

**REPORT TO THE CHARLESTON SYMPHONY ORCHESTRA**  
**By Curtis Long**

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**CONFIDENTIAL**

The Charleston Symphony Orchestra (CSO) faces huge problems. There is a very real chance that the orchestra as currently constituted will not survive. The following includes both my analysis of what the problems are and my recommendations on how to set about addressing them. There are no easy solutions to these problems—surviving the current crisis and building an organization which can achieve more will require (1) short term sacrifice from everyone involved, and (2) management and board leadership to accept accountability for implement lasting solutions to critical long term issues.

**I. Short term problem**

The CSO's expectation that the organization is going to run out of cash (and be unable to fully fund payrolls) soon seems eminently likely to come to pass.

The community in general, and current CSO supporters in particular, have already stepped up with an immediate infusion of contributions to get the CSO through February. Other potential donors have indicated that they are going to stay on the sidelines unless and until the CSO can present a convincing case that this time it's really going to get its act together and this time it's really going to make what changes are needed to fix things. Unfortunately (in my opinion) these discussions have largely been framed around the question "how many a musician core can Charleston support?" I don't know how many potential donors fall into this category, or how much potential support they represent, but I understand that the CSO has more former major donors than major donors. The evidence I see suggests that, without such a convincing case, *including in part some amount of concessions from the musicians*, the CSO will likely not remain in business.

Obviously, I can't speak for the musicians, but, based on my discussion with musician leadership, I believe that the key to getting concessions from the musicians (i.e., that would allow the CSO to convince potential donors that its short term business plan is in line with reasonable short term revenue projections), is convincing the musicians that the organization recognizes the long term problems outlined below, and that it is serious about solving them. (Of course the musicians' attitudes about reopening the contract may change when CSO can't fully fund payrolls, but by then it may be too late).

The longer it takes to announce convincingly a 2009-2010 season, the less likely it is that that season will generate sufficient revenues to survive through next year (assuming you do find a way to get to next year). And the stronger are the signals being sent that the CSO doesn't itself expect to survive.

CSO board leadership has already slashed non-musician expenses in planning for next year. To get the rest of the way, they will need concessions from the orchestra. The musicians hold the key to solving this short term problem.

## **II. Long term problems**

For some time, the CSO has been falling short on income generation: tickets revenues, contributed income, and, perhaps, fees for services (I don't have enough information to know how much untapped potential there is in the region and what kind of margins you could realistically expect to realize therefrom). This is not just a case where the CSO hasn't quite been in line with industry best-practices; it's much worse than that:

- Inadequate staffing
- Inadequate budget
- Little or no annual planning on a strategic or tactical level (i.e., outlining what activities will be done when and by whom, and analyzing what outcomes such activities have produced in the past, and itemizing how the results of these activities are expected to add up to revenue budgets being met or exceeded).
- Inadequate and/or poorly managed database systems
- Pricing, scaling, and messaging issues in marketing
- Board participation in managed peer-to-peer solicitation seems limited and sporadic
- Frequent need to change previously announced programming

The CSO board and the community seem to have concluded that Charleston won't support an orchestra bigger than \$2.4 million. In my opinion, the more accurate conclusion would be that Charleston won't support a poorly run orchestra bigger than \$2.4 million.

While I don't have enough information to evaluate everything covered in the May 2, 2008 "In Harmony" report, I've seen enough to agree substantially with its findings and recommendations. I gather that this isn't the first time the CSO has heard such findings and recommendations, but it appears that the underlying issues persist. Indeed I don't see evidence that there has been any substantial progress on implementing the recommendations outlined in the "In Harmony" report.

Board leadership and, with their support, management, hold the key to solving this long term problem. Unfortunately, even if you take dramatic action now to fix the long term problems, you won't see results soon enough to survive the short term problem.

## **III. Cultural dysfunction**

At least some people on staff seem to have accepted the premise that the community doesn't really want an orchestra at anywhere near the CSO's current level of activity. I see this as a serious issue--if you don't believe the community really wants to buy tickets to the concerts you have to sell, chances are you won't be successful in selling them. I

don't know how much demand for CSO concerts there could be in Charleston, but I can say with a high degree of confidence that changes in Programming (and other aspects of "Product"), Pricing, Promotion and Place would lead to increased sales. The staff also feels that at times their marketing efforts are often undermined by sporadic, last-minute, uncoordinated intervention by the Music Director.

Some parts of the organization are very resistant to change, despite the fact that what you are doing now is clearly not getting the results you need. New ideas are met with "we tried that before, and it didn't work." In my experience, this too often means "we had a good idea, but we did a lousy job of executing." Crisis should be an opportunity to overcome organizational resistance to change.

There is widespread doubt about the effectiveness of current artistic leadership: the Music Director, the Resident Conductor, the functionality of the current two conductor structure, and even the need for two staff conductors, given reduced performance levels.

Musicians see what looks to them like repeated poor business outcomes (e.g., a recent family concert that sold something like 13 tickets) with no sense that staff is held accountable for these outcomes.

Staff feels that musicians often cost money and alienate potential funding sources (e.g., Piccolo Spoleto Festival) needlessly

Musicians feel that they've been invited to the table, but no one is really listening to their suggestions or concerns; the "discussion" is really the board telling them what they are going to have to do. They feel like they are being told that "we don't have any choice but to gut the orchestra, but you can decide who the survivors will be." This does not feel like a constructive dialogue about solving the CSO's problems. One musician said to me "You could cut us down to a string quartet, and it wouldn't fix the problems."

While it's clear that some members of the Board are deeply engaged in the "keep the music playing" discussions, others appear disengaged. I don't see that the board as a whole recognizes the depth of what I've called the long term problems, and is ready to roll up its collective sleeves to do whatever it's going to take to solve them. While I can understand reasons why the revised annual budget for board contributions is down more than 33% from the original budget, this does not send a message that the board is ready to lead by example.

#### **IV. Miscellaneous observations**

1. If the CSO survives, addressing marketing database issues must be a high priority. There are far too many people buying tickets anonymously (i.e., the CSO gets no information on who they are or how to tell them about future concerts). Can the City fix this issue with the Galliard box office? Is the Ticketmaster situation long-term and binding? Could the CSO outsource ticketing to the Spoleto Festival or someone else? The CSO should already know who are the most likely people to buy tickets...and what

they're most likely to buy...but in far too many cases it doesn't. Kim Cochran-Price's report suggests that RE problems are every bit as substantial, but at least there are signs that these are slowly being addressed.

2. The two-year board presidency may be exacerbating problems. The CSO seems to be stuck in a pattern in which a new president (1) comes in, (2) faces crisis, (3) makes promises to musicians and community to fix things, and (4) leaves before things are really fixed. Then you repeat the process. One might argue that fixing the problems is really the Executive Director's job, not the president's, but this is only a valid argument if you have stability, competence and exceptional leadership qualities in the Executive Director position, and give this person the authority and budget to implement change and make it stick.

3. The financial problem appears to have been inextricably linked to the number of full time musicians in many people's minds (both internally and externally). But the issue of the total amount you can afford to spend on musicians is different from the issue of how best to spend it. Indeed it would be quite possible to spend more money on a per service orchestra than you're spending now on a small full time orchestra. Given what I have to assume is a very limited pool of freelance symphonic musicians, going to a substantially per service orchestra without offering substantial service guarantees would likely be a big step back towards being a community orchestra. And going to this model with substantial service guarantees might mean that you spend the same amount of money, but get a lot fewer services for it. I'm not saying that 46 musicians is the right number for the CSO, but I am saying that having or not having 46 musicians should not be seen as the critical decision that will determine the survival of the institution.

4. The CSO acts as if it believes that it can't afford to spend money on things that would generate money (like marketing and development and in some cases programming), because this money has to be spent on the Music Director's Masterworks concerts. But budgeting is NOT a zero sum game. If planned soon by people who know what they're doing, and executed reasonably well by adequately large and competent staff, I am highly confident that the CSO would generate incremental revenues in 2009-2010 that would exceed the incremental expense. At the same time, the CSO seems to have little or no idea as to when spending money on programming will pay for itself in increased revenues, so it is moving to a philosophy of spending as little as possible. Every market is different, but I certainly see some changes that I would recommend in the proposed 2009-2010 Masterworks season that would cost little or nothing more and yet which I would expect to enhance ticket sales potential. This is not to suggest that ticket sales potential should always be the dominant factor in making programming choices, but given where you are right now, it has got to be the dominant factor in weighing programming options. Perhaps more importantly from a bottom line point of view, I'm guessing that spending more money on Pops would have a big impact on sales, if appropriately marketed.

5. I don't really have enough information to make absolute or relative judgments of the Music Director's or Resident Conductor's current contributions. Clearly, the CSO owes

David Stahl a profound gratitude and sincere respect for his long tenure of leadership. But, just as clearly, what the CSO is doing artistically is not generating a huge amount of enthusiasm in the community. There are people in town who should be coming to the CSO but who have instead written off the orchestra and don't even pay attention to what it is doing (e.g., people's belief that the recent Josh Bell concert would not have sold nearly as well if he had been appearing with CSO).

6. I don't really have enough information to express an opinion on the Executive Director's performance either. She seems to see many of the things that need to be fixed, but doesn't seem to be making rapid enough progress on getting them fixed (granted that it's nearly impossible to manage evolutionary change when you're jumping from crisis to crisis). Overseeing the planning and execution of highly professional marketing and development programs should really be her job, but she can only do this if the board gives her the authority to make decisions and the latitude to spend money on them (and, it should go without saying, holds her accountable for spending the money in a way in which the incremental returns exceed the incremental expenditures).

7. I don't have enough information to express an opinion on your Director of Marketing, either. But, I do have to say again that, if she doesn't believe in her heart that there are people out there who will buy tickets for CSO concerts, she shouldn't be the one trying to sell them. I believe that you are losing potential revenues due to pricing and scaling and messaging issues which would be relatively easy to address (e.g., the amount you have to pay for a non-terrible seat at the Gaillard is too high, your subscription discounts are not big enough, you need some cheap seats at the very front of the auditorium to enhance perceived fullness). You need a competent subscription telemarketing campaign (despite serious database issues). It used to be that it was fairly easy to reach your likely audience; in the context of the incredible changes we're seeing in both the media environment and audience buying patterns, I believe that marketing man-hours is an even more important resource than marketing budget. You don't have enough of either.

8. I know that a lot of you are committed to the Backstage Pass series (and I believe that a less formal entry point for new, and perhaps younger, audience members is an important long term audience development opportunity). But from a practical business point of view, I suspect that too much attention and effort are going into this series. Improving results modestly for Masterworks and Pops would do far more for the bottom line than getting absolutely everything right for Backstage Pass.

## **V. Recommendations:**

1. Go to the musicians with a target total amount to save out of the 0910 budget, rather than with a series of permanent position cut scenarios. Show them different scenarios for how much of this will be cut out of non-musician portions of expenses. And approach the amount that has to come out of musician expenses without preconceived notions about where it has to come from. I am guessing that some combination of leaving vacancies temporarily unfilled, suspending paid leave, taking some unpaid vacation,

and/or a slight cut in the weekly salary would let you reach your goal (of course what I think is irrelevant—that's what the bargaining process is there for).

I recommend that you position this as a temporary suspension of the old contract, not a permanent restructuring of the orchestra. Insert a new set of terms and condition that will apply for the uncertain duration of this temporary crisis, with the expectation, or at least the possibility that eventually you will revert to the old contract or something much like it, as addressing the long term revenue generation issues gives you a better idea of what kind of orchestra Charleston is really prepared to support.

I believe that, to get the musicians to agree to this now, Ted Legasey (or someone else on the board) is going to need to stand in front of them, look them in the eye, and (1) acknowledge that the revenue generating side of the CSO is lacking, and (2) personally pledge to see that the revenue generating side of the CSO is going to be fixed under his (or her) watch. This would require an acknowledgement that Legasey (or whomever) needs to be committed to stick around as president for more than two years if that's what it takes. With this pledge should also come an explicit commitment that, if and when improved marketing and fundraising efforts do generate incremental net income, some of it will go back to the musicians.

2. Then you need Legasey and/or another champion to go to the community with a case that now that our musicians have given us what we needed to bring next year's budget realistic, those who have been sitting on the sidelines need to step forward to provide both regular operating funds *and incremental "bridge" funding to support building marketing and development capacity*. Selling this to the community is going to take a lot of energy from someone who has a lot of credibility with those who are currently staying on the sidelines.

3. You need to announce your lean, mean 2009-2010 season as soon as possible. But I would urge you to bring in someone to first look at scaling, pricing and messaging, and second give you some feedback on planned programs. I believe that some revisions to the planned programming, some of which might even cost you a bit more money, would enhance your ability to generate ticket revenues for next season. {Note: Ted Legasey has asked me to provide programming suggestions; I will do so under separate cover.}