
Jack Marvin Firestone
jack@firestonecapital.com

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MUSIC DELIVERY SYSTEMS: A CONCEPTUAL FRAMEWORK
AND P.A.C.E. A STUDY OF THE MODEL IN ACTION

A Thesis
Presented to
the Faculty of the Graduate School of Business
University of Miami

In Partial Fulfillment
of the Requirements for the Degree
Masters of Business Administration

by
Jack Marvin Firestone
April 1984
c 1984

Jack Marvin Firestone

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To Rod Glaubman and Stephen Parsons whose vision of P.A.C.E. I share. To Marshall Harris who brought me to Miami. To Julius Hegyi who showed me what the symphony could be at its best. And with fond rememberences my mentors: Herb Schroeder for giving me my love of music; John Krueger for exposing me to the wonders of the orchestra and establishing my knowledge of the need for management; and Helen Thompson who taught me how to be an orchestra manager.
INTRODUCTION

Alvin Toffler in his preface to Alvin Reiss' *Culture and Company* notes that Reiss "argues vigorously that the arts cannot survive unless they are organically related to the needs of the surrounding society, unless institutions of the arts reach out far beyond their traditional audiences and make contact with the new energies to be found among" the various divergent constituencies. He rejects the fashionable elitism that regards mass participation in the arts as a debasement of the arts.

This study examines the means by which arts institutions accomplish an outreach program to achieve grass roots distribution of their artistic output. The study will develop the concept of a music delivery system. In order to understand what a music delivery system is, a discussion of marketing for nonprofit organizations, marketing channels and more specifically marketing channels for service organizations in the arts will be examined.

This study will trace the development of marketing concepts which led me to formulate the concept of a music delivery system. The symphony orchestra has been the traditional model for a nonprofit community based music delivery system. It is my contention that the symphony is failing in its role as a music delivery system. As a career
symphony manager, I have been in a unique position to observe the
movement of symphonies in attempting to become music delivery systems,
and also to observe their failures in that role.

The City of Miami provides an excellent example for the study of
the failure of the Symphony and its ultimate shutdown in 1982. Miami
also provides an example of a possible new model for a music delivery
system, Performing Arts for Community and Education, from this point on
referred to as P.A.C.E. Concerts.

Research Assumption

The symphony orchestra is failing as a full service music delivery
system. A new model must be developed.

As the 10th, and final, manager in 11 years of Miami's Florida
Philharmonic, I was in a unique position to observe the failure of this
symphony as a musical delivery system. With 15 years as a career
symphony orchestra manager, I moved to Miami expecting to develop a new
model - a model for the eighties, of what a symphony orchestra could be -
a true music delivery system. I now question whether it is possible
through the institution of the symphony orchestra to create such a
delivery system.

This study proposes a new model based on P.A.C.E. A case study
examining this organization will be presented. The background and
environment of P.A.C.E.'s founding will be studied, as well as an
analysis will be performed on its programs and operations. A critical review of its history and an evaluation of its various organizational and structural changes will be probed. Recommendations for future activity and a strategic plan will be developed and presented.

**Importance of this study**

The subject of marketing channels is well documented in the literature, and some early work has been done regarding its application to the service area. However, virtually no work has been done in looking at marketing channels in the arts. In their 1978 article in the *Harvard Business Review* entitled "The Business of Managing the Arts," Thomas Raymond and Steven Greyser observed,

> In no area of arts management has the absence of professionalism been more evident than in marketing. Indeed, many organization believe that this activity is limited to advertising and promotion, and they still call it audience development. Most people in the arts are oriented more towards the art itself than the audience for it.

Today the arts are in crisis. Ravaged first by inflation during the seventies, then by the recession of the early eighties, arts organizations are, at last, beginning to take a marketing orientation as one aspect of dealing with their problems. The first volumes on marketing in the arts have begun to appear in the last three years.

The arts face an economic dilemma today that far outweighs anything that Baumol and Bowen examined in their research for their *Performing Arts - The Economic Delimma*. In recent years federal policies have decreased
Federal support for the arts and is forcing state and local governments to assume a greater share of the other social costs, resulting in a negative effect on public funds for the arts. In President Regan's Fiscal 1982 budget he recommended reducing support for the National Endowment for the Arts from $159 million to $88 million. While Congress has refused to support cuts as severe as the administration's recommendation, National Endowment appropriations were cut back to $143 million in Fiscal 1982 and 1983.³

As private and local public dollars are required to maintain essential social services, the arts have been unable to make a convincing case for keeping their share of public support. What has happened to arts dollars in Dade County, Florida is not atypical to what has happened in communities across the country. In 1981, the embarrassingly small $100,000 in county support for arts programs was eliminated. The only dollars now available for culture are those generated from the 2% tourist tax and then only for tourist related events. The tourist tax dollars have declined from a high of $1,533,000 in 1982 to $535,000 in 1983.⁴ At the state level in 1982 a mere $396,000 was available for all music from the Florida Division of Cultural Affairs. In 1983 that amount dropped to $218,000.⁵

Objectives

The primary goal of this work is to add to the body of available literature in arts marketing by developing and refining the concept of a music delivery system. This study attempts to provide a framework by which arts organizations can restructure their goals and objectives and stretch
their missions to help them survive in this new economic and cultural environment.

Secondary objectives include evaluating the traditional model of a music delivery system, the symphony orchestra, and its strengths and weaknesses. The new model which will be proposed will help P.A.C.E. Concerts, the organization which most closely resembles the model to better develop its long term strategy and structure.

A final objective is to recommend those long range goals and objectives for P.A.C.E.

Scope and Limitations

Marketing channels, as used in this study, will be applied to the distribution of live, nonprofit music.

Because of the lack of prior research and publications on this subject much of the work will be original. There is little empirical research associated with marketing in the arts and only a single reference, by John R. Nevin, to marketing channels in the performing arts.

While there will be brief descriptions of some other agencies involved in arts delivery, the discussion of the model will be limited to the case study of P.A.C.E. Concerts, because there is no other organization which so closely approximates the model.
Definitions

Music Delivery System is used to describe the marketing channel by which artistic output of producers (music and musicians) is distributed to the end user or consumer (audiences).

Symphony Orchestra, orchestra and philharmonic are used interchangeably to describe an ensemble of from 25 to 110 musicians engaged in the production of symphonic music and other types of musical offerings. In most cases symphonies are governed by boards of directors and are chartered as nonprofit corporations.

Procedure

Chapter One will trace the construction of the concept of the music delivery system out of the broadening of marketing theory to include generic marketing and marketing for nonprofit organizations. The literature will be reviewed and the application of marketing channels in the nonprofit music business will be discussed.

Chapter Two examines and evaluates the traditional music delivery system, the symphony orchestra. A brief discussion of its development in America and its motivation for trying to become a music delivery system are included. Its failures and specifically its failure in Miami are probed.
Chapter Three will survey other arts organizations whose missions include musical outreach and who are trying to serve as musical delivery systems. The model will be proposed in this chapter.

Chapter Four presents a case study of Performing Arts for Community and Education (P.A.C.E. Concerts) in Miami and its founding, successes and failures, and describes its relation to the model for a community based music delivery system.

Chapter Five evaluates P.A.C.E. as presented in the case study in Chapter Four and recommends specific long range plans and strategies.

Chapter Six, the summary, will present some concluding thoughts.

Methodology

Much of the work in this study is seminal. The concept of the music delivery system does not appear in the literature.

A search was conducted of secondary materials including texts and articles on marketing in the arts. Texts were examined on marketing channels and marketing for nonprofit organizations. The two areas of marketing channels and arts marketing were combined to develop the concept of the music delivery system.
Trade journals, newspapers, magazine articles and other research papers were investigated. Annotated arts bibliographies and marketing bibliographies were used to identify articles and resources.

The University Library computer assisted research service was used to try to locate articles, relevant theses abstracts and books on arts marketing, music and performing arts marketing, marketing channels, delivery systems and nonprofit marketing. Primary research included interviews with the principals of P.A.C.E., interviews with knowledgable arts administrators, and colleagues.

An attempt was made to identify authors and other researchers who may have done similar, related or complementary work.

A case study was developed of P.A.C.E by interviewing founders and long term staff members, examining press clippings, reading company reports, financial statements and minutes.

Original mission, goals and objectives were evaluated in order to highlight significant strategic decisions and to analyze the results.

Current programs were studied and evaluated, as well as, operations and structure.

A strategic plan was developed which examined: the current environment, strengths and weaknesses, problems and opportunities. New goals and objectives and a redefined mission were recommended. Proposals
were also made for new action plans and specific strategies for future operations.

Conclusion

Never in history have the arts been more prolific nor have they enjoyed such high quality or visibility. The very instruments of their success, the wide availability of recorded and broadcast performances, can also be their undoing. If the thrill of live performance cannot be more effectively delivered to a more diverse and larger audience base, the very existence of live performance is threatened.

These difficult times require creative solutions to today's problems. It is hoped that this examination of one future music delivery system alternative will contribute to the survival and enrichment of the performing arts.


3 Source: American Symphony Orchestra League Government Affairs Department.
4 Source: Dade County Council of the Arts and Sciences.

5 Source: Florida Division of Cultural Affairs.
CHAPTER ONE

Developing the Concept of the Music Delivery System

Developing the concept of a music delivery system required the merging of two trends in marketing theory that were evolved during the late sixties and early seventies. (see figure 1).

The first development was the broadening of traditional marketing theories to include their application to public and nonprofit organizations, by Philip Kotler, Sidney J. Levy and Benson P. Shapiro. In looking back over the decade, Lovelock and Weinberg observed that public and nonprofit marketing had come of age.¹

The second major area of study which contributed to the development of the music delivery system was the study of marketing channels by Louis P. Bucklin, Louis W. Stern and Adel I. El-Ansary and others.

The application of marketing channels to the nonprofit music performance industry was the genesis of viewing the community-based music company in the broader context of a music delivery system. The merging of these two parallel theoretical developments is the basis for developing the concept of the music delivery system.
FIGURE 1

EVOLUTION OF MARKETING THEORY

Kotler/Levy (1969)
"Broadening the Concept of Marketing"

Kotler (1972)
"A Generic Concept of Marketing"

Shapiro (1973)
"Marketing for Non-profit Organizations"

Kotler (1975)
Text Marketing for Non-profit Organizations

Lovelock/Weinberg (1978)
"Public and Non-profit Marketing Comes of Age"

Mokowa, Dawson, Prieve (1980)
Marketing the Arts

DEVELOPMENT OF MARKETING CHANNELS

Bucklin (1966)
Theory of Distribution Channel Structure

Alderson, "Factors Governing the Development of Marketing Channels"
The Marketing Channel Mallen (ed)

Kotler (1976)
Marketing Management 3rd Edition

Stern/El-Ansary (1977)
Marketing Channels (includes application to services)

Nevin (1980)
"Marketing Channels for the Performing Arts" from Mokowa, Dawson, Prieve (1980) Marketing the Arts

Music Delivery System
Firestone 1983
Broadening the Concept of Marketing

When Kotler and Levy published their controversial "Broadening the Concept of Marketing" (1969) in the Journal of Marketing they suggested that marketing should be used for more than strictly business functions. Marketing had been "seen as the task of finding and stimulating buyers for the firms output." They saw that organizations which provided services instead of selling tangible goods could also benefit from the marketer's efforts.

In his seminal article "A Generic Concept of Marketing" (1972), Kotler describes three stages in the development of marketing. Following Charles Reich's stages of consciousness from The Greening of America, Kotler describes "consciousness one" as the view that marketing is essentially a business subject which is concerned with market transactions (involving exchange of ownership for payment) between buyers and sellers dealing in economic products and services. His "consciousness two" expanded the core concept of transactions to include the broader concept of transactions between organizations and clients. "Consciousness three" is the level in which Kotler develops his work on nonprofit marketing. "Marketing applies to an organization's attempt to relate to all its publics, not just its consuming publics." 

Marketing in the Nonprofit Sector

Shapiro, in applying marketing to nonprofit organizations, observes that the nonprofit manager has certain marketing advantages over his
for-profit counterparts in that "the profit motivated company has one marketing function - namely, to facilitate a direct two way exchange - which simultaneously includes both resource allocation (providing goods and services) and resource attraction (obtaining revenue)." The nonprofit organization must approach these two tasks separately because they involve separate constituencies.

This dichotomization gives the nonprofit organization flexibility. The approach it uses for clients need not be the same as the one it uses for donors. Along with flexibility, however, the nonprofits' dual constituency makes the marketing task more complex, since there are two different functions to perform and two different "consumers" to satisfy. If the organization is to be successful, it must satisfy both parties.

According to Shapiro, the for-profit company can measure the success of its customer satisfaction as it is reflected in the company's profits. However, the nonprofit organization may be successful in "resource attraction" (fundraising) while still not satisfying its consumers. An all too common example of this phenomenon is the symphony orchestra that raises millions of dollars annually, but fails to deliver musically satisfying performances. The clients, the subscribers, become dissatisfied, and ticket sales decline. Meanwhile, the board of directors is still able to raise more in contributions to bridge the ever widening income gap.

Nonprofit organizations which charge fees for services such as performing arts organizations can work towards financial viability by depending more on its ability to meet client needs in order to rely less on donations.
Shapiro notes that while the private business sector operates on a competitive basis, true competition is not always part of nonprofit, due in part, to the fact that nonprofits succeed or fail not because of the degree of customer satisfaction, but because financial viability of nonprofit organizations usually depends on the organization's ability to raise funds.  

Marketing Channels

A marketing channel may be defined as an interorganizational system made up of a set of interdependent institutions and agencies involved with the task of moving things of value (ideas, products, services,) from points of conception, extraction, or production to points of consumption. Its primary focus is on availability - delivering valuable objects to points at which they may be easily examined, evaluated, and consumed.

The degree of success of a market competitor often reflects the success of its marketing channels and how well it interacts and cooperates with the other institutions in the channel.

The study of marketing channels as a separate discipline is a rather recent development. Most of the literature details the process by which producers make available or distribute tangible goods to retail markets for purchase by consumers. "The subject of marketing channels and interorganization management focuses basically on delivery." Marketing channels generally involve the large scale delivery of products to an end user (consumer). Specific efforts are required to transfer products or goods from producer to end user. These efforts "create time, place and possession utilities". "The Consumer cannot obtain a
finished product unless the product is transported to where he can gain access to it, stored until he is ready for it, and eventually exchanged for money or other goods or services so he can gain possession of it."\textsuperscript{14}

Distribution channels in profit motivated companies serve two primary functions: location utility and information. In nonprofit firms, the role of the distribution channel is critical to "resource allocation". Location becomes part of the product.\textsuperscript{15}

Sims, Foster and Woodside break down the marketing channel into its six separate components: 1) goals, 2) standards of performance, 3) environment, 4) resources, 5) components (structure, functions, goals, and standards of performance), and 6) management and control.\textsuperscript{16}

**Marketing Channels for Services**

Examining the marketing channels for services has only just begun. Kotler postulated in "A Generic Concept of Marketing" that marketers could seek to create value by making the social object (product, service, idea) easier for the target market to acquire.\textsuperscript{17} To achieve this he suggested designing "marketing channels or the securing of adequate distribution to make the 'social objects' available to the population which was to be served".\textsuperscript{18}

"Achievement of Availability often involves not only the reduction of the space, time, and economic cost separating consumers from the social object, but may involve the reduction of psychic distances as well."\textsuperscript{19}
If the perception of symphony, or any other concert, is such that an audience feels inhibited about going, then there will still be resistance no matter how physically accessible these concerts are. In establishing a marketing channel or delivery system for music in a community this psychic distance must also be taken into account and reduced.

Music Delivery System

If a marketing channel is a system evolved for the delivery of a good or service, a delivery system designed for the movement of the specific good or service of nonprofit live musical performances can be identified as a music delivery system.

A music delivery system has no references in the conventional marketing or arts literature. However, Kotler does describe delivery systems for health care and educational institutions. Marketers often describe the distribution process by which organizations make their products available and accessible as place or distribution decisions.

For nonprofit arts or music organization that concept of delivery system seems to be the closest description of the process by which the creative artist distributes his product: art and music, to the end user - consumer or audience.

Literature Review
Toffler in *The Culture Consumers* (1964) describes a marketing channel for the arts which he calls a culture system. The culture system is composed of three parts. The first element is the creator or in the case of music, the composer. Element two, the dissemination, in this context, is the marketing channel or music delivery system. The third element is the culture consumer or audience. 20

While there is ample recent literature on the subject of marketing channels which seems to have come into its own as a separate area of study, Sims, Foster and Woodside in *Marketing Channels System and Strategies* (1977) ignore the marketing of services entirely.

Kotler in *Marketing for Nonprofit Organizations* discussed the distribution decision process as it relates to the efficient distribution, delivery and dissemination of services. The questions of level and quality of service offered to target markets also apply to music delivery systems. The question of locations in relation to final consumers also has application. 22

Only John R. Nevin has specifically examined marketing channels in the performing arts. Because the data is easier to collect, Nevin notes that the limited prior research which has been done on arts marketing has been from a micromarketing perspective dealing primarily with consumer or audience research.

"Empirical research on macromarketing issues such as efficiency, marketing processes and systems, and channels of distribution, will most
likely continue to be a rare entity in the performing arts in the future."\textsuperscript{23}

Though he did refer to the work of Ellen Day, an Indiana University doctoral candidate in marketing, Nevin, in a telephone interview on July 30, 1983, said he knew of no other work on arts delivery systems. Day's doctoral dissertation, currently in progress, examines the demand side of the marketing channel, the consumer behavior of the audience in its decision making process to attend or not to attend concert performances. An interview with her on July 30, 1983 elicited her concerns about the supply side questions which will be raised in this paper. Her research has uncovered concerns on the part of audiences about the offerings of producers. Her research also brought to light the lack of a marketing orientation in the traditional classical music delivery system and its steadfast adherence to a product orientation.

Kotler concludes that not-for-profit organizations frequently exhibit product orientation. A symphony orchestra assumes that what is good for the public is Beethoven, Bach and Brahms, and that is what they, the public, wants or should want. "This concentration on the purity and immuneability of the product eventually gets these organizations into deep trouble, as many are finding out. These organizations are too often looking in a mirror when they should be looking out the window."\textsuperscript{24}

Nevin notes that distribution systems for the performing arts, as well as for many other services, are "often managed ineffectively and inefficiently. This mismanagement results in an enormous loss of
resources and a disgruntled consumer." He proposes that the solution to avoiding mismanagement is to adopt consumer-oriented objectives and programs and manage them effectively.

Nevin's work focuses on the formal parties who "are primarily responsible for the contractual arrangements which deliver performances from the artists to audiences." (See figure 2).

For music, those channels include: Sponsoring organizations (retailers) such as colleges, or civic organizations like Community Concerts. They can be either profit, or as in most cases, nonprofit concert promoters, Judy Drucker in Miami and Patrick Hayes in Washington, D.C. fit into this category. Rarely, artists or their managers book and promote concerts themselves.

In the overwhelming majority of cases (70% in Nevin's 1978 survey), the artist is marketed by a booking agency (agent wholesaler), called management in the concert industry. The management sells the artist(s) to sponsors (retailers) who in turn sell tickets to the (consuming public) audience. In 15% of the cases the artist, without management, is hired directly by the sponsor.

During the last two decades two institutions appear to have dominated the music marketing channels: colleges or universities and symphony orchestras. In the smaller "college" communities, the college is the music delivery system. Frequently the college hosts or sponsors the local symphony, providing musicians, conductor and performance space. The
Figure 2

THE MARKETING CHANNELS FOR THE PERFORMING ARTS

John R. Nevin, 1980
University of Illinois at Champaign and the University of Michigan at Ann Arbor are excellent examples of this structure.

For most metropolitan areas, however, the symphony orchestra has become the dominant member of the marketing channel. Particularly in the last decade, symphonies, pressured by the need to utilize excess service capacity and the urgency of raising ever increasing amounts of money, have attempted to become full service music delivery systems. Chapter Two will examine the symphony as the traditional model for the music delivery system.


5 Ibid.

6 Ibid.

7 Ibid.

8 Ibid.

9 Ibid., p. 130

10 Ibid, p.132

12 Ibid, p 3

13 Ibid.

14 Ibid., p.4

15 Shapiro, p. 129


17 Stern, El-Ansary, p. 542.

18 Kotler, "A Generic Concept of Marketing," p. 50

19 Stern, El-Ansary, p. 542.


25 Nevin, op. cit., p. 202

26 Ibid.

27 Ibid., p. 203

28 Ibid., p. 207
CHAPTER TWO
The Symphony: The Traditional Model

The traditional model for the music delivery system in most cities is the symphony orchestra. Based on an imported Eighteenth and Nineteenth Century European tradition, the symphony has become the backbone of the arts in nearly every community. Of America's arts institutions the symphony is the oldest, most stable, most politically powerful, best funded, best endowed and best supported institution.

According to the American Symphony Orchestra League there are approximately 1,400 orchestras in the United States. For most of their history the symphonies in the United States had limited seasons and gave relatively few performances. There were, of course, the dozen "major" orchestras in the larger cities. However, prior to 1966, orchestras typically played short seasons (less than 40 weeks) and were primarily part time jobs for musicians who augmented their living teaching, playing on radio, in theatres or working in other non-musical employment.

For the most part, symphony orchestras were supported by the pillars of the community and private wealth kept the orchestras in business. It was not unusual for a single patron to open "his"
checkbook at the end of the season and write a check for the deficit of his orchestra. As late as 1975 Maurice Gusman paid nearly $2 million of the Miami Philharmonic's debts.

In the early sixties it became apparent that the individual patron could no longer sustain our nation's symphony orchestras. A study was commissioned by the 20th Century Fund for William J. Baumol and William G. Bowen to write *Performing Arts - The Economic Dilemma, A Study of Problems Common to Theatre, Opera, Music, and Dance*. This comprehensive economic analysis of the financial problems of professional performing arts organizations in the United States examined all sources of income and the components of the costs of the performing arts. They projected the staggering deficits which were about to hit the arts.¹

This monumental study helped provide the arts professionals with the facts they needed to induce the government to establish the National Endowment for the Arts in 1965. The Federal statute required that each state establish an arts commission of its own to support local arts institutions.

**Expanded Services**

In order to justify receiving government monies, the symphony orchestras were required to expand their programming to reach broader-based and larger audiences. Further, in 1966, The Ford Foundation donated $81 million to 66 symphony orchestras to establish endowment funds. The resulting effect was that union musicians bargained for more
money and longer seasons. Ultimately 20 orchestras by the early 80's had 52 week seasons.\(^2\)

Symphony's traditional markets were not capable of absorbing the increased services. The orchestras had to redefine their roles in the community and examine ways to reach new audiences outside of the formal concert halls. The byproduct of this outreach program was to make symphonies the initial model of the nonprofit music delivery system.

The theory was that with 100 musicians on annual salaries, those musicians, supposedly the best in the community, could provide a variety of programming to meet the community's musical needs. Orchestras began playing in-school performances, park concerts, establishing pops series, and sought other ways to generate much needed earned revenues. The obvious benefit was that these concerts utilized the services that were committed under their union agreements. The symphony was backing through the door in trying to become a music delivery system.

A serious problem resulted by entering the 52-week seasons without sufficient preparation and research into its consequences. For example, the dramatic budget increase caused by year-round employment forced management to create more outlets for performances. To earn more income, more concerts were given. But no more services were provided for. As a result, many concerts were under-rehearsed and thrown together hastily. This is demoralizing for the players and has the effect of making an orchestra career more of a job than a profession.

Why the Symphony has Failed as a Music Delivery System

Conservative boards initially resisted government support common in European and Socialist countries. But symphony orchestras did accept
government support and did evolve as the traditional music delivery system in large measure because individual patrons could no longer support and sustain the massive operations of today's orchestras. With the advent of public funding, the generally accepted view by orchestra management was that the symphony had to become the hub of the musical life of the community. Orchestras expanded into pops, outdoor concerts, developed summer festivals, promotions, in-school performances, and sought affiliations with the universities. As the orchestras' funding base expanded from private to government to corporate support, arose the obligation for the orchestra to broaden its role and devote more effort to public service.

Conductor-composer Gunther Schuller, in his 1979 address, told students at Tanglewood that orchestras severest problems are not financial.

In some ways orchestras have become too much successful businesses. Their techniques of survival are now those of the American corporation, including the full panoply of managerial and public relations accoutrements, in which selling a product is often more important than the quality of the produce or what it contributes to our society.

In my opinion, another reason for the failure of orchestras to become broad-based music delivery systems is their product orientation. Theodore Levitt states the problem eloquently in his classic "Marketing Myopia" that organizations suffer from a narrow product orientation rather than the "liberating customer orientation, and service suffers." Sellers or symphonies, in this case, he concludes, tend "to define service by looking in the mirror rather than out the window" and what they see is "actually a reflection of their product orientated biases."
Levitt observes that a principal reason for organizational failure is that they define themselves too narrowly. To insure their very survival symphonies must ascertain and act on the community's complete musical needs. They must, in fact, become a more flexible and comprehensive music delivery system. I have seen few examples of this level of enlightenment by colleague orchestra managers, or boards of directors, and least of all from music directors.

Put very simply, symphonies have not genuinely understood their role as music delivery systems. I have observed that in most orchestras little time is spent planning. Few orchestras, and not even the American Symphony Orchestra League (the national service organization for symphonies), have examined expanding and redefining symphonies' missions, goals and objectives. Many orchestras I have studied have been saddled with weak, unskilled managers, a board structure which has had a poor track record in its decision making process, and music directors who, on 14 or 15 week contracts, want to conduct, but refuse, or are incapable of accepting the artist administrative responsibilities which are a necessary part of the job.

"Outside the central subscription series many musical directors take little interest in their orchestras' overall artistic function in a community.\(^6\) Even with expanded seasons and an increasing variety of services, music directors have shown little interest beyond the 14 or 15 week contractual commitments to be in-residence with an orchestra. Today, many conductors serve as music directors of more than one orchestra simultaneously. "With the decreasing involvement of music directors the
vacuum more or less has been filled by management in facing its task of finding new activities outside the traditional symphony season.  

In the "major" orchestras, the lure of starting salaries in excess of $30,000 is hard to refuse. Union contracts now provide 52 week salaries for an average work week of 20 hours, with 8 weeks paid vacation, extensive benefits and per diems, pension, and full insurance benefits. To add to the marketing problems, working conditions are sufficiently rigid in most professional orchestras that outreach services are expensive. Also the majority of symphonic musicians are not versatile enough to play other kinds of music in other forums. Schuller describes today's professional musicians as

musicians who are embittered, disgruntled, bored, who have come to hate music (and particularly to loathe new music) and for whom a rehearsal is an excrutiating agony, at best a necessary evil. This cynicism is spreading like a cancer through our orchestras . . . I know only a handful that are not in an irreversibly malignant state . . . creating an environment

which threatens the artistic survival of symphonies.

I view lack of growth in the repertoire as a significant problem. The same 100 or so pieces and the same handful of artists and conductors appear on the majority of symphony programs every year. This results in bored musicians, bored conductors, bored boards and ultimately bored audiences and has created a stagnant artistic environment.

Unfortunately, as Toffler observed in The Culture Consumers, control over the dissemination system and power over the not-for-profit cultural
Institutions is exercised not by the audience (consumer) but by the patron ". . . given enough patronage, in fact, it is theoretically conceivable 
for such institutions to exist almost independently of the consumer." 9
This is how a number of symphonies have managed to survive until now.

I believe that ultimately the symphony must be a consumer satisfier
if it is to survive.

The (Miami) Florida Philharmonic

Nowhere has the failure of the symphony orchestra been more apparent
than in Miami, Florida. The Florida Philharmonic, formerly the Miami
Philharmonic, provides an excellent case study, in microcosm, of the fail­
ures of symphony orchestras. It was founded in 1965 when it was cast off
from the University of Miami, because the president felt it was too expen­
sive to maintain as a professional orchestra for the whole city.

The Greater Miami Philharmonic opened its first season October 17,
1965 with Fabian Sevitsky, the Conductor of the previous University Sym­
phony, on the podium. It had a small group of community representatives
as a board of directors with Emil J. Gould as its president.

Sevitsky died early in the Philharmonic's next season and the young
Frenchman Alain Lombard was appointed Music Director. Lombard had begun
to build an improving, and sometimes impressive, artistic product. In
1970 Time Magazine listed the Miami Philharmonic as one of the up and
coming orchestras. With major success came the major orchestra-style labor contracts with their provision for musician's tenure.

In 1972 philanthropist and Board President Maurice Gusman bought and renovated the Olympia Theatre for the Philharmonic's home.

In order to improve the orchestra's artistic quality Lamard tried, and failed, to remove some key players left over from the University days. In attempting to circumvent the problem he tried by hiring co-principal players to substitute for players he felt were not up to the standard of the orchestra. Paying one set of principal players to play and another not to play nearly bankrupted the orchestra. After an acrimonious public blow-up, both Gusman and Lombard resigned in January 1976. The Board forced Gusman to make good on $2 million in notes which were securing the Philharmonic debts. In return, he took back his hall.

Lacking effective artistic direction, management and board leadership, the Philharmonic floundered until April 1980 when the orchestra had accumulated another $1 million in debts and cancelled the remainder of its season.

Two community leaders Alvah H. Chapman, Jr. and Marshall S. Harris performed the miracle of resurrecting the dead orchestra. During the next 13 months they set about implementing a four point plan:

1. Wipe out the $1 million in debt
2. Raise an additional $2 million in pledges ($500,000 as a base for the next four year's fundraising goals)

3. Assemble a strong board, and hire effective management

4. Build a quality artistic product.

By June of 1981, the Philharmonic had raised $3.1 million raised, selected a new board, and engaged a gifted interim artistic director and a new manager.

The Philharmonic was also in negotiations with the musicians union over a new contract. All financial issues were settled in time to open the season, but negotiations over working conditions especially tenure, termination and review procedures dragged on indefinitely.

The Union ultimately rejected the contract and struck over the dismissal and review clauses in February of 1982.

Lacking a large enough base of support or a lengthy symphonic tradition, the Philharmonic could not be sustained through an extended strike. After five months, the Board understood that the Union would never allow the removal of certain players who had been judged musically deficient by Lombard 10 years earlier and by each conductor since.

Having failed to complete two of the last three seasons, one due to insolvency and the other due to an extended strike, the Board felt that there was no way to continue. On July 21, 1982 the Board voted to cancel the 1982-83 season and to dissolve the Philharmonic.
The Real Failure

As an artistic institution and a community resource the Philharmonic had failed years prior to the actual shutdown in 1982. If an orchestra's activities are analyzed in terms of market segments charted on a product market grid, then pops concerts and outreach programs would be at one extreme and star soloists, conductors and major imported attractions at the other. The basic subscription series lies somewhere in the middle. The Philharmonic's demise can be viewed from a marketing perspective as a forfeiture of the potential to broaden its target markets.

When Gusman refused to move the Philharmonic out of the formal concert hall, he not only abrogated the responsibility to perform outreach services, but he left a vacuum which permitted P.A.C.E. to capture a necessary segment of the market. When the Philharmonic was having financial problems, it lost its access to the handful of "star" performers. Judy Drucker hired the Philharmonic for the Temple Beth Sholom Great Artists series to accompany these very same "stars" on her series. The Philharmonic, competing against itself, lost this segment of the market as well. With the narrow segment available to it in the middle, the Philharmonic lacked the constituency and artistic quality to survive. This marketing failure, perhaps even more than the strike, ultimately killed the Philharmonic.

It is ironic that at the time of the strike, the Philharmonic was in a better position than at anytime in its history to become a true music delivery system. For the Union it was a Pyrrhic victory. The
Board that had rescued the orchestra from financial bankruptcy could not save it from artistic bankruptcy.

2 Source American Symphony Orchestra League Data Bank, 1981.
3 Rafael Drurian, "Artistic Integrity is the First Thing to Go", Symphony News, Vol.25, No.3 (June 1974).
4 Gunther Schuller, Speech to music students at Tanglewood from Symphony News, 1980.
7 Ibid.
8 Schuller, op. cit.
CHAPTER THREE
Alternative Models

This chapter examines alternative organizations which are serving some of the functions of the music delivery system. Four organizations, each with a different focus, will be examined. After reviewing these four nonprofit organizations, the model of the full service music delivery system will be constructed, proposed and analyzed.

Community Concerts

No discussion of music delivery systems would be complete without describing the first formal model of the music delivery system. Community Concerts predated the founding of symphonies in many American cities. Community Concerts was developed shortly after the Great Depression by Columbia Artists, a major New York music agency, as a program for "organized audiences". Columbia Artists Management, Inc. (CAMI) fanned out across the country marketing the concept of preselling a subscription series to raise all the money and audience for a major concert series. This had a number of advantages for CAMI: they were guaranteed their artists fees in advance and the community knew how much money it had available to buy artists. Incidentally, CAMI had a guaranteed market for the sale of its own artists.
As the scheme developed each local Community campaign was based on one headliner attraction, the remainder of the offering being determined by what the local group could afford to pay once its annual membership drive was over; no single tickets were sold . . . prospective concertgoers were more or less forced to subscribe to the campaign if they wanted to hear any concerts at all.

At their zenith, Community and their one rival had more than 2,000 series in every sized town all over the country.

These Community Series normally featured a symphony orchestra and four or five solo recitalists. This early music delivery system brought culture (generally imported European artists and conductors) to cities all across the country. As the audiences wanted more of the large orchestras, these series, with their large subscription base, provided the nucleus around which local symphonies were founded.

Orchestras are now in nearly every town. With changing audience tastes (away from interest in solo recitals) Community Concerts remains as a vestigial part of America's cultural heritage. They have been replaced by symphonies or by college series. As the Community Concert audience is dying out, it is not being replenished.

Young Audiences

Certainly the largest of the music delivery systems is Young Audiences. Founded in 1953, Young Audiences is a nationwide organization whose sole mission is to improve the quality of music education by providing professional musicians to perform in elementary school classrooms.
Young Audiences is headquartered in New York and has 38 Chapters in 26 states.

Young Audiences delivers in-school musical programs through a network of Chapters throughout the country. The National office provides an exchange of information, promotional materials, fundraising negotiating and grant-writing assistance. Most of the Chapters have executive directors on a full or part-time basis, and some have support staff. A primary goal is to develop and evaluate ways to improve their educational programs.

In 1982 Young Audience Ensembles performed 16,600 concerts for 3.2 million school children. "By means of the dialogue method; the children are asked pertinent questions which lead them to listen actively to the music and to rationalize for themselves the structure of the music and the bases for value judgements about it."²

Each Chapter is run by a local board of directors made up of representatives of school systems, civic groups, music groups, business and professional people in and out of the arts. A committee structure assists the local directors in administering and funding the programs.

Young Audiences deals with only one target audience. It's sole demography is the elementary school student. Obviously this is only one small piece of a comprehensive music delivery system.

Hospital Audiences, Incorporated
Hospital Audiences, Incorporated (HAI) brings together the resources of the health care delivery system and a music delivery system. Michael Jon Spencer, a budding concert pianist spent much of his performing time from 1963 to 1969 playing hundreds of concerts for thousands of patients in New York City's hospitals and psychiatric wards. He felt these experiences demonstrated ..." the unique ability of the arts to impart a sense of beauty, warmth, inspiration, and human concern for those who had been hospitalized in relatively bleak settings for prolonged periods of time. The experiences also created a sense of restlessness for me that much more could be done." He wondered with all the community's artistic resources why were not more artists involved in these programs. His concern extended beyond the institutionalized patients to those patients who were trying to become "mainstreamed", getting patients out of the institutions and into the community to do the things that the rest of society did. Recognizing that in order to accomplish these two goals, getting artists into the institutions to perform and getting patients out of the hospitals to attend live events, he would need an organized effort. In 1969 he founded HAI and has been its Executive Director ever since.

HAI has three principal programs: Community events which secures tickets from arts managers and promoters and arranges for patients to leave their institutions to attend cultural performances; Institutional programs for patients who are unable to leave the institution; and the National program which provides advisory and consulting services to organizations to help develop similar programs and Chapter's of HAI in other communities.
Like Young Audiences, HAI has been very professional in its evaluation of programs. During the late seventies HAI was funded by the Administration on Aging to evaluate and provide cultural services to physically and mentally impaired aged in long-term care facilities. HAI has also worked with CETA (Comprehensive Employment and Training Act) to employ artists and with the New York State Department of Geriatrics. HAI has been especially resourceful in its ability to solicit grants and foundation support. HAI and Spencer took a leadership role in forming the Alliance of Arts and Arts Therapies which led to the Rockefeller Foundation support for two symposia on the "Healing Roles of the Arts."

HAI has reached audiences totaling 3 million in over 1,000 facilities. More than 300,000 individuals leave their institutions each year to attend 9,000 cultural events.

Both HAI and Young Audiences are music delivery systems which serve the needs of special constituencies. While HAI is not necessarily an audience and audience development vehicle, Young Audiences is. However, Young Audiences is working on a very long lead time. The next organization, Affiliate Artists concerns itself with musical outreach and audience development.

Affiliate Artists

"Affiliate Artists is about distribution of the arts, and about meeting the demand for them." Affiliate Artists is also a nonprofit New York based music delivery system. Of these organizations examined,
however, it is the only one that actually describes itself as an arts distribution organization. This organization was founded on the premise that since World War II America has spent millions of dollars to educate and train our performing artists.

This country's singers, dancers, actors, and museums are now the best in the world and Affiliate Artists feel their talents need to be shared and experienced. America did not develop new ways to distribute it across the nation to profit to work. As a result, have hundreds of talented performers who are under employed and are so wasted.

The problem is really a distribution problem. Affiliate artists was organized to develop new ways of distributing artistic talent across the country.

Affiliate Artists, a nonprofit organization, puts to work the best new talent on its way to major careers. Since 1966 Affiliate Artists have placed 270 artists in 300 communities for nearly 1,000 residencies and have served 11 million listeners.

Affiliate Artists meets demands for artists in a unique format. It find major national companies to fund six week residencies in communities. Normally an artist, who generally has other professional commitments, will spend from one to six weeks in a community. A full six week residency permits 70 performances.

These residencies are described by Affiliate Artists as,

Moving through the community, the artist gives informances™ informed presentations that combine performance both conversation in an entertaining, articulate and engaging way. The informance brings the artist into direct contact with all groups in the community, in a wide variety of non-traditional, non-arts sellings-factories, churches, parks, clubs, schools and community meetings or wherever people gather.
Affiliate Artists relies on local presentor organizations to house, food, transport the artist locally and to assume responsibility for distributing (booking) all of the "informances". Presentors have varied from arts councils, to symphony and open companies to educational or civic groups.

Artists are chosen for the program by screening and auditions. There are over 1,000 applicants for 25-30 available slots each year. Each artist is trained in the art of handling" informances."^7

The dual goals of the program are arts delivery and young artist development. Affiliate Artists also has special residency programs for conductors sponsored by Exxon, a pianist program sponsored by Xerox, San Francisco opera program, and a program which trains community arts administrators. Forty-six states, Canada, Puerto Rico, and Washington, D.C. have presented Artist residencies.^8

This sample from the many hundreds of arts and music organizations across the country were selected for examination because they are, perhaps, the most well known and most effective of those organizations whose purpose includes musical outreach, distribution or delivery. Also in surveying the field it is possible to view some similarities or common threads of purpose. The objective, at this point, is to construct the model of a comprehensive music delivery system.

The Model of the Music Delivery System (Figure 3)
Music Delivery System

**Inputs**
- Audience aspirations
  - Activities
  - Quality performances
  - Educated children
  - Improve quality of life
- Performers desires
  - Employment
  - Quality artistic environment
  - Performance opportunities
- Community needs
  - Quality of life
  - Promotional value
  - Economic value
  - Jobs
  - Educational opportunities
  - Corporate recruitment
  - Tourist activities
  - Self esteem

**Outputs**
- Performances
  - For community
  - For audiences
  - For tourists
- Economic impact
  - Employment for musicians, and other professionals
  - Business for vendors
  - Generates spending; taxes
- Education
  - Educational concerts
  - Music teachers
- Community promotion
  - Self esteem
  - Tourist promotion

- Makes live performances accessible
  - Provides and coordinates services
  - Strengthens existing programs
  - Develops new performance sites
- Provides technical expertise
  - In production
  - In marketing
  - In fundraising
  - Nurtures quality
- Provides artistic leadership
  - Identifies quality performances
  - Set standards for artistic quality
  - Creates partnership with community groups, corporations and governments
  - Develops new uses of talent pool
- Stimulates market
  - Creates audiences
  - Educes and nurtures taste
  - Develops educational uses of music

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The music delivery system is a catalyst which helps translate the musical needs of audience, performers, and general community into live performances.

The system is market oriented, responding to the needs of its service area, rather than product oriented like the symphony which has to "sell" the product it wants to produce. Maintaining a fixed ensemble tempts the system into a product orientation. In order to remain market-oriented the system should not maintain a fixed ensemble.

The theoretical model was put into practice by the Miami based P.A.C.E. Concerts. The results are described in Chapters Four and Five.

The primary objective of the system is to provide a coherent framework capable of responding to the various market needs and produce quality performances, making live concerts accessible to audiences. The system works most efficiently when it is in a symbiotic relationship with its environment. The system relies on the environment to provide resources, both human and financial. The system coordinates and provides musical services by working to strengthen and support existing programs and by capitalizing on already developed audiences. It works to create a partnership with business, government, and civic groups. The community looks to the system for technical expertise in the areas of concert production (sound system, artist booking, lighting systems, staging) marketing and promotion.
INPUTS

AUDIENCE ASPIRATIONS
- Activities
- Quality performances
- Educate children
- Improve quality of life

PERFORMERS ASPIRATIONS
- Employment
- Healthy artistic environment
- Performance opportunities

COMMUNITY NEEDS
- Quality of life
- Promotional value
- Economic value
- Jobs
- Educational opportunities
- Corporate recruitment
- Tourist satisfiers
- Self esteem

MUSIC DELIVERY SYSTEM

- Makes live performances accessible
  - Provides and coordinates services
  - Strengthens existing programs
  - Develops new performance sites
- Provides technical expertise
  - In Production
  - In Marketing
  - In Fundraising
  - Nurtures quality
- Provides artistic leadership
  - Identifies quality performances
  - Sets standards of artistic quality
  - Creates partnership with community groups, corporations and governments
  - Develops new uses of talent pool
- Stimulates Market
  - Creates audiences
  - Educates and nurtures taste
  - Develops educational uses of music

OUTPUTS

PERFORMANCES
- For community
- For audiences
- Employment for musicians

ECONOMIC IMPACT
- Employment for musicians, staff, vendors
- Generates spending, taxes

EDUCATION
- Educational concerts
- Music teachers in community

COMMUNITY PROMOTION
- Self esteem
- Tourist promotion

Figure 3

MUSIC DELIVERY SYSTEM MODEL
A properly functioning system provides the artistic leadership for a community. It sets standards of artistic quality, identifies quality performers, develops new uses for the talent pool and nurtures and educates audience tastes by encouraging audiences to demand quality performances.

The system acts as the central force in stimulating the market by creatively leading the market. The desired result is developing audiences and new performance sites. The system also has an important role in encouraging the educational uses of music.

**Inputs to the System**

The system has as its inputs the needs and aspirations of the potential audience (consumers), the interests of performers, and the needs of the community. The audience wants entertainment activities and events (something to do). Audiences expect quality performances and educational opportunities for children. The audience presumes that these events have a positive effect on the overall quality of life.

Performers aspirations are the second group of inputs. Performers (musicians) want employment, a healthy artistic environment in which to work, and performance opportunities. The community's input includes the desire for quality of life improvements, promotional values, economic impact, employment, educational opportunities for its children, leverage in corporate recruitment, help with tourism and self-esteem. A key input
from the community must be the financial resources necessary to fuel the system.

**Outputs from the System**

The primary output is performances, accessible to all demographic segments of the community, for all audience tastes, in varied locations, both traditional and non-traditional. Employment for musicians and vendors of services are part of the economic impact generating spending and taxes.

There are also benefits to education including educational concerts and the maintainance of music teachers in the community by providing performance opportunities for their artistic expression.

The community receives multiple benefits both intangible: quality of life and self-esteem, and tangible: development of traffic around performance locations such as zoos and parks. The community also enjoys the benefits of the economic impacts of the system on jobs, taxes, spending, and tourism promotion.

Lovelock and Weinberg observe that "Arts managers are particularly sensitive to the threat of diluting quality standards in order to appeal to mass markets." They also note the potential conflict between satisfying artistic needs for creativity and self expression and appealing to audience tastes.
This model suggests that the two goals, quality performances, satisfying artists needs for self expression, and appealing to audience tastes, need not be mutually exclusive.

1 Hart, op. cit., p. 82.

2 Young Audiences, Promotional Materials and telephone interviews, July 1983.

3 Hospital Audiences, Promotional Materials.

4 Ibid.

5 Ibid.

6 Ibid.

7 Ibid.

8 Ibid.

9 Lovelock and Weinberg, op. cit., p.428.
Performing Arts for Community and Education, P.A.C.E. Concerts, is the realization of a dream. P.A.C.E. was first conceived by Rod Glaubman and Stephen Parsons while they were student musicians at Southwest Miami Senior High School and fellow members of the All-Miami Youth Symphony. They felt that there had to be more than just playing in a symphony. Between the dream and the reality of creating an organization to bring music on a grass roots level to the entire community would come five years of thinking about music and playing music in Miami.

Parsons and Glaubman both were born in New York in 1952 and 1951 respectively. The similarity in their upbringing ends there. Parsons' family moved to Miami when he was a year old. He grew up in a normal middle-class home with a younger brother. His father is a printer and his mother raised the boys. After being a student conductor in high school and president of Modern Music Masters, Parsons went on to study Music Merchandising at the University of Miami.

Glaubman's family left New York in 1959. His father, a movie producer, wanted to leave the rat race of the City to develop the new
film industry which was starting with Ivan Tors in Miami. Their lives were shattered in a North Carolina auto accident which left Glaubman's older brother an invalid. It was 2 years before the family arrived in Miami. Glaubman's mother who had been a commercial artist, became a painter in order to work at home. His father became ill, and retired to become an agent for his wife's art work.

Glaubman describes his childhood as having to become an adult at a very early age. His life revolved around working to keep the family together, keeping his brother alive and his love of music. Glaubman played bass along with Parsons who played percussion in the Miami Philharmonic.

During an internship as executive assistant to Philharmonic President Maurice Gusman, Parsons discovered the Music Performance Trust Funds (MPTF) as a funding resource for in-school programs and outdoor events. When Gusman refused to take the orchestra out of the formal concert hall to play an outreach series of summer pops at Marine Stadium, Parsons resigned, becoming the only staff member to leave by resignation without first being fired.

Glaubman felt discontented with the music scene in Miami, which at the time was overloaded with imported star acts, hotel engagements and minimally used local musicians. He told a reporter that he started P.A.C.E. because "all I know is that if I don't do something to ensure an environment where I can play, I'm going to end up being a shoe salesman, and I don't want to sell shoes".¹
Parsons, in a more serious vein, said he started P.A.C.E. in order to use his combination of musical and business skills to create a better artistic environment in which he and his colleagues could work. As a result, Parsons felt he would be in control of his own future.²

Glaubman and Parsons noted the virtual absence of free music in South Florida. They also recognized the lack of opportunities to hear music of diverse idioms.

The motivating force behind the formation of P.A.C.E., in 1974, was their feeling that the arts should be available to everyone, regardless of financial or social condition. Glaubman became P.A.C.E.'s president and Parsons its Executive Director.

Beginning with a $3,500 grant in August of 1974 from the Music Performance Trust Funds and $3,500 in matching money from the Florida School Desegregation Consulting Center, Glaubman and Parsons set out to present a cross cultural awareness program in the Dade County schools. P.A.C.E. produced 85 concerts that year mixing jazz, salsa, funk, or whatever kids seemed to enjoy. This unusual mix of concerts for a educational program drew the ire of the Superintendant of Music, despite its overwhelming success. P.A.C.E. programs gradually introduced and expanded the classical brass, woodwind, string and percussion ensembles in the innovative "Four Families of the Orchestra" program which Parsons had developed at the Philharmonic. The balance of the first year's programs was performed at the Coconut Grove Arts Festival and in rehabilitative institutions.
The Early Days at P.A.C.E.

"The original concept of P.A.C.E. was developed in an influence vacuum." No single source of funds dominated the planning for what the company would become. With the idealism of their youth, the founders saw P.A.C.E. serving three principal goals:

1) To respond to perceived audience interests and community needs
2) To serve artists needs
3) To use P.A.C.E. as a vehicle to raise money for other arts groups.

Glaubman was imbued with the populist vision of what he felt would be the future of the arts in America. He foresaw a second WPA for artists and envisioned that the National Endowment for the Arts (NEA) would "finally recognize the multiplicity of cultural opportunities and move towards broad-based support of grass roots community arts".

P.A.C.E. was founded at a point when the Philharmonic was facing bankruptcy under Gusman who refused to allow "his orchestra" to perform outreach programs. These were precisely the kinds of concerts which P.A.C.E. believed the community wanted. Instead of dictating program tastes like orchestras whose response to audiences was "Support us because we are", P.A.C.E. sought to support and strengthen indigenous arts thereby making a cultural statement about its community. P.A.C.E. ultimately intended to use its name, concepts, and recognition to expand arts programming, variety, and audiences.
P.A.C.E. was successful in achieving ethnic plurality in its programs. Concerts were given to audiences from all walks of life from every ethnic and racial background. This initial success sparked jealousy in some areas as other community groups sought to develop their own programs. Glaubman and Parsons were also viewed with some skepticism from the "established arts institutions". Their motives, their youth, and their successes were suspect. Because P.A.C.E. was operated without the traditional board of directors, it did not have the community leadership's seal of approval.

Toffler described the changing of the cultural guard as

A fight for control over the means of dissemination. The lines of battle are seldom clearly drawn. The issues are frequently obscured by personality clashes. Yet if one cuts through the color, noise, and the dust of battle, a significant pattern emerges. Control is being wrestled away from an elite oriented 'old guard' representing entrenched wealth and position in the community. It's being captured by the young activist representing the new comfort class.

The traditional cultural institutions viewed P.A.C.E. as an attack on this support system, "the failure of their systems opened opportunities for new entities to succeed". The P.A.C.E. principals, Glaubman and Parsons, reared in the sixties were the young activists. Toffler observed,

There is now a breakdown of control in the shift in the basis of economic support. Representatives of the new patrons are demanding and winning seats on boards that control the institutions of cultural dissemination. They are bringing with them a fresh energy, enthusiasm, and ideas.

An Examination of Current P.A.C.E. Programs (Tables 1 and 2)

Community Program
### Table 1

**Performing Arts for Community and Education**

#### Historical Program Summary

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</table>

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1. School visits
   90% are double performances

2. 16 months/Fiscal year
   changed from April 30 to August 31

3. 4 months -
   September 1 - December 31
## Performing Arts for Community and Education

### Historical Audiences (x '000)

<table>
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<tr>
<th>Audiences At</th>
<th>74-75</th>
<th>75-76</th>
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<th>82-83</th>
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<td>H.O.P.E.-Life Programs</td>
<td>.9</td>
<td>26.9</td>
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<td>34.4</td>
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<td>17.0</td>
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<td>-</td>
<td>8.0</td>
<td>6.0</td>
<td>12.0</td>
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<td>-</td>
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<td>671.8</td>
<td>741.4</td>
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<td>729.2</td>
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<td>1325.5</td>
<td>1997.2</td>
<td>2738.6</td>
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<td>4190.4</td>
<td>4919.6</td>
<td>5099.5</td>
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Community Program is the backbone of P.A.C.E.'s face to the public. Funded largely by MPTF with co-sponsorship matching money from corporations and individuals 300-400 free concerts per year are performed in a variety of public locations - in parks, on the beaches, in concert halls, churches, universities, museums and shopping malls. Styles range from classical to Latin and jazz. P.A.C.E.'s community programs play to audiences of 400,000 annually.

In-School Program

Although the Community Program is better known to the public, the In-School Program presents the largest number of events. Over 800 educational performances and workshops are presented each school year. For many students this is their first experience with live music. Two of the most popular programs are the "Four Families of the Orchestra" and a Jazz Education Series. P.A.C.E. is currently developing an innovative Career Education Theatre program designed to communicate the importance of academic and job acquisition skills to secondary school students.

P.A.C.E.'s In-School programs have achieved nationwide acclaim for their artistic and educational excellence. The Fort Lauderdale Symphony, rather than have an independent educational department, contracts with P.A.C.E. to provide all of the symphony's educational services. The Philharmonic had a similar arrangement during its final season.

Helping Other People Enjoy Life (H.O.P.E.-Life)
In 1975 P.A.C.E. initiated the H.O.P.E.-Life project, created for the purpose of 'Helping Other People Enjoy Life'\(^\text{8}\). Glaubman was especially sensitive to the needs of the handicapped having lived with his disabled brother. Since they played concerts in a cerebral palsy center, Parsons and Glaubman felt that music should be available to the handicapped, the hospitalized, and others in institutions and, that if people could not come to P.A.C.E. concerts, the concerts should be brought to them.

P.A.C.E. also received tickets to performing arts events from other producers for institutions which were able to transport their clientele to allow them to experience performances as part of the mainstream audiences.

**Big Orange Music Festival**

Since 1979, P.A.C.E. has produced the Big Orange Festival as a mid-winter music festival. Conceived in its first year as a jazz festival the festival was later expanded to become a community-wide showcase of a variety of musical styles. South Florida artists were featured along with major American recording artists. The 1984 festival added the Miami Music and Heritage Fair.

**An Examination of Organizational Development and Funding at P.A.C.E.**

(Table 3)

P.A.C.E. has evolved through four distinct stages:

**Stage I-Original Orientation:**
## P.A.C.E. Financial History 1976-1984

### Table 3
(All Figures $X,000)

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<td>65.0</td>
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<td>0</td>
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<td>603.2</td>
<td>732.9</td>
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<td>626.8</td>
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<td><strong>$780.5</strong></td>
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<td><strong>$1,582.8</strong></td>
<td><strong>$1,693.8</strong></td>
<td><strong>$1,526.2</strong></td>
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### Expenses

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<td>4.9</td>
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<td>4.9</td>
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<td>76.5</td>
<td>77.5</td>
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<tr>
<td>In-Kind</td>
<td>0</td>
<td>174.2</td>
<td>601.1</td>
<td>732.9</td>
<td>552.5</td>
<td>626.8</td>
<td>500.0</td>
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<tr>
<td>Other costs</td>
<td>39.7</td>
<td>14.5</td>
<td>28.6</td>
<td>9.0</td>
<td>62.9</td>
<td>185.0</td>
<td>92.6</td>
<td>78.4</td>
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<td>144.2</td>
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<td>215.2</td>
<td>266.0</td>
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<td><strong>$421.1</strong></td>
<td><strong>$755.4</strong></td>
<td><strong>$1,358.4</strong></td>
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<td><strong>$1,707.7</strong></td>
<td><strong>$1,753.4</strong></td>
<td><strong>$1,499.1</strong></td>
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</table>

| Surplus/(Deficit) | 17.1 | (2.8) | 25.1 | 31.8 | (53.8) | (124.8) | (59.6) | 27.1 |
| Fund Equity       | 18.7 | 15.9 | 29.7 | 61.5 | 7.6    | (117.2) | (176.8) | (149.7) |
| Accountant's Adjustment | (10.9) |         |         |         |         |         |         |         |
Stage I was conceptual and formulated in the ideal prior to the influences of the funding resources. This stage covered the period from the initial conversations of two high school students through the founding of the nonprofit company in 1974.

Once P.A.C.E. became the administrator for the Music Performance Trust Funds it entered into Stage II.

**Stage II - Resource Dependence:**

Critical to the structuring of the early years of P.A.C.E. was the Music Performance Trust Funds (MPTF). In May 1975, P.A.C.E. became administrator of the funds for Dade, Broward, and Monroe counties. The MPTF was established in 1948 and grew out of the settlement of a major musicians' strike against the recording companies. One element of that historic settlement was the establishment of the MPTF under an independent trustee appointed by the Secretary of Labor. The striking musicians contended that the emergence of the long playing record and the vast accessibility of recorded music was destroying the jobs of musicians trying to make a living. The recording companies acknowledged that their booming business meant less work for musicians at live concerts. They pledged a share of their annual gross dollars from record sales to go to pay for musicians salaries, at union scale, for live performances so long as the concerts were free and open to the public. 9

P.A.C.E. is unique in being the only organization other than a local musician's union, which is an administrator of an area allocation from MPTF. Within six months of its formation P.A.C.E. was given its
initial MPTF allocation of $100,620.98. This money became the principal funding vehicle for P.A.C.E. and dominated its strategic positioning for the next nine years. This reliance on MPTF created a structure which emphasized musical performances almost to the exclusion of the other art forms of theatre, dance and opera.

The trust funds, however, did not channel direct dollars to P.A.C.E. The Trustee merely paid the salaries of all the musicians. P.A.C.E. was obliged to look elsewhere for funds to pay its administrative personnel who support the hundreds of performances made possible by the MPTF allocations.

In 1976 P.A.C.E. applied for, and was granted, job slots under the Comprehensive Employment and Training Act (CETA). Glaubman and Parsons made a strategic choice to use the funds, not for full time artists, but to build an administrative structure with which to develop programs and generate revenues that would have a life beyond CETA. This new staff, unusually bright and dedicated by CETA standards, included two attorneys who became program director and development directors, a sound engineer, production personnel, a bookkeeper and a promotion staff. The staff began to generate vastly increased "earned" income from sale of concerts and sponsorships. "Because of their preoccupation with immediate problems of solvency, most arts organizations have had little chance to study their long range goals... and the means for achieving them." P.A.C.E. on the other hand, was cognizant of its resource dependence on MPTF and now on CETA. One further dependence was yet to come. P.A.C.E. received its first grant from the National Endowment for the Arts in 1976 to assist in
establishing a professional staff. This $25,000 grant was one of the initial grants by the New Special Projects Department of the NEA. With the announcement of the NEA Challenge Grant program in 1979 P.A.C.E. applied for a $100,000 grant which was to be matched on a 3 to 1 basis. P.A.C.E. was awarded the grant which would, with the matching, generate $400,000 over the next three years. Nancy Hanks, Chairman of the N.E.A., said of P.A.C.E. "I know of no other program that has such strong potential to become a national program for community arts development."12

The challenge couldn't have come at a better time because CETA was being phased out and P.A.C.E. did not have the potential sources of funds to transition the CETA employees to full time paid staff. Glaubman and Parsons knew they had to develop a strategy to stabilize P.A.C.E.'s financial base once the Challenge grant program was completed and coincidently they had to realize a structure to raise the $300,000 match from a broad community constituency.

**STAGE III - Transition to Traditional Support:**

The strategy for making the transition to traditional sources of arts funding required a dual program. The first was the development of a board of directors. For the early years the P.A.C.E. organization had a three member board, Glaubman, Parsons, and Labor attorney Joe Kaplan, a friend of the Glaubmans. The Board was expanded to include community leaders who were expected to use their influence to raise funds for P.A.C.E.
The second area in which P.A.C.E. sought traditional support was through membership and volunteer development. At one point P.A.C.E. had nearly 2,000 members making annual contributions to receive the newsletter and special membership benefits.

Glaubman and Parsons also conceived the Big Orange Music Festival as a means to generate substantial net revenues to support P.A.C.E.'s year-round activities. By attracting major national corporate sponsors for a highly visible mid-winter festival, and through the proceeds of ticketed concert events, P.A.C.E. hoped to raise in excess of $100,000 a year. A 1979 NEA grant provided funds for the first Big Orange Festival, a one-day event at Tropical Park.

At the same time Dade County was considering the imposition of a "bed tax" to raise funds for tourist promotion by funding the Tourist Development Council. The arts community lobbied hard for its passage. Glaubman was a member of the committee which recommended allocating 20% of the revenues for special events and cultural activities. The legislation was interpreted to mean that all cultural activities had to directly relate to tourist attraction. This required all grantees to spend enormous sums, without ancillary support from the Tourist Departments, to try to attract tourists. The $5 million debacle of the New World Festival drew only 2% of its audience from tourists. Tourism hopefully will learn that the arts can be a tourist satisfier, but with rare exceptions can draw tourists specifically for an arts event.
With the election of Ronald Reagan, social service organizations braced themselves for anticipated cuts in government support. But no one could foresee the rapidity of the loss of public support. The trickle down effect saw cuts at all levels of government. The 1982-83 recession also cut into the sales of records which reduced the funds available through MPTF. Between 1982 and 1983 P.A.C.E. was to lose nearly $200,000 in government support and trust fund allocation.  

STAGE IV - The Fiscal Crisis of 1982-83:

In the fall of 1981 Glaubman and Parsons hired a general manager Jules Landsman, to run P.A.C.E. on a day to day basis. They had plans to ultimately strike out on their own and form a for-profit concert production and consulting company.

Since the budget could not support three full time executives Glaubman resigned as a full time employee in May of 1982 to do private consulting. He planned to return to P.A.C.E. in the summer to produce the 1983 Fall series of gated concerts and Big Orange Festival. P.A.C.E. and the new general manager ambitiously planned a full season of gated concerts and aggressively booked and promoted new series prior to having sponsorship money secured. During fiscal 1982 P.A.C.E.'s disappointing box office and sponsorship enlistment and fund raising resulted in a year-end deficit of $117,000. February's Big Orange Festival failed to improve the bleak financial picture. Glaubman, who remained close to day-to-day operations, and Parsons realized drastic measures would be required to save P.A.C.E. The cumulative debt by year's end would approach $180,000.  

They realized that their choice of a general manager had
not been the right one for the company. Landsman's prior administrative experience had been with a small New Hampshire arts center. His management style, highly centralized, was characterized by a lack of communication and a refusal to delegate authority. P.A.C.E. desperately needed a strong financial manager who was an integrator with strong human relations skills. Landsman offered none of these attributes. He was terminated and Glaubman and Parsons began to construct a "leaner-meaner" P.A.C.E.

Chapter Five will examine P.A.C.E.'s new strategies and the evolution of the new corporate structure which Glaubman described as being closer to the essence of P.A.C.E than at any time since its founding.

2 Parsons, Interview, January 6, 1984.
3 Glaubman, Interview, December 18, 1983.
4 Ibid.
5 Toffler, op.cit., p. 61.
7 Toffler, op. cit., p.62.
8 P.A.C.E. H.O.P.E.-Life Brochure.
10 Parsons, Interview, December 1983.
14 Ibid.
By April 1983, when Landsman was asked to resign, P.A.C.E. was technically bankrupt. Its liabilities exceeded its assets and cash flow was not enough to cover current expenses. Confronted with the choice of developing new solutions to adapt P.A.C.E. to the new economic realities or shutting the company down, Parsons and Glaubman could not allow P.A.C.E. to die.

To save P.A.C.E. they started by cutting the staff from 22 to 12. Parsons had constructed alternative corporate structures: One for 12 employees and the other for the 5 person structure that had managed P.A.C.E. prior to the CETA build up. The new structure was achieved in part through attrition and in part by eliminating positions. The Director of Community Programs had decided to resign and the company decided to consolidate the three programs into one department. Where there had been three program directors and an assistant, there was now one director and a program coordinator. Development and marketing (which was actually program sales) were merged, and a public relations assistant position was eliminated. (see organizational charts Figures 4 and 5). This cut monthly fixed expenses from $55,600 to $33,000.
P.A.C.E. Organizational Chart
1978-1981

Figure 4
P.A.C.E. Organizational Chart

Figure 5
On April 14, Parsons and Glaubman held their first formal meeting with me. They discussed the current crisis and what they described as the "leaner-meaner" P.A.C.E. I was asked to consider serving as a management consultant to help them implement their plan for a scaled down organization.

During the next several weeks there were a series of informal discussions which culminated in my agreeing to become P.A.C.E.'s managing director beginning in late June.

Negotiations were initiated to establish an immediate $50,000 cash flow loan. In July, P.A.C.E.'s $153,000 cash deficit was being financed by nearly $50,000 in accounts payable owed to many creditors, and $70,000 in debt to MPTF for monies collected as co-sponsorships which were to have been forwarded to the Trustee. Witholding taxes were due to the Internal Revenue Service and P.A.C.E. was operating on deferred revenues and grants.

The executive staff (Executive Director, Managing Director, Public Relations Director, Development Director, and Program Director) felt the organization needed to "get itself together" and to get a "new sense of direction". A staff retreat was arranged for the second week in July. The Fontainebleau Hilton donated rooms for the entire staff for the day and a half strategic planning retreat. All but one of the staff attended and each member was encouraged to participate.
Management's goal, in addition to developing a strategic plan, was to stimulate staff thinking, and to make a statement about the change in management philosophy and style. The new structure needed to be decentralized with full line and staff participation in problem-solving and decision making. The staff had a wealth of knowledge and experience which had not been fully utilized.

The Strategic Planning Process (Figure 6)

The planning sessions included establishing objectives for the plan itself, retesting and redefining the corporate mission and purpose, conducting a situational analysis of strengths and weaknesses, problems and opportunities, and finally, a needs assessment. P.A.C.E.'s constituencies, business relationships, audiences, and programs were reviewed. Strategic goals and objectives were formulated for each department. The purpose of the plan was to give the Board and staff a clear set of directions and priorities for solving the immediate financial problems and for charting a viable future course. (See Appendix for Strategic Plan)

Mission and Purpose

"What is P.A.C.E.?", is the question most frequently asked of board and staff members. The first challenge was to clearly define P.A.C.E. for the staff. After lengthy discussions P.A.C.E. was broadly defined as "a non-profit music, performing arts and technical services company." The mission statement drawn principally from the original articles of
THE STRATEGIC PLANNING SEQUENCE

Decision to Plan or Replan

Define Purpose Scope & Organization of Planning Effort

Assessment of Situation

- Knowledge of Environment (2c)
- Higher Level Objectives (2b)
- Perception of Desired Ends (2a)

Evaluate Resources, Capabilities, Markets, & Competition
Establish or Affirm Objectives

Strategic Options Identified and Analyzed

Choose the Preferred Strategy and Best Alternative Strategies

Furnish Results to Management; Obtain Decisions

Set Operational Goals & Performance Criteria Including Budgets

Results Over Time

Figure 6
incorporation read, "To provide the highest quality music, performing arts, and technical services to the community, while creating opportunities for involvement by sponsors, awareness of, appreciation and love for performing arts".

Situational Analysis

The strengths and weaknesses of P.A.C.E. were examined. P.A.C.E. had a good track record, having produced nearly 10,000 concerts in the last 9 years. It had a large constituency (audiences of 700,000) each year, program diversity and it had shown its durability and commitment to the community. The company also had high visibility, recognition and position in the community, as well as a good public image, strong media relations and a professional staff.

The staff saw a number of weaknesses. The most critical were reliance of MPTF and reactive posture to funding sources (resource dependence). The Board was felt to be weak. The company had a very small contributions base and despite P.A.C.E.'s large constituency, membership was small (only about 600). This was in large measure due to P.A.C.E.'s early reliance on MPTF and public sources of funds. P.A.C.E. had not needed to raise large amounts of contributions through traditional sources of philanthropy.

Though not fully recognized during the planning retreat, program pricing and sales had been a severe problem. The program departments had no clear pricing strategy. Because of P.A.C.E.'s reliance on MPTF, only
programs which fit neatly into the Trust Fund guidelines were booked and contributions were solicited as co-sponsorship matching monies. Programs were never budgeted or costed out on a program-by-program basis. There was little relationship between co-sponsorship or program sales and the true costs of the production. No provision was made for a contribution margin to cover fixed expenses, which were running in excess of a half a million dollars a year. Frequently, concerts were booked where the marginal expense exceeded marginal revenues. The staff had little understanding of how the finances of the company worked. Further investigation revealed that Landsman's financial management skills were not sufficient for the complexity of P.A.C.E.'s operation.

In addition to the financial crisis, problems identified included unclear public understanding of P.A.C.E. purposes, volunteer and membership attrition, and staff burn-out. The group recognized that P.A.C.E. had substantial opportunities to capitalize on the markets it created for public performances. It could mobilize its vast constituency using its excellent media relations, sell programs and technical services outside the MPTF restrictions and could exploit George Wein's involvement with the Big Orange Festival to develop an event of major national significance, providing net revenue to the company.

Because the company was structured to respond to the programs designed for MPTF applications, the staff was confused by the potential new business relationships which had to be defined and established. For the first time the concept of "client" was introduced as the purchaser of services (for a fee) which had commercial or promotional gain. This fee
for service category would have significant application in the financial restructuring.

Goals and Objectives

The key management goal was to design and implement new management systems for budgeting, fiscal control and new operations procedures for program and production. The program department set as its goal developing new sponsor/client policies including recognizing and marketing the new professional services. Programming had to learn how to price services to cover both direct and, a share of, fixed expenses. Contribution margin became a company buzz word. Community programs had to operate on a fee for service basis with the client, not P.A.C.E., assuming the financial risks.

Much of the current financial crisis was attributed to the company's having continued to produce concerts even when sufficient sponsorships had not been secured. Seasons were planned and artists booked before contributions were in place to cover the costs. P.A.C.E. could not continue to raise all the funds for the community's concert needs.

The program department determined to schedule events with consideration to impact on quality instead of quantity, maximizing the utilization of staff and financial resources and recognizing program limitations. Staff also recommended focusing use of MPTF funding on in-school and H.O.P.E.-Life events. A decision making process for programs (Figure 7) was formulated which tested program requests against company goals, analyzing content and budget implications before committing company funds or time.
Program Decision Making Process

1. Request For Program
2. Evaluate Against Goals
3. Evaluate Against Concept
4. Information To Program—Production—Marketing—Development—
5. Analyze Program Cost Estimate Budget
6. Make Decision
Development goals sought to broaden the base of support through a membership campaign, identifying new sources of corporate support and developing sources of support from private foundations.

Marketing, public relations, and communications goals were to establish, clarify and communicate to the community P.A.C.E.'s purpose and full range of programs through the development of promotional and marketing vehicles. Plans were structured for developing printed materials, utilizing broadcast media, creating audio-visual presentations and establishing a speakers bureau.

The retreat and staff's involvement in strategic planning was an exhilarating experience and, for most, was their first exposure to planning. The retreat concluded with a common understanding of the company's prospects and its problems. Staff felt that they had contributed to, and were committed to, the plan that would be implemented to rescue P.A.C.E.

Implementation

The immediate cash problem had to be addressed first. A $50,000 line of credit was secured to provide for operations through the summer. In July, P.A.C.E. approached the County Commission for a $70,000 emergency grant. The commission had recently made emergency grants to several other arts groups and P.A.C.E. felt its case was at least as deserving. The commission, however, in order to stop direct appeals, declared a moratorium on emergency grants. But P.A.C.E. was given an interest free
advance of $59,475 against its tourist tax grant for the Big Orange Festival. The City of Miami also paid its grant of $25,000 ahead of schedule. "Robbing Peter to pay Paul" gave P.A.C.E. some breathing room, but only postponed the inevitable.

The public relations department formulated a three phase media strategy. The first phase was to frankly discuss the company's perilous financial position. In July and August media was told that without a substantial infusion of new money, Miami was in danger of losing another of its major arts institutions (the Philharmonic and Fusion Dance Company had shut down during the past year).

Phase two was designed to keep the media abreast about what P.A.C.E. was doing to overcome its problems. Releases and interviews drew attention to changes in corporate strategy and were used to create a bandwagon effect as corporations and individuals pitched in to help.

The Bee Gees produced a series of TV spots supporting P.A.C.E. Metrozoo allowed P.A.C.E. to hold a "MuZoocal" fundraiser during which 100 musicians donated their services. Twenty-two groups performed in thirteen locations throughout the zoo. The normal attendance was more than doubled and P.A.C.E. netted $10,000.

The president of Miami Dade Community College proposed affiliation with P.A.C.E. that would defray at least the cost of a salaried position. He offered to try to move P.A.C.E.'s offices to a free location on campus
which could result in a savings of $50,000 in rent, telephone, and office equipment expense.

Affiliate Artists chose P.A.C.E. out of all Miami's arts groups to present the JCPenney Artist Residency, funded by a $16,000 grant from J.C. Penney, Inc.

Media strategy phase three was to be "P.A.C.E. turns the corner". This was to coincide with the kick-off announcements for the Big Orange Festival. The commitment of Jazz Festival producer George Wein to be Associate Producer of the Festival, even though P.A.C.E. had no money to pay him, gave a large boost to company prestige and gained national recognition. It was hoped that Wein would help leverage major national support.

Special fundraising efforts and membership events continued throughout the summer. Major corporate grants could not be solicited on such short notice, so corporations were approached for calendar 1984. Management felt also, that the corporate relationships should be handled to target long term stability rather than last minute emergency.

The Board of Directors elected new leadership. Eight new members were elected and directors who were not active were retired. In prior years the Board had met quarterly or semi-annually. Monthly meetings were started and meeting agendas with written committee reports, financial statements, and the preceding month's minutes were mailed to the Board prior to each meeting. Board attendance jumped from 8-10 members to 18-20. Board committees, especially a strengthened development committee, began regular meetings.
New financial controls were instituted, including a job order cost system for all performances so that each concert had its own budget. Concerts were priced to cover direct expenses and a 33% contribution margin. A system for monitoring concert sales was developed to ensure meeting sales goals.

Results

The coverage from the media campaign appeared to be impressive. The Bee Gees spots were well received and the contributions and corporate communities were aware of and seemed to understand P.A.C.E.'s plight.

Sales of P.A.C.E. programs have been remarkably successful on the new fee for service basis. Even with the aggressive budget increases (more than 60%), sales for the first six months of fiscal 1984 have exceeded projections each month. Prices were increased nearly 50% to give the company a contribution margin of 33% on each event. Sales staff feared price resistance; however, none has been observed. A $200,000 contract was negotiated with Metrozoo for ongoing musical and technical services.

P.A.C.E.'s fundraising efforts have met with less success. A paradox exists between the demand, on one hand, for P.A.C.E's services purchased on a fee for services basis and the contributing publics' resistance to paying for the public services programs that have been given free to the community for the past nine years. The marketing committee of the Board of Directors summed up their sense of the problem, "P.A.C.E. can't raise money for school kids and H.O.P.E.-Life programs". It appears that with a
truly populist orientation P.A.C.E. has neither the social status of the elite symphony, opera, ballet and theatre nor the charitable appeal of health and social service organizations.

In recent months more than 50% of the company's energies have been directed towards fundraising. The efforts may well prove fruitful in the long run, but the short term results have not covered the opportunity costs expended on the effort. While support from major corporations has been disappointing, the effort of a single Board member using a broad based individual campaign produced impressive results.

Funding for the Big Orange Festival could not be secured as Wein had hoped, though P.A.C.E learned much about how to approach the major national sponsors for 1985. Corporations are eager to invest promotional dollars in Miami as shown by the success of Miami Grand Prix and Calle Ocho which raise $500,000 each. P.A.C.E.'s leverage needs to be stronger and its solicitations made earlier.

Because funding was not available, P.A.C.E. innovated the concept of risk guarantee and decided to proceed with a scaled down festival. Every event would be risk guaranteed; however, without sponsorships, the net revenue is greatly reduced.

Music Performance Trust Funds

P.A.C.E. has taken steps to become less dependent on and vulnerable to MPTF. It was always MPTF's intent for the allocation to revert to the musicians' union when a competent administration was elected. P.A.C.E.
has channelled the majority of the allocation into In-School and H.O.P.E-Life programs. To lessen its exposure in the event of future reductions in the allocation, it was felt that Community Programs needed to become self sufficient and commercially viable.

In November 1983, the recording companies forced the musicians' union, as a concession in the national recording agreement, to accept a reduction in contributions to MPTF. The cut could decrease the $165,000 allocation by as much as 50% in 1985.

Recommendations

P.A.C.E. should expand its marketing efforts to capitalize on strong positions in producing commercial musical events. The multitude of South Florida Festivals provides an ideal market for these services. The company should devote time to securing seasonal contracts with major performance sites like malls, tracks, parks and attractions. Clients should be sought who have funds available for musical events. P.A.C.E. can provide the technical expertise to assist them in meeting their performance objectives.

The Big Orange Festival still holds the greatest long term promise for P.A.C.E. George Wein has declared that Miami's Bicentennial Park and Bayfront open space is the most beautiful festival site in the world. The success of the New Orleans Jazz and Heritage Festival can be duplicated and surpassed in Miami. A success with the 1984 Miami and Heritage Fair during the Big Orange Festival and early enough sponsor commitments
towards 1985, can influence the major national corporate dollars to invest in the event. P.A.C.E. should refine and exploit the concept of risk guarantee.

Through its affiliation with the Miami-Dade Community College, P.A.C.E. is already examining strategic divestment of the In-School concerts and H.O.P.E.-Life program which can not be sustained without MPTF or alternative sources of major new contributions.

Conclusion

P.A.C.E. has shown that it can be an effective music delivery system, but it can not be the sole provider of funds to fuel the system. There is some question whether P.A.C.E. can survive as a non-profit company. Without its committment to maintain community service, educational programs and rehabilitative concerts, P.A.C.E. would be an agressive competitor as an entertainment entrepreneur.
CHAPTER SIX
Summary

Long before the music delivery system model would be described, two Miami teenagers had an innate understanding of the failures of the traditional models. In 1968, they conceived the structure that was to become P.A.C.E. Concerts.

Sixteen years, 10,000 concerts, and 5.1 million listeners later, P.A.C.E. stands unique as the pilot for a community based music delivery system. P.A.C.E. has had to evolve in a time of rapid change in its cultural and economic environment. It has weathered wrenching shifts in its support base. From its inception, P.A.C.E. has been on the cutting edge of arts leadership. It created the concept of populist arts and community and realized the model for the music delivery system. Today, P.A.C.E. is the largest provider of musical services and the largest employer of musicians in the State of Florida. The irony is, that while P.A.C.E. has developed an audience of 750,000 a year, it has been unable to attract adequate financial support from its audience.

Some Closing Thoughts
In documenting the need for support of the arts, Washington impressario Patrick Hayes refers to John Adams's famous quote:

I must study politics and war, that my sons may have the liberty to study mathematics and philosophy. My sons ought to study mathematics and philosophy, geography, natural history and naval architecture, navigation, commerce, and agriculture, in order to give their children a right to study painting, poetry, music, architecture.

In a speech delivered at the American Federation of Arts in April 1962, Arthur Schlesinger, Jr., quoted these words of Mr. Adams and added: 'The arts logically occupy a secondary place in the priorities of national development. A nation must achieve its independence and begin its economic take-off before it can begin to devote serious attention to the quality of its culture. We have as a nation fulfilled these conditions. We have long since secured our political identity and our economic momentum. We have long since reached John Adams's third phase.'

Schlesinger's words are equally applicable to the cultural development of communities. Miami is at a relatively young stage in its cultural development. Its cultural history has been characterized by splash and glitter rather than substance. In writing about P.A.C.E., the Miami News described Miami's cultural scene:

Miami is becoming a magic act rather than a magic city. Now you see the Florida Philharmonic - now you don't. Now you see The Fusion Dance Company - now you don't. Now you see the New World Festival of the Arts - now you don't.

There are some common threads which must be woven into its artistic fabric if Miami is to reach the cultural maturity it so desperately seeks.

The most basic requirement is enlightenment and creative civic leadership. The community must have improved decision making by arts
boards of directors, corporate contributions committees and by government officials. Institutions and artists must be funded by resolutions of support which are based on artistic merit and accomplishment. Social status, politics and tradition should have no place in the allocation process. Institutional tenure is as insidious as is employee tenure. Artists and institutions must maintain their integrity and creativity. No inhibition can be allowed to interfere with the quest for excellence.

Community leadership must become educated to recognize quality in its cultural organizations. Knowledgable audiences make the best artistic consumers. Institutions should be questioned, ideas tested, and leadership challenged. Mediocrity must be attacked and cynicism resisted.

Finally communities must have the maturity and foresight to value their visionary artists and support their efforts especially when these artists have made their dreams become the reality the community so desperately seeks.

2 Ibid.
3 Bill von MAUER, Miami News, Friday, November 18, 1983.
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APPENDIX
STRATEGIC PLAN
Goals and Objectives
July, 1983
Introduction

The following strategic plan was developed during a one and a half day full staff planning session and in the follow up meetings during the week of July 11th. The purpose of these meetings was:

- to develop a clear set of directions
- to set priorities
- to give staff direction
- to identify and begin to develop strategies for solving current P.A.C.E. problems
- to begin the process of preparing materials for the Board to begin its organizational long range planning.

The premise on which these documents are prepared is that the Board can only be as effective as it is informed. The Board cannot be expected to work without the basic decision making tools.

This strategic plan is designed to aid the Board and the community in understanding P.A.C.E.'s internal and external workings so that Board and staff can more effectively work together for the long term success of P.A.C.E.
P.A.C.E. is a non-profit music, performing arts and technical services company. 

Mission: To provide the highest quality music, performing arts, and technical services to the community, while creating opportunities for involvement by sponsors, audiences and artists, and promoting awareness of, appreciation and love for performing arts.
**Strengths:**

Professional staff.

Program diversity.

Commitment to community.

Good track record.

Large constituency.

High visibility, recognition and position, public image, and media relations.

**Weaknesses:**

Reliance on Music Performance Trust Funds (MPTF).

Board weaknesses: unclear roles and involvement.

Reactive posture to funding sources.

Small contribution base.

Small membership.

A few underpriced programs.

Too many programs - lack of program focus.

Inadequate up to date promotional material and marketing tools.

Vague inner office policies and procedures, unclear job responsibilities.

Planning time - no peak and down period timetables.
Problems:

Unclear public understanding of P.A.C.E. purpose.

Financial difficulties: Cash flow, deficit and debt.

Lack of financial resources to fill important staff positions.

Volunteer and members attrition.

Some negative perceptions of P.A.C.E.'s past dealings with sponsors and other arts organizations.

Physical space: office environment and lease commitment on equipment.

Staff burn-out.

Insufficient equipment, transport and storage.

No P.A.C.E. vehicle (van, truck).

Opportunities:

Capitalize on P.A.C.E. created market for greater public, corporate and private support.

Good relations with media.

Mobilize constituency.

Sell productions and technical assistance services.

Provide employment and greater recognition for local performing artists.

Bring together community's ethnic groups in a common purpose.

George Wein - Big Orange Festival potential to develop event of major national significance.
P.A.C.E. Constituencies

- Clients
- Artists
- Schools
- Union
- Local Music Industry
- M.P.T.F.
- Government
- Federal
- State
- Local
- Contributors
- Vendors
- Staff
- Other Non-Profits
- Volunteers
- General Community
- Hope-Life
- In-School
- Big O.
- Audiences
- Members
- Sponsors
- General Public
- Media
- Board
Business Definitions

**Client:** Purchaser of a service, open to the public, for a fee and for commercial or promotional gain. (Malls, Jaycees)

**Sponsor:** Public service purchaser of services, underwrites a P.A.C.E. public service event.

**Co-Sponsor:** Non-financial contributor, most often media, but includes any in-kind donation or services.

**Private Event:** Purchase of service by a client for a non-public event.

**Co-Producer:** Client or sponsor (see above) who produces part of a P.A.C.E. event.
goals: To design and implement new management systems for budgeting and fiscal planning, new operational procedures for program and production.

objectives: • Clarify organizational structure
• Develop financial systems
• Develop a long range plan
• Analyze and refine policies and procedures
• Insure management and program continuity
• Improve internal communication
• Analyze resource needs: financial personnel facilities equipment volunteer

Strengthen and improve Board involvement and communications.

• Clarify full Board and individual Board member's responsibilities.

• Provide timely and accurate information for Board decision making.
Program

**goal:** To establish long range plans and new sponsor/client policies and procedures.

**objectives:**
- Recognize and market P.A.C.E. professional services: promotion, production, and technical assistance.
- Redefine sponsor and client relationships.
  - Price events to cover direct and fixed costs.
  - Operate community programs on fee for service basis; clients assume risk, not P.A.C.E.
  - Redefine use of MPTF funds and use limited MPTF for H.O.P.E.-Life and In-School programs only.
- Prioritize events, based on the following criteria:
  - Maximize utilization of staff and financial resources.
  - Recognize programming limits.
  - Schedule events with consideration to impact and quality instead of quantity.
- Improve artist selection process.
  - Broaden scope of artists selected.
  - Expand client's awareness of available program options.
P.A.C.E. Music Programming

- Latin
- Big Band
- Jazz
- Classical
- Salsa
- Bluegrass
- Country
- Gospel
- Rock
- R & B
- Caribbean
- Polynesian
- Indian
- East European
- International
P.A.C.E. (Non-Musical) Programs

- Story Telling
- Magic
- Ethnic Dancing
- Mime
- Dance
- Puppetry
- Clowns
- Facial Arts
- Teacher Training
- Residencies
- Clinics
- Theatre
- Workshops
Development

goal: To broaden base of support to maximize community resources in developing a consistent annual flow of financial support for P.A.C.E.

objectives: • Develop and implement membership campaign

• Develop and implement individual contributions drive
  - debt retirement
  - annual year-end appeal

• Identify and develop various sources of corporate support:
  - programs
  - general operations
  - in-kind
  - surface potential Board members

• Identify and develop sources of private foundation support.
  - local
  - family
  - national
  - corporate
Marketing,
Public Relations, and Communications

goals: To establish, clarify and communicate to the community P.A.C.E.'s purpose and full range of programs through the development of promotional and marketing vehicles.

objectives:

● Produce printed materials:
  - General P.A.C.E. brochure
  - P.A.C.E. and Business brochures
  - Sponsors
  - Clients
  - Membership communications
  - Calendars

● Utilize broadcast media
  - Radio/TV public service announcements
  - Communicate P.A.C.E. message
  - Solicit members and volunteers

● Create audio visual presentation: components
  - About P.A.C.E. - general description
  - Selling sponsorship - P.A.C.E. and Business
  - Selling membership
  - Encouraging volunteerism

● Establish a Speakers Bureau