

Silicon Valley Struggle: Engaging Technology Entrepreneurs in Arts Philanthropy

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CURRENT SITUATION:

Philanthropic giving is a cultural phenomenon of the United States. What began with the robber barons, like Andrew Carnegie, Andrew W. Mellon, and John D. Rockefeller, as a desire to leave a lasting legacy, has grown into a significant and meaningful aspect of American cultural heritage. This first major generation of philanthropists gave birth to society's education system, museum system, library system, and a breadth of other public amenities still valued today. The vast landscape of the American arts scene would not be what it is currently without the initial angel investments from this highly exclusive group of individuals.

Major wealth in 2015, however, is not marked by success in railroads and steel. Some of the wealthiest individuals in this country have made their fortunes in the technology and innovation sector. Not only are these people the ones with the largest wallets, but also are by and large the greatest driving force in shaping the global economy and future.

That being said, a large bank account does not automatically translate to a desire to give. This is overwhelmingly true for the tech industry. Across the board philanthropic giving across the wealthy is shrinking.¹ There is an increase in competition for donations. Naturally, organizations looking to develop new donors look to the technology industry. However, they have a shaky track record for philanthropic arts giving.² This can leave any organization at a loss for how to capture donations.

Engaging the tech giving sector means rethinking decades of philanthropic practice. The landscape of philanthropy has shifted. Organizations can no longer rely on donations because of intrinsic value and a loyal donor base. Instead they must focus on impact, and demonstrations of value to their designated community. In order to examine potential philanthropic engagement from the

1 Daniels, Alex. "[As Wealthy Give Smaller Share of Income to Charity](#), Middle Class Digs Deeper." *The Chronicle of Philanthropy*. October 5, 2014. Accessed May 4, 2015.

2 Cushing, Ellen. "[The Bacon-Wrapped Economy](#)." *East Bay Express*. March 20, 2013. Accessed February 8, 2015

technology sector to arts organizations, this paper will outline the historical context of technology giving trends in the greater Silicon Valley and Bay area, the current tech philanthropic environment in the region, and set forth recommendations to harness tech wealth for mutual advancement.

Cultural Landscape

Since the explosion of the innovation sector in the Silicon Valley and Bay areas in the 1990's, the socio-economic and socio-cultural landscape have dramatically shifted. While many of the issues present in these regions are not new phenomena, the rapidity with which they have engulfed the area is noteworthy. Wealth disparity has grown at an exponential rate as new tech wealth infringes upon the local communities.³

As areas like San Francisco become "playgrounds for the rich," there is a noticeable flattening of the cultural landscape.⁴ Places that were once known for their cultural diversity, even "havens for provocateurs and cultural innovators", have all but disappeared.⁵ These aforementioned issues have deeply impacted the profile of the area's arts scene, visual and performing alike.

In the visual arts, rising costs of rent have pushed many local galleries out of business.⁶ In the past few years, major galleries that have shuttered their doors include Rena Bransten, George Krevsky, Patricia Sweetow, Don Soker, Eli Ridgway, Guerrero Gallery, Marx & Zaverterro, Michael Rosenthal, Togonon Gallery, Triple Base, and many, many more across

3 Kelly, Heather. "[Google Bus Stunt Reveals Tensions in San Francisco - CNN.com](#)." *CNN*. December 11, 2013. Accessed February 15, 2015.

4 Cushing, Ellen. "The Bacon-Wrapped Economy"

5 Gross, Anisse. "[A New Private Club in San Francisco, and an Old Diversity Challenge - The New Yorker](#)." *The New Yorker*. October 9, 2013. Accessed March 29, 2015.

6 Brekke, Dan. "[Latest to Be Displaced in San Francisco's Tech Boom: Art Galleries](#)." *KQED News*. February 24, 2014. Accessed February 24, 2015.



the region.⁷ The loss of these galleries means the loss of exposure for new and old artists alike to the community. Furthermore, the disappearance of galleries also means the disappearance of artist programs, and other employment opportunities for those in the creative enterprises. While one could argue that this is just the free market at work, and newer, better galleries will be able to survive, this is not true. Art galleries are not being replaced with other arts businesses and organizations, but by services and amenities that only appeal to the new businesses serving wealthy patrons moving in, such as exclusive clubs and expensive restaurants.⁸

The performing arts world has also suffered its own casualties as tech wealth swarms the area. Most noticeably, the San Jose Repertory Theater closed after 34 years of business.⁹ The San Jose Rep filed for Chapter 7 bankruptcy in the summer of 2014. What was once the region's "flagship nonprofit live theater company," serves as a devastating example of the tech industry's cultural ripple effects. The wealth to support the theater was certainly present in the community, but fundraisers struggled to capture support.¹⁰

Current Giving Environment

As previously mentioned, the tech industry has shown a lack of philanthropic activity, arts related or otherwise. However, those behaviors are starting to shift, and initial donations serve as a jumping off point in learning how to engage donors from the technology sector in arts related organizations.

First and foremost, tech giving has generally increased to non-profit and public organizations. Technology entrepreneurs have topped The Chronicle of Philanthropy's list for top donors

7 Frock, Christian L. "Priced Out: New Tech Wealth and San Francisco's Receding Art Scene." *KQED Arts*. February 7, 2014. Accessed February 8, 2015.

8 Ibid.

9 Hurwitz, Robert. "San Jose Rep Closes Curtain after 34 Years." *SFGate*. June 11, 2014. Accessed March 29, 2015.

10 Ibid.

for the past few years.¹¹ Additionally, it is worth noting that as of 2014, 23 of the 127 members of the billionaire's club "The Giving Pledge," an initiative started by Tech superstar himself, Bill Gates, are all tech innovators.¹² Just this past March 2015, Tim Cook of Apple announced his commitment to "The Giving Pledge," raising that number to 24.¹³

While "The Giving Pledge" faces its own criticisms, as little has been done with these so called commitments other than announcing one's membership, the initiative's heart is in the right place. It is perhaps the first significant push towards "robber baron levels" of philanthropic activity since the era of the late 19th century. So far pledges primarily focus on global health, education, and environmental concerns, but the push for greater giving from the tech industry, particularly from peers, suggests an opportunity for arts organizations to capitalize on this newfound generosity.¹⁴

The arts sector has not entirely been forgone by tech wealth, however, and a few key players and trends have emerged as beacons of hope for the industry. Laura Arrillaga-Andreessen, wife of billionaire philanthropist and Netscape co-founder John Arrillaga, and Stanford professor of philanthropy, has become a champion of philanthropic giving from the technology sector. Her namesake foundation serves as a "philanthropic innovation lab" and aims to teach people to "give more effectively."¹⁵ Her data-driven approach to philanthropy appeals to the highly results-oriented tech community. Melissa

11 Daniels, Alex, and Maria Di Mento. "[Young Tech Donors Take Leading Role in Philanthropy 50](#)." *The Chronicle of Philanthropy*. February 8, 2015. Accessed May 4, 2015.

12 Tonin, Mirco, and Michael Vlassopoulos. "[Tech-ological Innovators Are Changing Philanthropy: Insights From The Giving Pledge](#)." *The Brookings Institution*. October 2, 2014. Accessed March 29, 2015.

13 Kastrenakes, Jacob. "[Apple CEO Tim Cook Plans to Donate His Wealth to Charity](#)." *The Verge*. March 27, 2015. Accessed March 29, 2015.

14 Goldberg, Eleanor. "[Mark Zuckerberg, Other Major Silicon Valley Donors' Latest Startup Is Next-Gen Giving](#)." *The Huffington Post*. January 17, 2013. Accessed February 8, 2015.

15 Wolfe, Alexandra. "[How Philanthropy Is Changing](#)." *WSJ*. September 5, 2014. Accessed March 2, 2015.

Mayer, of former Google fame and current Yahoo CEO, has been an active board member of the Los Angeles Museum of Modern Art .

One notable advance in the relationship between the arts and technology industries is the major gift from David Bohnett, founder of GeoCities, to the LA Philharmonic. Bohnett's recent donation of \$20 million dollars not only suggests potential from tech donors, but the ability to capture major capital investments in public art services.¹⁶ While Bohnett had a long established relationship with the LA Phil, his gift is still a landmark in tech-to-arts giving. His intention is that with this money the Phil can be "a model orchestra for the 21st century through innovative programming, audience development models, and an eye towards social responsibility."¹⁷ However, his motivation for donating such a large sum is all the more telling. The gift was made in honor of current CEO, Deborah Borda's, continued excellence and level of accomplishment.¹⁸ While this highlights the results oriented mindset of the tech community, it also speaks to importance of positive arts leadership in the field, and how that can translate to making a case for tech investment- a field focused on collaboration and organizational innovation.

Other examples of significant interdisciplinary engagement of arts and tech, and opportunities to make headway in developing high level tech donors are found in various strategic partnerships throughout the region. Various artists in residence programs have cropped up at numerous technology firms.¹⁹ Facebook and Autodesk alike have developed programs for local artists to create site specific, large scale works to decorate company office space.²⁰ Though the initiatives are not for

16 Scutari, Mike. "[What's Behind This New, Massive Give to the LA Philharmonic? - Inside Philanthropy: Fundraising Intelligence - Inside Philanthropy.](#)" *Inside Philanthropy*. December 11, 2014. Accessed March 29, 2015.

17 Ibid.

18 Ibid.

19 Moss, Ceci. "[Up in the AIR: How Will Tech Residencies Reshape Bay Area Art?](#)" *Rhizome.org*. January 20, 2015. Accessed March 2, 2015.

20 Ibid.

the public, and the organizations eventually own the works as intellectual property, such programs represent a cursory understanding of the value of the arts and opportunity to grow that investment, whether the programs supports more artists, or the companies decide to fund public art initiatives.

Perhaps the most successful partnership between corporate tech and public art is the annual Zero1 festival in San Jose. Local artists are paired with local technologies to utilize each varied skill set for a community development and engagement event.²¹ Kerry Adams Hapner, the Director of Cultural Affairs in San Jose, was an active force behind the Zero1 festival and has continued to be an exemplary arts leader when it comes to engaging the tech sector. Another one of her initiatives, the Bay Lights Project, garnered expansive support from the innovation sector.²² In reflecting on philanthropic giving in the region, Hapner rightfully points out that, "The San Jose Sharks hockey team generates \$65 million in annual economic impact. The nonprofit arts sector generates \$122 million!"²³ Her focus on results oriented, data driven impact has enabled her to engage with a community that needs this type of information to justify and understand their investment in the cultural landscape.

CONCLUSIONS AND RECOMMENDATIONS

As the Chronicle of Philanthropy puts it, "Silicon Valley's entrepreneurial ways are shaking up philanthropy."²⁴ So what does this mean for the future's cultural landscape? How can an arts

21 "[ZERO1.](#)" *ZERO1*. Accessed February 8, 2015.

22 "[Silicon Valley Riches Remaking Bay Area Arts Giving.](#)" *The Chronicle of Philanthropy*. March 22, 2013. Accessed May 5, 2015.

23 Hapner, Kerry Adams. "[San Jose: The Arts at the Heart of Economic and Cultural Development.](#)" *ARTSblog*. July 12, 2012. Accessed March 29, 2015.

24 "[Silicon Valley's Entrepreneurial Ways Shake Up Philanthropy.](#)" *The Chronicle of Philanthropy*. February 12, 2013. Accessed May 4, 2015.

manager or development officer capitalize on these new trends in tech giving? It starts with making the case.

First and foremost, arts managers need to actively work on changing the language used to make the argument for support. As previously mentioned, data driven results need to become the core of one's approach for engaging tech donors. The economic impact study from Americans for the Arts has continually served as a valuable talking point for focusing the conversation on the influence of the arts on a community.

Pushing beyond economic impact, however, is the utilization and understanding of intrinsic impact collection. Intrinsic impact data measures how "people are transformed by cultural experiences."²⁵ Arts leaders have known for years, anecdotally, that people's lives are improved by participation in cultural events. Yet, how does one begin to quantify those metrics? What stories can one begin to tell? Organizations like the [Wallace Foundation](#), [intrinsicimpact.org](#), and [Wolfbrown](#) have been exploring these questions for years. With analysis of facial expressions, body language, audible reactions, audience communications, and survey follow-up, impact data can be accurately collected and used in tandem with anecdotal information to make the case for support.²⁶

Once the structure of one's argument has been fully developed, look to companies that share the same values as the organization. Many tech companies are actively involved in the communities outside of philanthropic giving. Act to recognize similar programming initiatives where meaningful partnerships can come together. These relationships will benefit both parties involved, as well as signal to the rest of the community that shared value can be created.

25 "Why Should We Measure Intrinsic Impact? | Intrinsic Impact." Intrinsic Impact; *Wolfbrown*. 2014. Accessed May 5, 2015.

26 Brown, Alan S., and Jennifer L. Novak. "[Assessing the Intrinsic Impact of a Live Performance](#)." *Wolfbrown*. 2007. Accessed May 4, 2015.

Ultimately, engaging this sector means that arts leaders have acknowledged that this is a new era of giving, different from its wealthy predecessors. Technologists inherently see a different value in giving than other donors, and are looking for new benefits. A name on a plaque is no longer enough. Designing engagement strategies, and acknowledgement systems that reflect the new values of this demographic will be key for capturing support. Arts leaders must ask themselves how donations to his or her organization will also benefit the donor. It is a results oriented relationship, not a legacy based one.

Finding the common ground between one's own organization and behaviors within the tech industry will create new opportunities for strategic partnerships even beyond donations. In a 2013 article examining the new arts scene in the Valley, the generational difference between the old and new wealth was described as, "the difference between *consuming* culture, and *supporting* culture."²⁷ Specifically, new tech wealth seeks to participate and consume arts experiences, while older money is comfortable with just supporting the arts. Not only is this very tied with the idea that this is a results oriented donor demographic, but that the engagement strategy is just going to look different. Leaders should look to create programs that tech philanthropists can be actively involved in. The Zero1 Festival serves as a prime example of tech- targeted programming that makes sense for this donor base. Perhaps in-kind donations, like the technology they create, actually make more sense than monetary donations, and many arts organizations could certainly use an update in the technology department.

LOOKING TO THE FUTURE

As organizations develop their own strategies for engaging the technology sector, it is important to remember that one is acting as a steward of the community. Arts leaders have been acting as a bridge between the for-profit and non-profit

27 Cushing, Ellen. "The Bacon-Wrapped Economy"

realms for years, and the tech sector is no different. Recognizing that these donors are looking for ways to give back, and that perhaps they just do not know where to get started, is a key point of entry for arts leaders.²⁸ Do not wait for the donor to make the first move, engage them, and the sooner the better. Invest time in developing the argument they need to hear, and they will listen.

In the end, it is the responsibility of the arts community to engage these donors in the conversation about arts philanthropy. They are the movers and shakers of the modern economy. In order to preserve and support our culture, it necessary to turn technologists into consumers of our culture. Remembering that each arts manager is navigating similar issues can make this journey a less lonely one. Use one another. A new approach is needed to preserve what is left of the Silicon Valley's cultural landscape and to grow new opportunities across the region.

²⁸ Eisenberg, Melissa. "[Understand This: Tech Does Give Back.](#)" *The Bold Italic*. February 27, 2014. Accessed April 6, 2015.



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