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Reaching the Online Market at Richmond Community Music Academy



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Reaching the Online Market at Richmond Community Music Academy

Richmond Community Music Academy—the community music education division of Richmond University in Virginia—strives to impact students from all ages and backgrounds through the transformative power of music. In addition to providing private lessons, chamber music groups, and large ensembles, the organization boasts an extensive roster of academic music classes, offerings which set the institution apart from its local, regional, and national competitors. Director Kathy Keller-Allen aimed to capitalize on RCMA’s successful face-to-face classes: they could be reimagined as online courses, potentially expanding the organization’s market reach, boosting enrollment, and increasing educational access. Keller-Allen partnered with RCMA music theory and aural skills instructor Ashley Collatz to field-test the market with a single course for high school students: AP® Music Theory. This study examines Keller-Allen and Collatz’s evaluation of the initial online expansion idea and development of the pilot course, focusing on potential value and risk, market opportunities, personnel support, and financial viability. The case concludes with questions regarding the sustainability and growth of RCMA’s online initiative.

This case study was prepared by Stephanie Venturino. The **Eastman Case Studies** are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements or sources of primary data nor are they to serve as illustrations of effective or ineffective leadership or decision making.



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Community Music beyond Richmond

Founded in 1926 as the community education division of Richmond University, Richmond Community Music Academy (RCMA) aims to reach students of all ages and backgrounds through the transformative power of music. It provides private lessons, chamber music groups, and large ensembles, striving to balance the focus on performance with a substantial academic music program, which offers 24 classes each school year. The academic courses distinguish RCMA from other local, regional, and national music schools that concentrate on lessons and ensembles. Course topics include songwriting, film scoring, world music, Western music history, music recording and sound production, aural skills, music theory, conducting, computer music, jazz history, and jazz theory. RCMA's four-level music theory and aural skills curriculum—covering fundamentals, species counterpoint, form, and harmony—is particularly successful: RCMA students regularly “test out” of college music theory and aural skills classes, as well as achieve high scores on the Advanced Placement (AP®) Music Theory Exam.

Kathy Keller-Allen became the director of RCMA in September 2018. She immediately began strategizing how the organization could extend its impact beyond the Richmond metropolitan area to the wider musical community. Keller-Allen reasoned that a broader reach could increase enrollment for RCMA and perhaps its parent Richmond University, providing services for students without access to high-quality music instruction. She recognized an opportunity to capitalize on RCMA's unique and wide-ranging suite of academic music classes. The academy's successful face-to-face courses could be reimaged as online offerings and marketed to a national, even global, audience.

Keller-Allen sought help within RCMA to think through the potential of this idea. She enlisted Ashley Collatz, one of the music theory and aural skills instructors at RCMA, to play a key role in exploring an online

venture. In Keller-Allen's mind, Collatz had the passion, dedication, and determination—together with the instructional design and pedagogical experience—to formulate and carry out a project of this type. In October 2018, Collatz and Keller-Allen assessed the potential value of expanding online: they began by weighing potential risks, identifying market demand, and measuring RCMA's capacity to implement the project. Finally, they reviewed the financial viability of the initiative.

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Evaluating Online Expansion

Keller-Allen and Collatz started by appraising the merits of online programming. They determined that online offerings could both increase enrollment for RCMA and support the organization's vision to reach students far afield from Richmond with high-quality music instruction. The online courses could present opportunities for students in rural areas without the ability to travel long distances, private and homeschool students lacking in-school music instruction, and international students, especially those interested in studying music collegiately in the United States. In addition to increasing access, the courses could extend educational impact by providing a more immersive learning environment. Unlike face-to-face RCMA courses, which typically meet for one hour per week, online RCMA courses could include daily student-teacher and student-student interaction through various synchronous and asynchronous online learning tools.

But what about the demand for online academic music offerings? Keller-Allen and Collatz needed to identify a target audience and devise a communication plan to reach them. They narrowed a segment of potential

customers with extrinsic motivation for enrollment: pre-college students looking to pass college music theory and aural skills entrance exams or to excel on the AP® Music Theory Exam. In researching existing products and services, Collatz found very few online music theory and aural skills courses specifically designed for pre-college students. Furthermore, none of these offerings were university affiliated.

Keller-Allen and Collatz developed a SWOT analysis (strengths, weaknesses, opportunities, and threats) to evaluate the market environment, shown in **Appendix 1**. The tool is used to assess the costs and benefits of action based on a review of internal (strengths/weaknesses) and external (opportunities/threats) conditions at a given moment. Strengths of the online expansion include an extended reach for RCMA and Richmond University, increased enrollment from a wider customer base, and deepened learner impact through an immersive online environment. Weaknesses involve RCMA's limited financial and personnel resources, as well as the potential financial instability created by a large online expansion. In addition, RCMA's general unfamiliarity with online programming could be problematic, and a general lack of trained instructors and course designers could lead to staffing issues. Eventual competition from national and international organizations offering similar online academic music courses for the same audience could present a significant threat, as could free online resources from providers such as YouTube, Khan Academy, and Coursera. Moreover, threats include low brand recognition for RCMA and the potential for guest instructors to teach elsewhere, lessening the distinctiveness of the academy's programming. The opportunities identified were widened access to high quality music instruction for the national and international pre-college community, along with possible partnerships with public schools, private schools, and homeschool co-ops. RCMA could also recruit qualified guest instructors to teach unique subject offerings.

The potential market demand and lack of direct competition in the pre-college segment encouraged Keller-Allen and Collatz to focus on this market in the area of music theory and aural skills. They decided that additional customer discovery would be needed to determine demand for RCMA's more niche offerings, such as jazz history and computer music. Those courses could wait. Wanting to seize this opportunity with swift action, Collatz felt RCMA could become the primary provider of online music theory and aural skills courses for pre-college students, seizing the "first-mover advantage." RCMA could build its reputation in the marketplace, target untapped business opportunities, solidify a pool of loyal customers, and create strong entry barriers for potential competitors. Collatz assured Keller-Allen that free online resources would not compete with RCMA's online offerings: beyond varying in quality, these free resources rarely offer any live support or peer-to-peer interaction. In contrast, RCMA courses would feature a dedicated teacher presence and cultivate a community of learners.

Keller-Allen decided to move ahead with the project. Leading the online initiative, Collatz would design and develop the courses; she would also supervise a team of course facilitators. The two began to assess necessary personnel resources: they would need to hire course facilitators trained in online teaching, secure tech support, and procure registrar, bursar, and marketing services from Richmond University. They would need access to the university's learning management system and licensed online learning tools. One-time startup costs would be significant, including compensation for Collatz (for course design and development), a music engraver, and a post-production worker, as well as audio and visual recording equipment for instructional videos. Ongoing

Keller-Allen decided to move ahead with the idea for an online music theory and aural skills course.

costs would include course facilitator labor, licenses for additional digital resources, and course maintenance.

While recognizing the definite value of online expansion, Keller-Allen and Collatz were concerned about straining RCMA's already limited financial and personnel resources. Collatz proposed a solution: while a suite of online music theory and aural skills courses would likely be far beyond RCMA's ability to support, a single pilot course would be financially feasible. In addition, RCMA could apply for grant funding to cover the startup costs. Keller-Allen agreed with the idea. After inquiring with colleagues, she discovered Richmond University's Innovative Online Course Design grant program, which could provide funding for the pilot course's startup costs. Acting on behalf of RCMA, Keller-Allen and Collatz planned to apply for the grant in November 2018. Pending grant funding, Collatz would begin course development in January 2019 with a rollout planned for September of that year.

The team wanted to act quickly before other providers entered the market. However, they also recognized the drawbacks of the "first-mover advantage." In addition to supplying competition, "second-movers" could imitate RCMA's techniques, strategies, and offerings, as well as learn from the organization's challenges and mistakes to potentially achieve better results. Furthermore, they could take advantage of RCMA's substantial investments in customer education, staff training, and infrastructure development. Since their "imitation costs" would likely be much lower than RCMA's "innovation costs," competitors could focus on developing superior products or out-marketing RCMA.

Funding, Creating, and Launching AP® Music Theory

During the market evaluation process, Keller-Allen and Collatz identified students looking to take the AP® Music Theory Exam as a possible customer group. They decided to focus on this audience for the pilot

course, since at that time, no university-affiliated community music program offered an online AP® Music Theory course approved by the College Board. Students taking the course would receive semester grades from RCMA, and pending school approval, they could use the course for high school credit. Students with scores of three or higher on the AP® Music Theory Exam could also be eligible for college credit.

Once settled on AP® Music Theory, Keller-Allen and Collatz applied for one-time funding through the university's Innovative Online Course Design grant program. In the grant proposal, Collatz emphasized RCMA's long history of excellence in music theory and aural skills offerings, which she hoped to translate online with high quality asynchronous and synchronous instruction. Keller-Allen stressed RCMA's desire to expand its reach nationally and internationally through an online academic music program, a move that could also help the academy's long-term financial sustainability. The online AP® Music Theory course could then function as a model for future RCMA courses; it could also serve as a prototype for potential AP®-level course offerings from across all academic departments at Richmond University. The course structure and design would provide a template for these departments creating AP® content specific to their disciplines. A portfolio of AP®-level offerings would build on the university's existing pre-college summer program, allowing for sustained interaction with high school students throughout the year. In addition to serving the national and

international pre-college community, the AP®-level courses could ultimately become recruitment tools and revenue generators for Richmond University.

The online AP® Music Theory course could serve as a model for future RCMA courses or AP®-level course offerings from across Richmond University.

In the grant proposal, Keller-Allen and Collatz anticipated an enrollment of approximately 30 students for the pilot course in the 2019–2020 academic year. They priced the two-semester course at \$1,184, a mid-range value developed after comparison of tuition rates from 14 other providers of non-STEM AP® online courses (**Appendix 2**). Students demonstrating financial need would be eligible to apply for tuition discounts from RCMA. Once enrolled in the course, students would be grouped into sections according to geographic location for ease of scheduling synchronous sessions; a music theory and aural skills instructor trained in online teaching and learning would facilitate each group. The course would be supervised by Collatz, who would also participate as a course facilitator.

Appendix 3 shows the project budget submitted with the grant application. RCMA would absorb indirect costs, including registrar, bursar, and technology support. The grant funds would cover Collatz's course designer fees, in addition to payment for a music engraver, who would notate musical examples for various learning activities, and a post-production worker, who would subtitle and edit instructional videos. Most of the funding would be used to purchase high quality video and audio recording equipment: this equipment would serve not only the pilot course but also future RCMA online offerings.

In December 2018, Keller-Allen and Collatz were notified that RCMA would receive an internal grant for \$14,500 to support the pilot course project. Collatz directed the purchase and installation of all audio and visual recording equipment; she also began scripting, rehearsing, and recording instructional videos, wrapping up production of the course material by July 2019. In the meantime, Collatz submitted a syllabus and other supporting documents to the College Board, which approved the 34-week AP® Music Theory course in April 2019. By August, AP®

Music Theory was ready for online delivery.

Collatz's course design maximizes student, teacher, and social presence. The course facilitator aims to provide daily support via feedback on students' audio, video, and written assignments, as well as through group and one-on-one video conferencing. In addition to working together during group meetings, students regularly interact with each other asynchronously via online text- and video-based learning tools. They engage with course content via an online textbook and Collatz's self-produced instructional videos. The course design also offers multimedia quizzes that give immediate formative feedback and assessment. Interactive theory worksheets provide more comprehensive practice, and repertoire-based singing and rhythmic exercises sharpen student performance skills. In addition, students have access to AP® practice tests, drills, and study guides.

Obstacles to AP® Music Theory

The course creation process was not without its challenges. Copyright issues proved troublesome from the beginning. Keller-Allen and Collatz had several conversations with Richmond University's legal counsel regarding intellectual property rights and fair use. Collatz presented several scenarios. What if the course facilitator wanted to use a short

excerpt of a score from a popular Broadway musical for a homework assignment? What if the class had to study a multi-movement recording from a contemporary performer? There were boundaries about how much could be shown or played online. To avoid potential copyright issues and licensing fees, Collatz decided to rely

on pre-made digital resources from Avion Press, the course textbook publisher.

The reliance on Avion products, however, added another dimension to the issue of permissions. The publisher distributed assignments for one of the

Copyright issues hampered the course creation process from the beginning.

key learning activities, aural analysis, in print form only. In contrast, the course's textbook, quizzes, and worksheets—also produced by Avion—were digital. Collatz did not want students to purchase an expensive print book for one learning activity. Attempting to remedy the situation, she contacted the executive digital media editor at Avion and explained the problem. He gave Collatz permission to digitize and partially reinvent the aural analysis assignments for exclusive use in the AP® Music Theory course. In return, Collatz provided Avion with the digitized assignments, which were then entered into the publisher's digital resources test bank.

The negotiated terms struck with Avion had limits: the agreement would only last for three years and would apply only to second-edition materials. As a result, Collatz will need to remove the aural analysis material from the AP® Music Theory course by August 2022 or re-negotiate the permissions with Avion. While she secured the initial license for use at no cost, Collatz will need to pay a licensing fee for future permissions, an expense which could weigh on the course's profitability. In addition, the continued use of aural analysis assignments from the second edition might cause problems in future iterations of the course. After the pilot run, the course is scheduled to switch to the third edition of the textbook and other digital resources, as Avion discontinues support for all second-edition materials. The second-edition aural analysis assignments are likely to be incompatible with other third-edition content.

As the course materialized, other lingering issues centered on limited personnel resources. RCMA had agreed to absorb the indirect costs for course creation; however, Keller-Allen had underestimated the time commitment needed from RCMA administrative staff for marketing, student registration, and tech support. Moreover, the weeks leading up to the course's start date presented several administrative hurdles. The student registration system crashed during the course orientation period, delaying student access

to the learning management system and online tools. In addition, several important tech support staff took unannounced vacation time during the same timeframe, leaving Collatz to troubleshoot copious student issues. Collatz also had trouble initializing grade transfers from Avion's digital resources to the learning management system. She spent hours interfacing with Avion and the university's tech support to resolve the problem, which was the result of a bug in the publisher's online interface.

Despite these challenges, the first semester of RCMA's AP® Music Theory course was a success. Although recruitment was initially slow (with only five registrants in early August), thirty-two students from fifteen states and three countries enrolled for the fall. All but two students were from outside the Richmond metropolitan area. Collatz, who taught one section of the course and supervised another, reported high learner engagement and enthusiasm throughout the first 17 weeks, with students working diligently and regularly to meet learning objectives. She looks forward to charting student progress throughout the rest of the academic year and seeing results from students choosing to take the AP® Music Theory Exam. Keller-Allen plans to collect end-of-year data to measure engagement, learner impact, and sustainability. She will also track the number of course participants and exam takers.

The first semester of RCMA's AP® Music Theory course was a success.

Scaling AP® Music Theory

Following the first semester of the AP® Music Theory pilot course, Keller-Allen and Collatz began to think about the course's future. **Appendix 4** shows a five-year pro forma Keller-Allen developed for AP® Music Theory using a 50% growth rate devised in consultation with RCMA's finance department. She aims to have 48 students enrolled in next year's course, while keeping

the price flat for the two-semester class at \$1,184. Ongoing costs for the second year include payment for three course facilitators (up from two facilitators in the first year), 10% author royalty fees (paid to Collatz, who provides course updates as part of the royalty agreement), marketing expenses, and Avion digital resource license purchases. Keller-Allen projects that the course will have a net profit of \$31,846 in the second year, with a profit margin of 56%. She does not count fixed indirect costs—registrar, bursar, and tech support—into the projections. These costs are not specific to the online project; rather, they are necessary for the general operation of RCMA and Richmond University. She anticipates that by its fifth year, the course will generate a net income of \$112,610, with a profit margin of 59%.

Keller-Allen and Collatz have discussed two non-mutually exclusive options for scaling the pilot course. The first option focuses on recruiting individual customers with targeted online marketing via social media and internet advertising. RCMA used this option for the initial run of the course, spending \$350 on boosted social media posts and \$412 in internet advertising from July to September 2019. In addition, they marketed the course to current RCMA students via electronic newsletters and to the Richmond University community through several university-wide press releases. They could increase advertising spending and expand marketing channels as part of the scaling plan, but are unsure by how much.

The second option for growing AP® Music Theory focuses on strategic partnerships with educational institutions. RCMA could partner with public schools, private schools, and homeschool co-ops without AP® Music Theory programs, licensing AP® Music Theory content or running school-specific sections of the course. Collatz sees the most promise in this second option:

Keller-Allen still questions the demand for online music courses and worries about expanding from the pilot too fast.

she has already heard locally and nationally from several school band directors and administrators interested in arranging for private sections of the course. She thinks that this model has the potential to increase the scope of AP® Music Theory. Keller-Allen agrees in principle; however, she would like to develop a specific sales projection for this scaling model before moving ahead.

Collatz's role will likely evolve as the program expands. Keller-Allen hopes to recruit graduate music students from the university to fill course facilitator roles. These students, however, will likely be new to teaching, let alone online instruction. Collatz anticipates moving beyond the course facilitator position into a supervisory role. She plans on writing a teacher's manual and building a mandatory online orientation course—with asynchronous and synchronous elements—for all new instructors. Collatz anticipates meeting with course facilitators on a bi-weekly basis throughout the school year to provide pedagogical resources and support.

After AP® Music Theory

Keller-Allen is encouraged by the prospect of offering AP® Music Theory online, including the favorable projections for the course's future growth. She plans to use the pilot as a model for other online courses at RCMA. She would love to see online courses in songwriting, music history, and perhaps global musics. Furthermore, the online environment could allow for

guest instructors around the world to teach a larger menu of subjects. While the margins might diminish, the sky could be the limit.

In looking to expand RCMA's portfolio of online offerings, Keller-Allen still questions the demand for these academic music courses, especially for those without an established customer base. She

needs to determine market need by learning from both existing and potential customers. She also worries

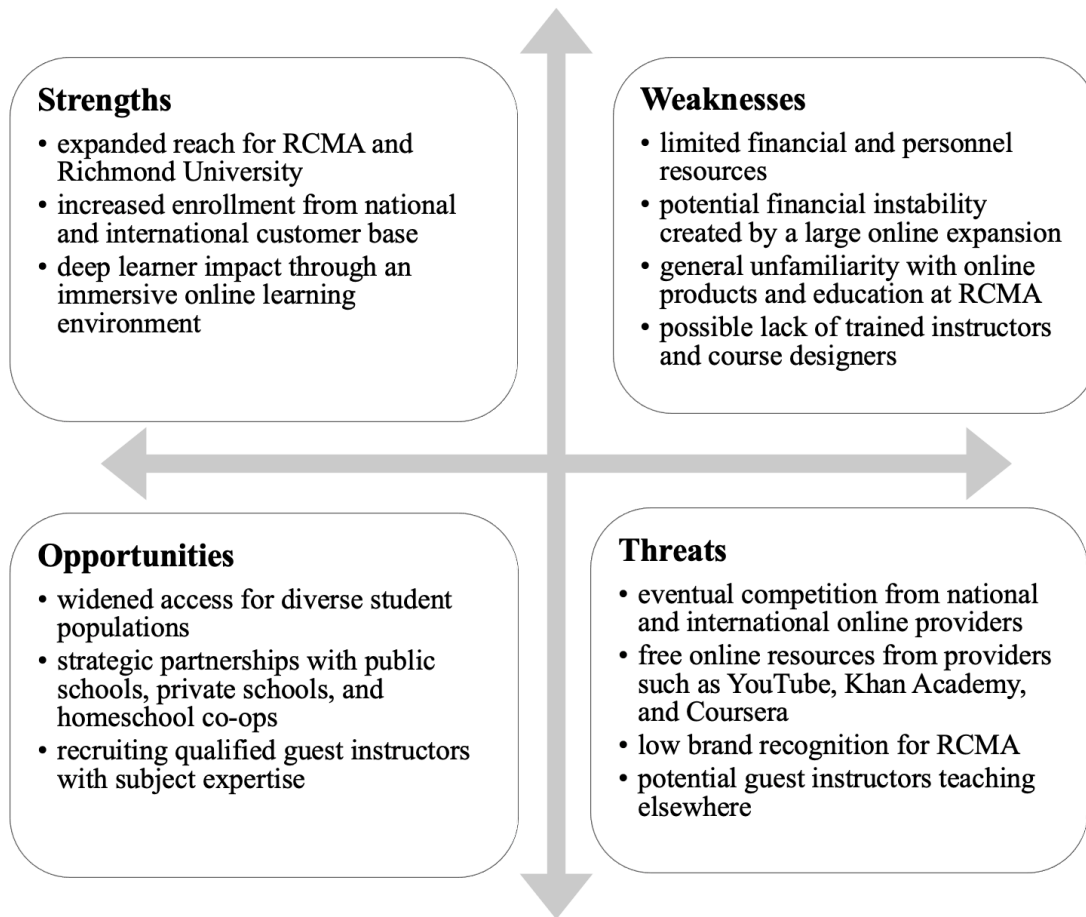
about expanding too quickly, especially with RCMA's limited personnel and financial resources. Who would lead projects outside Collatz's subject area of music theory and aural skills? How would RCMA procure course designers with the necessary combination of instructional design experience and subject-specific credentials? What about the financial resources needed to develop additional courses? Keller-Allen also anticipates the need to hire additional staff to cover tech support, registrar, and bursar demands. The one-time grant provided audio and visual recording equipment for long-term use; however, RCMA will still

need to pay course design, music engraving, and post-production costs for each new course.

Keller-Allen faces important decisions about the future of RCMA's online expansion. She needs to act soon, as the start of the fall semester is only a few months away. Should RCMA wait on other online offerings while scaling AP® Music Theory, weighing the options mentioned? Or should the organization forge ahead with another pilot course (or even multiple courses) while also growing AP® Music Theory?

APPENDIX 1

SWOT Analysis–RCMA Online Expansion



APPENDIX 2

Price Analysis—Online Non-STEM AP® Providers AP® Music Theory Grant Proposal

Online Provider	Price per academic year
Florida Virtual School	\$0
Excel High School	\$599
StraighterLine Online AP® Courses	\$650
PA Homeschoolers AP® Online	\$675
APEX Learning Virtual School	\$700
K-12 International Academy	\$900
K-12 Store	\$950
One School House	\$1,150
Northwestern Center for Talent Development	\$1,195
eAchieve Academy	\$1,354
Levine Music	\$1,450
Johns Hopkins Center for Talented Youth	\$1,500
George Washington University Online High School	\$2,400
Stanford Online High School	\$4,980

RCMA AP® Music Theory
Price per academic year: \$1,184



APPENDIX 3

Projected Budget—Startup Costs AP® Music Theory Grant Proposal

Personnel	Hours and Rate	Cost
Course designer	200 hours at \$30 per hour; 9.9% benefit rate	\$6,594
Music engraver	100 hours at \$13 per hour; 9.9% benefit rate	\$1,429
Post-production worker	100 hours at \$25 per hour	\$2,500
SUBTOTAL		\$10,523

Hardware/Software Type	Specific Item	Cost
Wired lavalier mic/recorder	Zoom F1-LP	\$169
Camera	Blackmagic Pocket Cinema Camera 4K	\$1,229
Zoom lens	Panasonic Lumix G X Vario 12-35mm f/2.8	\$898
Prime lens	Sigma DC 30mm Contemporary Prime Lens 1.4	\$339
Memory cards	SanDisk 128GB Extreme PRO UHS-II SDXC	\$416
Camera monitor	Elvid 7" 4K On-Camera Monitor with Battery, Articulating Arm, and HDMI Cable Kit	\$275
External SSD	Glyph 1 TB Atom RAID USB 3.1 Type-C External Solid-State Drive	\$280
Headphones	Sennheiser HD 280 Pro Circumaural Closed-Back Monitor Headphones	\$99
Software license	Adobe Premiere (student/teacher rate)	\$122
SUBTOTAL		\$3,827

TOTAL BUDGET REQUEST

\$14,350

APPENDIX 4

Five-Year Pro-Forma for AP® Music Theory

	Year 1	Year 2	Year 3	Year 4	Year 5
First semester enrollment	32	48	72	108	162
First semester revenue	\$18,944	\$28,416	\$42,624	\$63,936	\$95,904
Second semester enrollment	32	48	72	108	162
Second semester revenue	\$18,944	\$28,416	\$42,624	\$63,936	\$95,904
Marketing budget	\$762	\$1,143	\$1,715	\$2,572	\$3,858
Additional licenses cost	\$0	\$160	\$960	\$1,440	\$2,160
Facilitator and author cost	\$15,789	\$23,683	\$32,525	\$48,787	\$73,181
Facilitator count	2	3	4	6	9
EOY license surplus	0	4	4	4	4
License count	32	80	152	260	422
Total annual revenue	\$37,888	\$56,832	\$85,248	\$127,872	\$191,808
Net income	\$21,337	\$31,846	\$50,049	\$75,073	\$112,610
Profit margin	56%	56%	59%	59%	59%

Based on 50% growth rate and \$592 tuition per semester (or \$1,184 per academic year)

*administrative costs for RCMA remain fixed	
Facilitator cost (per semester):	\$1,500
Facilitator cost (per year):	\$3,000
Author royalty cost:	10%
Digital licenses available:	72



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