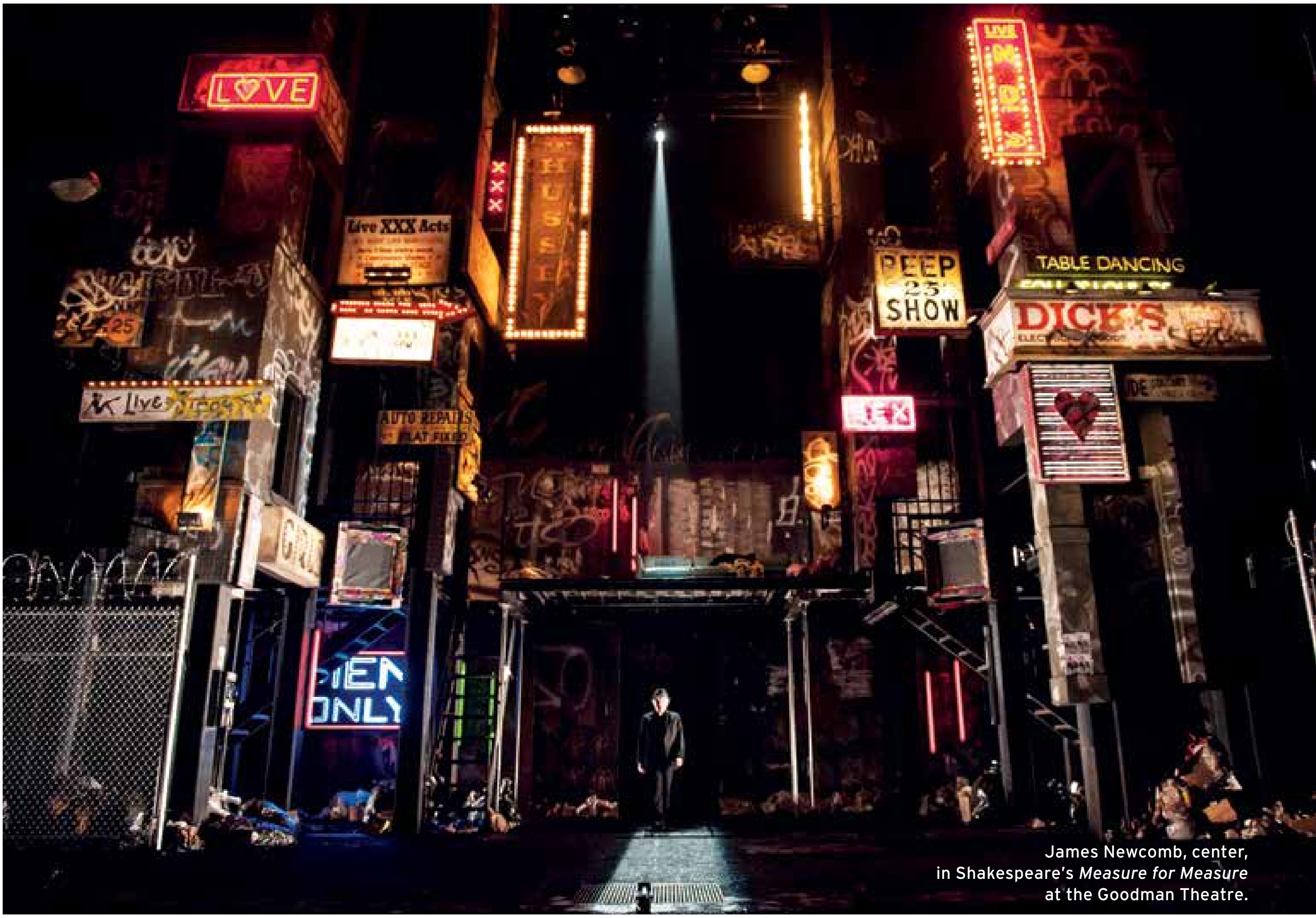
SPECIAL REPORT | THEATRE FACTS 2013

Finding Ways to Firmer Ground

Theatre Facts 2013 shows companies are taking smart steps to regain their economic footing after the Great Recession



James Newcomb, center, in Shakespeare's *Measure for Measure* at the Goodman Theatre.

LIZ LAUREN

BY CELIA WREN

GUARDED RELIEF. WARY OPTIMISM. A renewed enthusiasm for fiscal discipline. Those sentiments are mingling with stoicism and weariness as theatre folk look back on the experience of the last half decade.

"The good news is that we are still alive," says René D. Copeland, producing artistic director of Nashville Repertory Theatre (formerly Tennessee Rep).

"It definitely feels like a much more optimistic time than it did a few years ago—there's no question about that," says Maggie Boland, managing director of Signature Theatre, in Arlington, Va.

"There are challenges out here that we are all dealing with. We need to be smart; we need to keep alert," but "the sky is not falling," remarks Scott Nolte, producing artistic director of Seattle's Taproot Theatre Company.

These and other comments from leaders around the country dovetailed with the findings of *Theatre Facts 2013*, the latest iteration of TCG's annual report on the not-for-profit theatre's financial health. The study contains some relatively upbeat news—not surprising, given that the base year for much of its trend analysis was 2009, a twelvemonth that saw the nadir of the Great Recession, with unemployment at its worst. A chronicle of the theatre's experience after that juncture fortunately shows some big-picture improvement.

Between 2009 and 2013, total income growth climbed by double digits, in inflation-adjusted figures, while expenses—which had dipped in 2010 as theatres economized—climbed

3.2 percent. With capital campaigns coming to fruition in the form of new, renovated or expanded facilities, not to mention bolstered investments, total net asset growth beat inflation by 9.6 percent.

And in 2013, as in 2012, 50 percent of companies finished the year with either break-even or positive CUNA (an acronym standing for Change in Unrestricted Net Assets, meaning the balance that remains after subtracting total expenses from total unrestricted income). That's down from 2010 and 2011, when a modest majority of theatres had break-even or positive CUNA, but it's still better than 2009, when a majority of theatres found themselves in the red, with negative CUNA. Overall, the authors of *Theatre Facts 2013* believe that America's dramatic establishment has "largely participated in the country's general economic recovery" since the downturn.

But there is still reason for anxiety. Total attendance at resident productions did tick upwards over the five-year period, but it was by a modest amount—1.2 percent—and it declined between 2012 and 2013. Subscription income was lower in 2013 than in 2009; contributed income lagged behind inflation over the five-year period. And average working capital—the unrestricted resources available to meet day-to-day obligations and cash needs—was negative in each of the last five years, a bad state of affairs, in the opinion of the *Theatre Facts* authors, who warn that negative working capital is "a threat to the future viability of many theatres in the field."

Written by Zannie Giraud Voss and Glenn B. Voss, of Southern Methodist University, with Ilana B. Rose and Laurie Baskin of TCG, *Theatre Facts 2013* parses financial, performance, attendance and ticket data that TCG Member Theatres have supplied for fiscal years that concluded anytime between Oct. 31, 2012, and Sept. 30, 2013. Embellished with helpful charts and graphs, the report is available online at *www.tcg.org/tools/facts*. (Previous editions of *Theatre Facts* are there too.)

Theatre Facts scrutinizes the dramatic establishment's welfare from several complementary angles. The section titled "The Universe" takes a panoramic approach. Extrapolating from figures provided by 176 theatres that completed the 2013 edition of TCG's annual Fiscal Survey, and taking into account information provided to the IRS by 1,597 additional theatres (this group had filled out IRS Form 990), the Universe analysis comes up with estimates related to income, expenses, staffing and other key variables for 1,773 not-for-profit professional theatres.

Zooming in for more detail, the longitudinal "Trend Theatres" section contemplates data supplied by 115 TCG theatres that have filled out the Fiscal Survey each year since 2009. For added perspective, a side note examines figures furnished by 87 theatres that have been Fiscal Survey participants since 2004.

Finally, the "Profiled Theatres" section, working with responses from all of the 176 Fiscal Survey 2013 participants, breaks down the statistics by budget size for an added level of detail. The Profiled Theatres, which ranged in budget size from $140,000 to $64 million, are organized into six budget groups, based on annual expenses—from Group 1 (theatres with annual expenses of $499,999 or less) to Group 6 (theatres with expenses of $10 million or more).

ERIK STUHAUG

Ryan Childers and Tyler Trerise in *The Whipping Man* at Taproot Theatre Company.

To begin with the widest snapshot: *Theatre Facts* estimates that the 1,773 Universe theatres mounted 215,800 performances of 21,600 productions, attracting an audience of 34.9 million.

The companies relied on a workforce of 126,100 people, of whom 65 percent fell into the artistic category. What with payments to personnel—plus the money plunked down for goods and services—the theatres directly funneled over $2 billion into the U.S. economy. But the industry's contribution to local and national coffers is likely much larger than that figure suggests: For instance, a ticketholder may pay for a parking spot, a meal at a Yelp-endorsed eatery, a sitter for the kids, and so on, turning a night at the theatre into a real driver of economic growth.

As for the financial well-being of the theatres themselves: As a whole, the Universe theatres experienced positive CUNA in 2013.

Moving on to the Trend Theatres, which tend to be bigger than the Universe ones: *Theatre Facts* reveals that total income growth climbed by an inflation-adjusted 17.9 percent between 2009 and 2013, powered by earned income. The earned-income growth rate clocked in at an inflation-adjusted 40.8 percent, if you include investment income for the period—a stretch of time that saw the stock market revving up considerably. (The *Theatre Facts* authors note that exceptional capital gains and losses at two theatres distorted these figures somewhat. Analysis that left those two companies

TERRY SHAPIRO

Peter and the Starcatcher at the Denver Center for the Performing Arts.

out would yield an inflation-adjusted earned-income figure of 26 percent, rather than 40.8 percent, while total income growth would register at 11 percent, rather than 17.9 percent.)

Investment proceeds aside, average five-year earned income rose each year, outperforming inflation by 4.5 percent. When it comes to the dynamic of ticket sales, however, the picture becomes a little more complicated. Thespians have been fretting for years about the viability of the traditional subscription model, as Americans' hectic and variable schedules, and seeming yen for last-minute decision-making, whittles away at a structure that has given not-for-profit theatres a degree of financial stability, not to mention scope for some risky programming.

The *Theatre Facts 2013* findings suggest that the subscription system is neither at death's door nor thirsting to run a marathon. On the one hand, the period between 2009 and 2013 saw an 8.7-percent drop in total subscription tickets sold. Looking through a dollars-and-cents lens: Average subscription income faltered significantly in 2010, as the effects of the recession continued to register; although it climbed in the three subsequent years, it was still 9.3 percent lower in 2013 than in 2009, in inflation-adjusted numbers. On the other hand, the number of season-ticket holders increased in 2012 and 2013—possibly a token of "future promise," in the opinion of the *Theatre Facts* writers. (It is worth noting that data related to subscriptions reflect both subscriptions and memberships.)

Theatre leaders have not stood idly by in the face of their audiences' overloaded schedules and commitment-phobia: Several interviewees said their companies had made changes to subscription packages in an attempt to address new realities. [See sidebar.]

Flexible subscription income hovered at roughly the same level during the five-year period, accounting for between 8 and 11 percent of total subscription income during the five years.

With subscriptions not always an easy sell, theatres must cope with single-ticket buyers, who generally cost more to market to, compared with subscribers. Single-ticket sales were the biggest source of Trend Theatres' earned income in each year from 2009 to 2013. The number of single tickets sold was 0.8 percent higher in 2013 than in 2009, while average single-ticket income outpaced inflation by 7.8 percent over the five-year period.

Alas, purchasers of single tickets can be fickle, making it hard to foresee the success of any given show. Michael Gennaro, executive director of Trinity Repertory Company in Providence, R.I., says he has recently noticed "completely unpredictable" swings in show-by-show revenue, based largely on erratic single-ticket sales.

A chart of single-ticket sales over a year "can look like a heart monitor: up and down, just varying so wildly by show and by season," agrees Signature's Boland. All in all, she says, "It's getting increasingly difficult to predict how a production is going to do."

Another source of single-ticket-related angst is today's instant-gratification mindset—a mentality that is no doubt reinforced by contemporary phenomena like on-demand television, quick and easy web searches and the ever-more-omnipotent smartphone. "It continues to be mind-numbingly frustrating that the new wave of single-ticket buyers is subject to last-minute impulse buying," says Taproot's Nolte.

What with single-ticket buyers and subscribers, plus nonpaying audience members (a category that filled a slightly higher percentage of capacity over time), aggregate attendance at resident productions was 1.2 percent higher in 2013 than in 2009, as was mentioned at the top of this article. Factor in tours, and attendance growth was 0.4 percent. The number of performances offered by Trend Theatres also increased over the five-year period.

A caveat: A closer look at the attendance and performance information during the five years shows a more complicated story. After dropping between 2009 and 2010, presumably in response to the recession, attendance and performance numbers increased in both 2011 and 2012. Between 2012 and 2013, however, attendance and performance numbers dipped.

What explains this up-and-down motion? José González, executive director of the Miracle Theatre Group, in Portland, Ore., offers one hypothesis, observing that the theatre industry does not operate in isolation: Just as theatres have profited from a rebounding economy, so too have other cultural organizations, resulting in more competition.

"In our community, that has expanded the playing field, as it were, so customers have a lot more options to exercise in terms of their disposable income for entertainment," he says. "Theatre, music, dance—everything has mushroomed." As a result, following "a big spike" in the initial part of the recovery period, a theatre could well see ticket demand

COURTESY OF CARA MIA THEATRE CO.

The Dreamers: A Bloodline at Cara Mia Theatre Co. in Dallas.

and the like "settle down" somewhat, he hypothesizes. In short, in this more flourishing economy "you need to invest more in visibility and in promoting your programs, and in pushing the envelope as far as you can qualitatively, so that you stand out."

While possibly reinvigorating multiple art forms and increasing overall competition, the economic recovery also brought relatively sunny days for theatres' education and outreach programs: Earned income from such programs, including classes and workshops, outpaced inflation by 6.4

SUBSCRIPTION? HOW ABOUT A SEASON PASS?

DALLAS'S CARA MÍA THEATRE CO. was born anew in the crucible of the Great Recession. Founded in 1996 with a mission of broadening public appreciation of Chicano and Latino culture, the company became inactive around 2008. Then David Lozano, a former artistic director, proposed reviving it for a play he'd co-written: *Crystal City 1969*. That 2009 show was successful enough to give the company a new lease on life. Lozano, now Cara Mía's executive artistic director, says the theatre has grown from a budget of "basically zero dollars in 2009" to about $200,000 today.

As it moves ahead, Lozano says, Cara Mía will be instituting, for the first time, a season-pass system. "Offering a season pass will tie our core audience to us more securely" and maybe even draw more patrons, the artistic director says.

The subscription model has been under strain in recent years, but, as Lozano suggests, the underlying idea still has currency. As a result, theatres continue to tinker with their subscription templates, aiming to fit the model to the times. Modern theatregoers are busy and may be reluctant to pin their schedules down in advance; in an attempt to lure such folk into the subscriber base—or keep them there—theatres are making adjustments to the types and range of subscription packages they sell.

Martin Miller, executive director of TheatreSquared in Fayetteville, Ark., says that, among other strategies, his company has added a "Preview Saver" series, and also a "Dine Around" series that pairs five performances with pre-show meals at five different area restaurants. "More options, without becoming a plethora of options: I think people appreciate that," he says.

"We have added a flex pass, which we had dabbled at before and put away. It's back," says Scott Nolte, producing artistic director of Seattle's Taproot Theatre Company. "We're seeing it as a point-of-entry or a gift package," he says, noting that many flex-pass holder subsequently convert to three- or five-play subscription packages, sometimes lured by the prospect of better seating.

Offering packages of fewer plays appears to be a popular strategy these days: *Theatre Facts 2013* points to "a drop in the average number of performances per subscription" between 2009 and 2013.

But offering more smaller packages isn't the answer for everybody. Michael Gennaro, executive director of Trinity Repertory Company in Providence, R.I., says that his theatre is making changes to subscriptions this year "by offering less choice"—doing away, for example, with a three-show package. The move was motivated by an interest in keeping potential purchasers of larger packages from downscaling, he says.

Tristan Wilson, managing director of Barrington Stage Company, in Pittsfield, Mass., says his company recently instituted an "8-Show Combo Pass" covering an entire season's worth of productions on both its mainstage and in its second space. The option hadn't existed previously. "We started doing that and found that very successful," he says. "There are a lot of people who want to see every show we do."

"Subscription is never going to go away. It is always going to be a key part of what we do," says Roche Schulfer, executive director of Chicago's Goodman Theatre. The difference now, he suggests, is that new developments in technology have made theatres less dependent on the subscription system. "We have so many different ways to fill seats that subscribers don't fill—because of our ability to target different constituencies; our ability to manage ticket prices through dynamic pricing, both up and down; and our ability to price the house accurately by analyzing attendance patterns," he says. —*Wren*

TERESA WOOD

James Gardiner and Erin Weaver in *The Last Five Years* at Virginia's Signature Theatre.

noting that his institution's Colorado New Play Summit has seen increasing attendance.

Nashville Repertory Theatre's Copeland says her company began a staged reading series about five years ago and "the response to that has just exploded." She sees the series, on one level, as a way to work on building "really good relationships with our patrons. They come in to our rehearsal hall and hear a play read by professional actors—and we have a conversation afterwards."

Another trend discernible in the earned-income data: rental income beat inflation by a solid 33.4 percent, and was at its highest level in 2013. Between 83 percent and 89 percent of Trend Theatres earned income from rentals annually. Theatres are also, increasingly, becoming landowners. Of Trend Theatres, 47 percent reported owning both their stage and office space in 2013—a higher number than in the years 2009–12.

percent in the studied five-year stretch. "That's part of the economic recovery. Families have the resources," observes Nolte.

In another intriguing development, attendance at staged readings and workshops was 28.8 percent higher in 2013 than in 2009, even though the number of these events actually dipped nearly 11 percent during the period.

"There's just an adventurous audience out there that likes the idea of being in at the ground level," says Charles Varin, managing director of Denver Center Theatre Company,

BRITANIE KNAPP

Jenny Littleton as Sally Bowles in Nashville Rep's 2013 production of *Cabaret*.

Owning—rather than renting—a space has obvious advantages. An owned building is an asset. It can be used to generate rental income. Ownership may firm up a theatre's bond with a community. But ownership has its challenges. In the thrill of securing a permanent abode, theatres sometimes underestimate occupancy and maintenance costs. "Even our most aggressive predictions and projections for the new building didn't quite make what it actually costs to operate it," notes Ian Tresselt, managing director of Baltimore's Everyman Theatre, which flung open the doors on its new home—a historic vaudeville house—in 2013.

As a building ages, its upkeep costs may rise. Barrington Stage Company—which held a 2007 opening for its fully renovated mainstage in Pittsfield, Mass., purchased two years earlier—has planned for that phenomenon, says managing director Tristan Wilson. To pay for maintenance costs and the like, the theatre created a building and capital reserve fund that is fueled by a fee on each ticket sold. "We're well aware that, in the next 5 to 10 years, our maintenance costs are going to start increasing, and things will need to be replaced, and maintenance is just going to need more attention," Wilson says.

As if theatre companies didn't have enough to do dealing with physical spaces, figuring out attendance dynamics and mastering the earned-income puzzle, they also have to cope with contributed-income trends. While earned income increased between 2009 and 2013, contributed income lagged behind inflation, as was mentioned earlier in this article. Ending the year with a positive bottom line depends on a delicate mixture of earned and contributed revenue to cover theatres' expenses. That fact is apparent when comparing the percentage of expenses covered by earned versus contributed income in the two bookend years. In 2009, 43.7 percent of expenses were covered by earned income and 44.9 percent by contributed income. (The percentages do not add up to 100 percent because in 2009, average CUNA for Trend Theatres was negative, with expenses exceeding total unrestricted income.) In 2013, earned income covered 59.6 percent of expenses, and contributed income 41.7 percent. (The percentages exceed 100 percent here because average CUNA was positive in 2013.)

While foundations remain the second-largest source of contributed income for Trend Theatres, foundation giving decreased between 2009 and 2013 in both absolute dollars and inflation-adjusted figures, as did giving from government sources; corporate giving over the period lagged behind inflation.

Individuals were the biggest source of contributed money each year, with 15 percent of that largesse directed at capital campaigns in 2013. Trustee giving beat inflation by 13.3 percent over the course of the five years; giving from individuals who were not trustees beat inflation by 13.8 percent. Support garnered from fundraising events and guilds displayed the sturdiest growth of any contributed-income category.

SCOTT BARROW

Richard Topol, Jeff Cuttler and Ben Rosenbach in *The Chosen* at Barrington Stage Company.

One factor behind the seeming robustness of individual giving may be recent developments in data-management software and other technologies. As advertisements stalk us across multiple websites—and privacy experts bemoan the era of Big Data—it is some relief to know that the brave new cyber-age is, at least, benefiting the not-for-profit theatre industry, too. [See sidebar.] ▶

ADVANTAGES OF THE 'BIG DATA' ERA

THE OTHER DAY I BROKE THE household coffeepot. I priced a replacement on two websites, but, procrastinating, didn't make a purchase. Later, I was skimming news online—and there was an ad for my replacement coffeepot, dancing on the edge of my screen. The ad knew who I was. The ad knew where I had been.

As news stories and privacy experts often remind us, we are living in the era of Big Data. Technological advances have made it possible for commercial entities, and political campaigns, to make sense of reams of information drawn from corporate databases, smartphones, web activity and other sources. The information can be analyzed, and cobbled together with other records and statistics, so as to draw an eerily detailed picture of individuals and their behaviors.

A silver lining to this cloud: Theatres, too, are increasingly able to use the tools of the Big Data era in marketing and fundraising, resulting in a greater level of efficiency in both areas.

Data mining is "the most valuable thing that we have done in terms of a marketing strategy that actually has revenue associated with it," says Ian Tresselt, managing director of Baltimore's Everyman Theatre. The company hired a consultant to assess the patron-related data Everyman already had, and then partnered with a firm that was able to dig deeper into the information and match it to other data. The resultant level of detail, Tresselt says, has allowed the company to make progress in "really understanding our patrons, who they are, where they come from, who else out there is like them, [who else] should we market to." It's an advance that has helped the company personalize direct mail and otherwise be more efficient in marketing to single-ticket buyers.

Tresselt notes that going this route requires an investment of dollars and time. "You have to allocate money to it," he observes. "You have to be willing to put the time into looking at what your data person comes up with."

Refined data can also aid a development department. Using information from its ticket and donor software, Seattle's Taproot Theatre Company has been able to draw up a list of "people who have been subscribers for eight years or more and, on the other hand, have demonstrated very low giving capacity," says_producing artistic director Scott Nolte. He believes that outreach to these specific individuals—explaining very clearly what even modest gifts can help accomplish—can "expand their sense of ownership and vision" and turn them into donors. He compares support from such unassuming contributors to "the Hogwarts Express [that] goes to Platform 9 3/4" at King's Cross Station in the Harry Potter books: It may be unobtrusive, but it can fulfill a vital function.

"What we've seen, thanks to technology, is a completely new way to communicate with our audience, to sell tickets, to manage revenue. It's been about the most exciting thing I have experienced during the course of my career," says Goodman Theatre executive director Roche Schulfer, who has been with the Chicago company for more than four decades. "It makes me want to keep going for years." —*Wren*

Eric Poch in *The Beaux' Stratagem* at Everyman Theatre.

CLINTONBPHOTOGRAPHY

Before leaving the income-related pages of *Theatre Facts*, it is worth noting that, when it comes to the Profiled Theatres, larger companies were able to support more expenses with ticket income. The smallest theatres (Group 1) supported only 12.9 percent of their expenses with ticket income, while the largest (Group 6) covered 40.3 percent of expenses with funds received from tickets.

Having examined the money-in side of the equation, it makes sense to ponder the money-out side. *Theatre Facts* reports that Trend Theatres trimmed expenses in many areas in 2010, no doubt in reaction to the economic downturn. Thereafter, total expenses climbed each year, for a 3.2-percent inflation-adjusted increase over the half decade.

Many interviewees said their companies had, in response to the gloomy economic times around 2009–10, frozen or tapered salaries or benefits, cut positions, or left vacant positions unfilled. As the fiscal climate improved, several people said, restoring those benefits was a paramount concern. "The first priority was the staff," said Gennaro.

Programming shows with smaller casts or sparer production demands was another survival tactic. Rosier times may have made such restraint less critical, but for Signature's Boland, the crunch time taught fiscal discipline—a virtue that will be useful going forward. Known for its musicals, Signature "really had to take a look at our balance" of show-tune extravaganzas and smaller pieces, she says. From that process, and the need for other cutbacks around 2009–10, Boland and her colleagues learned "that we could still produce

Demographic trends, too, may be having an impact on contributed income patterns, and indeed are probably affecting the financial experience of theatres overall, suggests Roche Schulfer, executive director of Chicago's Goodman Theatre. "The whole American economy was fueled by baby boomers for a long time," he says. "The aging of the baby boomers, and the fact that we're not buying as much as we did before—different things like that have an overall impact on the economy. [People] talk about slowdown and growth in the economy—well, it's really adjusting to a new demographic reality. And it's saner now, because there is less chance for boom-and-bust."

WORKING CAPITAL IS NOT A LUXURY

"CAPITALIZATION IS DEFINITELY the thing that keeps us up at night," says Maggie Boland, managing director of Signature Theatre, in Arlington, Va., speaking of a subject that comes up when she chats with her industry peers.

She and her confidants are not alone: As has been the case for many years now, the writers of *Theatre Facts* are sounding an alarm about the theatre field's lack of working capital: unrestricted funds that are available to meet an institution's quotidian obligations and cash needs.

A lack of working capital means that theatres are badly positioned to deal with challenges and unexpected setbacks.

"The joke [in the field] is that, if an air-conditioning unit goes out, you wonder who you need to lay off. We don't need to be in that place!" observes Scott Nolte, producing artistic director of Seattle's Taproot Theatre Company.

A lack of working capital can also hamper a company's growth, and—by forcing theatre leaders to focus on short-term cash-flow issues—crimp artistic vision.

While many theatre leaders are keenly aware of the problem, only a few feel they are getting the situation under control.

Ian Tresselt, managing director of Baltimore's Everyman Theatre, says he considers his company "fortunate" because, when it geared up for a recent capital campaign (the company opened the doors on a new building in 2013), several board members "were adamant that the campaign be inclusive of reserves." As a result of that trustee vision, he says, the company currently enjoys "working capital funds to help sustain us throughout the year," so that he and his colleagues can focus on the company's mission, "rather than living hand-to-mouth."

Rigorous financial discipline may also be an aid to building working capital. Martin Miller, executive director of TheatreSquared in Fayetteville, Ark., said that the experience of the economic crisis gave him and his colleagues the resolve to create—and sustain—a cash reserve. At the worst part of the recession, he says, cash flow was a constant worry; several staff members even had to temporarily stop taking paychecks. "The week-to-week pressures" of that period "made it palpably clear that we can't work under that sort of stress," he says. So, as the theatre's financial health improved (with the help of a grant from the Walton Family Foundation), he says, "We have managed to put at least three to four months' worth of our operating budget into the bank" as a cash reserve.

There is a constant temptation to draw down that money: After all, he points out, "Everything could use more resources immediately!" But, in the aftermath of the crisis, he and his colleagues started thinking of cash reserves as a necessity, rather than as a luxury.

"I think that, philosophically, made a difference," Miller says. —*Wren* absolutely great work with a different kind of financial investment," she says. Now, in 2014, she goes on, "we're back on the road to having a little more artistic freedom. But we still have that financial discipline," which involves "having to be as clear about our budget priorities as possible and as rigorous in sticking to our budget agreements as we can."

In each year of the five-year trend period, payroll accounted for at least 53 percent of theatres' expenses. Between 2009 and 2013, Trend Theatres added 9 percent more full-, part- and jobbed-in employees, contributing to total payroll growth that outperformed inflation by 1.8 percent. Artistic payroll did not fare comparably, ending the period 1.3 percent lower compared to inflation than in 2009, while the administrative category ended 4.7 percent higher; production payroll also surpassed inflation, by 1.7 percent.

BETTENCOURT CHASE PHOTOGRAPHY

Rita Harvey and Jared Nepute in *Next to Normal* at TheatreSquared.

In other expense-related news: marketing expenses lagged behind inflation. Marketing is "much more targeted" these days, observes Sharon Fogarty, co-artistic director of New York City–based Mabou Mines. "It's more financially focused and strategized. The money goes exactly where it's going to produce the most box-office income."

Occupancy, building, equipment and maintenance costs climbed each year. The *Theatre Facts* writers note that companies' fixed assets—as well as their long-term investments—have grown over the years, in part as a result of capital campaigns. In 2013, 39 percent of Trend Theatres were in a capital campaign, while 17 percent had completed one in the previous five years.

Unfortunately, a fixed asset is of limited help in meeting day-to-day cash needs. You may have a comfortable venue, and dressing rooms that cry out to be featured in *Architectural Digest*, but those blessings will not help you pay the electric bill. To measure theatres' ability to cope with such routine obligations, *Theatre Facts* relies on an indicator called "working capital"—an institution's total unrestricted net assets, minus its fixed assets and unrestricted long-term investments. Negative working capital suggests that the institution is essentially borrowing money (e.g., taking out loans or delaying payables) in order to meet daily operating requirements.

On average, working capital for Trend Theatres was negative each year between 2009 and 2013. It became more severely negative between 2009 and 2010, improved to its least severe point in 2011, worsened again in 2012, and ended 2013 slightly better than in 2012, but still with a more severe negative figure than in 2009. Looking at the matter through the Profiled Theatres lens, we see that, on average, working capital was negative for every budget group except for Group 1, the smallest theatres. Judging by interviewee responses, many theatre leaders are aware of the problem. [See sidebar. Capitalization is also a major focus for TCG and will be a prominent part of the programming for the 2014 TCG Fall Forum on Governance: Cash & Culture convening in New York Nov. 7–9. For more information, visit: http://www.tcg.org/events/fallforum.]

As theatre folk contemplate the numerical aspects of their institutions' recent track records, they are also thinking qualitatively—making deductions about how modern audiences want to consume theatre in the era of Twitter, Snapchat and Vimeo.

"I feel that we're in a transition period in the field," says Charles Varin, general manager for Denver Center. In former times, the theatre/theatregoer relationship followed "the witnessing model, where the audience comes in, sees a show and then leaves," he says. Some older audience members still consume theatre in a more traditional way, he observes; but younger folks are often "looking for this very highly interactive and experiential experience. They want to be able to share with their friends immediately: what they're doing, what a cool experience it was."

To appeal to these (presumably smartphone-wielding) patrons, he says, Denver Center Theatre has committed to projects like making the lobby more of a social–media–friendly experience, with a backdrop wall that connects visually to each show, allowing theatregoers to pose for pictures that can immediately be posted on Twitter or other platforms. More generally, Varin says, "we are trying to really define who our customers are; that will influence what mix of product we have."

Theatre practitioners are also keeping an eye on movements in the broader culture. Mabou Mines's Fogarty says she has noticed that some young people involved in the company's artist-residency program have appropriated the language and ideas of the locavore/artisanal-product movement.

These young artists are talking about their work in terms of "hand-crafted original performances" and other ideas drawn from the "artisanal movement that's happening in terms of food and clothing and jewelry," Fogarty says.

That conceptual alignment makes a lot of sense to the Mabou Mines veteran.

"[Theatre] is local, and it's handmade," she says. "Very carefully wrought, and from a place of intelligence."

Freelance reporter and critic Celia Wren is a former managing editor of this magazine.