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Crisis Management Planning and Theatre Organizations

Responses and Lessons from the COVID-19 Crisis

A Thesis

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by

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Abstract

Crisis Management Planning and Theatre Organizations
Responses and Lessons from the COVID-19 Crisis
Joseph Ryan Yow

Closures of theatre organizations due to COVID-19 have presented these organizations with a crisis – how to sustain an organization when the primary service of live performance is interrupted. This investigation uses qualitative research, focusing on case studies and semi-structured interviews with administrative officials of three theatre organizations in New Jersey, to provide a comparison of how each organization handles financial sustainability, employment, management, and communication. In addition, it examines how each of these companies engaged in the practice of crisis management planning – preemptively developing strategies and procedures for handling financial, public relations, and service-related crises. Research findings on financial sustainability, charitable giving, and crisis management planning, paired with the investigation, demonstrate multiple points of attention for theatre organizations during a crisis. Success in surviving a service-interruption crisis depends largely on leadership, organizational flexibility, willingness to explore new ventures, clear communication with its audience, and continued engagement in fundraising and revenue generation. However, this investigation also finds that crisis management planning is less-often engaged in by these organizations, with more focus placed upon maintaining organizational flexibility and reacting to changing circumstances. Theatre organizations that engage in financial sustainability practices – building reserve funds, endowments, and robust development –

are better equipped to manage the challenges of service interruption, while smaller organizations that operate on thinner revenue margins are more likely to face closure.

Introduction and Purpose Statement

In a little more than a decade, the nonprofit sector in the United States has been rocked by two major financial crises – the Great Recession of 2008 and the spread of the COVID-19 novel coronavirus through the world. Due to their reliance on funding sources that are related to overall economic health, state funding, corporate and charitable giving, nonprofit performing arts organizations are at a systemic disadvantage compared to for-profit organizations when a significant event threatens financial strain. Now, as COVID-19 demonstrates the vulnerabilities of the nonprofit sector to societal lockdowns at a scope not seen in over a century, it is imperative that nonprofits proactively prepare for the next major crisis.

This investigation will look at the factors that challenge nonprofit theatre companies during a service interruption crisis such as COVID-19. When a company is deprived of its primary business model, what steps can it take to survive? In addition, this investigation will review responses of select theatre companies in New Jersey to the crises of the Great Recession of 2007 and specific incidents respective to their own organizations. It includes interviews with theatre administrators and an examination of the literature relating to the crises of both the Great Recession and COVID-19. This investigation should add a more current perspective that is less of an analysis of "what went wrong" and more of a guide to what can we do to prevent the damage caused by the 2020 shutdown in the future.

Literature Review

Section I: COVID-19 – Where We Are Now

As of this writing in December of 2020, literature on the COVID-19 crisis is largely gathered from sources that are not peer-reviewed due to its relatively short and ongoing lifecycle. In reviewing this literature, however, a few issues stand out that give us context for the realities facing theatre organizations. First, this crisis has exposed the precarious nature of work in the cultural sector. Second, under this crisis the traditional business model for theatre is unsustainable. Third, regardless of what sector an organization operates within, crisis management leans heavily on communication strategies.

At the onset of the COVID-19 pandemic in America, theatre companies suspended operations as health and safety measures were taken to slow the spread of the virus. The restrictions placed on theatre companies – suspension of services, future limitations on audience size, and the risk of spreading the disease via the physical nature of live performance – severely impact the financial viability of these companies. Many organizations, including notable companies such as the National Theatre in London and the Metropolitan Opera in New York City, made recordings of prior productions available on streaming platforms, usually for free or for a suggested donation. The benefits of publishing free digital content, such as maintaining a connection to an audience, do not come without drawbacks. By digitizing their work for free or a nominal costs, theatre companies begin to establish an expectation of that cost amongst their audience. Should digital content continue to be an element of theatre production, it will require a change in business models, or theatre companies risk working "for the sake of exposure" (Vincent 2020).

Theatre companies are turning to their backlog of recorded productions for digital content. Streaming has created its own set of new challenges for theatre companies, such as getting permission from Actor's Equity Association (AEA) to stream an actor's performance, a union which typically manages live performances. AEA was initially responsive to companies turning to streaming, particularly because the nature of live performance – proximity to one another and amount of saliva droplets produced in vocal performances – significantly increases the potential for exposure to a virus. (Lunden 2020)

Approaches to resolving funding shortfalls varied by organization. For example, The Metropolitan Opera, facing significant financial challenges – an anticipated loss of income of $60 million dollars, the furloughing of performers – turned to virtual performances as a means of generating revenue. This transition forced the organization to learn and adopt new technical skills to translate their work to the screen. Controversially, the musicians were donating their time after being furloughed – being asked to perform for the company without actually being paid for their performance (Barone 2020).

A similar situation occurred with the Melbourne Symphony Orchestra (MSO) – performers were asked to contribute to the marketing and fundraising of the MSO after being furloughed and hired back at a reduced rate. – The MSO case illustrates the underlying problem of asking artists to donate their time for the sake of an organization's benefit. Growing tensions between the artists and management in the MSO contributed to a declining sense of trust, resulting in a lack of faith in management and a desire on one artist's part to see a complete turnover in the administration, despite the fact that the administration had taken pay cuts and additional sacrifices to keep the organization afloat. This unearthed tension between the artists and administration of the MSO had been increasing with time and was escalated by the quarantine emergency. The breakdown in communication, trust, and expectations amongst the artists of the MSO is an example of a how crisis can exacerbate existing conflicts within an organization (Miller 2020).

The shutdown has forced many organizations to assess their financial health and communication strategies. Arts organizations are not prepared to see all of their financial revenue sources interrupted at once. Determining financial health requires an analysis of current assets and obligations, as well as a focus on the dual bottom line: the impact of services and finances. An organization must assess which element of its programming has the greatest impact on its mission and prioritize those programs. Regarding communication, all members of an organization should join in the discussions about how to navigate a crisis, and organizations should communicate with transparency and urgency to internal and external parties (Zimmerman 2020).

The significant health and safety concerns affecting in-person events has led theatre companies to explore digital options for continuing their operations. This presents particular challenges to theatre companies working under Actors Equity Association agreements (the union for theatre actors and stage managers) due to complications between AEA and the Screen Actors Guild (the union for screen actors), and the determination of how digital productions should be created during the pandemic and which union they should fall under. Prior to COVID-19, union theatre companies looking to digitally capture a production would rehearse and produce that production under Equity contracts, and then record and distribute that production under SAG contracts. Differences in safety protocols and union coverage has led to a stalemate in negotiations between the two organizations and inequity for union members trying to work (Pierce 2020).

The Screen Actors Guild released guidelines for returning to work that focuses on frequent testing and a physical space-defining zone system which aims to separate cast and crew into groups based on frequency and need of interaction (SAG-AFTRA 2020). Equity has released separate guidelines for in-person production (including digital capture of live productions) with four guiding principles – quick testing and venues modified to minimize exposure, both of which a company can reasonably control, and collective buy-in on mitigation efforts and a virus level that has been low for multiple weeks (10 cases per 100K people for at least two weeks,) which are, of course, outside of a company's control. In addition to being significantly more conservative in their safety standards, Equity is also noncommittal to a reopening date for union companies (American Theatre 2020). This distinction between SAG and Equity creates an environment in which a union theatre company is forced to work under SAG contracts instead of Equity in order to produce – but SAG contracts do not fully cover the base rate of Equity performers, nor does it cover stage managers (Pierce 2020).

It is interesting to note that the new guidelines released by SAG are not based on observations of the performance industry, but are rather based on observations of the construction industry. Indeed, labor practices in the performing arts, pre-COVID-19, in many ways enable risk post-COVID-19: reliance upon non-unionized workers putting in extended work hours (70-80 hours per week, hours that studies show reduce the capability of a person to make reasoned decisions,) shared meal times with cast and crew, and physical working conditions that do not allow for social distancing (such as backstage areas or the large amounts of crews involved in loading or unloading a show) compound the risk of a virus. SAG and Equity are in agreement that the prior status quo is untenable in a COVID-19 era, but they may find that returning to the status quo post-COVID-19 is equally untenable (Loar 2020).

As of October 2020, a new campaign called See It Safely has been adopted by several theatre companies in the United Kingdom. This program provides a toolkit for reopening under social distancing guidelines, including reduced seating capacity, one-way movement, temperature checks, contactless payment, and trained front of house staff (UK Theatre 2020). One hundred and forty venues have been approved by the UK Department for Digital, Culture, Media, and Sport, SOLT and UK Theatre, but while some shows are reopening in October in the West End, some can still not open with reduced capacity for economical reasons (McPhee 2020). The UK campaign stands in contrast to the United States, as Broadway is not planning to resume operations until at least June 2021 – a minimum of 444 days since they closed on March 12, 2020 (Paulson 2020).

There are three groups of steps theatre organizations can take to mitigate crises: establishing priorities for both the health and safety of the organization’s members and audience as well as the organization itself; determining resources and obligations pertaining to the organization; and communicating with the organization's constituents (Clayton, Totten, Munoz-Blanco, and Clark 2020). Considering these steps as an outline of a crisis management plan, two steps stand out – creating multiple financial and operating models to examine different approaches to organizational health and communicating with audiences and donors. Creating models forces an organization to take an honest assessment of their situation and develop a flexible approach to dealing with challenges. Communication helps an organization maintain control of the perception of their organization during a chaotic time, reinforcing confidence amongst audience members and donors, two key revenue sources (Clayton, Totten, Munoz-Blanco, and Clark 2020).

Organizations should communicate prolifically about the issues that are most relevant and hold on communications that are made less relevant by the crisis. Prioritization should be given to matters of health and safety, both internally and externally. Since theatres operate with large crowds, consistency in focus on health and safety is critical for external communications – an organization needs to not only consider how to keep their audience safe, but also demonstrate that they are thinking of their safety. Organizations should appear to be conscientious of the difficulties they and their customers are facing (George 2020).

The Crisis Communication Plan Nonprofit Toolkit, created by the Colorado Nonprofit Association, details a proactive strategy for crisis communication strategies. The suggested strategy focuses on maintaining consistent members who are tasked with communicating to the public, using communication to mitigate the crisis while demonstrating the leadership of the organization, a push for transparency while also keeping employee information confidential, and a call to always be prepared with an answer. Notably, "no comment" is seen as an unacceptable response, as it invites the listener to determine the context of that response rather than the organization. Those communicating on behalf of an organization to be trained for this responsibility, as the demands of communicating to the media or constituents during a crisis are specific and challenging (Colorado Nonprofit Association. Crisis Communication Plan Nonprofit Toolkit 2011).

There are consequences for failing to develop a crisis communication strategy. If an organization cannot adequately communicate to their constituents, it runs the risk of being viewed as inept or inadequate to the task of coping with the crisis. Organizations break down in such situations, both internally and externally. To avoid this, organizations should develop multiple modalities of communication to get messages out in a timely and appropriate manner and conduct a pre-crisis vulnerability audit. This audit assesses the potential risks to the organization and assists in helping develop a crisis management plan (Bernstein 2015).

Leaders must own their messaging – being transparent enough that the audience feels they understand what the organization is going through, but also speaking to the future and what direction an organization will take to sustain itself. In addition, leadership should maintain a focus on the so-called soft issues – matters of conscience and empathy, matters that reflect on the mission and values of the organization. Strong leaders use an organizations mission to guide them through a crisis (Breeze 2020).

Perhaps the most important aspect of communication is to maintain an audience for the day an organization reopens, but the uncertainty of the COVID-19 outbreak makes us consider: when will that actually happen? An audience survey of more than 3,400 people on how and when they will feel comfortable enough to attend a cultural event again revealed, unsurprisingly, that audience interest in attending events that require minimal movement in a small space is low. Survey respondents identified that a vaccine would overwhelmingly have the most impact in increasing comfort levels. Removal of government restrictions and an organization's own decision to resume programming also factored into restoring audience comfort. The availability of hand sanitizer and, by extension, an established practice of how the audience can engage in the activity safely was also significant. This data shows that while there are some elements that an organization can control, two of the largest barriers to audience's returning to the theatre – vaccines and government restrictions – are out of their hands (Dilen-Schneider 2020).

Section II – What Can We Learn From Crisis?

A brief overview of the operating process of a nonprofit organization: a nonprofit organization operates similarly to a for-profit organization in many ways. For a theatre company, that similarity focuses on the exchange of a service (performances, education, etc.) for a fee paid by the audience. This type of income is considered earned revenue. Unique to a nonprofit organization is another form of income known as contributed revenue, money or goods given to the organization for its operations or specific initiatives. This contributed revenue usually comes from a combination of grants and donations. The business model of a professional theatre relies on all three of these sources – contributed revenue from grants and donations combined with earned revenue from sales – in order to survive.

In reviewing the literature pertaining to nonprofit management prior to the current novel coronavirus crisis, I discovered three main themes. First, external pressures, such as the impact of revenue streams, corporate giving, and charitable giving have a significant impact on the financial health and prospects of non-profit organizations (Bivin, Osili, Pruitt, Bergdoll 2020; Gellar, Salamon and Mengel 2010; Reich 2011). Second, multiple studies on how non-profit organizations responded to the 2008 global financial crisis, hereafter referred to as the Great Recession, illustrated three strategies: increasing fundraising, reducing expenses, and entrepreneurial expansion (Brooks 2000; Donnelly-Cox and Cannon 2010; Gellar, Salamon, and Mengel 2010; Lee and Shon 2018). Third, the inevitability of a non-profit organization facing a crisis necessitates a crisis preparation strategy (Jordan, Upright, and Tice-Owens 2016; Nangole 2012).

External Pressures: Revenue Streams, Charitable Giving, and Public Funding

The Great Recession was a global financial crisis, beginning in 2007, that resulted in significant financial turmoil in the real estate and stock markets. Due to this turmoil, millions of people lost their jobs, resulting in a spike in unemployment. Nations across the world, particularly in the United States and Western Europe, saw a decline in gross domestic product for a sustained period of time. Companies were inclined to reevaluate their financial practices, including charitable donations. Focusing on the effects of the Great Recession, there is evidence that nonprofit organizations were under significant financial stress, as expected. In "Museums and Other Nonprofits in the Current Recession: A Story of Resilience, Innovation, and Survival," 83 percent of surveyed organizations, "…reported experiencing fiscal stress, and close to 40 percent described this stress as 'severe' or 'very severe'." (Gellar, Salamon and Mengel 2010, 130). Nearly a third of all respondents reported severe or very severe financial distress during the most acute period of the recession, September 2008 to March 2009. Non-profit organizations were facing additional financial pressures during this time, including declining revenues, increased costs, declining endowments, increased competitions for financial resources, and increased demand (Gellar, Salamon and Mengel 2010).

Between the period of 1987 to 1991, an ever-increasing income gap (the difference between income versus expenses) in symphony orchestras rose from under one million dollars to two and a half million. The American Symphony Orchestra League noted an average 150% increase in the income gap for symphony orchestras between 1971 and 1991. “Such deficit increases have not been limited to orchestras: U.S. theater companies as a group saw a budget surplus of 1.2 percent of revenues turn into a deficit of 0.3 percent from 1975 to 1985” (Brooks 2000, 271).

Consider the concept of the income-gap – the difference between income and expenses – and with that in mind, look at the impact that increasing financial pressures, coupled with an economic recession, have on the income sources for non-profit organizations. One of these sources, charitable giving, is questionable during a financial crisis. Declines in charitable giving decreased more in the Great Recession than in previous recessions. Charitable giving operates in tandem with gross domestic product – as the available amount of money contracts, so, too, does giving. This is evidence to say that charitable giving is less determined by Americans’ generosity and more determined by the available monetary resources. Unfortunately, the need for charitable giving is counter-cyclical to the available resources: need increases as the resources for giving decline (Reich 2011). Research supports this claim, identifying household income, wealth, and the health of the stock market as positive influences in individual giving (Bivin, et al. 2020).

The Great Recession resulted in a plateau in charitable giving. The 10-year estimate average growth in charitable giving between 2001 to 2010 was flat – a 0% change. The period between 2011 to 2020, in contrast, saw an estimated average growth in charitable giving of 3%. A change of one year in the ten-year projection, 2012 to 2021, sees an estimated average growth of 3.5%. As we’ve approached the early months of

2020, the outlook for charitable giving was rosy, with an anticipated rise in total giving of 4.8% in 2020 and 5.1% in 2021 (Bivin et al. 2020).

What led to the expectation of such significant growth over the next two years? Predominately, growth in bequests, foundations, individual, and corporate giving was attributed to growth in the national Gross Domestic Product, growth in the value of the S&P 500, and growth in household wealth and income (Bivin et al. 2020). Between the years of 2009 to 2019, volume of charitable giving increased by 866%, with an 816% difference in the monetary value. (Heisman 2019).

The statistics just discussed review charitable giving as a whole, but what about the subsector of the arts? Arts and culture organizations received $113 million across nearly five-thousand grants from the National Philanthropic Trust in the 2018-2019 fiscal year. Arts and culture organizations ranked sixth amongst the organizations receiving grants from NPT, behind education, religion, human services, health, and the public/social benefit sectors (Heisman 2019). Global trends in charitable giving show that only 4% of donations went to arts and culture organizations (2018 Global Trends in Giving 2019). The Philanthropy Outlook 2020 & 2021 does not list the Arts and Culture subsector within the top choices of donors (Bivin et al. 2020).

Prior to COVID-19, there was an expected growth of 4.4% in individual donations in 2020 (Bivin et al. 2020). On average 80% of individual giving were in values of up to $1000. Major donations of over $10,000 made up only 3.7% of individual donations across all charitable giving in 2018 (2018 Global Trends in Giving 2019).

Major individual donations assist nonprofit organizations in accomplishing large endeavors, such as plant expansion or new program ventures. High-dollar donations typically come from the extremely wealthy, who were significantly impacted by the Great Recession. This led to a drop in individual donations of over $100 million between 2000 to 2009 by 38%. In addition, the Slate 60, which tracks the top 60 philanthropic gifts, noted a significant drop in gift amounts in 2009, and a study from the Center on Philanthropy at Indiana University found a 35% drop in annual gifts from high-income households. The Great Recession resulted in belt-tightening for many high-income individuals and households, and the residual impact of this was felt by the non-profit organization sector in an evaporation of approximately a third of high-dollar charitable donations (Reich et al. 2011).

How does financial disruption affect corporate giving? In the early 1990's, corporate giving priorities moved away from personal preference towards achieving tangible corporate gains. The corporate agenda became an essential part of non-profit giving. Is the organization in the same community as the corporation? Will it directly benefit the economy of the area or its employees? Will it benefit the public image of the corporation? Corporate giving is also largely directed at nonprofit organizations, as opposed to individual artists. Less than 10% of corporate support is directed through united arts funds (UAFs,) which raise money for multiple arts organizations and individual artists (Useem 1991).

The role of corporate giving is significant to the nonprofit organizations. Businesses can directly sponsor single events or exhibits and can lobby additional businesses for support as well. This gives the business public visibility while helping cover the high costs of large events for nonprofit organizations. Companies can also provide in-kind donations and technical assistance in a broader scope than public agencies (Useem 1991).

Anticipated growth of corporate giving was only 0.4% in 2020 and (prior to COVID-19) 1.4% in 2021 (Bivin, Osili, Pruitt, Bergdoll 2020). In 2017, corporate giving was even with federal funding at 3%. Combine federal funding with state and local government funding (hence referred to as public funding), though, and corporate giving falls sharply behind, 9% versus 3% respectively (Americans For The Arts 2017, 1).

Public agencies use regulated guidelines to determine funding eligibility, as opposed to the self-interests that drive corporate giving. In addition, public agencies are more willing than corporations to fund individual artists (Useem 1991). Comparing funding levels in 1999 and 2019, public funding saw increases in local funding (approximately $6.5 million in 1999 to $860 million in 2019,) modest gains in federal funding via the National Endowment for the Arts ($100 million to $155 million,) and no growth in state funding at $360.5 million. All public funding saw a rise prior to 2009, and while the NEA stayed relatively steady, local and state funding saw significant declines in the years following the Great Recession. While local funding met and surpassed its pre-Great Recession level in 2015, State funding only recovered in 2017 and has stayed relatively flat since (Cohen 2019).

There's an important context to understand the role of charitable giving for a non-profit organization. Charitable giving constitutes an average of 13.3% of the total revenues of nonprofit organizations. Importantly, charitable contributions have an importance to nonprofit organizations disproportionate to their actual monetary value. While charitable giving may not make up the largest percentage of income for an organization, they validate the organization's values – "charitable contributions are the defining and unique source of revenue since they are set up exclusively to capture and channel philanthropic endeavors" (Lee and Shon 2018, 950).

The growing needs for collaboration and competition within the non-profit sector are putting new stressors on the traditional service-related business model. Non-profit companies must take new actions in order to meet these challenges – creating new capacities and finance streams while building improved relationships with across sectors and throughout their communities. Cultural non-profits have a particular need to consider new business models, as most share the traditional characteristics of not generating enough income to cover their expenses, making them reliant on public funding. Most non-profit organizations fall under the concept of a multi-sided business – rather than a customer paying the organization directly for goods or service, such as in a traditional business model, non-profits have customers as beneficiaries of their goods or service who do not pay the full cost of producing those services, while public and private funding supports that additional cost. Cultural organizations often do not have significant reserve funding, putting them in danger during periods of financial instability. However, cultural organizations also have particular characteristics that can serve as points of innovation, such as their art-form development, audiences, distribution, value creation, and their business models (Rodriguez 2016).

What is the significance of these findings? To summarize, funding sources are largely dependent on the financial health of the nation (Bivin et al. 2020). In the past twenty years, arts organizations have seen two major crises that have caused instability and substantial changes in public funding (Cohen 2019), which accounts for 9% of the average arts organization's budget (Americans for the Arts 2017). The other 31% of funding – individual, corporate, and foundation support (Americans For The Arts 2017) – are largely dependent on the financial health of the national economy, which have also been impacted by both the Great Recession and the COVID-19 crisis. Now consider the plight of theatre companies at the moment – public funding barely growing over eleven years regardless of inflation (Cohen 2019), corporate giving contracting (Americans For The Arts 2017, 1), individual donations tied to an economy undergoing a serious crisis due to unemployment and business closures (Bivin et al. 2020), and earned income all but paused. The culminating effect of these challenges present theatre companies with an existential crisis.

Responses to the Great Recession

Once we establish the baseline understanding of the external pressures non-profits are facing in financial crisis – challenges and drops in earned revenues, philanthropic and corporate funding, and public support – we can begin to look at how non-profits responded to these challenges in the context of the Great Recession.

Globally, non-profit organizations face similar challenges. Years of shifting public opinion on the relevancy of public support for the arts, coupled by the loss of state funding, contributed to a challenging period for the arts post-recession in Ireland. This shock led to non-profit organizations turning inward and focusing on their own survival. Looking at a case study of the Irish Peace Center, its focus shifted from collaboration to distinctiveness and exceptionalism, choices that they used to promote their own organizations but that also isolated them from information and input from other non-profits (Donnelly-Cox and Shannon 2010).

Different response modes from art organizations emerged in this response to the Great Recession. One was to focus on economizing – reducing programming, staff, and overhead. The second was to harmonize their focus, turning all resources to their mission in hopes that public funding interests would also align and bolster public support. A third is the diversifying response, either by increasing fundraising activities and increasing capacity to draw in additional funding, or moving into new ventures to make a greater impact. The fourth is the monopolizing response, of focusing on and innovating the delivery of a current service (Donnelly-Cox and Shannon 2010). While the focus of this study will be on American organizations, we can apply these response modes to our analysis.

Promisingly, non-profit organizations showed resilience during the Great Recession. Economic distress, while still significant, was not as severe as experienced after the attacks on September 11, 2001. Only three percent of respondents surveyed reported that they were in danger of closing due to the Great Recession (Gellar, Salamon, and Mengel 2010).

Continuity of service was only modestly affected. Of surveyed respondents, 18% reported a high staff turnover, 12% reported difficulty in managing volunteers, and 9% reported greater difficulty in hiring or retaining staff. “In short, despite the recession and the resulting fiscal pressures they faced, museums and other nonprofits largely maintained their financial footing and maintained or expanded their activities, serving more people, and particularly more vulnerable people,” (Gellar, Salamon, and Mengel 2010, 133).

While this literature is limited to the organizations surveyed by the Gellar, Salamon, and Mengel paper, we can look at how these organizations responded and expand our research to cover their strategies. The main three strategies that we will focus on are fundraising, reducing expenses, and entrepreneurial expansion.

Fundraising and its strategic importance are all dependent on the size and relative percentage of private contributions to their income. An organization that is more dependent on private contributions will place a higher priority on fundraising. Nonprofit fundraising is also impacted by the general economic conditions, as supported by earlier evidence about the decline in charitable giving. One of the coping strategies is an increase in fundraising efforts, launching new or expanded campaigns. In addition, limited philanthropic availability leads to increased competition for those funds, which results in increased costs for fundraising efforts. This results in non-profits becoming more competitive as fundraising efforts become a higher priority (Lee 2018). This supports the diversification strategy and the general sense of organizations becoming more self-centered in the report by Donnelly-Cox and Cannon (2010).

Gellar, Salamon, and Mengel (2010) also note this increase in fundraising efforts, with a focus on individuals, state or local funds, federal funds, and foundations and corporations. A focus emerges on "belt-tightening," or reducing expenses. This includes cutting administrative costs, creating or expanding collaborative efforts with other nonprofits, postponing new hires, reducing programming, reducing travel budgets for staff, shifting to cheaper products or services, eliminating staff positions, increasing reliance on volunteers, and implementing a salary freeze (Gellar, Salamon, and Mengel 2010). This correlates with the economizing strategy observed by Donnelly-Cox and Cannon.

Some labor in the arts cannot be made more efficient, and changes in production that negatively affect quality can result in a decline in public interest. Focusing on supply-side remedies (remedies that can be controlled by the organization), a reduction in labor or a decrease in scale of operations could be used to reduce expenses. However, in some ways this is impractical – you could not, for example, lay off half of an orchestra and still have an orchestra (Brooks 2000).

Looking at entrepreneurial expansion, there is an additional supply-side remedy: the production of additional goods or services, thereby creating additional revenue streams (Brooks 2000). Arts organization respondents took entrepreneurial steps to improve their finances and expand their marketing and advocacy efforts. Many of these efforts took the form of creating new in-kind relationships with media, which worked to increase visibility of an organization and reducing advertising costs. There is a correlation between the financial success of an organization and its pursuit of entrepreneurial strategies (Gellar, Salamon, and Mengel 2010).

Crisis Management Planning

Finally, the third theme that emerged from my research relates to Crisis Management Planning, or CMP. A crisis is defined in this case as a time in which normal operations are disrupted, and that there is increasing pressure for improved organizational practices that support CMP. Although the definition of crisis contains an element of the unpredictable, it does not change the likelihood of a potential crisis. Nonprofits face two types of crises: an emergency, resulting in a lapse in service; or a controversy, which may damage an organization's reputation. A crisis may stem from an internal or external source (Jordan, Upright, and Tice-Owens 2016).

Crisis management is defined as "a systemic attempt by organizational members with external stakeholders to avert crisis or effectively manage those that do," (Gilstrap, Gilstrap, Holderby 2016, 2790). Responses to crises can be evaluated based on the decisions made by leadership to effect change in ongoing crisis situations, divided into the categories of planning, response, and learning. Crisis communication is defined as "strategic thinking, relationship work, and information sharing both within and beyond the crisis-impacted organization," (Gilstrap, Gilstrap, Holderby 2016, 2791). It is used to both pass information to the public and clarify situations faced by an organization, but also to address public concerns and coordinate community efforts. Successful crisis communication includes being transparent and honest with the public and media, preventative planning and strategic partnerships with community organizations, and expressing compassion and acceptance in the face of uncertainty (Gilstrap, Gilstrap, Holderby 2016, 2791).

Another important aspect of crisis management is crisis sensing, or the ability to perceive and respond to intermittent, high-impact crises. Responding to a sudden change in structural or cultural aspects of an organization is challenging for most groups, and requires a reframing of their organizational narrative to make sense of the changes imposed by a crisis. Members of an organization discuss their perceptions of normal and abnormal circumstances, agree on the abnormal factors of the current situation, and agree as a group on how to proceed. Sense-giving, in contrast, involves the leadership of an organization going through this process of understanding an abnormal situation, and then communicating their perception of the situation to their organization. Members of the organization and other stakeholders come to use the leader's perception of the crisis in their decision-making process (Gilstrap, Gilstrap, Holderby 2016).

A three-phase management model includes a pre-crisis, crisis, and post-crisis stage. An organization should take steps to select a crisis management team, select a spokesperson, and develop a plan that relates to the internal and external operations of an organization. How an organization responds internally to a crisis should be distinguished from how they communicate their response to the public. Implementing a CMP during the pre-crisis stage, rather than in the midst of a crisis, has value in that it allows an organization time to consider and prepare without the pressure of facing an actual crisis. CMP's are best written with the goals of being both brief and thorough (Jordan, Upright, and Tice-Owens 2016).

A communication strategy of honesty and transparency is applicable to both controversy and emergency situations. Nonprofits should be knowledgeable about potential crises so as to better prepare their response – hence, more support for a CMP. Steps should be taken to prevent an internal controversy or emergency from occurring, and should be factored into the operations of an organization as best practices (Nangole 2012).

Section III – Research Investigation

Research Methodology

This investigation uses qualitative research that focuses on case studies and semi-structured interviews with administrative officials of theatre companies in New Jersey regarding their experience with the Great Recession, the health and economic COVID-19 crisis, and their crisis management plans. These companies are a diverse sample, with distinctions in size, type, and market. Case-studies are included to provide a comparison of each organization, with background research providing context on available customer communications, marketing, and financial data. Interviews provide an evolving discussion of each organization, examining practices of financial sustainability, employment, management, and crisis preparation and response. Organizations were selected via convenience-sampling, based on response to inquiries about participation and the following criteria:

- Location – New Jersey (to limit the sample size)
- Producer or Producer/Presenter (to focus on organizations that are not strictly presenting organizations and are more involved in the creative process of theatre production)
- Greater than 5 employees prior to March 2020 (to focus on companies that are established enough to both be regarded as a professional organization while also being susceptible to significant impact by the loss of income during the COVID-19 crisis)

Organizations were diversified based on annual budgets and venue size. The organizations participating in these interviews are:

- Creative Domain Productions*
- Cape May Stage
- Papermill Playhouse

The first phase of my research involved secondary data analysis of these organizations and a literature review on topics of financial sustainability, the Great Recession, the COVID-19 crisis, non-profit crisis management planning, and relevant research relating to small businesses, non-profit organizations, and unemployment.

The second phase of my research involved interviews with the administrative members of the selected organizations with a focus on examining their financial sustainability practices, business models, employment practices, and crisis management planning. Specific administrative roles included Executive Directors, Artistic Directors, and Marketing Directors.

The third phase involved a short-term observation of the organizational health of these companies from July 2020 through October 2020. These observations focused on what services they were able to provide, their methods of responding to the COVID-19 crisis, as well as financial and organizational health, including an analysis of financial data, employees retained, and facilities maintained. In addition, I analyzed marketing materials to research their communication strategies.

In order to address ethical concerns of this research I utilized a policy of informed consent for all participants. The goals and methods of research were explained to participants. Consent was requested for video and audio recordings. Data gathered from subjects was coded and filed anonymously to maintain confidentiality. At the conclusion, I provided a copy of the thesis to participants upon request.

* Creative Domain Productions and all employees listed have been changed to pseudonyms to protect the organization's privacy.

Organization Overview

Creative Domain Productions

Creative Domain Productions is a multidisciplinary producing and presenting organization. Creative Domain focuses on both visual and performing arts, with a gallery, performance venue, and Associate Equity theatre company. Founded in 2001, the company currently resides in a major metropolitan city in New Jersey. It has a small staff of two full-time employees (Amber Smith, Executive Director, and Samantha Gold, Producing Director), three part-time employees (including a gallery manager, theater director, and theater manager), nearly 100 contract employees, and a 15-member Board of Directors. The Board is comprised of local business owners, academics, and creatives. Leadership of the organization was handed off by the founder, Rose Howard, to Smith in 2018. The split in employment is largely 10% administrative/ 90% artistic.

Its mission reads as “To engage, inspire, entertain and challenge audiences with highly intentional visual and performing arts programming; provide arts education to promote lifelong learning to diverse communities; and celebrate the essential power of the arts to illuminate humanity. Creative Domain provides a home for innovative performing, visual, and literary artists to develop new work; presents emerging and under-recognized artists who are making significant contributions to their respective fields; and serves as a space for established artists to take creative risks.”

Creative Domain has a few earned income streams. First, ticketing revenue is generated by presenting several performances and gallery showings throughout the year.

They have two main fundraising events in the form of a summer and winter gala. Creative Domain organizes community events including a multi-organization spanning art show called TC Fridays. In addition, they produce several arts events in-house.

Digital content distribute during COVID-19 was predominantly hosted via Zoom meetings.

Cape May Stage

Cape May Stage is a producing organization operating in Cape May, New Jersey. The organization, incorporated as an Equity theatre company in 1988, resides in a historic church. The company has eight staff members, including Producing Artistic Director Roy Steinberg, Marketing Director Denise Shutter, as well as a Director of Development and Operations Manager, Director of Finance, Production Manager, Volunteer Coordinator, Technical Director, and Talent Liaison. Their Board of Directors is composed of 19 members. Steinberg has run the organization since 2009.

Cape May's mission statement reads: "Our mission is to produce compelling impactful theatre that engages audiences to enrich their lives. Our mission is to create a catalyst for audiences and artists of tomorrow within an intimate, unique, and historical venue through the following: by seeking to achieve the highest professional quality theatre through our diverse productions; by producing contemporary theatre which engages, inspires, challenges, and entertains our audience; by being stewards of the public trust and the resources provided to us by the community; by inspiring students and engaging seniors via outreach programs based on the performing arts."

Cape May Stage continues to operate as an Equity company, with two main earned income streams. The first is their annual season of plays – five in 2019. The second income stream is their educational programming, Cape May Stage for Kids and their National Playwrighting Symposium. The organization is also tied into the local tourism industry for Cape May.

Digital content distributed by Cape May Stage during COVID-19 was presented in a combination of Zoom meetings for interactive events and Vimeo for paid digital recordings.

Paper Mill Playhouse

Paper Mill Playhouse opened in 1934 in Milburn, New Jersey. It is predominantly an Equity producing organization, but it also works with producers to workshop plays headed to Broadway or national tours. They are notably the first company in America to offer sensory-friendly productions that include sign-interpretation, auditory enhancement, and autism-friendly performances. Their venue is a proscenium-style theater with a max seating capacity of 1162, significantly larger than our two other organizations.

Paper Mill is run by Artistic Director Mark S. Hoebee, who joined the organization in 2000. The company employs four other director positions – Managing Director, Associate Artistic Director, Associate Producer, and Management and HR Associate. Other departments include Development (seven employees), Marketing and Publicity (four), Finance and Administration (eight), Education (six), Audience Service and Ticketing (nine), Production (fourteen), House Management (two), and the management staff for their on-site restaurant, the Carriage House (four).

Paper Mill's mission is "Paper Mill Playhouse entertains, inspires, and enriches lives. As the nation's premier musical theater, we foster a creative environment to advance the art form, educate students, develop future theater lovers, nurture inclusion, and provide access for all."

Play production creates two income streams for the company – one from the initial ticket sales, and another from royalties for workshopped productions. Additional income streams include a Musical Theatre summer conservatory for teens, educational workshops, and the Carriage House restaurant. Paper Mill also runs Rising Stars, a state-wide high school theatre awards program.

Paper Mill chose not to share digital content during the summer of 2020. It's upcoming digital season is hosted on the Paper Mill website.

Research Limitations

My research, conducted via interviews and analyzing available material, is limited in that the information obtained is based on what the organization and its leadership is willing to share. Phone interviews eliminate both anonymity for the interviewee as well as the possibility of the interviewer picking up body language signals during responses. There is also the potential for bias as relationships are formed over multiple conversations between the interviewer and interviewee.

This study is potentially limited by the availability of data on the effect of the novel coronavirus crisis on professional theatre companies. It is my hope, however, that the initial effects can be examined to provide insight for future preparation. In order to focus on the health of theatre organizations instead of employees, I will not be examining the impact on independent contractors within the arts, though these employees are critical for the success of a professional theatre company.

The New Jersey Theatre Alliance database, which lists eleven Associate Equity companies and twenty Equity companies among its members (New Jersey Theatre Alliance 2020). This research uses a small convenience sample of theatre organizations from this list in order to maintain a realistic scope of the research. Due to this, the results of the qualitative analysis may not be fully representative of the theatre organizations throughout all of New Jersey. For example, community theatre organizations and non-professional companies are not included in this research. I have attempted, however, to choose a diverse sampling from the Theatre Alliance database in regard to annual budgets, number of years in service, and number of employees to provide a wide range of circumstances to examine when looking at the shared challenge of COVID-19.

Anticipated Findings

Due to the relatively recent crisis of the Great Recession, my expected outcome is that the majority of these organizations may have crisis communication strategies, such as development and marketing messages that address critical fundraising needs. I also anticipate that these organizations do not have a financial model that accounts for the possibility of extended inability to provide services, due to the inherent business model of the performing arts. The performing arts operates on the value proposition of live performance in return for a paying audience (José Rodriguez 2016, 13). Without the ability to provide live performances, income is dramatically reduced, and companies that budget their fiscal year partially on the projection of expected ticket sales will find themselves in financial stress.

A few possibilities come to mind when considering how a theatre company may adjust to a temporary pause on in-person performances. Companies would likely look to the possibility of virtual performances, whether newly produced or by sharing digital captures of prior live productions. Companies would likely need to address funding shortfalls by reducing expenditures and increasing requests for donations. Companies may reduce expenditures in the short-term by furloughing staff, negotiating a reduction in utilities and rentals, and reallocating production budgets of cancelled shows. Long-term, companies may be faced with financial difficulties when trying to return to in-person productions, which might require scaling back the scope of live productions, eliminating staff positions, or even dropping Equity status to reduce production costs.

There is also the issue of how companies will maintain their audience when their audience is both not frequenting their physical venue as well as potentially going through their own economic crisis due to COVID-19. Companies may have to engage in new communication strategies to explain why (at the outset of the pandemic) the theater has closed, keep audiences engaged with their work, and explain how to view and interact with virtual productions. Companies may also have to decide how to approach fundraising during this time. Assuming that the need for additional fundraising would be essential when there is no or reduced earned income, do these companies decide to maintain or increase their fundraising efforts or pause fundraising to demonstrate an understanding of the difficult economic circumstances faced by their communities?

I anticipate that my interviews will prompt further investigation into the business models of these theatre companies, as well as a reevaluation of financial sustainability practices and crisis management plans. Companies may have to decide if their current budgeting accounts for financial emergencies, and if not, assess if they can allocate additional cash-flow to emergency savings. Companies may have to review their staffing needs and consider if, long-term, are all of their positions necessary, are there positions that are needed specifically during a financial crisis, and are there positions that can be restructured to improve the financial health of the organization. Companies may also have to examine if there is a need, in their specific circumstances, to have a predetermined crisis management plan, or is it more useful for the organization to maintain flexibility in their response by not developing a CMP?

Research Findings

Creative Domain Productions

Creative Domain Productions was relatively small as an organization during the Great Recession, and as a result was able to ride through that event without significant impact (Howard 2020). The company was in healthy financial shape prior for the operating year of 2020 prior to March. Their winter gala, Snowball, had occurred in January. “I have no idea what kind of state we'd be in if the shutdown happened in December,” (Smith 2020a).

When concerns over COVID-19 began to develop prior to the shutdown of non-essential businesses in New Jersey on March 21, 2020, Amber Smith and Samantha Gold began discussing options for the future. “When all the news was coming out, it was like a lot of me and Meredith talking back and forth, um, saying like, OK, it's feeling like things are close, Trump scheduled a press conference, that feels like it’s important. We’re sort of like trying to make, you know, make judgments based on the way that things were unfolding,” (Gold 2020). Steps were taken to notify the board and to communicate to Creative Domain’s customer base about their intentions in pausing in-person services. “Initially our priorities were absolutely to come out as a leader in the field in our community and say we understand that this is a huge threat and this is a global pandemic and we’re not going to stay open when it's not safe,” (Gold 2020). Focus was placed on communicating to their audience, via email and social media - first on March 10 regarding the sanitization steps being taken to keep guests safe at their venue, followed by notification of closure on March 13. Additional messaging around closure focused on the justification for shutting down (maintaining the health and safety of their customers,) and that Creative Domain was there to support their customers in whatever way it could (Gold 2020).

Creative Domain received a PPE loan as a small-business, with a low interest-rate and a 30-year repayment timeline. Creative Domain did possess liability insurance prior to the COVID-19 shutdown, but this liability insurance did not include business interruption coverage. The shutdown forced Creative Domain to adjust their workforce - Creative Domain furloughed one employee, and postponed or cancelled contracts with their artists and technicians for upcoming in-person productions. The lack of financial expense in mounting productions and exhibits, lower utility fees of an unused venue, and reduced staffing resulted in some savings (Smith 2020a). As of October, their staffing levels remained the same (Smith 2020c).

Once the shutdown occurred, Creative Domain began implementing changes to their fundraising and programming. Their summer gala, Cocktails Under The Stars, was cancelled (Smith 2020a). As of October, no changes to fundraising or financial planning had been implemented (Smith 2020c).

At first, online programming was wide-reaching in scope, with events centered around story circles, stand-up comedy, and Drag Bingo (Smith, June). At first, the focus for online programming was around providing content and maintaining the community of their audience. “So, initially, a lot of our online program were targeted just to people in

Jersey City that needed to have, like, a release, that kind of release from the news from everything that was going on," (Gold, July). Eventually, some of these events were cancelled due to lack of audience support or a disconnect in how to make the event work in a virtual setting (Gold, July).

Drag Bingo stands out as an event that both connected Creative Domain's audience and expanded that audience outside of Jersey City (Smith, June). The success of Drag Bingo for their audience was measured in the human connections made online with each other (Gold, July). Drag Bingo was successful enough that it became an offering for virtual parties, hosted by Creative Domain. Additionally, Creative Domain found another revenue stream in facilitating livestreams for other companies. As of August, Smith believed that the market will dictate the survival of their virtual programming – if there is an audience for it, perhaps it will live on, but these programs could also be considered a relic of the quarantine era once live performances resume (Smith 2020b).

As of now, the future of the company is uncertain, and live performance is largely predicated on the arrival of a cure or vaccine for COVID-19 (Smith 2020a). In addition, public trust will play a crucial element in reopening plans. Indoor events are seen as more dangerous than outdoor events during the pandemic, and even if the theater venue could open at a reduced capacity, it may not be profitable to do so (Smith 2020a). Reopening is a moving-target – in August, in-person events were hoped to resume in January of 2021 (Smith 2020b). With the announcement of Broadway remaining closed until June of 2021, Creative Domain's reopening is now being considered for a similar timeframe (Smith 2020c).

In the meantime, Creative Domain is working towards understanding how to adapt to the changing times when it comes to virtual programming. One of their main events, TC Fridays, moved to a virtual model in May and with a notable improvement in terms of accessibility (Gold 2020). The event, which usually involves several free art productions happening at multiple venues in Jersey City, was able to expand its access to those with disabilities and allow visitors to attend multiple events that travel time would not have permitted during an in-person show. The event continued repeated its virtual iteration in October 2020, and has announced the next event for December 2020.

Creative Domain is looking at ways to move into live-streaming in the future (Smith 2020a). As of October, Creative Domain has not announced a fall or winter season, but it has announced the recipients of a year-long playwright development project called Inkubator, and is continuing its Drag Bingo program. Their gallery is opening for in-person socially distanced visits of two exhibitions. Creative Domain is also looking at ways of partnering with outside organizations, with a focus on finding partnerships that are equally supportive, where each organization can learn and advocate for one another (Smith 2020b). As of October, Creative Domain has announced the recipients of a year-long playwright development project called Inkubator and is continuing its Drag Bingo program. Their gallery is opening for socially distanced visits of two exhibitions.

Crisis management planning is not a large priority for Creative Domain. Smith finds that strategic planning lack a practical value, and that the time and expense of resources to create them may not necessarily pay off. This seemed to be reiterated in our final conversation in October – planning for the future, in the light of all the uncertainty and challenges facing the organization, was month to month (Smith 2020c). Gold recalls that while they have discussed strategic planning, the process of creating an actual plan is not given priority over the day to day operations of the organization. Priority is given to "remaining flexible, open and present in the moment," (Smith 2020b).

Cape May Stage

Cape May Stage was in good financial health prior to the COVID-19 shutdown (Shutter 2020). The company casts actors predominantly from New York for six-week engagements, with shows beginning in May and playing through December. The timing of the COVID-19 shutdown corresponded to the beginning of their production cycle, with the play *Adopt A Sailor* in the works and a set under construction. The company announced the postponement of that play on April 16. The Artistic Director Roy Steinberg considered switching that production to a Christmas timeline, but as of our first interview in June, Steinberg was already seeing this outcome as unlikely (Steinberg 2020a). As of October, indoor events in New Jersey were still prohibited by the state government, and Cape May was continuing to produce virtual programming (Steinberg 2020c).

Cape May Stage moved to virtual programming shortly after the COVID-19 shutdown began, announcing these programs in May 2020. Their repertoire focused on virtual lectures led by theatre professionals, play readings, virtual play productions, and cabaret-style evenings with Broadway performers (Steinberg 2020a). The virtual lecture series expanded their audience to younger patrons with an interest in a career in the theatre, giving this audience access to working theatre professionals (Shutter 2020). Their Broadway performance series was adapted from an in-person event to a virtual event by having performers pre-record their shows while incorporating a shout-out to the city of Cape May, to help make the production feel more personalized to Cape May Stage's audience (Shutter 2020). Online programming has led to an expansion in locations of audience members and performers – audience members logged in from around the world, and actors who would not normally be able to come out to Cape May to perform were able to participate in the virtual series (Steinberg 2020a). The company has considered moving into more interactive virtual events to engage their audience in new ways and appeal to their older audience base, such as a virtual murder mystery event (Shutter 2020). In October, these interactive events were continuing as virtual talk shows hosted by Steinberg (Steinberg 2020c).

During our first interview in June, Steinberg mentioned that he did not believe that Cape May Stage would continue with their online programming once in-person events resume, citing "zoom fatigue," (Steinberg 2020a). He maintained that position in October but added that virtual programming continued to expand their access to actors and audience members alike. Virtual programming has been presented in both free and paid formats, and paid programming is offered at both a rental and (slightly higher) purchase price point through Vimeo. Live performances were scheduled to resume at Cape May Stage over the next year in a digitally captured format. To accomplish this, Cape May Stage selected plays that would allow social distancing to be maintained – a one-person play, a three-person play where two performers would ideally be a real-life couple, and a two-person play where the cast is a couple (Mr. Steinberg and his wife) (Steinberg 2020c).

Cape May Stage consulted with multiple theatre companies and organizations throughout the pandemic, including the New Jersey Theatre Alliance and Actor's Equity (Steinberg 2020a). Local partnerships within Cape May itself focused on small business associations, and while the company did what it could to support these organizations via social media, there were no concerted efforts at collaboration to combat the loss of business income during the early months of the shutdown (Shutter 2020).

Fundraising efforts were adjusted in response to the shutdown. An annual summer gala was cancelled. Virtual fundraising was accomplished via an appeal to the current audience and Cape May residents via the Heroes campaign, which was well-received and successful in achieving its monetary goal. Steinberg attributes this success in part to a sympathetic audience that understood the unusually dire circumstances facing the organization. Steinberg acknowledged that this level of giving may not be repeatable under similar circumstances in the future (Steinberg 2020a). Their annual giving campaign was expected to continue in November (Shutter 2020). Their annual gala auction was adapted to reflect the current economic environment for both their patrons and local businesses – instead of asking companies to donate goods for auction, Cape May Stage asked for professionals to donate experiential services (a conversation with a Broadway performer, or a cooking session with a chef, for example.)

Cape May Stage does not have the physical space in their theater in order to operate with social distancing guidelines, nor do they have the seating capacity to recover costs if running at reduced seating (Steinberg 2020a). The company has considered different models of continuing production at reduced funding levels, including ceasing to work with Actor's Equity, which Steinberg believes would go against the brand identity of the company (Steinberg 2020b). In October, Steinberg voiced that they would be continuing to work with Actor's Equity. He also voiced that the company had taken steps to reduce other costs, such as moving their rehearsal studio and scene shop equipment into temporary storage (a savings of 50% in monthly rent,) making a case to their insurance company to reduce their rate due to the decreased likelihood of employees being hurt in a building that is not open, and requesting a tax reduction from Cape May for actor housing that is currently unoccupied. In addition, the company is taking advantage of a housing boom in Cape May by listing their actor housing for 300% more than its original cost. If sold at that amount, the company stands to gain $500,000 from the sale, which will provide a financial cushion for the future (Steinberg 2020c).

Communication with their audience happens predominantly through email blasts, Facebook, and Instagram (Shutter 2020). Cape May Stage had communication and emergency response plans in place to deal with events such as a fire, active shooter or a natural disaster (Steinberg 2020a). No plans had been made for the event of a shutdown due to a pandemic because the possibility seemed unlikely (Shutter 2020). The company has a philosophy of transparency and honesty with their audience and uses the persona of Mr. Steinberg as the Artistic Director to provide a personal touch to their communications (Shutter 2020). Maintaining a connection to their patrons and donors has been a top priority for the company, and Steinberg believed that their communications strategy had been successful in keeping the company relevant to the local community, and that their donor events had helped to make their donors feel connected to the company and valued (Steinberg 2020c).

The company has four employees, including Mr. Steinberg and Ms. Shutter. Employees were working at reduced hours, and receiving partial unemployment benefits (Steinberg 2020). Mr. Steinberg is the only person receiving a full salary (Steinberg 2020c). Employees picked up new responsibilities and roles during the transition to virtual programming (Shutter 2020a). The reduction in hours has impacted the amount of work the organization is able to accomplish, and forced them to prioritize their programming and communications (Shutter 2020). Maintaining a connection to their patrons and donors has been a top priority for the company, and Steinberg believed that their communications strategy had been successful in keeping the company relevant to the local community, and that their donor events had helped to make their donors feel connected to the company and valued (Steinberg 2020c).

Paper Mill Playhouse

Mark S. Hoebee, Artistic Director of Paper Mill Playhouse, experienced his first financial crisis at Paper Mill in the years leading up to the 2008 Great Recession (Hoebee 2020a). The administrative staff at Paper Mill discovered that they had a budget shortfall of $4 million dollars, during a period when Mark was serving as the interim artistic director (Hoebee 2020a). The board of trustees advised Paper Mill to shut down operations until the following year, and several of the senior staff, including the directors of marketing, production, and development left the organization (Hoebee 2020a).

To guide the organization through this period in time, Hoebee convinced the board to allow the theater to continue production, starting with a play that was rehearsed and ready to premiere (Hoebee 2020a). The communication strategy for their audience was focused around honesty and appealing to the public for support. An announcement about the plight of the theater was released in the local paper, the Star Ledger (Hoebee 2020a). The strategy of continuing production despite the budget shortfall was tied into fundraising – Hoebee believed it would be easier to receive public support if they were actively producing theater (Hoebee 2020a).

Following the announcement, small public donations came in at $1.2 million dollars (Hoebee 2020a). This allowed the company to demonstrate enough financial support to secure a loan. In addition, the board of trustees worked with local government to arrange for the town of Milburn to purchase the land and property the theater owned and donate the space back to the company. The value of the property, around $9 million dollars, allowed the company to pay-off the loan and gave them $3.5 million dollars as bridge funds to keep operating into the next season (Hoebee 2020a). The completion of the sale of the property to the town of Milburn occurred in the last week of August of 2008 (Hoebee 2020a). A month later, the investment firm Lehman Brothers would file for bankruptcy and kick off the beginnings of the Great Recession. Hoebee expressed skepticism that the sale of the Paper Mill property would have gone through had the sale date been any later than August (Hoebee 2020a).

During the Great Recession, Paper Mill continued to operate and produce, but made adjustments to its production scope and its staff size, reducing to a “skeleton crew.” One area that was not cut was the Education department, a priority of the company that would be maintained during the COVID-19 shutdown as well. Paper Mill expanded its business model, partnering with more local theatre organizations and beginning to work with producers to workshop shows headed for Broadway or regional tours. Paper Mill receives royalty payments from these shows for a certain portion of their commercial run. These world premieres were a successful expansion of Paper Mill’s business model, with one show in particular bringing in $1 million dollars for the organization (Hoebee 2020a).

On the outset of COVID-19, Paper Mill was financially healthy and was looking at a budget surplus for the eighth year in a row. Then, in February, “our business model which we had built over the last ten years collapsed,” (Hoebee 2020a). A production of Sister Act, already in rehearsal, was cancelled along with the shows for the remainder of their 2019-2020 season. As of July, 30% of the staff had been let go or furloughed, some from each department in the organization, as well as the cancellation of contracts for the independent contractors set to work on the last two shows of their season (Hoebee

2020a). These independent contractors extend beyond artists and technicians to support staff such as concessions and box office (Hoebee 2020a).

The Education department at Paper Mill pivoted into online education for their spring classes, which resulted in a wider reach to students other states such as Colorado and Virginia. Their large summer musical theatre conservatory also shifted to an online model, with over 120 students participating. The conservatory did not bring in substantial money for the company but did better than break-even (Hoebee 2020a).

Another revenue stream for Papermill is the Carriage House restaurant, which sits on the Paper Mill campus. Outdoor dining, once permitted in the state of New Jersey, gave Paper Mill access to their customer base even as it significantly curtailed the number of guests allowed at the restaurant. Significant health and safety practices were implemented – social distancing, masks worn by all staff and customers except when eating, temperature checks, and cleaning of the restrooms after each use. Performances were continued in the form of cabaret-style entertainment for the outdoor dining guests. This is another revenue stream that mainly broke even, but it enabled Paper Mill to continue to engage with their customers (Hoebee 2020a). Outdoor dining continued to be successful into the summer (Hoebee 2020b).

In our first interview, Hoebee offered that the organization had hoped to return to live events in October, but it seemed unlikely (Hoebee 2020a). In our second interview, Hoebee confirmed that the earliest date of return to live events would be January (Hoebee 2020b). In addition to the health and safety concerns, Paper Mill also struggles with how many tickets they need to sell to make a show profitable, a target that can be difficult even at 50% capacity. While some elements of a show can be scaled back, it is difficult to scale back production beyond a certain point (Hoebee 2020a).

As Paper Mill was preparing to submit a new budget proposal to their board of trustees, they planned a season of five shows that could be performed with minimal resources and adjustments to mitigate concerns of COVID-19 spread – social distancing indoors and one-act, 90 minute productions to avoid intermission. The company drafted a five-phase plan with the assistance of medical professionals (thanks to a resource on their board of trustees,) and within that plan they have documented procedures and requirements for reopening to certain levels of capacity. During our final interview in October, Hoebee confirmed Paper Mill's plans for a virtual season, approved by their board of trustees. Their season for the 2020-2021 year will include three live-streamed concerts from New York City and four theatrical productions digitally captured (not live-streamed) and distributed online. If health conditions improve, the theater may be able to pivot to in-person attendance. The production budget for this season (the seventh presented to the board of trustees before approval,) is $1.1 million, down from their normal producing budget of $8 to $9 million dollars (Hoebee 2020c).

Hoebee has several concerns for the possibility of reopening, including customer confidence, the availability of a vaccine, and the cooperation of Actors Equity Association (Hoebee 2020b). Paper Mill has established some union agreements – IATSE is operating on a one-year bridge contract, and the Director's Guild of America has established guidelines for work to resume. However, Actor's Equity has stalled in their progress on establishing work guidelines. Paper Mill is working with SAG-AFTRA to contract performers under new digital media agreements (Hoebee 2020c).

While consideration was given to the state of the economy and that other organizations were refraining from fundraising during the shutdown, prior experience of their success in fundraising throughout the Great Recession led Paper Mill to continue fundraising throughout the spring and summer (Hoebee 2020a). After a projected earned income loss of $4 million, Paper Mill set a fundraising goal of $3.5 million. Through a combination of foundations, grants, large matching gifts, and small donations, they raised $4 million dollars (Hoebee 2020a). Hoebee stressed the value of fundraising and planning during the shutdown (as opposed to the releasing of free digital content,) as well as the need to continue to produce in order to remain relevant to their supporters (Hoebee 2020c).

Due to the uncertainty of the year ahead, Paper Mill worked on developing multiple contingency plans for budgeting, based on when reopening would be permitted and at what capacity (Hoebee 2020a). While Hoebee is optimistic for the future, next year he estimates that the company will need to raise $4.5 million dollars in order to meet their budget needs. Prospects for the future seem hopeful to Hoebee, and he believes that the local community will be ready to return to their theatre perhaps more so than the nearby theatre in New York City (Hoebee 2020c).

Section IV - Analysis and Discussion

Throughout my examination of the three organizations in my study, a few topics emerged that struck me as the most relevant to answering the question of "how do theatre companies prepare for a crisis similar to the COVID-19 shutdown in the future?" While the likelihood of a pandemic of the magnitude of COVID-19 seems a rare occurrence, there have been multiple incidents in the past year of external crises - national unrest, protests, and natural disasters, all of which could threaten the ability of a theatre company to operate under normal circumstances. Considering the circumstances of this study, we can look at the distinguishing factors of each organization and compare their management strategies to better understand what choices can lead an organization through times of crisis.

Financial Sustainability Practices

The ability of organizations to continue to exist despite unexpected budget shortfalls appears to depend upon their financial sustainability practices – their ability to adjust their operating budget, maintain a connection to their donor base, and their access to existing financial resources. Cultural organizations often do not have reserve funding (Rodriguez 2020). Of the organizations I examined, only one – Paper Mill Playhouse - possessed an endowment of funds to sustain itself during an extended shutdown, and even that organization was forced to furlough or layoff 30% of its staff (Hoebee 2020c). The other two organizations were in relatively good financial health prior to COVID-19 – Creative Domain Productions was on-track to move into a new facility in the coming year, and Cape May Stage was expecting a successful season. All three, however, have reported concern about organizational sustainability should the resumption of in-person events at normal capacity extend beyond the start of the next season.

Organizations with diversified business models were able to maintain more employees, such as Papermill Playhouse and their restaurant Carriage House (Hoebee 2020a), or maintain and expand their programming, such as Creative Domain Productions and their expansion of TC Fridays and online galleries (Smith 2020a). This aligns with research findings that the financial success of an organization correlates with that organization's pursuit of entrepreneurial strategies (Gellar, Salamon, and Mengal 2010), that an advantage of cultural organizations is their ability to innovate (Rodriguez 2016). Companies with more limited income streams put more focus on providing content at free (Smith 2020a) or break-even prices (Steinberg 2020b) in order to maintain a connection with their audience. While this aligns with the supply-side remedy concept, it does not demonstrate that providing content at these price ranges resolves the financial aspect of this crisis (Brooks 2000).

Of the organizations studied, Papermill Playhouse had the largest staff, which resulted in having the most furloughed or terminated employees. Organizations with smaller staffs, such as Creative Domain or Cape May, made smaller adjustments, such as reductions in hours, that have allowed them to continue employment of all or a larger portion of their full and part-time staff members. As work slowly resumes, some companies are bringing back contract labor (Steinberg 2020c).

Larger organizations in my study – Paper Mill and Cape May Stage - tended to be more likely to develop financial sustainability practices, while Creative Domain saw crisis management and financial stability planning as aspirational and outside of the scope of its day to day operations (Smith, June). Commitment to financial sustainability practices seem related to the scope of the organization (how many resources are needed to maintain the organization), the number of staff members available to work on development, and the philosophy of leadership.

The scale and hard costs of theatre production also seems tied to the ability of a theatre company to engage in financial sustainability practices. This aligns with research that shows theatre companies are not always able to economize their production costs through innovation (Brooks 2000). There are hard cost issues involved in theatre production, costs that cannot be eliminated by technological advancement – cast, crew, set, technology, rent, etc. A limiting ability for a company to recoup these costs is the size of their venue and the number of seats available to sell during a run. Venue and staff size also contribute to the financial outlook of each company. For companies with resources and size to engage in larger productions, or the potential to engage in royalty-producing workshops, financial sustainability practices seems like a more manageable aspect of regular operations – Paper Mill stands out as the primary example in my study. For smaller companies, such as Cape May Stage and Creative Domain, the limited number of staff translates to more work being shared amongst fewer available hours.

Also, the issue of size seems to affect the level of financial need both in the immediate and long-term planning. For example, Creative Domain did not suffer significantly by the Great Recession due to its relatively small size and overhead - its venues for its initial years as an organization were partially subsidized by the generosity of landlords. This enabled its staff of one - Rose Howard during their early years, followed by Amber Smith - to focus on the management and development needs of each individual season (Howard 2020). The lower overhead allowed them to put more attention on its seasons, but the combination of smaller financial needs and few working hours may have capped the amount of financial resources the organization was able to develop. The financial success of a company does not only depend on its entrepreneurial strategies, but also on its ability to execute those strategies (Gellar, Salamon and Mengal 2010). While Creative Domain was able to reach out to its donors for emergency fundraising (such as a flooding incident that occurred during Rose Howard's time as Artistic Director,) it did not have the ability to build up substantial reserve resources (Howard 2020).

This issue was echoed by Roy Steinberg of Cape May Stage. With only four staff members, three of whom were on reduced hours during the COVID-19 shutdown, prioritization of work went to maintaining connections with audience members and producing or presenting digital content (Steinberg 2020c). The distinction between these two organizations is that Cape May chose to engage in active fundraising during the shutdown – the additional hours provided by having four staff members versus two may have provided Cape May with the resources required to do so. Also, the expenses and assets between these two organizations offers another distinction: For tax year 2018, Creative Domain Productions self-reported annual expenses of $380,590, and assets of $273 (Creative Domain Productions. Guidestar USA Inc. 2020). The same year, Cape May Stage reported expenses of approximately $860K, with assets of $1.2 million (Guidestar USA Inc. 2020). Therefore, even though the distinction in staff size and venue size between Creative Domain and Cape May is relatively small, the scope of their work, financial assets, and financial needs demonstrates how smaller operating budgets and slimmer staff numbers can keep a theatre operating while also not providing it with the working hours or organizational incentives to develop financial sustainability practices that build an organization's reserve assets.

This is not to say that financial sustainability practices are a perfect shield to financial hardship for larger organizations. Paper Mill, for example, was in healthy financial shape prior to COVID-19 with a robust staff of 50+ members and a reported $8.7 million in assets in tax year 2017. During the shutdown, Paper Mill launched an aggressive and, according to Hoebee, successful fundraising operation. However, the cessation of nearly all of their normal income sources resulted in the organization having to make several adjustments to their operations: a new annual budget to reflect the changes in production and income sources, a significantly reduced production budget, and the loss of 30% of their staff members (Hoebee 2020a.) In order to meet the anticipated income gap for their upcoming annual budget, their fundraising goal has risen to $4.5 million versus $3 million in the previous year. There is a marked distinction between an organization of Paper Mill's size versus Cape May Stage and Creative Domain. Paper Mill's financial sustainability practices – including, but not limited to, diversified revenue streams and a large development office - lead to eight previous years of operating with an annual revenue surplus. During a shutdown that impacted not only their own production income stream but also the productions that contribute to their royalty income stream, they still had the resources to maintain 70% of their staff as well as two major programs – their restaurant and educational conservatory – while also planning for an ambitious 2020-2021 season of eight digital productions (Hoebee 2020c).

Distinctions in Audience Communications

The most striking differences in audience communications that I discovered in my study is the distinction between continuing to fundraise during the pandemic versus pausing fundraising. Two companies – Paper Mill and Cape May Stage – continued to fundraise throughout the middle of 2020, and met or exceeded their fundraising goals (Hoebee 2020a; Steinberg 2020a). Creative Domain refrained from fundraising activities and cancelled their 2020 summer gala (Smith 2020a).

It is interesting to note that the predominant work of these organizations aligns with their decision on whether or not to pursue fundraising – the two companies that focus on Broadway-style productions continued to fundraise, while the company whose mission puts more focus on community-centric performances chose not to do so. Solicitations for Paper Mill and Cape May Stage focused on the legacy of each company and an open acknowledgment of their financial challenges. Meanwhile, communications from Creative Domain focused on the reasons why the organization was suspending in-person operations – reinforcing their concern for their audience's health and safety – and on acknowledging the difficulties faced by their community (Smith 2020a).

Distinctions in online content differed between organizations. Creative Domain began pursuing online programming as a means of getting content out into the public to, in some ways, provide relief for the trauma their community was going through (Gold 2020). Cape May Stage pivoted to both free and paid content, content that was in some ways an analogous to their normal theatrical experiences (notably, their Broadway performers series) (Steinberg, June). Paper Mill chose to not distribute performance-related content, focusing instead on adapting their education program for virtual instruction and planning for reopening strategies (Hoebee, October). Success in these areas, regarding audience engagement, must be viewed in several contexts. Paper Mill's virtual education programming, while not as financially successful as their in-person summer conservatory, did succeed in reaching students in locales that would not otherwise have been accessible (Hoebee, October). The same goes for Cape May Stage and Creative Domain – virtual productions did not result in an equitable financial gain compared to in-person productions, but it has opened up both their performer and audience base (Steinberg, August; Smith, June). Digital content also has a long tail, or work that pays back for an extended period of time – while the initial audience may be smaller for online shows, these shows can rack up significant numbers of views over time, gaining more attention and creating more revenue the longer they are posted (Steinberg, October). However, there is a concern that virtual content and audience interest are difficult to interpret, particularly at first. As evidenced by Creative Domain's early attempts at virtual content, the process of "throwing things at the wall and seeing what sticks" means that inevitably effort goes into productions that will not find audience support (Gold, August).

Crisis Response Methods

Each company engaged in economizing as a strategy for reducing costs to stay financially solvent – reducing staff, scaling back production costs, and negotiating with utility companies for reduced rates. Two organizations focused on harmonizing their work. Cape May shifted their focus to specific digital programming that was comparable to their traditional programming, with a heavy focus on Broadway singers, play readings, and hosting conversations with working theatre professionals (Steinberg 2020a). Paper Mill pushed resources into maintaining two revenue streams – education and food service – while also preparing for the season ahead (Hoebee 2020b). These decisions harmonize the work of an organization so its staff can put their full attention on fewer projects (Donnelly-Cox and Shannon 2010).

Creative Domain, by comparison, engaged in a diversifying response. Creative Domain cast a wider net regarding their programming, and more frequently terminated programs that underperformed (Smith 2020a). This contrasts Paper Mill's choice to not produce additional digital programming during the summer of 2020. Their 2020-2021 season also does not represent a diversifying approach, and aligns closely with their traditional season structure. The plays themselves will even be produced in a traditional manner – a full onstage production – that are then digitally captured (Hoebee 2020c).

Responding to a crisis requires strategic thinking, working on customer relationships, and sharing information within and beyond the crisis-impacted organization (Gilstrap, Gilstrap and Holderby 2016). This concept, combined with the concept of a crisis occurring in three sections – pre-crisis, crisis, and post-crisis – provides a perspective through which to view the organizations in this study (Jordan, Upright and Tice-Owens 2016). Each organization responded in relatively similar ways during the pre-crisis period, and focused on sharing information and customer relationships – letting audiences know why they were cancelling in-person events and that they recognized the situation they are going through. During the crisis period, each organization created plans to address how they could continue to engage their audience, where they should put their focus, and how to resume in-person productions when the post-crisis period arrived. Unfortunately, the post-crisis has yet to arrive, and now the crisis period continues and evolves – each organization is shifting to digital models for the year ahead, and strategic thinking now has to focus on audience and donor retention.

Conclusion

Crisis management planning focuses on the ability to perceive potential crises and plan for an organization's response, both internally and externally. By this definition, each of my three organizations engaged in a form of crisis management planning at the beginning of the COVID-19 pandemic – assessing its potential impact on their organization, determining the best practices to move forward, and responding with changes in their internal operations and their external communications. The distinctions within this definition fell at their ability to maintain the "planning" component of crisis management planning: addressing the unknown in their planning and having the available work hours (amongst staff) to focus on both the current and future needs of the organization. But, what struck me the most is that crisis management planning as a tangible, pre-developed plan did not seem present at any of the three organizations. Success during COVID-19 seems based in the financial resources and leadership of each company and how they responded in the moment to the crisis – not in their foresight as to how to respond to a crisis in general.

As expected, the transition from in-person to virtual audience engagement presented each of these three companies with new methods of implementing programming: digitally captured productions, live-streamed productions, or other non-theatre specific audience engagement such as games or talk shows. All of these companies acknowledged the challenges and limitations of virtual engagement, but also noted an expansion in their ability to reach audiences in different communities. "Zoom fatigue" was acknowledged, but due to the uncertainties of vaccine availability and a lifting of restrictions on in-person events, each organization has taken steps to invest in expanding their digital footprint – having their shows professionally captured and distributed (Hoebee 2020c), presenting more shows from Broadway performers (Steinberg 2020c), or adding live-stream production to their available services (Smith 2020b). The possibility that virtual programming was here to stay was also acknowledged – the pandemic has jumpstarted an evolution in the method in which audience members engage with a theatre company (Hoebee 2020c). Companies that are able to invest in virtual programming may be able to open up a new and potentially lucrative revenue stream while also expanding their brand awareness beyond their local community.

Comparing my three case studies has demonstrated the importance of fundraising during the COVID-19 pandemic and speaks to the value of continuing to fundraise despite crisis circumstances that could be affecting the donor pool. As expected, organizations found their income dramatically reduced due to COVID-19, but not every company responded to the lack of income with a push for fundraising. Both Paper Mill and Cape May Stage engaged in fundraising during the early months of the pandemic, exceeded their fundraising expectations, and were able to plan for a full upcoming season with enough financial resources to survive through the coming year even if in-person events are unable to resume until June of 2021. Creative Domain, by contrast, decided to refrain from fundraising and, perhaps consequentially, has the most uncertain financial health of these three organizations, with potentially only enough assets to continue their operations through the end of 2020 (Smith 2020c).

Communications is intrinsic to the management of crisis, and the distinction between the organizations demonstrated two approaches – offering the audience the programming you think they need or asking the audience for what your organization needs. In comparison of Cape May Stage and Creative Domain, there is an argument to be made for combining these two approaches into an anticipated crisis communication strategy – asking an audience for the financial support your organization needs on the appeal of the value of your organization, while also reciprocally providing a version of your services. Mark Hoebee mentioned in two of our interviews the importance of producing work when asking for donations, a philosophy that saw Paper Mill navigate both the Great Recession and the beginnings of the COVID-19 pandemic. Roy Steinberg noted the importance of maintaining a relationship with patrons and providing them with some form of acknowledgment of their value (Steinberg 2020c).

I anticipated that companies would need to engage in a reevaluation of their financial sustainability practices. Two companies demonstrated work on this evaluation. Paper Mill submitted multiple budgets to its board before settling on a significantly reduced budget compared to the prior year (Hoebee 2020c). Cape May Stage, in addition to reducing its budget, analyzed the financial benefits of capitalizing on a rising real estate market and placed property up for sale (Steinberg 2020c). Creative Domain, however, seemed to struggle to reconceptualize their financial sustainability practices, and may close as a result (Smith 2020c).

The financial health of Creative Domain after a summer of not actively fundraising illustrates the need for active fundraising for a theatre company, particularly when normal revenue streams are drastically reduced or stopped altogether. Perhaps the best path in audience communication and fundraising, measured by organizational health (staff members employed and available financial resources,) would be Cape May Stage: fundraising that acknowledges the financial challenges of the organization, frames the audience as a valuable partner in the organization's survival, while also providing both free and paid content that is analogous to their normal programming (Steinberg 2020a).

Staffing reductions were anticipated, and to some extent each company was forced to furlough employees or cancel agreements with independent contractors. In the process of reevaluating financial sustainability, theatre companies should endeavor to find an optimum number of employees needed to maintain both the scope of their productions as well as consistent audience development and fundraising. While operating budgets vary between my case studies based on the scale of productions, each company is contending with some basic hard costs of running an organization and producing theatre coupled with income limitations imposed by the number of events and number of tickets available. However, Cape May Stage and Creative Domain, two companies with fairly similar venue sizes (and thus similar scales of production,) have drastically different budgets with comparatively similar numbers of employees – this difference in available work hours seem to make a significant difference in the potential fundraising capabilities of each organization. Larger companies, however, are more susceptible to layoffs when facing significant financial challenges, layoffs the two smaller companies were able to avoid or minimize for the time being, and although Paper Mill is looking likely to produce a full season of programming in the coming year, they are doing so at a drastically different budget than accustomed. The takeaway from this is that organizations should endeavor to not undercut their potential by underinvesting in staff dedicated to fundraising and audience development, but at the same time should also work to maintain a slim number of staff members to maximize their potential to not have to downsize during a financial crisis.

As anticipated, the shutdown gives theatre organizations an opportunity to examine new models of theater production – notably virtual productions - and business plans for running an arts organization. As companies consider how they will operate in the future, changes in prior practices should be examined, including strategically cutting cost and inefficiency; moving to environmentally friendly practices; expanding their audiences both demographically and geographically; investing in employee development and compensation growth; develop alternative revenue streams; develop diversity practices; and engage community in new ways (Beller 2020). Above all, theatre must work to define its purpose in a post-COVID-19 world. Theatre must present itself to an audience not as content, but as something essential. To do so theatre companies must reckon with the question of why they are essential, and in an era of significant economic stress, why should their audience continue to support them (Lopez 2020)?

Theatre companies should reflect upon their response to this crisis and develop a tangible plan for responding to future events – communication strategies, employment priorities, and adaptive business models. While flexibility in decision making is important, and referenced as preferable to crisis management planning by at least one organization (Smith 2020c), my research and case studies reveal sufficient commonalities in crisis response to support the need for preemptive planning. My research also leads me to believe that in lieu of crisis management plans, experience in handling financial crisis has demonstrated more success for organizations than those without this experience.

Codifying that experience in addition to the lessons of the COVID-19 crisis into a preparatory document seems prudent, particularly for organizations operating with less assets and would be more prone to financial collapse.

However, based upon my case studies, crisis management planning and, to some extent, financial sustainability practices seem aspirational for companies that do not have the financial resources to balance the staff needs of running an organization while also planning for that organization's future. If an organization only has the work hours to maintain operations, it is at a significant disadvantage against organizations with more resources. The forced pause on the theatre industry pushed many companies, like the three in this study, to quickly adjust their business model to adapt to the new circumstances, and to grapple with an unforeseen crisis. The prolonged closure has given some companies time to consider how their organizations will evolve when in-person events resume (Hoebee 2020c) or how to pivot their business to a new digital frontier (Steinberg 2020c). Others, it seems, struggle to see a potential future for their organization (Smith 2020c). More research into the subjects discussed in this study could help theatre companies make more informed decisions regarding their operations and leadership management. Specifically, I recommend research into the following areas: staffing size and financial sustainability; crisis management planning at from a national perspective; virtual theatre and audience engagement; and virtual theatre and virtual fatigue. With this knowledge, theatre companies can think strategically about their allocation of resources, responses to crisis, and how to engage their audience in the new medium of virtual theatre while also overcoming the challenges that medium presents.

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Appendix of Tools

1. Interview Questions – Each interview adjusted based upon the organization and interviewee. Here is a list of the general questions addressed.

    a. I’d like to discuss your business practices to get a better sense of your operations. Could you describe for me your sources of income?
    b. How would you describe your business model?
    c. What, if any, financial sustainability practices have you implemented?
    d. Could you describe your employment practices – how many full time and part time staff members do you have, how many contract employees?
    e. Would you describe your position, responsibilities, and length of time you have been with the organization?
    f. Would you describe your current organizational health pre- and post-pandemic?
    g. Your organization was able to sustain itself during the 2008 financial crisis. Can you speak to what steps were taken that enabled your organization to maintain solvency during that period?
    h. Did you have a Crisis Management Plan prior to 2008? Could you describe it, and its impact on your organization during the 2008 financial crisis?

i. When the organization responded to the 2008 crisis, how were employees affected?
ii. How have employees been affected by the current crisis?

i. Did you make any adjustments to your business model after 2008? Are you considering any changes in reaction to the current crisis?

j. Do you have business insurance to protect against risks that are out of your control?

k. Have you had any success in getting assistance from the relief funds related to COVID-19?

l. What is your current financial situation?
i. Have you furloughed staff?
ii. What other financial adjustments have you made?
iii. What do you need, financially speaking, to resume your services?

Vita

Joseph Ryan Yow

Education

Drexel University – Master of Science in Arts Administration

Catawba College – Bachelor of Arts in Theatre Arts
Member of Alpha Psi Omega

Professional History

Newark Academy
Livingston, New Jersey – Faculty Member, 2015-Present

Sewickley Academy
Sewickley, Pennsylvania – Faculty Member, 2010-2014

City Year New York
New York, New York – Senior Corps Member, 2009-2010

North Carolina Shakespeare Festival
High Point, North Carolina – Production and Education, 2007 to 2009

Awards

Metrolina Theatre Association Award – Outstanding College Production, *The Pillowman*, 2007