

## **OREGON BACH FESTIVAL STRATEGIC AND ORGANIZATIONAL ASSESSMENT**

### **INTRODUCTION**

The Pappas Consulting Group Inc. was engaged by the Senior Vice President and Provost of the University of Oregon to conduct a strategic and organizational assessment of the Oregon Bach Festival (OBF or the Festival). The study's objectives were to assess:

1. The organizational and governance structure of the Festival;
2. The programming and marketing functions of the Festival, with a focus on increasing the Festival's audience as well as the timing and the length of the Festival; and
3. The capacity for expanding the Board's role in fundraising and development.

This report first sets the context for this high level review. The next section of the report articulates findings and recommendations relative to: the legacy of the OBF's Founders; governance; organizational structure and management reporting; fundraising and development; marketing and programming and business, and budget practices. The last section of the report outlines next steps for further analysis and action.

### **SETTING THE CONTEXT**

The Oregon Bach Festival is remarkable in the annals of both the performing arts and American higher education. In just thirty-six years from its founding, the OBF has served as a major international force in the celebration of Bach's music and the creation of highly acclaimed commissioned works. In addition, it is renowned for its provision of master classes, solo recitals, workshops, instrumental and chamber concerts, and major choral-orchestral works.

Its illustrious Founders, Helmuth Rilling and Royce Saltzman have partnered their creative genius to satisfy the artistic passions of many who reside in Eugene, the region, the University and the world. As the Founders are still "in-charge" of the OBF, there is a rich legacy of experience and vision. Concurrently, there is the commitment at the University and Board level to plan intentionally at both the strategic and operational level to ensure that succession planning is carried out with style, integrity and grace, and in a manner that ensures the legacy of the Founders through the long-term continuation of the festival.

The next section of this report enumerates the major findings of this high level review and poses some recommendations for consideration by the University of Oregon leadership in partnership with the Oregon Bach Festival Board.

## **FINDINGS AND RECOMMENDATIONS**

### The Legacy of Helmuth Rilling and Royce Saltzman

In 1970, Helmuth Rilling came to Eugene for a series of workshops and an informal concert. At the time, Royce Saltzman was a member of the faculty of the School of Music at the University of Oregon. Their first collaboration in 1971 laid the groundwork for the “Summer Festival of Music” which later became known as the Oregon Bach Festival.

Since that early collaboration, the OBF has emerged as a major force in the music world on a regional, national and international basis. In his role as Artistic Director, Helmuth Rilling has brought his creative and artistic genius. In his role as Executive Director, Royce Saltzman has enabled the OBF to expand its repertoire and become a “jewel in the crown” of the University of Oregon.

This longstanding collaboration has enabled the Festival to establish a legacy of which the Founders should be proud. This pride is certainly shared by the President of the University of Oregon and members of his senior leadership team as they have committed significant University resources - at both the financial and psychic level - to sustain the Festival and position it for its next generation of growth and development.

On the other hand, this extraordinary partnership of the two Founders poses some immediate succession planning issues. Our experience working with organizations undergoing Founder leadership transitions tells us that the transition can be very difficult emotionally for the Founder/s. This is most especially the case with the OBF.

First, there are two Founders who have worked essentially “as one”, compounding the ability for a smooth transition as the two Founders are clearly on two different succession-planning schedules. The second is the lingering memory of the failed Saltzman transition that occurred almost a decade ago and resulted in the reemergence of Saltzman in the role as Executive Director.

### *Recommendations*

The University of Oregon should work with the Executive Director over the next several months to plan and implement a thoughtful and timely transition of the Oregon Bach Festival. Royce Saltzman’s request for such a transition would enable the OBF Board and the University along with Helmuth Rilling to celebrate Mr. Saltzman’s many contributions to the Festival and the community at large. In this scenario, Saltzman would assume the position of Executive Director *Emeritus* upon the appointment of a new Executive Director, which should occur at a time that is mutually agreeable with Saltzman and the University administration.

During the period following the appointment of a new Executive Director, Saltzman would work with the new Executive Director to ensure a smooth transition and the success of the upcoming Festival.

Prior to announcing the transition, the University needs to craft a position description that accurately reflects the anticipated role of the new Executive Director and that incumbent's role and relationship to the Festival's Music Director. This can build on work already done by the Board. This will require a series of working sessions with both the retiring Executive Director as well as the Artistic Director with a third party to ensure that the Festival's and the University's best interests are kept in mind. This will not be an easy task but will be essential to a successful management and leadership transition at all levels.

The approved position description should then be posted after the announcement of the Executive Director's intention to transition to Emeritus status. A Search Committee should be named at the same time. The Search Committee should be chaired by a faculty or staff member of the University of Oregon and should have volunteers and members of the OBF Board. The position should be filled no later than several months prior to the following Festival, which would enable a smooth transition.

The Executive Director Emeritus should be asked to serve in a fundraising, development and advocacy role during this transition and thereafter, using his exceptional ability with people and his keen reputation in the music world. Consideration should also be given to making the Executive Director Emeritus a life-long, *ex-officio* member of the Board.

### Governance

Former President Myles Brand signed the Charter and by-laws of the Friends of the Oregon Bach Festival on June 2, 1992.

Section 1 states: "The mission of this organization shall be to serve the Oregon Bach Festival by assuming responsibility for development and financial support and by taking a leadership role in advocacy which shall enhance the artistic merit of programs and the economic and educational impact of the Oregon Bach Festival."

Section 2 describes the OBF's purpose to: "act as advisors to the Festival's Artistic and Executive Directors on any matters the Directors bring before the Friends or on matters generated within the organization; assist with fundraising for the Festival; assist with promotion, public relations, and advocacy related to the Festival; and assist with the coordination of receptions, hosting of artists, and other hospitality events related to the Festival."

In our view, Sections 1 and 2 define the Board's role primarily as that of fundraising, development, advocacy and programmatic input as contrasted with governing boards that have fiduciary responsibility.

However, upon further review and analysis of the Charter and by-laws, the Board is charged to assume responsibility for tasks more typically assigned to a governing board rather than an advisory or fundraising board. For example, in the section entitled, *Powers of the Board*, the Board is to “share with the University of Oregon in the power of appointment for leadership positions, for example Executive Director and Artistic Director, when those positions are not University of Oregon positions.”

In addition, the Board is charged to “participate in and concur with preparations of an operating budget for each fiscal year. The proposed budget shall be approved by the Board and reviewed and approved by the Dean of the Music School of the University and the Provost of the University.” In fact, in recent years, neither the Dean of Music nor the Provost has been asked to review or approve the budget. The section entitled, *Responsibilities of the Board*, enumerates the Board’s charge to “monitor the operating budget of the Festival on a monthly basis” and “assist the Festival staff and School of Music Dean in setting priorities for fundraising.”

Further, the organizational structure of the Board includes such committees as: Executive; Long Range Planning; Education; Marketing and Public Relations; Development; Special Projects; Endowment; and Nominating. This committee structure further reinforces the perception that the Board of Directors is a governing board rather than an advisory/fundraising board.

The bottom line is that the Charter and by-laws along with the organizational structure and management reporting mechanisms in place (See Organizational Structure and Management Reporting section of this Pappas Consulting Group Inc. report) have created an untenable situation with regard to the on-going leadership and financial viability of the OBF. Our attendance at the January 10, 2006 Board meeting and the first-hand knowledge gained as a result, only reinforces this conclusion.

### *Recommendations*

The 1992 Charter and by-laws need to be drastically revised. Indeed we would go so far as to recommend their wholesale rewrite to create a Board that has as its primary responsibility fundraising, development, advocacy, and program input functions, leaving the day-to-day management and operations (including personnel, budget, business practices) in the hands of the staff of the University of Oregon who, in turn, would be held responsible and accountable for this operation.

This will help to get the Board focused on significant fundraising and development efforts in partnership with the Director of Major Gifts assigned to the OBF by the University of Oregon development office. It will get the Board out of its current untenable position of “managing” the Executive Director and the Artistic Director without the authority (or the expertise) to do so, and get the highly motivated and dedicated Board focused on the revenue generation and stewardship needs of the Festival.

This model is akin to other Advisory Boards on the Oregon campus. The University of California, Berkeley, particularly its College of Letters and Science, has developed an approach and a structure for its Advisory Board that has these tenets firmly embedded in its by-laws and could serve as a model for the OBF. Members of the Board should be actively recruited nationally as well as internationally.

We are certain that such an approach would greatly benefit the financial sustainability of the Festival, assist in the recruitment of a new executive director, significantly reduce the frustration of the current Board, enable the Board and University to recruit significant donors, and enable the University to manage the day-to-day functions of the OBF as it does its colleges, schools, institutes and other ancillary and auxiliary enterprises. It would also enable the Executive Director to understand more fully to whom he/she is accountable.

#### Organizational Structure and Management Reporting

The Charter and by-laws stipulate that the Executive Director and the Artistic Director are to report to the Dean of the College of Music. This is not the practice currently in place.

For the last several years, since the appointment of a new Dean of the School of Music, the Executive Director has reported (de-facto) to the Senior Vice President and Provost of the University, although no formal change in the reporting relationship was made. In addition, the Artistic Director appears to work in collaboration with the Executive Director but has never had a clear reporting relationship with the University. Indeed, a reporting relationship to the Senior Vice President is not likely to be successful, due to the enormous and time-consuming responsibilities of this position on behalf of the University as a whole.

As the Senior Vice President is the chief operating officer of the campus, there is little time for this person to supervise the OBF management as diligently as is needed. The Executive Director's independent and autonomous operating style, while effective and perhaps even necessary in a situation without regular supervision, is unlikely to be effective with a new Executive Director or for that matter the new Senior Vice President who will assume her position June 1, 2006. This reality will confound the ability of the Board to meet the objectives outlined in this report.

The bottom line is that the Executive Director has little supervision and enormous management freedom. This is further complicated by the fact that the Executive Director's strength is artistic rather than management. As a result, the incumbent who serves as OBF's Director of Development (a misnomer at best) has assumed much day-to-day responsibility for the management of the OBF operations—at the informal behest of the Executive Director as well as on her own. This practice is not in the long term interest of the Festival, and should be addressed by the new Executive Director, assuming the incumbent has extensive arts management experience.

In addition to this situation, there is concern among the OBF staff and Board members about the ineffectiveness of marketing and communications, and the role of the Director of Communications. Interviews with the staff lead one to conclude that the evolving role of one of the artistic administrators from full-time to part-time and the redeployment of assignments and working relationships needs to be addressed as well.

Also, there are a number of part-time positions that have fairly discrete tasks, leaving one to conclude that the organizational structure and reporting relationships of the OBF are highly siloed and function rather independently from one to the other, thereby rendering the organizational structure inadequate to support the long-term viability of the OBF. In addition, unclear delegation of responsibility and authority leads to duplication of effort and lack of clear definition of responsibility within the organization.

Finally, there appears to be ample opportunity to improve dialogue between the position Director of Major Gifts that has a dual reporting role to the University's Office of Development and the OBF, and the OBF Director of Development. It is critical that all persons working on development activities share information openly and in a timely fashion.

Compounding the structural and personnel related issues are the absence of human resource practices in place that support the University's human resource management policies and procedures. For example, up-to-date position descriptions are not available, the table of organization, which we were given, is inaccurate and misleading, and there are no employee performance evaluations on file with the University's human resources operation.

Clearly, these practices are not in the best interests of OBF.

### *Recommendations*

Conduct an organizational study to determine: the appropriate organizational structure of the OBF; staffing levels; reporting structures; position descriptions; and metrics for performance.

Such an organizational study needs to address the role of the Executive Director position, the Executive Director Emeritus position, and the Artistic Director position. A determination needs to be made concerning whether it is more prudent to "buy" some services from other departments of the University or outsource them completely.

The reporting structure of the Festival needs to be addressed as well. We believe that it is inappropriate to assign the Senior Vice President and Provost supervisory responsibility for the OBF, given the multiplicity and complexity of assignments in the incumbent's portfolio.

Rather, we believe that there are three considerations for reporting. As form follows function, if the University perceives that the OBF is an academic activity, the argument could be made to house the OBF within the School of Music. If the OBF is primarily viewed as a public service function of the University, one could argue that the Festival should report to Advancement.

There is yet a third option that calls for the potential clustering of academically oriented, entrepreneurial or ancillary activities such as the Art Museum, the Museum of Natural History, the OBF, and those that are in part self-sustaining to report to a Vice Provost, who would in turn report through academic affairs.

### Fundraising and Development

The University has clearly demonstrated its commitment to the OBF through the appointment of a Director of Major Gifts and including the OBF in its current comprehensive campaign. These two critical actions underscore the University's commitment to the future and the sustainability of the Festival, and have resulted in very substantially increased contributions to the Festival. In January of 2006, the Major Gifts Officer provided the Board with several options concerning the creation of Donor Clubs, organizing such clubs on the basis of either annual Festival giving or cumulative giving. Various Situation Strategies have been developed and have been vetted by the Board for their action.

Increasingly, members of the OBF have either contributed or pledged substantial gifts to the OBF Endowment. Presently, there are approximately 4 million dollars pledged to the OBF Endowment Fund with the objective of meeting a 10 million dollar goal by the close of the University's current comprehensive campaign drive. This bodes well in many ways for the future fundraising and development efforts of the Festival.

Frankly, if it were not for this investment in staff resources by the University, we would doubt that the current fundraising efforts shepherded by the OBF staff would have attained such success.

Clearly, the active recruitment of new Friends of the Festival along with the commitment of the Board to engage in more aggressive fundraising and development activities and social events is a positive attribute of the current leadership of the Board. However, we believe that more can be done through the cultivation of foundation and corporate sponsors along with focused sponsored research and grant activity.

### *Recommendations*

We believe that the recommendations previously articulated in this report concerning succession planning, governance and organizational redesign will enable the creation of a solid, on-going foundation for fundraising and development. Key to this success will be the:

1. Transformation of the current Board to that of a fundraising/program focused rather than management focused Board;

2. The thoughtful transition of the current Executive Director to Executive Director Emeritus status as well as the appointment of a new Executive Director with the ability to maintain the artistic quality of the Festival while improving its financial stability;
3. Commitment of the Executive Director Emeritus to fundraising, development and donor cultivation in Eugene and throughout the state, the nation and internationally;
4. Integration of all fundraising and development activities through the Major Gifts officer to the Foundation; and
5. Design and implementation of an aggressive grants component of Festival operations that takes advantage of the Foundation and Corporate resources available on a national and international scale.

### Marketing and Programming

At one time in its history, the Festival had little to no competition from other performing arts organizations. Today, the competitive landscape has completely changed. There are now a number of competitors for both audiences and resources. These include: OFAM; the Eugene Symphony; Oregon Mozart Players; the Eugene Concert Choir; the Eugene Ballet; and the Repertory Theatre. This list excludes Portland-based activities, which are growing in number and quality.

Along with this growing challenge is the paradox of describing the OBF as “world class” when it is positioned locally. Many with whom we talked believe that the marketing efforts of the Festival are inadequate, and the material is staid and does not appeal to younger generations of music aficionados.

Of even more concern are the audience participation rates reported and the trend lines they demonstrate. Many attribute this to a “staleness” of programming as well as the repetitive nature of the Festivals. Others point to the length of the 14-day Festival. Still others articulate the need to run programs year round to targeted audiences. Indeed, many pointed to the innovative ways in which the Spoleto Festival transformed itself into a seven-day Festival with musical programs, master classes, lectures, etc. strategically scheduled on the calendar in difference venues., thereby securing its financial future.

Many are concerned about the funding of new works that are commissioned and the reliance on Maestro Rilling as one of the “primary” draws to the OBF as contrasted with a small cadre of preeminent, younger conductors who are committed to choral and orchestral pieces as well as orchestral pieces in and of themselves. An absence of outreach to the schools was cited as a weakness and several recent donors have earmarked resources for innovative programming for younger audiences.

At the present time, an audience survey is being conducted to inform the work of the Long Range Planning Committee.

*Recommendations*

The work currently underway by the Long Range Planning Committee of the Board should be reviewed in light of this report to ensure that a rigorous environmental scan has been undertaken to determine the perceived strengths, weaknesses, opportunities and threats facing the Oregon Bach Festival. This should provide the framework for conducting an intentional, strategic marketing campaign. In addition to the review and redesign of the print material currently being undertaken by an outside consulting firm, the website should be recreated, digital means of advertising should be utilized and the use of television and radio further explored to appeal to a younger and new generation of audiences.

The audience survey currently underway should inform the development of an aggressive, proactive marketing campaign. Many of the messages developed in this campaign could prove helpful to annual giving as well as the designation of OBF in planned giving efforts.

Business and Budget Practices

On the surface, the business practices of the Festival office appear weak. Although the Festival is required to comply with University policies and procedures, it does not appear that sufficient management is being provided these functions. Budgeting and personnel management are the two functions which most frequently appear to be managed in a rather informal manner. For example, the Festival frequently overspends its budget, resulting in an operating deficit that has been absorbed by the University's operating budget. The university has indicated that operating deficits can no longer be allowed to accrue.

As we indicated in a previous section of this report, position descriptions are not up-to-date. Neither are there performance evaluations on file in the University Human Resources office for OBF incumbents.

These practices must be corrected.

*Recommendations*

Undertake a review of the administrative and business practices of the OBF. Rather than utilize the services of a consultant, the University's Office of Resource Management should undertake this review. This office should explore changing the calendar fiscal year to that of the University's in order to provide consistent financial reporting periods.

More importantly, the Office of Resource Management should help design a budget and reporting process that will ensure that the OBF is living within its means. Further, the Office of Resource Management should determine how to maximize the implementation of University policies, processes and procedures in order to ensure that the OBF is in compliance with University reporting and management standards. Wherever possible, administrative processes should be streamlined and financial reporting mechanisms devised so as to keep the Executive Director informed and accountable.

Further, we recommend that the Office of Resource Management undertake an annual subsidy and full cost study of the OBF beginning with the FY 2005-2006 in order to create a baseline for future analysis. This analysis will enable the Board and the OBF staff to understand the degree to which the University currently supports the OBF. This analysis should go a long way to dispelling the “mythologies” that abound the University’s level of financial and psychic commitment to the Festival.

### **NEXT STEPS FOR FURTHER ANALYSIS AND ACTION**

The following steps need to be taken in the following order:

1. Ensure the smooth transition of the incumbent Executive Director to Executive Director Emeritus status. This entails an assessment of the skills and personal attributes required of the new incumbent. Craft a new position description for the search.
2. Conduct an organization study of the Oregon Bach Festival Board that encompasses all the work steps delineated on pages 7 and 8 of this report.
3. In parallel with this review, work with university advancement to transform the role of the current Board into one that is primarily focused on fundraising, development, advocacy, program review, and design. Redraft the Charter and by-laws to reflect this basic transformation.
4. Engage the University’s Office of Resource Management to conduct a business practice and process review and a costing study as stipulated in the previous section of this report.
5. Once the new incumbent Executive Director has assumed office, undertake a strategic planning and marketing study that would be partnered by the Executive Director and the Board.
6. The University must clearly define the reporting relationship for the Executive Director.

## **Listing of Interviews/Meetings**

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### **January 10: Interviews**

- John Moseley, Senior Vice President & Provost
- Phil Barnhart, Oregon State Representative, Bach Festival Supporter

### **Meeting**

- Bach Festival Board Annual Meeting,

### **January 11: Interviews**

- Marla Lowen, Artistic Administrator, Bach Festival
- George Evano, Director of Communications, Bach Festival
- Michael Anderson, Artistic Administrator, Bach Festival
- Jane Scheidecker, Director of Major Gifts, Bach Festival
- Royce Saltzman, Executive Director, Bach Festival
- Peg Renkert, Director of Development, Bach Festival
- Bob Fraser, President, Bach Festival Board
- Don Tykeson, Tykeson & Associates, Bach Festival Supporter
- Brad Stangeland, Chair Development, Bach Festival
- Susan Price, Chair of Long Range Planning, Bach Festival
- Allan Price, Vice President for University Advancement

### **January 12: Interviews**

- Andy Halpern, Vice President, Oregon Bach Festival
- Marga Larson, Chair Finance Committee, Bach Festival
- Richard Clark, Board Member, Bach Festival
- Betsy Richanbach, Chair Special Projects, Bach Festival
- Andy Berwick, President, Berwick Pacific Corp., Bach Festival Supporter
- Dave Frohnmayer, University President
- Brad Foley, Dean, School of Music
- DeNel Stolz, Development, School of Music
- Don Lutes, American Institute of Architects, Bach Festival Supporter

**April 4: Interviews**

- John Moseley, Senior Vice President & Provost and Royce Saltzman, Executive Director OBF
- Allan Price, Vice President, University Advancement
- Peter Moore and Mary-Ann Moore, Campaign Oregon Co-Chairs
- Dave Weinkauff, OBF Board member & CEO of KVAL TV
- Gretchen Pierce, UO Foundation Board Trustee and President, Hult & Associates

**Meeting:**

- OBF Board Meeting

**April 5: Interviews**

- Royce Saltzman, Executive Director, OBF
- Robert Fraser, OBF Board President
- Allen Evans, Vice President, Oregon Bach Festival Board
- Tom Ing, OBF Board member & past Chair of the OBF Finance Committee
- Brad Foley, Dean, School of Music
- John Moseley, Senior Vice President and Provost