

# *Harmony*

FORUM OF THE SYMPHONY ORCHESTRA INSTITUTE

NUMBER 16 • OCTOBER 2003

## From Challenge to Success: What Must Change?

by

Gideon Toeplitz

### **Symphony Orchestra Institute**

P.O. Box 8619

Northfield, IL 60093

Tel: 847.441.5037

e-mail: [information@soi.org](mailto:information@soi.org)

Website: [www.soi.org](http://www.soi.org)

### ***From Challenge to Success: What Must Change?***

**T**his essay's author, Gideon Toeplitz, is well known to many in the symphony orchestra world. He most recently served as executive vice president and managing director of the Pittsburgh Symphony and has been a thoughtful observer of the classical music scene for 30 years.

He begins his essay with a series of challenges which he posits that the industry has acknowledged, but not really addressed. *Who actually owns our orchestras? What are we actually selling? How should orchestras deal with a changing funding environment?*

Toeplitz then suggests that the most critical change necessary is a shift in mindset among those involved with symphony orchestras. He suggests that too much time and energy have been focused on the economic engine, at the expense of passion and quality. He then turns his attention to what he sees as the need to diversify activities and products and details his thoughts about orchestras as collaborative organizations. He concludes his essay with a return to discussion of the economic engine.

We suspect that some will agree and some will disagree with the positions Toeplitz advances. Either way, we invite and encourage your response.

## From Challenge to Success: What Must Change?

**T**he state of the classical musical industry, not only in the United States, but worldwide, is a topic of much current discussion. News from the field is rather grim as many orchestras grapple with larger and larger deficits. Some have sung the “song of death” for our industry for many years. After serving 30 years in various capacities with a number of U.S. orchestras, I have reached the conclusion that our industry will survive, and even flourish, if it makes many substantial changes.

What has worked in the past will not work in the future because the environment has changed in many ways. However, even when orchestra organizations have noticed these environmental changes, most have done very little to change themselves. Albert Einstein is often credited with having said, “If we keep doing the same things, why should we expect better results?” I agree.

Let me list some of the challenges and issues that I believe we, as an industry, have acknowledged, but not really addressed.

- ◆ Who actually owns our orchestras? Whose core values should we address? Those of our internal constituencies—board, musicians, staff, and volunteers? Or should we also address the core values of the audience, the community, and perhaps others?
- ◆ Who is our audience? Is it our “traditional” audience with some room for expansion? Is our potential marketplace much larger? The Knight Foundation’s recent study reports that 60 percent of the U.S. population has some level of interest in classical music. Is this our audience? Does listening to a few minutes of classical music make one a member of a potential audience?
- ◆ What are we actually selling? The music? The experience? Something else?
- ◆ Is our product obsolete? Is the way we present our product obsolete?

*“What has worked in the past will not work in the future because the environment has changed in many ways.”*

Can we identify a product that is comfortable for current and future audiences at the same time? Must we segregate our product for the current, traditional audience versus newcomers? Does it matter how many people come to our concerts as long as we balance our budgets?

- ◆ Is technology relevant to orchestras? Only in distribution of the product? Or are there other ways to use technology to move us forward?
- ◆ Do orchestras have duties as artistic leaders within their communities? Is leadership important? If it is, how does it manifest itself?
- ◆ What is an orchestra's role in music education? Is the role to replace the reduction or elimination of music education in schools? Or is the role to invent a way to address the issue?
- ◆ Is touring, particularly international touring, still necessary? What are the real benefits of touring?
- ◆ How should orchestras deal with changing financial environments and economic challenges? Can our organizations become more independent of economic cycles that are beyond their control?
- ◆ How should orchestras deal with a changing funding environment? Create a new case that puts the symphony orchestra back at the top level of funding? Better communicate our relevance? Become more relevant?
- ◆ Is the traditional, three-cornered leadership model still effective? Should orchestras consider the corporate model of one entity, responsible and accountable?

Many readers could undoubtedly add to this list of orchestra-industry issues. This essay is not intended to address all of the issues identified here. Rather, let me suggest some changes that I believe must occur in order for orchestras to be successful in the future.

### **A Shift of Mindset**

The most critical and fundamental change necessary is a shift in the mindset of the people involved with symphony orchestras—boards of directors, executive directors, musicians, staff, volunteers, music directors, audiences, and community leaders. The time has come for a tradition-bound industry to leave some traditions behind and to think outside the box. Fresh ideas will create a symphony orchestra organization that is able to cope, on an ongoing basis, with changing environments, financial challenges, and the need to keep quality at the center of our existence.

A few months ago, several of my colleagues and I had the opportunity to spend a few days with Jim Collins, the author of the best-selling books *Built*

to *Last and Good to Great*. Collins's contention is that successful organizations equalize the distribution of resources and focus energy on three things:

- ◆ What are you deeply passionate about?
- ◆ At what can you be the best in the world?
- ◆ What drives your economic engine?

During our sessions with Collins, we orchestra managers learned that, in recent years, we have spent the majority of our time and energy focused on the economic engine, at the expense of passion and quality. Our organizations have become dysfunctional institutions, unable to pursue the road to success.

Most orchestras are dominant artistic entities within their cultural communities. But they have not thought of themselves in this way. Orchestras must learn to think of themselves as “trendsetters,” particularly in the areas of creativity and quality. Orchestras should be among the first to invent and implement new ideas designed to energize current audiences and to attract new ones. Because orchestras have many creative resources at hand among musicians, staff, board, and volunteers, creativity and innovation should be a natural part of each organization's course.

We all need to understand that the most important product a symphony produces is music! The type or style of music an individual orchestra plays should be based on the tastes of the community and the institution's core values as established by all constituencies: board, staff, musicians, volunteers, and audience members, with the direct involvement of the music director.

An interesting aside. Some years ago, I compared the mission statements of 20 orchestras, to discover that most of the words are the same. As a result of this exercise, I realized that a mission statement using generic words is not very effective. Such statements as “. . . to perform music at the highest level of expression and preserve the music as an art form . . .” are perhaps suitable, but not very helpful.

So I will reiterate that we need to change our mindset. I firmly believe that part of the reason for the decline in paid attendance which many orchestras have experienced over the last 10 or so years has to do with our unwillingness to take into consideration the unique character of our relevant markets. The similar mission statements—and typical approaches to programming—lend credence to the thought that we have been more concerned with how we

*“. . . we orchestra managers learned that, in recent years, we have spent the majority of our time and energy focused on the economic engine, at the expense of passion and quality.”*

are perceived by the “industry” than with how we can satisfy the needs and desires of our own markets.

### **Diversify Activity and Product**

Orchestras need to diversify their activities and products in order to reach more people and thereby increase both earned revenue and relevance. Over the past 30 years, orchestras have experienced a dramatic shift in the ratio of earned to contributed revenue. Thirty years ago, more than 50 percent of an

orchestra’s revenue was earned, less than 50 percent was contributed, and a small portion of the budget was met from a draw on endowment. Today, less than 50 percent of revenue is earned, more than 50 percent is contributed (including draws from endowment), and the percentage of draws on endowments themselves have increased. As they consider diversification, orchestras must also maintain their focus on their core business, symphonic music performed at a high level.

*“Orchestras need to diversify their activities and products in order to reach more people and thereby increase both earned revenue and relevance.”*

The Knight Foundation study also reports that, “. . . while sixty percent of adults express at least some interest in classical music, and nearly one-third of them fit classical music into their lives regularly, in the office and at home, fewer than five percent of the adults interviewed in fifteen communities are regular patrons of their local orchestras.” As orchestras research and

develop new products, and work to define their prospective audiences, there is a temptation to blame weak communication and marketing for the failure to attract more adults to concerts. However, I believe that the solution lies not in marketing, but rather in creating presentations in a concert hall where the atmosphere is more welcoming and comfortable.

Society is very different now from what it was 30, 50, or 100 years ago. Orchestras need to accommodate their audiences, reduce the intimidation factor, and make concert attendance an experience that is spiritual, intellectual, and social. Only when the experience matches the current social style will people come back regularly. (My favorite example of a “strange experience” to which we subject our audiences is the fact that musicians in most orchestras still wear tails, a tradition that dates to the days when musicians served in the courts of kings and princes and were classified as servants. Other servants of that day—for example, cooks and waiters—have changed their uniforms. Why musicians have not is beyond me!)

### **Become Collaborative Organizations**

Artistic organizations thrive on the creative process which requires an atmosphere of collaboration and partnership. All constituencies must be included in the collaboration in order to have an impact on the creative

process which will then lead to the generation of products suitable to today's and tomorrow's audiences.

A particularly important part of becoming a collaborative orchestra organization involves the musicians seeing themselves as partners, particularly with the board and management. We all need to leave behind the traditional “we/they” adversarial relationship. Musicians need to accept increased responsibility with authority and acquire a deeper sense of ownership. They need to join the other constituencies in understanding that everyone has a stake in the final results—artistically and economically—whether those results are positive or negative.

A few years ago, in a presentation at West Virginia University, I introduced a new concept for the governance of orchestras. The concept included the creation of a “council,” consisting of representation from the five main constituencies—board, musicians, staff, volunteers, and audiences—that would serve as a de facto executive committee for the institution, but still be responsible to a board of directors. This concept might automatically remove “we/they” from the equation and allow orchestra organizations to deal better with substantive issues.

Board members, too, must accept more responsibility and accountability for the final outcomes of their orchestras, whether artistic or economic. Board members must commit to regular attendance at concerts. If board members do not attend, why should anyone else?

Each board member needs to feel connected to the institution's mission and product by his or her participation in both the governance process and in the collaborative creativity of the organization. This may mean that boards cannot be too large, or perhaps that they need to be restructured to separate those who can fulfill these conditions from those who are there simply to observe.

*“Board members, too, must accept more responsibility and accountability for the final outcomes of their orchestras, whether artistic or economic.”*

My own conclusion is that an orchestra board of directors or trustees should not be larger than 35 members. One can always add auxiliary boards for those who are interested in, but not fully committed to, the organization. A smaller board should make it easier to recruit those who are truly committed to the organization's core values, to attending concerts, and to giving their time to the institution.

Development officers often make the case for larger boards because to them, a board member translates into a donor. However, working with donors and prospective donors on auxiliary boards can keep them well involved while avoiding the institutional paralysis that comes from having 80 to 100 people on the board, most of whom do not feel well connected to the organization.

For an orchestra to truly become a collaborative community, the music director must be at the table. Music directors are not only conductors, but also artistic leaders of their communities. Unfortunately, the current music director system in the U.S. is one in which one person is hired to provide artistic leadership for an institution that has a unique character as dictated by its specific market conditions. Music directors tend to program in a vacuum, without much attention to the specific needs and desires of the market their orchestras serve. To become part of the collaborative community, music directors must participate in establishing institutional challenges and speak convincingly about the music they plan and perform.

### **The Economic Engine**

As we think of orchestras as collaborative communities, we must not overlook the economic engine. Revenues can be strengthened and increased by approaching the entire community as “customers.” People who go to concerts should give and people who give should go to concerts. The traditional division between fundraising and ticket sales is obsolete. There is huge potential in a unified approach to customers that considers everyone both a potential concertgoer and a potential donor.

*“For an orchestra to truly become a collaborative community, the music director must be at the table.”*

In our work with Jim Collins, we developed an equation in which the numerator is the orchestra’s net cash flow, and the denominator is the number of donors/concert attendees. Developing this equation further could be a key ingredient in the future financial success of symphony orchestras. As I observed earlier, only a portion of concert attendees donate money, and only a portion of donors attend concerts. A concentrated effort to increase the number of donors who go to concerts and the number of attendees who give could result in major revenue growth. If, in addition, we succeed in expanding the total numbers of attendees and donors, the revenue increment could be vast.

Orchestras seek comprehensive solutions to their problems, but before we seek solutions, our organizations must have the discipline to confront the problems! To identify and confront problems head on is one reason that a change in mindset is so critical to the process of becoming more effective organizations. I have identified some of the changes orchestras must make to prosper in the future, and these changes need to be addressed simultaneously, not one at a time. If orchestras undertake serious organizational change work, I am convinced they will find a fast track to recovery.

---

*Gideon Toeplitz is the immediate past executive vice president and managing director of the Pittsburgh Symphony.*