

New World Symphony

TEACHER NOTES

Learning Objectives

- Explain the relationship between an organization's mission and the physical space to undertake its principal activities.
- Recognize the importance of developing reliable estimates for major projects and adjusting the estimates regularly.
- Identify the potential role of an arts organization to fulfill public needs.
- Evaluate the impact of the global financial conditions on an organization's budget forecasts and on fundraising.

Topics For Discussion

- **Physical Space and Public Benefit**

- ♦ The case described the situation that prompted the New World Symphony to seek additional space. The academy stretched the historic Lincoln Theatre to its limit, and the needs of the orchestral program demanded a larger and more flexible environment. The City of Miami Beach likewise concurred about the needs of NWS for more space. An early decision for NWS was whether to abandon the Lincoln Theatre entirely or whether to inhabit an adjunct facility as part of an institutional expansion. What factors drove the decision to develop a new location in the end? What would have been some advantages to keeping the Lincoln Theatre at the center of an expansion project?
- ♦ The City of Miami Beach insisted that any expansion by the NWS had to have a public benefit. With a chance to profit considerably from commercial developers on two desirable blocks of property, the city chose instead to grant public space and funding to NWS to become the centerpiece of a civic-minded project to serve the public good. NWS is indebted to the City of Miami Beach for its generosity and eagerness to partner with the orchestral academy, itself a 501 (c)(3) non-profit organization. Besides the WALLCAST™ concerts which attract a broad audience, one gesture that NWS administration has considered in gratitude for the city's involvement is to institutionalize the public benefit of music making in the academy. What steps can NWS take to create a culture that aims to benefit communities? How can NWS teach its Fellows about the value of music making in a community within and outside the academic curriculum?

• Planning, Forecasting, and Fundraising

- ♦ The case study unveils a scenario around planning for a new performing arts facility. The NWS formed a planning committee of administrators and trustees that met bi-weekly for several years to see the building to completion. Among the careful steps the committee took before moving forward with construction was an exhaustive “event matrix” (**Appendix 2**). How can a document like this inform decision making about a facility? What variables are essential in imagining the potential of a new performing arts center?
- ♦ With regular revisions to *pro forma* spreadsheets, the working group sought to provide the most updated and realistic projections for its new arts facility. Given the scenarios outlined in **Appendix 3**, the NWS board of directors chose a medium-to-high level of incremental operating costs for its target budget at the New World Center. While the board believed donors would be most attracted to this operating budget level, there was also a moderately high level of risk associated with this scenario. What other factors could support a “medium-high” recommendation? What are arguments for a lower risk plan?
- ♦ With the academic program holding steady in the number of fellowships, NWS needed to develop new streams of revenue. Three ideas were put forward in the case: (1) new revenue from rentals of the facility to third parties, (2) an increased annual fund, and (3) contributions to the endowment fund. On which potential sources should NWS focus its energy as the facility is about to open? What other income sources are available for the new facility? What are the most stable sources of income?
 - NWS is not a degree-granting institution, yet it is fully accredited by the National Association of Schools of Music. Currently, it does not charge tuition to its students; rather it sponsors 87 Fellows, who receive free housing and a weekly stipend for 35 weeks per year for up to three years. The NWS administration is considering charging tuition and drawing down the level of fully-funded musicians in the program. Should the NWS remain a tuition-free academy? What would be the advantages of charging tuition to its students? What are the risks involved?
- ♦ The case builds to an unexpected moment in the construction of the performing arts complex in early 2009. The global economy was in freefall, and the capital campaign for endowment funds stalled. What adjustments could the NWS working group make to the *pro forma* projections (**Appendix 3**), in light of the deep financial downturn? Should the board of trustees lower the projections for the operating budget, perhaps to a low-risk scenario? Should efforts behind the campaign be paused until economic conditions improve? What can be said to prospective donors at this time? What should the working group recommend to the board in a time of financial uncertainty?