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Report: Orchestra must grow audience, donor base, communication skills

by PETER DOBRIN, Culture Writer

One of the nation's top arts consultants says that the Philadelphia Orchestra has accomplished much since exiting bankruptcy - but warns that it has not secured the support necessary to ensure its future.

The orchestra is overly dependent on a small number of donors - 78 percent of its philanthropy comes from just 2 percent of its donors - which, according to the report, makes the group vulnerable to a funding crunch if any one of them pulls out.



The report recommends at least three major events each season, such as the Mahler "Symphony No. 8" this past March. (TOM GRALISH / Staff Photographer)

The orchestra's endowment is small compared with those of several peer groups in other cities. It suffers from inadequate marketing and education programs that, if grown, would lure more donations and listeners in both the short and long terms.

The findings come after six months of looking under the orchestra's hood by Michael M. Kaiser, chairman of the DeVos Institute of Arts Management at the University of Maryland and former president of the Kennedy Center in Washington. Kaiser conducted more than 100 interviews with orchestra staff, board, donors, musicians, and interested others, and offers observations and advice on a shrinking audience and a funding base that has not kept pace with expenses.

Kaiser's report also paints a picture of an organization that is not very good at communication - with donors, musicians, the community, or the media. Among other ideas, the report suggests an annual town-hall meeting on the state of the orchestra.

Many of the problems have long been known - the inadequate endowment, for instance (\$132 million as of May 31). But Kaiser's report shines a bright light on a troubling state of affairs, proposes to re-prioritize solutions, and suggests new ones.

The orchestra's donor base is substantially smaller than is needed to support its current level of operation, the report says. Currently, the orchestra is not perceived as integral to the fabric of the city, and donors and board members need social activities that would make their involvement more

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meaningful - and fun. The orchestra is doing good work, but these victories have not been communicated widely enough to donors and listeners, the report concludes.

"I am at heart deeply optimistic about the future of this orchestra. It is one of the great performing ensembles in the world," said Kaiser on Wednesday. "It has an important place in Philadelphia, but even also in other countries, and there is a true opportunity for this organization to be not just stable but also thriving. I am hopeful that if some version of this plan is implemented that this is an organization that will be able to perform at the very top of its game for years to come."

The orchestra reported at last fall's annual meeting that the gap between recurring costs and expenses in the year ending Aug. 31, 2015, was \$8.4 million. Special bridge funding in the form of philanthropy reduced the gap but still left the orchestra with a deficit of \$729,000.

The report raises serious questions about the orchestra's current course, and yet does not fully represent all of Kaiser's findings. At the orchestra's annual meeting in the fall, orchestra chairman Richard B. Worley said that some ideas would be in the written report, while others would be communicated to the orchestra's leadership more informally.

An earlier version included a recommendation that the orchestra merge with its landlord, the Kimmel Center, but that idea was rejected. It was not clear last week how many of Kaiser's concepts would be folded into a new strategic plan being developed by the orchestra.

"Michael's planning work with us was inspirational, and served as a catalyst for many of our own ideas while suggesting new and complementing avenues of thinking," said orchestra president Allison B. Vulgamore, who has led the orchestra since January 2010 and whose current contract expires at the end of 2017. "Our efforts are augmented by other program consultants as we continue over the summer to shape our next five-year strategic directives. We will be eager to share more details once our process is complete." She said it was particularly rewarding to see the orchestra's collaborative learning objectives "so well-received by Michael," and noted that a new social-mission initiative was already launched.

Kaiser's report recommends diversifying the orchestra board, bringing on donors at differing wealth levels, including more heavy hitters; people who better represent the city's industry, demographics, and artistic and intellectual sectors; and people from well outside of the city.

While Kaiser says that the orchestra benefits from the charisma of music director Yannick Nézet-Séguin - whose contract with the orchestra was recently extended to the 2025-26 season as he was being named the next music director of the Metropolitan Opera - the arts consultant by no means casts the conductor as a savior. He foresees only a moderate increase in box-office receipts over the next few years, but a large increase in philanthropy, if his plan is implemented.

The impetus for Kaiser's involvement was last fall's round of contract talks between the Philadelphia Orchestra Association and its musicians. In granting an unusually short, one-year deal with a 3 percent raise, management agreed to bring on Kaiser to examine why, four years after exiting bankruptcy, the association still had not generated enough earned and contributed revenue to eliminate more of the concessions musicians gave in the Chapter 11 case.

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Said the players in a statement last fall: "We believe that the Philadelphia Orchestra needs an unbiased outside evaluation of its operations and we welcome and support the hiring of Michael Kaiser to conduct an open and transparent evaluation of our beloved institution."

Representatives of both management and the members' committee of musicians declined to comment on the report, citing a confidentiality agreement.

With the current musicians' contract set to expire Sept. 11, it is not clear how much immediate assistance Kaiser's findings and recommendations can offer in coming labor talks. The report says that if the plan is implemented, the increased revenue might allow wages to increase modestly and vacant spots in the ensemble to be filled.

Fund-raising has fallen short for a number of reasons. The orchestra's pitch for money has been focused on appealing to a sense of duty among donors, rather than motivating them with the chance to help make new artistic projects materialize.

Donors are motivated by excitement, not crisis, the report says.

The orchestra has concentrated on wooing a small circle of very big givers to help with the current shortfalls, while neglecting a potentially larger base of donors who might give in the \$25,000 to \$250,000 range annually.

Significantly, the report says the orchestra does not have a family of donors large enough, or of great enough capacity to give, to mount an endowment drive that would raise the amount needed - well north of \$100 million. It suggests that the association wait.

How can the orchestra lay the needed groundwork? As with many of Kaiser's recommendations for other arts groups - Pennsylvania Ballet and Philadelphia Theatre Company, among them - it begins with programming. He recommends a three-to five-year rolling artistic plan studded with at least three major artistic events each season - like the Mahler *Symphony No. 8* this past March - that would allow the orchestra to cultivate major donors. He proposes twice-yearly musicals that could attract new audiences, master classes with soloists and conductors, and a series of interviews with major artists.

Kaiser also recommends that the orchestra follow some other major Philadelphia groups in cultivating national and international donors - a strategy that has been successful for the Curtis Institute of Music. The orchestra may be particularly well-suited for this kind of expansion given its venerable concert series at Carnegie Hall and long history in China.

Three new support groups would be created: an "artist council" of 10 donors, each giving at least \$250,000 per year; an "international board," whose members would each contribute at least \$50,000 per year; and a "collaborative learning council," with members supporting educational activities to the tune of at least \$25,000 per year.

In addition, the report urges the orchestra to create a new annual fund-raising event, less formal than opening night or the Academy of Music Anniversary Concert and Ball, specifically for younger patrons.

Threaded throughout Kaiser's work is the message that the orchestra is grappling with the same generational shift all arts groups are experiencing - that the orchestra must turn to new technology to

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get its message out, and that younger philanthropists do not automatically support orchestras and museums the way their parents did.

To that end, the report acknowledges the fledgling work the orchestra has been doing in its HEAR (health, education, access, and research) program. That initiative serves the homeless through a music-therapy program, brings musicians into schools, provides participatory events for amateur musicians, and follows this work with research to measure results.

The initiatives are aimed at taking the orchestra more heavily into social-mission work, Vulgamore said when the program was announced in April. "I want to be off stage as much as we are on stage," she said.