

Excerpted from: “Venues of Note: Financial Models of Small U.S. Popular Music Venues “
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This paper attempts to define and differentiate the financial structures and business models of a spectrum of small, popular music venues in the United States. Through this investigation, the conclusion can be drawn that small, popular, U.S. music venues can be broken down into three basic categories: youth-run or youth-oriented nonprofit entities; commercial lounges/clubs; and DIY (do-it-yourself) venues. Some of the issues that affect funding include a venue’s nonprofit or commercial status; alcohol sales; audience demographic; and legality of operation.

All-ages, All the Time

There is a distinct lack of scholarly literature on the topic of music venues, both of the commercial variety, and community music or cultural centers. Literature tends to revolve around large performing arts centers that house several performance venues, with research most often undertaken to explore the local economic benefits of such centers (Thompson, 2001). While the economic benefit of a small music venue may not be felt greatly by its community, youth-run nonprofit music venues, in particular, provide important intangibles to area residents. These spaces offer the opportunity for youth to gain leadership and creative skills, as well as providing a community and safety net for the teens involved. Business models of venues in this category vary, but all rely on contributed income to some extent. Grants are more accessible and easier to win when youth outreach and education is firmly planted in a music venue’s mission statement (Stewart, 2010). Ann Arbor, MI venue Neutral Zone exemplifies this. A youth-driven teen center that facilitates educational workshops and operates as a drop-in community center in addition to presenting music performances, of its \$750,000 annual budget, approximately one-third comes

from grants, one-third comes from individual gifts, and the remaining third is made up of rentals and program fees (Stewart, 2010, p. 74). Youth make up 50% of Neutral Zone's Board of Directors, and teens wrote the first grant to fund the organization. Neutral Zone is very fundable, as the organization clearly demonstrates a commitment to developing leadership skills in the youth whom it serves.

Punk 2.0

An area of Brooklyn, NY known as Bushwick has become an incubator for DIY venues over the past several years, much like the birth of the punk club scene in Greenwich Village in the 1970s (Burrows, 2010). The transitory nature of venues such as the recently closed The Market Hotel and Monster Island often comes down to several factors: the blurring of living and performance space; lack of a liquor license; and building renovation being undertaken without permits. These tiny, illegal clubs fly under the radar until they develop an audience base and artistic community large enough to attract attention. Eventually, the police discover that the clubs have illegal squatters or are selling alcohol without a permit, and without enough funds to acquire the necessary legal advice, insurance, and permits, the clubs close down (Whelan, 2013). The DIY model is exciting for those involved, and its lack of sustainability may even add to its appeal for some. But other venues, such as The Silent Barn, succeed by adopting a legitimate business model (Dilawar, 2012).

The Silent Barn has been heralded as a success story in the press for its resiliency following several major catastrophes. It had existed as a vibrant, if illegal, stronghold in the Brooklyn underground music scene for five years when it was issued a vacate order from New

York City's Department of Buildings in 2011. Following this event was a theft incident, wherein burglars made off with \$15,000 worth of sound equipment and building-dwellers' personal belongings (Whelan, 2013). Rather than folding, the leadership of The Silent Barn started a Kickstarter campaign, which raised \$40,000. Leadership used the capital to take out a ten-year lease on a new building which is legally zoned for both living and performance space, and rent commercial space to a theater company, a recording studio, and a handbag manufacturer, among other businesses (Palmer Egan, 2013). The primary mechanism that allowed this transition was the establishment of a legal entity, entitled Paesthetics, LLC. Key members of The Silent Barn's collective-run organization manage the new property under this company, while The Silent Barn maintains itself under the fiscal sponsorship of New York art nonprofit Flux Factory. With a liquor license also now in hand, the venue seems poised to maintain longevity. Eli Dvorkin of The Silent Barn says about the venue's evolution: "There's kind of a Punk 2.0 at work here. If we can create a place that allows for the type of creative expression we've envisioned but is not under constant threat from the law, then we've done something new rather than just recycling the same anti-establishment ideas that don't lead to a sustainable path" (as cited in Whelan, 2013). One of the unique attributes of The Silent Barn is its transparency in its operations (Goodman, 2013). The organization's budget is available on its website, as are its meeting minutes and other internal documents. The venue's mission of being an "experimental sandbox" (Goodman, 2013, para. 18) is expressed in every aspect of its history and operations. The Silent Barn used creative business strategies to transition from illegal club to legitimate music venue and business entity by drawing from some of the solutions outlined in the first part of this paper. More importantly, it does not appear that the leadership had to sacrifice the venue's uniqueness in order to do so.