



And the Band
Stopped Playing



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*The Rise and Fall
of the San Jose Symphony*

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Wolf, Keens & Company

Cambridge, Massachusetts

And the Band Stopped Playing

The Rise and Fall of the San Jose Symphony

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FOREWORD

In keeping with a strong belief in the inherent value of symphony orchestras, the David and Lucile Packard Foundation supported the San Jose Symphony Orchestra for more than twenty-five years. The foundation saw the symphony as a fundamental part of the cultural landscape of the local area and, along with other similarly committed funders and patrons, worked diligently to preserve it.

From 1973 through 2000, grants from the foundation supported the symphony's general operations, facilitated a broadening of the symphony's donor base, provided emergency funding to help avert projected deficits, and enabled the organization to seek expert advice and consultation aimed at strengthening its operational infrastructure and effectiveness. In addition to financial support, the foundation often assumed a convening role, bringing together a cross-section of regional leaders to meet with symphony trustees, staff, and patrons to explore ways all might work together on behalf of the organization.

Although the foundation made every effort to help the symphony to be successful, in the end, this support was not enough. It is the foundation's hope that this book will serve to inform and enlighten those who share an ongoing commitment to furthering the arts in their communities.

The David and Lucile Packard Foundation
May 2005



EXECUTIVE SUMMARY

This is a cautionary tale for other cities, for other symphony orchestras, for those in the entertainment industry, and for anyone connected with a nonprofit organization.

This book tells the story of a symphony orchestra in a particular city that went out of business in 2002. Such a local story might seem to be of only parochial interest to a small group of individuals who lived in and around that city (San Jose, California) at about that time. This was their orchestra, after all, and when it declared bankruptcy after 125 years of existence, it represented the community's loss.

But this is also a cautionary tale for other cities, for other symphony orchestras, for those in the entertainment industry, and for anyone connected with a nonprofit organization. For each, there are lessons to be learned, mistakes to be avoided, and opportunities to be investigated. This book also raises some fundamental questions about when and under what circumstances it is appropriate to terminate the life of a symphony orchestra or any nonprofit organization.

Why did the San Jose Symphony fail? Some of the reasons are familiar:

- Its operation was based on an unachievable and overly ambitious vision that grew well beyond what the community could sustain.
- It had weak leadership—board, staff, and musical.
- It spent money it did not have and misallocated the money it did have.
- It ignored sound advice from national experts even when that advice was provided free of charge thanks to the assistance of local funders.
- It had insufficient marketing and fund-raising capacities.

- It offered too much of the same product in the same way long after it was clear that there was inadequate demand.
- Its programming, said by some to be “unexciting,” did not address the realities of changing demographics and local taste.
- It ignored obvious competition locally and regionally.
- It performed in poor venues.
- It operated in a collective bargaining environment that led to too many guaranteed services for musicians, services that did not reflect the realities of the marketplace.
- It ignored obvious opportunities for partnerships in the areas of education and technology—partnerships that likely would have been met with widespread community enthusiasm and support.
- It got diverted by the fantasy of an overly expensive new concert hall even when its day-to-day operations were failing.
- Its inadequacies were tolerated for too long by local funders, thereby exacerbating the problems it faced.

All of these problems and missed opportunities are documented extensively in the following pages. But the most interesting and provocative question may not be, What went wrong? It may be, How much did it really matter?

It has long been axiomatic in the United States that a great city needs a great symphony orchestra. San Jose is a great city. But did it need a great orchestra—one with high-caliber musicians playing symphony orchestra concerts in a large downtown venue week after week? Did it need a great concert hall? Did it need a European-born music director with a fancy pedigree? Did it need all the accoutrements that go with symphony orchestra organizations—organizations established in the nineteenth-century European mold and later modeled on a very few successful institutions in select U.S. cities?

As we begin a new century and the full implications of having a great symphony orchestra are played out in city after city, it is important to raise these questions and others. Have changes in the demographics of our communities and in the entertainment marketplace changed funda-



mental assumptions about the need for professional orchestras in the traditional mold? Are rising costs and falling demand clear indications that many professional orchestras simply will be unable to thrive in the twenty-first century?

Asking who really needs professional symphony orchestras and who is willing to pay for them suggests that similar questions can be asked about nonprofit organizations in other fields. When an organization's mission, program, and operations are no longer sustainable, we ignore such questions at our peril.

INTRODUCTION





The Background

The first concert was played in 1877, and within two years the San Jose Symphony Orchestra organization was established, one of the first ensembles of its kind in the West, and indeed in the country.

In March of 1877, Rutherford B. Hayes was inaugurated as the nineteenth president of the United States, succeeding the Civil War hero, Ulysses S. Grant. The “War Between the States” was little more than a decade in the past. That same year (1877) marked the final surrender of Crazy Horse, the Native American leader who helped immortalize the Battle of Little Big Horn. Thomas Edison was in the throes of experimentation, having just announced the invention of the “talking machine,” but his extraordinary light bulb was still a couple of years in the future.

In sleepy San Jose, California, a flourishing agricultural region was becoming well known for its fruit, especially its prunes. The community had served as the first capital of the state of California in the 1850s, but its accommodations were reportedly so poor that it did not retain that distinction for long. Indeed, an old photograph from the 1860s providing a view from San Jose’s courthouse does not depict a promising metropolis—it shows a vast plain broken up by perhaps two dozen ramshackle dwellings. This was not the place one would have imagined a state capital . . . or a symphony orchestra.

Yet it was in this unlikely locale and era that a symphony orchestra was born. The first concert was played in 1877, and within two years the San Jose Symphony Orchestra organization was established, one of the first ensembles of its kind in the West, and indeed in the country. It would be another two years before Henry Higginson established the Boston Symphony, twelve years before the founding of the Chicago Symphony, and more than twenty years before the Philadelphia Orchestra was established. Indeed, of the so-called “big five” orchestras, only New York’s predated the



formation of the San Jose Symphony Orchestra. Neighboring San Francisco would not form its orchestra until 1911, almost thirty-five years later.

One hundred and twenty-five years after the first orchestra concert in San Jose, the music stopped. On December 16, 2002, the San Jose Symphony filed for bankruptcy. Some had hoped for a reprieve for the organization—more time to raise money to get the organization back on track. But for them, the news was as bad as they could imagine. Unlike some orchestras that had filed for bankruptcy only to reorganize as newer, stronger organizations, the SJS bankruptcy ended the organization permanently. The assets were sold, and the organization ceased to exist.¹ The orchestra that had once been the pride of a growing city went quietly, with minor press coverage and with little hue and cry from the community.

- How could this have happened?
- Who was to blame?
- Where was the community support?
- What did this portend for the future of classical music in San Jose or orchestras in America?
- What does this tell us about the management and governance of a nonprofit organization and when it might be appropriate to close it down?

The answers to these questions are not simple. No single group was to blame for the demise of the SJS, and many good people tried hard to save it. Nor was there any single factor that can explain the symphony's demise. But understanding what happened and why it happened may help other communities understand how a major artistic resource can be lost. Such an understanding may also serve as a wake-up call for other orchestras—or other nonprofits—in other places.

Understanding what happened and why it happened may serve as a wake-up call for other orchestras and other communities.



The Symphony Orchestra as an American Institution

The history of the symphony orchestra in America can be divided into four distinct periods.

By mid-century, nearly every major and moderate-sized city in America had an orchestra, and some had more than one.

EARLY ORIGINS: Before 1900, symphony orchestra activity was sporadic and dispersed with almost no professional ensembles except in a few major urban centers. Though the phenomenon of the European-style symphony orchestra was based primarily in the East, a few orchestra institutions made their way into the West. The first concert of San Jose's orchestra in 1877 is quite extraordinary considering that the most important symphonic works of such major orchestral composers as Brahms, Dvořák, and Tchaikovsky had yet to be written.

THE DELUGE: At the turn of the century, orchestras began to spread throughout the land, and the formation of new institutions was unprecedented for the next half century. Americans desiring classical music no longer had to depend primarily on Europe. With European immigration at an all-time high, the available pool of European-born American musicians was growing. That same influx of Europeans brought audiences with a taste for classical music that itself was primarily European in origin. As the wealth of these immigrants increased, so did their support for the American orchestra. By mid-century, nearly every major and moderate-sized city in America had an orchestra, and some had more than one. These orchestras employed musicians primarily on a freelance (per service) basis, and most had other jobs. Indeed, the idea of a salaried workforce of musicians playing for an orchestra year-round was practically unheard of. At the same time, because costs were relatively low by today's standards (even adjusted



for inflation), typically, a handful of donors was able to cover the small shortfall between earned income (primarily from ticket sales) and expenses.

PROFESSIONALIZATION AND INSTITUTIONALIZATION: Just after the middle of the twentieth century, there was a fundamental reassessment of what the country had managed to create. From many quarters, the issue was the same—there were many orchestras but not enough of them were musically great or institutionally stable. The result was a rush to build year-round, high-level professional orchestra institutions that would become the envy of the world. Offering musicians predictable employment at higher wages, professionalizing staffs, building endowments—all of these were seen as important strategies to achieving the goal. After an investment of hundreds of millions of dollars, the goal was achieved in a large number of cities. American orchestras did become preeminent in the world, a development aided by enhanced pay for musicians (major orchestras went to full-time, year-round salaries beginning in the 1960s), larger and better-trained staffs (especially in marketing and development), and a strong feeder system of homegrown, conservatory-trained musicians of the highest caliber. Endowments and budgets grew exponentially. So did audiences.

American orchestras did become preeminent in the world, but then, in the final quarter of the twentieth century, some fault lines began to appear.

CHALLENGES: Then, in the final quarter of the twentieth century, some fault lines began to appear. Orchestra expenses were growing faster than revenues.² The number of concerts continued to grow—initially to satisfy audience demand, but later to satisfy the employment terms of musicians who now depended on orchestras as a prime source of income. As immigration shifted away from Europe, that sector of the audience, so loyal in its support, began to age. At the same time, the costs of tickets escalated, frequency of attendance declined (as did subscription buying), and empty seats became an increasingly noticeable problem in concert halls. Another contributor to the audience decline was a major disinvestment



There is no question that the musical product of the San Jose Symphony improved during this time. Unfortunately, few people foresaw just what it would take to sustain the new larger institution.

in public school music education that began in the 1970s. With less exposure to classical music and instrumental lessons,³ fewer members of the younger generation showed an interest in orchestra concerts. The development of new technologies was also a factor. Ironically, technology had once been a boon to orchestras, contributing a new income stream through the sale of recordings. Now technology was drawing people away from the live concert hall performance experience. Well before the century's end, many orchestras were in trouble—some in serious trouble—and a series of bankruptcies, which began with the failure of the fifty-three-year-old Oakland Symphony in 1986, shook the industry.

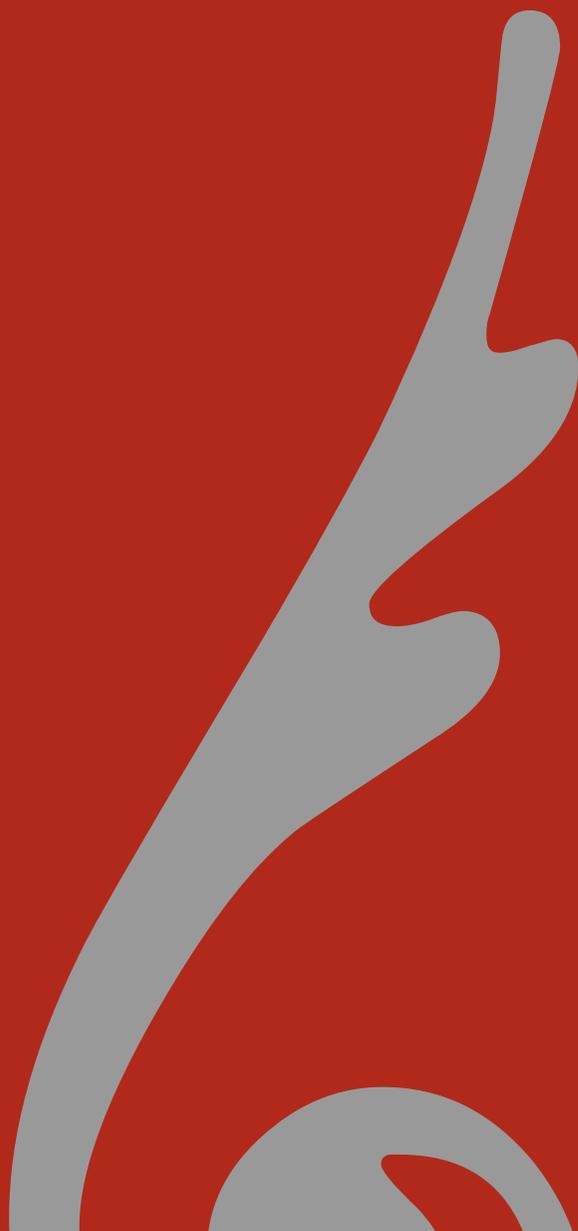
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To some extent, the history of the San Jose Symphony mirrors that of the orchestra industry as a whole. From its nineteenth-century roots, it remained primarily a small, nonprofessional community orchestra for most of the first hundred years of its existence. Its budgets were modest. But after 1972, with the hiring of Music Director George Cleve and the national trend toward growth, it rapidly expanded into a professional orchestra. With that professionalization came a better-trained corps of musicians and, ultimately, the creation of a professional staff and a separate foundation with an endowment to ensure long-term viability.

There is no question that the musical product of the San Jose Symphony improved during this time. Unfortunately, few people foresaw just what it would take to sustain the new larger institution. Deficits grew and audiences were insufficient to consume the added supply of product. Appeals to the community to “save the symphony” became more frequent. In the final years, after several last-ditch efforts to keep the symphony afloat—many led by high-profile leaders such as the mayor and the publisher of San Jose's major newspaper—the will to keep the organization going simply was not there.

PART I

THE MARKET





Demand

The Classical Music Audience

From a demand perspective, this seemed to be an ideal marketplace for a symphony orchestra.

By national standards, the classical music audience in the San Jose Symphony's prime market was large during the 1990s, the final decade for the SJS. Both in San Jose City (where rates of participation in classical music approached 25 percent) and the balance of Santa Clara County (where they stood at 27 percent), the rates exceeded the national average (16 percent) by a considerable degree.⁴ This is hardly surprising in an area (Silicon Valley) in which one third of all people over the age of twenty-five held a bachelor's degree or better and in which the average household income was \$72,000.⁵

Among the broad population, 25 percent of respondents to a 2002 survey conducted by Cultural Initiatives Silicon Valley said that if they had an opportunity to learn a new form of creative expression, it would be playing a musical instrument.⁶ This rated considerably higher than painting, photography, acting, creative writing, gardening, and carpentry. From a demand perspective, this seemed to be an ideal marketplace for a symphony orchestra.

Spheres of Influence

Yet in looking at the demand in a more nuanced way, San Jose and the SJS represented only one sphere of geographic influence for classical music consumers in Silicon Valley. Other spheres directed demand away from San Jose. Palo Alto and Stanford University, less than an hour away and with a world-class presenting series ("Lively Arts"), served a highly educated audience and controlled much of the demand for classical



music in its local area. Montalvo and the Flint Center were two additional Silicon Valley anchor venues with their own established spheres of influence. Then there was San Francisco. The primary market area for the major San Francisco performing arts organizations encompassed the northern part of Silicon Valley, which overlapped the SJS's market area.

The draw of San Francisco on SJS audiences was typical of a problem encountered by many cultural institutions that find themselves within the shadow of large and culturally important cities. Such cities often boast internationally acclaimed cultural institutions, which are often able to allocate large marketing budgets to an ever-expanding geographic base. In the orchestra industry in recent years, these large institutions have been facing declining audiences and thus have been searching ever more widely for people to fill seats.

A survey of Silicon Valley audiences conducted in 1997⁷ revealed that almost as many people attended events outside of Santa Clara County as in San Jose. Fully one third of all attendances by Santa Clara County residents were either in Bay Area locations other than Silicon Valley or beyond. Seventeen percent of large entertainment program ticket buyers for San Francisco–based attractions came from the SJS's market area. For classical music organizations, the impact may have been somewhat more modest—more like 5 to 10 percent of their ticket sales.⁸ Yet given the size of their audiences, this represented a lot of ticket activity.

Using conservative figures, the combined draw of the San Francisco Symphony, Opera, and Ballet would have amounted to as much as \$5 million in ticket sales from the SJS's market area. The San Francisco Opera, in using a broad definition of Silicon Valley that included parts of San Mateo County in 1998, drew 18 percent of its subscriber base and 14 percent of its single-ticket sales from Silicon Valley. That amounted to \$3.2 million in ticket sales for the opera alone in a year when the SJS's ticket sales were only \$2 million.

A survey of Silicon Valley audiences conducted in 1997 revealed that almost as many people attended events outside of Santa Clara County as in San Jose.



Cocooning Behavior and Avoidance of the Concert Hall

The huge potential market for classical music and symphony orchestra concerts in the United States is maddeningly difficult to attract to the concert hall.

Recent research reveals both good news and bad news for symphony orchestras trying to attract classical music lovers. Roughly 10 to 15 percent of Americans have what might be termed a close or moderately close relationship with classical music, and again as many have weaker ties. This is a great deal higher than previous estimates. Yet only half of those who express the very highest levels of preference for attending classical music actually attend live concerts, even infrequently.⁹ This huge potential market for classical music and symphony orchestra concerts is maddeningly difficult to attract to the concert hall for the following reasons:

- Radio is the dominant mode of consumption of the art form.
- Recordings constitute the second most frequent mode of consumption.
- Live concerts rate a distant third.

In terms of settings for the consumption of classical music, the patterns are strikingly similar:

- The automobile is the most common setting for experiencing the art form.
- The home is next.
- Informal venues (schools, churches, private homes) constitute the third most popular setting.
- The concert hall rates a distant fourth.

In Silicon Valley in the 1990s, these preferences were reflected and amplified. Commuting was a way of life, and the car's tape deck, CD player, or radio could offer high-quality music and sound twenty-four hours a day. The intense pattern of work for those whose demographic profiles fit the potential classical patron (high education, high income) put significant pressure on discretionary free time, making it difficult for arts



organizations to capture some of that free time. The preference for technology as the primary purveyor of classical music in this geographic center of technological innovation was high, as was the value placed on entertainment options in the home or close to home. In this environment, the SJS's challenges were daunting.

Supply and Competition

Silicon Valley

In the fertile classical music environment of Silicon Valley, there was a rich array of classical music organizations and programs. The classical music enthusiast in Silicon Valley had many options, often several each week and many close to home (see Appendix A: The Competitive Marketplace for Classical Music in Silicon Valley). Thus, despite clear demand for the classical music product, there was a great deal of competition for the SJS. It was far from the only game in town.

Research carried out for this project during the season following the demise of the SJS indicated that at least fifty-four organizations were offering 387 classical music events in Silicon Valley. This was, of course, only a small fraction of the total events available in the entire Bay Area.

Of the fifty-four organizations offering classical music concerts, a surprisingly high number (twenty-eight) were orchestras providing 190 performances during the season. The orchestras were comprised of:

- Five professional symphony orchestras
- Nine community orchestras
- Four professional chamber orchestras

Despite clear demand for the classical music product, there was a great deal of competition for the San Jose Symphony. It was far from the only game in town.



- One amateur chamber orchestra
- Nine youth orchestras

Additionally, Silicon Valley offered another twenty-six organizations providing 197 performances of classical music:

- Four opera companies
- Nine choral groups
- Ten performing arts series
- Three classical music festivals

With the exception of July, at virtually any time of year, people were able to take in a classical music performance in Silicon Valley several times a week.

With the exception of July, at virtually any time of year, people were able to take in a classical music performance in Silicon Valley several times a week. Furthermore, most people did not have to travel far to hear a classical music concert, as the distribution of performances by geography was very broad:

- Palo Alto/Menlo Park/Los Altos/Mountain View: 151 performances
- San Jose/Santa Clara: 121 performances
- Saratoga/Cupertino: 32 performances
- Santa Cruz/Gilroy/San Juan Bautista/Salinas: 31 performances
- Fremont/Hayward/Livermore: 27 performances
- San Mateo/Redwood City: 25 performances

Some have argued that this seemingly vast supply of product is irrelevant because the SJS's offerings were generally of much higher quality than those of most of the competition. But admissions data indicate that regardless of quality, these other organizations were drawing audiences (close to 100,000 admissions per season). Whether or not the quality approached that of the SJS (a subjective question at best), people were still buying tickets.

In addition to the many opportunities to attend live classical music events in Silicon Valley, for those willing to travel to San Francisco, the opportunities expanded exponentially.



Given the many organizations and programs being offered, it was imperative for the SJS to differentiate itself and make a case for why it was unique and indispensable to the community. This was one of many areas in which the organization fell short.

San Francisco's Supply of Product

If Silicon Valley offered a dense array of classical music events, the picture became even more competitive when San Francisco and the balance of the Bay Area were thrown into the mix. For many in Silicon Valley, the drive to San Francisco took an hour or less. For those patrons for whom quality was the hallmark of their concertgoing decision, the San Francisco Symphony represented an undisputed premier option. For others, whose preferences might be quite specific concerning subforms of classical genres or classical music superstars, a variety of venues offered an array of artists and ensembles of the highest quality.

The sheer volume of San Francisco-based organizations, and their variety, was daunting. In 1981 and 1986, the San Francisco Foundation conducted two surveys (entitled "ArtsFax") of nonprofit arts organizations in the Bay Area.¹⁰ One of the findings of this work was that the number of nonprofit arts organizations in this region had grown from about thirty in 1960 to nine hundred in 1980, a growth rate that is probably unprecedented in almost any other city in the United States during that thirty-year period. After 1980, the growth continued. It is easy to see why the attraction of San Francisco was so strong for many people in the SJS's market given the array of choices.

And strong it was. An economic demand analysis conducted in 2002 estimated that San Jose-based organizations were losing about half of the total audience for classical music, opera, and

The sheer volume of competing San Francisco-based organizations, and their variety, was daunting.



ballet to organizations elsewhere (mostly in San Francisco).¹¹ The problems for the San Jose Symphony escalated as its own volume of product increased and the organization had more tickets to sell. More organizations offering more entertainment “product” in more places turned out to be a recipe for big problems.

The conclusion to be drawn is that the SJS could not sustain the level of audience it required given the extremely competitive marketplace. It failed to fit neatly into the Bay Area infrastructure with a clear and differentiated mission, program, and audience-development strategy. It was unable to make the case for why it, among many other options, was worthy of greater attendance and financial and community support.

A conclusion to be drawn is that the San Jose Symphony could not sustain the level of audience it required given the extremely competitive marketplace.

Consumer Preferences

Silicon Valley on the surface appeared to offer a strong classical music audience, as do many communities with similar income and education statistics. But it is important to look more deeply to understand what these potential ticket buyers actually wanted. Like many orchestras, the SJS did not bother to ask. Two studies conducted after the demise of the SJS did ask, and they shed light on local classical music consumers and their preferences.

Overall, the findings confirmed the high interest in classical music, the prevalence of electronic delivery systems and non-concert-hall settings in people’s lives, and the preponderance of San Francisco as a competitive marketplace. But they also revealed new information such as consumers’ dissatisfaction with the SJS programming, dislike of its venues, and the tremendous diversity of alternative musical tastes even



among serious classical music lovers. Much of this information could have helped the SJS redirect its priorities in the final years.

The first study was an online survey in which 641 individuals participated. The other was a focus group effort. Both were intended to further an understanding of how Silicon Valley audiences experienced classical music.¹² Neither worked with a representative sample of respondents, yet the geographic distribution of the online survey results matched pretty closely the distribution of ticket buyers for the SJS in its final years, and the focus group participants were taken from the online respondents.

Findings from the Online Survey

Respondents to the online survey were, as a group, very involved with classical music, most describing themselves as “critical” listeners. They were, predictably, very well educated. Almost all had played an instrument at some time in their lives. A high percentage had attended the SJS at some point, with 24 percent having attended one of the concerts in the final season.

Diversity of taste: Even among this highly motivated group of classical participators, preference for many other genres of music was strong, especially jazz and classic rock. This indicates that the SJS was competing not only with classical music organizations but also with a myriad of other purveyors of music. It also indicates that potential patrons may well have welcomed greater diversity of programming (which is confirmed by additional findings below).

Draw of San Francisco: About half of those surveyed indicated attendance at San Francisco concerts, confirming statistics given earlier from other surveys.

Surveys revealed consumers' dissatisfaction with the San Jose Symphony's programming, dislike of its venues, and a diversity of alternative musical tastes.



The Center for the Performing Arts, the San Jose Symphony's main auditorium, rose to the top of the venues rated "poor or fair."

Dislike of venues: The data suggest a low level of satisfaction with the performance venues most frequently used in the area for orchestra concerts. Seven venues were preferred as favored halls for classical music over the auditorium most frequently used by the SJS, the Center for the Performing Arts (CPA) in San Jose. In fact, looking at the data in terms of negative preference, the CPA rises to the top of venues rated "poor or fair" (35 percent).

Preference for electronic media: In the area of electronic media, the survey found the following:

- Of those who described themselves as critical listeners, three quarters listened to classical music on the radio several times a week (roughly half listened daily). Pretty much the same percentage listened to classical recordings several times a week (about a third daily).
- Even those who described themselves as casual listeners had high rates of regular listening to radio and recordings (one third listened several times a week to each).
- The average critical listener owned over 250 classical recordings.
- Ownership of classical recordings was high even among those who had never attended an SJS concert (82 recordings).

Focus Group Findings

Two focus groups were conducted—one devoted to self-described critical listeners, the other to self-described casual listeners.

Emotional connection to classical music: It was no surprise to hear that critical listeners were passionate about classical music. Surprisingly, so-called casual listen-



ers were no less so. Their connection tended to be emotional, not intellectual, and they used classical music as a means of channeling emotions and enhancing experiences. Many recounted milestone experiences in their lives that were connected to classical music. These individuals tended to be suspicious of their more knowledgeable peers—those they would meet in a concert hall who they said tended to “listen for mistakes.” Clearly, the concert hall needed to be friendlier to their style of emotional listening to attract this group.

Didactic nature of programming: Respondents expressed some frustration with the didactic nature of the programming of the former SJS, complaining that they were being force-fed music that others thought was good for them. Traditional programming did not capture the imagination of many of them.

Informal presentation and settings: For many people, the concert hall and the concert experience were neither friendly nor welcoming. People were looking for more informality, with music provided in natural settings such as public parks and amphitheaters. Authenticity of setting was the underlying construct—music that relates thematically or emotionally to the setting.

An emphasis on learning: Several participants—both critical listeners and casual listeners—suggested that an organization that helped both children and adults appreciate music would be good for the community. Although the SJS had had an active education program, most seemed unaware of it.

Casual listeners' connection to music tended to be emotional, not intellectual, and they used classical music as a means of channeling emotions and enhancing experiences.



Ticket Sales

Comparisons with National Data

How was the SJS doing in its competitive marketplace? The answer to this question depends on one's point of view. The majority of orchestras have seen declines in overall tickets sold over the past decade, though in most cases, these declines are masked by increases in ticket price.¹³ Nevertheless, by an actual measurable comparison to other orchestras in other markets, the SJS was not doing especially well. Surveys indicate that on average an orchestra can expect to capture approximately \$2,500 per thousand adults in ticket sales per year in the market area (generally defined as a thirty-mile radius). The San Jose Symphony was capturing only \$1,738 per thousand.¹⁴ Given the competitive realities of the marketplace, perhaps it is no worse than what might have been expected. Nevertheless, it does help explain why the SJS was struggling to fill its houses.

On average an orchestra can expect to capture approximately \$2,500 per thousand adults in ticket sales per year. The San Jose Symphony was capturing only \$1,738 per thousand.

Highlights

Appendix B summarizes ticket sales from the 2000/2001 season, the last full season of the SJS. Following are some highlights of the ticket sales data.

- For most of the concerts, one third to one half of the tickets were unsold. For some, the number of unsold seats exceeded 50 percent. One wonders why this data alone was not sufficient grounds for reducing significantly the number of concerts.
- Of the seats that were sold, the vast majority went to subscribers, many of whom did not show up. This resulted in houses that often had more seats unfilled than filled, exacerbating the empty house syndrome.



- Although no demographic data on the audiences exist, it is well known that orchestra subscribers (who made up the vast majority of SJS audiences) are more likely to be older, wealthier, and white than are single-ticket buyers. With houses often consisting of as few as 10 percent single-ticket buyers, audiences were skewed away from the population with the greatest potential for future growth.

The Signature Series

- The core series, called the Signature Series (with twelve concerts), sold at an average capacity of 56 percent, or just over half the house. Of this 56 percent, three quarters of the sold seats went to subscribers, many of whom attended only occasionally. Thus, empty seats were often more plentiful than filled seats, making it difficult to create the illusion of success.
- The Signature Series concerts ran on Fridays at the Center for the Performing Arts (CPA), Saturdays at the CPA, and for most of the concerts, Sundays at the Flint Center in Cupertino. Fridays sold least well, at 45 percent capacity; Saturdays sold at 61 percent capacity; and Sundays at 63 percent capacity (Flint was a slightly smaller space at 2,427 rather than 2,673).

With houses often consisting of as few as 10 percent single-ticket buyers, audiences were skewed away from the population with the greatest potential for future growth.

Other Concerts

- The three-concert Family Series (held on Sundays at the CPA) sold at an average of 66 percent capacity. Again, almost 71 percent of the seats were sold to subscribers with fewer than 20 percent of the seats occupied by single-ticket buyers.
- The four-concert Familiar Classics Series (held on Saturdays at Flint) sold at 52 percent of capacity. Of this 52 percent, 66 percent were seats sold to subscribers.
- The six-concert SuperPops! Series sold at an average capacity of 68 percent (at Flint). Of this 68 percent, 84 percent



An empty house creates the illusion of failure and makes those who are in attendance wonder what is wrong.

were seats sold to subscribers. This means that around 10 percent of the seats in the hall were occupied by single-ticket buyers, and roughly a third of the seats were unsold.

- The two special concerts held at the CPA sold at 47 percent of capacity. Neither of these events had subscribers. They were both held on Saturdays.
- The fullest house was a Saturday night pops concert with Lou Rawls. That sold 75 percent of the house (at Flint).
- The least-well-attended houses were two Friday night Signature Series concerts (September 22, 2000—the first of the season, and March 22, 2001), which were only at 37 percent of capacity. These were both held at the CPA.

The consequences of empty seats are many. The most obvious is lost income in the form of tickets not sold and also in the form of donations since ticket buyers are most likely to contribute. Empty seats also have a psychological impact on an institution. An empty house creates the illusion of failure and makes those who are in attendance wonder what is wrong and, in some cases, whether they made a mistake in coming. Over the long term, an institution cannot sustain itself when its audience begins to doubt the wisdom of their support.

PART II
FINANCIAL AND
ORGANIZATIONAL
ISSUES





Budgets and Financial Controls

There was wide agreement among those interviewed that financial mismanagement at the San Jose Symphony contributed to the organization's downfall.

In interviews, many people close to the San Jose Symphony in its final years identified financial and organizational issues that they believed were contributing factors to its demise—mismanagement of the finances, unchecked musician compensation, and inadequate leadership. In this section, we will assess the first assertion; in the next two sections, we will look at the others.

Annual Operations

There was wide agreement among those interviewed that financial mismanagement at the San Jose Symphony contributed to the organization's downfall. An analysis of the financial history of the SJS over its final six years confirms this view.

The following pages present a reconstruction of the financial history of the final six years of the San Jose Symphony based on public documents. Figure I shows annual operations, including revenue, expenses, and net income for 1997/1998 through 2002/2003.

Declining Revenues

Key declines in revenue, as indicated in Figure I, occurred during the final six years of the orchestra.

- Overall revenue declined from \$6.5 million to \$5.2 million between 1997/1998 and 2000/2001 (the last full season of the SJS). In percentage terms, the decline was over 20 percent.



- Ticket sales were healthy through 1999/2000. Thereafter, they fell (almost \$300,000 in 2000/2001 alone or 12 percent in a single year). In 2001/2002, the season was not completed. Ticket sales stood at \$675,000 (as compared with \$2.13 million the year before) by year's end.
- Services sold to other organizations declined. With the local ballet company experiencing its own problems, SJS services sold to the ballet decreased. Sold services, which had stood at over \$450,000 in 1997/1998, declined to \$90,000 in 1999/2000. There was a slight increase the next year and a decline again in 2001/2002.
- Perhaps most significant in dollar terms was the fact that private sector support declined a whopping 51 percent (\$2 million) in the years between 1997/1998 and 2001/2002, from \$3.9 million to \$1.9 million. The decline was steepest between 1999/2000 and 2000/2001, when it went from \$3.4 million to \$2.2 million.

Expenses grew by 37 percent in the same years that revenue was declining by 21 percent.

Increasing Expenses

- Expenses grew by more than a third, from \$5.6 million to \$7.7 million during the period 1997/1998 to 2000/2001 (the final complete season). In percentage terms, this was a growth of 37 percent in the same years that revenue was declining by 21 percent.
- Salaries and wages increased 11 percent overall in the three years between 1997/1998 and 2000/2001, as indicated in Figure I. When payment for substitute players is factored into the total compensation, the increase was almost 20 percent.
- The line item for guest artists more than doubled during this same period, from \$313,000 to \$680,000.
- Expenses for telemarketing and advertising increased almost 50 percent during this period, in spite of the fact that ticket sales declined.



Figure I:
San Jose Symphony Financial History (based on Forms 990)

Revenue	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
EARNED REVENUE						
Ticket sales	1,606,361	2,079,681	2,411,715	2,128,482	674,934	81,035
Sold services	456,220	239,030	89,461	170,828	79,544	0
Orchestra camp	0	0	0	0	78,501	0
Orchestra tuition	0	0	0	11,750	11,404	0
Other revenue	62,738	35,622	40,957	128,591	39,626	1,500
Interest	1,301	16,667	42,080	50,407	33,264	73
Sale of assets	0	60,466	(4,437)	0	78,440	0
Contributed support						
Private sector support	3,939,632	3,760,037	3,354,831	2,243,890	1,908,967	161,032
Government support	487,936	420,353	408,295	438,717	415,587	0
Total Revenue	6,554,188	6,611,856	6,342,902	5,172,665	3,320,267	243,640
EXPENSES						
Salaries and wages	3,033,622	3,131,144	2,665,034	3,386,622	1,197,387	49,821
Employee benefits	318,829	389,573	334,310	190,811	202,690	24,771
Payroll taxes	277,625	292,699	347,757	309,859	193,173	6,493
Guest artists	312,955	442,145	711,732	679,976	152,460	0
Substitutes	0	0	204,652	234,975	139,033	0
Accounting fees	5,036	10,291	16,175	18,825	79,250	5,050
Legal fees	22,941	11,603	225	0	17,260	45,115
Supplies	19,287	21,930	18,951	24,859	12,982	0
Telephone	16,714	19,788	23,172	19,098	16,789	3,623
Postage/shipping	31,901	22,545	24,637	25,192	30,667	1,243
Occupancy	329,950	288,526	425,195	688,257	282,473	9,795
Equipment rental/purchase	166,024	197,852	232,224	185,771	47,196	0
Printing/publications	87,704	90,759	226,712	37,035	34,709	0
Travel	0	11,365	7,781	1,460	8,081	0
Interest	82,388	77,991	96,228	134,502	52,680	3,837
Depreciation	34,671	28,039	43,774	54,181	44,016	0
Insurance	25,807	32,756	31,252	32,169	40,519	5,382
Consultants	28,424	51,563	138,222	191,478	131,348	68,989
Telemarketing/advertising	466,236	471,244	508,428	694,493	145,966	0
Other	329,175	329,635	698,372	748,130	206,562	26,366
Total Expenses	5,589,289	5,921,448	6,754,833	7,657,693	3,035,241	250,485
Net income	964,899	690,408	(411,931)	(2,485,028)	285,026	(6,845)
Adjustment made 2000/2001*		(631,000)				
Adjusted net income		59,408				

*FY 2000/2001 Form 990 indicated an adjustment for a loan from Silicon Valley Arts Fund prior to 6/30/99 that was allocated inappropriately as revenue. The adjustment is entered in the appropriate year for this analysis. Accordingly, fund balance numbers for 1998/1999 and 1999/2000 are different from those reported on those years' Form 990s.



- The allocation for administrative costs more than doubled during this period, from \$840,000 to \$1.8 million, as indicated on the third line of Figure II below. In dollar terms, this was more damaging than the increases in other categories, including orchestra player costs.

Figure II: San Jose Symphony Operating Expense Program Allocation (based on Forms 990)

	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Concert services	4,745,844	4,943,851	4,966,770	5,675,096	2,047,295	119,385
Youth orchestra	0	76,122	154,354	153,119	37,782	0
Administration	843,445	901,475	1,633,709	1,829,478	950,164	131,100
Total expenses	5,589,289	5,921,448	6,754,833	7,657,693	3,035,241	250,485

Surpluses, Deficits, and Fund Balances

- Both the 1997/1998 year and the 1998/1999 year show surpluses, as indicated on the second line of Figure III below. Thereafter, deficits grew at an alarming rate. In 1999/2000 the deficit was \$412,000, and in 2000/2001 it was \$2.5 million on a total expense budget of \$7.7 million. The next year the season was not completed.
- As a result of these deficits, the ending fund balance (net worth) of the organization declined dramatically from an already unhealthy negative \$278,600 in 1997/1998 to negative \$3.1 million in 2000/2001, as indicated on the bottom line of Figure III below.

Figure III: San Jose Symphony Fund Balances (based on Forms 990)

	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Opening fund balance	(1,243,508)	(278,609)	(219,201)	(626,695)	(3,111,723)	(2,826,697)
Surplus (deficit)	964,899	59,408	(411,931)	(2,485,028)	285,026	(6,845)
Adjustment	0	0	4,437	0	0	0
Ending fund balance	(278,609)	(219,201)	(626,695)	(3,111,723)	(2,826,697)	(2,833,542)



Lack of Financial Controls

Oversight of financial activity at the San Jose Symphony was lax, and as the pressures of day-to-day cash needs mounted, there were uncontrollable temptations to draw from whatever funds were available to pay current expenses.

Like many performing arts organizations, ticket sales revenue that came in prior to the beginning of a season was not escrowed but spent immediately. Ticket holders had no protections, and when the final season was cancelled midway through, the organization had no way to refund money on tickets for which no concerts were provided.

As the pressures of day-to-day cash needs mounted, there were uncontrollable temptations to draw from whatever funds were available to pay current expenses.

Misallocation of Funds

Much more serious from a fiduciary point of view was the misallocation of restricted funds. Indeed, the financial straits of the SJS were actually significantly worse than the budget numbers indicated. This is because funds raised for capital projects actually got used for operations, and other funds designated for the youth symphony were similarly redirected. This information was revealed only when a transition board was appointed after the SJS ceased operations.

A January 10, 2002, press release from the transition board indicated that unspecified symphony officials had “improperly” used \$1.7 million donated by four sources whose identities were also not released. The funds had been intended for a proposed new symphony hall, but rather had been used to cover operating costs. Similarly, a subsequent disclosure indicated that symphony officials had used \$77,000 belonging to the San Jose Youth Symphony to cover operations. “Indeed, it seems quite likely that had these actions not been taken, the symphony would have been forced to suspend operations months or even years earlier,” according to the press statement.



Summary

Overall, the track record in the financial area appears dismal. From a financial planning point of view, one wonders how an organization can approve significant increases in expenses when its revenues are in free fall. It is also puzzling that there weren't at least minimal financial controls to prevent such a substantial misallocation of funds. Who was in charge, and why did they let things spin out of control?

The question of financial accountability will be dealt with in the subsequent section about leadership. However, before doing so, we need to examine one additional specific component of the finances—musician compensation—because it relates critically to the overall picture.

From a financial planning point of view, one wonders how an organization can approve significant increases in expenses when its revenues are in free fall.

Musician Compensation

Many people in the San Jose community have cited musician compensation as a primary cause of the SJS's failure. Growth in musician pay was described as “unsustainable” by some. Others simply felt that the musicians were paid too much.

It is difficult to argue that a musician with many years of specialized training is earning too much when he or she is paid as little as \$18,000 a year (as was true for many section players of the SJS). This is especially the case in a community that in the 1990s had enjoyed exponential growth in incomes with accompanying rises in real estate costs and overall living costs. On average, most SJS musicians earned less than clerical workers despite their proficiency, education, and costs for instruments and other employment-related necessities. It is not unreasonable to argue, as many musicians did, that they were unable to earn a decent living based on their pay from



the SJS in the Silicon Valley of the late twentieth century. It is also not unreasonable to argue that it is not the responsibility of an orchestra to provide a living wage. If it is to survive, it must pay no more than it can afford.

The question of how much to pay musicians has plagued the orchestra industry for the last half century and has led to bitter labor disputes and strikes. It is not our intent to try to resolve this issue. Rather, framing the issue in a way specific to the SJS's case may be constructive.

On average, most San Jose Symphony musicians earned less than clerical workers despite their proficiency, education, and costs for instruments and other employment-related necessities.

Appendix C provides an analysis of the number of musicians playing for the SJS in 2000/2001, the number of guaranteed services, the pay rate, and the growth in that pay over time. From the highlights of this information, summarized in this section, several patterns begin to emerge.

Service Counts

A fundamental dilemma encountered by the SJS has been faced by many American orchestras attempting to secure a stable, high-quality musician workforce. To attract good musicians, an orchestra must pay adequately, which often translates into providing sufficient guaranteed work (called services). But if the demand for those services (either rehearsals or concerts) is not evident, an orchestra either has to create the demand, pay for unused services, or offer more programs than the marketplace wants.

This dilemma assumes that to form a good orchestra, the SJS had to offer all of its musicians guaranteed and predictable work from year to year with an adequately salaried contract. The question for communities such as San Jose may be whether this assumption is actually true or certainly whether it is viable. Other communities have avoided the problems of excessive work guarantees by hiring some or all of the musicians on a “per service” basis—that is, only when they are



needed. An axiom of the industry has been that these “per service” orchestras are of inferior quality. The best musicians, so it is claimed, will not accept work on this basis, and if they do, they will not play often enough as an ensemble to produce high-level results.

In California’s San Francisco Bay Area, it is fairly evident that these arguments are specious. The area boasts an active, plentiful pool of very high-quality freelance musicians, and many successful orchestras operate there on a freelance basis.

In a sense, then, the question of whether the SJS paid individual musicians too much may be the wrong question. Of course, it didn’t, given their level of skill and experience. The question more properly should be: Were the musicians hired on the right basis in the first place, and could the SJS sustain the level of guaranteed employment it was offering? Here the answer turned out to be no.

In 2000/2001, the last full, completed season of the SJS, there were eighty-nine players in the orchestra, of which seventy-nine were tenured, eight were probationary, one had an audition pending, and one had an individual contract. The musicians were divided into three classes depending on the number of services they were guaranteed.

As one looks at each category of musician and the service guarantees, one notices that larger numbers of musicians were guaranteed more services over time. For example, the number of guaranteed services for all musicians collectively during the period from 1989/1990 until 2001/2002 increased from 13,946 to 16,397 (an increase of 18 percent).¹⁵ The problem was exacerbated by the lack of flexibility in terms of how many of these services had to be delivered in a “full orchestra” format, limiting the options for using the musicians in other ways, such as popular small ensemble programs that can be booked in a seemingly infinite number of locations for all types of organizations and individuals.

The question of whether the San Jose Symphony paid musicians too much may be the wrong question. The proper question is whether the musicians were hired on the right basis in the first place.



The gradual increase in guaranteed services to musicians was occurring in an environment in which fewer guaranteed services would have been more appropriate. Houses were often half full, indicating that there were simply too many concerts for the demand. Furthermore, the ballet, which at its high point had been hiring the orchestra for as many as fifty-seven services per year (per musician), reduced that number to 17.¹⁶

The gradual increase in guaranteed services to musicians was occurring in an environment in which fewer guaranteed services would have been more appropriate.

Range of Pay

Overall Salary

The lowest contracted salary in 2000/2001 was \$18,008 (including vacation). Following industry norms, principals earned roughly double the base (\$35,113), and the concertmaster earned close to triple (\$51,453). Some musicians had played for the symphony for thirty years or more (the longest was forty-seven years), but there was virtually no recognition for this loyalty of service in the compensation scales.

Service Compensation and Wage Scale History

Looking more deeply into the compensation question, the pay level becomes starker considering how much each musician was paid for a service. By 2000/2001, section players were being paid only a base of \$122 per service, up from \$69 three years before. Some would consider this inadequate given the amount of time devoted to commuting to and performing a service.

The wage scale did improve for all players in the critical years 1989/1990 to 2001/2002. For principals, assistant principals, and section players, wages grew by 78 percent (on a per service basis, this was from \$86.25 to \$153.13 for principals, from \$79.35 to \$140.88 for assistant principals, and from \$69 to \$122.50 for section players).



Yet, while the effort was going on to provide a living wage, the SJS was sinking faster and faster into debt. Even in the last three years when deficits were growing exponentially, wages grew by 7 percent per year in 1999/2000, 2000/2001, and 2001/2002. While the total number of musicians did not expand significantly during the period from 1989/1990 to 2001/2002, a number of musicians did move from Group C (which had fewer guaranteed services) to Group B (with the highest level of guaranteed services). This resulted in an increase in guaranteed services from 13,946 in 1989/1990 to 16,397 in 2001/2002 (an increase of 18 percent, as noted earlier).

Finally, during this period the cost to the SJS per musician for medical insurance increased by 221 percent (from \$515.46 per musician in 1989/1990 to \$1,655.17 in 2001/2002). During this same time, the cost to the SJS per musician for pension went from 0 percent of salary (1989/1990) to 8 percent (2001/2002).

Yet, while the effort was going on to provide a living wage, the San Jose Symphony was sinking faster and faster into debt.

Another Way?

One could argue that the tragedy of the San Jose Symphony was that the musicians were underpaid and that the organization couldn't afford what it was paying them. But there is a bigger tragedy, which is that it might have been possible to solve the problem. Following the lead of so many orchestras in the second half of the twentieth century, the SJS moved to a form of compensation that forced the organization to provide more guaranteed work than was merited. Perhaps the SJS would be in existence today and the musicians happier if it had chosen to pay the musicians more each time they worked but had geared the amount of work to a more realistic and sustainable level.



Perhaps the San Jose Symphony would be in existence today and the musicians happier if it had chosen to pay the musicians more each time they worked but had geared the amount of work to a more realistic and sustainable level.

Many alternative models would have been possible:

- At the most extreme, a fully “per service” orchestra with no guarantees
- Alternatively, an orchestra with many fewer salaried players (with guaranteed services) and many more without such guarantees¹⁷

Either way, the SJS would have been able to lower its service counts and its obligation to pay for services it did not need.

Leadership

Almost universally, those interviewed for this project pointed to failed leadership as a contributing factor in the demise of the San Jose Symphony. Some pointed to the board of trustees, others to staff, and still others to the music director. Some pointed to two or all three as failing in their responsibilities.

Board

A standard textbook on nonprofit organizations¹⁸ lists the following six critical functions for boards of trustees:

- Establish fiscal policy and boundaries with prudent budgets and financial controls
- Provide adequate resources for the activities of the organization through direct financial contributions and fundraising
- Select a competent chief executive and then evaluate the person’s performance, terminating if necessary
- Develop and maintain a communication link with the community, promoting the work of the organization



- Set a responsible program from year to year and engage in longer-range planning
- Set sound policies for the organization's operation

Despite some talented and hardworking trustees, the board of the San Jose Symphony fell short in virtually every area of trustee responsibility. Finances were out of control and no reasonable boundaries were set given the realities of anticipated revenue (the annual deficit reached \$2.5 million in 2000/2001 on a total expense budget of \$7.7 million). No financial controls were established to prevent the misallocation of restricted funds. Fund-raising continued to decline (by more than 50 percent) over four years.¹⁹ Unseasoned CEOs with no orchestra experience were hired. Because no adequate communication link was maintained with the broader community, when the final crisis came, the SJS found itself with few champions. Program planning was totally inadequate (as indicated by the decline in audience response), and there was little evidence of serious and objective long-range planning. Operational policies turned out to be totally ineffectual.

The forty-five-member SJS board was divided between long-time members and newer members from the high-tech businesses in San Jose. In part as a result of the influence of these newer board members, annual deficits (to cover increases in the collective bargaining agreement, staff hires, and new office rental costs) were budgeted as they might be for an entrepreneurial business—as a form of “investment” in the organization. With little experience with the nonprofit sector, these board members seemed unaware that they were urging a disastrous strategy for an organization with no hope of recouping the so-called “investments.”

Several interviewees commented that the board problems of the SJS were not unique to the orchestra. The boards of nonprofit organizations, especially arts organizations, in San Jose and Silicon Valley, did not have particularly strong track records. One reason for this, so it was claimed, may have been

Despite some talented and hardworking trustees, the board of the San Jose Symphony fell short in virtually every area of trustee responsibility.



that some of the best trustee prospects in the Valley preferred to associate themselves with the most prestigious cultural institutions in San Francisco. Another may be that there had simply not been a strong tradition of board service on which to build. Finally, the very nature of the leadership in the Valley—newer, younger, not bound by tradition, tied to very demanding jobs—may have worked against the level of commitment required for an orchestra board, especially one addressing crises.

Several people registered surprise that such a well-established organization could be so lacking in qualified and experienced staff leadership for such a long period of time.

Staff

Several people registered surprise that such a well-established organization could be so lacking in qualified and experienced staff leadership for such a long period of time. Running a symphony orchestra is a complex business. Today, most orchestras with budgets in the \$5 to \$10 million range are run by people with considerable proven work experience in the orchestra field. During most of the final decade of the SJS, this was not the case. As consultant Bruce Coppock remarked in a 1997 report, “There is a virtual music management vacuum in senior positions on staff, which is at the root of many of the organization’s woes.”²⁰

From 1988 to 1992, the SJS’s executive director was a former local banker. A former San Jose City Council member was appointed in 1992. Strongly supported by some in city government despite her lack of substantive orchestra management experience, her connection to sources of local public funding was seen as an important advantage. This feeling was sparked in part by emerging discussions about a new symphony hall that might be funded partially with city redevelopment dollars. By the time Coppock issued his 1997 report, he was urging that the SJS hire an executive director with field knowledge: “The pathologies of the current situation are those of an organization whose management lacks an understanding of the dynamics of the business . . . This is a matter of being able to make balanced



judgments regarding repertoire choices, choices of soloists and conductors, issues concerning the performance of individual musicians, workload balance for musicians, programming balance for the community and balancing the financial and artistic imperatives of the institution.”²¹

For six years, the staff leadership of the SJS remained unchanged in spite of warnings from outsiders. Then, with plans for a new hall gaining ground and the need to raise considerable private matching funds, the executive director announced that she would step aside and move into a fund-raising role. A national search for her replacement turned up some qualified candidates (according to those close to the process), many with strong orchestra experience at the executive director level from other communities. In the end, however, the position was filled by someone whose staff experience at two major orchestras did not translate into an ability to solve the mounting challenges in San Jose. Finally, in 2001, with the SJS in free fall, a board member with experience as a business consultant was appointed as interim (and as it turned out, final) executive director.

For six years, the staff leadership of the San Jose Symphony remained unchanged in spite of warnings from outsiders.

In thinking about this series of events, it is important to distinguish between knowledge of the orchestra field and good leadership. Many executive directors with plenty of orchestra experience have demonstrated similarly poor leadership skills in their institutions. What is true is that without knowledge and experience of the orchestra field, a staff leader is severely hampered. In San Jose, a combination of inexperience and lack of leadership was a continual problem.

Musical Leadership

In September 1992, the new music director of the San Jose Symphony conducted his first concert. He had come to the SJS with impeccable credentials. Born in the Ukraine and a graduate of the Moscow Conservatory in both conducting



It would have been important to consider the individual's ability to relate to the community and be a spokesperson for the orchestra in a variety of community settings.

and composition, he had conducted and toured with a number of Soviet ensembles before emigrating to the United States in 1981. Chosen by Leonard Bernstein for the first Los Angeles Philharmonic Institute, he won a prestigious Exxon Endowment Conductors Fellowship and became a professor of conducting at the University of Houston. He did much conducting in Europe and also traveled to South America, New Zealand, and Canada. By 1999 he was sufficiently respected in the field to be invited as a last-minute replacement at a concert by the Los Angeles Philharmonic and was reengaged by that ensemble the following year to conduct at the Hollywood Bowl.

With such a pedigree and with such apparent respect from those in the field, how could there be any question about whether this was the right musical leader for the SJS? But posing the question in this way suggests a basic weakness in the way music directors are often chosen in the United States. It assumes that the candidate's musical credentials are the sole criterion of importance, when in fact most American orchestras today need much more than a superb musician on the podium. Looking at the musical excellence of a conductor, his respect by colleagues, and his conducting experience in world capitals is certainly crucial. But not considering equally carefully an individual's ability to relate to the community and be a spokesperson for the orchestra in a variety of community settings—from schools to city council chambers to service clubs—is a mistake.

This one-size-fits-all approach to choosing a music director was resoundingly rejected by a group of field leaders at a symposium on the 21st-century music director hosted by the Boston Symphony Orchestra at the Tanglewood Music Center in August 2001. Participants argued that orchestras must develop profiles for their music directors that include an ability to be responsive to their communities and to understand the vision, needs, and capacities of their organizations:



An individual is ideal only in relation to a specific orchestra in a specific community. The cult and prestige of a star personality is alluring. But orchestras should ask themselves the key questions: Who are we? Who do we want to be? What can we realistically achieve?²²

The group was very specific about the role that a conductor may need to play in an orchestra such as San Jose's, which was not only well below the top tier of orchestras nationally but within easy driving distance of an orchestra that was in the top tier (San Francisco's).

In a smaller orchestra, building musical excellence is important. But the music director of a smaller orchestra must be involved in such activities as building community connections, meeting with the city council or the Rotary Club, or taking a role in educational activities.²³

What kind of community was San Jose in the 1990s, and what kind of person might have been best at making those all-important community connections when the orchestra was in crisis? San Jose and the surrounding market area was a melting pot of cultures—especially Hispanic and Asian—with much of the local leadership drawn from these groups. If symphony leaders at the time had established primary criteria for the selection of a music director in San Jose, an ability to connect with the diverse population and the leadership of the community would have been near the top of the list.

Connecting with a specific constituency can come in many forms. It can come on the concert stage through the choice of repertoire or guest artists. It can come in the form of community programming in neighborhoods and schools. And it can come at local government meetings where the music director is seen as a crucial community leader. In each of these cases, a great deal more might have been accomplished by the SJS and its musical leader.

San Jose was a melting pot of cultures. An ability to connect with this diverse population should have been a consideration in choosing a music director.



Concerns about musical leadership are often difficult to discern from the usual disgruntlement of musicians or selected audience members. However, in this case, the problem was well documented in an important analysis of the SJS in 1997 conducted by consultant Bruce Coppock, who registered serious concerns with the musical leadership of the orchestra. The music director, he said, “needs much guidance regarding programming, communication with the orchestra and the building of programs that will engage the community more broadly. The choice of repertoire, soloists and guest conductors is overly narrow. While [the maestro] clearly has responsibility for the artistic development and direction of the orchestra, this activity must happen in the broader context of the institution’s circumstances, capacity and the community in which it operates.”²⁴ Coppock’s recommendation that the symphony form an artistic advisory committee was one of many that were never implemented.

PART III

OTHER FACTORS





Economic Issues

Like many orchestras, the San Jose Symphony misread the economic trends. When the economic bust came at the end of the 1990s, it hit hard.

In 1992, when the American Symphony Orchestra League published a benchmark study of the financial condition of symphony orchestras,²⁵ the prediction was that by the year 2000, the orchestra industry and individual orchestras would be in financial crisis if they did not significantly change the way they did business. Subsequently, the United States experienced one of the most vigorous and sustained economic booms in its history, with Silicon Valley especially well positioned. The combined growth in income and assets during this period was significant, especially in places such as Silicon Valley where the increase in so-called “paper” wealth was staggering. Many misread the trends as harbingers of a new economic order leading to unending vistas of permanent prosperity. Orchestras for the most part did not heed the warnings of the 1992 report.

Like many orchestras, the San Jose Symphony misread the economic trends. In the mid-1990s, Silicon Valley was booming. With only 10 percent of the state of California’s population, it accounted for 34 percent of California’s export sales. In one year alone (between 1993 and 1994), those sales climbed from \$22 billion to \$27 billion. In the three-year period between 1992 and 1995, the number of jobs in the Valley increased by 46,000 (4.5 percent). Ten percent of the jobs were in the software industry, in which the average salary was \$70,000.²⁶

When the economic bust came at the end of the 1990s, it hit hard. The dot-com collapse and weak technology sector performance that accompanied the bust culminated in 2002 with an exodus of 40,000 people from Silicon Valley as employment fell by 87,000.²⁷ Although the decline was felt throughout the country, in Silicon Valley it was described as



catastrophic. Many of the fortunes created so rapidly in the 1990s disappeared just as quickly.

Yet indications of trouble for the SJS should have been evident well before the bust, even in the years of prosperity. The SJS was not reaping the kind of support that should have accompanied a new economic order. A 1994 survey by the Chronicle of Philanthropy indicated that Silicon Valley, despite its extraordinary wealth, was not a particularly philanthropic place. It maintained a remarkably low ranking in per capita giving (39th among the nation's 50 largest metropolitan areas). With its income rank at 3 and its philanthropic rank at 39, it received one of the worst philanthropic index scores (-36) of any of the top 50 cities.

While the economy was going through its boom and bust cycle during the SJS's final decade, some things remained constant. San Jose's downtown continued to be regarded by many as unexciting, with little to recommend it as a destination. Silicon Valley lacked a vibrant tourist industry that might have fueled interest in cultural organization programming. Once again, the contrast with San Francisco was stark: San Francisco offered a vibrant urban center, it spawned one of the most significant cultural tourism industries in the nation, and it could boast some of the most significant charitable giving in the United States.

The San Jose Symphony was simply not reaping the kind of philanthropic support that should have accompanied a new economic order.

Venues

Every orchestra is at the mercy of the hall it plays in. For some, the hall is part of an orchestra's greatness. The Boston Symphony has been associated with Boston's legendary Symphony Hall for a century. In Cleveland, Severance Hall is as renowned as the orchestra that plays there. More recently,



the completion of Disney Hall in Los Angeles has given new spark and vitality to the Los Angeles Philharmonic.

Acoustics are key to a great hall, and the best halls are purpose-built and designed exclusively for the orchestras that use them, as opposed to those halls that must accommodate other types of performing arts organizations as well. Even inexperienced concertgoers tend to react enthusiastically to the sound of a great hall, even when they may not be aware of what makes them feel the way they do. Similarly, they often are less enthusiastic about concerts in mediocre halls even if they cannot specifically point to acoustics as a factor.

In the matter of halls, the San Jose Symphony was unlucky. The halls it played in were undesirable and disliked.

In addition to acoustics, other aspects of a hall contribute to its suitability and desirability: its ambiance, convenience (including parking), amenities, and safety. Patrons are discerning, vocal, and specific when they are dissatisfied with these other aspects.

In the matter of halls, the San Jose Symphony was unlucky. The halls it played in were undesirable and disliked. As mentioned earlier, they were the most disliked halls in Silicon Valley,²⁸ an area generally not known for distinguished performance spaces. The hall used most frequently by the SJS was the Center for the Performing Arts (CPA), a municipally owned and operated facility in San Jose. Designed by the Frank Lloyd Wright Foundation and originally built in 1972 as a community theater space, it was renovated in 1987 and a new acoustic shell was installed. With 2,673 seats (including 1,908 on the floor and 765 in the balcony), its 2,400-square-foot proscenium stage was built as a multipurpose space to accommodate not only orchestra concerts, but also ballet, opera, and musical theater. Because the SJS shared the space with other local companies, any attempt to reconfigure the facility as a purpose-built orchestra hall would have been resisted.

The other facility used by the SJS was another multipurpose hall, the Flint Center in Cupertino. Opened in 1971, the Flint



Center is located at De Anza College and hosts a variety of local and touring performing arts events, as well as lectures, Broadway shows, and rock and popular music concerts. A bit smaller than the CPA (2,427 seats) and with a slightly larger stage (2,860 square feet), it too had a shell available for orchestra concerts but suffered from the fact that it served many users and uses.

The quality of a hall is subjective, but clearly neither of these options was excellent from the point of view of acoustics or ambiance. Both were multipurpose, which is always a compromise. When the halls were half full (as was generally the case with SJS performances), they were particularly undesirable. Nor were there good alternatives at the time for the SJS. A survey of Silicon Valley halls completed in early 2003 concluded that “no first-rate (acoustic & physical conditions) halls exist for symphonic music in Silicon Valley” and stated that although there were some other facilities that could host symphonic music, few had open dates for extended rental.²⁹

A survey of Silicon Valley halls completed in early 2003 concluded that “no first-rate (acoustic & physical conditions) halls exist for symphonic music in Silicon Valley.”

Many community leaders in San Jose in the 1990s, including an arts-friendly mayor, recognized that the SJS suffered for lack of a good hall. Serious initiatives were put forward, including the renovation of the Fox Theatre (an old abandoned movie house) by the city³⁰ or the building of an entirely new hall in conjunction with a City Hall development. Both projects were pursued by the San Jose Redevelopment Agency, and plans moved forward to the point that the SJS initiated a capital campaign to raise private matching dollars as required by the city. Unfortunately, by the time these plans materialized, the SJS was in free fall, and the hall projects served as a dangerous distraction to the more critical need of addressing survival issues. Indeed, some (including a consultant brought in to study the situation) claimed that the focus on a new hall contributed to the crisis that eventually ended the SJS.



Missed Opportunities

Despite the fact that the San Jose Symphony was a wounded organization in the 1990s, the inevitability of its demise was far from certain. It had many opportunities to repair itself.

Despite the fact that the SJS was a wounded organization in the 1990s, the inevitability of its demise was far from certain. It had many opportunities to repair itself in such obvious areas as governance, management, programming, marketing, and employment agreements. But there were other missed opportunities that could have provided the SJS with what it needed most—a new vision and image of what a symphony orchestra in Silicon Valley might be.

Celebrating Community Diversity

In the mid-1990s, the population of Santa Clara County, the SJS's primary market, was about 1.6 million, with just over half of its residents living in San Jose. Roughly a quarter of the population was Hispanic in origin, with about the same percentage of Asian or Pacific Islander descent. Significantly, the community celebrated this diversity, and political power and leadership were clearly dispersed among people of these different ethnic backgrounds. Many of the community's most interesting arts groups were culturally specific in their artists, their programming, their audiences, or all three.

Other symphony orchestras faced with this kind of demographic challenge have turned it into an opportunity and have made significant efforts to reach people who have not traditionally been symphony goers. The Saint Louis Symphony developed its In Unison program in conjunction with black churches and reached out with other programs throughout the greater Saint Louis region to serve minority populations. Its musicians agreed to a new contract that made it possible to trade a certain number of traditional concert and rehearsal



services for an equal number of community-related services to strengthen the orchestra's presence outside the concert hall. The Louisiana Philharmonic has commissioned works especially to celebrate the black heritage of New Orleans and has included African Americans in its composer and soloist pool. In Long Beach, California, which has a very large Hispanic population, outreach has been coordinated through a large Hispanic museum and other Hispanic community organizations. In 2001, the Long Beach Symphony Orchestra hired a Mexican music director who would be able to speak directly to the local Spanish-language population. The orchestra in Charlotte, North Carolina, extended its outreach program to various culturally specific communities, completely redesigning its program once it realized that minority populations were geographically disparate and had to be reached in ways that did not depend on geographic centers of activity.

If ever a community seemed hospitable to culturally specific outreach efforts, it was San Jose.

If ever a community seemed hospitable to culturally specific outreach efforts, it was San Jose, one of the few major cities with large minority populations that has never experienced significant civil strife around issues of race and culture. With enlightened city and county government officials in the 1990s sensitive to and proud of this cultural diversity, the opportunity for the SJS to design programs and outreach efforts would have been positively received and, no doubt, generously funded. The fact that the SJS stubbornly reinforced a Western European image in its programming, leadership, marketing, and outreach, resulted in a kind of wall between itself and the larger community it could have served.

Arts Education

A survey conducted by AMS Planning & Research and published as part of a cultural plan for Silicon Valley in 1997 indicated that residents of the area believed overwhelmingly that the arts should be for everyone. Ninety-five percent of them also believed that more arts education should be offered in



school. Arts education programs were rated highly as a top priority for a tax increase for the arts; two thirds of respondents said they would pay an additional \$5 in taxes to augment such programs.³¹

Although one might quibble about whether this strong interest in arts education would actually hold up if put to the test, the larger point is that the responses the consultants received from the Silicon Valley survey were some of the strongest they had ever seen compared to similar studies in other places. Quite clearly, this was a region that cared about arts education even as such programs were being cut locally by cash-strapped schools still suffering from the effects of a hostile property tax measure—Proposition 13—and its aftermath. It was also a region that did not care for an elitist approach to the arts.

As the largest performing arts organization in the Silicon Valley, the San Jose Symphony should have seen the findings about arts education as an opportunity, and the findings about elitism and the arts as a warning. Yet neither of these insights seemed to have occurred to the leadership of the SJS. When the cultural plan was completed, local funders, led by the David and Lucile Packard Foundation, stepped up and invested several million dollars in expanded arts education programs. Yet the SJS was not a participant in any of the programs or the foundation funding. Though it did offer some education programs, these were not deemed significant enough or broad enough in their reach to be supported.

Perhaps the saddest part of this missed opportunity is the fact that the San Francisco Symphony had, over a period of years, honed one of the most effective music education programs sponsored by a symphony anywhere in the United States. Interviews with the leadership of the SFS indicate that that orchestra would have been willing to work with the SJS in developing a version of the program in Silicon Valley just as it had with orchestras in Houston, Baltimore, Cleveland, Saint Paul, and Milwaukee.

Quite clearly, this was a region that cared about arts education and did not care for an elitist approach to the arts.



The SFS's Adventures in Music program provided a sequential and comprehensive curriculum-related music experience for all third-, fourth-, and fifth-grade students in San Francisco's public elementary schools and a small number of parochial and private schools. It had begun in 1988 and was reaching some sixteen thousand students annually in over ninety-three schools by the end of the 1990s. Program components included in-school performances by specially trained ensembles; a music-centered interdisciplinary curriculum; professional development sessions for teachers and principals; supplementary resources for teachers (such as rhythm instruments, compact discs, books, maps, and videos); and a journal for each student. The program culminated in a field trip to Davies Symphony Hall for a concert by the San Francisco Symphony. A similar program was later developed for first- and second-graders in 1993 and was reaching an additional ten thousand students in more than seventy-five schools.

Here was something that the community said clearly that it wanted. Arguably, funding would have been available for something so comprehensive and with such nationally verifiable positive outcomes, even though funding for the SJS's own education programs was being cut. The SJS's inability to read the community's desires and needs was a consistent shortcoming throughout its final decade.

Technology

Ask people what they think of when they hear the words Silicon Valley, and they will likely say, "high tech." Residents of the communities that make up Silicon Valley like to think of themselves as living and working in the high-technology capital of the world, and they take pride in a tradition of innovation and entrepreneurship. As Silicon Valley's major city, San Jose enjoys this image and history and has invested a great deal of public funding into a cultural infrastructure that celebrates it.

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Residents of the communities that make up Silicon Valley liked to think of themselves as living and working in the high-technology capital of the world, and they took pride in a tradition of innovation and entrepreneurship.

Perhaps the prime example of that investment is San Jose's Tech Museum of Innovation, which began as a dream in 1978, when members of the Junior League of Palo Alto, later joined by the San Jose League, envisioned an exciting learning center devoted to science and technology in the heart of Silicon Valley. The vision for The Tech was realized in 1990 when a 20,000-square-foot temporary test facility was opened in the old convention center in San Jose. Since then, The Tech has become a landmark for visitors seeking a glimpse of the most inventive place on Earth and a showcase of the latest high-tech gizmos and gadgets that put Silicon Valley on the map. Since it opened, approximately 3 million visitors from all over the world have passed through its doors, and it has become the dominant cultural institution in the area. The lead donors in the \$113 million project were the city of San Jose and its redevelopment agency.

Here then was an area in which the San Jose Symphony might have ridden a bandwagon of local support and interest and at the same time distinguished itself from every other orchestra in the world. Partnership possibilities with The Tech as it was being developed or with other high-tech institutions (public and private) and high-tech entrepreneurs were especially possible during the late 1990s when the local economy was booming and the SJS was beginning to flounder. Although the SJS was in the business of producing and disseminating music, that business had itself become technology-intensive in the late twentieth century, with many orchestras experimenting with technological innovations of all kinds.

Experimentation in high-technology applications for orchestras ranged widely from the use of special lighting and video in concert presentations to new forms of concert dissemination via the Internet to innovations with acoustics to special compositional techniques using computers. Even education and audience-development programs were being influenced by high technology with the introduction by some orchestras



of handheld PDAs that allowed for the simultaneous presentation of program notes during a concert. Development of this latter device, called the Concert Companion (or CoCo), was supported by two Silicon Valley–based foundations (the David and Lucile Packard Foundation and The William and Flora Hewlett Foundation) among many others, and was written up in the *Wall Street Journal*, the *New York Times*, and other major publications.

Technology offered a pathway through which a wide swath of the local community might have taken special pride in its symphony and supported it regardless of whether they liked or attended classical music concerts. It offered a window through which the world could look at the SJS and regard it as unique and special regardless of whether it played at the level of the San Francisco Symphony or toured to Carnegie Hall or Europe. It offered an opportunity for partnerships and funding and broad exposure. What was lacking was the imagination to see these connections and make them real.

The New Hall

That the San Jose Symphony was disadvantaged by its performance venues, there is little doubt, as discussed earlier. In the 1990s, the SJS began a serious consideration of how it might rectify this situation, and the San Jose Redevelopment Agency had an answer—the long-neglected Fox Theatre.

The Fox had originally been designed in 1927 by architects Weeks and Day (architects of San Jose’s magnificent Sainte Claire Hotel, Oakland’s Fox Theatre, and San Francisco’s Mark Hopkins Hotel). Said to be the finest theater in California on its opening day, it was one of the best-preserved examples of late 1920s motion picture houses in the country. Over the years the theater housed vaudeville shows and featured 3D and Cinemascope. In the 1960s and 1970s, the building passed

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through several owners and closed in 1973. In 1985 it was purchased by the redevelopment agency to preserve the city's largest remaining downtown movie palace.

The redevelopment agency's proposal to the symphony was flawed from the start and put the SJS at risk (as noted by consultant Bruce Coppock in his analysis summarized later in this report). It required a significant matching contribution from the cash-strapped symphony. Later, the redevelopment agency proposed an alternative project, a dedicated symphony hall to be built as part of a new City Hall complex. The price tag for the SJS for this project would require an \$85 million capital campaign—at a time when the organization needed to focus on fundamental governance, management, and fund-raising issues.

The great irony is that had the San Jose Symphony passed on the opportunity of the partnership with the redevelopment agency, it would have gotten to use the venue anyway, in a beautifully restored condition.

Perhaps if the SJS had taken the time to study the history of other orchestras in other communities, it would not have been so hasty in jumping at the redevelopment agency's offer. At about the same time that it was considering the Fox, the mayor of Philadelphia was leading a broad-based community effort to create a new concert hall for the Philadelphia Orchestra when the orchestra's own efforts fell short. The lesson there should have been clear: New or renovated halls are ambitious projects and often are beyond the capacity of a local orchestra—even a large, internationally acclaimed one—to pull off. Sadly, the SJS saw the renovated Fox as such a good opportunity that it diverted much of its fund-raising energy to an ill-fated capital campaign. The effort ultimately fizzled, having used up much energy and goodwill in the process.

The great irony is that had the SJS passed on the opportunity of the partnership with the redevelopment agency, it would have gotten to use the venue anyway, in a beautifully restored condition. After the failure of the SJS's effort, the Packard Humanities Institute stepped in to fund the private portion of a public-private partnership with the redevelopment agency. The result was a \$75 million project initiated in 2001 and



completed in 2004 that has provided the city with a state-of-the-art hall and local arts groups, including a new local symphony, with a wonderful place to perform.

Indeed, on December 13, 2004, Mark de la Vina reported in the *San Jose Mercury News* on the success of the Fox—renamed the California Theatre. He described it as a “restored 1,146-seat performance palace” that had become the new home of the local symphony, opera, and others. “Interest in the restoration has been a boon for the theater’s tenants . . . the symphony expects to sell about 2,000 tickets . . . for its two performances of an orchestral-choral concert this weekend. Last season, the symphony sold an average 1,677 seats per concert, or 64 percent capacity at its old digs, the 2,595-seat Center for the Performing Arts.”



PART IV
ANALYSIS
AND ADVICE





Wisdom Squandered

Given the amount of talent and knowledge in the Bay Area and in the orchestra field, one might wonder why the SJS did not receive better direction. If the organization itself did not seek it out, why wouldn't some of its funders have insisted on outside counsel when things seemed to be going off track?

The problem was not lack of good advice; it was that the advice was, for the most part, ignored.

In fact, much sound direction was provided—to the community in general and to the symphony in particular—and much of it came as a result of the efforts of concerned funders, both public and private. The problem was not lack of good advice; it was that the advice was, for the most part, ignored.

Of the many efforts to provide direction, four will be reviewed in this section. The first two occurred during the years that the SJS was experiencing stress and was still operating. The latter two occurred after the SJS suspended operations and when there were hopes that some kind of new organization might emerge from a formalized community process.

The Cultural Plan

In the spring of 1996, the city of San Jose and the Arts Council of Santa Clara County embarked on a comprehensive cultural planning project for Silicon Valley.³² The yearlong process involved over one thousand participants—community leaders, ordinary citizens, arts organizations, corporations, foundations, and many others. Although not directed specifically at the SJS, many of its recommendations appeared to speak to the organization's needs, including the following:

- The development of two new state-of-the-art performance spaces



- The creation of a major new \$60 million stabilization/capacity building initiative to provide adequate capitalization for local cultural organizations
- The development of a coordinated marketing program to assist arts organizations
- The development of productive partnerships between cultural organizations and neighborhood institutions, including an incentive program for providing cultural education opportunities in the neighborhoods
- The formation of a leadership group to promote increased funding for the arts and implementation of the plan

Any of these initiatives—and many of the others recommended in the cultural plan—would have benefited the SJS. Yet the organization’s attitude toward the planning process was strangely unsupportive. The leadership of the SJS seemed skeptical that collective action would benefit the orchestra directly. As one of the larger and better-known cultural organizations in Silicon Valley, the feeling seemed to be that it would be better off pursuing its own ends.

Many of the recommendations of the cultural plan were implemented. Some of the more substantial ones—such as new halls and a financial stabilization program—were set aside. To some extent, the SJS played a role in this because its lack of support divided community leadership. Ironically, the SJS sought both a new hall and financial stabilization on its own and failed on both counts.

Of all the initiatives of the cultural plan, the ones that received the most substantial financial support were in arts education. This was one area that would have benefited the SJS since these dollars began to flow at just the time when the symphony needed to find additional services for its musicians and continuing support dollars for its own music education initiatives. In the end, as we have seen, the money went elsewhere.

The leadership of the San Jose Symphony seemed skeptical that collective action would benefit the orchestra directly.



The Coppock Consultancy

Of more direct relevance to the SJS was the work of consultant Bruce Coppock. Coppock's work with the SJS began in 1997, when he was executive director of the Saint Louis Symphony and considered one of the leading experts in the symphony orchestra field. His involvement with the SJS extended through 1999. It had been made possible through the efforts of community leaders who had grave concerns about the SJS. These included the mayor and representatives from four foundations—The William and Flora Hewlett Foundation, the David and Lucile Packard Foundation, the John S. and James L. Knight Foundation, and Community Foundation Silicon Valley.

Coppock's assessment was dire: a financial situation that could only be described as "a deep crisis," unachievable and unsustainable budgets, a musical vacuum in senior staff positions, an ineffective board that lacked cohesiveness and needed to be strengthened dramatically for the organization to survive, serious concerns about artistic leadership, questionable programming choices, volatile labor relations, an inflexible labor contract, a lack of high-quality and sustainable education programs, a dysfunctional fund-raising operation that was neither cohesive nor strategic, poor marketing and nonexistent public relations, inadequate community engagement, and a complete failure to address the needs of multiethnic communities.

Perhaps the most damning finding was that the SJS still was trying to function as a "would-be big five orchestra," reaching well beyond its potential with a vision that was totally inappropriate given the community, the organizational capacity, and the quality of the ensemble. According to Coppock, a previous long-range plan

would have attempted to recreate a version of the San Francisco Symphony in San Jose. This vision included

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national and international touring, full-time salaried musicians, recordings and radio broadcasts, and all of the other traditional hallmarks of a “world-class” orchestra....The inability to replace this vision with another, bolstered by programmatic content, is perhaps at the heart of the current crisis.³³

The Coppock report made a number of recommendations, including developing a new and more appropriate vision, strengthening the board and management, addressing and improving labor relations, eliminating the deficit, and improving programming.

The report then analyzed the SJS’s desire to take on a project that would provide it with a new home. The proposed joint project with the city to renovate the Fox Theatre would focus the SJS on a capital campaign that Coppock believed (accurately, as it turned out) could contribute to the downfall of the orchestra by diverting its attention from its more immediate problems:

The future of the San Jose Symphony will be far more determined by the ability of the organization to cope with its many pathologies than by whether or not the Fox Theatre becomes its home.³⁴

Coppock offered a step-by-step plan for reviving the organization and reengaging the community, and, if these steps were achieved, a plan to tackle a facility project. But by 1999, when he returned to determine what the SJS had achieved and how it might move forward, he found that little had changed for the better and that the focus was now on raising \$85 million as the SJS’s share of a public–private funding partnership for a new symphony hall to be constructed as part of the new City Hall building project. To a large extent, the window of opportunity had been lost. The SJS had gone too far down the wrong path to be able to return.

But by 1999, when the consultant returned to determine what the San Jose Symphony had achieved and how it might move forward, he found that little had changed for the better.



After the Fall

The Advisory Panel Report

To a large extent, the window of opportunity had been lost. The San Jose Symphony had gone too far down the wrong path to be able to return.

Two years after Coppock's visit, things began to unravel quickly. On October 18, 2001, with insurmountable problems looming, the interim chief executive officer of the SJS suspended the orchestra's fifty-six-concert season and asked the board of directors to resign. On October 27, 2001, he and the former board chair laid off the SJS's eighty-nine musicians, its thirty-person staff, and its music director. A nine-member executive transition board, led by Jay Harris (the well-respected former *San Jose Mercury News* publisher), formed to act as an interim governing structure, holding its first meeting on December 8 to figure out what went wrong and reconstitute the symphony.

The board then turned to Nancy Glaze, program director at the David and Lucile Packard Foundation, to chair an advisory panel to advise the transition board. This sixteen-member group deliberated for four months, interviewing experts locally and nationally, and issuing its report on May 1, 2002.

The advisory panel report³⁵ was consistent with Coppock's call for a new vision and many of his other recommendations. But it was radical in at least one respect. In calling for the new vision, it said that the existing organization had to be abandoned completely. Its unanimous conclusion was that attempts to resurrect the San Jose Symphony could only fail, even if money could be raised to pay its debts. It recommended a complete break with the past. "Go dark," the panel recommended. "Stop planning programs for next season. Stop making brochures. Stop writing letters to the constituency asking for interim funding. Discontinue concerts under the old SJS name."



Instead (following Coppock's advice), it recommended that Silicon Valley explore a model that had evidence of broad community support, with strong board and staff leadership, an artistic vision well matched to the community, adequate capitalization based on a realistic business plan, a supply of program offerings geared to demand, an effective communication strategy, a mission that incorporated education in a significant way, musician involvement in governance, and a plan to use many different venues (both traditional and non-traditional) throughout Silicon Valley.

It should be observed that many cities faced with the same situation have looked for ways to repair what was broken with recurring "save the symphony" campaigns. The advisory panel was unwavering in its conclusion that what existed was unfixable and that efforts to repair the SJS should end. Only by taking the time to develop something entirely new could an orchestral venture hope to succeed.

The report called for the transition board to take a number of steps that would lead to the formation of a new organization, including the following:

1. Form a start-up steering committee.
2. Develop a communications plan to create public awareness and support for a new effort.
3. Hire a visionary to lead a planning process.
4. Design an implementation plan.
5. Secure funding.
6. Identify leaders and form a new board.

The advisory panel's recommendation of "a process for constructing a new vision for the future that will engage the community and break with the past" required high-level leadership to galvanize (and fund) the new vision. However, as the bankruptcy of the SJS dragged on, it was unclear how quickly such a group could be assembled, as there was little enthusiasm for stepping into what was a messy situation.

The advisory panel was unwavering in its conclusion that what existed was unfixable and that efforts to repair the San Jose Symphony should end.



There was still confusion about whether the SJS would be reorganized (Chapter 11 bankruptcy) or disbanded completely (Chapter 7 bankruptcy). Once again, a series of sound recommendations was put on hold.

The Symphonic Music Working Group

There was still confusion about whether the San Jose Symphony would be reorganized or disbanded completely. Once again, a series of sound recommendations was put on hold.

With the community unable to implement the advisory panel's recommendations immediately, it was agreed that a process with a lower profile should be initiated that might provide the necessary data to begin afresh when the appropriate time came. Consequently, a group of community representatives (including, initially, the chair of the advisory panel, other interested community members, and two musicians from the SJS) was appointed to work with consultants and deliberate about the future of symphonic music in San Jose. The group was called the Symphonic Music Working Group (SMWG), and much of the research cited in this volume was conducted under its auspices between September 2002 and May 2003.

From the start, there was internal disagreement about the mission and even the legitimacy of the SMWG. Its formation had been organic, and its charge self-designed. Some members felt that its purpose was to get a symphony orchestra up and running in San Jose as quickly as possible. Others were not even sure that a resident symphony orchestra in San Jose was appropriate and wanted to begin by looking at demand, competition, venues, and alternative organizational structures. This latter direction was the one ultimately followed.

About midway through the process and quite independent of it, a new orchestra did start up in San Jose—Symphony Silicon Valley—so the urgency to form a new orchestra organization was substantially reduced and several members



of the SMWG resigned. The SMWG evolved into a forum for people interested in issues related to classical music in Silicon Valley. The group met regularly to discuss research findings but not to produce any official recommendations, and eventually disbanded.

In the end, the community may have been left in a state of limbo. Some would say that the case is now closed. Silicon Valley has a new orchestra. Symphony Silicon Valley, which was formed by the local ballet company and then was subsequently spun off in its second season to be a freestanding organization, became active and established its own following. In many ways, it appeared to have learned lessons from the SJS's demise. As of this writing, it gives most of its concerts in the beautifully restored 1,100-seat Fox (now called the California Theatre), a substantial improvement over the cavernous and inhospitable CPA. The number of concerts has been much reduced from that of the SJS, presumably to match supply more closely with demand. Its programming seems more diverse with the potential for much wider appeal.

Yet, others wonder whether an opportunity may have been lost to create something totally fresh and new—a model that could provide an inspiration for many other communities facing similar challenges in the twenty-first century. The Symphonic Music Working Group was exploring that question. But now we will probably never know the answer.

Some wonder whether an opportunity may have been lost to create something totally fresh and new—a model that could provide an inspiration for many other communities



PART V:
BROADER QUESTIONS
AND
LESSONS LEARNED





Broader Questions

Once modestly successful, the San Jose Symphony was unable to adjust to a changing environment, and it made many decisions that seemed to defy reality.

Imagine you are running a business. For a hundred years, it has been a relatively small and successful business. You have shareholders who have been content with a loyal handful of customers and a modest return on investment. Many generations of employees have helped the business to prosper and have received minimal (but many would say “adequate”) wages for doing so. After your first century, you decide to expand. You do so in the face of mounting evidence that there is new competition and changing demand for your product. Based on past success, you succeed in finding new investors. But now your employees want significantly better wages and benefits at the same time that your loyal customer base is on the decline. Management seems unable to cope with the new realities. You start losing money. Your shareholders start to complain.

At this point, before it is too late, wouldn’t you consider selling out to your competition, taking whatever equity you could from your assets before dissolving the business, or reinventing yourself in a manner consistent with profitability? Even if you didn’t, wouldn’t your shareholders make sure you made decent decisions before running the business into the ground and declaring bankruptcy?

The San Jose Symphony was such a business. Once modestly successful, it was unable to adjust to a changing environment, and it made many decisions that seemed to defy reality. As John Kreidler remarked, the SJS “had ample funder-initiated interventions that could have saved it, and without lifting a finger, the symphony could have occupied the new California Theatre. . . . But it suffered from the same unfortunate hubris as the Oakland Symphony, which similarly committed itself to a course of head-to-head competition



with the San Francisco Symphony. Oakland had been an outstanding regional orchestra with a unique musical perspective focused on twentieth-century music, but when it decided to take on San Francisco, it changed its repertoire, jettisoned a highly popular conductor, developed a too-large performance hall, expanded its season and musician services, and soon passed into history.”³⁶

Part of the problem may have been that these orchestras were nonprofit corporations. As such, they did not have equity investors whose personal wealth was at stake every time a business decision was made. The trustees may have believed, quite correctly, that the mission of a nonprofit corporation is public service, not profit; but this belief somehow resulted in poor decisions with dire financial consequences.

Could any combination of interventions have saved the SJS in the long term? Had the environment become so infertile that it made no sense to continue? Again, to quote Kreidler, “You can grow palm trees in the arctic if you are willing to build hot houses with appropriate warmth, soil, and light, but why? From my limited but long (twenty years) observations of the San Jose Symphony, the organization seemed to be in a long slide, due not only to its mistakes, but more profoundly to the increasingly ‘arctic’ demand environment of the South Bay. The population was becoming younger, more culturally diverse, and less musically literate, especially in the classical forms of music.”³⁷

And so one has to ask the inevitable question: Are there times when it is prudent to plan carefully for the end of a symphony orchestra? Suppose in the 1990s, when Silicon Valley was booming and the San Jose Symphony was not, the board had convened and reached the conclusion that the SJS had become Kreidler’s proverbial “palm tree in the arctic.” No reasonable amount of marketing was going to attract the contemporary population, and there was no retreat possible to a shorter season without incurring divisive strikes.

And so one has to ask the inevitable question: Are there times when it is prudent to plan carefully for the end of a symphony orchestra?



Finally, this leads to the ultimate question: Does a great city really need a great orchestra or one with “great orchestra” aspirations?

What if the board had elected to dissolve with honor, a course that would have engendered some level of criticism, but would have acknowledged that the organization was only of marginal benefit to its community, however long its history? The symphony could have reinvented itself to become more relevant to the postmodern environment of the South Bay, but only a very few organizations (especially those with unionized workforces) have the capacity to implement wholesale reforms that make them viable in a changed environment. The early recognition of this growing obsolescence and a decisive closure would have been preferable to the prolonged and messy death that ate up the SJS’s remaining resources, including goodwill.

Finally, this leads to the ultimate question: Does a great city really need a great orchestra or one with “great orchestra” aspirations? San Jose is a great city. But did it really need a full-season professional orchestra—one with high-caliber musicians playing symphony orchestra concerts in a large downtown venue week after week? Did it need a great concert hall? Did it need a European-born music director with a fancy pedigree? Did it need all the accoutrements that go with the symphony orchestra organizations—organizations established in the nineteenth-century European mold and later modeled on a very few successful institutions in select U.S. cities?

As we begin a new century and the full implications of having a great symphony orchestra are played out in city after city, it may be appropriate to raise certain questions. Have changes in the demographics of our communities and in the entertainment marketplace changed fundamental assumptions about the need for professional orchestras in the traditional mold? Are rising costs and falling demand clear indications that many professional orchestras simply will be unable to thrive in the twenty-first century?

Indeed, one might ask, Who needs professional symphony orchestras, and who is willing to pay for them? Speculating



on this, however interesting, turns out to be anathema in the orchestra field today. But as we look ahead in the present century to inevitable changes in demographics, taste, and the delivery of entertainment product, the issue and the questions will not go away.

Lessons Learned

The demise of the San Jose Symphony occurred to a unique institution in a particular time and place. Yet what occurred has resonance for other organizations in other places and in other times. Some of the lessons to take away from the experience in San Jose are specific to symphony orchestras; others are broader.

Lessons for Symphony Orchestras

1. Musical leadership must respond to local realities.

There is no such thing as a great music director who will be equally successful in Berlin, San Jose, or Peoria. A music director's success is specific to a time and place. Local demographics, community imperatives (such as the need for expanded music education), local taste—these and other considerations should guide the choice of musical leader. In San Jose, an unfortunate mismatch was partially responsible for the organization's demise.

2. Hiring policies must reflect the scale of sustainable programming.

The level of musician employment must be carefully calibrated with the demand for services. This means laying out a season first and then hiring to that reality. Doing the inverse—starting with a guaranteed service count and

The demise of the San Jose Symphony occurred to a unique institution in a particular time and place. Yet what occurred has resonance for other organizations in other places and in other times.



then looking for work to fill it—may lead to the downfall of an orchestra, as it did with the SJS. A collective bargaining environment may make the proper approach more challenging, but the board leadership of an orchestra must be willing to close it down temporarily until it is able to develop a plan that its musicians can accept and that the institution can afford.

Orchestras should provide employment situations that respect the professionalism and dedication of their musicians.

3. A respectful and high-quality work environment for musicians is crucial. The life of a musician is a stressful one. The expectation is for a consistent high level of performance in an environment in which making a living is often a constant challenge. Orchestras can ease some of the burden, not by providing more employment than they can afford, but by developing a predictable and high-quality working situation that respects the professionalism and dedication of its musicians. Such an environment was not present at the SJS.

4. Audience members must have a quality experience. Because an orchestra is in the entertainment business, satisfying the consumer must be among its primary goals. This means everything from performances in high-quality halls that are the proper size and have good acoustics and ambiance to appropriate programming. It means having educational opportunities for those who want them and amenities that speak to the desires of an increasingly demanding public. The SJS was unable to provide this experience for many, and as a result, they refused to attend.

Broader Lessons

Beyond these industry-specific lessons, other lessons from the SJS's experience can and should be applied to any nonprofit organization anywhere:

5. The organization's vision must be achievable and sustainable as well as appropriate to the community.



First and foremost, an orchestra (or any nonprofit organization) must develop a vision that is based in the realities of its community—a vision that is achievable in the short run and sustainable in the long run. The San Jose Symphony was never going to be a major orchestra on the scale or artistic caliber of the San Francisco Symphony. But it could have been valued and respected in its own right had it developed a profile that matched what the community wanted and could support.

6. The organization must have responsible governance and oversight. The failure of any nonprofit organization must ultimately be laid at the feet of its board, which has legal authority to oversee its operations, programming, and financial health. Although some trustees made a valiant effort on behalf of the SJS, the group was not cohesive and did not work in harmony toward a common set of goals. Also, not enough trustees provided the kind of personal financial support through direct contributions and fund-raising that the ambitious vision demanded.

Running an orchestra demands knowledge of music, orchestra operations, collective bargaining, marketing and fund raising, and personnel management.

7. Staff leadership must be skilled in the business of running the organization. Running most organizations takes specialized knowledge and skill. Running an orchestra is a particularly complex activity demanding knowledge of music, orchestra operations, collective bargaining, marketing and fund raising, and personnel management. For long periods of time, the SJS lacked people with these skill sets, and the organization suffered accordingly.

8. Responsible and reliable systems for budgeting and financial controls must be in place. Budgeting and fiduciary oversight are critical to the success of any nonprofit organization. But especially in a field in which contractual commitments must be made as much as three years in advance, budget forecasting and review require special techniques and approaches. What are especially necessary—and what were lacking at the SJS—are systems, controls, and



contingencies to correct for the inevitable miscalculations, as well as the discipline to make tough decisions when the financial realities demand them.

9. The organization must have an open-minded consideration of market realities. Again, any nonprofit organization must understand and respond to its market. In the case of an orchestra, audience demand and competition within an entertainment marketplace are considerations that will largely determine what the orchestra can do programmatically. Scaling the activities of the organization beyond what the market will bear is a recipe for trouble. The SJS misread its market and did not pay attention to the competition. The result was half-empty halls and a precipitous decline in earned income.

10. Funders must be willing to be tough. Sometimes funders must take a very high-profile role in getting a nonprofit organization on track. This includes withholding funding and insisting on specific changes to be implemented or benchmarks to be met. The funders' traditional mantra "do no harm" may sometimes lead to timidity in the face of opportunities to do some good. When an organization is off track, as the SJS was for some time, the funding community may be the last best hope to rectify the situation before it is too late.

11. The organization must be willing to say "enough is enough." Finally, there is the biggest lesson of all, the one that can be applied to any organization—for-profit or nonprofit—anywhere and at any time. There comes a moment in the life of many organizations when continued operation simply does not make sense. In the case of the SJS, that moment probably came well before bankruptcy was declared, but the specter of a "great city" losing its large professional symphony may have prevented clear-sighted reality testing. Much anguish might have been avoided had the signs been read earlier. Even so, the leadership group that finally made

The funders' traditional mantra "do no harm" may sometimes lead to timidity in the face of opportunities to do some good.



the decision to disband the SJS may deserve more approbation than it ultimately received. Unlike orchestras in other communities that struggle along unsuccessfully year after year from crisis to crisis, the SJS was able to challenge the conventional norms in its industry and call it quits.

The San Jose Symphony, like so many orchestras around the country, had been a precious community resource with a proud history. Its demise was a loss, regardless of whether in the end it made perfect sense and regardless of what institutions have come along to replace it. Those of us who care about classical music in America, and the health of the nonprofit field generally, have the collective responsibility to understand what happened and do all we can to prevent similar missteps from occurring elsewhere.

APPENDICES





Appendix A

The Competitive Marketplace for Classical Music in Silicon Valley

The following text is taken from a March 10, 2003, presentation by Wolf, Keens & Company. The presentation was based on research conducted for the so-called Symphonic Music Working Group formed to consider the future of symphonic music in Silicon Valley.

- There are at least 54 organizations offering 387 classical music events in Silicon Valley. This is a small fraction of the total events available in the entire Bay Area.
- There are 28 orchestras offering classical music in Silicon Valley:
 - 5 professional symphony orchestras
 - 9 community orchestras
 - 4 professional chamber orchestras
 - 1 amateur chamber orchestra
 - 9 youth orchestras
- Additionally, Silicon Valley offers another 26 organizations providing classical music:
 - 4 opera companies
 - 9 choral groups
 - 10 performing arts series
 - 3 classical music festivals
- These 54 organizations are currently offering an average:
 - 7.5 performances/week
 - 1 performance for each 6,000 residents of Silicon Valley (2,300,000 total population)
 - 1 performance for every 250 classical music prospects (assuming a high penetration rate of 4%)
- The 28 orchestras offer 190 performances in Silicon Valley:
 - 33 professional symphony orchestra performances
 - 67 community orchestra performances
 - 21 professional chamber orchestra performances
 - 4 amateur chamber orchestra performances
 - 65 youth orchestra performances



- The other 26 organizations providing classical music offer 197 performances in Silicon Valley:
 - 84 opera company performances
 - 40 choral group performances
 - 49 performing arts series performances
 - 24 classical music festival performances
- There is a broad distribution of performances by month:
 - September: 22 (5 weekdays; 17 weekends)
 - October: 34 (3 weekdays; 31 weekends)
 - November: 56 (9 weekdays; 47 weekends)
 - December: 30 (3 weekdays; 27 weekends)
 - January: 16 (3 weekdays; 13 weekends)
 - February: 52 (9 weekdays; 43 weekends)
 - March: 55 (4 weekdays; 51 weekends)
 - April: 29 (5 weekdays; 24 weekends)
 - May: 51 (6 weekdays; 45 weekends)
 - June: 16 (1 weekday; 15 weekends)
 - July: 4 (0 weekdays; 4 weekends)
 - August: 22 (11 weekdays; 11 weekends)
- There is a broad distribution of performances by geography:
 - Palo Alto/Menlo Park/Los Altos/Mountain View—151
 - 80 orchestra
 - 71 other
 - San Jose/Santa Clara—121
 - 28 orchestra
 - 93 other
 - Saratoga/Cupertino—32
 - 24 orchestra
 - 8 other
 - Santa Cruz/Gilroy/San Juan Bautista/Salinas—31
 - 22 orchestra
 - 9 other
 - Fremont/Hayward/Livermore—27
 - 7 orchestra
 - 10 other
 - San Mateo/Redwood City—25
 - 19 orchestra
 - 6 other



- Certain venues are used most frequently for classical music:
 - Montgomery Theatre, San Jose—57
 - Le Petit Trianon, San Jose—38
 - Spangenberg Theatre, Palo Alto—35
 - Lucie Stern Theatre, Palo Alto—18
 - Mountain View Center for the Performing Arts—16
 - Flint Center, Cupertino—14
- There are a minimum of 92,073 admissions to orchestral performances in Silicon Valley annually comprised of:
 - 78,290 paid admissions
 - 13,783 unpaid admissions
- The minimum aggregate expenditure for tickets for orchestra concerts in Silicon Valley is \$1,767,680 (based on reporting from 24 organizations out of a sample of 28).
- The aggregate budgets of the Silicon Valley–based orchestra organizations is \$3,807,435.
 - This works out to \$33.11 per classical music prospect.
 - This does not include money paid to organizations from outside the area that perform in Silicon Valley but does include the San Francisco Symphony budget for the Flint Series.

• **Conclusion 1**

There are many opportunities to attend live classical music events in Silicon Valley. For those willing to travel to San Francisco, the opportunities expand exponentially.

• **Conclusion 2**

Given the many opportunities to attend live classical music concerts in Silicon Valley and the Bay Area, any new orchestral venture must differentiate itself in terms of mission, programming, the performance experience, quality, and/or other dimensions.

• **Conclusion 3**

Given long-established institutional loyalties to existing classical music organizations, a new symphonic venture must offer potential ticket buyers and funders something they regard as worthy of additional support.

• **Conclusion 4**

Many organizations will regard any new symphonic venture as competitive, and they could work actively against its success unless there are incentives for them not to do so. Competition can include fund-raising, ticket sales, venues, musicians, and other areas.

• **Conclusion 5**

Any new symphonic venture must make sense in terms of a Bay Area strategy for classical music.



Appendix B

2000/2001 Ticket Sales Data

The chart on the following pages summarizes data in a San Jose Symphony report entitled *2000-2001 Season Subscription and Single Ticket Sales*.

2000/2001 Season Analysis

Date	Venue	Subscriptions	Subscrip. \$	Single Tickets	Single \$	Total Capacity	% Sold
SIGNATURE SERIES							
9/22/00	CPA	907	25,926	94	2,607	2,673	37%
9/23/00	CPA	1,115	31,652	103	3,150	2,673	46%
9/24/00	Flint	1,188	25,319	132	3,181	2,427	54%
		3,210	82,897	329	8,938	7,773	46%
10/6/00	CPA	903	24,650	392	9,718	2,673	48%
	CPA	1,271	35,432	561	15,014	2,673	69%
		2,174	60,082	953	24,732	5,346	58%
10/20/00	CPA	908	25,941	128	2,768	2,673	39%
	CPA	1,115	31,755	160	4,512	2,673	48%
	Flint	1,169	25,105	147	3,014	2,427	54%
		3,192	82,801	435	10,294	7,773	47%
11/17/00	CPA	909	24,797	603	14,245	2,673	57%
	CPA	1,269	35,206	795	18,764	2,673	77%
	Flint	1,210	25,794	601	13,721	2,427	75%
		3,388	85,797	1,999	46,730	7,773	69%
1/5/01	CPA	917	26,245	218	6,441	2,673	42%
	CPA	1,132	32,030	313	9,077	2,673	54%
	Flint	1,194	25,801	259	5,867	2,427	60%
		3,243	84,076	790	21,385	7,773	52%
2/1/01	CPA	914	24,967	323	8,051	2,673	46%
	CPA	1,296	36,039	577	14,781	2,673	70%
		2,210	61,006	900	22,832	5,346	58%



Date	Venue	Subscriptions	Subscrip. \$	Single Tickets	Single \$	Total Capacity	% Sold
2/16/01	CPA	917	26,243	345	9,606	2,673	47%
	CPA	1,132	32,030	535	15,102	2,673	62%
	Flint	1,218	25,986	514	11,412	2,427	71%
		3,267	84,259	1,394	36,120	7,773	60%
3/2/01	CPA	912	24,887	77	2,027	2,673	37%
	CPA	1,284	35,610	129	3,495	2,673	53%
	Flint	1,194	25,801	97	2,165	2,427	53%
		3,390	86,298	303	7,687	7,773	48%
3/30/01	CPA	919	26,323	158	4,047	2,673	40%
	CPA	1,144	32,459	401	9,771	2,673	58%
		2,063	58,782	559	13,818	5,346	49%
4/20/01	CPA	912	24,887	275	6,194	2,673	44%
	CPA	1,284	35,610	448	12,279	2,673	65%
	Flint	1,207	25,876	366	9,664	2,427	65%
		3,403	86,373	1,089	28,137	7,773	58%
5/11/01	CPA	919	26,323	608	8,256	2,673	57%
	CPA	1,144	32,459	721	21,519	2,673	70%
		2,063	58,782	1,329	39,775	5,346	63%
6/8/01	CPA	912	24,887	421	12,110	2,673	50%
	CPA	1,284	35,610	457	12,757	2,673	65%
	Flint	1,194	25,801	604	15,090	2,427	74%
		3,390	86,298	1,482	39,957	7,773	63%

SIGNATURE SERIES SUMMARY

CPA	10,949	306,076	3,642	96,070	32,076	45%
CPA	14,470	405,892	5,200	140,221	32,076	61%
Flint	9,574	205,483	2,720	64,114	19,416	63%
Total	34,993	917,451	11,562	300,405	83,568	56%

FAMILY

10/1/00	CPA	1,254	15,098	457	4,850	2,673	64%
2/4/01	CPA	1,254	15,098	600	6,162	2,673	69%
4/1/01	CPA	1,256	15,122	432	4,436	2,673	63%

FAMILY SUMMARY

		3,764	45,318	1,489	15,448	8,019	66%
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Date	Venue	Subscriptions	Subscrip. \$	Single Tickets	Single \$	Total Capacity	% Sold
FAMILIAR CLASSICS							
11/4/00	Flint	835	22,084	254	5,921	2,427	45%
1/27/01	Flint	844	22,332	387	9,665	2,427	51%
3/1/01	Flint	844	22,332	688	13,195	2,427	63%
5/26/01	Flint	835	22,084	376	7,812	2,427	50%
FAMILIAR CLASSICS SUMMARY							
		3,358	88,832	1,705	36,593	9,708	52%
SUPER POPS							
10/28/00	Flint	1,396	38,692	241	8,268	2,427	67%
	Flint	1,361	28,522	389	10,197	2,427	72%
		2,757	67,214	630	18,465	4,854	70%
12/16/00	Flint	1,398	38,749	31	437	2,427	59%
	Flint	1,368	28,688	311	7,849	2,427	69%
		2,766	67,437	342	8,286	4,854	64%
2/10/01	Flint	1,399	38,781	206	6,962	2,427	66%
	Flint	1,371	28,743	241	5,978	2,427	66%
		2,770	67,524	447	12,940	4,854	66%
3/24/01	Flint	1,399	38,781	416	13,932	2,427	75%
	Flint	1,371	28,743	312	8,265	2,427	69%
		2,770	67,524	728	22,197	4,854	72%
5/5/01	Flint	1,399	38,781	121	3,764	2,427	63%
	Flint	1,370	28,723	207	4,879	2,427	65%
		2,769	67,504	328	8,643	4,854	64%
6/2/01	Flint	1,399	38,781	285	9,434	2,427	69%
	Flint	1,370	28,723	329	7,932	2,427	70%
		2,769	67,504	614	17,366	4,854	70%
SUPER POPS SUMMARY							
		8,390	232,565	1,300	42,797	14,562	67%
		8,211	172,142	1,789	45,100	14,562	69%
		16,601	404,707	3,089	87,897	29,124	68%
SPECIAL PROGRAMS							
10/1/00	CPA	0	0	1,087	63,275	2,673	41%
2/4/01	CPA	0	0	1,436	40,066	2,673	54%
4/1/01	SJSU	0	0	2,349	111,415		
SPECIAL PROGRAMS SUMMARY							
				2,523	103,341	5,346	47%



Appendix C

Wage Scale and Benefits History

The following chart is a San Jose Symphony report on musicians' wage scale and benefits history.

SAN JOSE SYMPHONY MUSICIANS' WAGE SCALE AND BENEFITS HISTORY

Category	1989/90	1990/91	1991/92		1992/93	1993/94		1994/95
			1st half	2nd half		1st half	2nd half	
Wage Scale								
Section	69.00	73.00	73.00	77.00	80.00	80.00	82.00	84.00
Asst. Principal	79.35	83.95	83.95	88.55	92.00	92.00	94.30	96.60
Principal	86.25	91.25	91.25	96.25	100.00	100.00	102.50	105.00
% Increase	5.8	2.74	6.66		1.25	3.7		4.76
Guaranteed Services								
Group A	190	193	193		171	180		185
Group B	174	177	177		155	164		169
Group C	118	118	140		119	128		133
Group D*	0	0	106		91	97		101
Group E*	0	0	39		34	36		37
Vacation	5	5	5		5	5		5
(Services included above)								
Personal/Sick Leave (number of paid services)								
Group A	10	10	10		8	8		9
Group B	8	8	8		7	7		8
Group C	5	5	5		5	5		6
Group D*	0	0	5		5	5		6
Group E*	0	0	5		5	5		6
Pension								
0.00%	0.00%	2.50%	2.50%		2.50%	2.50%		2.50%
Medical								
515.46	1,034.48	1,145.76	1,205.91		1,205.91	1,205.91		1,205.91
Contract Groups (number of musicians)								
Group A	20	20	20		20	20		20
Group B	40	40	40		40	40		40
Group C	27	27	27		26	26		26
Group D*	0	0	1		2	2		2
Group E*	0	0	1		1	1		1



Category	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Wage Scale							
Section	88.00	92.00	96.00	100.0	107.00	114.49	122.50
Asst. Principal	101.20	105.80	110.40	115.00	123.05	131.66	140.88
Principal	110.00	115.00	120.00	125.00	133.75	143.11	153.13
% Increase	4.54	4.34	4.16	7	7	6.99	
Guaranteed Services							
Group A	185	185	185	185	185	185	185
Group B	169	169	169	169	169	186	196
Group C	140	140	140	140	147	147	147
Group D*	106	106	106	112	112	112	112
Group E*	39	39	39	41	41	41	41
Vacation	5	5	5	5	5	5	5
(Services included above)							
Personal/Sick Leave (number of paid services)							
Group A	9	9	9	9	9	9	9
Group B	8	8	8	8	8	8	8
Group C	6	6	6	6	6	6	6
Group D*	6	6	6	6	6	6	6
Group E*	6	6	6	6	6	6	6
Pension	0.00%	3.50%	4.00%	5.00%	6.00%	7.00%	8.00%
Medical	515.46	1,284.56	1,374.45	1,547.01	1,655.17	1,655.17	1,655.17
Contract Groups (number of musicians)							
Group A	20	20	20	20	20	20	20
Group B	40	40	40	40	46	50	55
Group C	26	26	26	26	21	17	12
Group D*	2	2	2	2	1	1	1
Group E*	1	1	1	1	1	1	1

*Groups D and E began in 1991/92.



NOTES

1. After flirting with the idea of a Chapter 11 bankruptcy that would have permitted reorganization, the decision was made to file for a Chapter 7 bankruptcy, which led to total dissolution.
2. The Wolf Organization, Inc., *The Financial Condition of Symphony Orchestras* (Washington, DC: American Symphony Orchestra League, 1992). This work traces orchestra finances during the decades of the 1970s and 1980s. It is interesting to note that artistic costs as a percentage of total costs remained at about the same level for almost two decades. Indeed, it was not only the cost of musicians that was increasing—all costs were increasing.
3. Seventy-four percent of subscribers and 71 percent of single-ticket buyers sang in a choir or played a musical instrument at some time in their lives (Audience Insight LLC, *How Americans Relate to Classical Music and Their Local Orchestras* [Miami, FL: Knight Foundation, 2002], p. A-164).
4. AMS Planning & Research, “A Public Survey of Participation and Attitudes Towards Arts and Culture in Santa Clara County and the City of San Jose,” in *20/21: A Regional Cultural Plan for the New Millennium* (Petaluma, CA: City of San Jose and Arts Council of Santa Clara County, 1997), vol. 3, section 1, p. 18.
5. Figures are for 1996 and come from *Joint Venture: Silicon Valley 1996 Index* (San Jose, CA: Joint Venture Silicon Valley Network). In fact, age and education are the two highest demographic factors that correlate with symphony attendance.
6. Cultural Initiatives Silicon Valley, *Creative Community Index* (San Jose, CA: Cultural Initiatives Silicon Valley, 2002), p. 9.
7. AMS Planning & Research, “A Public Survey,” section 1, p. 12.
8. Alan Brown, *Analysis of Demand for Live Classical Music Programs in Silicon Valley* (Southport, CT: Audience Insight LLC, 2002), p. 11.
9. Audience Insight, *How Americans Relate*, p. 7.
10. John Kreidler, Executive Director, Cultural Initiatives Silicon Valley, personal e-mail communication, December 28, 2004. Kreidler was a program officer of the San Francisco Foundation at the time.
11. Brown, *Analysis of Demand*, p. 17.
12. Alan Brown, *Online Survey and Focus Group Research on Classical Music Participation in Silicon Valley* (Southport, CT: Audience Insight, LLC, 2003).
13. A privately commissioned study by the top eleven orchestras by budget size shows that between the 1995/1996 season and the 2003/2004 season, the total number of tickets sold declined by 13 percent. The number of subscriptions sold declined by 20 percent.



14. Brown, *Analysis of Demand*, p. 16.

15. Although the number of guaranteed services for Group A musicians (twenty players) decreased from 190 to 185 over the period 1989/1990 to 2001/2002, the number of guaranteed services for Group B grew from 174 to 196 (13 percent growth), and Group C grew from 118 to 147 (25 percent growth). The total number of musicians over the period 1989/1990 to 2001/2002 did not expand significantly (growing from eighty-seven to eighty-nine), but it is important to note that a number of musicians moved from Group C (which has fewer guaranteed services) to Group B (with the highest level of guaranteed services). This resulted in an increase in guaranteed services from 13,946 in 1989/1990 to 16,397 in 2001/2002 (an increase of 18 percent).

16. When the ballet reduced its service count, the SJS decided to increase educational and community outreach service components. The Project Music program was begun in 1998/1999. Through this program, SJS musicians offered free concerts in community settings, as well as ensemble and soloist performances. Unfortunately, there was no earned revenue supporting this program, and after a generous sponsorship from AboveNet in the program's first year, no further sponsorship support was secured. This meant that the carrying costs for the symphony were not reduced, even as revenue was dropping significantly.

17. The trend to reduce the number of salaried musicians with guarantees is not limited to smaller-budget orchestras. In the most recent contract of the Philadelphia Orchestra, approved on November 20, 2004, the number of musicians under contract was reduced (by attrition) by six. The Chicago Symphony also reduced its overall workforce numbers.

18. Thomas Wolf, *Managing a Nonprofit Organization in the 21st Century* (New York: Simon & Schuster, 1999), p. 48.

19. Many board members represented companies in Silicon Valley, and their contributed support to the symphony for the most part came through the companies with which they were associated. This form of philanthropic support worked to some effect during the boom years of the technology industry in Silicon Valley, but when the companies stopped contributing, it did not serve the symphony well.

20. Bruce Coppock, *Report to the Community Foundation Silicon Valley Regarding the State of the San Jose Symphony with an Evaluation of its Plans for the Fox Theatre* (December 11, 1997), p. 4.

21. Coppock, p. 16.

22. Thomas Wolf and Gina Perille, "The 21st Century Music Director: A Symposium," *Harmony* 14, April 2002.

23. Wolf and Perille.

24. Coppock, p. 16.

25. Wolf Organization, Inc., *Financial Condition*.

26. The source for these statistics is the *Joint Venture: Silicon Valley 1996 Index* (San Jose, CA: Joint Venture Silicon Valley Network).



27. Civic Strategies Inc. Metro Areas Scan (www.civic-strategies.com/resources/metros/san_jose.htm).
28. Brown, *Online Survey*, p. 2.
29. AMS Planning & Research, *Silicon Valley Performance Facility Inventory*, January 2003, p. 5.
30. The Fox Theatre (now the California Theatre) was subsequently renovated by the San Jose Redevelopment Agency, with assistance from the Packard Humanities Institute, and is currently being used by a local orchestra that came into existence after the demise of the SJS. Reports are that despite the disadvantages of its smaller size, it is a greatly improved option for orchestra concerts.
31. AMS Planning & Research, "A Public Survey," section 1, p. 36.
32. City of San Jose and Arts Council of Santa Clara County, *20/21: A Regional Cultural Plan for the New Millennium (San Jose, Santa Clara County, Silicon Valley)*, 3 vols., May 1997.
33. Coppock, pp. 11-12.
34. Coppock, p. 23.
35. "Confidential Report from the San Jose Symphony Advisory Panel to the Executive Transition Board of the San Jose Symphony: Findings and Recommendations," May 1, 2002.
36. John Kreidler, personal e-mail communication, December 28, 2004. For an in-depth analysis of the demise of the Oakland Symphony, see Melanie Beene's excellent monograph, *Autopsy of an Orchestra* (San Francisco: Melanie Beene, 1988). Further analysis of this same symphony is available in an article by James A. Phillips, Jr., "The Sound of No Music," *Stanford Social Innovation Review* (Stanford Graduate School of Business, Stanford, CA, Fall 2004).
37. Kreidler.



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