



From Silence to Sustainability –
The Recovery of the Sacramento
Philharmonic & Opera

August 2018

Introduction

- Laurie Nelson, Immediate Past Board President
- Alice Sauro, Executive Director
- Bob Swaney, Consultant and Advisor

The Journey: 2014 - 2022



A Brief History Prior to the 2013 Merger

The *Past*:

- Two long-standing arts organizations desired to merge
- One organization had survived two bankruptcies
- The other organization struggled financially
- The art was appreciated by the community but confidence was low

A Brief History Since the 2013 Merger

The *Hope*:

- Create a strong business model that produces high-quality performing art for the Sacramento Community
- Create efficiencies in the artistic, governance and management model
- Operate on a combined budget of \$1.8 million

A Brief History Since the 2013 Merger

The *Reality*:

- The organizations were too financially weak to successfully merge
- Challenges with the Master Agreement
- Undefined roles and weak direction post-merger contributed to rapid decline
- Unrealistic revenue expectations and overspending in the early stages accelerated instability

A Brief History Since the 2013 Merger

The *Outcome*:

- After disappointing sales and fundraising, coupled with a costly opera production in early 2014, the organization was near fiscal insolvency
- Performances were suspended in mid-2014, and the 2014-15 season was canceled

The Choice: Survive or Shudder

The Board determined...

- The financial problems were a symptom, not a cause
- The community valued the organization and the art it provided on stage and throughout the community
- A turnaround was possible, but would need outside expertise

The Decision: Survive

Step One - Begin

Engage a National Team of Arts Management Turnaround Experts

- Organizational Development
- Board & Governance Development
- Artistic Programming
- Marketing and P.R.

Step One – Begin (cont.)

Engage a National Team of Arts Management Turnaround Experts

- Fundraising
- Financial Recovery and Redevelopment
- Community Engagement and Confidence

Step Two - Move towards *Instability*

Aim for a single point of light – return music to the stage by mid-2015

- This became the filter for all near-term decision-making
- This decision provided a common and positive rallying point for all internal and external conversations
- Most important, it put the organization in a focused ambition to move from **INSOLVENCY** to **INSTABILITY**

The Resurrection

A few Results from the Initial Recovery:

- Combined, the board chair and the new executive director became the community voices for the organization
- Reached an agreement with the musicians
- \$400,000+ had been raised in the Annual Fund

The Resurrection (cont.)

A few Results from the Initial Recovery:

- Strong ties established throughout the community through *Link Up!* engagement program
- Resurrection Concert – The Orchestra played to a full house on June 27, 2015
- A balanced budget of \$809,000 in fiscal 2015

Panel Discussion

What were some of the early wins during this period?

Early Wins

- Organizational Development
- Board & Governance Development
- Artistic Programming
- Marketing and P.R.
- Fundraising
- Financial Recovery and Redevelopment
- Community Engagement and Confidence

Step Three - Move toward *Stability*

Increase Value, Confidence and Trust

- Launch the 2015-16 Season
- Develop a more significant community presence
- Increase overall ticket sales and recurring fundraising
- Develop a multi-year *tactical* plan that was ambitious, achievable and organic
- Engage internal and external leadership

The Results

A few Results since mid-2015:

- Past three concert seasons have seen consistent sell-out performances
- Fundraising increased from \$400,000 to \$1,000,000
- Opera performances have returned to the stage

The Results (cont.)

A few Results since mid-2015:

- Community Engagement continues to grow in meaningful ways
- The Board has attracted new, high-level local leadership
- The budget has been at balance or near-balance every year; FY18 operating budget = \$1,827,000

Panel Discussion

What have been some big wins since the Resurrection Concert?

Big Wins Since the Resurrection Concert

- Organizational Development
- Board & Governance Development
- Artistic Programming
- Marketing and P.R.
- Fundraising
- Financial Recovery and Redevelopment
- Community Engagement and Confidence

Step Four - Move toward *Sustainability*

The Next Steps in our Journey

- Continue to expand performance and community offerings
- Build a modest multi-million-dollar endowment
- Develop a multi-year *strategic* plan that was ambitious, achievable and organic

Step Four - Move toward *Sustainability* (cont.)

The Next Steps in our Journey

- Finalize the artistic, governance and management infrastructure to achieve sustainability by 2022

Panel Discussion

Define some SWOT items during
this final stage

SWOT Items During This Final Stage

- Organizational Development
- Board & Governance Development
- Artistic Programming
- Marketing and P.R.
- Fundraising
- Financial Recovery and Redevelopment
- Community Engagement and Confidence

Audience Questions

Thank You for attending