Orchestras in a Complex World

by

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Symphony
Orchestra
Institute

Editor's Digest

Orchestras in a Complex World

*I*n our ongoing conversations with symphony orchestra participants
around the world, we had the good fortune to hear from Bernhard Kerres,
a management consultant based in Munich, Germany. Over the past several
years, Kerres has helped several European orchestras develop strategic
agendas, and he agreed to acquaint the readers of Harmony with some
of his analytical techniques.

System Dynamics
*While several models exist to analyze complex organizations (as evidenced
by the use of organizational ecology in the "Jurassic" essay), Kerres presents
system dynamics as a useful analytical tool for symphony orchestra
organizations.*

*The author begins with a description of the generic environment in which
orchestra institutions operate, and identifies five external forces that especially
affect that environment. He then builds a conceptual map to represent ways in
which an orchestra organization's main activities interrelate with one another,
and with the operating environment.*

The Conceptual Map
*Suggesting that the parameters for measuring "success" are both artistic
and financial, Kerres presents an initial map that starts with the success of
performances. He then moves to a discussion of the importance of brand
recognition, adding this factor to the map, and demonstrating feedback
circles—loops of issues which reinforce one another, either positively
or negatively.*

*Further map additions include attracting musicians; success with
fundraising; recording and touring; and outreach and education. Each
addition is accompanied by an explanation of why that activity was selected.*

*The complete map presented toward the end of the essay gives readers
an overall, graphic representation of the complexity of a symphony orchestra
organization viewed as a "system."*

Bernhard H. Kerres

Orchestras in a Complex World

*W*hat is success for an orchestra? This question is more easily answered than is the question of how an orchestra can become successful. In my research over the past three years, I have spoken with a number of representatives of the music industry about these issues. It seemed useful to develop answers to the questions above through "system dynamics," a relatively young discipline for the understanding of complex systems. This essay reports the findings and presents a way of thinking about how orchestras can achieve success.

Over the past three years, I have worked with various orchestras in Europe to assist in the development of their strategic agendas for the next five to ten years. In the course of that work, I spoke with orchestra managers, concert promoters, musicians, agents, and others close to the industry in the United States and Europe about the challenges orchestras face today.

Most of my interviewees agreed on five major indicators for successful orchestras. These can be summarized as:

◆ High-quality orchestral concert performances with the ability to attract and retain excellent orchestra musicians, as well as guest artists and conductors;

◆ Challenging and interesting programming which attracts audiences and raises the interest of new audiences;

◆ Attracting well-qualified managers and staff, and also enthusiastic volunteers and supportive sponsors;

◆ Maintaining a media profile, including recordings and broadcasts, as well as favorable reviews; and

◆ Successful outreach and education work through provision of musical services to their communities, with an outcome of raising the understanding and appreciation of music.

When the discussion turned to how to achieve these success factors, it became difficult to find a common theme. The discussions made rather clear that orchestras work in a complex environment. Answers about how to achieve

success must be seen within this complex environment. Based on the development stage of each orchestra, one or another part of the complex environment becomes more important. It became clear that a description of the complex environment could help to answer questions of how to achieve success.

System dynamics is a perfect tool for a better understanding of complex environments. System dynamics is a rather new discipline which was developed by, among others, Jay Forrester at the Massachusetts Institute of Technology in the 1960s. System dynamics aims to find new ways of thinking about and solving problems in increasingly complex and dynamic environments. In the field of system dynamics, many tools have been developed that are now common practice in business, as well as in research and in other areas. Among the most powerful tools are scenario planning, war-gaming, and modeling. These tools can be applied to many areas, including orchestral activities.

> *"System dynamics aims to find new ways of thinking about and solving problems in increasingly complex and dynamic environments."*

The Environment of an Orchestral Institution

Before one can build a detailed conceptual map for orchestral institutions, one must consider the environment in which these orchestral institutions operate. System dynamics can represent this environment in a very high-level figure, with the organization in its center and the main forces around it. This figure should use three to five main forces to limit the complexity of the later map.

Figure 1 is one option for a representation of the environment in which orchestral institutions operate.

Figure 1 : High-Level Representation of the Environment

Competition for Time of Audiences

Impact of Technology on the Arts

Political Support for the Arts

Music Education and Appreciation

Demographic Change

Orchestral Institution

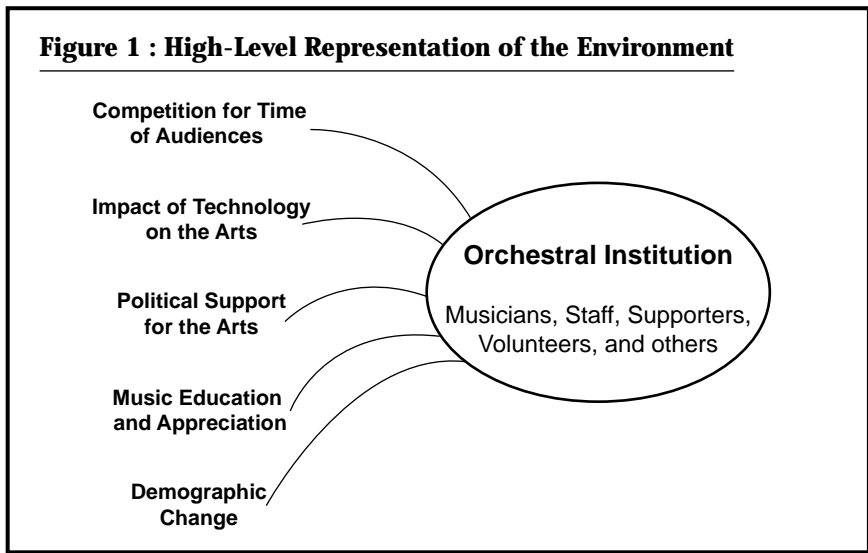Musicians, Staff, Supporters, Volunteers, and others

Figure 1 first represents the orchestral institution in detail. In my view, an orchestral institution exists because of the people who come together to work for the same idea. Therefore, the most important internal force is the "people force" which represents the high-level impact people have on any orchestral institution. The definition of the people force includes some of the most important groups working for and supporting orchestral institutions. Even the best musicians would not be able to run a successful orchestra without staff, supporters, volunteers, and all the other people who are very actively involved in today's arts world.

The most important external force is the competition for the time of audiences. In today's world, people have available a wide variety of activities, regardless of where they live. This variety ranges from cultural events, sports, and other outdoor activities to television, the Internet, and computer games. A successful orchestral institution needs not only to fight against other cultural activities, but also for the free time of its audiences.

Technology is another force which changes today's environments. Fast developments, especially in the communication sector, offer orchestral institutions many options to deliver their music. However, technology could also become a threat for arts institutions. Ignoring technological change might be fatal.

At the beginning of this century, orchestras delivered their music primarily through live performances. Later, orchestras were able to broadcast performances and also record them. Today, artists can deliver their music directly via the Internet, as some pop music groups are already doing. They are successfully cutting out other distribution agents (such as record labels) to reach their audiences by less expensive routes. Before long, orchestras will be working on similar ideas.

Political support represents the influence that politicians and governments, and other groups, have on symphony organizations. This force can vary from passively acknowledging that music is performed to providing large government subsidies. The political support force is important to understanding an orchestral institution's operating climate.

Political support can have many forms. In Germany, this support is manifested in the relatively high public subsidies available for cultural activities. In the United Kingdom, the support can be seen in the favorable tax advantages for sponsorship of the arts. In a climate which does not have political support for the arts, public subsidies, tax advantages for sponsorship, or support for the arts in the educational system, it will be difficult for orchestral institutions to survive.

The general level of music education and appreciation is a very important force which not only heightens the acceptance of and interest in music, but also provides a continuous development of new talent. In countries where arts are supported in the school systems, young people have early opportunities to overcome any anxiety they might have when going to an exhibition or to a

concert. Educational programs developed between schools and arts institutions encourage young people's interest in the arts and in culture. This will perhaps make them greater supporters of the arts in future, and may also encourage them to think about careers in the arts themselves.

A final force to consider is demographic changes. Classical music was long dominated by Europeans, and when they emigrated to North American cities, for example, they took with them knowledge of classical music and support for symphony orchestras. In recent years, changing demographics have increased the concentrations of African-Americans, Hispanics, and Asians in those cities, offering orchestral institutions new opportunities to win audiences by marketing to segments that had not been addressed in the past. Success in this marketing requires new thinking about programming, paired with outreach activities.

Building a Conceptual Map

To better understand the complexity in which orchestras operate, one can draw a conceptual map. The conceptual map represents ways in which the organization's main features and activities interrelate with one another, and with the environment in which the organization functions. Building a conceptual map is normally done in an iterative team effort, as described by Peter Senge in *The Fifth Discipline*.[1] The map represents the groups' consensus of the operating environment.

> *"The conceptual map represents ways in which the organization's main features and activities interrelate with one another, and with the environment in which the organization functions."*

A successful conceptual map requires the support of the whole team. Therefore, it is valuable to work not only with the management and the board of an orchestra organization, but also to include supporters, sponsors, and representatives of audiences. The success of an orchestra is not based on a few people on the orchestra's payroll. In today's world, staff, musicians, volunteers, audiences, supporters, and many others take an active interest in the future of their orchestral institutions. They have built an important base of knowledge about the institutions, one which is important to use. Although this approach lengthens the map-building process, it builds on a greater knowledge base, and increases the chances for a successful process.

Inclusion of a significant number of people in building a conceptual map limits the danger of "groupthink." In many organizations I studied, small groups of people work under the same challenges every day. It is difficult for those small groups to see new solutions to challenges. They often end up in what is called "groupthink." Building a conceptual map based on groupthink would be fatal because it would not provide new insights into the complex system. The active participation of a wide variety of people, with the help of a trained coordinator and map builder, is essential for a success.

Drawing such a map can be an important learning process for any organization. For many organizations, it is the first time a significant number of participants really discuss the issues important to the environment in which they operate. The process helps to build common understanding and common ground, in turn making it easier to find solutions and support within the organizational system. The more people who are actively involved in the process, the greater the common understanding will be.

Before we can start drawing a map for orchestras, there are limitations which we should keep in mind. The map which will be developed in this essay is drawn with respect to orchestral organizations. Throughout the map-building process, we need to remember the external environment in which our organizational system is operating.

Another limitation worthy of note is that the map presented here is generic. A generic map helps to start discussions, but cannot assist in the individual challenges of specific organizations. Orchestras which find this way of thinking worthwhile are well-advised to start map-building processes of their own which consider individual aspects of their environments.

Any conceptual map is also limited by its useful representation. In the discussion about a conceptual map, main issues need to be separated from secondary issues. If the map itself becomes too complex, it will not help to understand the complex environment. The conceptual map is an abstraction of reality which does not consider all issues and influences, but rather focuses on main issues.

The map developed below is also not limited to a specific country. Environments for orchestras in the United States, Canada, and Europe are becoming more similar. Even funding has become more similar. Government funding is at generally low levels in the United States, and is decreasing in Canada and Europe. For many orchestras in Europe, public funding is so small that it is not worth thinking about any more.

Success Parameters

To build a conceptual map for orchestras in larger cities, the success of metropolitan performances seems to be a good starting point. What is a successful performance? What makes it successful? Successful performances can be seen mainly in two ways: artistic success and financial success.

Artistic success includes the quality of the performance and the challenge of the program. Financial success includes the ability to sell tickets for the performance and to attract sponsorship. The comparable dimension of intermediate- or longer-term artistic and financial success would be the ability to sell season subscriptions and to increase the audience base.

When considering what makes the actual success, audience attraction is a major point. Financial and artistic success can only be achieved if audiences

are attracted. Audiences are often attracted by their interest in the program and/or the attraction the artists hold, including the fundamental quality of the orchestra. Programs and artists are often cited as the main reasons why audiences attend concerts. Sometimes the venue itself plays a role. The new, state-of-the-art Benaroya Hall in Seattle, Symphony Center in Chicago, or the Musikverein in Vienna are attractive and unique places in themselves, and attract audiences who want to say, "I've been there."

And one should remember that audiences are not only the people who come to listen to a concert, broadcast, or recording. Audiences also include supporters, volunteers, and others who endorse the work of an orchestra. This wider definition of audience is critical for the success of orchestral institutions. Without the support from the wider audience, an orchestra would be limited to silent listeners. It would be hard for an orchestral institution to become a lively organization which attracts great artists and musicians, or to be successful in the longer term.

And undoubtedly, the media have a role in attracting audiences for performances. But what exactly is that role? Media includes print, as well as recordings, broadcasts, and many other forms. Media is a very large industry in itself and often crosses paths with the music industry. Media attention includes not only reviews, but also any form of publicized information about the orchestral organization's activities. This can range from advertising at the local bus station to dedicated slots on the local radio station.

Technical developments in the media industry over recent years have lowered access to the media world, but have also raised the level of competition. Orchestral institutions face the challenge of how to use these developments to their advantage. The options are immense, and might include selling recordings over the Internet or entering into partnerships with various media companies.

With these thoughts in mind, one can now establish the first part of the conceptual map, as shown in Figure 2. The map starts with the main objective of most orchestras: to develop and maintain an excellent orchestra.

Figure 2: Success of Performances
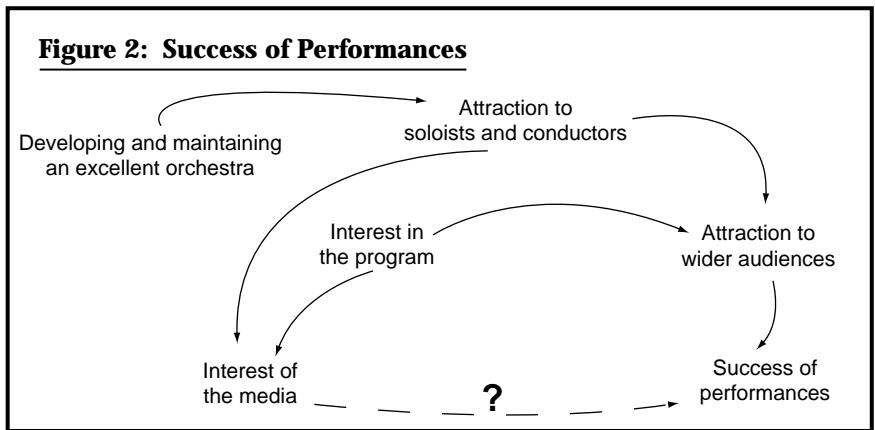
The Importance of the Brand

Figure 2 shows influences on the success of performances, but does not yet fully explain the influence of the media on success. Furthermore, Figure 2 does not yet develop a feedback circle between items. A feedback circle establishes a loop of issues which influence each other. For example: satisfied customers generate positive word of mouth, which leads to higher sales, and, therefore, to even more satisfied customers.[2] If such a feedback circle can be established for an orchestra, that orchestra would have found a success engine.

So far, we have not spoken about the "brand" of the orchestra. In today's world, a brand for an orchestra is just as important as for any other good. Such examples as Virgin Records demonstrate how powerful brands can be.[3] But there are also examples of powerful brand names in the orchestra world. Such orchestras as the Vienna Philharmonic or the Berlin Philharmonic are associated with world-class quality and other attributes. The names of these orchestras have developed into brand names, even if these orchestras do not actively promote their brands.

But what lies behind a brand name? A brand relies on the image it generates in people's minds. A brand links the values of a product or organization with the qualities people associate with the product or the organization. We, therefore, should consider not only such well-known brands as Coca-Cola. The local shop in a small town actually has a brand because the local population links the image of the shop with the values the shopkeeper represents. The only differences are that fewer people know the brand, and it may not be as well managed or widely recognized as Coca-Cola.

One example of an orchestra developing its image into a brand is the Detroit Symphony. With its surprise encores and the friendliness it exhibits towards its audiences, the Detroit Symphony is creating a certain favorable image in the minds of its audiences. It is building a brand with this image to differentiate itself from other orchestras, and from other performing arts groups in Detroit. The correct conclusion is that orchestral institutions in any city have to think hard about the qualities and values they want people to think of when they hear or see the orchestra.

Take the example of the Florida Orchestra, which works hard on its image of being informal and creative. Recently, this orchestra performed an all-Frank Zappa concert as part of its frequent testing of the boundaries among classical music, jazz, and pop music. The *Washington Post* reported that, "Roars of applause followed every piece. . . . Symphony patrons in tuxedos edged past colorful eccentrics decked out in Willie Nelson braids and Harley leathers."[4]

We now add brand to the conceptual map. Because brand recognition can be measured, it is a good parameter for a conceptual map. Figure 3 includes brand recognition.

Figure 3: The Importance of the Brand
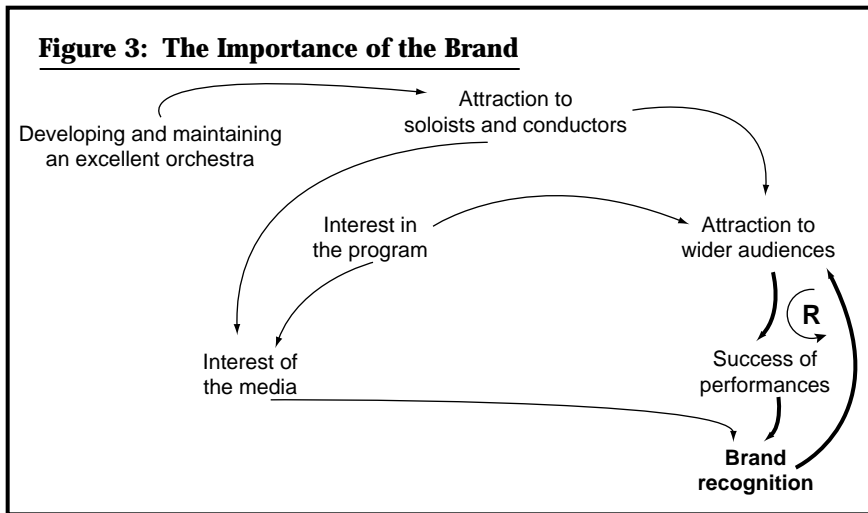
Furthermore, Figure 3 helps to better understand the media's role. Media—in its full variety—influences brand recognition more than do the actual successes of performances. The more an orchestral institution appears in articles, broadcasts, shows, and reviews, the higher the brand recognition.

Figure 3 also establishes the first feedback circle to our model: the stronger the brand recognition of an orchestra, the higher the attraction to audiences, the better the success of performances.

In system dynamics, this kind of feedback circle is called a reinforcing circle, and is represented by the letter "R" on our map. In a reinforcing circle, each item influences the next in the same direction. In the brand recognition example, the direction of the reinforcing circle is positive. However, the same example could change from a virtuous circle into a vicious circle if one considers the following: If the success of performances is low, the impact on the brand recognition will become negative. Negative brand recognition can lead to lower audience attraction, which in turn can lead to less successful performances.

It is important to see the two directions of a reinforcing circle. Taking one part of the circle less seriously than another can easily lead to a very negative outcome. Keep this in mind as we build the map further through additional reinforcing circles.

Attracting Musicians

So far, the map is missing one element vital for an orchestra's success. An orchestra could not exist without its musicians.

Figure 4 shows how musicians can be attracted. Musicians consider important the orchestra for which they play. They take into consideration the brand of the orchestra, as well as the soloists and conductors with whom they work. If an


Figure 4: Attracting Musicians

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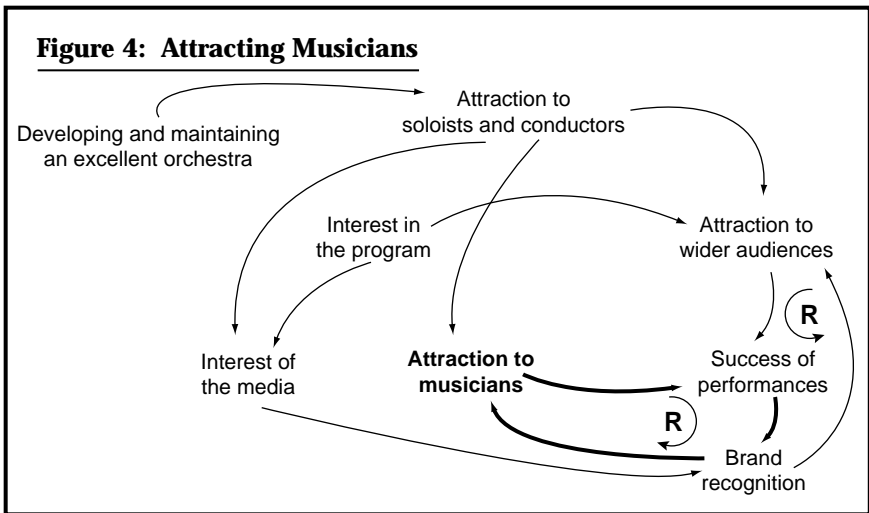
orchestra is attractive to well-known conductors, it will also be attractive to musicians. Attracting good and enthusiastic musicians is critical for the success of an orchestra and its performances.

Success with Fundraising

Our map so far has not touched upon a very important issue for any arts organization: fundraising. In general, few orchestras in the United States ever really experienced the system of public funding which was well known until recently in Europe and Canada. In Europe, funding for the arts was historically reserved for the sovereign. Until the last century, the arts were funded by emperors, kings, queens, dukes, duchesses, and so on. As democratization progressed, governments assumed some responsibilities. The shortfalls in state households and the focus on other issues have led to a constant decrease in public funding in most European countries. Private fundraising has now become as important in Europe and Canada as it has been historically in the United States. A conceptual map for orchestra organizations needs to take this development into account.

> *"An organization with a good brand recognition will be able to attract the right supporters and volunteers to make fundraising a success."*

Fundraising success—from individual, corporate, and public sources—depends heavily on the brand recognition of the arts organization. An organization with a good brand recognition will be able to attract the right supporters and volunteers to make fundraising a success. The success of the orchestral institution itself depends on the ability to raise sufficient funds. Fundraising success must therefore be included in the conceptual map.

Figure 5: Success of Fundraising
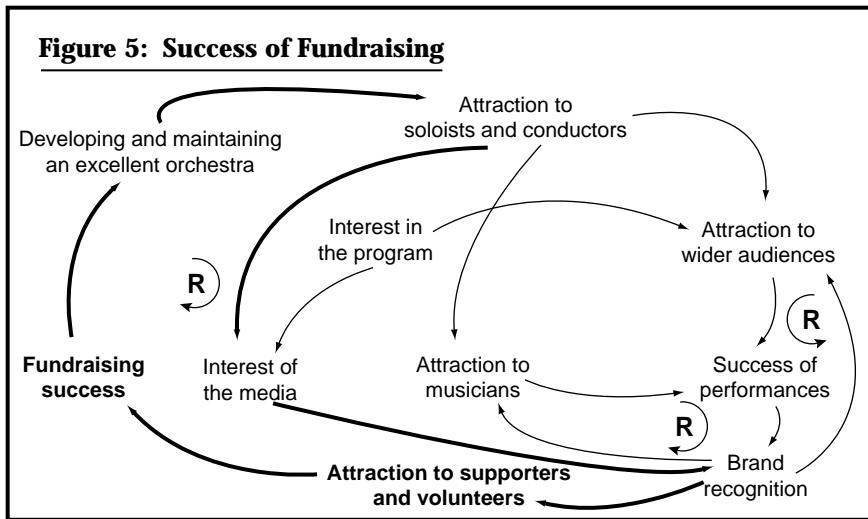
As Figure 5 shows, fundraising success depends heavily on brand recognition. It is easier to raise funds for an organization which is well known and well thought of than for an unknown organization. Well-known orchestra organizations can attract higher levels of funding, and can also attract prominent persons to leadership of their fundraising campaigns.

The survival for lesser-known organizations is a real issue, especially in Europe. Lesser-known organizations in countries which traditionally had high public funding face not only drastic reductions in public funding, but also see corporate sponsors attracted to the top institutions (which, ironically, still receive a certain level of public funding). Public and private funding become focused toward a few well-known organizations, leaving fewer funds available for lesser-known institutions.

Success in fundraising starts another reinforcing feedback circle. Only if enough funds are available will well-known soloists, conductors, and musicians be attracted to perform with the orchestra. High-level artistry is necessary to develop audiences and to generate sufficient media interest. This process again leads to better brand recognition.

Similar to brand recognition, fundraising seems to be a key success factor for orchestras in today's environment. Many orchestral organizations in the United States have professional fundraising staffs, either in-house or outsourced. Orchestra organization board members in the United States take active roles in fundraising, often giving significant donations to their organizations.

Private donors are the strongest supporters of U.S. arts organizations. They may not necessarily be interested in a well-marketed brand, but they are interested in the image behind the brand. If they see their own interests and values represented in the image behind the brand, they will be inclined to support a particular orchestral institution.

The climate in Europe is very different. Fundraising is rather new. Some organizations in the United Kingdom are taking the lead. Nevertheless, many boards, if they exist at all, see their roles primarily in governance and not in fundraising. A learning process will obviously be necessary.

Recording and Touring

Our map now needs to include two additional important points of the complex system: the ability to record and broadcast, and touring. Both issues are vital parts of orchestras' activities, and both are success factors for orchestras. Figure 6 includes these points on the conceptual map, which immediately adds two more reinforcing circles.

Figure 6: Adding Recording and Touring
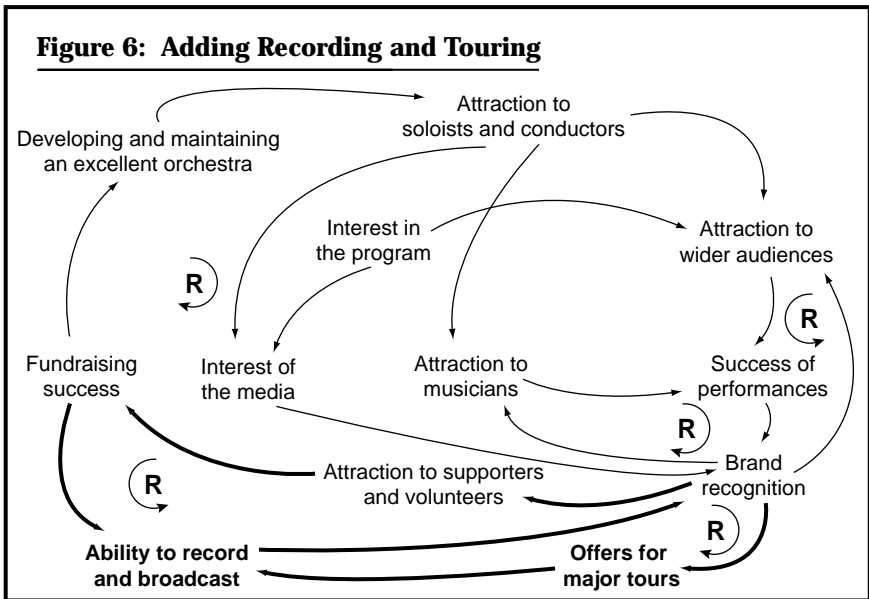
Already explained is the importance of fundraising. And fundraising has a second important aspect. Many orchestras must raise funds for recordings. Classical record labels today are less prepared to take risks with new releases. The classical recording industry speaks of a massive downturn. Recording and broadcasting enhance brand recognition, and are therefore important for any orchestra.

Many arts organizations are already experimenting with the options new technology gives them to be less dependent on established record companies. Many orchestras have excellent Web sites on the Internet, and use this medium to present themselves to new audiences. Some sell tickets over the Internet and make soundbites available. Having the support of experts in these new media, and having the financial backing to establish themselves in this new world, can give orchestral institutions a competitive advantage. As an example, with the

support of General Motors, the Detroit Symphony is able to continue its national radio broadcasts which reach more than 1 million listeners weekly.

Touring can also be a major source of income for orchestras, and needs to be considered in a conceptual map of the environment in which orchestras operate. It is easier to obtain offers for major touring contracts if the orchestra's brand is well known. Orchestras which tour extensively are more interesting to record and broadcast companies because of the broader audiences to which the orchestra plays.

Outreach and Education

Outreach and education work is becoming increasingly important for orchestras. It helps orchestras build closer relationships with their audiences, especially in their hometowns and places they visit regularly. This is generally achieved through a dedicated outreach and education program and the involvement of many local organization supporters.

The local support for orchestral institutions is already included in the wider definition of audiences used in this essay. Outreach and education work can now be added to the map. Figure 7 represents the complete map.

Outreach and education work raises the interest in symphony concerts and may gain the interest of people who never considered going to a concert. Outreach and education work is easier in smaller cities because it has a more direct impact than in larger cities where it may be just one of many similar activities. Nevertheless, the efforts of the Chicago Symphony Orchestra (CSO) are lively examples of successful outreach and education work in a large metropolitan area. The CSO has set itself three clear goals in its commitment to broaden its

Figure 7: The Complete Map

reach in Chicago. The first goal is collaboration and relationship building with other arts organizations in Chicago. This includes coaching and mentoring from orchestra members in the Mexican Fine Arts Center Museum and People's Music School. The second goal is to remove barriers between the orchestra and new audiences. The orchestra distributes tickets to community organizations, and opens the Symphony Center to community events such as the No Dope Express Foundation gala in June 1998. The third goal is achieving greater diversity within the CSO itself.

Many orchestral institutions use the tools of outreach and education work even on tours. They not only perform concerts while on tour, but also get the populations' interest by giving classes or playing chamber music. This often leads to higher ticket sales and a greater interest by the promoters in welcoming the orchestral organization back.

Another important aspect of outreach and education work is its indirect impact on brand recognition and everything which follows from that recognition. A well-developed outreach program gives sponsors more visibility and offers them new opportunities to support their communities.

> *"Another important aspect of outreach and education work is its indirect impact on brand recognition and everything which follows from that recognition."*

Final Thoughts

Even a strongly abstracted conceptual map makes more clear the complexity of orchestral systems. The variety of performances possible today—from live performances to Internet broadcasts—is only one aspect of the complexity. A broader view of the system makes the importance of brand management and fundraising clear, and the need to incorporate these important issues into an orchestra organization's day-to-day management.

In order to succeed in today's complex world, orchestra organizations need to understand their specific strengths and weaknesses in their own environments, and the success factors for those environments. The conceptual map presented here can only be a starting point. It is necessary to build an individual map for each orchestra if system dynamics is to be utilized effectively.

When it is fully and continuously aware of the environment in which it operates, of its own role within the system, and of the changes in the environment, an orchestra organization can use its understanding to competitive advantage. System dynamics provides a way to build this understanding. Orchestras then need to translate this understanding into strategies, tactics, and action plans to develop a competitive advantage. Such an exercise needs support from all persons working in or related to the organization. The ultimate benefit will be a more-focused approach to the future based upon a better understanding of the environment, and of the key interrelationships with and between the organization and the environment.

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Notes

[1] Senge, Peter M. 1990. *The Fifth Discipline: The Art and Practice of the Learning Organization.* New York: Doubleday/Currency.

[2] *The Fifth Discipline.*

[3] Rifkin, Glenn. 1998. How Richard Branson Works Magic. *Strategy & Business* (Fourth Quarter).

[4] O'Neil, L. Peat. 1999. Florida Symphony in the Key of Z; Orchestra Honors Rock Pioneer Zappa. *Washington Post*, January 24, G7.