



CULTURAL DATA PROJECT

**The Cultural Data Project:
Becoming a National Standard for Cultural Sector Data Collection**

Summary of Business Plan for Expansion: 2009-2014

The Cultural Data Project is Operated by:



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Arts and culture is an important part of America's economy and contributes a great deal to our quality of life. But the field has been without a source of broad-based, reliable, longitudinal data to articulate and provide evidence for the assets, needs and contributions of this often undervalued sector. Information remains the basis for sound decision-making in virtually any realm. Data—the facts themselves—inform our choices and influence our best decisions. This fact has been a constant in the for-profit world, which runs on the relentless gathering, comparison and analysis of data to determine the success of a product, the response of the consumer and the percentage of business risk.

Now, nonprofit arts and culture communities across the U.S. have access to a comparable, knowledge-creating database, thanks to the potent combination of technology, innovation and guidance provided by the [Cultural Data Project](#) (CDP). What started in Pennsylvania has expanded to six states and is positioned to be in place in 22 states by 2014, to assist more than 16,000 individual arts groups in telling their stories.

This groundbreaking initiative provides better information about cultural organizations to funding agencies; reduces the burden of application preparation for potential grantees; helps arts managers improve their organizations' performance through use of trend and comparison data; and generates reliable, objective and comprehensive data on the collective impact of the arts and culture sector for use in research and advocacy.

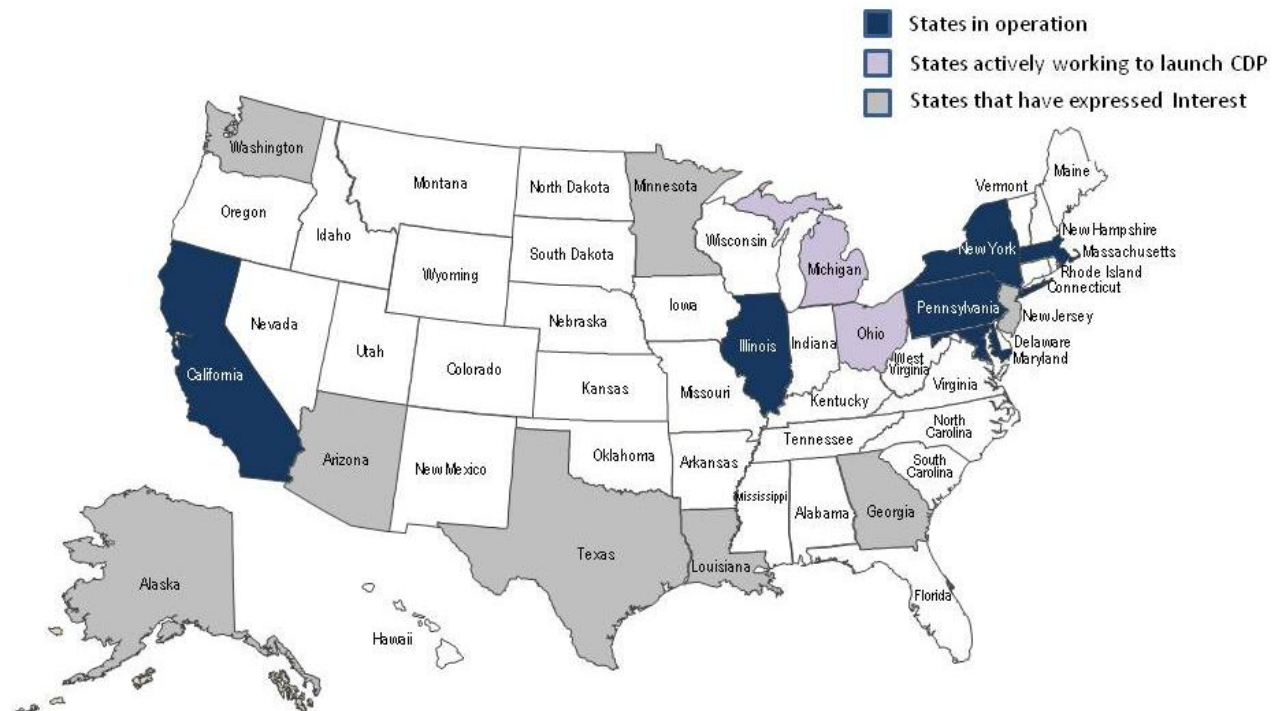
BACKGROUND

A theme that runs through all of [The Pew Charitable Trusts'](#) work is using the power of knowledge to address the pressing challenges of our day. It was this emphasis that led Pew and other Pennsylvania-based funding partners to develop the CDP. Launched in Pennsylvania in 2004, CDP is operated by Pew on behalf of its Governing Group, which includes the [Greater Pittsburgh Arts Council](#), the [Greater Philadelphia Cultural Alliance](#), The [Heinz Endowments](#), the [Pennsylvania Council on the Arts](#), [The Pew Charitable Trusts](#), The [Pittsburgh Foundation](#) and the [William Penn Foundation](#).

Cultural organizations enter operational and financial information into the CDP Web site one time per year to fulfill the requirements of grant applications to multiple funders. But streamlined grant applications are only the beginning. Hundreds of organizations have used CDP to generate powerful reports that track trends and benchmark progress in key areas such as attendance, revenues and expenses. On a larger scale, the CDP has provided an aggregate picture of the cultural field's contributions regionally and statewide. For example, in the Greater Philadelphia region, the data revealed that the arts and culture sector is thriving—it is one of the largest employers in the region, with over 19,000 full- and part-time employees, and offers more than 100 cultural events every day.

As participation in Pennsylvania blossomed in its first two years, there was strong demand from other states for the project. The CDP moved quickly to respond to opportunities for replication, and the [Maryland Cultural Data Project](#) launched in June 2007. The national expansion continued: CDP launched in [California](#) in January 2008, [Illinois](#) in May 2009, and [New York](#) and [Massachusetts](#) in June 2009, with a planned launch in Ohio in September 2009. All projects are managed by Pew, with public and private funders in each new state covering costs through grants to the Trusts.

The annotated map below represents graphically CDP’s activity across the country.



As of May 1, 2009, more than 4,100 cultural organizations have submitted financial and operational information as part of their grant applications to one or more of CDP’s 60 funding partners. In addition, individual cultural organizations have taken advantage of reporting features, running more than 5,000 reports to track their own data and trends over time, and comparing themselves to their peers. CDP’s robust and high-quality aggregate data have been used by researchers to analyze and report on the scope and condition of the cultural community. Americans for the Arts relied on the data for its publication [Arts and Economic Prosperity III](#), a landmark report that offers an in-depth look at the economic and social reach of the nonprofit cultural sector in Pennsylvania and seven distinct regions. And the Greater Philadelphia Cultural Alliance used CDP numbers for its [Portfolio](#) reports.

A NEW BUSINESS PLAN: BECOMING A NATIONAL STANDARD

In order to maximize the value of the CDP, the Project contracted with LarsonAllen, a well-regarded consulting firm with deep experience in business and strategic planning for nonprofits, to develop a five-year plan that would guide the rapid expansion of the CDP and build upon its

success to date. The CDP Governing Group and the team from LarsonAllen worked in partnership to develop a strategic business plan and implementation guidelines for the CDP through FY2014 and beyond. The plan positions CDP to become the national standard for collecting and disseminating financial and organizational information for arts and culture organizations throughout the country, ultimately harnessing it to strengthen the field for years to come.

EXPANSION STRATEGY

The business plan reaffirmed the objectives of the CDP: to strengthen the national nonprofit arts and culture sector by collecting and disseminating comprehensive, high-quality longitudinal data that supports fact-based decision making in three ways:

- It helps arts and cultural organizations improve their financial management and services to their communities;
- It enables researchers, advocates and policy makers to provide persuasive factual documentation of the sector's assets, contributions and needs; and
- It helps funders more effectively plan for and evaluate their individual and collective grantmaking activities.

The plan focuses on growing CDP, while maintaining and improving the quality and accuracy of the data and constantly enhancing the level of customer service provided to users. It explicitly positions the project to become the standard bearer for collecting and disseminating data on the cultural sector.

The following priorities will guide the CDP in choosing its expansion path:

- Maximize number of users: the value of the data to cultural organizations, researchers, policy makers and advocates grows with each new user. Adding states with large numbers of arts institutions will be a high priority.
- Achieve regional balance: CDP should work proactively to establish itself in states throughout the country, to provide a richer source and context for the data for researchers to use. Therefore, over the next five years, the project will aim to establish a presence in two to four states in each of the six geographic regions defined by the [National Endowment for the Arts](#) (Midwest, Mid-America, Mid-Atlantic, New England, Southern and Western states).

In addition to considerations related to geography and numbers of cultural organizations in a state, the project will take into account factors such as the number of funding partners who are ready to engage; evidence of leadership needed to implement the CDP successfully; and shared commitment to CDP's mission and vision.

These goals will enable the CDP to achieve a presence in 22 states by 2014, with more than 16,000 cultural organizations representing 70 percent of potential users nationally.

PRODUCT AND SERVICE ENHANCEMENTS

In order to successfully expand, CDP plans to maximize its value to all users and focus on implementing four key enhancements:

1. Continuous product improvement. During the next year, CDP will formalize a process to solicit regular feedback from its users to help enhance its usefulness to cultural organizations, funders and policy makers.
2. Expanded access to data. CDP will provide greater access to the data for funders, researchers and others in order to foster greater understanding of the cultural sector.
3. Strengthening of nonprofits' financial and management capacity. CDP will partner with capacity-building and technical assistance organizations that can help users learn from the data to change and grow.
4. National Web site. CDP has built a content-rich national Web site that will aggregate and present all of the research that has been done using the data. It will also serve as a promotional tool for potential partners and funders.

GOVERNANCE

To support the growth outlined in the business plan, CDP will strengthen its governance structure and create new mechanisms for input and engagement with key partners nationally. This will include:

- formalizing the Governing Group's procedures and policies and ultimately expanding it to include partners outside of Pennsylvania;
- convening national advisors who would provide high-level input and guidance;
- creating a Pennsylvania CDP task force, separate from the Governing Group, that would focus on project expansion and research opportunities specific to our home state; and
- continuing Pew's role as manager.

All other states entering the CDP have formed task forces of five to eight representatives of key partners who work to expand the roster of participating funders and develop research agendas for use of the data in their states. With a Pennsylvania task force in place, the Governing Group can turn its full attention to the national expansion of the CDP.

STAFFING

CDP staff worked closely with the consultants to develop a staffing plan that maintains the project's commitment to top-notch service and support. The plan includes a balance of strong leadership, customer service and support employees, and enhanced staff capacity for cultivating and overseeing funding partnerships. The plan details especially rapid staff growth in the next three years, from 19.5 full-time equivalents in the current fiscal year to 32 in FY2010, and 39 by FY2011. Growth will continue at a slower pace in the remaining years of the plan until the CDP reaches a projected 52 full-time equivalent staff in FY2014.

Under the current financial model for CDP expansion, funders in each state support its operation, and new employees are only brought on to Pew based on solid funding commitments. This structure minimizes financial risk and also allows for a more moderate growth scenario should outside factors come into play, such as a continuing economic downturn.

FINANCIAL PROJECTIONS

The business plan projects that CDP's annual operating budget will grow from roughly \$1.1 million in FY2008 to nearly \$7.5 million by FY2014.

FUNDING MODEL AND PRICING

CDP's financial model has been very effective, with all direct costs for a participating state covered by the funders in that state. The plan recommends continuing this practice, which effectively mitigates risks that could be associated with other models, such as relying on user fees or national funding sources. This strategy also has the benefit of reducing the costs per user as more states join the CDP, since overhead expenses are spread out over them all. Generally the annual cost for a typical state, with approximately 1,000 cultural organizations and 10-20 participating arts funders, ranges from \$200,000 to \$250,000. For a state with fewer organizations and funders, such as Maryland, the cost is lower, around \$150,000 per year, while the cost can be significantly more in states such as California and New York, with many more users and funders. Ultimately, the investment by funders to bring CDP to a state amounts to just several hundred dollars per organization each year.

Pew does not share any of the cost of operating the CDP in other states, contributing only a portion of the Pennsylvania Cultural Data Project expenses, which are shared with other Pennsylvania funding partners.

For a full list of project partners, visit www.culturaldata.org.

RISKS

The business plan identifies and addresses the principal risks associated with the proposed expansion, ensuring that growth is undertaken in a manner that recognizes and mitigates risks to Pew, other funders and users.

Financial risk. The funding model limits financial risk, as does the flexibility to expand only in response to market demand. However, sustained annual funding is needed to maintain operations in each state, requiring ongoing fundraising efforts.

Competitive risk. With its significant advantage as a "first-mover" in the nonprofit arts data market, and a pricing model that seeks only to recover actual costs, thus far the CDP has faced virtually no competitive pressure. While it is possible that competitive products could be developed, CDP's national growth path and ongoing commitment to quality and value to users give it a strong competitive edge.

Technological risk. CDP will continue to use the most robust, enterprise-grade technology platforms and will be housed in a secure data center. Significant funds for technology upgrades are factored into each state's budget, and CDP will keep its finger on the pulse of new technologies.

CONCLUSION

After a few short years of operations, CDP leads the field in data collection, management and reporting on the cultural sector with a groundbreaking, high-quality, successful tool that has the

potential and momentum to become the universally accepted standard. The arts and culture field has long lamented the lack of reliable data on the assets, needs and contributions of this often undervalued sector on America's economy and quality of life. Expanding the CDP to reach a critical mass of users nationally can address this information gap and provide powerful new ways of understanding, and ultimately strengthening the field.

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For more information about the Cultural Data Project, visit www.culturaldata.org.

ABOUT PEW

The Pew Charitable Trusts (www.pewtrusts.org) is driven by the power of knowledge to solve today's most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public and stimulate civic life. We partner with a diverse range of donors, public and private organizations and concerned citizens who share our commitment to fact-based solutions and goal-driven investments to improve society.