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An Instrument of Knowledge

by

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An Instrument of Knowledge

Drawing fresh attention to ideas and insights previously revealed but of enduring value and worthy of renewed reflection is one objective of the Symphony Orchestra Institute. What follows is an analysis of events which occurred slightly more than 10 years ago.

In September 1986, the Oakland (California) Symphony Orchestra Association declared bankruptcy. In May 1987, Melanie Beene & Associates was selected by a group of institutional funders “to provide a detailed analysis of the issues surrounding the dissolution of the Oakland Symphony Orchestra Association.” (p. v)¹ The report was published in January 1988, and was entitled *Autopsy of an Orchestra: An Analysis of Factors Contributing to the Bankruptcy of the Oakland Symphony Orchestra Association*. The study involved in-depth interviews with more than 70 individuals, analysis of extensive institutional records, careful organization of large amounts of data, and quite thoughtful presentation of facts and interpretations by the consulting team.

From one perspective, *Autopsy* is a story which was developed by and for the people of Oakland, to review and provide “feedback” about the demise of a central, cherished, community institution in which, as participants, supporters, or close observers, many had been involved. In this sense, *Autopsy* is a sensitively prepared, caring introspection for local study. The report undoubtedly helped many Oakland citizens better cope with the reality of the death of a beloved institution and for some, assistance in framing their own participation in that process. Even after 10 years, this essay may bring back uncomfortable and unresolved memories.

From another perspective, we believe the insights in *Autopsy* should be of keen interest to all who participate in today’s symphony orchestra organizations or, more generally, to participants in nonprofit organizations which depend on broad community and philanthropic support. Indeed, this more universal purpose was clearly intended by *Autopsy*’s funders as noted in their preface:

The consultants have made a serious effort to capture the compelling story of the Oakland Symphony in sufficient detail to enable volunteers and professionals elsewhere to identify operational patterns which recur throughout the nonprofit sector and in their organizations

specifically. It is intended that this study be a working document, a management tool, an instrument of knowledge which can be generalized broadly. (p. iii)

Essays previously published in *Harmony* have dealt with the organizational structures and processes which need change in many North American symphony orchestra organizations. This essay presents a number of the issues related to these workplace structures and processes and then draws on *Autopsy*—as a well-documented, classic case study of a symphony orchestra organization which failed—to illustrate the “operational patterns” which were being followed, with tragic consequences. Of course, the reader must then ask the unpleasant question: “Do any of these patterns exist in the symphony orchestra organization in which I participate?”

Two other matters deserve mention. First, the authors of *Autopsy* note that mistakes and failures by specific individuals were irrelevant to the purpose of their study. For this reason, we have chosen, in our quotations, not to use personal names, employing role or job titles instead. Secondly, given the purpose of our presentation, we have organized and sequenced our topics and extracted quotations in ways which differ from the order followed in *Autopsy*. However, we give page references for each quotation so the reader may trace our quotations to the particular section and page in the source document.

With these introductory thoughts, we hope that this essay will help *Autopsy* become “an instrument of knowledge” for all participants in symphony orchestra organizations. — *The Authors*

Historical Overview²

The Oakland Symphony Orchestra Association was founded in 1933. In its first season, it presented four concerts in the lobby of the local YMCA (the Association later moved to the Oakland Civic Auditorium). The founding conductor served for 24 years, until his death in 1957. Two music directors served until 1971, during which time the season expanded from eight concerts per season to twenty-four. In 1964, a youth orchestra was founded within the Association and it achieved international recognition by the mid-1970s. In 1966, the Oakland Symphony received a Ford Foundation matching grant of \$1.35 million, one of 61 orchestral grants awarded.

Starting in 1971, under the leadership of a fourth music director, the Association expanded its season to 33 concerts, initiated a pop series, commenced a youth concert series, started an in-school educational program, and gave free concerts in public places to reach more diverse audiences. The orchestra also undertook other organizational and programming innovations which led, in 1977, to a national award for adventurous programming.

In 1972, chafing under the crowded conditions and poor location of the Civic Auditorium, the Association acquired and renovated the 3,000-seat Paramount Theatre in downtown Oakland. Following its opening, the Association sold nearly

all its subscription seats and sold out a majority of the tickets to its individual concerts. Even with a full house, however, the new venue, with its renovation and operating costs, proved a financial burden. In 1975, the Association transferred the theater to the City of Oakland for \$1, in exchange for 40 years of free rent and used the Ford Foundation funds, which had been earmarked for a matching endowment, to retire its renovation loan.

When the fourth music director resigned in 1979, a young African-American was appointed. The new music director brought to the orchestra an impeccable guest-conducting record and renewed energy and also gave prestige to the Association in the eyes of Oakland's growing minority population. Under the baton of this fifth music director, the orchestra again in 1981 won an award for adventurous programming. The music director's untimely death in 1982 left a leadership void in the organization at a very difficult time.

For an intervening year, the orchestra obtained the services of a nationally known conductor as artistic consultant and then retained its sixth and final music director in 1984. Further expansion of the season took place and although the Oakland Symphony continued to receive favorable reviews, subscription sales stayed flat and individual ticket sales declined. A strike by the musicians took place during the 1985–1986 season, resulting in cancellation of the October opening. The November 1985 settlement included a significant increase in orchestra services and player compensation. Also during this two-year period, the board underwent radical and controversial change.

In the spring of 1986, the Association announced the largest season ever, with services added in two other venues. In addition, the Association announced that it was shifting its subscription season to its former home at the Civic Auditorium, leaving the Paramount. A month after these announcements, management announced that the season was being cut in half, citing a financial crisis. This cutback required reopening with symphony musicians a contract which had been signed just eight months earlier. Management and players were unable to reach any agreement and within a month the players filed an unfair labor practices complaint. A few weeks later the Association filed for Chapter 11 bankruptcy.

In the one negotiating meeting held during the month after the Chapter 11 filing, the Association and players were unable to reach any agreement. In September 1986, the Association filed for liquidation under Chapter 7 of the bankruptcy code. Thus, just more than 10 years ago, the Oakland Symphony Orchestra Association died at the age of 53.

Mission, Goals, and Planning

One of the most telling statements in all of *Autopsy* is the following: "A major stumbling block for the Oakland Symphony was its inability to define its mission clearly." (p. 28) As the authors report:

The Oakland Symphony's plans were often idealized visions rather

than delineations of carefully constructed, achievable objectives. As a result the long-range plans served to reinforce board and management's inability to perceive the difficulties of the Symphony's situation. In each of these plans, the narrative stresses the *what*—management and board's ideal vision of what it wanted to achieve—with little attention to *why* these goals were appropriate or *how* they were to be achieved. (p. 27)

In order to meet the stated goal of becoming a “major orchestra,” which appeared to override other issues, the Symphony's budget jumped to \$2 million-plus within two years, far ahead of schedule. However, none of the additional aspirations was met. As the authors report:

While it is unclear whether the organization understood the financial implications of striving for major orchestra status, that goal was part of its institutional rhetoric. While the rhetoric of “major orchestra status” was not consistent throughout the years (nor did the symphony ever formulate a realistic plan to achieve it), desire for growth and expansion was routine. These aspirations appear to have been equally driven, at various times, by board, management, and music directors. According to one player, the musicians were often surprised on reading the long-range plans: “We were all in the music library when they handed out these bound long-range plans. I looked through it and thought, ‘Gee, this is a bigger operation than I thought. They really want to make something out of this orchestra.’” (p. 29)

. . . The application [to the NEA] notes a record number of subscribers; a successful regionalization plan; and a board restructuring resulting in a more effective governing body, with a twenty-two-member board of trustees, a seventy-member board of directors, and “a city council that has affirmed their commitment to the organization in the years ahead. . . . Board, management and artists now have what is probably the clearest understanding of mutual goals and objectives in the history of the organization. The labor dispute has proven cathartic . . . and all involved parties have expressed a renewed and cooperative commitment to the future stability of the institution.” (p. 34)

. . . Eight months after the production of [the January 1986 plan] the Association was out of business. The disparity between reality and the organization's long-range plans raises questions about how seriously they regarded their planning process. (p. 35)

Board of Directors and Governance Leadership

In any symphony organization, the board of directors must be the prime mover in the development of a clear, widely understood, and agreed upon declaration of mission and goals, as well as a realistic plan to achieve them. This process was clearly deficient in the Oakland Symphony organization. *Autopsy* offers some

key insights into the composition and functioning of the board of directors and its contribution to the Symphony's demise.

Throughout its history, the board of the Oakland Symphony Orchestra Association was an exceptionally troubled one . . . unable to respond appropriately to change, and lacking in effective leadership. This fact, as much as any other internal factor, accounted for the bankruptcy of the Oakland Symphony. (pp. 101-102)

. . . The history of the board of directors is one of factionalism and divisiveness, which made it difficult for any board chair to effectively lead the organization.

Five factors combined to render board leadership problematic: the unwieldy size of the board; factionalism and lack of board commitment; the absence of a charismatic, effective leader; the board's inability to deal with the transition from a community orchestra to a full scale, professional symphony orchestra; and the 1984 adoption of a board reorganization plan which proved disastrous in conception and execution. (p. 95)

. . . One of the reasons frequently given for the board's ineffectiveness is that it was closed to outsiders and self-perpetuating. (p. 95)

. . . The major consequence of the board's large size was a sense of non-involvement and lack of "ownership" of the organization among its directors. When crises threatened, it was difficult for individual board members to believe that they could make a difference. (p. 96)

. . . A significant number of board members are perceived . . . not to be interested in symphonic music and do not attend the Symphony's concerts . . . and do not take an active role in governance or policy making; and several give the impression that they are on the Board only to enhance their business or social positions in the community. These perceptions have created a lack of mutual respect and trust among members, resulting in a factionalism which undermines effective leadership by the group as a whole.³ (p. 97)

Although probably pursued with the view to improving its functioning, a 1984 effort to reorganize and recompose the Oakland Symphony's board of directors, in the midst of very deep-rooted operational problems, compounded the situation.

In reality, the new plan did not achieve its goals. Many of the former board members claimed that no one made clear that voting in the new bylaws meant voting for their own disenfranchisement. Many of these made no secret of their displeasure, exacerbating the community perception of the Association as a group plagued by "internecine struggle," and worsening the funding and support climate. The new

structures . . . were cumbersome and confusing, and more difficult and time-consuming to staff and organize. (p. 101)

Interviews with board members by the authors of *Autopsy* yielded some further insights into board priorities and operation:

Historically, the Oakland Symphony Board had been a large group involved in the little decisions. Board minutes reflect much concern with details of parties and dinners, and with the minutiae of day-to-day administration. In that sense, it was a very “hands-on” board. . . . The board distracted itself from urgent financial problems by focusing attention on less compelling issues. . . . One board member noted, “We were in terrible financial trouble—nothing but doom and gloom—and we went to a meeting and approved a \$400,000 acoustical shell. We had champagne to celebrate. The next meeting, it was doom and gloom again. It was manic.” The orchestra had ever more serious marketing problems—yet at the board meetings the discussion of how to solve those problems centered on how many tickets board members should buy. (p. 99)

In 1983, a member of the Oakland Symphony’s board told his colleagues that he was “fascinated” by the ongoing crisis, and that the mix of human concerns and the various intangibles diminished the likelihood of finding a workable solution to the problem. “So,” he said, “it becomes a matter of degree and how you can stagger your way out of it.” (p. 1)

General Management and Administrative Leadership

No organization can function without the leadership and inspiration of good general management. As Richard Hackman has said, the executive director is the “nexus of the orchestra organization.”⁴ The Symphony Orchestra Institute’s statement of precepts and direction outlines the need for a close and effective relationship between a properly functioning board, an able general manager, and an involved music director, working toward clearly defined organizational objectives, with employees and volunteers actively engaged. The Institute believes that this type of leadership is vital to an orchestra organization’s development and sustained viability.⁵ In discussing the executive leadership of the Oakland Symphony, *Autopsy* reported:

The ineffectiveness of its professional managers mitigates the board’s exclusive responsibility for the demise of the Oakland Symphony. There is a close interrelationship between volunteer board and paid staff, and the responsibility is a shared one. As lay leaders, directors must in a sense be “led to lead,” particularly as the financial and management issues of symphony administration become more complex. It is clear that the professional administrative leadership over the last ten years was unsuccessful in providing this subtle direction, and unable to alter the course of the Oakland Symphony as

it headed toward bankruptcy. But even this failure of staff is one in which the board has a part, in that the board was responsible for hiring its executive directors. (p. 101)

. . . It is conventional wisdom in the nonprofit arts world that no organization can rise above the level of its board of directors. A strong board will not tolerate a weak manager. A strong manager, unable to change a weak board, will eventually move on to a better situation. Thus, more often than not, the board/management axis tends to align itself over time either as strong board/strong management or weak board/weak management. The latter was the historical tendency at the Oakland Symphony. (p. 86)

. . . The board (primarily through its chairman and executive committee), the music director, and the executive director represent three distinct, and sometimes mutually exclusive, points of view that must be continually negotiated and amended. Orchestra operations rest on this three-legged stool. Excessive weakness or strength in any leg will upset the delicate balance required for effective administration. (pp. 86-87)

. . . [The final executive director] cannot be held accountable for the years of indecision and lack of direction that created the financial crisis of the Oakland Symphony. During [his] administration, however, the lack of candor that characterized the organization in its last ten years increased. In correspondence, grant applications, and press releases, the Symphony administration had difficulty admitting the reality of the situation to itself, to its funders, and to the public. (p. 90)

. . . The picture that emerges [from interviews and management analyses] is not that of a team but of a grouping of highly compartmentalized individuals, each pursuing particular ends with no clear guiding vision of the organization's overall course. Once again, individual examples—turnover, poor communications, low staff morale—point to the root problem: the Symphony's lack of a clear sense of its mission and direction and management's inability to remedy that situation. (p. 92)

Artistry and Programming

As reported in *Autopsy*, the consultants found that, as is true in many troubled American orchestras, "Quality of performance *per se* did not contribute to the orchestra's demise." (p. 6)

However, in transmitting this fundamentally good artistry to the Oakland audiences and community, the expansion of programming beyond the community's capacity to absorb it and the absence of a clear institutional vision are well documented.

The lack of clear institutional identity and purpose which affected the Oakland Symphony as a whole was reflected in the orchestra's artistic programming. (p. 6)

... The amount of programming produced by the Oakland Symphony was one of its major problems throughout the ten years leading to its closing. This expansionist pattern required more staff time, effort, money, and audience, than it was possible for the orchestra to generate. Individual new activities were good ideas, but in the aggregate they contributed to the Symphony's undoing. (pp. 9-10)

Instead of seeking an artistic identity distinct from its San Francisco counterpart, the Oakland Symphony gradually edged towards similarity (and therefore direct comparison) . . . (p. 11)

With respect to its long-standing, loyal (and too small) audience, the Oakland Symphony was not in competition with San Francisco; in the eyes of its potential audience, it probably was. (p. 7)

Marketing and Audience Development

The authors of *Autopsy* also analyzed the Oakland Symphony's marketing program.

Change may often be called for, and is not negative when there is reason for it. But change for the sake of change, without plan, research, or reason undermined the marketing efforts of the Oakland Symphony. (p. 41)

Considered solely from a demographic perspective, a significant potential audience for symphonic music clearly exists [in the Oakland area]. Demographics alone cannot be considered the cause of the Symphony's demise. Other factors that prevented the Symphony from reaching its full audience potential—factors at least as significant as the city's demographic makeup—include ineffective marketing, unrealistic ticket sales projections, competition [or perception of competition] between the Oakland and San Francisco Symphonies. . . . But an audience for symphonic music—or at least a potential audience—exists in East Bay communities. (pp. 20-21)

And the following *Autopsy* citations provide additional insights into the Symphony's marketing problems:

From the Oakland Symphony's first season in the Paramount Theatre (1973-74) to its final, cancelled season (1986-87), the Symphony experienced a growth of more than 100% in mainstream concert performance activity. In other words, the marketing staff had 100% more tickets to sell in 1986 than in 1973. This increase in supply, however, was not driven by any increase in demand from the market. The increased concerts were deemed necessary to satisfy union

contracts, and to produce income necessary to meet the budget as approved by board and management; but historical precedent gave no indication that East Bay audiences intended to double their attendance at Oakland Symphony activities. (p. 37)

. . . The Association compounded the problem of oversupply by devising marketing strategies that confused patrons and box office representatives. Through the way it packaged its product, the Association increased the difficulty of its sales task. Constant changes in the names of series, in the times and locations of performances, and in the number of concerts in given series made “automatic renewals”—the basis of a good subscription campaign—difficult to achieve. (pp. 40-41)

In the final analysis, a sound resolution among marketing concerns, artistic vision, and realism was not achieved.

In a sense, marketing represents the intersection of vision and reality—the measure both of the public’s interest in an organization’s artistic vision and product, and of management’s effectiveness in placing that vision before the public eye. Devising and sustaining a successful program to market that vision requires a clear sense of what the product is and who is likely to buy it. . . . In a very real sense, the Association’s marketing efforts were hindered by the institution’s lack of identity—who it was, who it wanted to be, and whom it wanted to serve. This lack of focus, coupled with high staff turnover and the consistently unrealistic marketing goals which board and management set, guaranteed that those programs could never succeed. (p. 46)

. . . The Symphony was not successful in reaching its potential audience, i.e., those East Bay residents whose demographic profile matches that of the typical symphony concert attender. That this was in part a failure of marketing and planning is clear. (p. 14)

Development: Funding and Volunteers

A strong development program, including the recruitment, structuring, and support of an effective volunteer corps, is a unique and special functional need in the management team of a symphony orchestra organization. Insights into this aspect of Oakland’s organizational problems are captured in the following excerpts from *Autopsy*.

In fundraising, as in other areas of its operations, the Oakland Symphony did not readjust its goals when it failed to meet them, but continued to bet its future on unrealistic expectations of contributions from its community. (p. 60)

. . . Development staff consistently felt that a weakness in the organization was lack of board understanding of the board’s role in

fundraising and lack of board participation in the fundraising effort. According to one development director, “There was wealth on the board, but it was uncommitted. They were not giving to capacity.” As a consequence, staff tended to focus its attention more on foundation and business support, which was easier to obtain. (p. 48)

Working relationships within a board are often known in a community and can have an impact on fund raising.

The history of divisiveness within the board . . . hampered its fundraising efforts. A 1977 [nearly 10 years before the organization’s death] consultant’s report comments on the dissension: “Unluckily this internecine struggle is perceived not only internally, but widely outside the Board and, regretfully, by some important sources of contributed income.” (p. 51)

Underestimating the role of volunteers was also a factor in the Oakland Symphony’s demise. The Oakland Symphony Guild (known as the Oakland Symphony League after 1985) numbered more than 1,000 members in the 1960s; by the time of the Symphony’s death, that number was just over 200. As a result, the League began to feel left out and a request to add a League member to the board in an ex-officio capacity was denied. As *Autopsy* reported:

It’s a maxim of arts administration that volunteers can be a mixed blessing, but at a critical level they represent the organization’s most direct link with its community. Here, as with the board reorganization plan, management and board, rather than capitalizing on the strengths of the Oakland Symphony family, did not effectively manage its community support. (p. 93)

Symphony orchestra organizations often are faced with the prospect of receiving substantial funding from a single source. Such funding can be vital to sustaining the organization’s viability, if not its survival, but overreliance can induce dependency and laxity or a false sense of security, relief, and optimism. Even the community’s perception that an “angel” might be available, can have unusual behavioral consequences. These circumstances existed in Oakland.

It is difficult to evaluate whether [the largesse of a substantial community figure and former board chairman] constituted an overreliance by the organization on one donor, particularly in the last ten years that are the focus of this study. It is perhaps more accurate to assert that [this person’s] not inconsiderable clout and resources had, in the earlier years of the organization, contributed to the creation of an assumption on the part of the board that someone would always be there to help the Symphony out of the financial crisis of the moment. The Ford Foundation’s ten-year grant program and the NEA’s Challenge Grant likewise contributed to creating a historical buffer that postponed the necessity of finding immediate, structural remedies to the financial shortfalls. (pp. 50-51)

Financial Policy and Management

Orchestra organizations must be especially diligent in their financial management. Oakland's failure in this regard was tragic. As *Autopsy* points out:

As early as a March 1977 Executive Committee meeting, a board member stated that he "hated to keep repeating it, but we have to face the fact that we are up against a crisis if we don't sell the tickets and raise the money this year. It goes without saying what will happen. There will be no symphony." . . . The Executive Committee took no action. At no time from 1976-86 was any fundamental change made in the structure or operations of the increasingly troubled orchestra. Instead the Association continued its pattern of accepting deficits, and in the face of those deficits continued to expand. (p. 61)

. . . Financial management was inadequate until the last two years prior to bankruptcy, when for the first time the organization hired a controller with long-term nonprofit financial management experience. . . . In addition, the audit did not readily reveal the true financial situation of the organization, and obscured the fact that the Association was insolvent more than a year before bankruptcy. (p. 61)

. . . The usual pattern was for the Finance Committee to develop in April a budget which showed a deficit. By June the deficit was plugged (usually by increasing ticket sales income projections) and the board approved a balanced budget. (p. 67)

. . . [The Oakland] situation demonstrates the force of inertia in an unhealthy organization: In light of all factual evidence to the contrary, with consultants' reports predicting financial catastrophe and offering alternatives, the Association continued to conduct business as usual. (p. 68)

In addition to being steadfastly unrealistic about operating results, the Oakland Symphony's financial and accounting policies relating to its endowment were very questionable.

Many outside observers expressed shock at the Association's management of its endowment, and asked if the endowment principal was inviolate. . . . Various managers . . . asked to see [documents concerning the endowment] but without results. . . . Fundraising materials, however, make clear that donors were led to believe their gifts to the Ford Endowment Drive were for permanent endowment. . . . the Ford Foundation's \$1 million was never placed in the endowment, but went immediately into the operating fund. (p. 70)

In summary, a financial control system will prevent unrealistic and unsound growth only if administered with discipline. Until too late, this was lacking in the Oakland organization.

Good planning and accurate financial projections are the underpinnings of a well-run organization. For the Oakland Symphony to run consecutive years of unbudgeted deficits suggests planning that was inadequate. The goals that the Symphony established were seldom achieved and never addressed the Symphony's central operational issue—its mounting deficits. Instead, long-range plans called for increasing expansion. (p. 27)

Real Estate and Facilities

By the nature of their art, orchestras need real estate to carry out their primary purpose. These needs—a concert hall and directly supporting facilities — involve special-purpose real estate which in turn requires substantial financial resources and creates risk on the part of some community entity, whether the orchestra organization itself or another institution. Office and other space requirements add to this need. The financial implications of required real estate, whether rented or owned, are significant to most symphony organizations, as are also many operational factors, including acoustics and other performance and audience issues. The relationship between a symphony's operations and its primary venue can be very complex. In some cases, the two are inseparably intertwined.

As *Autopsy* describes in some detail, chronic real estate problems contributed significantly to the overall troubles of the Oakland Symphony. In the early 1970s, the Association purchased the recently closed, 40-year-old, 3,000-seat Paramount Theatre, leaving its long residency at the city-owned 2,000-seat Civic Auditorium. Projected higher operating costs and a building restoration plan were to be financed with the principal and earnings of a special building endowment to be raised. The Association promptly embarked on its restoration plan financed with a bank loan. By early 1975, with the restoration expenditures long completed and higher operating costs in effect, the new building campaign had fallen far short of its goal. The bank loan and other liabilities remained outstanding and facilities-operating costs continued to be high. To avoid these costs, including the elimination of property taxes, the Association arranged in 1975 to transfer the building to the City of Oakland in return for a lease which, given certain assumptions, was to be rent-free for 40 years. But, as *Autopsy* reports:

... there was still the \$1 million restoration note and the accumulated deficit. After the Paramount's transfer to the city . . . (and) at the end (in 1976) of the ten-year Ford Foundation matching endowment program, the Association gained control of the \$1.2 million Ford funds which had been kept in a separate trust until the Association met its match and the ten-year period ended. Rather than placing this \$1.2 million in the endowment, the board placed it in the operating fund. They then used it to pay off the bank note and the existing debt. (p. 23)

At the inception of the restoration project, the Association treated the Paramount as a separate entity with a separate set of books. With the transfer to the City, this separation was now real and conflicts heightened. In addition, the operational assumptions underlying the expectation of free rent were mistaken or poorly judged and the Association was soon paying growing and unexpected rent and other facilities costs.

The Association added to its burdens by commissioning costly architectural studies in 1976-1977 and by the 1983 purchase and installation of a stage shell in the city-owned Paramount. By 1986, plans were completed to leave the Paramount and return to the newly renovated Civic Auditorium theater, renamed the Calvin Simmons Theatre. Before the first subscription concert there, bankruptcy overcame the Association.

Autopsy summarized the history of facilities woes of the Oakland Symphony Association as follows:

... by 1986 the Symphony had come full circle, with an enormous loss of focus, time, energy, and money spent on the Paramount Theatre. (pp. 24-25).

With a longer lead time and more careful planning, it is not inconceivable that better strategies could have been worked out for city ownership and maintenance [of the Paramount Theatre], as is the case in the majority of arts facilities. With better long-range planning, the Association could have negotiated occupancy terms that would have been more suitable to the orchestra's long-term needs. More importantly, the Association not only could have raised more funds, but could also have created a real sense of community ownership. And of critical significance, it could have kept the \$1.2 million Ford Foundation grant in the Symphony's permanent endowment. (p. 26)

Orchestra Personnel and Management-Player Relations

Symphony musicians quite often feel that governance and management have inadequate vision, especially when an orchestra's artistry is well acknowledged. Why can't more demand and support be created for wonderful orchestral performance of great music? Why can't more tickets be sold and more contributions be developed? Are our sights high enough and are staff and board working as hard and effectively as they might?

Managements and boards quite often agree with musicians as to their artistic capacity and that audience and contributor support should be high. But they must then temper vision and goals with organizational and marketplace realities. However, pure naiveté, along with pressure for quick results, sometimes overrides clear thinking and step-by-step patience. And sometimes, too, the uninformed expectations and demands of musicians reinforce the dreams of management

and governance with the result that everyone embraces unrealistic goals. This happened in Oakland.

Management carried [its] expansionist message to the bargaining table . . . thereby encouraging expectations on the part of the players of more and more employment. If management most often said at contract negotiation time, “Just give us a little more time to get things in order,” still the intention of continued and significant growth was implicit in management’s stance.

Unfortunately, while player expectations conformed to management rhetoric, neither was in touch with the economic realities of the cost of providing significantly increased employment to eighty-six players and the ticket sales and contributions that would be required to support that goal. (p. 76)

A shift in the composition of orchestra personnel over time compounded the Symphony’s situation.

While the size of the Oakland Symphony was not significantly increased during negotiations [after 1974–77], the amount of employment to be offered its eighty-six members was. The question of “full-time employment” preoccupied negotiators on both sides of the table throughout the Symphony’s unionized history. The orchestra grew from an essentially amateur, community group, in which the vast majority of members had other, full-time employment, to one characterized (by players and management) as a “fully professional ensemble.” As this professionalism occurred, and the membership of the orchestra shifted from part-time players toward primarily full-time musicians, the pressure to provide more employment grew. In its last ten years, the Symphony experienced a 44% turnover in musicians. During those years, the balance among the players shifted from those whose purposes were best served by part-time nighttime only employment, toward players, usually younger, who looked to . . . the Oakland Symphony to provide the major part of their livelihood. (p. 75)

It is an ongoing dilemma that the compensation level for musicians in symphony orchestras—even those that are advancing—can differ substantially between communities. Musicians have difficulty coming to grips with the reality of these historical, organizational, and geo-economic differences and the slowness with which they are changing or can be changed. The Oakland musicians proved to be no exception.

[From 1976–1986 players’] earnings had increased more than three times the cost of living, and activity had more than doubled. Measured against their income ten years ago—or compared to player income at other similar-sized orchestras—the Oakland Symphony was making progress. Why then was there growing disillusionment among the

players about their wage situation?

The difficulty was that the players did not tend to measure progress by how far they had come, but by how far they had to go—to reach full employment status, and earnings comparable to those of full-time, “major” symphonies. (p. 78)

As is the case in too many symphony organizations, regular, genuine, and truthful management-player communications were not developed in the Oakland organization.

An important aspect of [its] labor relations history is the repeated pattern of the Association saying first “we can’t afford this,” then agreeing to contracts which called for ever-expanded activity. As a result, the musicians perceived the Association saying “no” but not meaning it; saying “we don’t have the money,” and always finding it. When the end finally came, and the money really was not there, the musicians had no particular reason to believe management’s claim. (p. 81)

. . . The Executive Committee minutes show that player representatives were invited (or at least permitted) to present their point of view to that committee at more than one meeting. With this and other more formal communication structures in place beginning in 1983, it is hard to understand the comment, often repeated among the players interviewed, that “the players never had any input.” Several players interviewed expressed the view that management/board never sincerely heeded the opinions of the musicians on these committees. Other players held the view that deepening distrust of management by the players prevented the standing communication channels from functioning effectively. . . . One player member said, “We just thought it was more rhetoric.” Another player said, “All they ever used those meetings for was doom and gloom. There wasn’t any real attempt to communicate.” (p. 82)

In the midst of ongoing negotiations, the musician’s negotiator—the president of the American Federation of Musicians’ (AFM) local—resigned, creating a leadership void which the Oakland musicians decided to fill by inviting a New York City AFM official to represent them and negotiate on their behalf. At about the same time, the Association retained a local attorney to represent and speak on its behalf. As opposed to helping in communications, the new representatives appear to have deepened the gap between the players and the Association.

[The musicians] turned to . . . the AFM in New York [and] . . . the head of the Symphony Department agreed to assist in the 1985 contract talks. . . . According to some players interviewed . . . “management wouldn’t listen to anybody but [the AFM official], so when he wasn’t around nothing got done.” While some players interviewed feel that [the AFM official’s] involvement was positive, and brought a level of

professionalism to the negotiations that would not have been possible otherwise, others expressed the view that his tactics (which one player characterized as “old time union tactics that don’t work anymore”) polarized the members of the orchestra. Some feel his “rabble rousing” style was counterproductive and led the orchestra to push for unreasonable demands. One player said, “He told us ‘management will always say they don’t have the money, but they’ll always find it.’ Only this time they didn’t.” (p. 83)

. . . While the players’ leadership was urging them to hold firm in their demands . . . the Association’s new spokesman [a San Francisco labor attorney and Oakland Symphony board member] was discoursing on financial limitations and . . . taking control of bargaining for management in such a way as to further confuse an already troubled situation. The division of opinion about [the efficacy of the Association’s representative] is rather like that concerning [the musicians’ representative]—board members interviewed feel in the main that the Association was well served by [its representative], and that he brought an increased level of professionalism and reality to the bargaining. . . . Orchestra members interviewed hold the view that [his] personal style, tactics, and “strike breaking” mentality made any reasonable accommodation impossible. Whatever the truth, it is clear that the deteriorating relationship between players and management became another factor that contributed to the symphony’s demise. (p. 83)

In a dilemma which many North American orchestras face, Oakland Symphony musicians resisted any reduction in the size or structure of the orchestra.

The idea [of creating a core orchestra, in order to provide fuller employment to a smaller ensemble] foundered when players and management could not agree on how to select the forty core members. . . . There was bitter conflict over this issue, and one Players Committee was unseated when it recommended management’s audition proposal. Ultimately, management agreed to . . . equal rotation. Later contracts . . . instead dealt with “individual player services,” whereby players were assigned to various partial-orchestra services. (p. 84)

. . . The multi-tiered contract concept, whereby specific groups of players are guaranteed different numbers of services, has been used to good effect by a number of regional orchestras as a way to provide full employment to at least some players without undermining the financial stability of the organization. The Oakland players’ demand for equality effectively prevented the development of a tiered contract. . . . Arguably, their insistence hastened the extinction of the Oakland Symphony. (p. 84)

As is too often the case, communications progressively deteriorated.

The final months of the Oakland Symphony illustrate how large the discrepancy between rhetoric and reality had become, as well as how complete was the breakdown of communication between players and management/board. The settlement of the November 1985 strike called for a 45% increase in services over the term of the contract, and weekly employment beginning with the contract's third year. Meanwhile, the debt crisis was deepening. There were some attempts to communicate the financial situation to the musicians . . . [although] there was no public mention of the crisis throughout the spring, and the players received no further official indication of the seriousness of the problem. (pp. 84-85)

. . . Players and management have widely divergent opinions of the other's role in the orchestra's ultimate demise. Each accuses the other of refusing to bargain in good faith . . . [and] it is clear that the deterioration of the relationship between the parties was so complete as to render communication impossible. Without communication, a solution was not to be found. (p. 85)

In the end, the rhetoric, fantasy, and leadership deficiencies among governance, management, and musicians, and the absence of authentic communications, provided the death blow to the Oakland Symphony Orchestra Association.

[The] "credibility gap," which widened over a number of years and under a number of Association administrations, affected the relationship between the orchestra and the management to such an extent that during the bankruptcy period, the face-to-face talking that was necessary to save the situation was impossible to achieve. (p. 81)

. . . These then are the key factors forming the context of labor/management relations as the Oakland Symphony entered its critical last years: the size of the orchestra, which was a significant economic deterrent to expanded activities; the increasing pressure for full employment from the orchestra members; the discrepancy between management rhetoric and hard financial realities; and a volatile leadership situation for both management and union. These forces coming together in the last contract negotiation of the Oakland Symphony, and the contract which resulted from that negotiation, may well be said to be the most immediate cause of the orchestra's demise. (p. 76)

. . . [But] it would be neither fair nor accurate to blame the demise of the Oakland Symphony on the 1985 contract negotiations. The 1985 contract surely precipitated the bankruptcy, but it did not create the situation. Those negotiations were the culmination of years of unrealistic expectations on the part of the players and the Association managements and board members. For the board and management,

there was the desire to be “major,” as a matter of civic and musical pride. For the players, too, there was the desire to be “major,” both in terms of earnings, and in professional comparison with their colleagues. These desires, however, obscured the extremely problematic realities of Oakland’s situation—its place in a secondary market competing with San Francisco; its chronic inability to generate sufficient increases in audience and ticket revenue; and its worsening financial crisis. (p. 85)

Conclusion

The legal and financial concepts of bankruptcy carry an aura of finality, but typically bankruptcy is the result of serious organizational defects. The Oakland story is a classic and carefully documented example of progressive and ultimate organizational failure. The costs of such failures to organizational participants and to their communities is large. The world of symphony orchestras unfortunately contains too many examples of chronic organizational dysfunction accompanied by, or susceptible to, serious if not terminal financial problems, attended by much misdirected human energy and unnecessary emotional distress.

The Oakland story suggests that each participant in a symphony orchestra organization should spend more time thinking about how his or her organization could better and more soundly function, how change toward that end can be achieved, and what his or her role might be in that process. People in leadership roles in governance, staff, and the orchestra should especially address these questions, involving all participants in open discussion and working together to identify and pursue programs of change.



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Notes

- ¹ Unless otherwise indicated, the work of Melanie Beene & Associates is from *Autopsy of an Orchestra: An Analysis of Factors Contributing to the Bankruptcy of the Oakland Symphony Orchestra Association*. 1988. Edited by Fenton Johnson. San Francisco: Melanie Beene & Associates.
- ² This historical overview is a condensation of background material which appears in *Autopsy*.
- ³ p. 97 (Cited in *Autopsy* from a 1983 Endowment Feasibility Study commissioned by the Oakland Symphony Orchestra Association).
- ⁴ Hackman, J. Richard. Life and Work in Symphony Orchestras. *Harmony 2* (April 1996): 1-13.
- ⁵ The Symphony Orchestra Institute—Precepts and Direction. *Harmony 1* (October 1995): 1-9.