



**TFAA**

Torpedo Factory Artists' Association  
Working Artists + Open Studios

**CHARTING A NEW COURSE:  
STEERING THE TORPEDO FACTORY  
ART CENTER TOWARD A SUSTAINABLE FUTURE**

**THE BUSINESS PLAN FOR THE TORPEDO FACTORY**

*Presented by the Artist Businesses of the Torpedo Factory*

August 2016



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## Letter from TFAA President, Don Viehman

Many artists participate in the Torpedo Factory Art Center in a range of ways. Some maintain single full time studios, and some share studios. Some substitute in a studio for a week, month or year at a time. Some exhibit in our galleries, either full time or only for a month. Some are short term visiting artists. Even more come to take an art class, or teach a class. All contribute in their own ways to the success of the Art Center and all are important.

Collectively, the artists bring art work into existence, open themselves to others, touch the lives of visitors and the public, provide inspiration and expertise. We take seriously what Robert Redford notes: "Art is central to our species and our society. Artists can show us the way to 'What's Next'."

In alternate moments, each artist operates a small business, talking with customers, keeping records, buying supplies and equipment, making decisions about branding and marketing. Our expectations and reality are those of self-employed professionals rather than hourly employees. Success is considered our own responsibility.

In the document that follows, the artists of the Torpedo Factory Artists' Association present our plan for the future of the TFAC. The text is not just a set of unrelated ideas or popular adjectives. It is not just a discussion or guide to thought, as helpful as that might be. It is a carefully presented, coherent business and management plan. It is both a compelling rationale and a roadmap. It seeks to peel away the unfortunate overlay of the recent past and let the essence of the Art Center emerge. It then relates that essence to 2016 and to the future.

Every good plan leaves room for experimentation and change. Our plan includes that too. Our long experience in the TFAC informs us that successful change, even when difficult, will nurture the indispensable core of the Art Center and its creative process and people.

We realize that readers of this report will be many. It is our hope that they will engage and join with us in giving new life to the essential TFAC and helping to move it forward. The artists of the TFAA are capable and more than ready to begin.

Don Viehman  
President  
Torpedo Factory Artists' Association  
Dviehman@comcast.net

"What I want to emphasize is that artists should stop trying to win the game, and start trying to change the game. After all, artists innovate – it's what we do, no matter what our medium is. We imagine ways forward that no one else has imagined before, in literature, music, theater, dance, art, performance. There's no reason we can't do it with economics as well."

**Monica Byrne** (Author, **The Girl in the Road**)



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The development of this business plan required extensive research, collaboration, and debate. The TFAA would like to express its appreciation for Kaptivate's contribution to these activities as well as facilitating the process, challenging our team, and translating our passion into productive prose. We would also like to thank Link Nicoll Design for weaving our brand into this content rich document.



# EXECUTIVE SUMMARY

## INTRODUCTION

A sustainable Torpedo Factory depends on returning TFAC to the original marketplace framework that has been successful for 42 years and charging a new generation of artists with the stewardship role. This creative marketplace will uncouple future viability from a reliance on the kindness of strangers and toward a more measurable and transparent model driven by the contribution of many small businesses.

## HISTORY

The Torpedo Factory had its start almost a century ago as a weapons manufacturing center at the close of World War I. As a manufacturing center, one could tenuously argue, that this waterfront plant has been a center of creative production from its founding. The plant continued its national security work through the World War II years assembling torpedoes and serving as an interim archives for Nazi Nuremberg trial records.

In 1969, the City of Alexandria purchased the old torpedo plant but it was not until the nation's bicentennial that creativity was once again ignited at the plant. The catalyst for the pioneering vision of artistry on the waterfront was Marian Van Landingham, President of the Art League, and a founding artist at what would become the Torpedo Factory Art Center. Although the art center was initially a three year experiment, its success in creating a destination waterfront made it a fixture, and ultimately, an icon at the heart of Old Town Alexandria. In 1982-83, the building was extensively renovated as a sign of the center's permanence and the artist community's contribution to the City.

Today, this legacy of innovation and creativity confronts a challenge. How can this successful experiment, now in its fourth decade, continue to be the catalyst for a powerful creative economy? How can it serve as an anchor to a new waterfront? The Torpedo Factory Artists Association (TFAA) believes the solution to this challenge can be found within the rich history of partnership and contribution that launched the art center back in 1974.

## THE PROBLEM

Our solution comprises a means of ensuring financial viability, new structures for governance, revising the TFAA House Rules (standards for a member in Good Standing) to ensure that artists have greater interactions with the community, and forming a partnership with the city.

## GOVERNANCE

Now that we have reached another crossroads in the journey of the TFAC, the members of TFAA and the stewards of the original vision believe it's time for the organizational structure and governance model to reconnect with the original marketplace framework. A reinvigorated marketplace, with substantive changes in operations and in partnership with the City of

Alexandria, presents the best scenario for the long-term financial viability. Toward that end we propose the following governance changes in the table: *Risk Mitigation Solution for Governance* (see below).

Risk Mitigation Solution: Governance					
Governance Structure Actions	Attributes of Proposed New Structure	Operational Management	Capital Improvement Plan	Programmatic Support	Role of Artist Community
Task 1: Dissolve current TFAC Board of Directors	Task 1: Form non-stock corporation that reinvest profits into long-term viability, growth, and outreach.	Task 1: The new TFAC Board will set priorities and key performance indicators (KPIs) for TFAC and both priorities and KPIs, along with result, will be posted quarterly and publically.	Task 1: Establish or re-purpose the existing 501(c)3 subsidiary to address the long-term challenges associated with a Capital Improvement Plan for TFAC's aging and underinvested physical plant. <sup>2</sup>	The TFAA and the Art League will manage, jointly and independently, programming activities that support KPIs as well as achieve the community outreach objectives of each organization.	The artist community remains focused on sustaining TFAC as a vibrant marketplace using its core competencies in the creative process, touchpoints, education, and programming.
Task 2: Create a new TFAC Board that will adopt a consensus business plan for the long-term viability of the TFAC	Task 2: Organize 11 member board of directors comprised of 4 voting members each from the TFAA; and Art League respectively; and 3 members from the City of Alexandria government. These members will select officers of the non-stock corporation to serve as stewards of the financial and operational health of the institution.	Task 2: A private management firm will be contracted on a fixed term basis to manage the operational tasks. The firm will have compensation incentives through a profit sharing plan based on performance across select KPIs. <sup>1</sup>	Task 2: Launch a matching gift program that would entice donations to a capital improvement campaign. We propose the City of Alexandria match every donated dollar with an equal matching gift. <sup>3</sup>		

\*Footnotes can be viewed in Table 1: [Risk Mitigation Solution for Governance](#).

## ENSURING FINANCIAL VIABILITY

The long-term, financial viability of the Torpedo Factory will not be secured through incremental growth of current revenue streams or more expert fundraising. Financial vigor will be achieved only when the art center taps new sources of revenue.

To achieve this goal, we propose building new value propositions to attract new income from corporate partners, individual members, as well as art center alumni. We also see promise in experimenting with advertising, event-based offerings, fee-based programming, and licensing opportunities. These programs will package a series of benefits to engage these new partners in a vibrant visual arts marketplace.

### EVENTS & SPECIAL PROGRAMMING

- Creativity workshops
- Creative collaboration
- Artist-led exploration
- Fee-based programming
- Member discounted programming

### ALUMNI PROGRAMS

New alumni offering revenue through:

- Membership fees
- Exhibit space rent
- Online gallery space
- Alumni weekend
- Licensing

### CORPORATE SPONSORSHIPS

Sponsorship and co-branding programs that support:

- Art Center
- Specific galleries
- Targeted programming
- Community outreach
- Employee creativity

### ADVERTISING

Advertising presents an elastic revenue source with options:

- Common space
- Website and social media
- Newsletter
- Community outreach
- Visitor guides

### CORPORATE PHILANTHROPY

Corporate philanthropy & workplace giving funds:

- Capital improvements
- Community outreach
- Targeted programming

### INDIVIDUAL MEMBERSHIPS

Annual memberships sales offering special access to:

- Special events
- Gallery previews
- Artist presentations
- Discounted courses

## FINANCIAL PROJECTIONS

The credibility of any business plan rides on its ability to project financial viability and growth into the future. The following income projections use prior history, benchmark data, new services, and more effective fundraising as the basis for a new income trajectory.



### Torpedo Factory Art Center Actual & Projected Income

	TFACB Actual			TFACB Budget		TFAA Projected		
	2011	2012	2013	2014	2015	+12 months	+24 months	+36 months
Contributed Revenue	\$32,203	\$21,925	\$49,408	\$52,208	\$76,200	\$150,000	\$300,000	\$480,000
	5%	4%	5%	5%	8%	11%	18%	23%
Earned Revenue	\$566,788	\$589,399	\$915,099	\$908,230	\$922,603	\$1,175,000	\$1,325,500	\$1,642,950
	95%	96%	95%	95%	92%	89%	82%	77%
GM	\$598,991	\$611,324	\$966,982	\$962,701	\$998,803	\$1,325,000	\$1,625,500	\$2,122,950
Expenses	\$572,723	\$643,891	\$944,371	\$962,581	\$995,423	\$1,120,000	\$1,230,000	\$1,330,000
Net Income	\$26,268	(\$32,567)	\$22,611	\$120	\$3,380	\$150,000 (restricted income)	\$300,000 (restricted income)	\$480,000 (restricted income)
						\$55,000 (earned net income)	\$95,000 (earned net income)	\$312,950 (earned net income)

Source: TFACB US IRS Form 990 2011-14; TFACB Budget for FY2016; TFAA Projected Income Post Transition

## ALIGNING HOUSE RULES WITH COMMUNITY OBJECTIVES

These House Rules are the rights and responsibilities associated with “Good Standing” as a tenant at TFAC and member of the Association. Changes to these rules will ensure unity of purpose.

## CORE HOURS

At the top of this list of House Rule changes is our core hours of operations. Open studio hours will extend to a minimum of 40 hours per week—a 30 percent increase from the current 28-hour minimum. Studios with multiple artists will have an escalating scale for each additional artist in the studio. These new requirements will ensure open studios every day of the week between the hours of 11am to 5pm.

## COMMUNITY OUTREACH

The revised House Rules will require all artists to support our community outreach and engagement objectives. Going forward all artists will commit to participate in two community initiatives or programs each fiscal year. These initiatives and programs will bolster our community connection by expanding the number of artists involved in these initiatives and expanding the volume and array of offerings.

## TENURE

The artist community will set several standards to ensure that members, regardless of seniority, remain active and contributing participants in the TFAC community. These standards fall under the following categories and criteria:

Standards Category	Evaluation Cycle	Criteria
Member in Good Standing	Annual	In compliance with fiscal and ethical obligations.
Core Hour Compliance	Annual	In compliance with core hour requirements.
Community Engagement	Annual	In compliance with community outreach & engagement requirements.
Production	Every 5-10 years	Re-assessment of work and production in a jury system conducted by external expert evaluators.

## PARTNERSHIP WITH THE CITY

We invite the City to collaborate with the TFAA and the Art League to set a course for the art center. Since early 2016, even the near future has been fraught with uncertainty. With the expiration of the TFAC Board's lease on June 30th, the City has assumed control of TFAC's operations and has negotiated interim leases with individual artists. That's not a tenable or desirable role for the City to undertake given the plethora of issues on the City's docket.

To take the next step in the evolution of the art center, we propose a quick transition process in the fall of 2016. Defining a viable financial and operational framework for TFAC (developed by the City, TFAA, the Art League, and the Alexandria Economic Development Board) should be the focus of this transition process. From this framework and its associated road map of actions, the transition team can then identify the best governance structure for its execution and long-term stewardship.

This business plan and proposal represent TFAA's commitment to this dialogue and transition. It also demonstrates our excitement about the future. We led a movement in the 1970s to transform a tattered waterfront into a community landmark. We navigated choppy waters at the launch but never gave up the ship. We ask the City to join us in taking the helm once again and continuing the adventure.



## INTRODUCTION TO THE BUSINESS PLAN

### Solutions Start by Understanding the Problem

We, the artist community at TFAC, understand that in Alexandria we cannot see a future in simply preserving the past. But the past (how we got here) must inform the future (where we are headed). For this reason, among others, the recent vision statement proposed by the Community for the Future of the Torpedo Factory doesn't "get" Alexandria and why the past matters. That mistake is not surprising.

For the past five years the TFAC Board—including several of the individuals leading the Community for the Future—assumed the fundamental challenge at the art center was governance. Frankly, they never understood TFAC. This blind eye to the institution's legacy led to five years of ineffective leadership defined by limited achievements and failure on their core charge: build a financially viable future. There are many reasons for why the opportunity was missed but it was always hard to understand how progress could be attained when the Board did not understand what it was selling, how it could be sold, and how these products and services could evolve.

The Board's solution always circled back to a formulaic refrain: We'll raise the funds needed to make the art center viable as soon as our consultants define a plan, the City gives us control of the physical plant, and the artist community is relegated to a junior partner role. We oppose this agenda because TFAC's strength lies in the artist community that founded and sustained the institution, and enriched the Alexandria community, for 42 years (and counting). But opposing a vision statement, regardless of its source, doesn't win an argument. To make our case, we present a road map for the Torpedo Factory Art Center that is thoughtful, rigorous, and expressive of our passion for this waterfront icon.

### TFAA PROPOSAL AND BUSINESS PLAN FOR THE ARTS CENTER

#### Torpedo Factory Art Center: A Visual Arts Marketplace of Small Businesses

Explaining an original is hard work. Consequently, the Torpedo Factory has often been defined as a series of art galleries or an art museum of sorts. Not easily fitting into a category also means that some may perceive the "difference" as a weakness or sign of decline. But for our customers and area residents, the art center is an [extraordinary success](#) and a reason to come back to the Port City by the Potomac.

What do visitors see in this old factory shell? The value of an original. While the structure is stark, this visual arts marketplace of small businesses is a vibrant constellation of local talent. Customers never confuse the art center with a charity. Perhaps, in some unconscious way, they see the connection between this waterfront marketplace and the old city's bustling port. We believe in the value of this legacy and its importance as a foundation for the future.



## Keys to Overcoming the Challenge: Better Communications and Long-term Financial Viability

This is not our first rodeo. Over the course of four decades, we have witnessed repeated challenges to the art center and the role of the artist community. We bear some culpability. Despite this history of challenge, we have not adequately promoted our value to the community. This missed opportunity is mystifying given our gifts of creativity, expression, and innovation. Nevertheless, we have already begun to change that dynamic. Our marketing plan details the array of channels and initiatives we will use to engage the community in an ongoing dialogue. We invite you to join the conversation.

The bigger, existential challenge is the long-term financial viability of the Torpedo Factory. For four decades, the rental income from artist studios has represented the lion's share of revenue for the art center. That, coupled with thousands of artist volunteer hours to maintain the facility and the ability to rent the space, has enabled this visual arts marketplace to persist. Frankly, that's not good enough. We need to do more than hold the line. The art center's future cannot rely on the kindness of strangers and soft pledges. We must apply our creativity and spirit of innovation to solve this economic challenge.

The Torpedo Factory must evolve along with its growing city and foster the economic conditions that will allow the center to:

- improve the physical plant both inside and out
- expand its community outreach programming
- explore new opportunities for innovation and collaboration in local and regional visual arts programming.

Our business plan proposes a road map for bolstering our long-term financial health through new products and services, a capital campaign in partnership with the City, and a commitment for assessing progress through a series of national and local benchmarks.

## Change and Innovation: Key Ingredients in the Solution Recipe

Economic viability may be the most significant challenge but it's not the only one. We see opportunity in change. Toward that end, we propose a series of operational changes at the Torpedo Factory that will:

- expand the core hours of operations
- extend the minimum hours for artist presence in studio
- require an assessment for the renewal of artist tenure status and, commit all artists to active participation in community engagement and outreach.

A new generation of artists welcomes this opportunity to become an integral part of a vibrant waterfront and an increasingly diverse community. It's a vision and excitement shared by the founding artists who have dedicated decades to TFAC.

Becoming a vital part of the community and waterfront will require change and innovation.

Our business plan presents the road map for strengthening community engagement and outreach as well as preserving the diversity that has enabled the center to thrive.

To ensure that positive change and innovation continue to be hallmarks of the Torpedo Factory, we propose a partnership of the key stakeholders: the Torpedo Factory Artists Association, the Art League, and the City of Alexandria. We will institutionalize this partnership through TFAC's governance structure. While we do not believe governance is a panacea, we do believe that executing on the road map we have defined below will require collaborative governance.

## Art League - City Partnership Invitation

The proposed business plan for the Torpedo Factory represents many things for the artist community. It is a rebuttal to the facile findings of the Cultural Planning Group's (CPG) Torpedo Factory Art Center Business Analysis and Recommendations, a reality check on the Community for the Future's vision, and an opportunity for the artist community to apply its passion, creativity, and innovation to solve an economic challenge to an institution we love. But perhaps more than anything else, it's an invitation to the Art League and the City of Alexandria to partner with us. It's an open invitation to preserve and evolve this incredible marketplace for the arts through a collaborative process. We hope this proposal, plan and invitation is reviewed and begins a city-wide dialogue on the Torpedo Factory Art Center's next 50 years.



## WHAT IS THE TORPEDO FACTORY ART CENTER ?

*The mission of the Torpedo Factory Art Center is to foster connections amongst artists and the public that will ignite the creative spirit. We provide dynamic interactions with the arts through our community of visual artists, exhibitions, and programs. We offer art up close, in person, and in progress.*

While we have addressed the history and context of the Torpedo Factory, it's critical to understand what this unique art center represents to the artist community and its customers. The Torpedo Factory was launched as an early experiment in creative place making commonly defined as revitalizing a challenged urban zone with a creative community. As Marian Van Landingham, one of the art center's founders and a mainstay of the center today, recounts in her book *On Target*, "...[the idea behind the Torpedo Factory was to create] a place where a community of artists...can interact with and educate the public."<sup>1</sup> Today, that founding vision persists and remains enshrined in the mission statement.

*"The Torpedo Factory is a great art place. It is not a museum or an art gallery! There are a lot of studios by artists of all disciplines (photography, drawing, sculpting) and you can join them in their art studios and 'look them over the shoulder' (as you would say in German). It is a great experience." Trip Advisor 12 May 16*

This notion of the Torpedo Factory, however, is more than creative place making. It also differs from the trend toward art incubation, the more conventional artistic terrain associated with formal art galleries, or the transactionally oriented art marketplaces. The founders sought to establish a unique opportunity for the Alexandria community to engage and immerse itself in the creative process. This creative experience, or touchpoint (a personal interaction with the creative process), would leave powerful impressions because the exchange would include, on at least one end, seasoned artists and masters of their craft. These artists would present a unique value proposition because they were the distillation of a blind jury selection process (explained on the right callout box) and forged through years of work in one or more visual media.

In 1974, this innovative idea launched a global movement but also evolved into an extraordinary local asset. Today the experiment in creative engagement includes the Art League's

### Blind Jury Process

- Step 1 - Candidates apply to participate in process.
- Step 2 - Successful applicants deliver five pieces of their work and 10-20 images as desired.
- Step 3 - Diverse group of senior members of the regional artistic community are assembled to perform a blind evaluation over two days. The "blind jury" assessment allows for no identifying marks including the artist name.
- Step 4 - Once selected a successful candidate becomes a TFAA Associate Artist.

<sup>1</sup> *On Target*, Marian Van Landingham, *On Target*, (Self Published, 1999), p. vi

educational curriculum, taught by many TFAC artists, and Alexandria's Archaeology Museum, all supporting the original vision of the touchpoint.

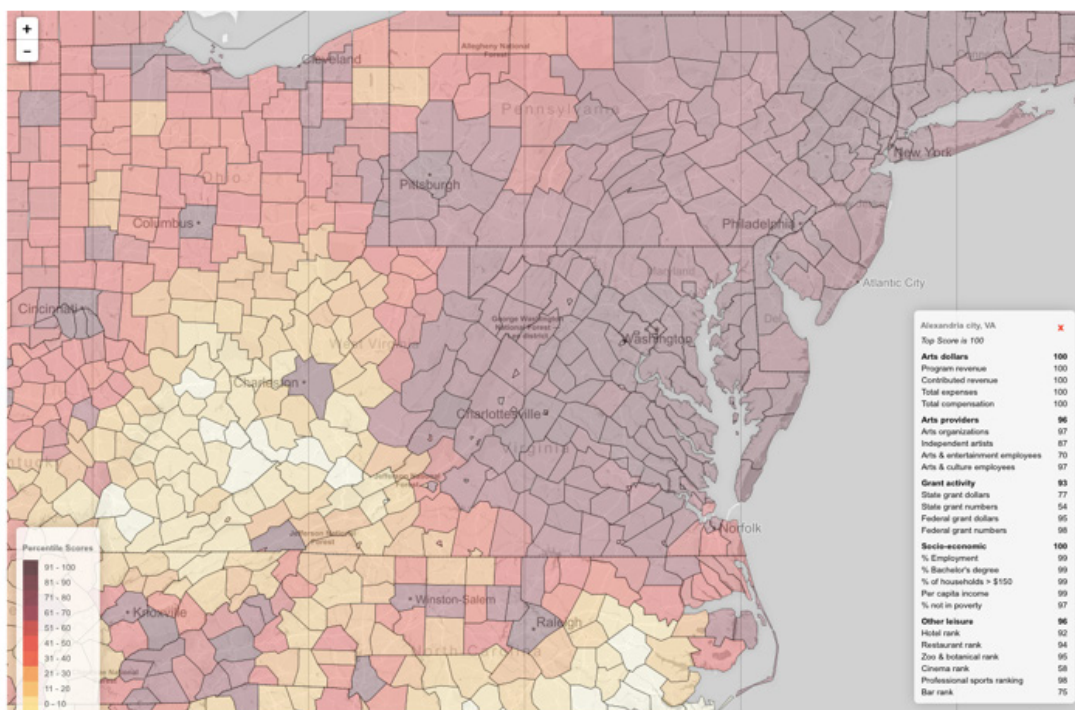
The artist community at the TFAC has always believed the touchpoint is central to its mission. The institution's future rests on building on this legacy and expanding its meaning. The touchpoint is the essence of a vibrant arts center and a thriving creative economy.

## MARKET ANALYSIS

In its January 2016 recommendations, *Torpedo Factory Art Center: Business Analysis and Recommendations*, the Cultural Planning Group (CPG) presented a series of recommendations that could be paraphrased in the following manner: TFAC is in decline and simplifying the governance structure will reverse this process. The analysis offers no supporting evidence of the presumed decline and even less of a road map for recovery.

A more rigorous and objective assessment of TFAC tells a different story. Thanks to the seminal work of Southern Methodist University's National Center for Arts Research (NCAR) performance benchmarks for arts and culture institutions have been identified, captured, and disseminated. We can now objectively assess the health of our local creative economy and our institution. Using these benchmarks we can confirm that TFAC is privileged to be a part of an extraordinary marketplace. The metropolitan area defined by Washington, DC and its inner suburbs occupies the top ranked position in NCAR's national [Arts Vibrancy Index](#). NCAR's index ranks relative arts vibrancy based on the supply (number of arts providers), demand (total revenue generated by nonprofit art providers), and level of government financial support.

Graphic 1: [NCAR's Art Vibrancy Index Heatmap](#) for the City of Alexandria



The good news first: TFAC and the City of Alexandria are surrounded by a thriving arts and culture economy. The strong supply of the arts ensures that a consistent stream of quality artists are juried into TFAC's studios and recruited as Art League faculty members. This strong supply of individual artists also promises a highly competitive and selective process to cultivate a talent rich venue.

On the better news front: Demand for the arts is also strong. The residents and visitors to our region want arts programming and will spend at a higher rate for that programming than nearly any other region in the country. This relatively high demand for arts and culture in the national capitol market is demonstrated by the average unrestricted earned revenue by Community Art Centers in the DC region (\$2,387,027) a multiple of funds received by their peers nationally (\$325,641). In person visitation at DC Metro Community Art Centers (51,790) also confirms this relatively high demand versus the national average (40,312). Even in this thriving and competitive local creative economy, the Torpedo Factory is a stand out with a range of 500,000-600,000 visitors per year.

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***“This place is the bomb! Seriously, I have never seen so much talent and innovation anywhere. For free. Real people, great work. I will go again. If you haven’t, you should...Amazing.”***  
**Trip Advisor - 12 March 2016**

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TFAC longstanding popularity is sustained through a consistent and compelling value proposition. The strength of this value proposition is evident in its volume of visitors, volume of touch-points, and social media rankings relative to its local, regional, and national peers. We believe creative engagement, our common vision for TFAC, has been central to our value proposition for over 40 years. The product and services we provide our customers and visitors are all informed by this unique vision.

The evolution of Alexandria's waterfront, and the introduction of National Harbor's MGM Resort Casino across the Potomac River, may spark a new inflection point for Alexandria's creative economy and its impact on the community. The TFAA appreciates the opportunity ahead. The artist community has great pride in the Alexandria waterfront it helped revive for over 40 years. As we approach our 50th year in Alexandria's waterfront, the Torpedo Factory artist community commits to honor its legacy of community impact by evolving our product and service offering to reflect the evolution of waterfront community, the city and our extraordinary region.

## Graphic 2: TFAC's Social Media Outlook The Customer Perspective





## PRODUCT & SERVICES

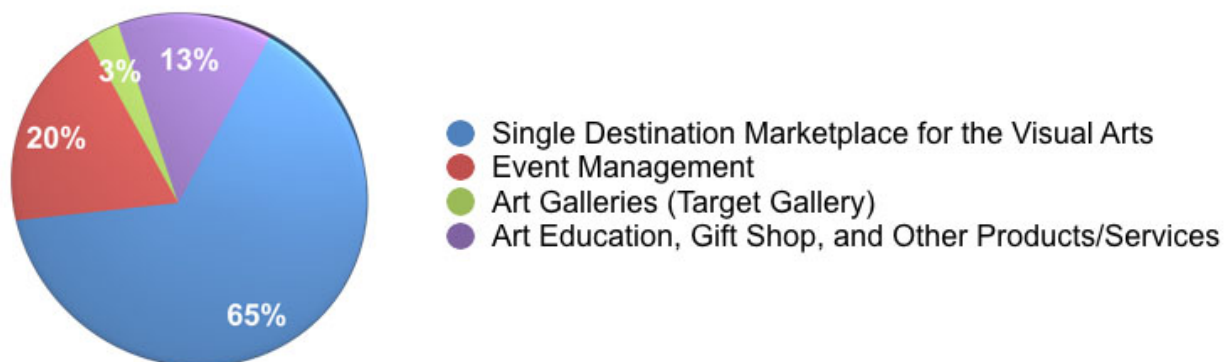
We have created and cultivated a broad array of product and services to fulfill our mission to foster dynamic interactions. Understanding this offering may help the reader appreciate the many ways TFAC can impact the greater community and serve as a powerful creative and economic engine. We view this offering as our launching pad for growth and evolution.

The product and services marketed by the Torpedo Factory are the following:

- Single Destination Marketplace for the Visual Arts
- Event Management
- Art Galleries
- Art Education

The pie chart below displays the proportional revenue generated by each product or service.

Chart 1: TFAC Proportional Revenue



(Source: 2014 IRS Form 990)

### SINGLE DESTINATION MARKETPLACE FOR THE VISUAL ARTS

#### Description

TFAC is the largest collection of accessible working-artist studios in the United States. This single destination marketplace includes 82 studios and seven galleries covering the full spectrum of visual arts.

## Value

This extraordinary array of visual artists at work separates this institution from both its regional and national peers. This distinction has made the Torpedo Factory an icon for the creative space movement and has bolstered Alexandria's brand as one of America's Top Art Places. TFAC is Trip Advisor's top ranked, must see venue for tourists traveling to the City of Alexandria. It is [highly rated by 91 percent of Trip Advisor reviewers](#) and its impact on the local economy is significant. During the doldrums of the Great Recession years, the Management Analysis, Incorporated's Study of the Torpedo Factory Center, measured this economic impact at more than \$16.2 million in direct revenue.<sup>2</sup>

Viewed from another perspective, the destination marketplace also allows the artist community to produce and sell our works. This demand for our creativity delivers the revenue that ultimately makes up the lion's share of TFAC's revenue. In the last three fiscal years, these artist fees (comprised of studio rent and website fees) represent between 59-60 percent of all income.

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***"This is such a unique place, and it is a place to enjoy over and over! Studio after studio of artists and mediums of all kinds – better than a museum! And you can purchase the artists' work as well." Trip Advisor - 12 May 2016.***

## Customers

The one destination marketplace for art has strong appeal for tourists and local residents. The tourist market which includes several segments such as National Harbor conventioners, foreign tourists, and domestic tourists remains very strong (see an array of customer feedback on [social media infographic](#)) but the bulk of customer volume is comprised of local visitors from Northern Virginia and the Metro DC region. In the MAI study, an internet survey of these customers revealed that 42 percent of visitors made a purchase while visiting TFAC and 30 percent have been to the TFAC more than 50 times. This repeat visitor pattern indicates that the art center continues to enjoy strong local, and long-term, appeal among local residents.<sup>3</sup>

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***"What a neat little gem. So much different talent in one place. And to visit is free! If I ever make it back to this state I will totally visit again!"***  
**Facebook – 3 August 2013**

## Opportunity

Despite the art center's strong retail appeal, there is tremendous opportunity to not only expand the current retail traffic but also to extend retail activity beyond TFAC's walls. To build on the current destination retail volume, TFAC must define a multi-channel marketing and communications plan targeted to discrete audiences. These targeted campaigns would allow for

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<sup>2</sup> Mai Study of Torpedo Factory Center, Vienna, VA, Feb 2010, p.i

<sup>3</sup> Randi Korn & Associates, Inc., *Audience Research Study: Torpedo Factory Art Center*, (Alexandria VA: Randi Korn & Associates, May 2014). p. iii



specific audiences based on demographic (age, gender, geographic origin, etc.) and psychographic (Why does our customer buy: customer wants shopping to be an experience and not transactional, customer values discovery, etc.) attributes. Targeted campaigns would also serve to remind local residents in the City of Alexandria and the metro region that they have a unique destination and resource in their midst.

Retail volume can also be developed by extending creative engagement outside the walls of the Torpedo Factory. Establishing touchpoint opportunities in new contexts such as: the soon to arrive Fitzgerald Plaza; farmers markets throughout the city; hotel lobbies and restaurants; and regional arts festivals. These new “beyond the walls” touchpoints can introduce new customers to the power of creative engagement as well as the destination where it all happens.

## EVENT SPACE

### Description

The Torpedo Factory Art Center provides a unique, industrial backdrop for special events. Its location makes it a popular venue for receptions, weddings, parties, meetings, lectures, and performances. The space can be [rented](#) for private events in the evening hours when the Center is closed to visitors.

### Value

The Torpedo Factory’s iconic reputation and great vista on Alexandria’s waterfront make the venue an ideal location for events. The revenue contribution for this product line represents approximately 18 percent of TFAC’s gross revenue (\$180,000). Over the last six fiscal years (2009-2015), the revenue contribution from this activity has experienced limited incremental growth of eight percent or a compound annual growth rate of 1.41 percent.

### Customers

Typical customers for this offering range across a wide spectrum. This range of customers includes: local residents celebrating special events; corporations staging marketing or employee recognition events; as well as, schools and alumni groups respectively hosting proms or reunions.

### Opportunity

The bar for improving performance on this offering is not high. With very limited growth over the last several years, TFAC can grow Event Space rentals substantially over the next 18 months. Critical to realizing this growth will be an effective marketing plan to reach new customer segments such as the large association market in Alexandria/DC Metro and Influentials, including social media mavens (large follower base), venue agents, and event brokers. With the advent of the interim waterfront plaza, TFAC will also have an opportunity to both [contribute and benefit](#) from the adjacent outdoor space.

The local business community is another segment rife with opportunity. We're already beginning to explore this potential with an interesting experiment using TFAC's space for an immersive theatre production in fall 2016. The production will center on Through the 4th Wall's (Alexandria-based theatre company) Edgar Allen Poe-themed production in October 2016. The real time, up close aspect of immersive theatre is a perfect complement to the real time close art experience of the Torpedo Factory. The strong experimental tie can help promote both organizations but also provide an opportunity to engage more businesses in this partnership. In this instance we have approached the soon-to-be open Vola, the new waterfront restaurant owned and managed by Alexandria Restaurant Partners, and Port City Brewing, our city's renowned microbrewery, to participate in both the marketing of the production but also in the event itself. The experiment will be a test of the potential for these local business partnerships and the opportunity to refine the execution of the partnerships.

## ART GALLERIES

### Description

The seven galleries inside TFAC's walls offer the visitor an opportunity to view specific media or to explore the works of a full range of artistic endeavor from the amateur, to associate artist without a studio, to the special contemporary exhibitions with national or international acclaim. These dedicated studios invite art explorers to delve as deep or as broad as they wish. It also creates an opportunity for TFAC to display works beyond its tenants' portfolios.

### Value

The galleries have never been a major factor in revenue generation but they do provide a hedge against the risk of complacency. The Target Gallery adds real value to our artist community because it provides an opportunity, generally nine times a year, to have our perspective changed by juried or curated exhibits composed of artists outside our local community.

Since the late 90's the Target Gallery specifically has provided a steady stream of revenue typically budgeted at approximately \$30,000 or three percent of revenue. There has been some fluctuation in proceeds, generally higher than budget targets, but it has never seen consistent growth.

### Customers

We can only assume that visitors to the galleries do not differ substantially from the general visitor since there is no segregated data on this population. Artists and social media, anecdotally, suggests that a good portion of the gallery traffic is derived from local residents, fellow artists, and visitors intrigued by the current Target Gallery exhibit which tends to receive more promotional attention.

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*“...be sure to visit the main art gallery to your left after you enter. There are changing exhibits of local artists all the time. We come every month and always enjoy seeing the special works.” Trip Advisor - 7 July 2015*

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## Opportunity

TFAC's galleries may represent one of the biggest opportunities in our collection of offerings. The galleries present an opening for new, unjuried artists and new communities to be drawn to TFAC. For TFAC, this stream of new and diverse talent is an excellent recruitment tool for emerging artists interested in experiencing the business of art among seasoned professionals.

To harness the potential dynamism these galleries may offer, we will need to invest more time and resources toward marketing specific galleries, or the collection of galleries, to target audiences. This marketing will require more effective partner marketing with ethnic communities, more aggressive use of targeted social media outreach, and more engagement with Alexandria City Public Schools as well as other school systems throughout the region.

## ART EDUCATION

### Description

The Art League offers classes and workshops for all skill levels, in virtually all of the fine arts, to students of all ages. Anyone can take classes at The Art League School. Each year, students fill over 10,000 seats in classes. Courses are noncredit, so the focus is on personal artistic enrichment, rather than a degree.

The TFAA also provides art educational opportunities through community outreach projects and mentoring opportunities.

### Value

It's difficult to place a value, beyond space rental fees, on the Art Education offering through the Art League because the 501(c)3 organization is managed as a separate entity. Nevertheless, there's no doubt that the Art League and the art center enjoy a symbiotic relationship. Many who attend classes or visit the TFAC blur the lines of the two entities and simply view it as a holistic experience. TFAA members comprise more than 14 percent of the Art League's faculty. In turn the student population at Art League classes are some of our most loyal visitors and customers. The Art League adds enormous value to arts and culture in Alexandria simply by making the creative process accessible and relevant to many local residents.

## Customers

As mentioned earlier, the local residents from Alexandria and Northern Virginia are the primary customers of the art education offering. These local customers could be further segmented by demographics and psychographic information which the Art League may already use for its marketing purposes.

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*"This is one of my favorite places in the world. Among other things, I have been priveledged to take art classes here with incredibly talented artist teachers. Anyone with even a passing interest in art will enjoy a class through the Torpedo Factory." Yelp – 14 August 2015*

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## Opportunity

The presence of visual arts education at TFAC is vital. The Art League's presence ensures that many Alexandria residents remain connected to the arts but it's also an important connection between many TFAA members and the local residents. These education touchpoints also serve as a ballast to the institution by keeping it grounded and aligned with community interests and feedback.

The development of the waterfront may open up new opportunities to extend this education, perhaps less formally outside the doors of the institution. Scheduling small visual arts demonstrations and discussions on Fitzgerald Plaza can serve as virtual welcome mat to the TFAC experience and foster new connections and touchpoints with all of Alexandria's communities.

These informal visual arts demonstrations might also have a much broader reach by using social media to cultivate virtual touchpoints. [Artists](#) already engage a social media community that includes a global fan base of artists, students, and patrons. These online educational opportunities present a powerful means to connect to new audiences and extend TFAC's brand. These virtual touchpoints can be organized as collaboration between the Art League and the TFAA. Funding to support these virtual interactions could be secured through corporate sponsors including art supply and local businesses but might also include investments from Alexandria's tourism bureau.



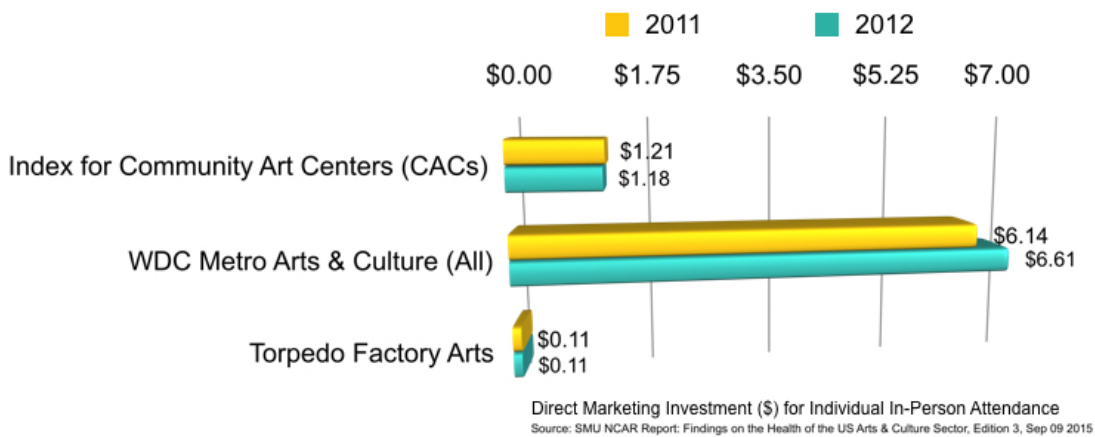
# COMMITMENT TO EFFECTIVE MARKETING

The Torpedo Factory, before and after the arrival of the TFAC Board, has used marketing dollars very efficiently. This efficiency, drawing a single, in person visitor at the rate of \$0.11 of marketing expense, has set an extraordinary standard. Nevertheless, the art center fights cyclical battles with its detractors because it has failed to tell its own story, or in the jargon of a business plan, sustain effective marketing communications. It has not made a persistent or compelling case for why this creative marketplace not only has an major economic impact on the City's waterfront but why it makes a powerful impact on visitors and the community through the delivery of an unequaled visual arts experience.

## MUSCLE UP MARKETING

To address this longstanding deficiency, the Torpedo Factory must have a comprehensive and innovative marketing plan. Planning is no panacea but it will identify the resources and timing required for effective marketing communications and promotions. The TFAA, the Art League, the City (or the art center stakeholders) as well as the art center's management must commit to develop this plan as a joint exercise.

Chart 2: NCAR Benchmark/Direct Marketing Return on Investment



A strong marketing plan will need the following elements:

- Consistent and persistent communications to key stakeholders including TFAC members, sponsors, alumni as well as Alexandria city residents and businesses
- Cultivation of an enthusiastic social media fan base
- Coordination of an outreach effort that builds and sustains a local network of support and,
- Contribution to the Arts & Culture agenda in Alexandria and throughout region.

## COMMUNICATING TO STAKEHOLDERS

To manage consistent and persistent communications, TFAC will invest resources to achieve its goals. A seasoned communications resource, whether a retained firm or hired manager, will enable the art center to develop a media plan that's building a multi-channel dialogue with key stakeholders. This dialogue will involve social media, direct mail, e-newsletters, and

in person cultivation of our key relationships. We will deliver schedule communications but will also encourage more spontaneous exchanges. More than ever before, we will commit to tell our communities what we're doing, how we're performing against goals, and solicit their feedback on the future of the art center. We have a great story to share. It's time to start.

## CULTIVATING SOCIAL MEDIA FANS

As illustrated in the [Social Media Infographic](#) on page 12, the Torpedo Factory has an extraordinary fan base. We need to do more to keep them excited and give them reasons to return. Today we have devoted the resources and energy to ensure that we have current content on our online properties and that we're aggressively promoting our galleries and events. That's a great foundation and a significant reason why we have remained connected to these fans.

Our next step needs to include a more premeditated cultivation of influential participants in these online communities. Toward that end we will begin a more focused dialogue with influential reviewers (e.g., Trip Advisor Level 6 Contributors and Yelp Elite Squad members) as well as event brokers (wedding planners and large caterers) who can shape opinion and drive visitor or transaction volume. This more intimate engagement of influentials will also include specific Torpedo Factory promotions and events geared to pique their interests, acknowledge their important role, answer questions, and present the full breadth of TFAC's evolving offering.

## COORDINATING OUTREACH

A sustained outreach effort to build relationships within the Alexandria community has been in progress since 2015. We will redouble this effort and expand it throughout the DMV region. During this time, the emphasis has been oriented toward community groups. While reaching out to community groups will always be important, the Torpedo Factory must also make new connections and partnerships with local businesses. In short, TFAC must establish a symbiotic link between the local economy and the creative economy. This outreach effort will weave the Torpedo Factory into the fabric of the region's communities, economy, and hearts and minds.

## CONTRIBUTING TO THE ARTS AND CULTURE AGENDA

As we build new connections in the City of Alexandria and the broader region, TFAC will look for opportunities to have a voice and role in the Arts & Culture agenda. TFAC should not be an afterthought in Alexandria's Annual King Street Art Festival. The art center should be its exclamation point.

Too often the Torpedo Factory has played a passive role in the local and regional Arts & Culture calendar. The institution's history and intrinsic value to the community suggests that the Torpedo Factory can make a tremendous contribution to the local arts scene. Our renewed efforts to bolster our communications and outreach will provide the perfect opportunity to change this dynamic.



# ADDRESSING ORGANIZATIONAL RISKS

## INTRODUCTION

The future of the arts center is very promising. Nevertheless, we must recognize the inherent risk with any creative venture—even one with a 42-year history—and address how to overcome these potential risks.

The CPG Business Recommendations presented a series of organizational risks but did not propose any substantive solutions beyond wresting control from the businesses that founded the art center. In this section, we will review the risks identified by the CPG report and address how to mitigate these risks. We will also explain why our vision of the organization differs fundamentally from CPG's perspective.

## GOVERNANCE

Governance is never a panacea for a failed experiment. Futile attempts at restructuring and reorganizing art centers into viability, like most businesses, miss the central point: an organization survives by delivering unique value to a marketplace of buyers. In the art center landscape, two organizations have endured because they understood and delivered on this tenet. The Spanish Village Art Center in San Diego and Alexandria's own Torpedo Factory view themselves primarily as marketplaces of visual arts and destination art centers. Toward this end, until the introduction of the TFAC Board in 2010, both institutions organized themselves as corporations led by the community of artists that formed these marketplaces.

### Spanish Village Art Center

San Diego, California

Non-Stock Corporation/Separate 501 (c) 3

**Mission:** To conduct and operate Spanish Villiage Art Center as a community art center where artists and craftsmen may work and exhibit, to stimulate public interest in arts and crafts, and to raise the aesthetic standards of the community by means of exhibitions, demonstration, lectures and classes.

**Board:** Twenty member board of directors (comprises 14 artist members and six representatives from the artist guilds at Spanish Village).

**Founded:** 1937

#### Fact and Figures:

- Annual operating budget: \$85,000
- City owns historic landmark and charges artists \$0.31 per sq. foot
- Reorganized in 1981 with new artists standards requiring attendance during operating hours.

Source: Spanish Village Art Center website

Although both entities depend on “lower than market” rental rates from local municipalities,



not unlike the tax incentives in any economic zone, neither community of artists would define their marketplaces as a nonprofit or charitable endeavor. This perspective differs from many art centers that emerged in the wake of these two successful community models. These next generation art centers sought to emulate the marketplace model established by two original pioneers. These latter day community experiments only chose selective elements of the model such as adaptive reuse of an existing space and the multi-tenant framework. Regrettably, what was often cast aside as anachronistic was the secret sauce that made the pioneer institutions so successful in their respective communities. The secret sauce, or what made them economically viable, was that the marketplace was a coherent and focused center for the visual arts manned by seasoned and accomplished artists. Focus and a quality experience are the *sine qua non* for a sustainable art center.

These later community art center experiments sought to be all things to all people. The motivation for this approach was embedded at their founding by two common characteristics: 1) the 501(c)3 organizational structure; and 2) the significant investment made by their communities to seed fund the initial adaptive reuse experiment. The former has had the immediate effect of instituting a nonprofit culture in a fundamentally commercial enterprise i.e., an artisan marketplace. The latter creates an extraordinary requirement for the art center to respond and react to the vicissitudes of the community's fiscal realities and not the realities of the marketplace.

The adoption of the 501(c)3 organizational structure eviscerates the original and successful model because structure informs behavior. When a commercial enterprise orients itself to raise funds to sustain a mission, as opposed to drive transactions through the selling of goods and services, the organization becomes beholden to stakeholders as opposed to customers. Losing this connection to customers, for any business, begins the inevitable death spiral. No need for a treatise on lifecycle indicators or a trite graphic on lifecycle analysis to explain this fact.

## WorkHouse Arts Center

Lorton, Virginia  
501 (c) 3

**Mission:** WorkHouse Arts Center Inc.'s mission is to grow and support a vibrant arts center that offers engaging opportunities and enjoyable experiences in visual arts, performing arts, history and education.

**Board:** 19 member board; 11 corporate, 1 artist, 3 education. 4 at large.

**Founded:** 2008

### Facts and Figures:

- Long-term challenge raising funds.
- Fairfax County assumes organizational debt (\$30 million) in 2014
- Board Reconstituted
- Raised \$1.5 million (2014)
  - Fundraising Expense - \$211,486
  - Expense to Funding Ratio - \$1: \$6.91

Source: Workhouse Art Center Website



Seed funding by local municipalities or counties is not a choice for many art centers. It's often the only means for launching a creative space initiative. This initial investment can also be a real boon for a nascent community art center because it can serve to engage the community in the growth and health of the creative economy. On the other hand, the local investment can represent a sword of Damocles hanging over both parties: the investing community and the startup creative venture. The community becomes a partner in the venture and venture partners can be loath to abandon even struggling investments (see Workhouse Arts Center file on previous page). In turn, the art center organization benefiting from this initial investment joins a municipal or county "conglomerate." Unlike a commercial venture, whose return on investment is generally the sole success criteria, the art center venture must not only become economically viable it must also contribute to a shifting set of social, fiscal, educational, and cultural priorities of the municipal conglomerate. These shifting priorities of such a broad and diversified community can unmoor a community art center from its base and leave it adrift in

**BAPO's Bromo Tower Arts & Entertainment,**  
Baltimore, Maryland  
501 (c) 3

**Mission:** The vision for the Bromo Tower Arts and Entertainment District is a thriving and diverse cultural corridor in downtown Baltimore, offering an array of high-quality visual and performing arts spaces, galleries, restaurants and housing accessible to all residents of Baltimore and beyond. Bromo Seltzer Arts Tower borrows from the TFAC model providing low cost studio space and exhibitions for local artists.

**Board:** 16 member board of directors

**Founded:** 2012

**Fact and Figures:**

- 65,000 annual visitors
- Part of community governance scheme
- Expense to Funds Raised Ratio - \$1: \$7.54

Source: BAPO/Bromo Tower Website

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*"A lot of people think of artists as just making things. And really what we do is propose problems, and then we solve them. That's our process, and that's very similar to innovation." –*  
**Sue Britt, Board Member, Spanish Village Art Center**

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a sea of new requirements and expectations. The net result is an organization with an amorphous mission and little hope of commercial success.

Even the Torpedo Factory, in recent years, has fallen victim to these influences. When the TFAC Board was introduced to the art center in 2010, the Torpedo Factory had been a successful experiment for 35 years. TFAC was far from perfect but it had navigated tumultuous waters over three decades and had presided over the re-emergence of Alexandria's waterfront. The arrival of a challenging recession called for change but the imposition of a

non-profit 501(c)3 structure and governance model was not the solution. A review of the Torpedo Factory financials five years before and after the arrival of the TFAC Board make this case clear. The challenges faced by the institution were not caused by a fractious board, intransigent and entitled artists, or lack of artistic vibrancy. Positive change required a solution that was rooted in the legacy of the art center and its vision of a powerfully creative marketplace. The abject failure of the fundraising program during the Board's five year tenure provides the most compelling argument in support of this perspective--see [Chart 2](#). When compared against its peers of equal age, despite the undocumented claims of the CPG Business Recommendations, the TFAC Board underperformed this key performance indicator for 501(c)3 organizations across an array of metrics: annual dollar volume, expense to funds raised ratio; and diversity of donor channels.

## PROPOSED SOLUTION

Now that we have reached another crossroads in the journey of the TFAC, the members of TFAA and the stewards of the original vision, believe it's time for the organizational structure and governance model to reconnect with the original marketplace framework. A reinvigorated marketplace, with substantive changes in operations and in partnership with City of Alexandria, presents the best scenario for the longterm financial viability. To meet this objective we propose the following governance changes in the following tables.

### Arts Center/South Florida

Miami Beach, Florida

501 (c) 3

**Mission:** The mission of the ArtCenter/South Florida is to support artists and advance the knowledge and practice of contemporary visual arts and culture in South Florida.

**Board:** 13 members

**Founded:** 1984

#### Fact and Figures:

- Corporate Partnership Program
- Individual Member Program
- Artech - Program in concert with local high school and funded by corporate sponsors aims to build marketable art skill.
- Expense to Funds Raised - \$1: \$13. 47

Source: ArtsCenter/South Florida website

Table 1: Risk Mitigation Solution for Governance

## Risk Mitigation Solution: Governance

Governance Structure Actions	Attributes of Proposed New Structure	Operational Management	Capital Improvement Plan	Programmatic Support	Role of Artist Community
Task 1: Dissolve current TFAC Board of Directors	Task 1: Form non-stock corporation that reinvest profits into long-term viability, growth, and outreach.	Task 1: The new TFAC Board will set priorities and key performance indicators (KPIs) for TFAC and both priorities and KPIs, along with result, will be posted quarterly and publically.	Task 1: Establish or re-purpose the existing 501(c)3 subsidiary to address the long-term challenges associated with a Capital Improvement Plan for TFAC's aging and underinvested physical plant. <sup>2</sup>	The TFAA and the Art League will manage, jointly and independently, programming activities that support KPIs as well as achieve the community outreach objectives of each organization.	The artist community remains focused on sustaining TFAC as a vibrant marketplace using its core competencies in the creative process, touchpoints, education, and programming.
Task 2: Create a new TFAC Board that will adopt a consensus business plan for the long-term viability of the TFAC	Task 2: Organize 11 member board of directors comprised of 4 voting members each from the TFAA; and Art League respectively; and 3 members from the City of Alexandria government. These members will select officers of the non-stock corporation to serve as stewards of the financial and operational health of the institution.	Task 2: A private management firm will be contracted on a fixed term basis to manage the operational tasks. The firm will have compensation incentives through a profit sharing plan based on performance across select KPIs. <sup>1</sup>	Task 2: Launch a matching gift program that would entice donations to a capital improvement campaign. We propose the City of Alexandria match every donated dollar with an equal matching gift. <sup>3</sup>		

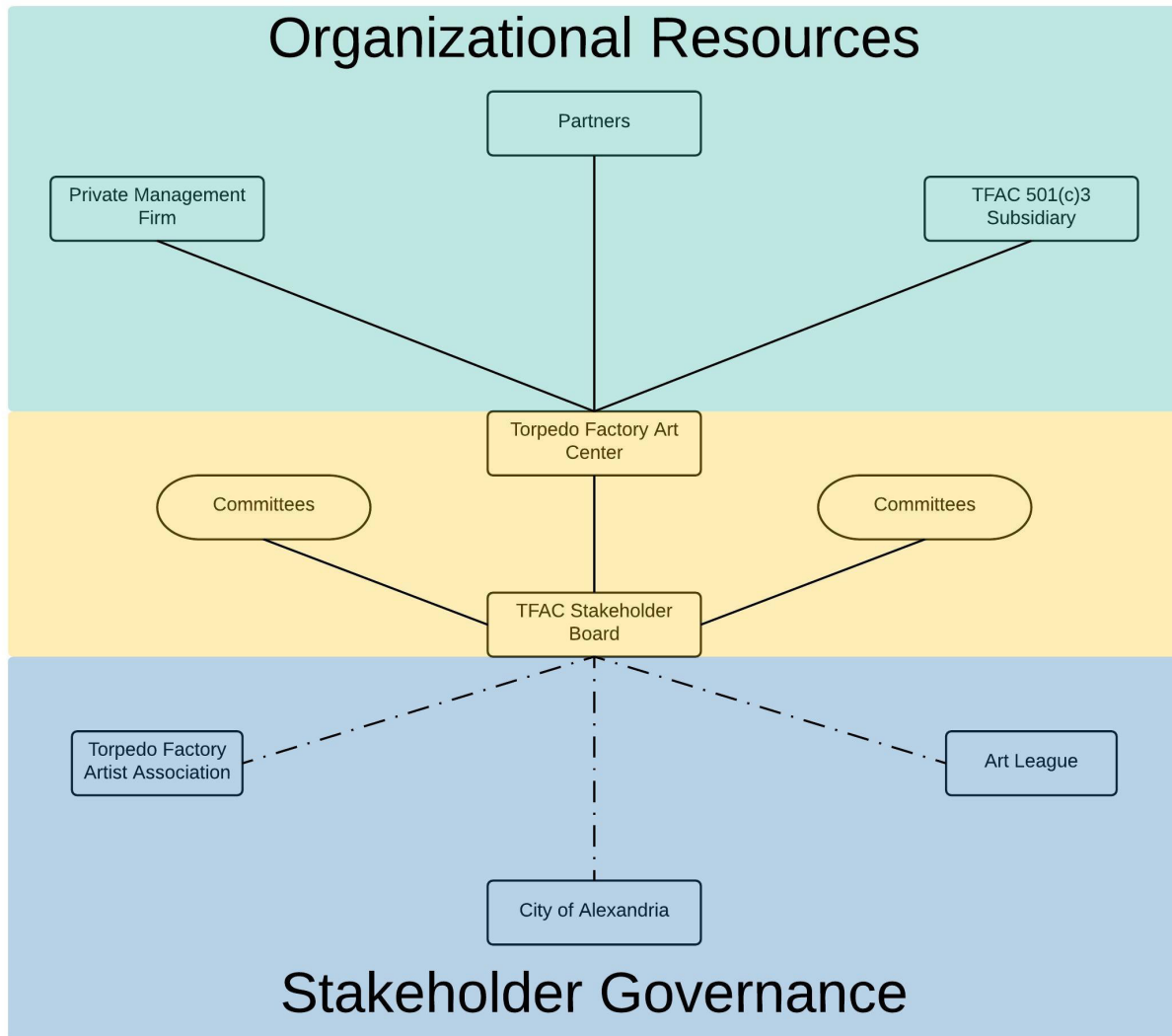
<sup>1</sup>The operational tasks managed by the management firm would include: building maintenance; marketing and communications; programming support; event management sales and production; tenant lease management and enforcement; management of the Cafe and Visitors Center; development and management of new growth opportunities; and, fundraising support for capital improvement.

<sup>2</sup>501(c)3 subsidiary would also provide a vehicle for individual and corporate donations in support of select programming.

<sup>3</sup>Corporate matching gift sponsors could substitute for the City of Alexandria if city declined participation in program.

A sustainable Torpedo Factory depends on returning TFAC to the original marketplace framework that sustained it for most of its history and charging a new generation of artists with the stewardship role. This creative marketplace will uncouple future viability from a reliance on the kindness of strangers and toward a more measurable and transparent model driven by the contribution of many small businesses.

Graphic 3: Proposed Governance Structure

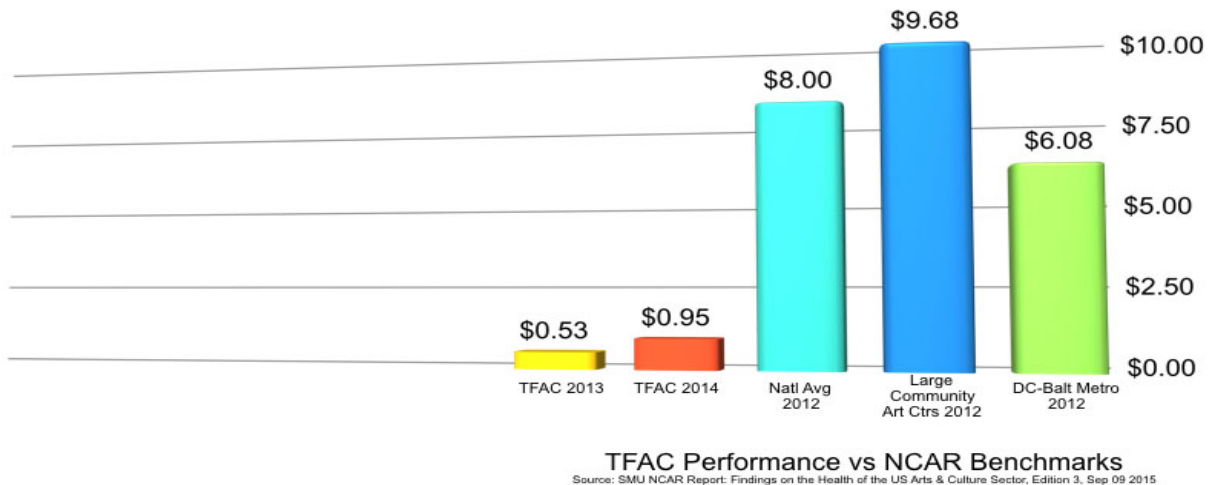


## FINANCIAL VIABILITY

Throughout CPG’s recommendations, and specifically in the Historical Financial Analysis section, the consulting group made sweeping and consequential recommendations based on a very limited data sample. The financial analysis reviewed three recent years of financial data and made no attempt to contrast this data with the financial statements prior to the TFAC Board’s arrival. A review of the “before and after” statements would highlight the following:

- Earned revenues witnessed little or no growth during the Board’s tenure;
- Expenses, and especially Staff Expense, grew at an unprecedented rate during this same period;
- The lion's share of all income before and after the Board’s tenure was, and continues to be the rental income from artists tenants; and, as noted earlier
- Contributed revenues from philanthropic development—the core justification for shifting the organizational structure to a 501(c)3 nonprofit—are, and have been, underperforming across a spectrum of metrics. (See Chart 2 below)

Chart 2: NCAR Benchmark Fundraising Return on Investment



In short, the introduction of the TFAC Board in 2010 has had no impact on the financial viability or progress toward that goal.

The lack of progress did not go unnoticed. The January 21, 2015 minutes of the TFAC Board meeting captured the internal frustration when one attendee of the public meeting remarked, “Not pleased about where we are spending effort over the last two years. Need a strong strategy. We don’t have a marketing strategy.” The minutes do not record a response to the criticism. The comment remains unchallenged in May 2016.

Despite this dearth of financial progress, and no roadmap for the art center’s long-term financial health, the CPG report’s recommendations glibly suggest the risk lies elsewhere.

*Organizational indicators suggest [TFAC] is on the cusp of failure due to losing relevance. The failure is not financial but one caused by several factors: competing agendas; the lack of a cogent, compelling and shared vision for the future of the organization; and an ineffective management and governance structure that lacks a central entity with the responsibility and corresponding authority for the vitality of the organization. Bold and dramatic change is necessary to reinvigorate the Torpedo Factory and to create an operating structure that can focus successfully on a future of vitality, relevance, and sustain ability.*

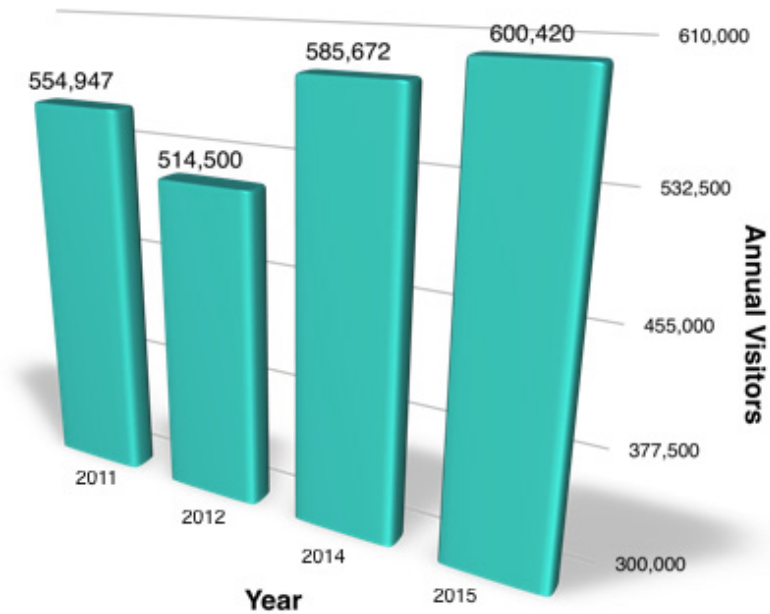
Chart 3: TFAC Visitor Volume by Year

The consultant’s observation fails on multiple fronts. No data in the consultant’s report substantiates the claim that the Torpedo Factory is “failing” or “losing relevance.” Contrary to its assertion, visitor volume at the Torpedo Factory continues to grow and visitor ratings, generated by local residents and tourists, still rate the Torpedo Factory as an exceptional art destination.

Second, the notion that the financial risk is not real and that the true challenge lies in governance exposes the consultant’s blind eye. The Board’s request to the city for a \$137,500 rent rebate to finance capital improvements belies the financial risk.

Yet, despite this clear risk, the consultant offers no remedy other than to dismiss it. The Board, as witnessed by the request for funding, has no game plan for addressing it.

Because we have endured many cycles of challenge and change, the TFAA knows all too well that the financial risk is real. To continue to be a part of Alexandria’s future, we also know that the Torpedo Factory needs a long-term resolution to the existential risk represented by financial dependence. We propose the following plan for long-term financial strength and viability.



Source: TFAC Board Minutes/CEO Report

## Proposed Solution

The long-term, financial viability of the Torpedo Factory will not be secured through incremental growth of current revenue streams or more expert fundraising. The growth of current income activity will continue contributing to sustainability but financial vigor will be achieved only when the art center taps new sources of revenue.

We propose building new value propositions to attract new income from corporate partners, individual members, as well as art center alumni. We also see promise in experimenting with advertising, event-based offerings, and fee-based programming. These programs will package a series of benefits to engage these new partners in a vibrant visual arts marketplace.

### EVENTS & SPECIAL PROGRAMMING

- Creativity workshops
- Creative collaboration
- Artist-led exploration
- Fee-based programming
- Member discounted programming

### CORPORATE SPONSORSHIPS

Sponsorship and co-branding programs that support:

- Art Center
- Specific galleries
- Targeted programming
- Community outreach
- Employee creativity

### CORPORATE PHILANTHROPY

Corporate philanthropy & workplace giving funds:

- Capital Improvements
- Community outreach
- Targeted programming

### ALUMNI PROGRAMS

New alumni offering revenue through:

- Membership fees
- Exhibit space rent
- Online gallery space
- Alumni weekend
- Licensing

### ADVERTISING

Advertising presents an elastic revenue source with options:

- Common space
- Website and social media
- Newsletter
- Community outreach
- Visitor guides

### INDIVIDUAL MEMBERSHIPS

Annual memberships sales offering special access to:

- Special events
- Gallery previews
- Artist presentations
- Discounted courses



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*“Companies with thriving arts programs are proven to exude stronger, more vibrant cultures.”* **John Sailey, CEO Milliken & Company**

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## Corporate Sponsorships

Corporate partnerships present a significant opportunity for TFAC to expand its source of revenue and community support. Building a network of corporate partners has reinforced several art centers including the Art Center/South Florida, City of Columbia’s Center for the Arts, and many more throughout the country. The motivation behind corporate partnership with arts & culture organizations can vary (see [pARTnership Movement](#) callout on the right) and this variety of interests offers many opportunities for the Torpedo Factory.

Cultivating partnerships with the corporate community will require the Torpedo Factory to define what opportunities exist for corporations to collaborate with the art center. Certainly the opportunity to cobrand with an iconic brand in a thriving creative economy will be compelling. The Torpedo Factory brand delivers on the unique, simple, consistent, and relevant brand attributes that corporate marketing departments target. The potential partners could extend across a spectrum of commercial brands that may have very distinct reasons for linking their brands with the art center. Next page see a table of commercial brands and why the brand association might be valued.

### Why Should Corporations Partner with an Art Center?

1. Recruit and retain talent
2. Put your company in the spot light.
3. Advance corporate objectives and strategies.
4. Foster critical thinking.
5. Engage employees.
6. Embrace diversity and team building.
7. Say thanks.
8. Contribute to the economy and the quality of life.

Source: pARTnership Movement

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*“As a company dedicated to life-changing innovation, we also know that creativity is a synergistic process. We all benefit from organizations that stimulate our senses, inspire our minds, and encourage our curiosity.”* **Wendell P. Weeks CEO, Corning, Inc.**

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Table 2: Value Brand Association

TFAC must develop a multitiered and multifaceted offering for corporate partners. The offering will cater to specific needs of the corporate partner but will also have common elements that can be packaged based on the level of contribution. In all cases, the proposed partnerships will clearly identify those elements of their association with the Torpedo Factory that will be nonnegotiable, e.g., no change to the character of the touchpoint between artist and visitors, no restrictions on the accessibility of the art center to all visitors.

Corporations will choose a term-defined, sponsorship option that can include funding the operations and marketing of a specific gallery or exhibition; and or sponsorship of an event or series of events. Each

of these options will have a minimum funding requirement and may include components such as marketing/media kit, use of the venue for corporate events, opportunities for employee creativity/innovation workshops, and employee/customer appreciation benefits such as an exclusive [artist-led after hours series](#).

Industry	Brands	Brand Attribute Association Value
<b>Art Supply</b>	Blick, Golden, Michaels, Utrecht	Direct connection with media used by artists and Art League.
<b>Management Consulting</b>	Accenture, Aon Hewitt, BAE, Bain & Company, Booz Allen Hamilton, Boston Consulting Group, CACI, CSC, Deloitte, IBM, KPMG, McKinsey & Co	Unique, creative, innovative, curious, transformative, engaging and collaborative.
<b>Tourism/Destination</b>	AMEX, Carlson Wagonlit, Expedia, Priceline, Travel Guard	Iconic destination, one-of-a-kind, accessible, creative
<b>Financial Services</b>	AMEX, Bank of America, Discover, Mastercard, PNC Bank, Square, Visa	Empowering, aspirational, innovative, creative, small businesses, marketplace, "living the dream", transactional
<b>Community Businesses</b>	Alexandria Restaurant Partners, Burke & Herbert, CNA Corporation, Fannon, Grant Thornton, Port City Brewing, PNC Bank,	Support for an iconic institution, partner in evolving waterfront, part of the solution, committed to evolving Alexandria
<b>Design</b>	RKS, Herman Miller, IDEO, Troika, Gensler, Jacobs	Unique, creative, innovative, accessible, collaborative
<b>Targeted Customer Segment or Media</b>	AARP, Michaels, U.S. Navy AAA	These attributes will vary based on the target demographic.
<b>Education</b>	The Field School, GWU, GMU, Howard University, American University, Georgetown University	Creative marketplace, small businesses, creative economy, collaborative, mentoring, engagement, apprenticeship

## Corporate Philanthropy

TFAC's 501(c)3 subsidiary will also provide corporations with the additional option to engage the art center and community through philanthropic collaboration. Either sponsorship and/or philanthropy, is not mutually exclusive. Ideally, a corporation will see value in a holistic partnership that has elements of both. It also enables the art center to create another critical relationship with its partner through the corporate foundation or philanthropy program.

Much like the sponsorship program, the corporate philanthropy offering can have an array of options that will be tailored to the partner's objectives. High on the list of opportunities will be a capital improvement campaign. This campaign will offer corporations the opportunity to support the art center's capital campaign and partner with the city through a dollar-for-dollar matching gift program that augments the corporation's contribution to the capital campaign. This matching gift program has a recent precedent with the recent rollout of Alexandria's Department of Recreation, Parks and Cultural Activities' (RPCA) Community Matching Fund.

Graphic 4: Pour Your Art Out! at TC Williams High School  
May June 2016

In this matching fund program, "...RPCA will give 1:1 matching award in an amount up to \$25,000, which allows a minimum of two selected proposals. Awards may vary given in any amount between \$5,000 (for project totals of \$10,000) to \$25,000 (for project totals for \$50,000)."<sup>4</sup> The capital campaign envisioned for the Torpedo Factory might also incorporate several elements of this program's parameters including matching gift caps and earmark proposals for specific initiatives.



Corporate partners will also be encouraged to make In-Kind contributions from a list of items that can help support the physical plant or TFAC's community outreach efforts. Corporations will also be encouraged to support specific community outreach programming (e.g., [Pour Your Art Out!](#)) at TC Williams High School) that align with their philanthropic and/or community engagement objectives. The art center will also encourage and host employee tours of the Torpedo Factory to foster a connection with the sponsor's

<sup>4</sup>City of Alexandria, Alexandria eNews. (2016). RPCA Launches Community Matching Fund! [Press Release] Retrieved from: <https://www.alexandriava.gov/recreation/info/default.aspx?id=92728>

entire enterprise. These tours will help foster strong support for TFAC's philanthropic programs in each partner's workplace giving and matching gifts campaigns as well as encourage new visitors and patrons to the Torpedo Factory.

## Individual Memberships

Individual and family memberships have been a mainstay of museums, galleries, and community art centers. Memberships also provide a partial solution to the deficient community communications regarding events and news at the Torpedo Factory. By identifying a self-selecting segment of the community that wants to learn more about the art center exhibitions and events, the TFAC can address two issues at once: generating new revenue and driving community engagement.

The benefits to annual membership must be compelling and clear. The proposed membership benefits menu would include the following offering:

- Member only events
- Special member pricing for fee-based events and programming
- Member preview of exhibits
- Discounted local parking
- Monthly member newsletter (enables another advertising vehicle)
- Discount (10%) on gift shop purchases
- Discount (10%) on educational classes
- Annual member appreciation event (enables another sponsorship opportunity)

The fee structure for memberships will be tiered to make the offering as accessible as possible:

- Individual Membership: \$40.00
- Family Membership: \$65.00
- Discounted Membership (Senior & Students): \$25.00

The membership communities will also enable TFAC to cultivate new donors and volunteers. The offering also opens new doors for revenue generation including: newsletter advertising, event sponsorships, and fee-based programming.

## Alumni & Artist Programs

Alumni programming provides a new opportunity to keep former TFAC tenants connected to the art center and the Alexandria creative economy. For TFAC, these engaged alumni provide a strong base of support, goodwill ambassadors in their new communities, and an opportunity to continue a mutually beneficial commercial relationship.

A symbiotic commercial relationship will have its foundation in an alumni membership network with a set of discrete benefits. In exchange for an annual alumni membership fee, alumni members will garner the following benefits:

- Quarterly Alumni Network Newsletter

- Virtual (or Online) Art Marketplace exclusive to alumni members
- An Alumni Weekend at TFAC where former tenants are welcomed back to the community
- Discounted advertising opportunities for their virtual galleries or participation in the Alumni Weekend.

There’s an equally compelling opportunity to explore licensing artwork of our tenant artists as an income generating service. Early experiments in collaborative licensing by some TFAA members—yoga pant prints—have produced promising results. Developing a licensing offering for artists creates a strong value add for tenants but also can drive significant revenue over time for the art center. In a rapidly changing creative economy, licensing offers an opportunity for artists to extend their production into new channels and media efficiently. Once the offering matures, licensing can also be extended to TFAC alumni.

## Advertising

Among the new revenue activities, advertising may offer the broadest applications. Advertising is not a typical revenue source for a community art center but there is nothing typical about the Torpedo Factory. Its location, volume of visitors, visitor demographics, potential membership, and visual arts focus provide an alluring opportunity for local, national, and global brands.

These brands can target key segments with messages both at the waterfront location as well as in multiple communication channels and digital properties. In the art center, advertising placements could be installed on select areas of the common space such as columns, flooring, walls, and doors. Advertising could also be placed near torpedoes, and at the Cafe (e.g., tables, napkins, cups, and cup holders).

Advertising with the Torpedo Factory can also extend into current and new communications channels including the periodic calendar of events, member monthly newsletters, quarterly alumni newsletters, and corporate partner communications on specific events and programming. Corporate brands can complement this advertising with a host of ad placements on TFAC’s ample digital properties including the website, its social media platforms, and the Alumni Network Marketplace.

Although it presents a promising new revenue source for TFAC, advertising must enhance the customer experience and not detract or distract. Identifying how much advertising and advertising placement will need to be studied prior to the launch of the program to ensure that all objectives are met.

Graphic 5: Visitor Demographic Details



## Events and Special Programming

Over the past decade events have been a critical source of revenue for the Torpedo Factory. Ultimately, this revenue stream has a ceiling. So while there may be incremental growth in this revenue category, as more days are consumed by scheduled events, the calendar will circumscribe the opportunity. For this reason, the art center will need to find associated or spin-off revenue opportunities that will allow the event category to spill over into new revenue tributaries.

## Wedding Gift Registry

There are several event-related opportunities that will be explored for new revenue. Given the frequency of wedding-related events, the Torpedo Factory can launch a wedding registry service enabling hosts to select specific art pieces as wedding gifts. Hosts can be charged a service for the registry (\$100) or gift selections may trigger a five percent sales transaction fee from the artist. Early indications from this existing activity suggests the wedding registry service can be a big win for customer, artist, and art center. Marketplaces thrive with triple win opportunities.

## Creative Mementos and Sessions

A keepsake from an event can be a powerful reminder of a milestone, a life event, or a memorable team experience. TFAC will make these keepsakes especially powerful mementos of the event by offering hosts the opportunity to engage their attendees/participants in an artist-led creative process that guides them in the creation of their own event memento. A handcrafted and powerful reminder of a special occasion. For a less laborious process, hosts can commission a unique event memento from an artist. In these event-based art commissions, TFAC will receive 10 percent of the total purchase price of the order.

The same artist-led creative process can be applied to events where the process of creating, designing or innovating is the objective. These team-based sessions would use a collaborative process to create a work of art or design that meets an objective, honors a third party, or serves as a lasting legacy of the event. TFAC will package this offer as part of select corporate or personal events at the target rate of \$500 not inclusive of materials.

## Fee-based Programming

In recent years, TFAC has greatly expanded its programming to open new opportunities for artist outside the community that can engage new visitors and challenge the community of artists. In 2016, for the first time, TFAC will host a live dramatic performance in the art center space performed by Through the 4th Wall, an Alexandria-based immersive theatre group. While the Torpedo Factory is a difficult venue for traditional performances, it is a perfect venue for immersive performances since these productions work best when audience members are free to explore and encounter performers in unexpected ways. Scheduled for fall 2016 and using an Edgar Allen Poe-theme, these ticketed performances will launch a new and experimental revenue source. The performances will also be conducted Monday through



Wednesday evenings to attract new visitors and enliven the building during these historically low volume days.

This fee-based programming experiment will also embed new marketing and revenue opportunities by using the performance platform to launch several partner/cross marketing initiatives with several local businesses. The 4th Wall performers will market the programming beginning July 2016 with pop-up performances on the waterfront and through Old Town. Tickets for this performance will be priced at \$40. After this initial exploration in immersive theatre, TFAC will measure the success and return on investment across several metrics to fine tune and/or expand the offering throughout the calendar.

Other opportunities for fee-based programming will include special artist exhibitions, explorations in new media at the art center, and media-based affinity clubs. Similar to the immersive theatre experiment, TFAC will set success metrics against these fee-based programs for refinement, adjustment, or programming expansion.



# FINANCIAL PROJECTIONS

## INTRODUCTION

The credibility of any business plan rides on its ability to project financial viability and growth into the future. We have discussed the favorability of TFAC's market context including: the strength of the regional creative economy; the highly favorable assessment of the art center by its customers; and, the opportunities for robust contributed and earned revenue growth. In this section, we will present how this positive market context and fundamental changes in management at TFAC can produce strong financial results. The following income projections use prior history, benchmark data, new services, and more effective fundraising as the basis for a new income trajectory. We hope these projections inform and guide discussions of the transition team.

## CONTRIBUTED REVENUE

As discussed earlier, Contributed Revenue by the TFAC Board has underperformed. More seasoned management of this function will produce results more in line with national and regional benchmarks as noted in SMU's most recent NCAR report. Given how far TFAC lags behind expected performance by community art centers, it will take three years to achieve even regional standards for Fundraising Return on Investment i.e., \$6.08 for each \$1 invested. In 2014, the last reported results show that for each \$1 invested by the TFAC Board, only \$0.95 in contributions were secured.

Several changes can shift this weak performance. Changing TFAC's organization to a non-stock corporation will signal to donors that the art marketplace itself is not a charitable endeavor. Their contributions to TFAC's 501(c)3 nonprofit subsidiary will be restricted income and will be specifically used for capital improvements and community outreach programming. If the City of Alexandria commits to match these gifts on a proportional basis, for a building the City fully owns, the contributions narrative would include a compelling incentive for donors.

Corporate sponsorships deliver another vehicle for Contributed Revenue growth. By packaging a community investment component in each TFAC corporate sponsorship, we provide an opportunity for sponsors to impact the local community as well as acquire a charitable tax write-off.



## EARNED REVENUE

These projections also expect strong momentum for Earned Revenue. This change cannot happen overnight without exploding costs and severely stretching new management focus. To manage the growth, and costs, associated with the introduction of new revenue-generating services, we have staggered their introduction over the course of 36 months from transition. Our projections launch services that can be introduced to market quickly and have the most substantial impact on net income.

In the first 12 months, TFAC will roll out:

- [Advertising](#)
- [Corporate Sponsorships](#)
- [New Program Services](#)

In the first year, existing revenue streams will still dominate Earned Revenue, representing 87 percent of the category total, but this allocation will diminish each year. By the third year, current or existing revenue streams will represent under 70 percent of the category.

The TFAC Project Income Breakdown chart displays when the remaining new services will be introduced and their relative revenue impact. These services will include Individual and Family Memberships (second year) and Alumni Programs and Special Events (third year).

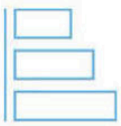
## EXPENSES

Stimulating growth in both Contributed and Earned Revenue will require growing expenses as well. Here too we will use NCAR benchmarks to help inform the level of investment and our expected outcomes. For example, we know that TFAC has been very efficient investment in luring visitors to the art center (\$0.11 non-staff marketing costs per attendee) far below NCAR's national benchmark for community art centers (\$1.21). Given that efficiency, and the expected growth in visitor volume to Alexandria's new waterfront, we would limit any growth in marketing expense that was not directly related to new product launches.

New product launches will also require management resources. This requirement will likely cause incremental growth in the Salaries and Benefits category as we retain strong talent and acquire new skills. We would also expect that the selected private management firm would introduce new efficiencies that would temper growth in this category.

## NET INCOME

To incentivize growth and efficient operations, TFAC will negotiate terms and conditions for sharing Net Income with the proposed private management firm. The private management firm's allocation of net income will have no ceiling as long as all key performance indicators and related benchmark metrics are successfully achieved. These contracted performance metrics will serve to safeguard against a pure profit motive at the expense of the art center's long-term viability, mission, and/or community engagement.

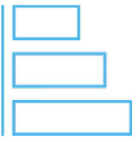


## Torpedo Factory Art Center Actual & Projected Income

	TFACB Actual				TFACB Budget	TFAA Projected		
	2011	2012	2013	2014	2015	+12 months	+24 months	+36 months
Contributed Revenue	\$32,203 5%	\$21,925 4%	\$49,408 5%	\$52,208 5%	\$76,200 8%	\$150,000 11%	\$300,000 18%	\$480,000 23%
Earned Revenue	\$566,788 95%	\$589,399 96%	\$915,099 95%	\$908,230 95%	\$922,603 92%	\$1,175,000 89%	\$1,325,500 82%	\$1,642,950 77%
GM	\$598,991	\$611,324	\$966,982	\$962,701	\$998,803	\$1,325,000	\$1,625,500	\$2,122,950
Expenses	\$572,723	\$643,891	\$944,371	\$962,581	\$995,423	\$1,120,000	\$1,230,000	\$1,330,000
Net Income	\$26,268	(\$32,567)	\$22,611	\$120	\$3,380	\$55,000 (earned net income)	\$95,000 (earned net income)	\$312,950 (earned net income)
						\$150,000 (restricted income)	\$300,000 (restricted income)	\$480,000 (restricted income)

Source: TFACB US IRS Form 990 2011-14; TFACB Budget for FY2016; TFAA Projected Income Post Transition

Chart 4: Torpedo Factory Art Center Actual & Projected Income  
 \*NB The 2011 tax year represents only six months of activity.



# Torpedo Factory Art Center Projected Income Breakdown

**TFAA Projected**

	+12 months	+24 months	+36 months
<b>Contributed Revenue</b>	<ul style="list-style-type: none"> <li>City-Sponsored Matching Gift for TFAAC Capital Campaign</li> </ul> \$150,000 11%	<ul style="list-style-type: none"> <li>City-Sponsored Matching Gift for TFAAC Capital Campaign</li> <li>Major Individual &amp; Corporate Program Donors</li> </ul> \$300,000 18%	<ul style="list-style-type: none"> <li>City-Sponsored Matching Gift for TFAAC Capital Campaign</li> <li>Major Individual &amp; Corporate Program Donors</li> </ul> \$480,000 23%
<b>Earned Revenue</b>	<ul style="list-style-type: none"> <li>Advertising - 3%</li> <li>Corporate Sponsorships - 9%</li> <li>Program Services - 1%</li> <li>Existing Revenue Streams - 87%</li> </ul> \$1,175,000 89%	<ul style="list-style-type: none"> <li>Advertising - 4%</li> <li>Corporate Sponsorships - 11%</li> <li>Program Services - 2%</li> <li>Individual/Fam Memberships - 2%</li> <li>Existing Revenue Streams - 82%</li> </ul> \$1,325,500 82%	<ul style="list-style-type: none"> <li>Advertising - 5%</li> <li>Corporate Sponsorships - 14%</li> <li>Program Services - 2%</li> <li>Individual/Fam Memberships - 3%</li> <li>Alumni Programs - 2%</li> <li>Special Events - 6%</li> <li>Existing Revenue Streams - 69%</li> </ul> \$1,642,950 77%
<b>Gross Margin</b>	\$1,325,000	\$1,625,500	\$2,122,950
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Fundraising - 4%</li> <li>Marketing - 6%</li> <li>Salaries &amp; Benefits - 36%</li> </ul> \$1,120,000	<ul style="list-style-type: none"> <li>Fundraising - 4%</li> <li>Marketing - 6%</li> <li>Salaries &amp; Benefits - 36%</li> </ul> \$1,230,000	<ul style="list-style-type: none"> <li>Fundraising - 4%</li> <li>Marketing - 6%</li> <li>Salaries &amp; Benefits - 36%</li> </ul> \$1,330,000
<b>Net Income</b>	Contributed Net Income Reinvested in Capital Improvements & Community Outreach Porgramming (restricted Income) \$150,000 Earned Net Income Shared on Negotiated Basis between TFAAC and Private Mgmt Firm (earned net income) \$55,000	Contributed Revenue Restricted to Capital Improvements & Community Outreach Porgramming (restricted Income) \$300,000 Earned Net Income Shared on Negotiated Basis between TFAAC and Private Mgmt Firm (earned net income) \$95,500	Contributed Revenue Restricted to Capital Improvements & Community Outreach Porgramming (restricted Income) \$480,000 Earned Net Income Shared on Negotiated Basis between TFAAC and Private Mgmt Firm (earned net income) \$312,950

Source: TFAA Projected Income Post Transition

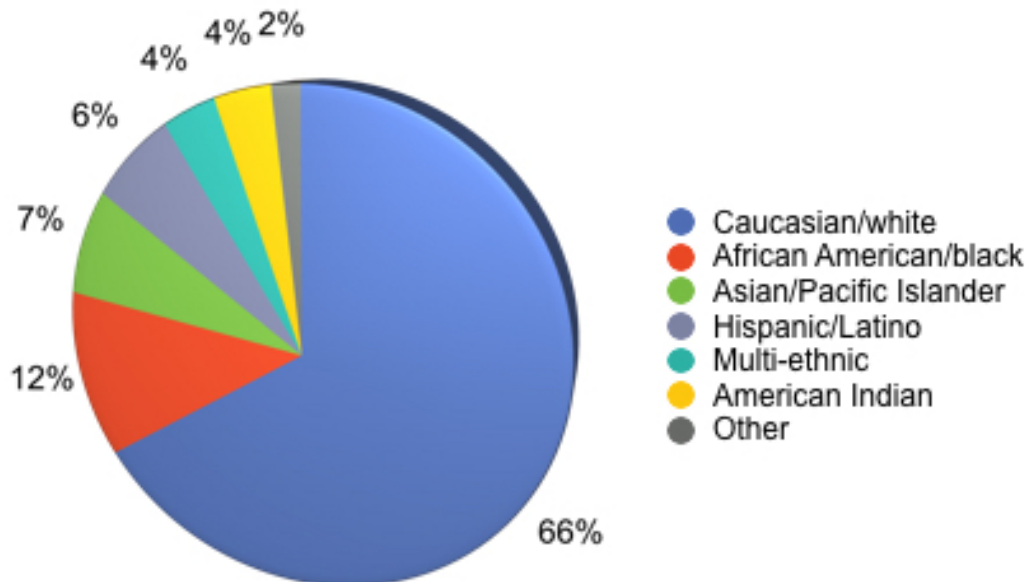
## CUSTOMER AND COMMUNITY ENGAGEMENT

While the issue of the art center's vibrancy has been debunked, we do believe that all organizations must continuously improve. As an artist community that has sustained itself over four decades, we have learned to view change as opportunity. That perspective is not always unanimous but it's essential to a dynamic association of small businesses. It's also vital for the creative mind.

### A DIVERSE COMMUNITY

While change can be a positive force, it also needs to build on the foundation that has made the art center a success. Moving through the studios and climbing the stairs to reach a new level, a visitor encounters an eclectic array of artists. Today's Torpedo Factory is a kaleidoscope of visual media created by experienced artists from all US Census-tracked ethnicities, speaking 17 distinct languages, and spread across three generations. Unless the casual wanderer engages one of these studio occupants in conversation or meets them at a TFAC function, it's difficult to appreciate the full range of experience at work. The appeal of this diversity is certainly not lost on the art center's visitors who mirror the diversity of the artist community and the country (reference Chart 6 below).

Chart 6: TFAC Visitor Ethnicity Breakdown (Summer 2013)



Source: Randi Korn & Associates Audience Research Study: Torpedo Factory Art Center, May 2014



The blind jury application process discussed in [What is the Torpedo Factory Art Center?](#) is the active ingredient ensuring that diversity extends beyond media. Through a blind jury process, conducted by a diverse cadre of unaligned art gallery owners, museum curators, art writers, external accomplished artists, and regional fine arts faculty, a new class of artists is welcomed each year. There's never a specific recipe for these new entrants because the blind jury system ensures that jurors do not view photos, bios, or even names of the applicants. The jurors just view and assess the quality of their work through representative samples submitted by applicants. The blind jury process commits us to open our doors to all perspectives and cultures without prejudicial filters or pandering. Although the blind jury process provides no guarantee that the incoming class delivers on superficial optics or personal characteristics, it does ensure that a tradition of artistic quality, diversity, and cultural equity endures.

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*“This is perhaps one of the best local art galleries I’ve ever visited. The diversity and general ambience is absolutely perfect in every way...my walk through this gallery was the highlight of the day.” (San Francisco Trip Advisor, 6 July 2016)*

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Each new class of artists replaces a set of artists who leave our community each year. This ebb and flow of creative talent plays an important role in reinvigorating the art center on an annual basis. In the last three years, 45 percent of the 82 art center studios experienced tenant lease changes.<sup>4</sup> These changes enabled new associate artists to replace the departing talent that chose to retire or relocate. This cycle, an integral part of artist community at TFAC, injects new creative blood that reinforces our ongoing relevancy and renewal.



While we take great pride in our community's diversity and dynamism, we're committed to work with all of the region's communities to attract an increasingly diverse set of local and regional artists. This recruitment effort will focus its time and resources on removing the litany of real or perceived hurdles to participation in the art center. Overcoming these hurdles will require innovative programs that will provide financial support for fledgling artists, commercial support for artists trying to transition from moonlighting to a career in art, and the data to show that the art center can be a peerless venue for their talent.

First, we must communicate. Inviting new artists from our ethnic communities, be they African-American, Salvadoran, Vietnamese, Eritrean or Ethiopian, will require an active role in their neighborhoods and events. This interaction will help define what TFAC represents and why art from all our communities is essential to a thriving creative economy and keeping our touchpoints relevant for decades to come. Fortunately, this community outreach activity is not new to the art center. We will be building on a strong foundation.

## COMMUNITY OUTREACH AND ENGAGEMENT

Getting the artistic mix at TFAC just right depends on another key ingredient: community outreach and engagement. In brief, that means getting the artists out of their studios and into the City of Alexandria and throughout the DMV region. This community engagement is critical to let emerging, or perhaps undiscovered, artists know that they have an extraordinary resource and community within their reach. This engagement serves as both an introduction and an invitation to all artists in Alexandria and throughout the region.

As noted earlier, the TFAA and its members have devoted many hours over the art center's history to maintain the inside of the aging Torpedo Factory. What's less known is that we've also dedicated many hours and resources to a community outreach effort. A sample of these initiatives includes:

- Sustaining the Art Safari program, an Alexandria tradition for 20 years, when TFAC hosts a full day of hands-on craft activities for kids and families.
- Cultivating and sustaining the [Art Mentorship Program](#) for 19 years. This remarkable program gives high school art students the opportunity to be mentored by a professional artist at TFAC.
- Launching the [Nest Project](#) an initiative involving 16 art groups in the greater metro area making nest installations along the Alexandria waterfront. The project was led by TF artists who built a large nest installation in the public gazebo on the back dock. (The Nest installation became a very popular spot for parents photographing their babies.) Fifty-six artist studios also featured Nest-themed artwork, and the Target Gallery featured a nest show.
- Engaging ACPS students in art making and collaboration on public artwork for the Alexandria waterfront project (*Pour Your Art Out!* at TC Williams this past spring).
- Coaching the Hayfield High School robotics team on design and welding.
- Hosting a bimonthly meeting and exhibit of SIGGRAPH (gathering of digital animation and computer graphics).
- Organized a very popular series of hands-on classes marketed through Groupon. These classes brought in more than 600 first-time visitors and, according to Groupon, this series was the most popular class in their *Hands-On* category ever.

- Hosting [Artful Conversation](#), inviting the community to a lively, friendly conversation between participants and a gifted and knowledgeable presenter each first Thursday of the month.
- Leading the very popular [Capitol Area Photographers](#) group which meets for frequent presentations at the Torpedo Factory.
- Inviting the community to the [Second Thursday Art Night](#) (visitors enjoy a special after-hours event each month food, live music, and lots of art) and the Holiday Open House.

## ALIGNING HOUSE RULES WITH COMMUNITY OBJECTIVES

Creating, participating and sustaining these initiatives preserves a vital connection between the Torpedo Factory and the Alexandria community. For this reason, and as an acknowledgment of justified criticism regarding some of our operational norms, we have decided to revise our Association House Rules at the Torpedo Factory. These House Rules are the rights and responsibilities associated with “Good Standing” as a tenant at TFAC and member of the Association.

### Core Hours

At the top of this list of House Rule changes is our core hours of operations. We will extend studio hours to a minimum of 40 hours per week—a 30 percent increase from the current 28 hour minimum. Studios with multiple artists will have an escalating scale for each additional artist in the studio. These new requirements will ensure open studios every day of the week between the hours of 11am and 5pm. We will continue our own internal deliberations on whether this schedule can be sustained on a six or seven day a week basis but will communicate our decision after some additional study.

Enforcement of these new requirements and achieving our objectives will rely on an external mechanism. To monitor our progress we will enlist a measurement vehicle (or agent) to review performance against a series of operational and quality metrics including:

- Percentage of studios occupied during distinct day/time intervals
- Hours of live presence in studio against the requirement, and
- Accessibility of artists.

We also commit to publish performance against these metrics on a quarterly basis to support our continuous improvement and increased transparency at TFAC.

### Setting a Standard for Community Outreach

The revised House Rules will require all artists to support our community outreach and engagement objectives. Going forward all artists will commit to participate in two community initiatives or programs each fiscal year. These initiatives and programs will bolster our community connection by expanding the number of artists involved in these initiatives and expanding the volume and array of offerings.



Having a mix of offerings also make universal participation in these activities more palatable. The active extroverts can lead the charge in strengthening our outreach efforts with Alexandria County Public Schools and other affinity associations such as the Nikon photography workshops. For artists unable to make the trek to external events, there will still be opportunities for contribution. These artists can lead guided tours of the Torpedo Factory, support the long running [Art Safari](#) program for children, and/or participate in the Marketing and Outreach committees.

While we expect that the private management firm will play a leading role in marketing the Torpedo Factory under our proposed changes, the artist community will continue to have a robust role in both planning and execution. The Marketing Committee, and perhaps additional subcommittees, will provide a vehicle for this coordination and collaboration. This process will ensure that the artists remain fully engaged and not just bystanders in both our activities and partnerships.

## Tenure

Aligning our House Rules with our institutional objectives is critical to our evolution. That same statement also applies to our system of tenure. We are aware that tenure can be perceived as a preservation society for sinecures. While we don't subscribe to this perspective, we do believe the Torpedo Factory legacy comes with responsibility. To safeguard against a tenure system that stifles vibrancy, change, and community engagement, we have decided to introduce a set of standards. In an accountable system, tenure becomes another key ingredient of our successful community.

The artist community will set several standards to ensure that members, regardless of seniority, remain active and contributing participants in the TFAC community. These standards fall under the following categories and criteria:

Standards Category	Evaluation Cycle	Criteria
Member in Good Standing	Annual	In compliance with fiscal and ethical obligations.
Core Hour Compliance	Annual	In compliance with core hour requirements.
Community Engagement	Annual	In compliance with community outreach & engagement requirements.
Production	Every 5-10 years	Re-assessment of work and production in a jury system conducted by external expert evaluators.

Critics throughout the art center's history, including the CPG report, have often attributed our imminent demise to this institutional custom. Forty-two years after the art center's founding, our tenure system adds real value to the artistic community. It has helped preserve a link to the institution's past. Tenured artists, including the center's founder

Marian Van Landingham, help us: recall a decade when artists worked in a Torpedo Factory without heat or air conditioning; retain an institutional memory of the countless hours contributed by members of the TFAA to the upkeep of the physical plant; and, absorb the resilience of our predecessors to overcome the frequent challenges to visual arts on the waterfront.

Tenure also enables risk taking, or in other terms, the opportunity to explore a new media and/or travel down a new artistic vision. Many artists at the art center have made these transitions and these new journeys add to the richness of the art center. These transitions serve as evidence that tenure can be a vehicle of change. We look forward to introducing these changes and their impact on TFAC's evolution.

## ALEXANDRIA'S NEW WATERFRONT

The arrival of Alexandria's interim waterfront design as well as the future Torpedo Plaza will add a new dimension to TFAC's community engagement. We have an unprecedented opportunity to extend the art center out into the Potomac's banks and to convert the waterfront into the ultimate community welcome mat. We will seize the moment.

The [Public Art Committee's visionary contribution to the Small Area Waterfront Plan](#) provides a strong framework for the extraordinary potential of the Torpedo Plaza and Marina Park. Integral to the Committee's plan is an Art Walk that "...that flows in harmony with the natural shoreline of the Potomac River."<sup>6</sup>

The Committee also noted, "The Torpedo Factory Art Center was critical to the success of the 1982 Waterfront Plan and will be just as vital to the Art Walk."<sup>7</sup> We wholeheartedly agree. We're also excited to begin its execution in partnership with the City and the Old Town community.

## PARTNERSHIP WITH THE CITY

Community engagement also means partnering with the City of Alexandria. Since the re-organization of 2010, the goal of collaborating with the City has been muddled by dissonant voices. These independent agents within the TFAC Board have sought to drive a wedge between the City and artist community and vitiate the longstanding relationship between the two. It's time to reengage the original partnership.

The cities of San Diego and Baltimore provide some insight on how this partnership can evolve and how it can shape the future of Alexandria's creative economy. In both cities, the government has committed to cultivate the creative economy by:

- Working in partnership with the artistic community,
- Coordinating arts and culture programming to define the city's creative brand,
- Inviting the business community and key community stakeholders to participate in shaping and supporting the creative economy, and
- Measuring the performance of the creative economy and its impact on the city's economic wellbeing.

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<sup>6</sup>Alexandria Commission for the Arts. Small Area Waterfront Art Plan: Appendix 5: Alexandria Waterfront Art Plan, p.4.

<sup>7</sup>Alexandria Commission for the Arts, p.32.

Because we're fundamentally a marketplace of small businesses, we understand that the challenges facing the city and TFAC won't go away with a vision statement. The challenges and opportunities ahead require real and declared solutions and plenty of transparency.

## Baltimore Office of Promotion & the Arts

### The BOPA Effect



BOPA's annual economic impact is over \$100 million



Artscape welcomes more than 400,000 guests



Artscape's total economic impact of \$25,097,000 in 2009

We invite the City to collaborate with the TFAA and the Art League to set a course for the art center. Since early 2016, even the near future has been fraught with uncertainty. With the expiration of the TFAC Board's lease on June 30th, the City has assumed control of TFAC's operations and has negotiated interim leases with individual artists. That's not a tenable or desirable role for the City to undertake given the plethora of issues on the City's docket.

To take the next step in the evolution of the art center, we propose a quick transition process in the fall of 2016. Defining a viable financial and operational framework for TFAC (developed by the City, TFAA, the Art League, and the Alexandria Economic Development Board) should be the focus of this transition process. From this framework and its associated roadmap of actions, the transition team can then identify the best governance structure for its execution and longterm stewardship. As noted earlier, governance is not a solution but it can, and will, vest true stakeholders in the sustainability of the art center.

This business plan and proposal represents TFAA's commitment to this dialogue and transition. It also demonstrates our excitement about the future. We led a movement in the 1970s to transform a tattered waterfront into a community landmark. We navigated choppy waters at the launch but never gave up the ship. We ask the City to join us in taking the helm once again and continuing the adventure.

**City of San Diego's 2015 Arts & Culture Economic and Social Impact Study**

**Arts Power Prosperity**

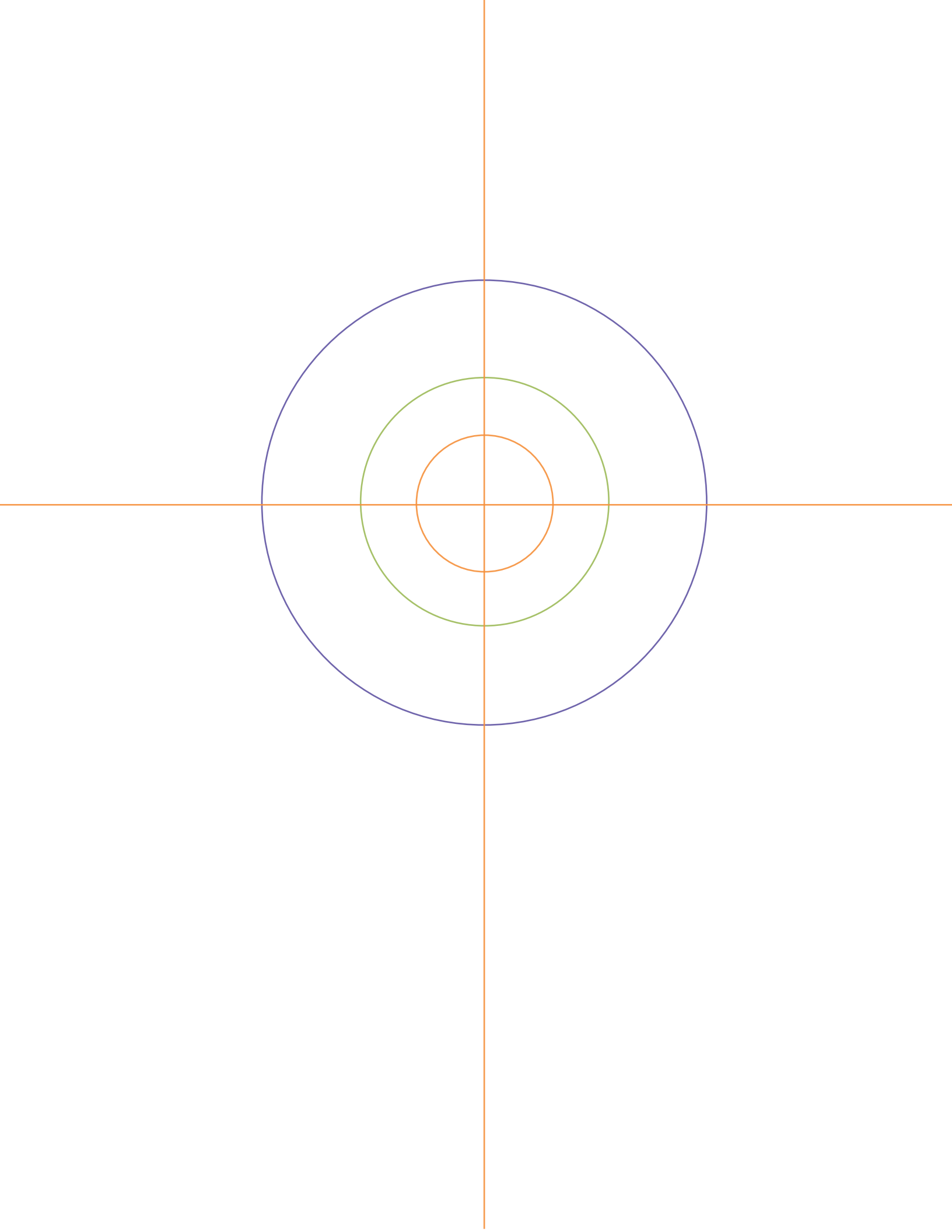
Each year more than **34 million** visitors come to San Diego. When these visitors spend the night in San Diego hotels, they generate tax revenue for the city. The more visitors San Diego attracts, the more money our city has to maintain parks, build libraries, and clean beaches. San Diego's vibrant arts and culture experiences give visitors a reason to return to our city again and again, experiencing something new every time.

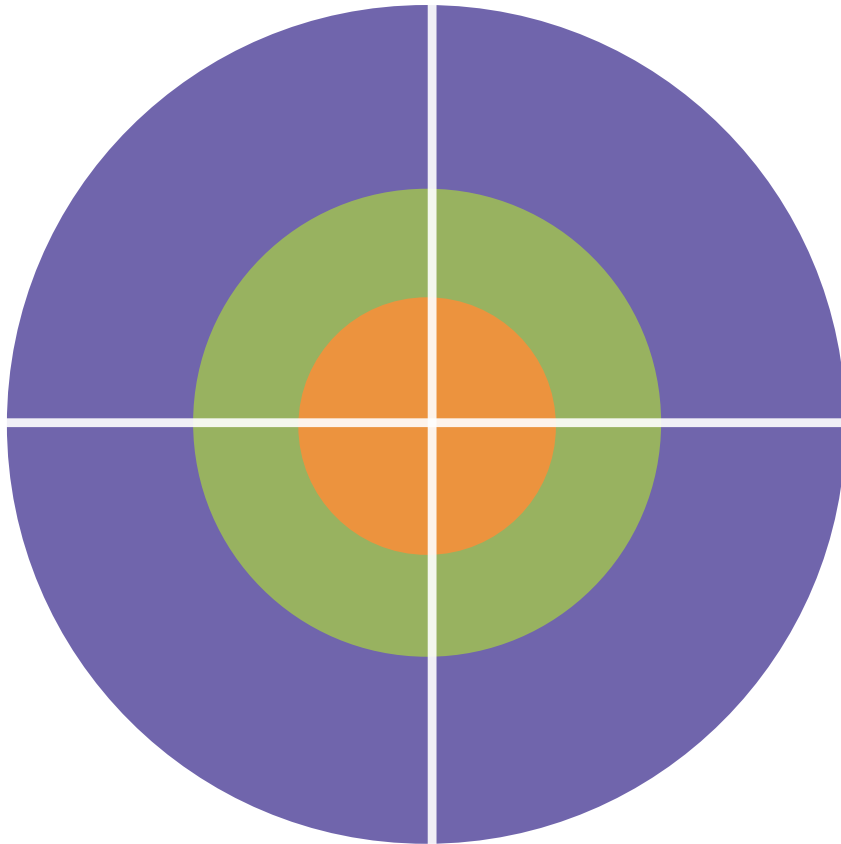
<p><b>4.1 Million</b></p> <p>Number of tourists who participate in arts and culture activities</p> 	<p><b>\$564 VS \$235</b></p> <p>Dollars spent by a cultural tourist vs. average San Diego tourist*</p> 	<p><b>3.7 days VS 1.8 day</b></p> <p>Average stay of a cultural tourist vs. average San Diego tourist</p> 
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Source: <https://www.sandiego.gov/sites/default/files/eir2015.pdf>









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