

ST. JOSEPH'S HISTORIC FOUNDATION, INC./ HAYTI HERITAGE CENTER —

Strategic Retrenchment in a Challenging Economy

Located in the historic African-American community of Hayti in Durham, the St. Joseph's Historic Foundation, Inc./Hayti Heritage Center is registered as a national historic landmark. It was established as a church site in 1868, and the original St. Joseph's sanctuary dates from 1891. Today the church has been renovated to house a 350-seat performance facility, the result of a 25-year vision and long years of fundraising and perseverance. The Hayti Heritage Center, a facility adjacent to the sanctuary that was completed as office, exhibit, and meeting space in the 1980s, has served as the programming and development headquarters for the entire complex. The mission of St. Joseph's/Hayti is to educate and enrich participants about African-American life, history and culture as viewed through many artistic perspectives.

At the beginning of the ADI project, Hayti Center was still building its audience for performances while also anticipating the completion of capital fundraising and renovations to the performance space in the St. Joseph's sanctuary. "We really didn't have a venue for major performances at the time, " says CEO and President Dianne Pledger. "We were using other spaces, learning who our audiences might be. Most of what we were offering did not involve ticket sales, except for the Blues Festival."

As the signature event created and hosted annually by St. Joseph's/Hayti every year since 1988, The Bull Durham Blues Festival has received international recognition and regularly draws thousands to the old Durham Bulls ballpark for two days of performances by legendary blues artists. Beyond this large undertaking, however, St. Joseph's/Hayti has historically concentrated its core programming on serving youth through low- or no-cost, hands-on arts education events and performances, a summer youth camp, and various seasonal celebrations for the community at large.

St. Joseph's/Hayti spent the year 1998-1999 gearing up for the opening of the performance space, cultivating its loyal blues audience in anticipation of the new performance venue, and working to create an overall higher visibility for the Center through print ads and radio spots. With a Lila Wallace Institutional Development Grant for infrastructure building and capital reserves, the Center purchased new equipment to facilitate ticket sales and collect box office data. As part of a comprehensive and ambitious marketing plan, they also adopted the slogan, "Preserve the Heritage! Embrace the Experience," which was incorporated into a new logo at the same time that the board adopted a new strategic plan. A new website captured the excitement and history behind the long-held dream that was finally about to be realized.



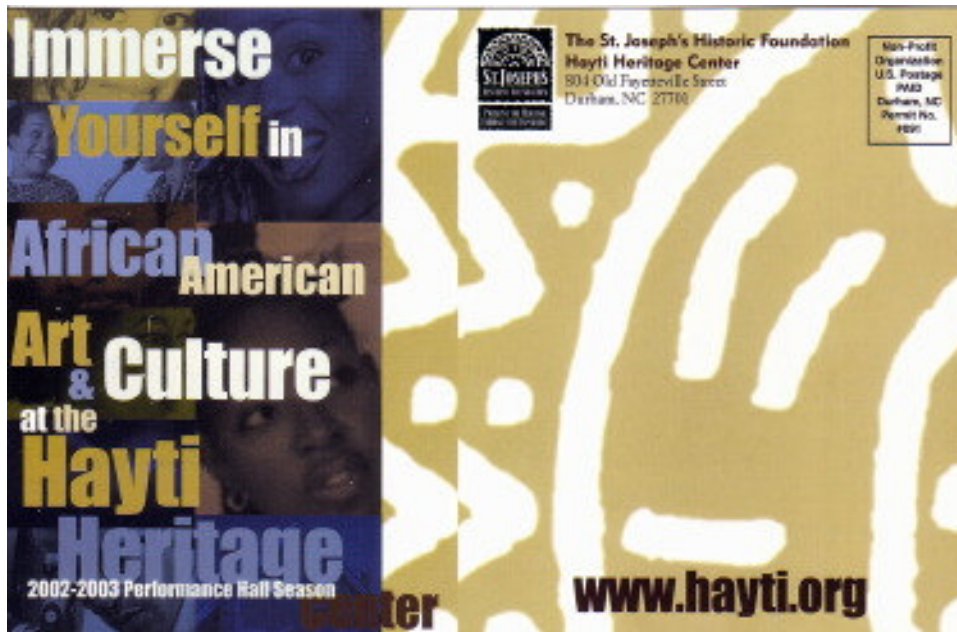
Ultimately, the opening of the new performance space was delayed by a full year, however. "When the new space did finally open," says Pledger, "our first season of performances scheduled was very strong artistically." But the ribbon cutting on the new facility took place on September 30, 2001 -- only three short weeks after the disaster of September 11. A full week of performances followed, including appearances by Roberta Flack at a \$75 per ticket gala and free jazz performances from Bobby Hinton and Freddy Green.

But support for the programs, as it turned out, was just not there. It soon became clear that ticket revenues for the inaugural season would be less than anticipated. Corporate support was also down. St. Joseph's was simply not competing well with other, more-established venues in a year when all local arts programming was suffering the ill effects of September 11, including a radical downturn in the economy. Only one supporter purchased a season subscription to the new performance series, says Pledger.

Knowing when to regroup: Pledger had to retire the organization's ambitious marketing plan and scale back to a modest -- but informed strategy. "Let me do what I know how to do," she told her staff, and set about to cut expenses and cultivate the Center's traditional audience base in the churches and civic organizations in close proximity to the facility. With an operating budget comprised of one-third grants, a third from local government, and a third in earned income, the Center's annual budget had gone from nearly \$900,000 in 2000 up to \$1.2 million for the inaugural season of the renovated sanctuary as performance space in 2001. At its peak, the Center had 12 full time staff. Pledger downsized to three full-time and four part-time staff and the board brought the budget back down to \$800,000 for the year 2002-2003.

Finding partners: "We could not buy big ads every Friday in the newspaper," says Pledger. "So we began to strengthen our traditional collaborations and partnerships." St. Joseph's/Hayti works closely with the jazz format radio station on the nearby campus of North Carolina Central University -- a win-win relationship for both entities. The Center has also built important relationships for cooperative productions with the Sonia Haynes Stone Black Cultural Center at the University of North Carolina-Chapel Hill, the Mary Lou Williams Center for Black Culture at Duke, and the Duke Institute of the Arts. And despite the challenge of a faltering economy, Pledger met all her sponsorship goals with local corporate and other nonprofit groups for the 2002 Blues Festival while cutting back dramatically on expenses.

"We went back to the kind of grassroots marketing that had worked for us in the past," Pledger explains. "Word-of-mouth advertising, letting community groups know about our schedule, connecting with church groups, producing inexpensive flyers, was what we had always done."



A colorful but simple postcard lists the season programs on the reverse side

Reliance on the internet to save advertising dollars: Using the internet for advertising of events and as the main place where the entire season schedule was posted, while running much smaller ads with the web address was also a significant way in which Hayti managed to reduce its marketing budget while still getting the word out. The ability to describe events and performers in greater detail on a website allowed their print advertising to be less detailed and much less expensive.

Running the numbers and avoiding big names: Pledger and her board carefully calculated what expense level they could manage for the Blues Festival as they simultaneously try to pull the Center out of debt in an aggressive 24-month period. They determined that the program could not afford the big name performers who had headlined the event in years past. It was a calculated risk, but the Festival has a strong reputation for quality, bringing in audiences from across the nation and several foreign countries.

"We had heard from local folks that with the unemployment rate, some of our regular audience was only going to be able to afford a ticket for a single night, not the whole event," Pledger says. But by concentrating its promotions on previous ticket buyers, promoting heavily on the Internet and radio, the Blues Festival did well in September 2002. "Our attendance numbers were down some 3,000 tickets to 13,000 attendees," Pledger explains. But with expenses down, the program was a success. "Still, had it rained that weekend," she says, "I don't even want to think about it..."

Marketing for easy revenue streams: Pledger and her staff have raised fees for rental of the space at St. Joseph's/Hayti Center. This relatively easy revenue stream is an important resource that the Center plans to promote. "We can't be here for everybody, but this is an affordable space that's appropriate for audiences up to 350. Acoustically it is a great hall for live recordings as well," she says. The Center will continue to book performances by artists whose fees are reasonable for such a small venue and for whom ticket prices must have a definite ceiling. "We do want to continue to present performers that people would not ordinarily see at the Carolina Theater or the BTI Center in Raleigh," Pledger explains.

Making sure the market drives your marketing and programming, not funders:

Dianne Pledger continues to guard against altering the mission or focus of St. Joseph's/Hayti simply to please funders. "We are much more realistic now about what we can and can't do," she says. "We were trying to meet goals that were too ambitious for us at this point, and now, even with our building complete, we are rebuilding our program." Pledger aims to continue the steady process of enhancing relationships with the local community and the Center's core supporters. She is also pleased with the dedication and energy of her board of directors who have maintained a constructive and open attitude despite the organization's setbacks. With its 20,000-person database and improved data collection and management, St. Joseph's/Hayti is now prepared to examine more fully and deeply the data provided by ADI. With steady progress

toward debt reduction, the marketing committee of the board has finally begun to study the findings of ADI.