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The Sound of No Music

Like many nonprofits, the Oakland Symphony failed to understand the distinction between mission and strategy. This mistake helped kill the venerable orchestra

By James A. Phillips, Jr.

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the SOUND

of MUSIC

Like many nonprofits, the Oakland Symphony failed to understand the distinction between mission and strategy.

This mistake helped kill the venerable orchestra

PHOTOGRAPH BY GARY RHINSBURGER/MASTERFILE

Twenty-five years ago, the Oakland Symphony was an exciting cultural phenomenon in the San Francisco Bay Area. Conducted by a charismatic young African-American, Calvin Simmons, the orchestra was surging in popularity among subscribers and music critics alike. Its showcase home was the gorgeously restored Paramount Theatre, an art deco gem listed in the National Register of Historic Places. The symphony had just won its first award for adventurous programming from the American Society of Com-

posers, Authors, and Publishers, and would soon earn a second. The orchestra's budget was growing, it was playing more concerts than ever, and it had ambitious plans to transform itself into a national-caliber ensemble capable of challenging the vaunted San Francisco Symphony for supremacy in the Bay Area classical music world.

But the accolades and glitter masked serious financial distress. The Oakland Symphony had posted worsening deficits for years. Subscriptions and single-ticket

sales were sagging. The management and board of directors had invaded a supposedly inviolable endowment for operating cash, and the Paramount was proving a costly drain on the orchestra's treasury. In 1982, the symphony suffered a crushing psychological and emotional blow when its dazzling leader, Simmons, drowned in a canoeing accident at age 32.

Labor troubles soon sent the organization reeling. In 1985, musicians briefly went on strike. Management promptly canceled the upcoming season, and the

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players union accepted a controversial three-year contract offer by a margin of only one vote. But just eight months later, facing acute money problems, the orchestra's general manager sought to reopen the contract in order to extract more concessions from players. The musicians immediately complained to the National Labor Relations Board. Worried that they might be personally liable for players' salaries, the symphony's directors filed for bankruptcy and, a few weeks later, liquidated the organization. After 53 years of delighting local audiences with classical and contemporary music from Mozart and Brahms to Penderecki and Milhaud, the Oakland Symphony was dead.¹

The orchestra's collapse is an almost textbook example of the perils of conflating mission and strategy. Although this error is not usually fatal, it is one that nonprofit leaders and their boards commit with alarming frequency, and it can cause significant hardship. One of the most important lessons to be learned from the symphony's demise is that mission and strategy are distinct concepts, and understanding and respecting their separate functions is crucial to the long-term success of every nonprofit organization.

The Function of Mission

A mission that creates social, cultural, or intellectual value is one of the defining features of nonprofit organizations. Despite the importance of mission, however, there's little agreement about what it really is, what it's supposed to do, and how it should be evaluated. The term is often used to describe a nonprofit's activities, purpose, aspirations, impact, and strategy, to name a few.

There are several things that mission is not. It's not a strategy or strategic plan, although the terms mission and strategy are often used interchangeably. As we'll see, strategy is concerned with markets and competition. It serves functions that are economic in nature and it must satisfy economic criteria in order to be considered effective. Mission can't explain, predict, or ensure an organization's financial viability, nor should it be expected to.

So what is mission? It's the expression of the essence of an organization and it provides the psychological and emotional logic that drives it. A compelling mission is especially important

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Until he died in a canoeing accident in 1982, Calvin Simmons was the much-acclaimed conductor of the Oakland Symphony.

for nonprofits. It is the source of the passion and commitment that leads people to forgo higher-paying private-sector jobs and work in the nonprofit sector. It is why donors give their hard-earned dollars (besides the tax write-off, of course). It is often why clients or customers patronize a nonprofit. Mission triggers all this by defining the social value an organization creates. The key feature of social value – be it spiritual, moral, societal, aesthetic, intellectual, or environmental – is that it transcends economic value.

Nonprofit leaders give a host of answers to the question of what they expect from their missions: to guide the organization's activities; to inspire and motivate stakeholders and staff; to appeal to donors; to provide a basis for evaluating the organization; to explain the organization's reasons for being; to place

PHOTOGRAPH COURTESY OF THE OAKLAND TRIBUNE

With Friends Like These...

Nonprofits depend on strong fundraising and effective leadership from their boards of directors. But the Oakland Symphony was saddled with some directors who didn't attend performances, gave less money than they should have, and served on the board only to enhance their business and social connections, according to a consultant who studied the orchestra's 1986 collapse.

The symphony's board was "an exceptionally troubled one – divided by factionalism and distrust, unable to respond appropriately to change, and lacking in effective leadership," wrote San Francisco arts consultant Melanie Beene in her in-depth 1988 report. "This fact, as much as any other internal factor, accounted for the bankruptcy of the Oakland Symphony."

Although the average number of directors for a regional orchestra at the time was 52, the Oakland Symphony had as many as 86. The large, unwieldy size of the board created a sense of noninvolvement on the part of many directors, Beene reported, and only 40 percent of them regularly attended board meetings.

Some directors served for many years out of a sense of civic duty and loyalty to the orchestra, Beene said,

but others seemed interested only in using their board membership to polish their social and business credentials. Directors also spent far too much time planning the "details of parties and dinners," rather than focusing on the financial planning and oversight the symphony desperately needed, the consultant concluded.

For 17 years the board was chaired by Edgar F. Kaiser, son of the famed industrialist Henry J. Kaiser, who founded a steel company, constructed hundreds of Liberty cargo ships during World War II, and created what became the nation's largest HMO, Kaiser Permanente. Edgar Kaiser and his companies gave generously to the symphony, kicking in, for instance, \$300,000 to acquire and renovate the Paramount Theatre, the orchestra's art deco home for much of the 1970s and '80s. But some observers felt symphony managers became overly dependent on Kaiser, viewing him as a sugar daddy that'd always be there to bail them out of financial jams. Kaiser retired as board chairman in 1980, six years before the symphony declared bankruptcy and was liquidated.

Beene also criticized board members for their tightfistedness, saying their giving was below the average

for similar-sized ensembles. Only a handful of gifts exceeded \$2,000, she noted, and one director gave only \$25. A 1983 feasibility study concluded that it probably wasn't possible to raise \$5 million for the symphony's endowment because board members didn't have "the commitment necessary to apply themselves to this significant task."

In 1984, the symphony embarked on what turned out to be a disastrous effort to reorganize its 80-member board. A task force of community leaders, none of whom was a board member, recommended that the board be cut to just 11 directors. That small group would be supplemented by three groups of "regional" directors with no voting rights. Each of these regional boards would have its own chairman, vice chairman, numerous vice presidents, and committee chairs in charge of fundraising, ticket sales, and special events.

When the new voting members were selected, however, six of them had no board experience. They set unrealistic fundraising goals for the regional boards, and balanced their budget on the basis of those projections. Moreover, the old board members were angry that they had been replaced, and renewed infighting splintered support for the symphony.

boundaries on the range of strategies that are acceptable. In order to satisfy all of these demands, we need a more complex and multifaceted notion of mission than is found in common usage.

Just such a notion emerged from a study conducted by Jim Collins and Jerry Porras, who examined the founding, evolution, and long-term performance of 18 "visionary" companies and a quasi control group of comparison firms.² The results showed that companies with a meaningful and deeply shared mission outperformed matched peers in cumulative stock returns by more than 6-to-1, and the market by 15-to-1, over 64 years. Collins and Porras' book, "Built to Last: Successful Habits of Visionary Companies," became a best seller, not only because it demonstrated the economic value of mission in the corporate world, but also because its message tapped into the intrinsic appeal of infusing even seemingly mundane businesses with meaning and significance.

The Building Blocks of Mission

Unfortunately, there are no comparable studies of the relationship between mission and performance in nonprofits. This is at least partly due to the elusive nature of performance in the nonprofit sector. However, Collins and Porras' research remains important and relevant to nonprofits because of the clarity and precision it brings to the perennially fuzzy concept of mission. The authors break it down into four elements: core values, purpose, primary goals, and vision.

Core values, Collins and Porras said, are the "essential and enduring tenets" of an organization, its "timeless guiding principles that require no external justification." They are abstract concepts considered inherently good, meaningful, or valuable, such as freedom, justice, and equality. People care deeply about these values and would sooner shut their organization down than violate them.

The symphony's competitive advantage derived from its uniquely



The much leaner – and in many ways more competitive – Oakland East Bay Symphony was formed two years after the old Oakland ensemble collapsed.

While core values reflect unalterable principles, an organization's reason for being is defined by its purpose. Purpose is also the closest thing to what most organizations typically refer to as their "mission." Given their role in society, one would expect nonprofits to have little difficulty articulating their purpose, but they often do. For instance, purpose might be framed as "We provide shelter for the homeless" or "We provide scholarships to allow disadvantaged students the chance to go to college." But to galvanize and inspire, purpose must go beyond such flat statements. It also has to answer the question of *why* an organization does what it does. It has to convey the significance of the organization's activities or programs. Why does a nonprofit provide scholarships to disadvantaged students? Because otherwise they might not be able to attend college simply for financial reasons, and that would be unjust. So scholarships are actually a way of advancing social justice, and that's the real purpose.

Consider the example of Habitat for Humanity, a nonprofit Christian organization that provides housing to the needy. Habitat for Humanity has a bold, sweeping purpose: "eliminating substandard housing and homelessness worldwide and making adequate, affordable shelter a matter of conscience and action." Habitat's core values define how it pursues this purpose and

include a deep belief in the "necessity of putting faith into action" and "bridging theological differences" through an open and inclusive approach to partnering.³ The nonprofit Environmental Defense has a similarly ambitious purpose: "protecting the environmental rights of all people, including future generations" by creating "innovative, equitable, and cost-effective solutions to society's most urgent environmental problems." Its core values include pursuing this purpose only in ways that are "nonpartisan," "fair," and "guided by science."⁴

Another key component of mission is the organization's primary goal. Not just any old goal, but a soaring, difficult-to-achieve goal; one that might take years to accomplish, such as President Kennedy's call to put a man on the moon by the end of the 1960s. Such a far-reaching objective provides focus, attention, and structure to the activities of an organization's members. Its tangible and challenging nature, like the

finish line in a race, is also an immediate source of motivation, and once attained, provides a deep sense of accomplishment.

The last constituent of mission is vision, which Collins and Porras defined as the "vibrant, and engaging, and specific description of what it will be like to achieve the [primary goal]." Vision is rich, textured, and vivid; it should be where the poetry and music are heard. The test of a good vision is whether it makes people see, taste, and feel the future.

Remember the classic Apple Computer television ad that introduced the Macintosh in 1984? It pictured an athletic young woman hurling a sledgehammer at a huge screen from which a despot-looking authority figure preaches obedience to scores of mesmerized, shaven-headed men in prison garb. The hammer shatters the screen, breaking the despot's hypnotic control over his audience. A voice-over intones: "On January 24, Apple Computer will introduce Macintosh. And you will see why 1984 won't be like '1984.'" The commercial was Apple's clever way of invoking the dark, fearful imagery of mass conformity from George Orwell's famous novel to launch its metaphorical assault on archrival IBM. The quintessential icon of corporate power and conformity at the time, IBM had overtaken Apple's early lead in the personal computer business. But Apple co-

PHOTOGRAPH COURTESY OF THE OAKLAND EAST BAY SYMPHONY

adventurous, well-played, original programming.

founder Steve Jobs battled back with a vision of the future in which everyday people were empowered by PCs rather than enslaved by the efficient but dreary technocracy of IT professionals – a world dominated, Big Brother-style, by IBM. (IBM’s nickname is, perhaps not coincidentally, Big Blue.)

Mission: Impenetrable – the Oakland Symphony

A careful review of the record yields little indication of what the Oakland Symphony regarded as its core values and purpose. Indeed, San Francisco consultant Melanie Beene concluded in a detailed study of the orchestra’s demise that “a major stumbling block for the Oakland Symphony was its inability to define its mission clearly.” Nevertheless, by looking closely at the orchestra’s artistic and operational choices one might infer that its core values included “innovative programming,” “community involvement,” and “diversity.” The symphony’s purpose appears to have been contributing to Oakland’s sense of civic pride and identity by providing access to nationally recognized live symphonic music.

From 1959 to 1971, the symphony thrived under music director Gerhard Samuel. Its primary goals appear to have been artistic growth and innovation. An award-winning youth orchestra was created, the season expanded from eight to 24 concerts, and the orchestra won major grants from the Ford Foundation. It is important to note that this success occurred during a period when the American Symphony Orchestra League characterized the symphony as a “regional” ensemble, based on its budget size.

But a new and very explicit primary goal emerged in 1974 when music director Harold Farberman exhorted the organization “to achieve major orchestra classification.” The vision, though not explicit, appeared to be growing to rival or even outshine the San Francisco Symphony, with its larger subscriber base, deeper pockets, and intoxicating social cachet.

The problem with this goal and vision is twofold. First, they are framed in terms of objectives that are primarily financial rather than artistic. In fact, noted Beene, the justification for the goal was almost entirely financial: to be “eligible to receive higher grant amounts from the National Endowment for the Arts.” This rationale contained a trickle-down logic: Larger grants would allow the symphony to grow its roster of musicians and pay them more for their services. But such an emphasis subjugated the orchestra’s basic artistic purpose. Although symphony managers hoped to attract better musicians, there seemed to be no compelling end to justify its growth. The growth goal became enshrined in subsequent long-range planning documents. In her report, Beene observed: “The goal of becoming a ‘major’ orchestra for the sake of the designation alone overrode other considerations. . . . The 1980-1984 plan does

not present the board/management rationale for becoming a major orchestra . . . nor make clear how [it] furthers the symphony’s mission.”

The second problem with becoming a major orchestra was the dubiousness of ever achieving that goal and vision. Attainability is a critical test of a primary goal because its power stems from its capacity to focus, mobilize, and coordinate an organization’s efforts. Goals that bear little relationship to reality lose this source of practical value.

The issue of attainability also highlights the way goals function as the link between mission and strategy. Especially when goals entail growth or expansion of resources in a competitive environment, strategy provides a basis for evaluating whether these goals are challenging but realistic, as well as a concrete plan for achieving them.

Although the preceding is based on an analysis of an inferred mission, the symphony eventually articulated the following mission in its 1980-84 long-range plan: “to furnish the citizens of the greater Bay Area and beyond with performances of the highest artistic quality, to serve expanded audiences through a vigorous outreach program, to offer education-related programs to young people at all school levels, to provide inspiration to young musicians who aspire to a musical career, and to provide programs that will involve the area’s diverse ethnic communities in the activities of the orchestra.”

But even this belated mission statement provides little guidance and arouses little passion since it’s largely a description of what the symphony does. It doesn’t convey what impact or contribution the orchestra’s activities will make. One can’t help wondering why its audiences must be expanded and what imperative drives its reach beyond the Bay Area.

The Function of Strategy

Like many nonprofits, the Oakland Symphony was falling into the trap of conflating its mission and a viable economic strategy. In the corporate world, strategy is recognized as the body of knowledge that provides a basis for explaining and influencing organizational performance – specifically, profitability. Thus its relevance to nonprofits is not immediately clear since the main objective of nonprofits is to produce a social good, not a profit. Moreover, strategy involves devising better ways to compete, and many nonprofit leaders dislike the idea of competition, preferring to emphasize their cooperative stance toward other providers in their industry. Nonetheless, strategy matters to nonprofits for two important reasons.

First, no organization will survive if it’s not economically viable. Even nonprofits need money for salaries, rent, utilities, and other costs of running their programs. Ask almost any non-

How Mission and Strategy Break Down

MISSION

Core Values	→	“Essential and enduring tenets” of an organization. Timeless “guiding principles” – such as freedom, justice, and equality – that require no “external justification.”
Purpose	→	An organization’s <i>raison d’être</i> . Purpose provides meaning and significance to an organization’s activities. It answers the question of why the organization does what it does.
Primary Goal	→	A central overarching objective that provides focus and structure to an organization’s efforts. Primary goals must be challenging yet attainable, and sufficiently concrete that you know when you’ve achieved them.
Vision	→	A tangible description of the future in which the primary goal has been achieved. Vision is rich, textured, and vivid – it’s where the poetry and music emerge.

STRATEGY

Scope	→	Describes where and how an organization will compete. It specifies who the target clients are, what products or services are offered, and the range of activities the organization performs.
Competitive Advantage	→	The unique sources of value that an organization offers its customers. It explains why its customers will prefer its products and services to those offered by other organizations.
Logic	→	Answers the questions of how and why the strategy will work. Logic specifies the key assumptions about the environment as well as how an organization will be designed and managed so as to create its competitive advantage.

profit leader what their biggest problem is and they’ll respond: “Securing adequate funding.”

Second, competition is a fact of life for nonprofits just as it is for for-profit businesses. It’s a function of the scarcity of resources – especially money. To the extent that a nonprofit doesn’t have all the resources it needs to carry out its mission, it’s in competition with similar organizations for those resources.

It may be more useful (and philosophically more palatable) for nonprofit executives to think in terms of achieving prosperity – having the resources necessary to pursue their mission as freely as possible. Prosperity gives a nonprofit what Stanford Graduate School of Business professor Robert Burgelman refers to as “control over its destiny.”⁵ Conversely, a nonprofit that’s not prosperous has less control over its destiny because the desperate, never-ending pursuit of money limits its ability to be selective in accepting funding for programs or activities consistent with its mission.

Strategy must be based on an accurate understanding of the dynamics of competition within a given sphere of activity. It can’t

drive performance until it has been translated into concrete choices and actions. Otherwise, it’s little more than an abstract slogan or wishful thinking.

An effective strategy contains three elements: scope, competitive advantage, and logic.⁶ And as we’ll see, the Oakland Symphony was lacking in all three.

Scope describes the “playing field” on which an organization competes: who its customers are, where it operates geographically, what products or services it offers, and what activities it performs.

Competitive advantage specifies the unique sources of value that an organization offers its customers, as defined by its scope. It explains why these customers (who include both clients and donors) will prefer its products or services over those offered by other organizations. Competitive advantage can stem from any of a wide range of attributes that customers value. These can be tangible, such as quality (reliability or durability) and performance (speed), or intangible like brand, prestige, or reputation.

The question remains of why a clear and compelling mission was never articulated, and how a robust strategy was transformed into a disastrous one.

The final element of strategy is logic. It answers two key questions: Why will the strategy work? And how will the organization be designed and managed so as to create and sustain its competitive advantage? Logic makes explicit the causal assumptions about the relationships between the organization's choices and behavior, the consequences of this behavior, and the interaction between these consequences and the environment in which the organization operates.

The Symphony Loses Its Way

Although it was not explicit, the Oakland Symphony did appear to have had a workable strategy in the 1960s and early '70s. Its scope clearly included typical fine arts patrons – generally older, affluent, well educated, and white. It operated in the greater Oakland area and offered contemporary music of international stature.

The symphony's competitive advantage derived from its uniquely adventurous, well-played, original programming, combined with its convenient location for music lovers living in or near Oakland. The strategy's logic worked because there was a clear match between the unique value created by the symphony and the needs of its target audiences.

Consistent with its strategy, the symphony's artistic choices and investments also reflected its contemporary focus. In the 1969-70 season, music director Gerhard Samuel staged five West Coast premieres and three world premieres, including one commissioned work. He attracted national attention by introducing local music lovers to artists such as Penderecki, Lutoslawski, Berio, Varese, and Milhaud.

Oakland's competitive advantage arguably extended into the territory of its western rival. In a 1986 article in *San Francisco Focus* magazine, the critic Allan Ulrich wrote: "In the 1960s, the [Oakland] orchestra filled a unique niche in Bay Area cultural life. While the San Francisco Symphony suffered through the lackluster regime of Enrique Jorda in the late 1950s, and then the reconstructive surgery of Josef Krips ... Gerhard Samuel was igniting the East Bay sky with ruggedly individualistic programming. ... The Oakland Symphony was a very special phenomenon."

Given the environment at the time, this strategy worked relatively well. But as the symphony's desire to grow intensified in the mid-'70s, its scope underwent a dramatic shift. While the target customer remained the same, the orchestra enlarged its geographic market to encompass the entire East Bay region. It also made a crucial decision to return to a more traditional symphonic repertoire. But by eliminating more modern and innovative programming, the switch eroded Oakland's competitive advantage and put it in more direct competition with the San

Francisco Symphony. Oakland's artistic quality didn't exceed that of its cross-bay rival. And it wasn't really that difficult to drive past downtown Oakland and over the Bay Bridge into more elegant San Francisco.

A growing perception that downtown Oakland was unsafe eroded the symphony's competitive advantage. And although the move to the Paramount Theatre may have provided some novelty in the first year or so, it quickly became a giant albatross, consuming resources so fast that it became a major cost disadvantage.

The orchestra's ambitious expansion also inflated its costs. During the 1973-74 season, for example, the symphony offered 35 subscription concerts, pops, galas, and other full-orchestra performances. By the 1986-87 season, the projected number of shows had more than doubled to 73. As the volume of performances increased, so did the number of musicians and their compensation. The orchestra's payroll almost quadrupled in less than a decade, rising from \$217,547 in 1976 to \$791,250 in 1985.

The symphony's increase in capacity seems to make sense in light of its desire to grow. But the "strategy" implicit in its choices during this period appears to be the "field of dreams" approach: "If we build it, they will come." Indeed, one symphony executive director said as much when he declared that "supply creates demand." Such faulty reasoning made it impossible to articulate a compelling logic about how and why any strategy would work.

Unfortunately, Oakland's demographics were turning against the symphony as it was laying on more and more mainstream classical music. By 1980, 56 percent of the city's population was racial minorities, and median income was declining. Moreover, the symphony was losing ground dramatically in its core geographic markets: the city of Oakland and the adjacent but wealthier communities of Piedmont and Alameda. In 1973, 52 percent of symphony subscribers lived in one of those three communities; by 1985, the percentage had plunged to 23. Considering the symphony's lack of any clear and sustainable competitive advantage, combined with Oakland's changing social and economic structure, the growth strategy seems hopelessly and tragically naive.

Strategic Planning That Doesn't Produce a Strategy

Clearly, both a fuzzy mission and a flawed strategy contributed to the failure of the Oakland Symphony. Those looking for the antecedents of these causes will no doubt point to the role of leadership and governance as well. But the question remains of why a clear and compelling mission was never articulated, and how a robust strategy was transformed into a disastrous one. The answer is that the symphony made the common error of

The new symphony struggled hard to win back the trust of the community following the high-profile failure of the old one.

confusing the psychological and emotional logic of mission with the economic logic of strategy.

The function of mission is to guide and inspire; to energize and give meaning; and to define a nonprofit and what it stands for. The function of strategy is to evaluate and enhance an organization's ability to secure the financial resources it needs in order to survive and even to thrive. Mission, no matter how clear, compelling, or poetic, won't ensure economic vitality. That is the job of strategy. The elements of mission (core values, purpose, primary goals, and vision) can support or reinforce strategy but they can't substitute for it. Similarly, strategy, no matter how elegant or robust, won't evoke the passion, devotion, and commitment of a nonprofit's staff, volunteers, donors, or patrons.

The Oakland Symphony engaged in strategic planning exercises and produced a series of long-range plans.⁷ None of these, however, contained anything resembling a clear strategy. Although the orchestra's decisions were guided by a host of strategic assumptions, they were implicit. And since symphony managers lacked a framework for thinking about strategy, it was impossible to subject their economic logic to critical evaluation.

While the plans laid out a clear primary goal (that of becoming large enough to attain "major symphony" status), no goal is attainable if the organization lacks a viable strategy sustainable over the long run. Given the competition the Oakland Symphony faced as it tried to secure both earned and contributed income, a strategy would have provided a framework for assessing how attainable the orchestra's goals were – particularly if they implied the need for additional financial resources. A strategy also would have provided a logic for designing and evaluating a plan of action to achieve the symphony's goals. But its board and management conflated mission and strategy, acting as if the significance of their goals and vision would generate the revenue these aspirations required. In other words, they expected mission to fulfill the function of strategy. They assumed that because they cared deeply about growth and becoming a "major" orchestra, that goal would be achieved. But it wasn't, since mission can't do the work of strategy. And eventually the symphony's ever-expanding deficits caught up with it and it collapsed.

A New Orchestra Is Born

Less than two years after the demise of the Oakland Sym-

phony, a new ensemble rose from its ashes: the much leaner – and in many ways more competitive – Oakland East Bay Symphony.

Founded by the defunct orchestra's musicians and volunteers, OEBS has a clear and compelling mission: "to make classical music accessible, particularly to those individuals in the community who might otherwise never hear live symphonic music. ... To serve as a community resource, offering education, performances, and outreach to schools and the community, introducing new audiences of adults and children to symphonic music; to help ensure the future of symphonic music through the commission and performance of works by contemporary American composers; to provide leadership in the artistic community by fostering unity, collaboration, and co-creation among Oakland and East Bay arts organizations."⁸

This statement, which emphasizes purpose and vision, echoes its predecessor in several ways, including commitments to accessibility, diversity, community involvement, and serving the needs of a multiethnic city. But the OEBS places significantly more emphasis on music education and outreach, which represent 35 percent of its budget. Moreover, OEBS is clearly trying to reach out to new audiences with its adventurous and eclectic programming, including concerts with artists like DJ Spooky and Omar Sosa, an Afro-Cuban jazz pianist and composer.

Similarly, OEBS has a distinct and robust strategy that also reflects a return to the past – not the ill-fated expansion of the late '70s and '80s, but the critically acclaimed period of Gerhard Samuel's direction of the former Oakland Symphony. The new organization's scope is clearly centered on contemporary music, innovative programming, and a broad spectrum of potential audiences (in terms of age, income, and ethnicity) in Oakland and the East Bay. Its competitive advantage stems from its extensive involvement and close ties to the community, and the ability that this gives the orchestra to develop and present work that resonates socially, politically, and aesthetically with its target listeners.

This unique ability is central to the logic: to build a reputation for integrating artistic excellence (within a clearly defined niche) with community service and ultimately to establish its legitimacy with East Bay audiences, ensuring their loyal patronage. Many of the OEBS' artistic choices and resource allocations that support the mission also support this strategy. The new orchestra also has eschewed the notion that being big matters in its own right and has proudly embraced its role as a regional orchestra. It has matched its size to the demand in its niche. Even in 2003, OEBS' \$1.5 million budget was half the size of its predecessor's projected budget in 1985. Consistent with its strength as a community-oriented organization, OEBS invests in col-



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Musicians went on strike against the Oakland Symphony in October 1985. Less than a year later, the symphony's board declared bankruptcy.

laborations with other local arts and civic institutions, such as the Oaktown Jazz Workshop and the Oakland Ballet. In 2001, OEBS presented a special concert tribute to Gordon Parks in collaboration with the Oakland Museum on the eve of the opening of a national touring exhibit of the great African-American photographer's work. In 2002, the symphony joined with Jack London Square merchants to put on a free Fourth of July pops concert, complete with fireworks.

Since the OEBS has a clear, compelling mission (including realistic aspirations) and a well-reasoned strategy, it is not surprising that it enjoys a measure of financial prosperity and has received critical and public acclaim. Though it struggled with deficits during its first several years, the symphony has enjoyed budget surpluses every year since the 1997-98 season.

Thanks to grants from the James Irvine Foundation, the OEBS has been able to commission a number of original works by local and California composers. The orchestra received critical acclaim for its 2002 opening night performance of "Holy the Firm – Essay for Cello and Orchestra" by composer Jake Heggie, who also composed the well-reviewed opera "Dead Man Walking." The second concert of the season featured the world premiere of Sosa's "From Our Mother," a work for jazz ensemble and orchestra that weaves together jazz, hip-hop, and North

African influences.

Player positions remain part time, and many musicians work for one or more other small symphonies in the area, calling themselves members of the "Freeway Philharmonic."

The OEBS has made significant concessions to musicians as well. For one thing, a player representative sits on the OEBS board with full voting rights – something the old symphony resisted strongly. The OEBS has also made a point of letting musicians inspect its books, so they know exactly what its financial condition is. An eleventh-hour standoff with musicians helped sink the old orchestra, but OEBS managing director Jennifer Duston said the new one has generally good relations with the musicians union.

The OEBS struggled hard to win back the trust of the community following the high-profile failure of the Oakland Symphony and the disappointment and skepticism it engendered. But with imaginative programming, extensive outreach, and disciplined financial management, the OEBS seems to have established itself as a fixture in the artistic landscape of Oakland and the East Bay region.

But recognizing the dynamic nature of competition and having learned the lesson that strategy is something distinct from – and just as essential as – mission, Duston cautions that the new symphony still faces hurdles. "It's still a difficult industry," she said. "We worry about creating an audience for the future. We worry about our musicians. ... We're very worried about the future viability of what we do." □

The author would like to acknowledge the invaluable contribution of his colleagues Joel Podolny and Ed Martenson to the ideas about strategy and mission presented in this article.

1 This account draws heavily on Melanie Beene's detailed study of the symphony's demise, "Autopsy of an Orchestra: An Analysis of Factors Contributing to the Bankruptcy of the Oakland Symphony Orchestra Association" (San Anselmo, CA: Melanie Beene & Associates, 1988).

2 While Collins and Porras use the term "vision" to describe an organization's psychological and emotional logic, I have chosen to replace it with "mission," given that term's pervasiveness in the nonprofit lexicon.

3 Habitat for Humanity International, "Habitat as a Christian Ministry," www.habitat.org/how/christian.html.

4 Environmental Defense, "About Environmental Defense," www.environmentaldefense.org/aboutus.cfm?subnav=aboutus.

5 Burgelman, R.A. *Strategy is Destiny: How Strategy-Making Shapes a Company's Future* (New York: The Free Press, 2002). The notion of prosperity I owe to another colleague, Joel Podolny.

6 Saloner, G.; Shepard, A.; and Podolny, J. *Strategic Management* (New York: John Wiley, 2000). Although these authors include goals as part of strategy, for nonprofits it is more useful to draw on the primary mission-level goal.

7 Notably, these plans were prepared as a required part of grant applications, rather than for the purpose of governance.

8 Oakland East Bay Symphony, "Artistic Mission," www.oeps.org/page/mission.htm.