

A Dance of Economic Development

The Arts Strategy

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For the past decade, development of a major arts complex has been underway in downtown Winston-Salem, North Carolina. The project is unique in two ways. First, it represents a pioneering effort to employ the arts in the central city revitalization process. Second, it illustrates the importance of cooperation in effecting redevelopment objectives. In Winston-Salem, government, corporations, universities and non-profit organizations worked diligently and enthusiastically to create a new arts center for the community and the state. The project is a model of innovative economic development planning; it is an example of an effective public-private partnership.

Winston-Salem is a relatively small city (population approximately 135,000) in Piedmont North Carolina. Its economy is based on textiles and tobacco. Corporations located there include R.J. Reynolds Industries, Hanes Corporation, Hanes Dye and Finishing, Wachovia Bank, and Piedmont Airlines (Hanes Corporation was recently acquired by Consolidated Foods). Winston-Salem is also the site of major facilities of Westinghouse, Western Electric, and Stroh Brewing.

During the 1960's, Winston-Salem suffered a tremendous outmigration of population and commercial business. The downtown deteriorated rapidly from their departure. By the end of the decade, public and private intervention was required to effect the city's revitalization.

In 1970, the city completed Trade Street Mall, a \$1.6 million project that converted a major central business street into a pedestrian mall. Hailed as the salvation of the downtown, the mall proved a disappointing failure. Retail business continued to move into suburban shopping malls and the center city population experienced similar decline.

In 1974, a second attempt at revitalizing the downtown was initiated. Representatives of local government, industry, retail, financial institutions, arts organizations, and service groups formed the Center City Task Force to coordinate new development plans and to pool resources. Among its first decisions was to abandon redevelopment through retailing and focus on the downtown as a residential, business, government, and convention center. In doing so, the Task Force recommended that the arts be the focus of the new revitalization strategy.

Formulating a Strategy

The concept of using arts in downtown revitalization was incorporated into two projects in Winston-Salem: the renovation of the Carolina Theatre, an 11-story vaudeville house, into the Roger Stevens Center for the Performing Arts and the renovation of an abandoned mill and automobile dealership into the Winston Square. The Stevens Center project was designed to provide a major performance center for the North Carolina School of the Arts; Winston Square, under the management of the Arts Council, would provide gallery, office, restaurant, instruction, meeting and rehearsal space for a wide range of community arts organizations. The process that led to their use as cornerstones for downtown revitalization was an attempt to build on the community's unique arts strengths.

The Major Actors and Their Motivations

Principal among the actors involved in development of Winston Square and the Stevens Center were the School of the Arts, the Arts Council, Winston-Salem based corporations and executives, and city government. For each of them, developing a cultural complex provided a means of accomplishing several objectives.

The School of the Arts. For the School of the Arts, the Carolina Theatre offered badly needed performing space. Chancellor Robert Suderburg, appointed in 1974, determined that the provision of such space should be a high priority. The Carolina Theatre appealed to Suderburg for three reasons.

a second attempt



An afternoon concert in Winston Square

The first was location. The School's faculty felt that an urban setting for the performing center would prepare students for competition and performing settings they would face during their careers. Second, the theater was relatively inexpensive. Renovation estimates for the theater were one-third to one-quarter of the cost of building comparable space. The final attractive characteristic of the theater was its appeal to the Winston-Salem community. Chancellor Suderburg realized that the funds to provide the performing space would have to come from private sources and that his fundraising base would be the Winston-Salem community. Having been represented on the Center City Task Force, the School recognized that the renovation of the downtown space would be an option that would generate commitment from local executives.

The Arts Council. The 1978 Cultural Action Plan described the Arts Council's selection of the downtown site for additional space and offered three reasons for its selection: centrality of location, economics and benefits to the community. As Milton Rhodes, executive director of the Arts Council, described it, "downtown was everybody's neighborhood." It was the hub of the city's transportation system and the single location that was convenient to all areas of the city. The appeal of downtown was enhanced by the fact that buildings providing adequate space for current and future use were empty. Acquiring and renovating them was estimated to

cost \$4 million rather than the \$8 million for constructing new space. In addition, the report cites benefits likely to derive to the community including preservation of historic buildings, increase in property values, attraction of tourist dollars and a boost to downtown developments efforts.

City Government. The interest of local government in the redevelopment proposal was straightforward. The downtown areas of Winston-Salem represented 15% of the city/county tax base. The city had been involved in redevelopment efforts since the 1950's to preserve the integrity of its financial base. Population declined by 18,000 in the center city during the 1960's. By 1975, retail firms had abandoned the downtown to mall shopping centers. While there was some evidence of renewed interest in downtown residential development, the city argued that such interest needed active encouragement and support.

Corporate Leadership. For Winston-Salem corporations, the development of the Stevens Center and Winston Square offered the opportunity to support substantial investments in downtown while honoring a strong tradition of corporate support for the arts. Indeed, when first approached about the space problem of the Arts Council, R.J. Reynolds Industries suggested a downtown option. According to Milton Rhodes, RJR was concerned about its existing investment in downtown property and in the opportunities that might make downtown a more attrac-

corporate motivation

community and corporate support

tive place for its employees to work. The same view was held by Wachovia Bank, another strong supporter of the arts and the owner of a 32-story downtown office tower.

Critical Roles

During the long process of planning, fundraising and developing Stevens Center and Winston Square, the major actors worked hard building public awareness and consensus, raising money, and attending to problems of coordination and development of the urban infrastructure needed to support the center.

Building Consensus. Community support for the two downtown arts projects was essential to their success. Leadership of the planning process was critical to building that support. The challenge of providing such leadership fell largely to the Arts

Council's Cultural Action Plan Committee. The Arts Council convened the committee in 1978 and charged it with evaluating the Arts Council program and its long run space needs. The Committee broadly represented the community, including individuals from business, local government, neighborhood groups, arts organizations, and education institutions among its more than 120 members.

Raising Funds. The fundraising strategies for both the Stevens Center and Winston Square focused on public and private managers to serve as leaders of the fundraising drive. The goal for the Stevens Center was \$9 million; for Winston Square, \$4 million. Local corporations provided endorsement of the projects through their own contributions. R.J. Reynolds donated \$1.2 million to the Stevens Center and \$1 million to Winston Square. Wachovia contributed \$300,000 to Winston Square; \$100,000 to the Stevens Center. Other major donors include Hanes Corporation, which gave \$180,000 to Winston Square and \$75,000 to the Stevens Center; Pilot Freight Carriers gave \$250,000 to Winston Square.

Local corporations also provided "in kind" contributions and assistance in fundraising. Piedmont Publishing, owner of the Carolina Theater, donated the theater to the School of the Arts. R.J. Reynolds purchased and then donated the mill building to the Arts Council.

By appealing to donors on the basis of the redevelopment projects combined benefit to the arts and economic development, the fundraising committees were successful in securing funds from agencies and organizations which do not ordinarily support the arts. For example, the Department of Commerce contributed \$3.14 million to the Stevens Center through the Economic Development Administration. The Appalachian Regional Commission provided \$275,000 for the Stevens Center and \$600,000 for Winston Square in recognition of the expanded economic and cultural opportunities that the projects would bring to the surrounding region.

Planners in Winston-Salem cite the support of city government as an important ingredient in their success. Mayor Wayne Corpening, a former Wachovia executive, delegated his special assistant to work on the development effort full time. That involvement facilitated the flow of information and added city hall's endorsement to various proposals. A major factor in Piedmont Publishing's decision to donate the Carolina Theatre to the School of the Arts was the city's offer to sell the company an adjoining piece of property. Numerous procedural and zoning requirements had to be adjusted to allow for the Winston Square land package to be assembled. The Mayor's office played an important role guiding these changes through appropriate channels.

King Douglas



Critical Factors for Success

The number and variety of new investments in downtown Winston-Salem is testament to the power of the arts as an economic development strategy. Since the two major arts projects were announced, over \$100 million dollars of additional real estate have been approved for development in the downtown.

In reflection on Winston-Salem's use of the arts in downtown development, those inside and outside the city have identified a number of factors critical to the project's apparent success. In an analysis of revitalization efforts in six cities, the Real Property Field Study of the Harvard Business School cited six factors which were important to Winston-Salem. They included:

- 1) the extent to which the various community groups were united in support of using the arts for downtown revitalization and spoke with a single voice;
- 2) the attempt to market the proposal in terms of its economic impact as well as its benefits for the cultural institutions involved;
- 3) the fact that, previous downtown failure notwithstanding, basic services (lighting, streets, etc.) were readily available;
- 4) the presence of a group of committed individuals representing business, the arts, city government and community groups;
- 5) extensive use of the print media; and,
- 6) the ability to raise government support.

In comparison with the other five cities, four of these characteristics emerged as common to cities that have succeeded in downtown revitalization. They are:

- 1) strong local organization and coordination;
- 2) long term commitment to the project;
- 3) a strong base of local financial support for the project; and,
- 4) a focus on economic viability.

Risks and Problems

As successful as the Winston-Salem revitalization has been, it has not avoided criticism from civic leaders. Indeed, it seems inevitable that a project so ambitious and so visible would entail risk in terms of public reaction, unexpected financial developments, difficulties in communication between major actors and difficulty in maintaining enthusiasm and commitment over the long time period from inception to completion.

In Winston-Salem support for the arts is widespread but by no means unanimous. There are citizens and community groups who feel that the arts receive more than their share of philanthropy. Among concerns voiced by critics is whether the arts

are being developed at the expense of basic services in low income and minority neighborhoods. In answer to such criticism, Thomas Elijah, Executive Director of the Winston-Salem Urban League, has countered, "There has been some resentment of the arts. But those people don't realize that the arts will be the center of our downtown, and that if downtown dies, the whole city dies."

A second problem encountered in Winston-Salem has to do with unexpected financial developments. Milton Rhodes describes the difficult situation early in the development process when the fundraising and architectural planning had to begin simultaneously. "We needed some idea of how much we could raise to guide the architects and we needed some idea of what the plans would look like to raise the money." As a result, planners found themselves in a situation of balancing architects dreams with available dollars. As Rhodes explains, when donors attempt to calculate their gifts as a proportion of the total need, "you have to hope that you have guessed the right amount of money to do what you have promised to do."

This problem was compounded by the effects of inflation on building costs which averaged about one percent a month during the time that the downtown development project was on the drawing boards and out for bids. The result was that the plans for the Stevens Center, originally estimated at \$6.1 million, were contracted at \$9 million. The renovation of the mill and auto dealership, originally targeted at \$1.5 million, were contracted at \$2.8; and the center city park, estimated at \$5.5 million, \$1 million.

Similarly, the planners had to respond when the ground rules for funding changed suddenly. Such changes were particularly likely with government funding, as exemplified by the city's quest for the EDA grant. After preliminary approval of the grant, the Commerce Department announced a change in deadlines that only gave the city 45 days to raise \$2 million in matching funds.

To react to surprises quickly required open communication between the arts agencies and city leadership. Arts constituents typically suspect that business leaders "exploit" the arts and business constituents suspect that arts agencies are unable to manage such complex projects. The Arts Council made a point of having prominent executives on its board, especially on its finance committee. Milton Rhodes reports that such involvement sometimes results in his spending a great deal of time answering questions and providing information. He argues that these public relations efforts build confidence in the program and the Arts Council's goals.

Early enthusiasm for a downtown development project is not difficult to achieve. However, a proj-

evaluating the arts
strategy

a need for spontaneous
action

ect that requires the better part of a decade from formulation to completion needs sustained enthusiasm. Other campaigns (including major campaigns in Winston-Salem for the YWCA, Wake Forest University, Salem College and Winston-Salem State University) attracted some of the attention and time that originally was invested in the arts development projects.

To deal with this problem, planners in Winston-Salem invested much of their effort in publicity and media coverage. Phillip Hanes estimates that for every hour of fundraising, 25 minutes went into the generation of publicity. Local press coverage has been thorough, and articles have appeared in national publications such as *National Journal*, the *Wall Street Journal*, *U.S. News and World Report*, *The*

Smithsonian and *Town and Country*. The Winston-Salem experience was the subject of a plenary session of a 1981 Conference of Economic Impact of the Arts sponsored by Cornell University and American Telegraph and Telephone. This coverage reinforced a positive community attitude toward the project and kept major actors involved in the project.

Conclusion

A logical question at this point is how general is the Winston-Salem experience? Certainly there are aspects of the Winston-Salem effort that are unique. In the first place, leaders in that city were able to exploit an opportunity to obtain federal funds that may not be available again for some time. A President from the South, to whom many in North Carolina and in Winston-Salem were well-connected, made possible access to funds that have since been cut from the federal budget. As well, Winston-Salem is justifiably proud of a tradition of patronage of the arts. History and tradition provide the city with a strong arts heritage to exploit in economic development.

Timing and a unique strength in the arts aside, the Winston-Salem case study does offer insight into how public-private partnerships in economic development can be forged. Leaders in Winston-Salem gave their partnership time to develop. Discussions of the use of the arts as a catalyst for economic development preceded the fundraising effort by four years. Although most of this time was devoted to building consensus among the major institutional actors in the downtown development arena, a good deal of it was invested in public relations. Public support was actively cultivated and public reaction was assessed in advance of irreversible commitments. Planning was not left to the professional planners, the professional arts administrators or the professional managers. Perhaps the most noteworthy characteristic of the arts project as a vehicle for public-private cooperation was its ability to satisfy multiple objectives simultaneously. Stevens Center and Winston Square provided needed performance and rehearsal space, a visible symbol of confidence in downtown, a hedge against declining property values, a "downtown" performance center, and more. For the corporations, support of the cultural complex provided a tax deduction, protection of existing investments, and an opportunity to continue the tradition of support for the arts. For the Arts Council, Winston Square was a provider of space for more than a small portion of the city. For government, both projects brought in needed investment and made constructive use of dilapidated center city structures.

the public relations role
of the planner



Carolina Theater before renovation



Donald Blumenfeld and Jack Arnold
of Carolina Dancers

John Rosenthal

Satisfying this multiplicity of objectives made the cultural projects easy to support. Compromise among constituents was easier to achieve since no one was tied to a particular characteristic of the project. Its attraction to many constituents made a broad funding appeal possible. It facilitated appeals for the projects both as arts investments and as investments in economic infrastructure.

The answer to the query about the generality of the Winston-Salem experience is that it is general only to the extent that the broad development strategy, not the specifics, are copied. Although other com-

munities may well be able to use cultural events or centers to spark investment (Charleston's use of Spoleto is often cited by Winston-Salem boosters), the fact is that the success of such a project appears dependent on the extent to which that project is consistent with the priorities of a broad cross section of the public. Stevens Center and Winston Square captured the imagination of a variety of Winston-Salem constituencies; the support which followed this imaginative plan proved an essential component of the city's revitalization program. □

imagination in planning