Cincinnati Museum Center at Union Terminal is a nationally recognized educational and research resource and one of the top cultural attractions in the Midwest. It's home to the Cincinnati History Museum, Cinergy Children's Museum, the Museum of Natural History & Science and an OMNIMAX Theater.*

potential cultural visitors were different from the Indianapolis cultural market. Winning these new audiences requires that local programmers reach beyond what they offer to their own stronghold audiences, in effect beginning a transformation cycle that is necessary if they are to win the new and desirable creative class of residents.

The development of new policy and funding mechanisms is the third important element of this work. Traditional arts and cultural funding has been focused on stabilization and maintenance of the nonprofit cultural sector. Ample economic analysis has proven that this constant investment in the nonprofit sector will always be needed. But a different kind of investment structure is necessary when the goal is to leverage cultural assets for economic development. Many cities throughout the U.S. have done this on a "per investment" basis, often through the creation of overlay districts. Most traditionally, cities have invested major funding in the development of their largest cultural and entertainment venues, similar to their investments in sports venues.

Creating vibrant and dynamic cultural hubs requires more than capital project funding and operating subsidy a select few institutions. It requires business, residential, and neighborhood development strategies focused on establishing cultural zones. It requires small business development for cultural and creativity entrepreneurs. The last such significant investment ended with the federal Comprehensive Employment Training Act (CETA), which through its tenure of 1973-1982 created the lion's share of what are now 25-year-old small and mid sized nonprofit cultural enterprises. A new generation of these diverse types of organizations is desperately needed to create fresh vitality and attract the "creative class" in cities throughout the U.S.

New funding mechanisms are also typically needed to leverage larger public art and aesthetic design programs, including encouragement of private sector investment and partnership. A continuous calendar of varied programming that stimulates pedestrian traffic is essential, as is a major ramp up of marketing and easy access to tickets and information in both physical and virtual locations.

This multi-faceted investment strategy falls beyond the scope of most traditional arts funding agencies, although a few public and nonprofit arts and cultural councils are beginning to expand their scope to include this work. Typically, arts councils lack the economic development expertise or leadership positioning. They have not put together major financing programs for small business development. (The Pittsburgh Cultural Trust stands out as the closest to this model, but its major function is administration of cultural facilities, not economic development.) In addition, few are positioned to work across sectors, taking a leadership position in directing simultaneous efforts in redevelopment, planning, tourism, and other agencies.

### **A New Type of Model**

As proposed in the "Transforming Cincinnati" report, cities may need to create a new type of cultural economic development entity, or enlarge the mission of other existing agencies to undertake this work. The recommended Cincinnati Cultural Trust could potentially outsource grantmaking and marketing programs to other agencies, but would be positioned at a very high leadership level to work effectively on policy and program development including elements to be undertaken by government, nonprofit organizations and the business community.

A Cultural Trust needs to be flexible and dynamic, to be autonomous and able to cut through red tape across sectors. It needs to be broadly inclusive, looking to both nonprofit and for-profit entities to build a new cultural dynamic. It is outcomes based, looking to specific accomplishments that will reap economic reward. It does not replace or diminish exist-

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ing funding mechanisms. In Cincinnati, for example, the Fine Arts Fund does essential work in united arts fund raising, work that must continue to assure the operational stability of the community's leading nonprofit arts institutions.

This is a new model, and would represent a big leap forward in approaching cultural development in most U.S. cities. As with all planning, the process may be as beneficial as the outcome, in that the planners and civic leaders may come to see cultural assets as an economic engine, and quickly focus on how to make that engine function better. Continued benchmarking and progress reports against the baseline economic impacts, market share and city transformation will determine how well Cincinnati, and other cities that take on the process of growing their creative quotient, succeed.

Those cities that are moving in this direction should be the focus of inquiry and study over the coming years. The implementation models vary widely. There are a number of models where foundations are taking the lead, notably The Pew Charitable Trusts' work in Philadelphia and The Lilly Endowment's investment in Indianapolis. In others cities such as Chicago and, most recently Seattle, city governments have begun to position their arts agencies at cabinet level to ensure that they can work effectively across all departments. Chicago has a cultural planning department and staff, working with neighborhoods to develop their cultural vitality through new creativity-focused residential and business development.

The level of investment needed to develop this cultural economic development model in most cities is significant. The Cincinnati analysis evaluated the costs and benefits of new taxing mechanisms, taking into consideration the various models of dedicated sales or property taxes found elsewhere throughout the US. While Cincinnati's lead-

ers have not yet decided what funding mechanism to select, leaders recognize that this development needs major new stimulus.

## Conclusion

In the end, are the benefits worth the investment and the work of creating new implementation mechanisms? If the goal is narrow, such as simply creating a marketing message to attract the interest of arts tourists, the answer is no. But if the goal is creating a city that arts visitors want to return to over and over again because of its vitality, and making that city a magnet for the creative class of workers and the corporations that employ them, the answer is yes.

Cities need to act on this scale of new and bold approaches to repositioning culture as an economic engine. They need to sustain the investment, and ensure successful implementation.

"Creative Class Cities" have integrated both their fine arts and culture into an amalgamation that has catapulted these assets into greater social health and economic wealth. Through this integration lies a key answer as to why they are becoming increasingly desirable places to live, work and visit and why they are growing in economic vitality.



*The Taft Museum of Art's young professional group, Club 316, hosts The Hotter the Better event as a fundraiser for the Museum.*