

Utah opera and symphony essay sample



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In order to develop an action plan for Anne Ewers we need to analyze and understand the financial and leadership strengths and weaknesses of the Utah Symphony Organization (USO) and the Utah Opera Company (UOC). In order for the merger to be successful, Anne will need to create some successful strategies for managing each of these concepts.

Utah Symphony Strengths

The most impressive financial strength that USO has is their endowment. By the end of 2002, their endowment was considered higher than average and they were considered at the top end of a Group II Symphony when compared to other symphonies nationally. The Utah Symphony endowment was \$10 million. Another financial strength was the projected growth in contributions and revenues. Their performance revenues, contributions, investment income, guild income and other income is all projected to increase. The total contributions received by the end of 2001 were \$12, 398, 548 while the projected contributions for 2002 is \$13, 763, 674. This is a difference of \$1, 365, 126. This is a good indication of their financial future. They also received \$3, 124, 999 in Government grants in 2001.

The USO had a strong Music Director in Maurice Abravanel. His strong leadership skills took the USO to a renowned world-class organization that toured internationally. He secured recording contracts with many different recording labels. His leadership also secured the orchestra employees full-time professional status. They continue to have strong leadership strength in Keith Lockhart as he has led them in prominent concerts such as the 2002 Winter Olympic Games. They also perform over 200 concerts per year, which

generates a significant amount of income. Keith also has directed over 600 concerts and created 50 television programs. This will help in marketing the USO.

Utah Symphony Weaknesses

One financial weakness for the USO is that there is approximately \$100, 000 bad-debt expenses which was due to pledges that weren't actually paid.

Also, the expenses of running the organization is projected to increase by \$1, 479, 391 within the next year (2002). The majority of this (\$1, 404, 159) is going to orchestra salaries, benefits and payroll taxes.

A leadership and financial weakness is the administrations inability to negotiate with union. An increase of 12. 9% for the musicians from 2002 to 2003 could cause serious risk to the overall financial health of the symphony. Additionally, due to the union contract, the Symphony is under obligation to pay musicians salaries despite whether there are good or bad ticket sales.

A leadership weakness for the USO is that they currently lack a President and CEO. This could negatively impact the merger as the symphony's key concerns, or their vision, may not be voiced or heard successfully during the implementation of the merger. Additionally, Keith Lockhart seems a little resistant to change and would prefer to use the current organizational model.

Key Steps for Utah Symphony

Anne Ewers will need to address the issues that pertain to the USO to ensure a successful merger. The most difficult issue will be the union contract. She

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should become intimately familiar with the current contract. It may even be wise to interview union representatives who are familiar with the previous “ negotiations” so she can become familiar with the “ lessons learned”. To address any of the issues, she will need to gain their trust. This could possibly be developed by interviewing several of the key players of the Symphony to ensure their concerns and opinions are heard and valued. This will also help with transparency when the merger takes place. Unfortunately, she may also need to consider a continuity plan in case the musicians go on strike. This would involve the potential of hiring temporary musicians.

Obviously Anne will need to analyze the budget and expense reports to see where she can cut expenses or increase profits. She needs to look into how the fundraising dollars are spent to ensure she is getting a better return on her investment. She should continue to and increase the applications for public subsidies, even if they get declined. Since I don’t advertising as an expense, she needs to definitely look into an effective advertising campaign to increase awareness of the concerts, which should increase profits.

The new business model and scorecard needs to be presented to the Symphony board members and all Symphony leadership personnel. This will help alleviate some questions and concerns because it lets everyone know it what direction and goals the merger will take them. Additional questions or concerns need to be addressed in a very direct way to relieve any fear or change that may be misunderstood. By presenting this to just the Symphony members they are allowed to voice concerns, ask questions and will not feel they are being pressured from Opera personnel. They will gain Anne’s trust by getting her undivided attention without any influence from Opera

members as well. It would also be wise to involve Keith Lockhart as much as possible. If she can get his “ buy-in” then half of the battle is won. This will help with the leadership issues that the company has. She can also delegate some CEO responsibilities to Keith on the Symphony side of things to help them move forward without a current CEO being present.

Utah Opera Strengths

By January 2002, the UOC endowment fund had grown to \$5 million. They also have costume assets valued at 4. 8 million and a production studio on 2. 9 acres of land. This decreases the cost of program expenses. The UOC has seen continued growth in productions and fundraising. They get a good return on their fundraising investment, as their costs are relatively low (\$210, 031 compared to the USO at \$1, 164, 026). They also have support from local and national organizations.

As far as leadership goes, Anne has a lot of experience with the Opera. She has helped reduce their debt while increasing the budget. She grew it from \$1. 5 million to \$5 million during her 11-year tenure. She has been responsible and very successful at increasing the fundraising income (including donations from outside the state. Even the projected contributions is expected to increase by \$653, 954). She has a reputation of being loyal, enthusiastic and very well capable. For example, she inherited a debt of \$450, 000 from her predecessor while in Boston. Not only did she retire that debt, but she also created an endowment fund and increased the number of productions from one to three. Overall projections are expected to increase by \$374, 843.

Utah Opera Weaknesses

Financially, the revenues for performances has continually declined. Even the projected sales has declined by \$294, 277. Government grants are 1/3 less that what the symphony gets and is also projected to decrease by \$18, 440.

The UOC was not without their share of leadership weaknesses as well. Leslie Peterson resigned as the Director of Operations at the beginning of the merger proposal. Being the daughter of the founder, Glade Peterson, essentially gave a black eye about the merger from a public perspective. This created an even bigger hill to climb for Anne Ewers as she knew the success of the merger was riding on the support of the community.

Key Steps for Utah Opera

Anne needs to find a way to increase performance revenue. This could include increasing ticket prices, increasing the number of performances, renegotiating the cost of rental at the Capital Theatre or even renting a different location at a lower cost for those performances. She should also continue to apply for government grants regardless of being turned down before or not.

Ms. Ewers needs to gain the trust of the community. She could do this by inviting key supporters into the merger process to alleviate the fear that the Opera will get lost in the merger or become subjected to the larger Orchestra and their mission. Since the departure of Ms. Peterson, Anne should quickly

promote from within and take advantage of the leadership talents that other members of the organization have in technical and relational skilled areas.

Scorecard Aspects

Symphony

I think the scorecard adequately and independently represents the cultures of both the symphony and opera. The symphony scorecard shows the current vision of the organization, which is to be a world-class symphony. The business model shows an emphasis on making enough to provide employment for 83 musicians and having “sufficient” concerts. Using the word “sufficient” is the same as “good enough”. It really lacks in the talents and abilities that the symphony musicians can provide. This leads me to believe that this is one of the reasons that Scott Parker stated that the “organization could find itself in significant difficulty”. In my opinion the business model and vision are 180 degrees from each other because one wants to be world-class, while the other wants to be good enough to get paid.

Financial – The goal of being financially stable and making a profit gives them something to work for that may keep them running during lean years and into the future. How this is to be accomplished is addressed in the “Critical Success Factor”. They plan to do fundraisers to offset the cost of lower ticket prices. The thought behind this seems to be that more customers will come and return if the prices are consistent from concert to concert. This will increase profitability. They measure their success through their profitability goal of making somewhere between \$116K to \$500K. I like

that they have set a minimum number by which they can measure their success. Without this financial goal, their business model will be unsuccessful.

Customer - The customer goals are the most critical aspect of the whole organization. Without them, they don't exist as an organization and can't accomplish anything else. The goal of being attuned to the customer and their desires for world-class performances ensures repeat and new patrons. Hiring top quality talent will not only help in meeting this goal, but it will also increase customer satisfaction. This in turn reflects on the positive feedback that exiting patrons give. This type of relationship must be established with the audience in order for the symphony to be sustainable.

Internal Process - The goal of the internal process is to make a profit. This can be done by both cutting expenses and increasing fund raising, which is recognized in their goal statement. Additionally they have recognized the need to renegotiate the contracts with the musicians knowing that the 12.9% one year and 6.8% the next would not be in line with what the organization is making in profits. Hopefully the negotiation won't state a percentage of increase per year, but a percentage of the profits that are made. It should also state that any decrease in profits will also cause a decrease in their pay. This will ensure hard work from the musicians and a strong desire to succeed. Their success in the internal process will be measured by profits.

Learning and Growth - By having a goal of a wider variety of symphonies to appeal to a more varied audience already shows that they are learning and

growing. Their ability to adapt to a variety of audiences will give them the edge over others. Specific marketing techniques and tactics will aid in reaching their desired demographics. The success of their marketing will be seen in ticket sales.

Overall - The symphony is already well established. They need to ensure the talent that is hired is there to support the organization in their mission, sustain the people in the community and appeal to the audience they have while still making a profit.

Opera

The Opera scorecard shows a vision of becoming a nationally renowned opera and a business model to improve the quality of performances and increase the endowment funds. The vision and the business model are in sync with each other as one states what they want to become, while the other states how to get there.

Financial - Like the symphony, they want to become financially stable. Additionally they want to increase their existing reserve fund. To do this they will need to raise additional funds. This will most likely take place as fundraisers. The efforts that Anne puts into fundraising, currently gives a good return on the investment. More effort will need to be made for additional fundraising. This is easily measured by seeing the reserve amount increase.

Customer - I like the goal of having regional and national acclaimed performances, which seems to be a long-term goal. The problem I have is what the success factor is and how it's measured. The want to excel in

quality performances and measure it by having sold out performances. There is some truth to that, but I feel it is missing a key component, which would be feedback from customers. I think a better relationship needs to be built with the customer.

Internal Process - The goal set in this category doesn't really belong here. They state that they want to maintain financial stability (a vague financial goal) and attract top talent (more of a customer goal). They need to focus more on how the organization is being run, or what they could do to make it better or more financially sound. The success factor indicates an internal process that deals with negotiations with selected performers. I still feel it is a little vague, as I don't know what "successful negotiations" mean. The measure seems to miss the mark as well. They will measure profitability (a financial measure) and have reviews on performances (a customer measure).

Learning and Growth - They have a goal of producing high-quality performances, perhaps five a year. This is a good goal that shows their desire to grow. Unfortunately I don't agree with how the success factor helps them achieve this goal. Measuring endowment fund growth and increased ticket sales will help with their financial goals. If they want to achieve the goal of producing high quality performances, then perhaps the critical success factor would be hiring top quality talent.

Overall - It seems to me that the overall main goals are to increase endowment funds. They have a great leader in Anne Ewers to accomplish that goal. Perhaps they should look into a marketing company to assist in the

getting the word out to give them more recognition. This may also increase awareness which in return would increase patrons at their performances.

Merged Company Balanced Scorecard

If the two companies were to be merged together, this is how I would envision their scorecard.

The vision of the Utah Symphony and Opera organization is to function as a world class, nationally renowned organization. The business model is to provide top quality performances with top artists and musicians while increasing financial stability.

Financial

- Strategic Goal: To increase profitability and endowment and become financially stable.
- Critical Success Factor: Increase endowments with new forms of fund raising.
- Measure: Increased profitability and reserves.

Customer

- Strategic Goal: Be adaptable to the desires of regional and national performances.
- Critical Success Factor: Bringing in top artistic talents.
- Measure: Have sold out performances and reach out to the community by allowing for feedback of performances.

Internal Process

- Strategic Goal: Obtain top quality talent, decrease expenses and be financially stable.
- Critical Success Factor: Develop contracts for performers.
- Measure: Hold regular reviews for performers and develop a budget.

Learning and Growth

- Strategic Goal: Increase the number and variety of performances.
- Critical Success Factor: Improved marketing plan that attracts younger audience members.
- Measure: Ticket sales and returning audience members.

Merged Company Strengths and Weaknesses

Financial

The symphony did not have much of a reserve and bringing in Anne Ewers as the CEO of the combined organizations may help them gain the financial stability they are looking for. Both organizations have resources available and they both raise a lot of funds (symphony does it through grants and Opera uses fundraisers).

On the flip side of that comes the question of how will this new combined organization come up with new ways to raise capital? The same ways the Opera raised money may (or may not) work with the symphony. We already know that grant money is not as readily available for the Opera as it is for the symphony. Therefore they may need to be more creative in their fund raising efforts.

Customer

Both organizations originally maintained top quality performances. Working as a unit in the same organization will only bring stronger top quality performers to town. Also being in tune with the desires of the community on what performances they would like to see, will help them increase the attendance to such performances.

A weakness in this area is the low ticket sales. Hopefully with a new marketing strategy and a variety of performances, this will improve.

Internal Process

Both organizations have strong leaders. Their combined strengths will help this become a successful merger and help them continue to bring in top talent.

One area that has yet to be determined as either a strength or a weakness is, the bargaining agreement with the symphony members. Depending on how it is handled will determine whether it is a strength or a weakness. If they can get the symphony members to understand the financial strains that they are in and possible tie their pay into ticket sales, then I think they would be successful. If they can't broker a deal, then the musicians go on strike and this is a huge weakness for the organization. Additionally, salaries for staff could be either a strength or a weakness.

Learning and Growth

There is a loyal audience for both organizations. A major strength in this area is that there will be an increase in the number of performances and the variety of those performances.

A weakness is that our current revenue is not meeting our expenses

Issues

There are potential issues that may arise when these two organizations combine to become one. For example, one financial issue may be coming up with the revenue to afford the full time musicians.

A human resource issue may be the chain of command. For example, Keith Lockhart reported to no one, but now under the new merger, would have a boss to answer to.

A customer satisfaction issue may be the variety and quality of the performances.

Mitigating Actions

To mitigate the finance issue Anne will need to meet with the American Federation of Musicians (the trade union that represents the USO employees) to not only negotiate, but more importantly to listen to the concerns of the USO employees and solidify a new bargaining agreement that would meet the needs of both parties. She needs to decide if she wants to keep them as they are (unionized) or whatever other options she has, such as being contractors to the symphony, once the merger takes place. Anne should listen to what motivates the musicians to play (and continue to want to play) for the symphony and go from there. She will need to also clearly state where the organization is financially so the union members can recognize that the 12.9% and the 6.8% increases would cause the organization to go under.

The human resource issue can be resolved through communication. Every full time employee of the new organization needs to understand and know what their role is. Policies, procedures, explanations and a questions and answers forum will help everyone understand the role, function and process of the new organization. The most important thing Anne can do is to keep the communication lines open.

To address the customer satisfaction issue Anne needs to develop a survey or some other form of customer feedback. A short quick survey could be given at the concert to exiting patrons while a more in depth survey could be given online. On each ticket stub print the web address for feedback. She could even have a drawing for free tickets. In order to enter for the drawing, you must provide feedback on the concert you attended.