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May 6, 2020

Scenario Planning in the Time of  
COVID-19.

\*\* Communication Access

Realtime Translation (CART) is provided in  
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verbatim record of the proceedings. \*\*

(Music)

>>> Good afternoon, or good  
morning and welcome to the League of  
American Orchestras conference, day two.  
I'm David Styers, director of learning and  
leadership programs here. Thank you all  
so much for joining us today. We know  
this is a stressful time for everyone.  
We're also stronger together and really  
appreciate your taking the time to be with  
with your fellow orchestra colleagues from  
around the country. Today's session will

1 be recorded. You can come back to our  
2 feed loop conference platform later in the  
3 conference, hopefully by tomorrow morning,  
4 to see the recording. I also want to give  
5 acknowledgment that there may be press in  
6 the audience and we would appreciate your  
7 feedback so afterwards, if you could click  
8 on the button on the left navigation  
9 column, and find this particular session  
10 on scenario planning in the schedule,  
11 click on the session and you will find a  
12 feedback button to give us that feedback.  
13 You can also mark your session schedules  
14 in the event app and it gives us a sense  
15 of how many people may be attending. As a  
16 tip, do not navigate in the browser window  
17 or you will leave the session. But you  
18 can always rejoin. All participants are  
19 muted, and if you have a question, type  
20 your question in. We have a 45 minute  
21 presentation and 45 minutes for Q & A.  
22 Thank you to all who have already given  
23 for our 2020 League giving day campaign.  
24 If you still need to give yours, after the  
25 session, we encourage you to click on the

1 Stronger Together button on the bottom of  
2 the left navigation bar and visit our  
3 booth in the exhibit hall and the other  
4 exhibitors and sponsors. This is a new  
5 technology platform for all of us, so  
6 don't worry if we get a few snags. We are  
7 thrilled to have with us over 500 people  
8 joining us for this session. I'm thrilled  
9 to introduce Susan Nelson, of TDC, she has  
10 led a wide range of projects including  
11 mergers, strategic plans and facilities  
12 planning. We are putting focus on the  
13 complex challenges of aligning  
14 organizational strategies and financial  
15 strategies. Susan is a frequent presenter  
16 at conferences, including those here at  
17 the League, at the theater communications  
18 group, the National Black Theater Alliance  
19 and many others. Prior to joining TDC she  
20 held management positions at many  
21 nonprofit agencies, including the opera  
22 company of Boston. Also, Bailey Hoar, who  
23 joined TDC in 2014. She works with  
24 clients across many, in the nonprofit  
25 sector. Her focus is art and cultural

1 organizations. Before joining TDC, she  
2 worked as a project manager for Opera  
3 North in Lebanon, New Hampshire, and for  
4 education youth services and other  
5 performing arts organizations throughout  
6 Vermont and New Hampshire. It gives me  
7 great pleasure to turn this over to Susan  
8 and Bailey. Thank you so much for being  
9 with us.

10 >> It's wonderful to see you  
11 today. We're excited to share with you  
12 our current thinking about how we think we  
13 need to think about scenario planning. We  
14 want to start with the agenda that looks  
15 at the current crisis itself, phases of  
16 responses that we have, and how we are  
17 thinking about creating scenarios. And  
18 thinking about an opportunity phase. We  
19 want to open the floor up to you because  
20 when we do these presentations, the real  
21 meat of the conversations is in your  
22 questions, because you're on the ground in  
23 the current crisis. Right now, we are  
24 worrying a little bit about why I can't  
25 advance the screens. Hold on. Okay.

1 Let's talk about what's happening now. A  
2 lot of people are looking for an analogy,  
3 thinking, what can I really look to, to  
4 help my thinking. The first place they  
5 want to go is the great recession, where  
6 we learned a lot, there was a short term  
7 dip and demand, stock market took a huge  
8 dive. We looked at data across the  
9 country, people stepped up on the  
10 individual and foundation and  
11 institutional level. This helped to cover  
12 in the worst parts. The worst things that  
13 happened during that period were hard.  
14 Capital campaigns were put aside or  
15 delayed. Things slowed down, but  
16 organizations on the whole survived. With  
17 the COVID-19 crisis, we're seeing  
18 something profoundly different. Sector  
19 wide demand stoppage has never been seen  
20 before. We have seen highly volatile  
21 financial markets but we have a better  
22 sense of the deep holes that the loss of  
23 earned revenue brings to our sector. The  
24 fact that we have none, or very little,  
25 means the demand for philanthropic support

1 will be much greater than in the  
2 recession. That's a hallmark of what  
3 makes this moment profoundly different.  
4 At the same time, what we're learning in  
5 the field, most people felt the cash  
6 crunch around demand stoppage was aided by  
7 PPP and others parts of the cares act  
8 funding. It's a short term fix. Folks  
9 are experiencing that now as a short term  
10 fix. Because it really helps through June  
11 30, but not after that. People are not  
12 seeing it has a long term aid to the long  
13 term cash needs. At the same time, the  
14 crisis is indicating what reopening will  
15 look like. People are talking about how  
16 audience safety, and the safety of the  
17 artists and production staff, essential  
18 for when we come back, understanding what  
19 was happening, we did not factor in as  
20 carefully. People are thinking about the  
21 audience response may be linked to the  
22 public health guidelines, but there be  
23 something underneath that. Organizations  
24 are considering things like price cuts,  
25 anticipated audience reluctance, as things

1 really start changing. Considering the  
2 age of many our audiences, we think that  
3 may be about fear more than just public  
4 guidelines. Finally, we're learning that  
5 traditional annual budgeting progressions  
6 don't adequately respond to the current  
7 uncertainty. I'm sure many on the phone  
8 have tried to create next year's budget  
9 with multiple scenarios in place, and we  
10 will talk about how that process is not  
11 helping you, and how we might think about  
12 others things.

13           It implies that the return to  
14 normal will be longer, slower, than  
15 anticipated. Many of us thought by summer  
16 we should get back up. It will be a  
17 moment to turn around. Now, it seems  
18 public guidelines are evolving, more  
19 understanding of the disease and response  
20 is evolving, it will be about raising the  
21 dimmer rather than flipping the switch.  
22 Maybe we will be returning slowly, in  
23 partial ways, before thinking about coming  
24 back to normal. Also, because of all the  
25 work you're doing with audience, the

1 return of audiences may not necessarily  
2 mean a return to the historical earned  
3 revenue. Many are fighting trends  
4 already, around the change in subscriber  
5 tickets, how, and how often people renew.  
6 Once people leave the system, very hard to  
7 get them back. Disruptions of habit is a  
8 key way to predict loss of audience.  
9 There are huge implications here. There  
10 are implications for the sector, too. The  
11 idea that we're going to be done and back  
12 by June is not really in play. We think  
13 additional cash will be needed in multiple  
14 places, multiple ways. After the PPP  
15 infusions are depleted, before programming  
16 relaunches, people need another bail out,  
17 cash that helps get through this phase.  
18 Then, people will need a slug of dollars  
19 to think about how to really come back.  
20 Organizations may have to reorient through  
21 environmental changes, and that will  
22 require cash and investment. There will  
23 be another issue there. Philanthropic  
24 demand can't meet capacity. So scenario  
25 planning is so important, we need to know

1 how to invest. Let's talk about what we  
2 see the phases of response being. We  
3 think they start with the emergency moment  
4 we're in right now, the shock to the  
5 system when everything stops. Then, the  
6 recovery phase, which is publicly,  
7 slightly coming up, over time. And the  
8 need to rebuild and reposition given all  
9 the things the sector has gone through.  
10 How to characterize these phases,  
11 emergency response is where we are right  
12 now. We're asking ourselves to make  
13 immediate choices and cuts to stay alive.  
14 There are a few limited options for  
15 alternative programming, primarily  
16 digital. This would, will last until we  
17 have line of sight? The initial  
18 relaxation of the guidelines. It's likely  
19 to be longer than June. Recovery starts  
20 with the idea that there will be some  
21 ability to have social gathering. Until  
22 there we will see design and launching of  
23 a broader array of alternative  
24 programming, in person and digitally. It  
25 would last until we have line of sight in

1 the full relaxation of social distancing  
2 guidelines, and rebuilding, making the  
3 organizational and programmatic choices as  
4 we get back to the new normal. With  
5 those, we think this is how you make  
6 decisions. You look from the phase you're  
7 in to the one you're going to. When the  
8 emergency phase, think about what's  
9 happening in recovery, and keep your eye  
10 on the prize of repositioning and  
11 rebuilding, in order to think about your  
12 current decision making. If you don't  
13 think ahead about what you need, you may  
14 short cut things you need to place to come  
15 back. You may find yourself without  
16 enough cash or band width to come back  
17 into the things you want to do. You will  
18 need capital in each phase, that's why  
19 planning ahead is so important. I'm  
20 telling you, liquidity. How much working  
21 capital can you get, to support your  
22 current slimmed-down foot print.  
23 Understanding how long you will be in the  
24 emergency response before you can start to  
25 think about putting out other things into

1 the field, that bring you some level of  
2 earned revenue. Right now it's all about  
3 preserving liquidity. Continuing the need  
4 for working capital, size of your  
5 anticipated footprint in that phase, for  
6 example, you may think you need a hundred  
7 dollars for costs in work, but in recovery  
8 view, you may needs two hundred. How much  
9 does it need to grow, how much capital, to  
10 recovery. Surprisingly, to some people,  
11 change capital will be need in this phase.  
12 You will need to test things that are  
13 programmatic delivery and staff safety and  
14 the way they're organized, to test and  
15 launch new efforts. You will need some  
16 dollars, maybe more than a few, to try  
17 ideas, how to put programs into the field  
18 that are sized differently, or the digital  
19 work you think would be effective for  
20 audiences. Most of you probably don't  
21 have those set ups, and need dollars to  
22 launch it. You will need capital that  
23 goes up. You will need recovery capital  
24 for a solid platform for rebuilding. And  
25 you may in some way think about how to do

1 this. Capital needs for each phase should  
2 be informed by personal needs for next. A  
3 good example of that, people will say I  
4 have enough cash to get through September.  
5 I can start up again. The question is,  
6 then, do you have enough cash to cover the  
7 payroll that are larger in the first week  
8 of September? If you have just enough to  
9 get through a certain point, you won't  
10 have enough cash to start up again. You  
11 need to size it to the new phase, to keep  
12 enough cash on hand to the current phase,  
13 to move to the next.

14 Evaluate your context, develop  
15 scenarios, identify the cash flow and  
16 capital implications, then do it again.  
17 That's decision making, what it looks like  
18 in each phase. You need these tools. All  
19 of you who never worked with cash flows  
20 before are so familiar with it now, but  
21 the analysis will be our primary way of  
22 thinking. It's critical. Cash flow is  
23 not something you have been doing, we  
24 highly encourage you to do cash flow  
25 analysis. Scenario planning to inform

1 those cash flows, and quarterly  
2 projections. We will talk about, one  
3 thing we see people struggling with is  
4 thinking how to do an entire year's  
5 budget. We think trying to pass a year's  
6 budget is really hard. What you should be  
7 thinking is about rolling quarterly  
8 projections that inform each other the  
9 more. Staff and board should be talking  
10 about how to look at those with ideas and  
11 benchmarks of success, and how to use  
12 them.

13

14 Why is scenario planning important?

15 It provides a sense of the range of  
16 potential impact, focusing on the major  
17 levers, I've potential to shift. I want  
18 to emphasize the range. We're used to  
19 passing budgets that are really precise.  
20 We are trying to get the range of impact.  
21 Some people stop at different moments  
22 because they get lost in something like  
23 how much will we pay for the copier, or  
24 what's the percent increase on health  
25 care? Those are important, but I don't

1 think they're going to give us the range  
2 of potential impact. We're looking for as  
3 precise as we can, but not looking to die  
4 on the hill of preciseness. It  
5 incorporates more detailed information  
6 from short term projections. More broad  
7 information from long term projections  
8 allows for updates and expanded time  
9 lines. Keep updating as you know more.  
10 If the situation, if there was a time to  
11 update when you need more, this is it. We  
12 know what we know, when we know it.  
13 There's no way around that. Anybody who  
14 can call out what date or time we're going  
15 back, we can bet in the stock market and  
16 get rich, otherwise, that won't really  
17 happen.

18           Now we have four levers. Shared  
19 principles, this grounds the exercise and  
20 mission and vision. We need to start with  
21 what you believe, believe in and what you  
22 believe in. Then, public health  
23 conditions that set the time line for each  
24 scenario and establish parameters for  
25 operations and programming. We're plying

1 with conversations outside of our control.  
2 And audience demand, and programming that  
3 responds to the public health conditions  
4 and demands through shared principles.  
5 Those are the levers we will talk about  
6 now. I will shift it to Bailey to walk  
7 you through them.

8 >> Susan mentioned we think the  
9 exercise of scenario planning is best  
10 started with shared principles. The key  
11 questions here are, first, the core of  
12 your mission and vision. What is your  
13 responsibility to your communities, for  
14 the art form and to the artists you work  
15 with? what do you see as your  
16 responsibility to others in the system,  
17 venues, partners, collaborators you work  
18 with in the creation of your art? There  
19 is a huge impact of the COVID-19, the  
20 inequities about how it's impacting  
21 communities. It's your time to reflect on  
22 justice. Also, are there pieces of your  
23 current strategy that are critical to  
24 preserve? We talk a lot of people in  
25 strategy planning work who are thinking of

1 putting their plans on ice until the  
2 crisis is over. But there may be pieces  
3 of your long term strategy you want to  
4 push right now and preserve, hunkering  
5 down. The conversation with shared  
6 principles fits at the organizational  
7 level across staff and board. It's going  
8 to be hard to think about the programmatic  
9 implications. The next, the public health  
10 conditions. As Susan mentioned, these are  
11 setting the time line for the scenarios,  
12 and set the framers. Where, how will we  
13 be able to gather again? It's going look  
14 different from state to state, we're in  
15 Boston, and Boston is not going anywhere  
16 any time soon because we can't flatten the  
17 curve. Other parts of the country are  
18 opening up sooner. How will guidelines  
19 change over time? What will the dimmer  
20 switch look like? Whether it's ten people  
21 gathering in one place, 25, 100, how will  
22 the conditions dictate how many people you  
23 can gather in one place, and what other  
24 conditions need to be met to meet the  
25 objective requirements?

1  
2           There's obviously a natural demand  
3 associated with health conditions, but we  
4 want to talk about how audience behavior  
5 will play out. The comfort factor, or  
6 fear, will audiences be comfortable  
7 attending events, how will people feel  
8 sitting three feet apart. Financial  
9 attitudes, once the immediate crisis has  
10 subsided, the market volatility will  
11 likely continue. What kind of money will  
12 people be willing to put into arts and  
13 culture? The question about habit is  
14 interesting to us. To what extent will  
15 audience re-establish old patterns, or  
16 will they drop out as they get out of the  
17 habit? Will we see attrition of  
18 subscribers, declines in numbers, see  
19 people buy two tickets a year instead of  
20 five? What will happen, with habits, as  
21 we wait until we get to the normal rhythm  
22 of programming? Last, there's a real  
23 question about the competitive market,  
24 especially where we are with the new  
25 influx of digital programming. Your

1 competitive market is likely much broader  
2 now than it used to be, if you're in the  
3 digital space. If you're live streaming,  
4 a lot of other live streamers across  
5 disciplines, and other things we can  
6 stream online. How are audiences seeing  
7 you in light of your product and the  
8 competitive space? They're going to  
9 change as we move into the rebuilding  
10 phase. What data could inform your  
11 understanding of demand over time? How  
12 will things trends and move, and how can  
13 you talk to your audience, easy ways to  
14 get their feedback?

15  
16 We're thinking about programming at  
17 the intersction of public health and  
18 audience demand factors. The half life  
19 programming looks maybe like digital, or  
20 some flavor of programming with people six  
21 feet apart or smaller halls. Is the  
22 content different? Are you putting  
23 different music on stage, using different  
24 partners and collaborators? The question  
25 of delivery format and where you're

1 putting the product. It's really  
2 important to think about the anticipated  
3 benefits of whatever programming you're  
4 putting out in the world during the  
5 recovery phase. Given that revenue is  
6 likely to move in different ways than  
7 usual, it's very important to be honest  
8 about what you hope to get out, Is your  
9 goal during this phase to keep yourself  
10 top of mind in the market? Do you feel an  
11 obligation and responsibility to provide  
12 performance opportunities for your  
13 musicians? Do you feel you have a  
14 community to make art present in this  
15 time? This is about your mission and  
16 vision, what your responsibilities are.

17 In rebuilding, we also think that  
18 programming might look different. It's a  
19 really interesting question and we don't  
20 know how audience behavior will shift,  
21 long term and how programming might  
22 respond. When we get back to full steam,  
23 what might your programming look like, and  
24 be different? That has implications for  
25 long term strategies. Are you thinking

1 about putting it on ice and picking it  
2 back up? Or a shift in your strategy?  
3 Those are the levers we're talking about.  
4 Test the levers across the three phases,  
5 and the first thing, flag in the sand, is  
6 what do audience demand look like until  
7 the recovery phase? You must predict when  
8 recovery phase, from start, then start  
9 thinking about what it will look like in  
10 recovery and beyond.

11 We strongly encourage you to start  
12 by running the worst case public health  
13 scenarios and rolling your scenarios  
14 backwards. Rather than starting by  
15 thinking, what if we get on stage in  
16 September, but we think you should think,  
17 what if social distancing guidelines are  
18 not relaxed until June? Other scenarios  
19 was say, let's roll that back. What if we  
20 gather again starting March, 2021. And so  
21 on. We think the worst case scenario is  
22 an important place to start because it  
23 provides a base line sense of your capital  
24 need. What truly are your monthly  
25 expenses? And the monthly inflow of cash?

1 It provides a grounded starting point for  
2 conversations about what capital to  
3 deploy, especially around how much of your  
4 own capital to use. It highlights in a  
5 really direct way how much money you need  
6 in order to support yourself. We think  
7 starting with the worst case helps with a  
8 clear parameter. Start through, working  
9 backwards, will give you a clearer picture  
10 of the tradeoffs and the range of  
11 potential impact, than starting with an  
12 optimistic scenario and back.

13  
14           There are three things to think  
15 about. First, budget and operations.  
16 Second, the capital implications? And put  
17 them together, how do the shifts impact  
18 your cash flow projections. Think about  
19 that on a larger budgetary level, and also  
20 in the implications of the money. That's  
21 really what's driving our situation right  
22 now. It will continue to drive it, until  
23 we get back.

24           We're putting the phases and levers  
25 together. On the public health side, the

1 budgetary operational implications are  
2 really about ensuring audience and staff  
3 safety. That will look different in each  
4 phase. That's going to be especially  
5 important in the recovery phase as we  
6 think about programming in person, that  
7 keeps everybody safe, what will you need  
8 to do to be sure people are comfortable  
9 being on stage with one another, how to  
10 make audiences feel safe and that the  
11 house team feels safe and your office  
12 environment is safe, according to social  
13 distancing. We may be in a universe where  
14 desks are eight feet apart for significant  
15 periods.

16           It's worth thinking about the  
17 potential continued safety measures. If  
18 we're thinking we will get back to  
19 business as usual, in terms of social  
20 gathering, before a vaccine is created,  
21 what might you need to do for safety for  
22 artists and audiences? The audience  
23 demand side, the important question is  
24 around the potential response to the  
25 programming you put out in the market and

1 the revenue associated with that.

2           On the programming side, there are  
3 revenue and expense implications of what  
4 you're putting out. The real question,  
5 especially right now, is how skinny can  
6 you get? Acknowledging that you will need  
7 to make changes to ensure audience and  
8 artist recovery, how skinny can you get  
9 the rest of the operation to support that,  
10 and you, long term?

11  
12           Over the past weeks, here's what  
13 people have said. In this emergency  
14 response phase, primarily thinking about  
15 digital and virtual programming, people  
16 are asking what price models should I be  
17 putting place? Pay as you want, pay as  
18 you can. Put up a pay wall, is it free?  
19 How many are you putting out in the world?  
20 And what, the question about the  
21 competitive market, how it will impact the  
22 potential revenue you get. That's the  
23 earned revenue. On the contributed  
24 revenue side there's an important point to  
25 say how is it connected what I'm putting

1 on stage. Are the donors, individual and  
2 institutional, motivated by the prospect,  
3 do they love me because I'm me, how will  
4 this support shift in light of the  
5 programming I'm doing or not doing?  
6 People thought a lot about expense last  
7 week. Many conversations with folks over  
8 the past weeks has been how we can do  
9 digital quick and cheap. In the recovery  
10 phase, it may be time to invent in a  
11 higher quality product. What are the  
12 incremental costs of that? What's the  
13 increment cost of creating a safe  
14 environment, but what might you need to do  
15 to signal that to people? On the  
16 rebuilding side, there are potential  
17 structural shifts you may need to make.  
18 Depending on how the audience habits  
19 change, there might be some shifts in  
20 programming and ticketing structure. It's  
21 not inconceivable that the competitive  
22 landscape will have shifted. As you  
23 emerge, it's worth taking a look at the  
24 marketplace you're in thinking about  
25 what's different and where you are.

1           In the capital and cash flow side,  
2 we're thinking about three pieces. First,  
3 working capital. Always keep an eye on  
4 how much you need in each phase. In the  
5 emergency response phase there's a --  
6 there's a fixed cost, how can you get that  
7 as skinny as possible. What's the working  
8 capital need? In the recovery phase, the  
9 need will shift. Safety measures might be  
10 higher if you're putting bringing people  
11 into a hall. Fixed cost phase will look  
12 different from programming again. On the  
13 change capital side, you're going to need  
14 cash to try some stuff. The programming,  
15 as well as alternative programming in the  
16 hall. As we learn more about how people  
17 respond, change capital will be critical  
18 to help us adjust programs, marketing  
19 strategies, making sure whatever  
20 alternative programming is appropriately  
21 figured to the appropriate health  
22 environment. Change capital in the  
23 rebuilding phase looks different. You may  
24 need a reset to get yourself back where  
25 you can support rebuilding from the

1 position of neutral.

2           Some real change capital for  
3 repositioning support, possibly marketing  
4 running back branding, real shifts to put  
5 you back in the market. Taken together,  
6 this has implications for cash flow  
7 projections until every scenario has cash  
8 flow implications. The important pieces,  
9 scale and timing. When will you need the  
10 change capital? What's the potential  
11 scale of earned revenue against the fixed  
12 cost base and how is that shaping out?  
13 Timing pieces related to cash flow put  
14 everything together. They can highlight  
15 places where you may think you're good,  
16 but you have actually cut yourself off at  
17 the knees.

18           A lot of conversations we had with  
19 people recently has been about using our  
20 own capital against these needs. I will  
21 turn it back to Susan.

22           >> This is at the core of many  
23 conversations. It's the most important  
24 decision they might make, how to deploy  
25 capital. First, if you're lucky enough to

1 have designated reserves, how shall we use  
2 that to support our working capital needs?  
3 People are worried about putting that out  
4 because it's taken a long time to get  
5 here. But if it's for a rainy day, it's a  
6 monsoon. You need to maintain a base line  
7 at least one month of operating cash  
8 beyond whatever needs you have. Going  
9 below that one month of operating cash is  
10 going to cripple you in ways you can't  
11 imagine. So before you decide your other  
12 needs, needs to set aside at least one  
13 month of operating cash in order to have  
14 ability to keep going.

15  
16           Everybody will hate this, but don't  
17 include deferred revenue in your working  
18 capital calculation. If you're looking at  
19 next year's sales coming into today to  
20 solve this summer's cash, you will be in a  
21 world of hurt in the fall. You don't know  
22 if you can deliver it so the need for  
23 refunds need to be calculated into your  
24 system. The limited amount of other cash  
25 covering up the fact that you're using

1 that money now, will disappear. So take  
2 the subscription revenue you're getting  
3 now, apply it to the period where it  
4 belongs. Not actually use it in the short  
5 term's cash calculations. That's a huge  
6 thing but it's very, very important. How  
7 much can you self fund your change  
8 capital? Can you actually take some of  
9 your reserves, or other way of taking an  
10 investment draw on your endowment, if you  
11 have one, by providing your own change.  
12 The philanthropic market will be dense and  
13 competitive. There's just not enough  
14 people. People will ask you to examine  
15 that in real ways. Consider the benefits  
16 and risks around designated investments,  
17 in things like change capital that allow  
18 your organization to move that's  
19 responsive to the market. That won't be  
20 true for everybody but it's a legitimate  
21 thing to look at.

22           However, for you who may own a  
23 building, if you have a facility  
24 reserving, try to hold onto it. Having  
25 some money set aside in this intensely

1 cash strapped moment, so you can fix the  
2 toilets, the roof, the door that falls  
3 off, whatever those thing are, that with  
4 be emergency, you will be in a cash  
5 strapped position so holding ontoing that  
6 money is the last thing look at.

7           Can you see looking at the  
8 projections, worst case, backwards,  
9 forwards, can you figure out between the  
10 capital you have, cuts and decisions you  
11 made, that the scenarios actually resolve  
12 themselves? We can get through to this  
13 point. Do we think we can raise money  
14 that allow us to do these things, balanced  
15 cuts are investmented correctly? What are  
16 the trade offs and choices, and how would  
17 you do them again? I used this joke  
18 before, in presentations, scenario  
19 planning is like audience test. Sometimes  
20 when you do it, God says no. So keep  
21 doing it over and over until you actually  
22 understand what it is. People want to do  
23 some scenarios and say we got them. But  
24 you must keeping look at them.

25           If there was a time to be clear

1 with the associated risks between staff  
2 and board leadership, now is the time. We  
3 need to completely understand all the  
4 risks we're taking, and really think about  
5 them together. Think about once we agree  
6 this level of risk is appropriate, how do  
7 the scenarios suggest immediate decisions.

8           There's a hidden phase here, set of  
9 potential. In between recovery and  
10 rebuilding, there's a chance to think  
11 about reimagining. What could we do  
12 differently, use the current moment to be  
13 creative about new ways of doing business?  
14 What could it look like? We don't think  
15 there will be a button to push and deliver  
16 music in a way people never thought about.  
17 That's not what we're talking about.  
18 We're thinking about looking at common  
19 practices that are current frustrating and  
20 think about all the time, but we don't  
21 take them because there's not the time and  
22 place to do it. Now we have that time.  
23 How would we think differently if we could  
24 do it differently? What are the  
25 partnerships and collaborations we also,

1 we never really think we could do that.  
2 Reflecting on the long term, digital, has  
3 been in our conversations for a decade.  
4 But we haven't actually wrestled to the  
5 ground, here is the time. What is  
6 digital's true role? What would you need  
7 to know? How would you differentiate  
8 yourself in the market, what would you  
9 need to invest and how much change capital  
10 would you need?

11

12 Is there interest in this idea?

13 There are moments we can reimagine and  
14 rethink. People are already thinking  
15 about what kind of capital they need to  
16 invest or help you on the other side, so  
17 reimagining much on our minds and once you  
18 understand all the scenarios, you should  
19 go back -- is there a moment we can truly,  
20 truly reimagine how we deliver what's  
21 important to us?

22

23 I will end it there. We're really,  
24 we will open the floor to questions.

25 >> Great. Thank you so much.

1 Ways to see ourselves in the future and  
2 out of current predicament we're in.  
3 Around audience demand, the question is,  
4 why is the assumption always that patterns  
5 will be reduced? What if the situation  
6 results in being enhanced, can we  
7 brainstorm ways to make that happen?

8 >> I agree. We always start from  
9 the negative. That can be one of the  
10 scenarios. We have to listen to people  
11 think about, will there, pent up demand,  
12 will people want more contact. There's a  
13 lot of good ways people have been doing  
14 around currently before the crisis hit,  
15 about how they think about audience demand  
16 and developing it in a different way. We  
17 have to be ready, and acknowledge, that  
18 habits will change. We're going to have  
19 to think about how that will change in our  
20 models and be ready for them. There's  
21 nothing to stop us from creating models  
22 saying this is how we want to change  
23 demand. That's right.

24 >> Great. These two questions go  
25 together. Would it be possible to have

1 live concerts with reduced seating to meet  
2 social distancing requirements, while  
3 simultaneously having a digital  
4 performance. And, the question of is a  
5 workable platform for digital live  
6 performance content?

7 >> Let me go back to looking at  
8 doing streaming or social distancing as  
9 alternative programming in the recovery  
10 phase. Everybody needs to think about the  
11 reasons you're doing it. To reiterate,  
12 you can do the math simply and all come to  
13 the same conclusion. When you reduce the  
14 size of the audience and put in the costs  
15 of serving people in a socially distanced  
16 way the chances of making money in a  
17 concert are really slim. The list of  
18 things we put out are there. Are you  
19 trying to, for many of you, you will say,  
20 the way a town recovers is that it has  
21 art. So you may want to be part that of  
22 recovery discussion, employ people, keep  
23 your brand up. You may want to keep  
24 people in some form of habit. But look  
25 honestly about whether or not the dollars

1 work. Understand, you may need to raise  
2 more money than you would normally, if the  
3 likelihood of doing a socially distanced  
4 performance for fewer people is a testable  
5 hypothesis. What you need to remember is  
6 you're starting new business lines, and  
7 those need capital. They need to expect  
8 failure. There's no guarantee of anything  
9 going up. Since we don't have result  
10 areas, this is what we're about to do,  
11 you're all out there, testing. They're  
12 all good ideas, and need capital to go out  
13 with. Do I know anything about digital  
14 streaming? just what you all know. This  
15 is brand new world, life.

16 >>> Thank you. If you have a  
17 question, feel free to click the Q & A  
18 button, at the bottom of the screen.  
19 Another question, again, there's an  
20 assumption based in this question, but  
21 it's also where maybe old habits die hard.  
22 The question is, what advice do you have  
23 for executive directors whose boards are  
24 insisting a twelve month balanced budget  
25 for the next fiscal year?

1            >> Talking to them realistically  
2 about the fact that all these levers must  
3 intersect, and you must understand them,  
4 and we don't know about what's happening  
5 around public health, makes it impossible  
6 to have a balanced budget for the next  
7 year. That's why we talk about the  
8 quarterly projections. The only way to  
9 create a knowable balanced budget is not  
10 to offer programming. But that's not what  
11 you want to do. So talk about the idea of  
12 scenario planning, how you must think,  
13 calling it a 3D chess way, is way far  
14 important thing to do. It's harder work,  
15 requires a lot more conversation with the  
16 board, but the alternative, only way you  
17 have a knowable budget is to call all your  
18 programming.

19            >> So, any suggestions from your  
20 own conversations about how an orchestra  
21 could actually perform on a stage are  
22 social distancing being in place up to  
23 potentially 12 months from now, trying to  
24 keep musicians six feet apart.

25            >> I don't have a good answer for

1 that. I have been working with a theater  
2 company, and they understand the number of  
3 people they can put on stage is so few,  
4 they cut it down to a very few things,  
5 with repertoire. We don't know what is  
6 the repertoire that actually fits this  
7 kind of work, and what would it look like?  
8 That's something much on people minds but  
9 we don't have the guidelines yet. What  
10 does it really mean for the work? This is  
11 why understanding what the programming  
12 needs to be during this part is critically  
13 important.

14 I know lots of folks have talked  
15 about how to scooch it down the path.  
16 Unless you're doing full streaming, and  
17 then you may not be able to do that  
18 because of safety for the artists.

19 >> Thinking about the programming,  
20 do you foresee a situation where  
21 subscriptions may need to be offered for  
22 both digital and live connections, so  
23 patrons can toggle back and forth? The  
24 Berlin Philharmonic has just done this  
25 through their social distancing

1 performances.

2 >> A lot of smart people are  
3 thinking about this. The membership idea,  
4 rather than the subscription idea, that  
5 you are a member and get so many  
6 performances, et cetera. I've seen smart  
7 thinking about creating a digital plus  
8 membership, like this is your subscription  
9 piece, then you get 20 bucks up, and it's  
10 digital plus. That's a smart idea. For  
11 the new normal, and I've seen people  
12 offering both as a combination for the  
13 first, recovery phase, but yes, people are  
14 thinking smart about that. It lends  
15 itself to the re-examination of the idea  
16 of membership rather than full  
17 subscription.

18 >>> Has there been any discussion  
19 with already established entertainment  
20 services that would allow lesser --  
21 organizations to goes beyond local  
22 subscribers? We have see the Opera Live  
23 broadcast do this well, but those are  
24 enormous organizations. How do we do this  
25 in ways for symphonies of various sizes?

1 >> I will ask a question of the  
2 question. I was talking to an orchestra  
3 leader recently who said I have to think  
4 carefully about streaming and to whom  
5 because I'm in a different competitive  
6 market. How do I differentiate my size  
7 and shape orchestras against the Berlin  
8 Philharmonic, if the audience is the  
9 world? So am I not trying to actually  
10 think about streaming as a way to deliver  
11 my services to the community I'm trying to  
12 provide music to, a thoughtful way that I  
13 can transfer to my streaming that  
14 replicates the idea of why I do music in  
15 this community and why I'm not the Berlin  
16 Philharmonic. The idea of opening to  
17 everybody everywhere, feels like a false  
18 dream to be chasing. It's more about how  
19 are you streaming to the people you want  
20 to provide services to, and how will you  
21 fit in the market place, if 150  
22 organizations in the east coast decide to  
23 stream, so ask a different set of  
24 questions about why you're streaming  
25 around what you want to do with it and

1 who wants to watch what you're doing.

2 >>> Another question, how do we  
3 segment our audience, how do we think  
4 about the difference between subscription  
5 and membership options?

6 >> There are lots of smart ways of  
7 membership options. One discussion may  
8 be, could be about that, how do you think  
9 about going to membership, but that can  
10 imply a different set of promises, it's  
11 about access, and overall investment in  
12 your season and offerings, as opposed to  
13 the one on one transaction of  
14 subscriptions of, I buy a fixed seat for 7  
15 performances. Membership well done,  
16 you're buying into an overall season and  
17 into the overall options available and  
18 therefore, different membership levels  
19 imply different level of participation.  
20 If you add on digital as content, what  
21 does it mean to be a different member,  
22 different tiers.

23 >>> If you have questions, just  
24 hit the Q & A button. A question I have  
25 for both of you, and I love your analogy

1 of raising the lever versus switching the  
2 switch. If you're paralyzed by fear about  
3 what to do, what would you recommend as  
4 sort of the first thing that can help you  
5 start moving the dimmer switch to help you  
6 overcome this fear? Where would you  
7 start, from a board's perspective, not  
8 wanting to make a mistake, but overwhelmed  
9 by the situation?

10 >> I'd go to understanding really  
11 long term capital will be, how much you  
12 need to raise or provide. That's why the  
13 worst case scenario piece. But in the  
14 recovery phase, turning the dimmer up, I  
15 will say, it's about answering the  
16 question of why and when you're turning  
17 the dimmer. What do you expect to  
18 accomplish, what are you chasing? There  
19 are lots of good reasons to do it. Absent  
20 making money, as we said, but being really  
21 clear as a board about why you want to  
22 push the dimmer switch up and what are the  
23 outcomes that will make it worthwhile and  
24 clarity about what it will take and what  
25 are the revenue sources, those are

1 critical. We have seen people start  
2 having those conversations, in meaningful  
3 ways. The more you have that  
4 conversation, the better you understand  
5 about the why, the more people are either  
6 willing to invest or think about taking a  
7 chance or risk about going too soon. They  
8 understand why they're doing it, and the  
9 possible rewards.

10 >> The way a lot of people have  
11 been talking to about it, the imperative  
12 they feel about getting back in the world  
13 and how they are balancing whatever the  
14 imperative is from a mission delivery  
15 perspective, is critical to provide art to  
16 the community in this time. Balance that,  
17 with the implications of, and to keep  
18 artists safe and make sure we're providing  
19 a safe platform for artists. Those kinds  
20 of balancing imperatives feel, like  
21 they're really, for the point about the  
22 why, it's feeling like we're raising the  
23 switch because we feel compelled to do  
24 this. So being clear, better whether or  
25 not, too, I spoke to someone who said I'm

1 not putting artists back on stage until  
2 they feel comfortable being together. For  
3 now, my product is not even a chamber  
4 piece. Having that sense of the why is  
5 really helpful as a starter.

6 >> You're on mute.

7 >>> Let's go to full screen. With  
8 social distancing, the audience versus the  
9 musicians, is there anywhere in the  
10 planning we need to think about the  
11 exterior performances, with outside  
12 revenues, that may provide for social  
13 distancing opportunities, weather  
14 permitting, as opposed to interior hall  
15 performances. How do you think about the  
16 venue? Many orchestras don't own their  
17 own halls, may be performing in college  
18 auditoriums, all these factors in the  
19 performance venue and social distancing  
20 issues.

21 >> We talked to a lot of people  
22 who have the opportunity to do outside  
23 performances in a way that could provide,  
24 if public guidelines allow it, the social  
25 distancing you may want. In

1 Massachusetts, we can't open a park and  
2 keep it open because people keep massing.  
3 It doesn't solve the problem of the people  
4 on stage, how close they are. There's the  
5 center of a lot of decision making, but  
6 people right now are actively planning to  
7 move things outside, if possible, working  
8 around, getting advice around social  
9 distancing guidelines. It's all a good  
10 guess, until we actually hear from  
11 authorities what will happen.

12 >>> Great. Do you have additional  
13 thoughts about orchestras with large  
14 concert halls and the use of those spaces  
15 sitting vacant and the capital investment  
16 needs necessary for thriving in the new  
17 reality?

18 >> I have to say, to be frank, one  
19 big thing we're thinking about are how do  
20 those assets survive. They play home not  
21 just to the institution that runs them, to  
22 other things, making them available, is  
23 really important. As a sector, we're  
24 going to have to deal with figuring out  
25 how to invest in those different spaces

1 and places to make sure in the long term  
2 they're available. We have heard  
3 unfortunately, lots of people closing down  
4 their spaces, or, to other players because  
5 they don't want to take on a risk. This  
6 is a bigger issue than that. It's an  
7 individual issue for some, but there's a  
8 big issue, how we as a system can keep the  
9 places in play and well attended. It's  
10 the place we will need to put the most  
11 investment capital in. It will be really  
12 important.

13 >>> If you're working with a  
14 funder, many granting organizations, with  
15 annual budgeted not rolling quarterly, how  
16 do you address this?

17 >> This is the moment we need to  
18 be very transparent with each other. We  
19 need to tell funders this is what we can  
20 do. If you trust us, you can go with us,  
21 we can show you how they're thinking of  
22 inspires, high, medium and low. This is  
23 the best we understand. Your dollars  
24 count more than ever. I don't know how to  
25 do that accept to be insanely blunt, we

1 have been doing that with all the funders  
2 we work with, and they can't forecast.  
3 Understanding how to talk to the funder  
4 directly is really important. Again, you  
5 might have to do, pick a scenario and use  
6 that as a budget. But that would be the  
7 worst case. I'd really encourage people  
8 to open up a dialogue with their funders  
9 around this issue.

10 >> I love your idea of reimagining  
11 as the hidden phase. Particularly help to  
12 address some of the issues that the field  
13 has been struggling with, but in these  
14 trying times, in the recovery, rebuilding,  
15 how do we not create new problems for  
16 ourselves? A question is that as a field,  
17 we struggled with perceptions of elitism,  
18 being something only for certain  
19 audiences, how might flexibility  
20 surrounding the vocabulary be useful, for  
21 example, membership versus -- there's  
22 worry we could work our way into a  
23 situation where someone is a member versus  
24 a nonmember and that my work against the  
25 work we have done about inclusion.

1 >> That's an interesting, powerful  
2 idea. The idea of elitism is real.  
3 Issues like passport are great. The  
4 concepts are underlying them, are most  
5 important. One of the most important  
6 moment we have here is to talk to our  
7 audiences, and actually reflect what they  
8 need in these offerings. We're being very  
9 internal, not speaking to our audiences.  
10 That idea is spot on. Thinking about how  
11 we get even smarter about those ideas, by  
12 talking to the folks we want to serve,  
13 really getting them to tell us about what  
14 kind of participation they want, and what  
15 they feel comfortable with, language they  
16 respond to, that's really important.

17 >>> Great. As you look at these  
18 phases, one big issue is around liability.  
19 What liability issues need to be addressed  
20 in each phase, such as looking at the  
21 reasonable measures to protect audiences,  
22 do patrons need to sign release forms?

23 >> Wow. We are just starting to  
24 talk to people about this. Absent public  
25 health guidelines, it's hard to know. All

1 different parts of our sectors are  
2 starting to dive into that liability  
3 issue. I don't have a good answer but  
4 that's right now what people are working  
5 on and needs to be really shared once we  
6 understand what the guidelines are. Also,  
7 there needs to be advocacy work around  
8 what happens. Are there current  
9 regulations that actually stand in the  
10 way, or are not helpful in our ability to  
11 address those issues? That issue is, will  
12 be helpful, if it can be done by the  
13 field. You hit the nail on the head of  
14 the next issue that needs to be looked at  
15 carefully.

16 >>> There's lots of ideas out  
17 there. We're trying to gather all the  
18 best and smartes ideas. Anything you have  
19 particularly heard from the people you  
20 have been talking to, that get into the  
21 ideas of membership and the digital, and  
22 the live versus digital, creating small  
23 orchestra planning for a season with  
24 social distancing. Anything you heard  
25 that stands out for you, not necessarily

1 what should be done, but we're all going  
2 to be in a series of the prototyping,  
3 testing, to see what does and does not  
4 work.

5 >> I like the language about pass  
6 port versus membership, but exploring what  
7 an alternative to subscriptions is, what  
8 it means to have a loyalty relationship  
9 with a patron, a lot of times we see  
10 subscriptions relabels as membership,  
11 without actually rethinking. Good  
12 examples I've seen is the rethink of what  
13 it means to have a loyal relationship and  
14 what with the benefits of that to the  
15 audience and back to the organization.  
16 The good ideas I've been seeing, people  
17 have been digging in, figuring out the  
18 benefits we're offering, from things like  
19 additional talks, services, through social  
20 events, to digital offerings, what is the  
21 package that we're giving people that's  
22 not around the fixed seat, and the seven  
23 performances. Those ideas are really  
24 interesting, and start coming to fruition  
25 but you can't say they're done. I've seen

1 some people right now think about dropping  
2 a digital pay wall for their subscribers,  
3 through that membership idea. And not  
4 trying to put the pay wall in for the  
5 world, but in as part of the subscription  
6 series or membership series. People  
7 moving to the customers, focused customers  
8 they want, are the people who are sitting  
9 currently in their seats and testing it  
10 with those folks before taking it out to  
11 the next circle, breathing in and doing  
12 it. Trying to think about how to do it in  
13 September but again, smart ideas, risky,  
14 they're trying to figure out how much  
15 capital they need to do it. To some, they  
16 already have the equipment mostly in  
17 place. For other, it will be a big  
18 investment. This deserves its own, an  
19 entire couple days of good presentation  
20 and thinking. For us, these are all good  
21 ideas. They all require capital and need  
22 to be part of your scenario planning. You  
23 need to make sure when you're thinking  
24 about these alternatives, you actually  
25 have enough capital to invest, but also to

1 fail. All new products fail a little bit.  
2 So what we want you to walk away with is,  
3 pay attention to how much money you need  
4 to do the new digital programming ideas.  
5 Everyone tell us how expensive they are,  
6 how they rub against current agreements,  
7 with your hall or artists, your production  
8 people. They rub against things. They  
9 cost money to solve. So, in scenario  
10 planning, you need to think about capital.  
11 You need to have enough to be sure you can  
12 do that. Boards have to understand that,  
13 too, that skinning down preserves one  
14 form of capital but won't provide the kind  
15 of capital you need to actually address  
16 these issues of change.

17 >> Some of the best conversations  
18 I've had is about why digital is not right  
19 for them, or the conditions that would  
20 make a meaningful investment in a digital  
21 strategy. There was a message saying on  
22 digital you get good, faster, and you have  
23 to pick well. But what's the capital  
24 investment and do I want to do it? do I  
25 think this is worth a meaningful

1 investment of time, back to the why, but a  
2 lot of people said I don't feel this is a  
3 space that's worth it for me to be in  
4 right now. It bears reflection about is  
5 the digital method the best way for you to  
6 be delivering your mission? Given what  
7 you want.

8 >>> Great. One scenario I haven't  
9 heard you say, how do we return to things  
10 just like they were six weeks before,  
11 before the pandemic happened? Part of  
12 your reimagining is thinking what has to  
13 be different and changed, if we can't go  
14 back exactly to the way it way for  
15 example, feelings about ticketing. Hard  
16 tickets, or print at home? Is the ticket  
17 gone forever, and will only be digitally  
18 scanned ticket, from now on? Or how, the  
19 impact. Impact collective bargaining?  
20 Any thought of things you see that will be  
21 at least in the immediate future changed,  
22 potentially permanently changed. You  
23 don't have a crystal ball but from your  
24 own perspective, thinking about scenario  
25 planning, so you truly are not creating a

1 scenario of oh, we get back to where the  
2 clock was, sometime in the future.

3 >> It's hard to imagine that we  
4 get back to exactly the way we were, I  
5 think that's why examining each piece of  
6 the business and understanding what could  
7 change permanently, or if we're taking the  
8 jump we want take. For example, how many  
9 of us want to go ticketless, make the  
10 electronic jump? How many us wanted to  
11 stream for a long time. This will force  
12 it. This is the time to look at all those  
13 pieces saying which businesses have we  
14 thought, we don't like the way it works.  
15 We want to do differently. Ticketing,  
16 that's top of mind for many people. They  
17 have started thinking about how they can  
18 not touch tickets, or have people  
19 collecting them. What is a different way  
20 to think about electronic scanning?  
21 Through machines, at the door rather than  
22 individual people. Others are freaked out  
23 by that because it loses that personal  
24 thing very have been working hard on to  
25 create a warm, welcoming environment. How

1 do you redesign that in a ticketless  
2 world? Common practices, we call  
3 currently, best practices, but real,  
4 they're common, not best. How would you  
5 change them. What do we feed from each  
6 other in collective bargaining that would  
7 make us progress together? Something that  
8 will keep everybody safe. Those are real  
9 issues we will have to deal with.

10 >>> Great, thank you so much,  
11 Susan and Bailey. Any closing final  
12 comments?

13 >> Thank you very much for having  
14 us. Everyone wants a plug and play  
15 solution but we want to say, think hard  
16 about your scenario planning, keep capital  
17 maintained, understand that being really  
18 clear about the risks amongst you all,  
19 will be really important to discussion and  
20 examine.

21 >>> Great, thank you so much, all  
22 the people in our digital audience, I have  
23 three action items for you. We want your  
24 input, so please go to the event path, find  
25 the session and give us feedback, we would

1 appreciate that. We also want your gifts,  
2 so if you haven't given yet for the 2020  
3 day, please click on that button on the  
4 left side at the bottom. Finally, we  
5 really appreciate your time, attending  
6 this session and for the many sessions  
7 coming up over the next six weeks on the  
8 schedule, and for your individual  
9 constituents of constituency meetings,  
10 where novel peer groups you can do  
11 brainstorming, more smart ideas, and  
12 learning how to support one another  
13 through this time. The League of American  
14 Orchestras are here to help you with  
15 anything we can be of assistance, and we  
16 are grateful to have all of you as part of  
17 our 75th national conference. We look  
18 forward to seeing you back at one o'clock  
19 tomorrow where we will look at the fund  
20 raising side of the equation with Robert  
21 Sharpe. He has great information about  
22 historical perspectives, of philanthropy,  
23 going back to the Spanish flu a hundred  
24 years ago and thinking about generational  
25 demographic shifts at the same time as we

1 deal with this pandemic. Please join us  
2 tomorrow at one o'clock Eastern Time, and  
3 all sessions will be posted in the feed  
4 loop. Thank you again, Susan, Bailey.  
5 Have a great rest of your day. Goodbye.

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