2019

A Tale of Two Theaters: ACT, the Empty Space, and Economic Stability in Seattle Theater

Rebecca O'Neil

Follow this and additional works at: https://scholarworks.seattleu.edu/empty-space-theatre
A Tale of Two Theaters: ACT, the Empty Space, and Economic Stability in Seattle Theater

Rebecca O’Neil

Seattle University

Seattle Arts Ecosystem Research Project

March 19, 2019
Abstract

Two non-profit theater companies, ACT Theatre and the Empty Space had grown and prospered for over three decades in Seattle. In the 2000s, both confronted fiscal crises that threatened their survival. The Empty Space closed in 2006, but ACT remains in operation. This case study examines the history of each organization and the similarities and differences in their responses to fiscal instability. It focuses on four key areas of operation: facilities, capital campaigns and fundraising; cash flow; boards and leadership; and staff turnover. Success or failure in one area doesn’t determine the final outcome; an organization’s survival hinges on how well it meets challenges in all four areas.
A Tale of Two Theaters: ACT, the Empty Space, and Economic Stability in Seattle Theater

Financial ups and downs are a natural part of the business cycle, affecting both for-profit and non-profit organizations. But it seems like economic fluctuations have a more acute effect on arts organization such as theater companies. During the study period of the Arts Ecosystem Research Project, the 50 years following the 1962 World’s Fair, Seattle developed an unusually robust and diverse theater community. Larger-budget theatres founded in the 1960s and 1970s included Seattle Repertory Theatre, Intiman Theatre, the Seattle Children’s Theater, and A Contemporary Theatre, later renamed ACT Theatre. They were supported by a thriving cluster of mid-size companies and a scrappy nationally-known fringe theatre scene: from the Empty Space Theatre, the Group Theatre, and the Alice B Theatre to the Pioneer Square Theatre, the Bathhouse Theatre, and somewhat later, Seattle Public Theatre, Annex Theatre, and others. “It’s this community of theaters, not one or several specific companies, that has generated Seattle’s national reputation as a hot theater town” (Johnson, 1989a, para. 2). Theater artists moved across the country, or perhaps more importantly, stayed in Seattle, to start companies.

From 1962 to 2012, a number of those theaters have, of course, experienced financial challenges. Economic downturns; displacement due to development or the rising cost of facilities; financial mismanagement; bad business and artistic decisions; turnover among boards and key staff are all contributing factors. Some theaters survived, other did not. This case study compares the circumstances and actions which led to the survival of ACT Theatre in 2003 and the closure of the Empty Space Theatre a mere three years later in 2006. What factors contributed to the financial instability of both organizations in the first place?
The Empty Space Theatre (1970-2006)

The Empty Space Theatre was co-founded in 1970 by M. Burke Walker, a graduate of the University of Washington MFA program, and a group of colleagues from the UW that included Jim Royce and Julian Schembri. Drawing its name from a statement by British director Peter Brook, “I can take any empty space and call it a theater”, The Space, as many of its alumni refer to it, started in a 65-seat theatre in the basement of the Pike Place Market. In 1973, it made the first of several moves, to a third-floor walk-up loft at 919 E. Pike Street on Capitol Hill, where it became a “prime local outlet for more off-beat, far-flung works” (Berson, 2006b, para. 7).

The early years of The Space have been described as frisky and audacious, with “attitude aplenty” (Berson, 2006b, para. 9). Its signature style was characterized as “strong ensemble acting with an energetic physical style; inventive unconventional staging; and a dynamic range of bold new plays and offbeat classics, seasoned with off-the-wall comedies which were frequently created or adapted by the company” (“The Complete History”, 1999).

Interviewing Walker for the Seattle Weekly in 1978, Paul Gregutt asked if increasing success and expanding budgets were affecting his work. Walker’s answer sounds a bit ominous in light of what was to come: “As budgets grow you have to be careful not to substitute money for imagination”.

After ten years, the company moved back downtown in 1984, to a 225-seat theater in the newly developed Merrill Place at 95 S. Jackson Street in the Pioneer Square neighborhood. They struggled financially almost from the beginning. The state-of-the-art black box theater cost $1.42 million to build; the capital campaign to fund the construction fell short by $126,000 (Johnson, 1986). This shortfall in the capital campaign was the first of a number of ongoing issues for The Space identified by Kurt Beattie, a company member and Empty Space artistic director from
1991-1993. “When it moved…down to the Jackson Street facility, they encountered a lot of problems they didn’t anticipate terribly well… They also didn’t complete their capital campaign, which, you know, was an enduring problem” (personal communication, March 11, 2019).

Despite playing to 94 percent capacity audiences including a record subscription base of 3800, the company accumulated a $150,000 debt by the end of 1987, in relation to its $850,000 operating budget (Johnson, 1986). In 1986, managing director Melissa Hines told Seattle Times theater critic Wayne Johnson,

- In order to survive, the theater made a necessary, though ambitious, leap into the new building in 1984… In our larger home, our annual expense budget is one-third higher than on East Pike, an increase from $550,000 to $800,000. Although both ticket revenue and contributed income have increased dramatically, they simply have not been able to keep pace with the full scale of the sudden increase in expenses. (para. 3)

In less than five years, accumulated debts drove the Empty Space Theatre out of the Merrill Place building and into the 160-seat Firststage, at 107 Occidental Ave. S, formerly occupied by Pioneer Square Theatre. Merrill Place owners forgave a debt of some $344,000 (“Empty Space to leave”, 1989; Johnson, 1989b). Four years later, they moved again, to the Fremont Palace at 3509 Fremont Ave. N., a space which had primarily been used by touring groups. A grant from the Kreielsheimer Foundation seeded the move to the neighborhood that called itself the “Center of the Universe” (Adcock, 1993).

In the wake of its departure from Merrill Place, the Empty Space went through three artistic directors in rapid succession. In 1990, Walker took a teaching position at the University Washington. He was succeeded by Beattie, who departed in 1993 to become literary manager at
the Seattle Repertory Theatre. He was replaced by Eddie Levi Lee. Hines remained as managing director through this period of turmoil, working with Lee, who had just come on board, to orchestrate the move to Fremont. Beattie credits her as “one of the few reasons why the Empty Space survived its move out of Jackson to the Pioneer Square space and then eventually to Fremont” (personal interview, March 11, 2019).

In 2000, Allison Narver, a talented young director and former Empty Space intern succeeded Lee as artistic director. In February 2001, the Nisqually earthquake shook Seattle. Residual damage from the quake may have contributed to the collapse of the façade of the Fremont Palace building on May 24, 2001. After guiding The Space through an abbreviated season and the reconstruction of the Fremont Palace, Hines left the organization after 23 years as managing director. The Empty Space remained in Fremont until 2006, but subsequent staff turnover saw multiple interim managing directors confronted by a series of cash-flow crises. In 2004, the Empty Space was forced to furlough all employees and interrupt their season (Adcock, 2003; Berson, 2003a; Berson, 2003c). In late 2004 and early 2005 The Space conducted what was described as a successful fundraising campaign, bringing in $403,000 (Adcock, 2005). Narver and new managing director Melanie Mathews succeed in negotiating free use of the black box theatre in Seattle University’s new Lee Performing Arts Center and mounted two critically successful shows in the new space. But years of crisis management had taken their toll and on October 27, 2006, facing a $75,000 deficit, the board of the Empty Space Theatre abruptly decided to cease operations (Berson, 2006a).

A Contemporary Theatre, now ACT Theatre (1965 to present)

University of Washington drama professor Gregory Falls founded A Contemporary Theatre in 1965 as a summer stock opportunity for students from the University’s theater
program. Working in a theater in Lower Queen Anne, ACT rapidly grew from a seven-week summer stock season to a six-show season that ran from May through September. Falls remained as artistic director for 23 years, retiring in 1988. Theatre Puget Sound’s annual Gregory Awards are named after him. He was succeeded by long-time ACT colleague Jeff Steitzer (Schermer, 2017).

In the 1980s, ACT began looking for a new home. The theater on Lower Queen Anne was small and ill-equipped, with no heating or cooling system; a suitable venue for summer stock, but not for the nearly year-round concern which ACT had become. Downtown developer and then-ACT board president, Dick Clotfelter offered space for a custom-built theater in one of his projects at Second Avenue and Pike Street. But a four-year process of fundraising and design went for naught when the project went bankrupt, sending ACT back to the drawing board (Erickson, 1988). The historic but dilapidated Eagles Auditorium Building at Seventh Avenue and Union Street was offered, and after much debate, in 1993, ACT’s board voted to pursue the purchase in collaboration with the Seattle Housing Group which would develop the upper floors into low income apartments (Flores & Berson, 1993). Managing director Susan Trapnell and producing director and ACT stalwart Phil Schermer helped the board conduct the $29.9 million capital campaign, leading the organization through a maze of design, renovation and historic preservation issues to turn the Eagles building into a theatre and housing (Schermer, 2017). The two-theater complex was named Kreielsheimer Place after its major donor.

One casualty was artistic director Steitzer, who opposed the move downtown. “The rift was serious enough to spark the forced resignation of artistic director Jeff Steitzer, who had misgivings about the project” (Berson, 2003b, para. 9). Peggy Shannon replaced him as artistic director in 1995, seeing ACT through its final season and a half in the Lower Queen Anne
theater. Under her tenure, ACT suffered a number of critical failures, before and after the move to Kreielsheimer Place. Shannon departed in 1997, describing her time at ACT as a “bittersweet experience… I did not always see eye to eye with some of the staff or with certain board members, and as an artistic director that can be challenging and even draining” (Schermer, 2017, p. 186).

The cost of renovation exceeded the original $29.9 million capital campaign fund, ultimately reaching $35 million. ACT was $3 million short of that amount in July 1996, just prior to the grand opening. Jody Allen Patton, real estate mogul and sister of Seahawks owner and Microsoft founder Paul Allen, played “angel”, donating $2 million and receiving the naming rights for one of the two theater spaces, the 360-seat arena stage now known as the Allen Theatre. The ribbon cutting on September 6, 1996 was attended by Mayor Norm Rice, Governor Gary Locke, and other Washington State luminaries (Schermer, 2017).

But the departure of two artistic directors and the downtown move led to a loss of subscribers. In the mid-1990s, the Eagles building was still on the edge of downtown, a sketchy environment after dark, with little nightlife. The city of Seattle was working to develop a historic theater district, but results were still several years away. Upper income, suburban ticket buyers accustomed to the quiet residential neighborhood of Queen Anne stayed away (Nelson, 2015).

Gordon Edelstein was hired in 1998 to replace Shannon, following two years of declining subscriptions. A high-energy producer and director from the east coast, Edelstein took an aggressive approach to rebuilding the theater’s audience. “ACT 's budget shot up as Edelstein raised production values and presented shows with more ‘starpower’: famed actors (Julie Harris, Jane Alexander), trendy experimental artists (director Joanne Akalaitis, composer Phillip Glass),
and a pop music icon (Randy Newman)” (Berson, 2003b, para. 14). Subscriptions continued to lag as expenses rose dramatically.

Edelstein departed for the Long Wharf Theatre in Connecticut while still trying to lead ACT long distance for half of 2002. Long-time managing director Susan Trapnell left to become director of the Seattle Arts Commission, later moving to the Guthrie Theater in Minneapolis. A national recession in the aftermath of 9/11 and the dot-com downturn of the early 2000s caused a drop in individual donor contributions. Staff and board turnover, and declining public funding for the arts compounded fiscal stress on all arts organization (McKinley, 2003). “ACT’s tax documents reveal a rapidly growing gap between revenues and expenses -- $56,000 in 1999, $600,000 in 2000 and a whopping $950,000 in 2001” (Berson, 2003b, para. 16).

By 2003, when new board president Kate Janeway took the reins, ACT had a $1.7 million deficit, $3,000 in the checking account, and a big problem. Janeway took firm hold of the situation and recruited the right leadership: board member and bankruptcy attorney Sheena Aebig, returning managing director Susan Trapnell, and artistic director Kurt Beattie. The best account of this period is Trapnell and Janeway’s 2004 article, “A year of disasters and grace: ACT Theatre survives its near demise.” The hard work of these four leaders and the board; a community response which included $50,000 in unsolicited small donations; a contribution from Actor’s Equity; and benefit performances by local actors allowed ACT to mount a critically successful five-show season from June to December 2003 (Adcock, 2003b). ACT began a long slow climb out of debt; the last of the debt was retired in January, 2019.

A Tale of Two Theaters

Piecing together the reasons why one organization manages to stay in business and another fails is tricky, because no two situations are exactly the same. In the closure of the
Empty Space and the survival of ACT, the similarities lie in the causes of the fiscal crises. Where they diverge is in the organizational, individual, and community responses to the crises once they existed. Four areas stand out in the tales of these two theatres wherein the differing responses led to different results: facilities, capital campaigns and fundraising; cash flow; boards and leadership; and staff turnover.

Facilities, Capital Campaigns and Fundraising

Both ACT and The Empty Space orchestrated moves from one facility to another. The Space moved five times over its history, not including the use of space at other theatres while the façade of the Fremont building was being repaired in 2001. But it was the 1984 move to the Merrill Place theater on South Jackson Street that put The Space in a fiscal hole from which it never entirely recovered. The capital campaign for that move was not completed. Beattie, former artistic director of both ACT and the Empty Space, identified the shortfall as “an enduring problem” (personal communication, March 11, 2019). Karen Bystrom, former Empty Space marketing director, pointed out that each of the moves after Merrill Place was to theaters with fewer seats, allowing for fewer individual tickets sold, a smaller pool of potential subscribers, and consequently a smaller pool of future donors (personal communication, March 7, 2019).

For ACT, the single move to the Eagles Auditorium building in 1996 was accompanied by higher than anticipated operating expenses, which had the company burning through cash reserves (Nelson, 2015). Beattie identified a lack of a financial reserves following the capital campaign as a failure by the board to anticipate problems that might arise from moving from a $230,000 space to a $30 million space (personal communication, March 11, 2019). This is confirmed by Trapnell, in a quote from a 2015 case study by Seattle University graduate student Sonia Nelson: “When questioned about biggest project setbacks, Trapnell stated that the
leadership team’s biggest mistake was not including an operating reserve or any transition funds in their budget.” (p. 7)

**Cash Flow**

The Empty Space Theatre suffered from persistent cash flow problems. A review of newspaper articles dating back to 1986 reveals a pattern of emergency fundraising appeals to cover higher operating costs after the first move, and later cash flow issues and an inability to sequence subscription and grant revenues with operating expenditures (Berson, 2003a). In deciding to close the theater in 2006, board president Eric Blatchford stated, "We realized we had a lot of expenses coming up and we had no way of paying them down…It would have been irresponsible to go forward" (Edwards, 2006, para. 3). The lack of ready cash made it impossible to proceed, according to Blatchford, without a large donation or a line of credit, neither of which materialized (Berson, 2006a).

In 2003, ACT took in $500,000 in subscription money, but promptly spent it rather than holding the funds in escrow for the upcoming season. Described by Beattie as “robbing Peter to pay Paul, like all theaters do,” he went on to remark, “it’s cash flow, you know, that’s killer diller. You’ve got to be able to make payroll, and so you’re hopping around on one foot as you get through the fiscal year, you know, because your money doesn’t come in in an orderly process” (personal communication, March 11, 2019). ACT obtained a line of credit, then used it all to pay actors, staff and vendors, keeping their fingers crossed that things would work out.

[Managing director Jim] Loder… said he didn’t ring the alarm bell sooner because he hoped the theater's annual end-of-the-year funding drive and holiday shows would save the day. Unfortunately, it was a bad time to count on big gifts from rich friends, and by January the theater was laying off most of its staff. (Berson, 2003b, para. 30)
Boards and Leadership

Probably the largest difference between the outcomes for these two theaters was the opposite ways in which their boards responded in the face of crisis. Board decisions contributed to ACT’s fiscal crisis, but the ACT board stepped up to the plate to solve the crisis and accept responsibility for their own failures. Poor fiscal oversight by the board in the years after the move downtown was identified by board members and staff as a cause of the crisis. Lack of critical artistic success may be attributed to the wrong artistic leadership (K. Beattie, personal communication, March 11, 2019). A failure to monitor the production budget may have been caused by exhaustion after the capital campaign and/or a star-struck attitude toward the people and projects Gordon Edelstein brought to the table. Trapnell and Janeway (2004) described ACT’s leadership as “a victim of its own hubris.” The introduction to their analysis provides the best evaluation:

Malice or theft would have been much easier to face. We would then have had a villain. Instead, we’ve had to recognize the complicity of everyone involved and to examine the internal and external, board and management, personal and professional, intentional and unintentional decisions that contributed to ACT’s situation. (p. 2)

When the magnitude of the crisis became clear, Janeway and Aebig were able to remove board members who could not contribute to ACT’s recovery. Those who remained donated enormous amounts of money, worked to cure donor fatigue, and delivered the message that this effort was not to “save” ACT but rather to “invest in a better community” (Trapnell & Janeway, 2004, p. 5). They used the press to great effect: no less than nine newspaper articles by theater critic Misha Berson appeared in the Seattle Times between the revelation of the full extent of the
crisis on February 14 and the announcement of the successful fundraising campaign on April 17, 2003. This kind of work takes huge amounts of time and energy by board members, and it was successful.

The Empty Space Board, on the other side, seems to have simply given up in 2006, surprising not only the community but also the artistic and managing directors with their decision to close the company down (Berson, 2006a). Fatigue and limited resources weakened the board’s ability to address the cash flow crisis. The Empty Space board was always small, ten to twelve members, but the boards of the 1980s “were people who loved that theater. There were people of, for us, of means. Certainly it was not the same level as, say, the Rep, but we had folks who were able to support the theater at a pretty meaningful level, and they had networks” (K. Bystrom, personal communication, March 7, 2019). By 2006, after several production hiatuses and emergency funding appeals, the Empty Space board was too small and exhausted to carry the fundraising burden any longer. Bystrom stated, “I think it’s partially a result of not developing the board the way you should; it sounded to me like they had a lot of board members who’ve been there a while, who were tired…It was a really small board which means all the pressure’s on fewer people so they’re feeling it more” (personal communication, March 7, 2019.) Beattie concurred that “the responsibility kind of devolves on board members who don’t want to do that…Raising money is not easy for a lot of people. Asking for it is a hard thing” (personal communication, March 11, 2019).

**Staff Turnover**

Staff turnover can have a negative impact on a theater’s ability to operate. Stability in administrative functions contributes to the economic stability of the organization. When business management is handled by experienced and intelligent people dedicated to supporting the art, the
creative staff can concentrate on doing their jobs. For the Empty Space Theatre, the presence of managing director Melissa Hines provided a security blanket for four artistic directors. Beattie said that Hines “carried the ball for many years at the Empty Space…none of them could match her intelligence and her determination and capacity for work” (personal communication, March 11, 2019). Hines’ 23-year tenure ended in 2001 and five years later, The Space was gone. Both Beattie and Bystrom remarked on the gift it was to have Hines’ solid managerial vision for so long. On the other hand, Bystrom observed, “I’ve also wondered how much new vision might have done earlier” (personal communication, March 7, 2019).

In contrast, some 80 percent of the staff at ACT turned over in the first five years after the move downtown in 1996 (Nelson, 2015). The transition through three artistic directors between 1994 and 1997 was problematic: with no unifying artistic vision to support the ambitious move to a much larger, two-theater venue, audience and subscriber numbers dropped from a high of 11,400 in 1996 to 9,000 in 1997. This reduced cash flow and fundraising.

The experience level of its leaders impacts a theater’s fiscal stability. Susan Trapnell stepped down as managing director at ACT Theatre in 2000. Her replacement, Jim Loder, who had been a production director at the Intiman Theater, may not have had the experience needed to stand up to Gordon Edelstein and say ‘no’ to budget overruns and higher expenditures for big name artists. Bystrom’s anecdote drives the point home:

If you had a really, really strong-willed artistic director and a brand new managing director…that could be a challenging dynamic in terms of holding people to the financial fire. I have this great memory at the Empty Space…We were doing “Beyond Therapy”. There was something [director] Warner Shook wanted to do, and the technical director said, ‘we have no budget, it’s spent.’ Warner went to Kevin [Hughes, managing director]
and was ready to whip out his checkbook. And Kevin just said, ‘No, this is what we spend, you knew that ahead of time.’” (personal communication, March 7, 2019)

The ultimate cause of death for the Empty Space Theatre may simply have been the loss of its financial footing in the move to the larger space on South Jackson Street. The succession of emergency pleas for money wore thin, even for an audience as loyal as The Space’s. ACT had historically trod a conservative path where fiscal matters were concerned; this spoke in its favor when the crisis came to pass. “For 33 of its 38 years, ACT was known for its financial caution,” Susan Trapnell told Seattle Times’ theater critic Misha Berson (2003). A return to those principles of fiscal oversight and strong board leadership helped to at last retire the debt ACT carried for 16 years.

Method note:

This case study was developed by Rebecca O’Neil, MFA 2019, as part of Seattle University’s MFA in Arts Leadership applied research seminar focused on the Arts Ecosystem Research Project. Interviews were conducted with Kurt Beattie, Empty Space Theatre Artistic Director 1991-1993, ACT Theatre Artistic Director 2003-2015, actor, director and playwright; and Karen Bystrom, former Empty Space Theatre marketing director, ACT Theatre Director of Relationship and Resource Development 2006-2008, currently Director of Marketing and Communications for Seattle University’s College of Arts and Sciences; as part of this research during Winter quarter 2019. Susan Kunimatsu provided editing.
References


Berson, M. (2006a, November 1). Empty Space was a survivor until last "rainstorm". *The Seattle Times*, p. F3.


Additional Readings


