Creating a More Equitable Future: Lessons from the Corporate Sector

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KAREN YAIR: And now it's my great pleasure to introduce Alan Mason, who is my colleague and board member from the League of American Orchestras, and also managing director for BlackRock's EDI business. Alan has graciously put together this session for us and will be leading the discussion. So thank you very much, Alan, and over to you.

ALAN MASON: Great. So what an inspiring three days we've had, and I hope that we can in this session have a really open and honest conversation about what it takes to move forward to-gether around EDI from a leadership point of view. So today, I am — and I will moderate and participate in this, because we want to share insights from the corporate sector around EDI and leadership, what works, what doesn't work, and we want to have a really honest conversation with you about that.

We're not making the case for EDI. By your presence at this session, you've already indicated that you want EDI to move forward. So we're here to share what we've learned trying to make it happen in the corporate world with you, and then interact with you around the questions that matter to you. So I am — so just you heard that I'm on the league board, but just a little bit about me. The first half of my life was all about music, playing the oboe, studying music, eth-nomusicology. And then in 1991, I sort of accidentally ended up with a two day temp job in an investment firm, and 30 years later I'm still working with — in investments, and I have most recently run the index investments business for BlackRock.

And I'm still a BlackRock executive. On the EDI front at BlackRock, one of the things I'm most proud of is that I founded the LGBT network at BlackRock, and it has grown and influ-enced a lot of things within BlackRock and beyond. So that's something I'm very proud of from a corporate EDI point of view. So today, I'm joined by Jonathan McBridge and Anna Mok, and I'll start with Jonathan.

First of all, Jonathan is — they're both good friends. But Jonathan is a partner at Heidrick & Struggles in the LA office. He's a leader in EDI practice, he's an advisor to boards, CEOs, he works on things like leadership, culture, diversity, equity, belonging, those kinds of topics. He had — he founded an advisory firm after BlackRock. He was the head of diversity at BlackRock, we worked together for a number of years when he was doing that. And before that, he was the director of the presidential personnel office under the Obama administration in 2009. So welcome to Jonathan, and please join me in welcoming Jonathan.

JONATHAN MCBRIDE: Thank you.

ALAN: And then, Anna Mok is a partner at Deloitte, the Asia Pacific leader, and works in its advisory businesses. Notably for this, she is the co-founder of Ascend, which is a network to ad-vance the careers of Pan-Asian business professionals. Anna and I also met through various sort of corporate network activities when she was trying to expand Asian American networks within the financial services area, and was trying to get our firm to join with them to expand that kind of effort. Anyhow, we're really lucky to have Anna join us today as well.

So first question, we're going to talk a little bit among ourselves at first, and then we want to open it up to your questions. So we hope that you'll be thinking of things you want us to talk about. And the three of us are people who are really tell it like it is. So just like what worked, what did not work. I often find that what didn't work is as interesting as anything else. And what challenges we faced. And look, the work of EDI in the corporate sector is far from over. There's so much more to do.

So there's more humility than anything else that you're going to hear from us. But we are peo-ple that believe in taking action. And so you'll hear that from us, and then again, we want to connect with your questions. So my first question, and I'll answer it for myself, and then I want each of you to answer it. The question is, you know, why do we care about being leaders in EDI? And so you heard from my biography that there was that moment I joined an investment firm as a two day temp.

And the — I didn't know that was going to become a career for me. But there were people, and there was a culture that made me feel like I could dream to be in that place, and that I could be-long. And there were people that made that happen, that gave me access to the experiences that I needed, they gave — they nudged me to take on new roles and to learn new things. So there were role models and sponsors in inclusion and belonging in that organization. And that was not straightforward for me, because I was a music major in a finance firm, and I was an out gay man in a firm that had no gay role models, and no -- very few senior like women role models.

So it was not clear that I was going to fit in or belong or have an opportunity. And there were people who made that happen, gave me those opportunities. And so I want to pay it forward for others. Like I want other people to be able to find their dreams, and do what they want to do, and to be part of removing barriers that allow people to choose who they want to be, and to grow, and for cultures to be more open. So that's my line as to why I care about this. Anna, maybe you?

ANNA MOK: I think for me it's, I am an immigrant myself, and I'm a child of immigrants. So my family immigrated to San Francisco when I was a baby. And really part of their movement in leaving everything behind in Asia was to make a better life. And this concept of all is possi-ble. So while I did not grow up maybe if — those of you that believe in those stereotypes of Asians, right? I did not grow up with tiger parents. I did not grow up with parents that, you know, wanted me, or always said straight A's was the most important thing.

And frankly, I didn't even grow up with parents — I'm probably one of the few people that don't even play a musical instrument, and again, if you believe in that stereotype. Yet, I did grow up with this concept that the world is open to me. And it was all is possible. And that is that American dream, if you want to call it that, and the ability to really reach whatever — and access whatever we want, right? And clearing the pathways. So I was the first in my family to graduate from college, and the first to even have any type of corporate role.

And I think because of that ability to have done that, living in a place where maybe there were barriers, but perhaps I was ignorant to those barriers, and feeling like I was able to achieve that way more than what my parents ever had access to when they were in Asia, and without an edu-cation, I feel it's actually a personal obligation for me to use this place of privilege. And I think everyone in this room is in a place of privilege to do that for others, in whatever way we choose to, right?

It doesn't have to be big actions, but any action is one where we can open a pathway for that next person to really reach whatever their dreams are. So it's really — I never really thought of this question, of the why, until Alan put it in those terms. But as I reflect on it, that's really how I feel as I show up in the work place every day, of how do I use that position for the good of others.

JONATHAN: So my answer is — probably has something to do with Golda Meier School in Milwaukee, Wisconsin, which is a third, fourth, and fifth grade elementary school, and my par-ents. I grew up in Milwaukee. You can't tell by looking at me, but I'm half Black and half Syri-an. I was adopted at birth by white parents, and have older sisters who are white, and have a brother who was also adopted who is half Korean and half Black. He was adopted from an or-phanage in Seoul.

And we were raised in Milwaukee, Wisconsin in the '70s and '80s, which was a hyper — and is a hyper segregated city. But the neighborhood that my parents chose to raise us in, which I real-ized later they helped build, it wasn't there when we got there. I thought it was just the neigh-borhood we moved into. It turns out that they and the neighborhood constructed this very inten-tionally, was really, really diverse and accepting of all different types. So even though I grew up in a city where I was constantly aware of the fact that I was one of one, and I was reminded of that daily, I thought it was an advantage for some odd reason, as did my brother.

And so my brother and I really — and we've talked about this many times, especially in the last two years during COVID, about how somehow our parents instilled in us this belief that it was an advantage because we didn't have to be part of any one group, we could be part of all groups. Now, that wasn't actually true, but we approached life that way. And one of the things that — and I've had — I've thought a lot about this, because in the work that I do, the story — this question gets asked a lot.

And I trace it back to Golda Meier School, because I remember vividly being on the playground when I was very young, and I would find myself stepping in when people were starting to alien-ate people or be mean to people or put people in boxes. And candidly, as I thought about it more, it was probably a preventative measure myself, because I knew that if that went on too long I was going to be put in one of those boxes or be alienated. And so I — but I tended to kind of, you know, get involved.

I was playing kickball and somebody was mean to somebody near the jungle gym, I got in-volved. So I've always had — some part of me has always been wired to be kind of animated about this. I think it's probably the stint in government, where in particular you find how im-portant representation, which is one of the most basic things to think about, actually really does matter at scale. And you see the power of it on a day to day basis, or the power of its absence on a day to day basis.

I think that's probably where I got particularly motivated from a business perspective, and a — and then at BlackRock, it was just the chance to be next to the — and work with some of the greatest researchers in the world who have been researching this for decades. And that data is so just positively clear, that only in the human domain do we think homogeneity is like the right way to run things. Like — and so I'm a believer in the research as well. So for all those reasons, you know, it eventually became my career to work in the space.

ALAN: So thank you both for that. So let's reflect. I definitely want to get to the stories where it's been challenging, but let's start with something like — something that you worked on that was meaningful and showed that there was progress in EDI with some group or organization. I just think — and what was — what did that look like? I mean, I'll prime the pump by sharing one from BlackRock for me.

So I mentioned that we founded the Out Network, the LGBT network. Like it started as a fledg-ling thing, we thought it would be mostly the San Francisco office. It got bigger than that. And then, BlackRock bought the company that we were part of. So we were [UNINTEL] investors, and BlackRock — so it was a corporate acquisition. We thought that might be the end of the LGBT network, or like it might be a risky thing. It turned out to be — that and the Women's Network turned out to be ways of people connecting during a corporate merger, that like pro-vided a sense of belonging, connection, and confidence when there was a lot of change going on.

And the biggest moment for me was like — so fast forward a few years, I visited the New York office of BlackRock, and we had gone from people being closeted in New York to people hav-ing pictures of their partners and spouses on their desks. And it was just visible. Like you walked around the halls and you saw people's desks, and you could see that their whole life was showing up in a different way than it had before. And you're like, oh wow, this is — we're not where we need to be, but this is a heck of a lot better than it was, right? And you just like — and you knew that it was going to go [UNINTEL]. Share some things.

JONATHAN: So we had a lot of success at BlackRock while we were there together between late 2014 and 2020. Basically shifting to a very diversity focused conversation. And candidly, at the beginning, a very gender focused conversation, so very narrow, into a wider aperture of di-versities. But in particular, on the how we treat people once they arrive conversation, which is the equity and inclusion and belonging bit.

And I was very proud of how much we shifted that conversation to try to do both things at once. But you know, what really flashed to my mind was literally 30 days ago I'm sitting in Northern California on a mountain where there are 13 sites for this nuclear energy company that will re-main nameless, and we're doing a series of diversity, equity, and inclusion events with their kind of senior leadership teams, including the people who run all 14 of those plants, and the people who report directly to them.

And if any of you had walked in with us, when we walked into the room with the 60 people who were going to be there, you'd be like, this is not our crowd, this is going to be an interesting conversation. But I've learned through lots of mistakes to kind of not — thanks — not — to hold my expectations above the heads of the people in front of me, and not have low expecta-tions for them. Because it's unfair, I'm doing what I suggest people don't do. I'm pre-judging people. But also people sometimes can reach up and be in a different place.

Long story short, we're done with the session, and it went extremely well. They got very, very engaged on a whole bunch of things. But there was one guy I was watching the whole time who just was not paying attention, was not — you could just — his body language was terrible, his arms were crossed the whole time, he was looking down, he was putzing with his phone. And I just became trained on him. And at the end he came up to me and he's like, "This is not what I expected at all. You just helped me understand my son perfectly." And he had tears in his eyes, and he walked out.

And I was like, okay, one, that's a reminder of why I'm a jerk, because I'm sitting here judging the guy because of his body language. But two, in this really tense time, all of us are judging each other too quickly because the fear of setting something off or having someone who is op-posing us like engage is just really high. We're like highly tense. And we've got to fight past that. Because you're underestimating people, and there's more shared experience, and we're more alike than unalike.

And so that was just a reminder to me that you have to kind of — even when you walk into a room with people you're just not — you're sure that's not going to be down for this topic, you have to adjust your expectations, because people always surprise you. I find that people surprise you more to the upside than the downside.

ANNA: There's definitely multiple examples and both of the — both Jonathan and Alan's sam-ples just prompted this thinking about names. There's a little bit of a — I don't know how much — how many people in this audience use LinkedIn. So if you do use LinkedIn, you know it's more of the platform — social media platform for business folks, right? But if you go back five years ago, there would be a very small segment of people that even talk about their — or refer-ence their identities in — beyond just talking about business. You know, I got this promotion, or posting — but if you actually track it, it actually has evolved quite a bit. And to me that's a bit of this change that we are seeing.

May was heritage month for Asians, so I was fortunate enough to be selected one of a handful of what they call creators that was asked to put specific developed content about EDI. So one of the articles I chose to write was about — and this may come up in different communities. For the Asian community, there's this discussion about us not being a monolith. Because the API community makes up, you know, over 50 countries of origin, and immigrants. Yet, for me per-sonally I really focus on this discussion about being a mosaic.

And so I posted content about that, but I also wrote a specific article about what is in a name. And I talked about my birth name, which is of course, because I was born in Asia, it wasn't An-na. It was a Chinese name. And how my parents chose my name, Anna, which was because it was the only name they could spell, because it only had two letters in it, A and N. And so I wrote this article about that, and my own journey about that, and tied to identity.

And what I found quite rewarding was then the amount of comments that came back, right? Through the comment session from different business people that talked about their own name journeys, and their — some of them choosing to reclaim their birth names, or their heritage names, and others who chose not to, and just the why's. And then I had dinner with a former board member of mine, who is Korean American, and he was as — grew up as assimilated as you can imagine, and he did everything in his early careers to do that, and he even became a JAG, right? Entered the military, was an attorney, became a JAG, and did all that.

And I just recently had dinner with him, and he referenced that article I wrote. And he's actual-ly currently learning Korean at 60. Like, what's going on? He goes, "Well, you know, there's all this stuff that I rejected." And he called me by my Chinese name, because it was in the article. So I reflect on that little vignette, and I said that is what I see change, right? You have people in business who are publicly talking about their identities, sharing their stories, and then really at whatever stage in life, personalizing and thinking about what that means to them. And in turn, when they do that, and they are higher, I'll call self-actualized, on our own identities, then we can show up as leaders to support others and create an environment that really is much more inclusive.

Because we're able to have that conversation as simply about our names, and why we either chose to or not chose to, right? Change it, or take a new name, and what it means to us. So something as simple as that, I think is a reflection, Alan, to your question about what really has changed over the years, and some of these impact of our collective work.

JONATHAN: Can I make one macro point? I thought maybe just from the business world per-spective. So you all remember the summer of 2016 when there was the Orlando nightclub shoot-ing, there was — a guy turned his car into a weapon in Nice, France, and there were Black men and boys getting shot it seemed like every week, and then a cop was shot during a protest in Dallas near the end of the summer. And you had corporate executives everywhere making all these statements, making all these commitments.

And if you could have found five of them after George Floyd's murder who had — were still doing anything they had talked about four years earlier, I would give you a prize. However, I think because of Me Too, COVID, George Floyd, Asian hate, in that order, the good news — it's not — there are still a whole bunch of people who went back to the same playbook now that the lights have dimmed a bit. But there are a lot more who are seriously trying to make change this time around.

And our belief as a firm is because the locus of responsibility shifted from customers and the media to your employees. It moved inside the organization. And people are responding to their employees who are not leaving, they're not going anywhere, their attention is not being dis-tracted by other things, or they're holding them accountable on the anniversaries and saying have we done what we said we're going to do. So we're seeing a much higher percentage of companies doing a lot more.

The reason why it's quiet is because when companies really try to change behaviors for a safety program or a product — a manufacturing facility or whatever, it takes a while. Like they put systems in place, they put incentives in place, they train people, they hold them accountable, it takes years. And so the good news is, because corporate can move faster than most societal change, there are far more people who are more serious. It's not as many as anybody would like, but it's way more than it was four years ago, five and a half years ago.

ALAN: So maybe actually that's a — well, first of all I want to reflect on the fact that when we were thinking about progress, you've all heard us tell stories, and heard us tell stories about things that, like on the one hand seem small, but on the other hand you can see how it's — the trust and belonging have to be there for people to actually open up and start changing their be-havior. And I think that's one of the reasons those stories come up. Because there's something about — and somebody has to go first. It's — to make those things move.

JONATHAN: I also think when you're trying to — stuff can get really big when you're trying to change the world and boil the ocean, and sometimes that can work against you. And I learned from a friend's father that sometimes you need to reach out and just make the person whose hand -- whose shoulder your hand is on, make their day a little bit better. Like you need to -- sometimes you just need to shrink it down to the little things. I do think the little things add up to change human behavior and groups of people. But also just in order to stay motivated in this work, sometimes it's like you can't be responsible for the whole, you need to shrink it down to be responsible for the people right in front of you.

ANNA: I do think, you have to believe you can make a difference. If you don't believe that, then you won't make a difference. And so that is the starting point of a personal accountability.

ALAN: So we all acknowledge this work is hard. And it's — and as you said, Jonathan, it is an ocean of work. There's a lot that needs to be better.

JONATHAN: There's a lot.

ALAN: Talk about a time when you ran into a roadblock of some kind, and what did you do to move past it? Anything that comes to mind of that nature around like being a leader in EDI.

ANNA: I think one of the challenges is always, right, as you do this work, and Alan knows I'm a bit of a purist, an idealist if you haven't heard that already from the way I reflect. And I do struggle at times when people are supporting things, whether it's genuine or they're just trying to check a box, right? Whether they're doing it just to check a box. Whether it's to look good, whether it's to get the press off their back, etcetera.

As I've processed all of that in these years of work, both internal to my organization, and with this end, I've concluded that maybe I should worry less about the person's motivation, but know that regardless of their motivation if I can take the organization of the person on the journey, they too will see the light. And put my energy on that, and worry less about what was their start-ing intentions. And for me, once I was able to really shift that thinking a bit, and then say, okay, I didn't care that that CEO two years ago sent out a letter.

But he sent out the letter, so I'm going to hold that person accountable. I didn't care that they did it for good PR at that point in time, but that gave me the hope to go back and have that con-versation of, well, what have you done? And really use that as a plus, versus kind of saying, oh, well those people aren't truly committed. And again, it was as much me accepting that that was okay, and using that as a plus, versus being so pure about what was that person's intention, and if they weren't with the same integrity and with the same intention as mine, they must not be as serious about this journey.

JONATHAN: So before — I have lots of obstacles to talk about, but before — actually, this is really — I've had the exact same experience. So went on the exact same journey, and got to a point where, you know, I would sometimes just show a list of all these reasons why people care, and I'm like, I want to be clear, I don't care why you care, I just care that you care. And some of those reasons are because, you know, it seemed like I have to do it, or my CEO says I have to do it, or whatever the case may be.

But one of the things that we saw as a behavior change when you're trying to get people who have been used to operating one way to do something that's unnatural, which is to do something different than what's worked so far to this day for them, is you know, all of the incentives we have put in place and everything else could never beat the fact that if we got someone to change their management style and someone on their team came up and said, "You know what, people really like that you did that thing, you should keep doing it." Most humans are not going to go back after that happens, right?

Like most people, once realizing that this is working better for the people around them. So whatever gets them started. Like people say this is a check the box exercise. I'm like, check the box and I'm going to hold you accountable, let's go, you know what I mean? Like I think that — so I think it's really important not to judge people's level of belief or compliance or however you think about it. I've had like — I've had so many obstacles, that I would say that you want to build an ebb and flow into your process for your own psychology, because you know, as you make progress you also start to put pressure on people in organizations because it starts to — they start to be accountable.

And they start to see the change. And so that would be — there will be periods in there where you are naturally going to get more pushback, and the ones that are going to throw you off are the ones that you didn't see coming, from the person that you thought was semi on your team, or at best — at worst, neutral, who stands up and says — which I had happen to me at a very high level in a company with one of the people who was supposedly sponsoring the whole thing, that white men are becoming an endangered species around here, in an organization that was proba-bly 78% white men.

So I've seen the obstacles many times. The obstacle I'm most concerned about right now is ac-tually overall burnout for everybody. We're seeing even the champions of these efforts just say-ing, I just need a little bit of a break, like I can't do the next new thing, I can't push the rock up the hill this morning, because I wake up every morning, I see it, I'm there, but I just — the overall level of burnout for new stuff is actually my greatest fear about slowing down. But I keep reminding myself, maybe I just need to give some people some space for a while, and let them slow down. Because if you keep pushing them, it's not going to work. But that's the big-gest obstacle I see right now.

ALAN: I'll share a story of my own, which is, so in the investment world, and like in the orches-tra field we talk a lot about these highly specialized orchestra musician roles, and how tough it is to change representation there. It's true in investments, the investment world is like people expect a certain background, and a certain amount of experience. And so as a leader of an in-vestment team, like I face this question of like, how could I diversify the people that were — worked for me.

And you know, especially when I — I promoted and advanced the careers of a lot of women in particular, and so we were really proud to get to like the majority of the senior women on the index investments team at BlackRock are women, which is really, really cool. And — but what I will tell you, on the way to getting there, when I started moving people around to give them new responsibilities and expanded their jobs, and people — I started getting phone calls from senior people saying, "Well, but this client really likes this guy who's no longer responsible for this. And why are you upsetting the apple cart? And I'm worried about my client, and I'm wor-ried about what that looks like."

You know, you have to remind people of what we're trying to move toward, which is accelerat-ing talent and moving toward a goal. And you have to say no time is perfect, and you have to stand your ground. But it is — and change requires that. It just requires people saying, I can't change everything at once, like I can't sit here and tell you that all of the investment teams at BlackRock are equally diverse, they're not. We're making progress on that. But you can start where you are, and start, and have a plan, and bet on talented people that change the game. And then you have to have the courage to stick with it when the resistance comes.

Because resistance is about change more than anything. It's — primarily. Anyhow, that's — so I think there's something in that. But you know, you could look at the demographics of things in a lot of technical roles in a lot of industries, and be discouraged, but I don't think that's the right answer. I think the right answer is push forward, be creative, claim success in pockets, and cele-brate that, is to me the way to move forward.

Now, a lot of people — one of the questions for us is, in a — because — and you've all got ex-perience with both nonprofit and for profit. You know, in a corporation, a CEO can make a statement, can push people from a pay and promotion point of view to like — maybe to — I mean, behavior's behavior, but that they have more authority over sort of the direction of travel, and —

JONATHAN: Probably more tools.

ALAN: And this group is dealing with multiple bodies that have to get aligned on these things. So can you talk a little bit about influencing when it's multiple groups that sort of have to come to the table, and how do you think about that? How do you think about — ?

ANNA: I actually believe in a nonprofit environment, which I think most of this audience works in, right? Whether through your boards or through these organizations. That same commitment actually does work regardless of how we say it's different. I have seen in my own boards, start-ing at the board level and the executive team level, if there is intentionality and there is clarity of what is that north star, or what are the goals, and you hold people accountable for that, it will happen really fast.

I think one of the pathways in companies as to how they drive any strategic initiative, including EDI, is to tie rewards to performance, right? That is one of the pathways used in most commer-cial entities. And it is fascinating to see how quickly someone, right? When you tell them it is important that you have more diversity, or you have x, and x percentage of your comp or your bonus or your raise is tied to that — again, earlier in my career, being a purist, I actually did not like that. I actually — you know, that still makes me very uncomfortable as a person, because I want the person to do the work because they believe — genuinely believe in it.

But sometimes for some of the segments of our workforce, that is the — both the stick and the hammer, that is most important. So I do believe, right, processes and systems that can link the results to the behavior are effective. I have seen amazing progress by boards, nonprofit boards, where if they choose to make their board diverse, they will get there in very quick cycles. And in fact, it can happen more quickly in nonprofit than in the commercial world, because of the way board terms work, for example, right? In public company boards. So I guess Alan, I'm say-ing that, yes, maybe it is different than corporate, but I do believe that actually in the nonprofit world there could be pathways to even accelerate that because of the nature of what you have.

But you do have to have that intentionality, and we do have to have clarity of what are the goals, right? I think this big boil the ocean doesn't work for most organizations, right? Because every organization is a bit different. And every organization, every board, every executive team, has to set a set of goals that is applicable to what you are trying to achieve. And have that be something that actually is achievable, right? It can't be so idealistic that no one can feel what good looks like. And then being able to make steps towards the — towards even more. But you've got to be able to step it — you know, show that progress.

JONATHAN: You know, for me the best analog was, you know, five years of working in administration, and putting people in these senior roles who are going in and running agencies of anywhere to fifty to hundreds of thousands of people, and they can't change the conversation system, the feedback system is kind of broken. They can't fire anybody. And everybody there is going to see five versions of them over a 40 year career, so they know they can wait them out.

So the only thing you have left is inspiration, right? Because fear doesn't even work because they'll just wait. And so you would see — it's really interesting, you would see people come from all different sectors, and you'd see who really could lead. Not by charging ahead, by whether people are following them was the metric when they ran out. But the point is, seeing how people inspired folks, they were — the couple of things they had is they had a point of view, they were very clear about what they wanted, but then they invited those people in to solve the problem of how to get there.

They let them make business decisions over time about how they were going to get some place. And the way I see that play out in this work is a lot of times we're trying to faith this conversa-tion hire by hire, for instance. You can't have it at that level, you need to have it at a level where, over a five year period, you're going to hire many people, and you all sit down and say, hey, what do we want this to look like at the end, and then let's start making some decisions about how we're going to get there, so that you're making those decisions, and making — and allowing people who are going to have to make these decisions into the solution, as opposed to just telling them, hey, you got to go do this with this one hire.

I just don't think that works if you want to inspire people at all. But here's the thing, if you're going to do that, this is what — another thing I learned the hard way. If you're incentivizing people on the upside, that's a really good thing. You know, giving people rewards. Your great-est reward by a leader — as a leader is usually not compensation. There's something called a leadership shadow, which is like what you do more than what you say casts a long shadow. So once you give your attention to who you reward verbally, who you kind of engage more fully, and who you don't, the things you do more than the things you say have a much larger shadow than the words you leave behind.

But what you also have to be prepared for is what happens when somebody visibly goes against this. What am I going to do? Because that's when people are really going to question, all right, let me see what happens here if this person is renowned in their space, one of the top x's, a high producer in our former world. Are you really going to hold their feet to the fire, and maybe pe-nalize them, and maybe even potentially let them go? Are you really going to — when you might suffer a little bit, are you going to stand by your principles?

And you need to prepare for that moment, because it's going to come. And everybody's going to watch your reaction very quickly. And if you hesitate for even a little bit, they're going to think there are two sets of rules. And so you literally need to play that out in your mind, how am I going to manage to the left side of the distribution, the people who are not — even when some of them is — are particularly valuable to us in one way or another. Because it's going to hap-pen.

ANNA: I think what you're hearing between the two of us, right? I don't — well, maybe on the surface it sounds like it's conflicting, but I think it is — it's not, because we're saying these are all systems, right? And every piece of that system and these processes actually have to be in synch around — it's not the one thing, right? And it depends on the culture of your orchestra and the organization, and which aspects that are going to work, right? And the nature. And the size and scale also makes a difference, right? Tenure makes a difference. Just the culture, so to speak, of the organization all make a difference in terms of driving the change.

ALAN: So one more question for me, then I want to open it up, and we really want to get your specific questions on problems that — and I've heard from a lot of you, like things that you're — so think about this, because I know people are dealing with boards are not on — behind you, or your community's — some of your patrons are not there, or you're worried about this, or you're worried about — we really want to hear what those are, and see if any of our experiences can help you.

So we're coming to that. We gave an award to Simon's predecessor, Jessie Rosen yesterday, and one of the things he said in his acceptance speech was that we really need to listen to younger people in our lives, and if we want to be relevant to the future, another really inspiring session I attended during this conference was Ravita [?] talking about like the future, and we need to be futurists, and we need to think about the future, and we want our field to be relevant to the future. And so can you talk a little bit about how — I know both of you believe powerful-ly in this, but can you just say a little bit about why EDI matters so much about the future of an-ything, anything that you're — anything you care about?

ANNA: I'll share it from two perspectives. One, Alan knows I have a 21 year old who just grad-uated from college. So I get to live the world through her in some ways, right? And what's im-portant to her and her friends. She grew up in the Bay area, went to college on the east coast. So I see, right, how they interact. I see how global a perspective. And I see, frankly, what technolo-gy has allowed them to do. And many of her friends, while not her, are actually trained classic musicians, yet they — their world is not so immersed in it as maybe the generation before, right?

Because they want more than that. So that future and their belief of voice and their strength go-ing into, I'll say the workforce, very different than when I graduated from college, right? We very, very much view that their voice should count. It doesn't matter that she has 30 years less experience than her boss, or her new boss will be. And I do think when we think about it in the audiences, not only in the work place, but in the audiences, and then you think about social me-dia, right? So much — think about how we curate what is good now. It is not by, you know — by that one music critic. It is by what the public perceives is good.;

We might disagree with that, there's enough people that say that, right? That is a heavier voice. So when I think about that this generation of the future, and what — how they decide, how they curate, how they pick, how they spend their time and money, a completely different set of fac-tors than myself, right? As a middle age female. And so I think if we don't respond to that — and I see that in the work place. I see that in — when I put on my Deloitte hat, I see our younger folks, right? They want to innovate more. They don't want to have something so baked for them, and they just go and execute, and as a person that does the execution of the work.

They want to know that they actually helped co-create. They want their name on it in fact, right? They want to be at that meeting, no longer as a, oh, you can't get to sit in a board meeting until you're this senior as a person. They can't wait 20 years before they get to that, right? They want it today. And I think all the statistics, all of the studies of demographics, all the studies of consumers show that. And if as organizations we don't actually respond to that, we risk losing those individuals even faster.

Coming into the room, we were talking about attrition in the work place, and in the workforce. And that's actually real, right? The turn of people in the work place, even for companies that are long tenured, right? In terms of their culture, we can't hide from that, and I think that is a reflection of what this future generation wants in their life experiences. They're not going to be — I've been at my firm 30 plus years, Alan's the same. You've moved around a bit, but staying in a space. I don't think that's going to be my daughter's future at all, right? She's going to pop around, she's going to go big company, small company, big — live in big cities, small cities.

So the way they experience will be very different. And I don't think we're quite ready for that. Actually, our systems and our processes in society and work place is set up actually for people to be in one place a little bit longer, right? To anchor a little bit more. But I think all of us will actually have a different mindset. So I think organizations need to be ahead of that quite a bit as we think about whether programs, whether relationships with our donors, right? They're not go-ing to stay in San Francisco and be a donor to the orchestra or the symphony locally for dec-ades, because they're not going to be living here for decades, right?

JONATHAN: Yeah, I would say just — so I think this is a — generationally, I think we have over studied the millennial generation and understudied Gen Z.

ANNA: Yes.

JONATHAN: Those two groups, however, make up, you know, 60-70% of most people's work forces these days. And they do have a different — they have a more aligned view on these top-ics probably than most. But I would — Gen Z would be the one I would focus on, just because one of the things that's really interesting about that group of people, and you've seen this play out, they have this really high conviction rate. Now, they think we're all part of the problem, so they look at us and they say we caused the climate problem, we caused these race problems, we caused these community based problems.

And I just read a study that was done for a really big consumer products company on this generation. 78% of them are concerned about the future, but 83% are okay with it because they're going to be the solution. Like, you don't normally see 78% of a population being concerned about something but also convinced they can kind of solve it. That's a very unusual dataset. But the other thing about them, and this is I think important from a consumer perspective, which kind of how you have to think about this, is their conviction rates are very, very high. They put their money where their mouth is, which is a little bit different than probably my Generation X and probably Generation Y.

They vote at higher rates, they are the ones driving kind of cancel — but more on a values basis. And they literally believe that community identity comes from values. They think your values are how you organize. And so the US already has birth rates that are majority mixed, and has for years. It's a group of people that when you ask them about their friends and say, well is your friend Black or white, they'll be like, “Why do you even care? Why do you even ask?” The point is, the consumer population that is much larger than their parent — their older brothers and sisters or parents is changing very, very quickly.

But — and the sense is that they will be — they will vote with their dollars and their feet more than maybe — any generation since the greatest generation that fought World War II literally.

ALAN: So who’s got a question for these guys? And if you could use the mic, that would be great. Thank you. Is it on?

FEMALE VOICE: It’s okay, I’m a singer.

ALAN: Excellent, you can project.

FEMALE VOICE: So I have a question about safeguarding failure for people that are coming into organizations that are mostly white. I was watching Marin Alsop’s documentary, and she talks about that when you’re only given one opportunity you can’t fail. And so then you start to play it safe and not take risks, and we all know we need to take risks, especially in business, to move forward. But what are some I guess things you’ve seen that have worked that help make people feel like they can really fail, and it’s okay?

Because I grew up as a musician, now I’m an administrator, and that perfectionist thing is really hard to shake. And I feel like only in this decade of my life have I figured out that like it’s going to be fine if I fail, but I certainly didn’t feel that, you know, at entry level, at mid-level even, that I could fail. And I kind of wish I could have trusted — but yeah, I guess just what are some things you've seen in the corporate side that have been helpful for employees?

ALAN: I'm so glad you brought up the Marin Alsop example. So she became — she's out lesbi-an conductor of the Baltimore Symphony, and the first few years were pretty tough around like being challenged by different constituencies in that ecosystem around her ability to succeed. So senior diverse leader in a high profile — it's a great question, because it happens everywhere, corporate, nonprofit, like — so what have you guys seen work to support people in those situa-tions, and set it up for success?

JONATHAN: Yeah, I think — well, first it starts before you hire the person. So language mat-ters a lot. And you'll hear, well, I don't know if we can take a risk on this person. What exactly do you mean by that? Or people talking about somebody as a diversity candidate. What do — they reduce the person down to one variable. So setting those conditions, and being careful about the conversation upfront, and the team that you're going to build. The second thing, which is hard to do, because it requires you to bunch your hiring, but if you look at what people have done at the academic level, the two and four year college level, there's an organization called Posse, that's been one of the organizations to kind of crack the code.

They didn't match students from inner city Milwaukee or Chicago with my alma mater, Con-necticut College [?]. They matched eight students from the inner city in Chicago and Milwau-kee and had them come in as a group, so there was kind of a peer group. You can do that with your existing employees. So giving people a support base, and a safe space when they arrive. Being very intentional about their on boarding. And you have to watch very carefully for peo-ple's conversations, because people will take a first — and if they're not successful in a tradi-tional sense, they will then say, see, the experiment has failed.

Whereas they would not evaluate the person who is part of a dominant group who has failed and many have in the same way. And so the upfront planning and thought about it, the building the conditions for the person to be successful, making sure that they have mentors and supporters who are maybe of the group but also not of their group, being very intentional in the early stag-es, and helping them to be successful, and echoing — amplifying their successes in little small ways as they build momentum, and sponsoring them. You have to do all of that, because it real-ly — unfortunately that first person does have a lot to carry.

The last thing is, women and people of color in the work place get tapped to do a lot of things in the work place that they don't get paid for, including talk about these issues and help recruit other people and stuff like that. You need to try to help that person not do as many of those things in the first couple years while they're — so do them for them, right? Especially if you're a member of a different group.

ANNA: Yeah, just building on that. It's interesting, for a period of time if you were tracking women CEOs of big public companies, there was this pattern. They were getting appointed CEOs, but they were only — they were the ones that were like the last ones, right? These com-panies that they were becoming CEOs of had already been troubled for a while.

JONATHAN: Crises, yeah.

ANNA: Right, crisis. And so when they failed, it became a publicly, oh, well it was a personal failure. But the companies they were picked to be involved with were already on a pathway of very high likelihood of failure, right? So —

JONATHAN: And when they succeed, I think they got replaced by a white man.

ANNA: Exactly, and when they succeeded, it wasn't the individual, it was the organization. And I think many of us feel that actually, right? In our work sometimes, right? That somehow for women and people of color, when it is success, it is because of others in the organization, but when it's failure it's because I wasn't a good enough leader. So I think if you are responsible for your organization, you have to build an organization that actually is aware that those are the natural dynamics of how people look at success and failure, and make sure you're not creating that, right?

Why is it if I actually did something that wasn't as perfect, that then is my defining moment, but my white male colleagues seem to have so much more latitude around that? Because if their client didn't do as well, it was because the client was going through something, not because they weren't as good a leader as me. And that is very deep in organizations in the psyche some-how, right? And so I think as leaders we have to create that environment where we are saying no to that. We have to raise that question.

I'll use a very clear example. So like many financial services in my industry, it's a very heavy apprentice model traditionally. You know, there's a lot of recruiting, people come right out of college, probably very similar, right, to most of the symphonies. And then you work your way up, and there's ladders, right? It's a ladder, it's a pyramid. And so our industry continues to — while we've done and made much progress, there's been this continued pattern of, why is then when people get promoted, one of the big milestones is when you can become and be invited to the partnership? Because these are large private companies in the big four.

Why is it that then there were so fewer women and fewer diverse people? For a while, the conversation, and it still is, is, well, you know, there's less qualified people. I've been calling time out to the employers. I said, time out, did you not — do we not all have big recruiting machines, and did we not require — hire the best when you started this 10, 15 years ago? Who owns the success? If it was a diverse pool, why did you not track the same a decade and a half later on the advancement of those individuals, and who owned that? Did you not train us, did you not give us the right assignments, did you not give us the platform? Was it all the individual?

And why is it then, even if it is the individual, why did you have a segment of the workforce perform less well than another segment, and who owns that? So I think there is this discussion, and if your organization has a similar pattern, then you have to ask, who owns that? Especially if it's a tenured, long term career pathway model. And it cannot be all the individual, right? The individual actually trusted the organization to develop them at the same pace as somebody that didn't look like them. So why did a segment of the pool actually perform differently?

I think companies are getting a bit more sophisticated on understanding that and looking at it, so it's not that one thing, right? That one failure, that one assignment, that one performance. And really challenging the systems. And that is why, back to the earlier comment Jonathan made about, you know, you don't always see these actions, because these are embedded in large pro-cess systems on evaluation processes, how people are perceived, what roles are given in compa-nies. And each of them build on each other, so —

ALAN: I know we're getting close to time. Can we maybe get one more question from some-one? Thank you.

FEMALE VOICE: Thank you. I'd like to go back to Jonathan's comments on people who op-pose your work. And when you have someone who is very publicly and adamantly opposing the work, for instance, your union steward, and they point to the contract and say there's nothing you can do to me. How do you deal with that dynamic?

JONATHAN: So, I just want to make sure I heard you. You're talking about union or boards?

FEMALE VOICE: So as a member of the orchestra who is also our union steward. And when we have anti-racism training, and people say, what happens if I make a mistake, right? They're legitimately a little scared. What happens if I make a mistake? Before the trainer could even answer, she pulled out the clause in the contract and said there's nothing they can do to you if you say something racist. Like that's the level of opposition that she brings to the table.

JONATHAN: Yeah. So it's funny, we were just having this conversation with a CEO two days ago, because they were going to be in front of a bunch of people and they thought someone might have a very counter view as to what do they do in that instance. And then the CEO was like, "Well, should I make my argument very swiftly? Should I —" And we said no, you should stop and say, well tell me more about that and like actually engage the person in front of every-one. The reason why is, because in a group of people, and this isn't just — and let's take us out-side of a union contract because that's kind of a little bit binding, but this is going to happen in many different forms in many different ways.

And when somebody takes you on in a room and opposes your view, there are other people who agree with that person. And up until that point, probably if you have a conversation like this they were half listening, but now they're listening very, very carefully to what you say next. So it's actually an opportunity to influence people who otherwise probably weren't listening. But also you cannot became what you beheld. It's like First Amendment rights, which aren't about me speaking what I want to speak. I have to respect her ability to — her choice to have a differ-ent point of view, and her ability as long as we're having an adult conversation [UNINTEL] have you.

And so the first reflexive thing to do if you're in this situation is to engage a person and actually try to understand their position. We were preparing for somebody that was going to say some-thing about a specific community because they — this person tends to do that in public forums in front of the CEO. And we were going to talk — and so we gave him a series of questions to ask. And then we talked about kind of what — because that person is probably coming from some place of fear or concern of their own. And acknowledging that, but also understand that how, if they're going to manage to lead other people, if somebody was a member of that group that heard you say that, how would they feel about whether you're going to give them a fair shot.

So try to turn it into a conversation. However, you have to eventually say you don't agree. And that is I think one of the things that we talked a little bit about beforehand, that I will just say in a heightened world such as the one we're in now, where the stakes are higher, and people are more vocal on all sides of these issues, it's actually a time for greater authenticity and con-sistency. So you have to prepare yourself that people are going to disagree with you, and you're going to have to disagree with them in public sometimes. And it — so it means that not every-body's going to like what you have to say.

But there's a funny thing hat goes in the psychology of voters and consumers and everything else. When you stand your ground, the people who are with you are more with you, they're more loyal. And when you stand your ground consistently, some of the people who aren't with you respect you more. And candidly, that's the path forward. So you, one — or sorry, the other thing I would just say, and this is going to sound really sophomoric, but it literally is helpful, is — and Alan's probably heard this before back in the old days, but you know, when a profes-sional athlete, maybe even performers, I don't know, I'm not a performer, I was more of an ath-lete.

But the night before a competition, they visualize the competition in advance. They think about the things that are happening. And what they're doing is they're building muscle memory for something they actually haven't done because they want to react faster. These things happen very fast. And so my former boss at BlackRock, and I used to, when we would read something in the paper, we would call each other and give ourselves like eight to ten minutes to figure out what we would do, over and over and over again if it had been our employee, just to practice.

So as a leader and a manager, if these things are likely to happen, you actually want to sit ahead of time and say, okay, if somebody says something like this, what are the different ways I can approach this. When you hear from somebody else something happens, take that same ap-proach. If you have a leadership team and it's going to happen to you as a group, literally — which we have done with leadership teams, put them through the same exercise. Give them 10 minutes to decide, should we say something, what would we say, who would say it, and when would we say it. And you'll see that it takes a little while to build the muscle memory. But those are just a handful of suggestions.

FEMALE VOICE: Thanks very much.

ALAN: I know — I can tell from Karen that we're at time. But thank you for your attention, and please join me in thanking Jonathan and Anna for their participation in our session, and we hope that this was helpful. Our intent is really to empower you as leaders of change in EDI, and we know it's not easy, and we know there's a sense of urgency, and we also know that change doesn't happen instantaneously. So as much as we want it to be a sprint, it's really a marathon. And we have to do it together, back to forward, together, is the only way that we're really going to make the change that we want to see. So thank you. Please thank me in joining Jonathan and Anna.

[APPLAUSE]

KAREN: Thank you so much to our panelists, and wonderful questions from the audience. The good news is I actually got the timing wrong, and we have another 15 minutes. So I hope that's good news to everyone, because the quality of the questions coming from the audience was fan-tastic. So I'd love to encourage people to stay for another few minutes, and continue the conver-sation if that's okay with you.

ALAN: It's fine with us.

KAREN: Thank you.

ALAN: Yeah, so another question. Is there another question? Anybody? Yes. So this gentleman and then you Erin, please. Okay.

MALE VOICE: So good morning. Thank you for the amazing conversation. I think my question is really around systems change, and how to try to drive systems change, partnering with corpo-rations. And I know in this conversation we talked about, two years ago, there were corporations all across the world that were making statements around DEI and what they were — the action-able steps that folks were going to take. So I am — my organization right now is in the process of building out a cross sectoral group, really with an emphasis as an eight year initiative to try to and drive both diversity, increase diversity, and increase wages in Los Angeles. And making sure those two things are moving in tandem.

So my question for you is, as we are thinking -- we're assembling a cross sectoral group, think-ing about criteria for corporate partners. What would you — you know, the vision of this initia-tive is really to drive 10,000 youth and adults from underrepresented communities into the LA creative economy with the understanding that our LA creative economy is not diverse. About three-fifths of the arts nonprofit field self-identifies as white. Wages, entry level wages for arts nonprofits are about $43,000 per year currently, $33,000 if you're BIPOC.

Think about those numbers in a city that is struggling with the affordability housing issue. It's really pushing — making it impossible for folks who are of diverse background or of low in-come background or, you know, various backgrounds to try and enter the field and stay in the field. So just thinking about criteria for corporate partnership around this issue.

JONATHAN: I have a strong view on this one, which is — just because it was one of the things that you learn really quickly at the White House, is the fastest thing you can do is convene peo-ple and get them to do the work. And so I think for when you're going across sectors like that, I think it's important to do a couple of things. The first is you're going to want to map what are the different pathways up the mountain that we can have. And then, have we thought about eve-ry single stage, and what we can do to mitigate those pinch points, right? Where people fall off, right?

And in a traditional recruiting cycle, for instance, people do a lot of work, and it tends to fall off at the decision level. So they'll get more diverse people in a pool, they'll have a slight require-ment, they'll interview more people, they'll have diverse panels, and then people won't hire. So you have a similar, you know, kind of pipeline that you're going to try to create. Understanding that pipeline, and then I would — my strong recommendation was, whatever you can do upfront to understand that pipeline, articulate it, and then have data around it so that there's no debate about that, because when you get multi-sectors together, they all look at it from their view, and they debate the thing that's a problem for them.

And they're all talking about separate things, and it's really hard to get them — so getting a foundation of, here's our theory of change, and let's like agree on the data or what the issues are, and try to get that out of the way. And then the second thing is, the other reason it's very hard is because people come at this differently, is to [UNINTEL] what the outcome metrics are. So I would make that a first part of the conversation. And candidly, getting more people to agree to fewer metrics is the better way to go. Like you can't — you start smaller, and you can collect data and add more metrics later, but if you can get a whole bunch of people who look at things differently to just agree on one or two things in common, now you have like a shared di-rection and a shared belief of like how you're going to approach this.

And then you can start all of the other stuff that you would have already thought of. But ground-ing in like some shared sense of the problem we're trying to solve and one or two things we're all going to say is a success is — it sounds really easy, it's hard, but you need to do that heavy lifting upfront to make your work efficient and actually get everybody aligned. Because they're not always going to agree, but they have to decide periodically together and keep moving.

ANNA: And I wasn't clear from your organizational construct, when you say corporate partners, what that means. I'm assuming you mean companies that either sign on or want to give you money to do the work, is that correct?

MALE VOICE: No, we're really talking about corporate steering committee members. So we're establishing a round table of cross sectoral leadership. So it's not just a sponsorship investment of the overall initiative, it's really actually bringing a partner to the decision making table so that they can help agree on, you know, what the metrics are for this overall initiative, and help us actually drive the implementation of this.

ANNA: So ultimately they're — you're trying to say the company is going to own whatever the outcome is, right?

MALE VOICE: Exactly.

ANNA: So then I definitely would say what Jonathan -- echo what Jonathan would say, right? I think in some ways you do have to keep it simple. And part of it is because companies also change leaders all the time. So it has to be something that as — whoever's on your council now, three years from now may not even be with that organization. So it has to be at a place where it's visible enough within the company, it's institutionalized, there's this long term commit-ment. So I'd make sure you get that, because it should not be tied to just that individual that happens to sit on your council.

And I see that quite often, right? I see that in [UNINTEL] and maybe some of you see that, right? If someone changes, and if we didn't have a deep enough organization, somehow their commitment is not the same. So you want to, if you have a very long view of eight plus years, you want to make sure that you are thinking through that. And it's not about an individual pas-sion. And then coupled with the metrics approach that Jonathan said.

JONATHAN: And the other thing I would say, just to add — you know, thinking about their interests, and they may have different interests, but I'm going to make a couple of assumptions, which is the more you can do also to find ways throughout the engagement of the project, and the effort, to give them things that they can use to communicate internally to their employees or their external constituencies early, signs of progress. Ideally with human stories behind them. Like you'd be surprised how much those things work, especially in corporate settings.

But remember, and you want to find this out over time, but they probably, again, like most peo-ple have these internal constituencies as well as external, and the more they can talk earlier about the things they're doing that make those people think they've chosen the right place to work, that has real return for them. And so that's a part of the equities that has, again, shifted a little bit. So the more you can make yourselves available, stories available, the people available, whatever, and earlier, the better.

MALE VOICE: Thank you.

ALAN: Thanks for the question.

MALE VOICE: First, I just want to thank you all on the panel for being here today, especially this early. And the commitment to share your experiences, which are incredibly valuable to us. My question, comment, is a bit complicated. I guess the core is, I wanted to hear your com-ments on transforming traditions as it relates from the for profit and nonprofit from your van-tage point. Understanding that the value propositions are completely different. For profit, the driver one might say is revenue generation and profit. In the not profit, especially in terms of orchestras, it's a more vague term of excellence.

And our customer base is completely different. You mentioned Gen Z, nine to twenty four year olds, that's great. But for our industry, that's not the audience. In terms of donor base it's gener-ally Gen Z and Boomers Two, second group of Boomers. And our structures in terms of the ma-jor diversity challenge for our industry, which is on stage diversity, is challenging because it's not transitory. You get a job in the LA Phil, you're not leaving for 20, 30 years typically.

And so the structures are much less fluid. And so I'm curious, as we think about transforming traditions, tradition is a good thing, it provides cultural currency and confidence, but the tradi-tions in our industry are based on, again, vague concepts of meritocracy, which I always laugh at, because orchestra musicians do not re-audition every year. It's not like the NBA or the NFL where you have to prove your merit regularly. Does not happen, yet we use that term as a shield for change. So I'm curious, given those differences, how you would respond around transform-ing tradition.

ANNA: Yeah, it's interesting. I didn't realize I guess that there was less mobility between the musicians over time, because orchestra leaders, right, tend to — the conductors tend to move around, right? Between — they don't stay in one place for 40 years.

MALE VOICE: Well, they do a different thing that in for profit. They actually freelance. So I may have a contract, instead of George Zell [?] who was there for generally 40 weeks of the 52, now you have most main conductors less than 20 weeks, 15 weeks in their home orchestra, and they're guest conducting all over the place. So they're allowed to be transitory and musicians are not.

ANNA: But isn't — I guess a question I would turn back, I mean, with the changing de-mographics, and those are true demographics, unless you tell me that musicians actually are completely different in that mindset, the fact that it is a 40 year career in one place in one role, that in itself seems like it would become a barrier to attract people into the, I'll use the word profession, right? Is that what you are seeing currently?

MALE VOICE: Well, and I want to amend my previous comment in terms of transitoriness, be-cause musicians who are at for service orchestras certainly are driving for dollars, as we like to say. But in terms of the major orchestras, once you land that plum job in the top five, top ten, you're not going anywhere.

ANNA: You're not going anywhere.

MALE VOICE: Or at least the incentives are, and the expectation and the culture is you're done. And so — but to your question, change — I'm sorry, I missed — I've forgotten your last comment.

ANNA: Just about — isn't it a barrier, then, the fact that there's this expectation that you stay in one place for so long for just even attracting people into deciding this is a career journey or path for them?

MALE VOICE: Yes, so there is competition from other — just inside the music sector that would say to you, why don't you come to Los Angeles and play on TV shows and movies and do things that would allow you a bit more flexibility. So we lose some of our talent to that. But if you've studied orchestral instruments since the age of five or ten, and you're going through that whole system, by the time you're 23, and you're graduating out of your graduate school, conservatory, what have you, you're on a track. And that track is very — has strong appeal to follow this model.

And then you land your job, and there's very little freedom as a — what was it, 90 studies said that orchestra musician's job satisfaction ranked just a little bit above prison guards in terms of freedom in their job. So when you describe your daughter, and her desire to have control, that ain't happening in orchestras.

ANNA: Which is probably why none of her friends that studied, while they didn't go to the conservatory, and one of her best friends actually is a very accomplished musician, and actually potentially was thinking of going to NYU for music, and chose not to in that generation, right? And so —

MALE VOICE: But you're — at the same time, you're right, there are many musicians — I teach at the Juilliard School, so I see a lot of people go right into major orchestras, but they're coming in already understanding their brand. So the Gen Z's are not only performing, they're creating Instagram brands, they're starting separate side businesses that give them the freedom and fulfillment. But in terms of transforming the traditions of this industry so that it welcomes more diversity, as my colleague mentioned earlier, we hold on to things like, well the CBA and — will this diversity hurt our excellence? These are the racist tropes that persist in our field. So I'm curious your reactions, looking from the for profit side, and the public governmental sector side, how to transform these traditions, and any thoughts on that.

ANNA: Well, first I think you have to — you just mentioned one, right? You have to call it. People have to understand that those are barriers, and a lot of work is done around that. And companies are doing, as an example, a lot of work around, whether it's practices, language, that was talked about earlier as very important. So I think, one, you've got to get to an agreement that those are some of these just subtle barriers first, and then accept that.

And then driving this transformation, it's true, in corporate the markets determine, right? If we don't adapt, we're not going to be able to get the best people into big corporates, and that's ac-tually one of the dynamics now. Does this younger workforce, they want to go to a startup, more entrepreneurial organizations, or they want to go to companies like BlackRock and Deloitte, where we do have very — still, right, more structured apprentice model pathways.

And so what you see in our organizations is we're trying to have alternatives. It's not one model of advancement, it's multiple models, it's a more customized depending on what is going on in the person. And I guess I would ask, you know, in the orchestra world, can you not offer alterna-tives? Why does it have to be one model?

ALAN: So I hate to cut this off, but Jonathan, I want to get you in there, and then we need to wrap.

JONATHAN: Okay, so just really — a couple quick things, which are going to seem a little bit contradictory, and I'll try to make them not, which is — the first is, you know, when you're changing tradition, right? I think of culture, habit over time. You can't come in perpendicular, you have to kind of like work within it, and usually co-opt the language and then start to evolve it a little bit, right? I'll give you an example really quickly from BlackRock. We used to always say it, we want to be one BlackRock, right? Which is like about being one big organization, but kind of making it easy for the customer to see us as one person they interact with.

We started talking about that as being, but we're also recognizing that there are 16,000 ones who work here, and we celebrate them too, right? So we take the first part, which everybody uses all the time, right? Another — but another example is, if people are — you said a meritoc-racy, which is a fallacy in the human domain because we have so many biases. But if somebody said a meritocracy, which the corporate world uses all the time, you have to say, okay, well in order for this to be meritocratic, here are the four papers that explained how you de-bias a sys-tem, let's go make it meritocratic.

So if everybody wants to be -- wants to talk about a meritocracy, great. Let's do the system that people who spent their life studying this actually say translates to a meritocracy, and that will de-bias your processes quite a bit. So operating within the system, co-opting the language, and kind of using it. But the last thing is you have to -- at some point, because it takes a long time, you have to be honest about how long it's going to take. But you also have to decide for your-self that you have — you want to own the reason why you're doing this, you — and then you have to persist, and you have to persist for quite some time.

Because it does take a long time. For all the reasons you're talking about. Your ability to change the people on this stage is going to be slow. And so there's a certain amount of persis-tence that you have to have, which is why you have to kind of state your purpose, build a system ideally that gets you there, and then just stick with it.

ANNA: Yeah, I think this intention and belief that the future will be different, right? If your constituents believe the future is going to be exactly like it is today, then there is no motivation to change, right? So —

MALE VOICE: Thank you.

ALAN: Thank you for the question. Thank you for your engagement, and let's operate with that persistence.

[APPLAUSE]

KAREN: Thank you so much to Alan. Thank you to Anna and to Jonathan. And thank you again to our friends from Accepted. There's coffee available in the exhibit hall on level two.

[OFF-MIC CONVERSATION]

DAVID MELINE: Okay folks, so I'm trying to figure out how to do this. We're not quite — we're too big to fit around one table, but it feels like a little spread to have a discussion. So let me just comment as to what we've tried to prepare, and I'm sure that many or all of you have been in this meetings before. I have not, so your assistance will be helpful to know how best to conduct the meeting. But — so what we did is we tried to prepare a few financially oriented questions with the intention to use those to get a discussion going of common experience and items of interest to this group with an understanding this is a not a teach-in, this is a group dis-cussion. Is that an accurate understanding? I just arrived in town this morning, so last night, yeah. So I missed all the other consistency meetings, so —

MALE VOICE: Would you mind introducing yourself?

DAVID: Yeah, let me do that. So my name is David Meline. I'm the finance committee chair for the Los Angeles Philharmonic. My day job, which I was telling the people in the last session, I tried to give up a few weeks ago and failed on that. So my day job, I'm the CFO of Moderna, which you might have heard of. We do vaccines.

And I've been doing that for a couple of years as we built the company. And so anyway, I tried to retire three weeks ago and my successor came, and maybe some of you have seen in the newspaper, he came for one day — yeah, you've seen it. Yeah, and then his old company had a problem, so then I'm now the CFO of Moderna again for a while. But I'm working on, you know, some — retirement, yeah.

So anyway, that's who I am. And then I have — I've asked Karen Sturgess to join me to help out. She's my partner in crime, as the finance leader for the LA Phil. So that's what we've got. My understanding, this is board members group, and so if you're okay with it, we would just show you what we prepared and see if that's useful to this group, and you want to take us in an-other direction collectively we're

— I'm happy to course correct, that's — you know, I'm used to pandemics giving us, you know, some course correction over these last couple of years.

So the first thing we thought we could try to address as a group was dealing with changing budgets, which is I think a fairly timely issue, at least for us it has been given the high level of uncertainty that we've all faced in our organizations over these past couple of years. And at least for me, while we hope that that's no longer the case, I think there's still some uncertain-ties, and lots of things that are not well defined yet. So we tried to describe the scenario that we're discussing, and then we thought maybe as a question we could talk about, to get us warmed up a bit, a little bit about the experience that different organizations have had recently with changing budgets.

And you know, how the boards have managed that given that I'm assuming not — we had — we didn't have the ability to land on a single one, and so every time we did a revision it was sort of like starting over at the LA Phil, and I can share with you actually inside of Moderna it looked a bit the same. So at a bigger scale. So I don't know if any — is that a good thing to try to kick off with? Anyone want to comment on their experience or reflections on managing budgets and how it looked from your chair, and thoughts and advice? Anyone? We have one mic here. Yeah.

MALE VOICE: So I'm not in business, but I do have a responsibility for a nonprofit, actually for several nonprofits. And from my perspective, the biggest difference between for profits and not for profits is, as you say, changing budgets influences the decision level. I think for not prof-its it needs to be the opposite direction, that the decisions have to be made, and the budgets have to accommodate rather than doing it the other direction. If we waited for budgets to come around, we'd never get anything done. So I like to think, to the degree it's possible, that you make the decision making process and you have the budget to follow it rather than the other way around.

DAVID: So if I may, then commit the resources in advance, make a decision we're going to proceed with this program or this initiative or this plan for the year, this staffing. And then fig-ure out how to fund that. Is that the idea?

MALE VOICE: That's — yes, that's the broad stroke of it. Obviously you can't do it complete-ly because you'd go belly up, but you certainly — the concept is, where do we need to go, and how do we get there, rather than what have we have and how do we use it.

DAVID: Good.

MALE VOICE: So I would — that's why I thought your last slide would be different from the way I would phrase it.

DAVID: Ah okay, you mean this slide.

MALE VOICE: This slide. Yeah, you say impact the board level decision making.

DAVID: Yeah, okay, good.

MALE VOICE: I look at how does the board decision making change the budget rather than the other way around.

DAVID: Yeah, okay. Reaction to that, or comments to that framing. Yeah?

MALE VOICE: Almost 180 degrees differently, we had a new executive director and a new board chair at the start of the pandemic. And — oh, that's better. At the start of the pandemic, we had a new executive director, a new board chair. And they committed full on to a balanced budget for the first time probably in 10 years. Because we had led with programming and tried to find money rather than the other way around. So through the pandemic we ran balanced budgets, and we very much adapted our programming to the expected funds. So we took a dif-ferent approach.

PAUL CHRISTY: So I just wanted to comment on that last bullet there, which makes me ex-tremely uncomfortable. Paul Christy with the Rogue Valley Symphony. In my pre-retired life, I spent a lot of time with the congressional budget office in Washington, so budgets are really important. Budgets never become outdated. The board merely adapts a new baseline budget and measures to that. So I would posit that it's our job as board members to adapt to changing in-formation, approve a new baseline, and then measure to that until the environment changes again.

DAVID: The reactions to philosophy of management.

MALE VOICE: I have a question [UNINTEL] with the LA Phil. So it's a question following up from Dr. Jaffey's [?] comment. Gustavo Dudamel I'm assuming is largely responsible for the programming that you all did last night. Is that an idea that was fostered by whoever, himself and other artistic family of the LA Phil, and then you found the budget, or the other way around? In other words, did you have a bunch of extra money that —

KAREN STURGESS: No, that's a great question. We look at each season and the funding of it kind of as a portfolio. And Gustavo will have some — maybe two to three passion projects each season. And those are generally more expensive as well. And those become kind of a — the fixed concerts that the programming team then plans around. So the costs are always top of mind, but not — we focus on the art first to a degree. So there were three — probably three pas-sion projects, and then the rest of the programming followed what we could afford to do during the season.

[OFF-MIC CONVERSATION]

KAREN: Yeah, we look five years out. But in terms of programming it's probably two. Two years out.

[OFF-MIC CONVERSATION]

DAVID: No, that's right.

KAREN: That's true.

DAVID: Yeah, my reaction, having been involved with a couple of other organizations before the LA Phil, is my impression is it's very much driven by the creative content and there's al-ways more ambition than funding. And then it becomes a judgment as to how much ambition one can underwrite with, you know, what kind of funding can be identified. I don't know. And you know, there's — that's the difference between distress or not, is if you get that answer right. I think these last couple of years has been quite different than a traditional environment. I don't know, that's my personal impression.

MALE VOICE: It's no fun doing the same thing all the time. There's got to be new goals and new horizons.

DAVID: Sure, sure.

MALE VOICE: You've got to figure out what it takes to make it happen.

DAVID: Yeah.

MALE VOICE: So when you identify the horizons, then you've got to solve for how are we go-ing to make it, how are we going to do it.

DAVID: Sure. Good. Other comments or reflections on this subject?

[OFF-MIC CONVERSATION]

MALE VOICE: Yeah, Bernie and I are both from the Louisiana Philharmonic in New Orleans. I guess the second question would be, who actually comes up with the, we've got to do something new? Bernie said that can be a board driven objective. I think there are some orchestras who would say that the last thing you want is a board that is interfering with your artistic product. So how do you — how does the LA Phil do it? Do you have an artistic committee? How many mu-sicians are on it? Is it driven largely by Gustavo? How does that work? And are finance officers always in the room when they're making programming decisions?

KAREN: It's really driven by Gustavo. And one of the functional departments that we have is artistic programming, and they work hand in hand with Gustavo and his team. When they make programming decisions, finance isn't sitting right there. But we are communicated with about the costs, and again, it's — they look at it as a portfolio for each season, and try to make certain artistic decisions around others and what they can afford. But it is a lot of judgment required. Oftentimes we then have to look at the revenue streams and figure out how we can cover the expenses. If it's not solely through ticket sales, we might launch a certain kind of fundraising initiative to underwrite a certain production, for example.

DAVID: Yeah, maybe I can comment. At the board level, we're conducting right now a fairly lengthy strategic planning process because there were also demands on resources that go beyond not only what Gustavo wants to present, but for example, the youth orchestra, which is, you know, quite a significant commitment on the part of the organization in terms of investment and expense.

And so what we're in the process at the board level working with the management team is look-ing on a longer term basis as to what are those priorities for additional expansion opportunities, and how to prioritize those. And then I think as a second step, you know, what does it take to accomplish that, and at what pace, with the idea of expansion. You know, this is in the context of broadening the footprint for sure. Additional venues, we just took over the Ford Theater last year, which was another venue for the organization.

And there's a bigger question in the air, which is there are a number of venues that are under-written and managed by the county. And you know, not clear as to what their remit is, and what they'd like us — they asked us to take the Ford, because you know, this organization knows how to manage venues, right? So there's a public private partnership, is the way I think of it, that those possibilities continue to develop. And how do we think about that, and the remit of the organization more broadly.

[OFF-MIC CONVERSATION]

DAVID: Repeat that?

FEMALE VOICE: Does the LA Phil own Disney Hall?

DAVID: Do we own the hall? Yes, we do. Yeah. We do not own the Hollywood Bowl, that's — we have a long-term lease arrangement. And — but we do — we did fundraise and built the hall itself, yes. Yeah.

FEMALE VOICE: Thank you. Budgets. I'm not sure if this means just the operating budget. I'm curious, with the properties that LA Phil owns, does it have a capital budget as well? And when you were thinking of expanding or continue to, do you have a development budget that's sepa-rate from your operating budget?

KAREN: We do. We have a separate capital budget. And I guess that — we try to go out five years. And make sure that we are putting in the right capital projects in accordance with the venue requirements just to maintain and refresh the technology. We are looking, for example, at a 10 year bowl vision plan, which is its own project. And we will have a separate development budget to fundraise for that. So outside of our five year cycle and normal capital improvements, we will have a separate initiative. Because fundraising is critical to support it.

DAVID: Okay. Maybe we'll try the other subject. Yeah, you know, this — and it's totally fine if it's a discussion about the LA Phil, that's totally fine. Why don't you go to the next chart? And maybe this gets a little bit to some of the subjects we were touching on around investment in artistic programs. And making decisions about investment. Maybe that's exactly what you're referring to with the programming. I think we're thinking about a little more broadly, as I men-tioned, like the youth orchestra.

You know, is that an artistic program, and how does that fit into budget thinking, or if budget is an offensive word to some, you know, resource management thinking. You know, anyone want to share how they think about it in their organizations? And think about these questions? Please.

MALE VOICE: So when I said program, I didn't mean, you know, the Saturday night's program when someone's actually conducting the orchestra. I mean program — so we at New Orleans are actually developing a process to have a youth orchestra, and I look at that as a program. And so we set our goals at what we try to accomplish, we've set the mission of what we need to get accomplished, and we're now doing the backup to say how we get it funded. So that's what we're doing.

DAVID: Yeah, very good.

MALE VOICE: And we're now having some — you know, looking at ways and who we're go-ing to partner with, and where we're going to be able to get it funded through. So I hope I didn't confuse it by saying program. I didn't mean —

DAVID: No, that's okay. We're just trying to find common language.

MALE VOICE: Yeah. Program is funny, because program means things — means different things in different settings of course.

DAVID: Right, exactly. Yeah.

MALE VOICE: So how do you do it? You've got to obviously look at where the potential re-sources are, and you have to sit — look at where the partnerships are. So much as you would do in business. That very much is a business associated in, you know, a similar process.

DAVID: Yeah, no, that's right. Yeah, and I think different types of programs have different attractiveness in terms of fundraising, right? What we tend to see, of course, is the youth orchestra for various reasons resonates very strongly across a number of dimensions. And therefore, the ability to get support for that is, you know, incredibly strong. And it becomes a kind of decision for the organization as to how much they will want to develop and be good at managing that. Because it's an entirely different endeavor than putting on classical music presentation. And of course, in this case, as some or all of you would know, it's a particular passion of Gustavo's, that helps a lot, right? To prioritize that as an important initiative for the LA Phil. Yeah.

BILL GEDDES: I'm Bill Geddes [?] with the National Symphony, and my dear friend, Bowling Farmer [?] is here. I was president, she's been president more recently than I have. So she makes — she's going to correct my errors here. We really have a laser focus on operational budget. Now, we don't own a hall, we don't — we have almost no capital. No equity assets oth-er than what we've accumulated over the years.

We negotiate with executive director for a budget every year. And we measure him monthly, and how he's doing on that. And at the end of the year, he gets — he and the executive staff get a bonus based on how well they did against budget, P&L. So there's a real strong focus on P&L, because of some old history of the executive director not being forthcoming about what's really going on. And some massive losses. But we're also really interested around new initiatives. We try to put new initiatives into our operating budget.

But sometimes ideas come up during the year that we really want to do something about, and want to pursue. And in those cases, I believe what we have done is taken the activity associated with those new initiatives out of the operating budget that we measure the executive director on, and looked at those separately. But we are still looking at each of those carefully. We are look-ing at, you know, what is the incremental cost, and the incremental revenue that came from each of those new initiatives. And we are — so it's almost like having a separate budget for new initiatives that arise during the year. But we try to put it all in the one operating budget for the year.

DAVID: Good. Any reaction or comments or sharing of — ?

[OFF-MIC CONVERSATION]

MALE VOICE: Orchestras have real short run, long run [UNINTEL] and I'd like you to com-ment on how you deal with this in the business world, right? So we have very tight budgets, we have a very inefficient business model, and we frequently have structural deficits. But we know we have issues that we have to solve for the long run that require investment, right? So we know that there are audience development initiatives that our orchestra must pursue in order to have a future, but we don't have a lot of money in the short run to build them.

And usually there's a curve of payback that doesn't start right away, and so — so applying the toolbox that you use as a corporate CFO, what would you urge orchestras to do to create space for that long run investment? And I'm really not talking about like a hall building campaign, more something like audience development, right?

DAVID: Thank you for the framing. To me, nonprofit and profit is — Karen and I were talking about, it's actually not that different, it's just where you draw the water line. Is it, are you seek-ing to get to zero, are you seeking to get to something positive? But the issues are the same, and I always find the best managers in business are the ones that can deliver on this year's, you know, commitments. And somehow are able to underwrite and create enough space to do new initiatives.

Those are the really capable managers that you then seek to develop and move them up in an organization, because that's a very precious skill to be able to deliver both on the current year, and fund the future. And I — the way you frame it, it sounds exactly the same, which is often-times you can do it small, and of course then you need a longer trajectory than to do the big bang, right? So then you get into, if it's a really compelling opportunity, do you take the risk for investing substantially upfront early with the promise of a, you know, bigger outcome.

But I think it's the same actually. And that's where, for me, it starts with having the right kind of management team in place, and our role as — on a board to select who those people are, and make sure they're operating effectively together, and give them the right level of framing and support and oversight as needed. That's my reaction. I don't know if that gets at your question.

[OFF-MIC CONVERSATION]

DAVID: Yes, that would be — yes. And — but that's not different in business. I worked in the auto business for many years. We had the UAW, and it was always the same, right? Which is, you know, what about now, and me, and not the future, right? Other reflections? Yes, please. Yeah.

MAUREEN BAKA: This is a totally different dimension but something that we reflected on. I'm Maureen Baka [?] from the New Mexico Philharmonic. I'm sure even as a smaller or small organization, we're about a two and a half million dollar budget, about 40 concerts a year, eight major ones, and so forth. So one of the things that — I'm sure we experienced the same thing, and I think I noticed this last year or the year before when I participated in the league confer-ence virtually, of everybody, you know, two years ago, what are we going to do, what's going to happen. Last year we find we've done much better.

I probably — everybody in the room's organization received one or two rounds of PPP and SVOG and so forth. I — a consortium of performing arts organization in New Mexico, we're all having a similar experience, and at the — kind of the — as the federal funding, we're all bene-fitting from, that came to realize that the United States government, and to — the federal gov-ernment for probably the very first time has in an unintended and systematic way invested in its performing arts organizations.

Totally accidental, I think. Well, perhaps not some of the small — the specified ones that toured venues and so forth, but certainly PPP. And I'm not sure, I don't know how many organizations would have survived, how many performing arts organizations would have survived without PPP. You know, certainly our musicians and our staff. One of the things that — a seed that I've tried to plant is, somehow we need to communicate this, I think, to our representatives in Con-gress, to the federal government, and investing in the arts isn't just something that's nice for rich, wealthy, old people, this is a vital part of our economy, of local economy and ultimately the whole country's economy.

I don't know how to get that done. I am not in any way a lobbyist or connected to lobbyists. But I suspect even probably the LA Phil benefitted. Did you guys get PPP also? Yeah, I mean I'm assuming everybody did. And so it made a huge difference for us to be able to provide of course money to our musicians so they're not struggling desperately or having to just give up the field and find something else to do.

But somehow, it seems to me that's an important thing if we're talking about financing, the fi-nances — our responsibility as boards, our budgets, our future, it would be amazing to have some even fraction of that continue into the future as a federal government investment in the United States and in the United States economy through the arts, which are — and there are any number of economic studies that have been done, clearly can demonstrate the arts help to drive the economy of our country. So I mean, that's more of a statement or an observation, I don't know if anybody feels the same. But I just wanted to share that here.

DAVID: Reaction to that? Go ahead.

[OFF-MIC CONVERSATION]

MALE VOICE: [UNINTEL] we have a fiduciary responsibility to be very aware in the coming — is this on? To be very aware in the coming year, that those of our organizations that receive shuttered venues operators grants will be seeing single audits of those filed in the next four to six months. Many of the executive directors are plodding through this and learning for the first time, but we as board members have a responsibility to make sure that we've got eyes on those single audits. It'll be a big issue for the newspaper as single audits come in, and awareness rises about who got what money, and what they did with it, and whether it was properly spent. So I think as a board member, I'm watching that carefully. It's going to be something that's going to affect us.

DAVID: Yes?

KAREN PARROT: So what I have not heard addressed, and what I would like just to ask to the group, is so we've gotten these PPP, shuttered venue grants, thank the lord that we got them. I'm Karen Parrot with Spartanburg Philharmonic in South Carolina. But we're looking at a year where our audiences potentially could be less, that our earned revenue compared to I guess 2018 or '19 is — could be substantially less. And so — and we're not going to have those grants. So I'd like to know how boards are addressing that disparagement in their budgets. I know how we are, and it's scary. So I'd like to hear how other people are addressing that.

DAVID: Take that on, good.

ROBERT NAPARSTECK: Thank you, good morning everyone. Robert Naparsteck from the Rhode Island Philharmonic. And league board member as well. We're fortunate in Rhode Is-land, because under one corporate umbrella we are both the orchestra and a community music school. And we have a lot of scholarship — a lot of our money goes to scholarship for all the children in Rhode Island, as the smallest state in our country, it becomes a little easier. But for all the children in Rhode Island who aren't getting good music educations we basically supple-ment all that for the state.

But for those who can pay, we are successful in expanding our radius of parents and other schools who will pay us, I guess what the market will bear to supplement our budget. So we de-pend on our school actually for some significant revenue from those who can afford to pay. And we'll push the prices up as best as we can when we can. So that's one thing.

Also, ironically through our DEI efforts, as we've been hearing through this conference, it in-fluences every board committee and is on the agenda of every part of our organization. We ac-tually have been receiving some important family foundation money. In this — in one case, $3.8 million to spend over four years, carefully audited, to your point. And it has shifted our goals a little bit, because that money has to be spent within a DEI strategic framework. So iron-ically, it's an example where DEI, if you can get foundation support, and whatever other donor support of course, can actually be a revenue source.

We never thought that was possible, but it turned out to be true. And youth orchestra, music ed-ucation becomes a revenue source as well. Even if you don't have a formal music school at-tached under your corporate umbrella like we do. I encourage everyone to support music educa-tion for paying parents, and push the prices as best as you can within the competitive environ-ment of your area.

MARY LEE: I'm Mary Lee from Tallahassee. And our budget is about $1.3 million for our symphony. And not knowing what our subscription series will bring in this new season, our CEO has looked at maybe having some smaller creative programming, rush hour concert to at-tract not only a younger audience, but just we want to pepper our program with some new ideas like that. But right now, our subscriptions are coming in very — they're very strong right now. But that doesn't mean it will remain the same.

So we're trying to also just think out of the box, and simultaneously bring in a younger audi-ence, and have some concerts that are not two hours long of the masterworks. But still maintain or be true to our mission. So that's our way of thinking right now. And then we also — our au-dience is so grateful to be back with one another, that we had to reschedule a January concert for this last May — I mean, for a few weeks ago in May. And people were so happy to be to-gether again.

So it remains to be seen. And we also worked very hard at cultivating that sense of community with our audience when we could not meet in person through all kinds of creative means. So we hope some of that pays off as we launch this new season.

DAVID: Thank you. So coming back to the question, do organizations — is this an impending big issue, the loss of the PPP, or is it something you can take right into your planning and go through. Others?

KATE: I'm Kate Moyay [?]. I'm from the Spokane Symphony, and I'm also on the league board. One of the things we did in Spokane is when we got this money we knew it was a one time deal. It was like that Christmas present that you know you never imagined you would ever get. So we very carefully, two years ago, when we started receiving it, we saved it as much as we could. And so we have been -- we've put a very, very austere plan together at first, and didn't — and really saved as much of that as we could. So we now have enough of those funds, and part of it affected our programming, we had to come up with unique interesting ideas of programming that didn't cost as much.

So we did a lot of — our artistic director and executive director spent a lot of time kind of figur-ing that out. And so we've been able to take that money and we're slowly using it through 2024 and maybe into 2025. And then with that, we went to the community and said, okay yes, we were — we did receive this government funding, but we are using it carefully. And now we need the community's support to augment it so that when we do come back full time, we're go-ing to have enough funds to really do it. So we've done our part, now time as a community, it's your — we did a lot of capital raising — it's your time to help us to augment what the govern-ment helped us with. And that's been pretty successful.

DAVID: And I'm assuming you don't have to repay them?

[OFF-MIC CONVERSATION]

DAVID: Yeah. Others? Yeah.

BOB BAUSMITH: Hi, I'm Bob Bausmith, I'm the board chair elect for the Hartford Symphony Orchestra in Hartford, Connecticut. Kind of following up on what you were talking about on — we're taking some of the PPP money, the closed venues money, and that will fund our transfor-mation program for the next two to three years. But it's very clear as part of that transformation program, that we're going to need to change our business model. The model of an orchestra as product centric, artistic product centric, I think is coming to an end. We need to look at this as a patron or consumer centric market, which means surrounding that, you've got to think more about community and partnership building.

You're got to talk about strategic branding. And I was kind of curious, when you were talking about artistic programs in this context, when does the topic of strategic branding come into play? Because I'm looking at our whole program development process right now as being bro-ken. It cannot be just artistically driven. We've got to have other voices at that table. We know that the big donors like to do targeted investments. So where is their role? That's one point.

The other thing was around kind of the budget, and how you manage budget for innovation. Okay, so the next thing I was going to talk about was look at how you budget for innovation. And this is where I bring my background having been an executive with a couple of Fortune 100 companies. And I've also, for the last 15 years, worked as an entrepreneur, and I'm now active as a venture capital investor. So I think one of the things that's really important is to focus on how you do the financial investment of innovation from how you finance operations.

And we break it down into three buckets. The first bucket is what we call product discovery. This is where you're trying to discover whether there's even an audience for what you're think-ing about. And before you invest in putting all the business model around that, you need to test it. The second phase of it is the product development, where you're actually putting the business model around that new product. And then ultimately, it becomes part of a sustainable operating budget. The problem with using one approach to managing the CEO is that the metrics that are used — the success metrics in each one of those phases are different. You're really — in the first one you're looking at user traction. You have no idea whether you have a viable business model or not, or whether you have a sustainable operating model. So anyway, happy to talk to anyone on those topics.

[OFF-MIC CONVERSATION]

BOB: Yes, we actually had — when we went to fundraise — we just completed right before COVID a $10 million capital campaign, and we had three buckets to that. One was to support just the — providing funds as part of an endowment allocation. I think most people know a good metric for endowment allocation is about four x operating expenses. So we're building on that. We also had — part of that was a focus on innovation, and on education. And we have completed that campaign two years ahead of schedule. So just some thoughts. Not saying that we're right or wrong, but they're just some ideas.

DAVID: Thank you. Others? Okay. Karen, what was our third — we had three items we thought we could try to tee up. Generate some discussion.

KAREN: Yeah, the next one is relevant to it. We were just talking about in terms of capitaliza-tion —

DAVID: Oh yeah, okay. Questions around — this is the capital component of planning for capi-tal investment, right? And how is that done. As you described to the group, at least in the case of Los

Angeles we do it as a separate, specifically identified initiative, and it tends to be, as such, we can attract funding. You know, people get excited about investing in assets oftentimes that are tangible. It might have a name associated with them while they're at it. But others, oth-er comments or observations? Yeah, please.

MALE VOICE: This is a little bit of a change in subject, so excuse me. But I wanted to com-ment on the — our colleague at that table about bonus methodology for the executive. Is it all right to switch around? You know, we have a bonus methodology for our executive director and senior staff as well, but we instituted one that wasn't necessarily based on actual dollars. Be-cause we felt in a nonprofit setting, we shouldn't allow the executive director to manipulate ex-penses for his own — his or her own self-interest. So the budget methodology indicated goals that would set in the beginning of a fiscal year, and the goals were based on community achievements, artistic achievements, music school achievements.

Non-financial metric achievements. And they would kick in only when the budget was met by the end of the fiscal year. And if — I'm forgetting the details, but if, you know, 50% of the goals of a particular section of that methodology was met, then the executive would get three percent of his base, etcetera, up to 10% of the base, based on how many of those goals were met. But the goals themselves were not financially based. And we thought that was most con-sistent in a nonprofit setting.

So I wanted to mention that when you talked about bonuses. And the bonus is important, no question, because we knew we were in the — probably under the 50th percentile in HR surveys of salaries for executive directors in our region. So we wanted to supplement the salary vigor-ously. But the incentives were not necessarily financial.

DAVID: Reactions? Yeah.

FEMALE VOICE: Thank you. Hi, so my question, capitalization. From a symphony standpoint, and I'm Rogue Valley Symphony, but I'm going to raise my hand and say this is an individual viewpoint, just to say it's mine with a finance background. We spend all year talking about the operating budget, which was the page before. But having been a finance chair at an HOA, and I think about having a capital budget, but then you also have reserves. So I'm looking at durabil-ity. And so I'm curious, at the LA Phil or anyone that has a thought, do symphonies — how is it that symphonies can think about moving beyond the operating budget?

So not only is there a line for capital, but I hear the conductor talk about needing new instru-ments or music stands or music, or can we do iPads. That's separate from operating. So is there a switch we should be flipping as we build our budgets each year? Do orchestras even have re-serves? I don't know, coming from the HOA. So I think that's my question, just sort of open ended.

[OFF-MIC CONVERSATION]

FEMALE VOICE: You know, I think we all understand that over many years we symphonies, we've been borrowing from ourselves. We get subscription revenue in in February and March, and those dollars help us finish out our fiscal year. We've all been there. We all know it's not right. And the pandemic pulled the cord so that that's not an option anymore. And in Spokane, we actually spent several years saying we've got to figure out how to stop doing this. Because you can't borrow from yourself to finish your fiscal year, because you've got to figure it out. You're always paying — you know, taking from Peter to pay for Paul.

So when you go into — you're talking about reserves. I think it's really wise to do a capital campaign of some kind, whether it's to include instruments that need to be purchased or up-grades that are long term that the organization needs. But also to include x number of dollars in that that you put into reserves and it remains in reserves, and there are very strict rules as to how it's used.

Yeah, that can be difficult to go out to the community and sell from a fundraising point of view, but ultimately for us it wasn't all that much — it wasn't really that hard. Because we were able to sell it as, we'll have a future, and we're being careful for ourselves. And people actually re-spond to that pretty proactively. So I think if you have a good plan for how you're going to cre-ate that reserves, and do it capital to raise it with whatever else you need, it can work. And we can get out of that really bad cycle.

FEMALE VOICE: Thank you. I'm backtracking a little bit. I'm with Tallahassee Symphony. And one of the ways we have addressed our executive bonuses and so forth is to do a sabbatical. We've had a really great, very creative CEO for over 10 years. And it wasn't so much about the money, but she really was feeling kind of just worn out. We have a small staff. And she was thrilled to get a sabbatical for, I think it's going to be a month this summer. And go to Italy and just refresh herself and get away from the office. So that seemed to work out I think for her maybe more than the money.

[OFF-MIC CONVERSATION]

FEMALE VOICE: She could — right, she couldn't really take it.

FEMALE VOICE: To respond back to the matter of capital, not that — I mean, that's a great idea. I don't want to just jump off that, but to respond to the matter of capital, we have — we had a major need for a major capital investment, which was we did not own our own concert grand piano. And the last one available for rent in New Mexico fell apart, and the Steinway folks took a look at it and said it's hopeless. I mean, happily it was not ours, it was someone else's.

So we had made one run at it through potential public funding that got ended for a whole varie-ty of reasons totally outside of our control. But we went ahead and launched basically a private — I mean, a capital campaign for that piano. And even the discounted rate from Steinway with shipping, it's to New Mexico about $170,000. For a major orchestra that's nothing, for us it was a lot. But we thought if we can raise that — and then it became possible to do it because of some money through the state of New Mexico, to borrow some money to pay for this $150,000 loan.

So we figure, okay, low interest, surely we can raise that much money in 10 years. We raised that money in 10 months. And it's around this whole notion that, as somebody said earlier, maybe a number of people have said, a lot of donors are interested in projects. And so we have now begun to look at the notion of when we need capital, having capital budget, we can have capital campaigns, be very clear [UNINTEL] that this is restricted funding that's coming in for one purpose, it gets restricted from an accounting standpoint. Whether then that is immediately used for the project or held in permanent restriction, it's protected. The donors like it, it's — it was very successful. And that's a model that we plan to continue to use.

On the matter of using your subscription money as soon as it comes in, not all of the organiza-tions here do that. We have never done it, partly because we came out of the bankruptcy of an organization that had done it to its total — among other things, its total detriment. But I don't think I'm the only one in the room who does it. And anybody who's gotten away from it, don't ever go back to doing it. We — it was a premise from us from day one, and it has served us in-credibly well. Kept us out of financial problems.

DAVID: I haven't heard from a [UNINTEL]. Thoughts? I'm sure you have.

JOHN MILLER: Thank you. John Miller from Knoxville. Just a couple thoughts. We've talked a bit now and again in this conversation about special fundraising, like the piano. At Knoxville, we've done that for several special projects that — I wouldn't say they're off budget, but they're sort of extra budget. And we've done that for commissioned works, we've done that for piano several years ago, and things like that. And that's always worked well. We know that we've met our baseline budget to fund our regularly scheduled programs.

But those little extra passion projects, and our conductor has plenty of passion projects, get funded in that special way. The other thing I would comment on, we find ourselves in the envi-able position of having a lot of cash, because of — it's actually profitable to run a symphony when you don't perform. It's completely absurd, but I think just from my conversations with many of you over the last couple of days, you find — you may find yourselves in a similar sit-uation. We are being very mindful of what we do with that rainfall, because we know that it will probably never happen again in our lifetimes.

And we're about to come into a new CBA negotiation that could prevent us from having real labor difficulty. We don't know that. But having that margin to hedge against economic uncer-tainty is going to be very important for us, and we'll see how things work out. I'm less con-cerned about '22,

’23, than I am about ’23, ’24, and ’24, ’25, frankly. Largely because of the very odd economics of the last three years.

MARY CAVARRA: Hi, my name is Mary Cavarra, I am the board chair elect for Nashville. But what — a couple of things. As we went through COVID, our board chair wisely formed a restart committee where we went through planning. I have no experience with the symphony before, I led the programming committee. But just with great folks, and so we developed kind of a slid-ing scale depending on the size of an audience, what type of programming could we afford. And our goal was to be — break even. Because in the past we’ve been borrowing for the future, and we’ve just said we’ve got to figure out a way to fix this deficit that’s been there for many years.

I think we’ve also learned that we need to be more agile with our budgeting, with our forecast-ing, and just the way that we’ve done things in the past can’t work anymore. And we’re also in the middle of a long term strategic planning process. And the other part of that was we went through a very difficult CBA negotiation, I wasn’t there, but that as we came out of COVID that was finished. But there was definitely some hard feelings, and you know, just disconnect be-tween the staff, the musicians, and the board.

And so our board chair asked me to head a rebuild committee to help work on that as well as customers, and we quickly identified we really need the strategic vision to try to wrap us all to-gether and get there. So the financial planning and budgeting is going to be part of that. We’re also getting ready to embark on an endowment campaign. It’s something that I think had been started in the past and never just quite had the right timing. I think there’s concerns with the economy and what could happen.

But we're trying to make sure that we could be more nimble, and almost like scenario type planning, not sharing what's going to happen, are people going to come back, are they not, how do we need to change things. We don't have a lot of answers, but we're in the midst of that right now, and trying to figure it out. Have a very wonderful executive director and our board chair was here a little bit earlier today, but just they've done a great job leading through this.

FEMALE VOICE: I wanted to just add some observations on capital or project campaigns. First of all, I think the challenge is to not compromise your annual fund donations. You want to keep that operating base donations and then add to it. So maybe a matter of timing, and you do your capital — your annual fund campaign, and then do the project campaign. It's a thought. The second is just some — one thing that we used as we went into COVID, we had a challenge do-nation from one of our board members. And asked all of the board members to pony up, and then we were able to take it to major patrons.

But it was a great way of adding to our base. Of course, PPP and sheltered venues also helped that considerably more than that campaign. But it was a good way of getting people to think about the sustainability of the organization. The final point is just some — and our executive director came up with this. We are a service based musician payment. So we don't have full time musicians. About three years ago, we became competitive with our circle of symphonies in the Southeast.

We had gotten behind. And this year, the — there's a project to help get us back to being com-petitive. And we've attracted new donors to fund that. And it's, you know, a restricted fund, but it worked out well. It's, again, a sustainability, so we can have the musicians.

DAVID: Okay, thank you. We haven't heard from New Orleans again. I got them going in the beginning. I hit a nerve. What do you guys think here?

MALE VOICE: Again, it's more of a question that it is a comment. In our orchestra, again, we're a combination of musicians and community members on the board, because we're at least in theory a musician governed and owned orchestra. In our finance committee meeting, we have really close to an equal distribution of musicians and community members. And our process is therefore influence not by a union of musicians but by musicians that are full time board mem-bers, or full board members, who have significant input into decisions about the annual budget.

We've done — Bernie and I have just been through this, where several of the ideas of the exec-utive director and the chief operating officer, what we — is the equivalent of chief operating officer, came in with some really good ideas, which didn't play well with the decisions. I'm cu-rious to know how your finance committees work both in terms of their — how they're struc-tured. Do you have positions on those committees, or is it just boarded staff, or does the music director play a role? And how do you evolve so that you end up with hopefully an annual budget that's in balance?

MALE VOICE: I don't know that I have wisdom, but I have a problem that I'd like help with. And you may have suggested one thing. As I mentioned yesterday, we do not have musicians on our board, we invite the members of the orchestra committee to attend board meetings. They do with infrequency. One of the hugest — largest problems we have is lack of financial under-standing on the part of the orchestra committee. They have no idea what our budget means. And despite our best efforts to educate members of the orchestra committee, and the orchestra com-mittee of course rotates frequently so that doesn't help matters.

But we have an endowment, and the orchestra committee seems to think that's a rainy day fund. And we have a very hard time having that conversation, especially at CBA, negotiation time, that no, it's not a rainy day fund, it's an investment in the future. And so having musician in-volvement, whether it's the music committee, orchestra committee rather, or just orchestra members generally, could help with — in theory at least, with transparency and understanding. And so your experience has, you know, lit a bulb for me. I don't know that it's a perfect solu-tion, but again, awareness of what's going on financially ultimately I think is going to help the organization.

MALE VOICE: So none of us, or very few of us are actually trained as — in the business world. I'm a doctor. So in order to understand finances, I obviously need to get educated and get expe-rience. So our musicians are the same. I mean, they're musicians. They don't start off having gone to college to be — with majors in finance. But the education process to bring them along has been very successful, and I can tell you, the musicians who are on our finance committee are really sharp. Most of them because they've developed the skill having been educated and brought along in the process.

And they're really smart. And we — as Randy [?] said, there was a couple of proposals that they shut down. They will ultimately go along with them with a little bit more work and experience. But they're really helpful, and you know, they are really sharp, and — but it has taken a process to educate them and to bring them along. It's not spontaneous. This isn't the — Randy's a PhD scientist, I'm a doctor. We all have to learn to do this. We don't come with that innate skill. It's not appropriate to expect musicians to have it before we bring them along either.

DAVID: Maybe I'd react a little bit, and ask Karen also — oh yeah, go ahead.

ROSS: Hi, it's Ross [UNINTEL] from Rochester, New York. We have musicians on all of our committees. They primarily sit as advisors, and on finance they take information back to the orchestra, but because of NRB concerns, and collective bargaining issues, they feel like they can't contribute. So they ask questions, they see everything that every board member sees, and they bring it back to the orchestra. So the orchestra does know in real time what our financial situation is.

Our CEO also meets with the orchestra committee every meeting. He's there presenting. And at least three times a year he meets with the full orchestra and tells the full orchestra the financial situation, so they see a truncated version of what the whole board sees. So that's how we try to keep people in the loop and have improved transparency greatly. So you might try that.

ANNETTE JARVIS: Hi, I'm Annette Jarvis with the Utah Symphony, and actually I'm a law-yer and chair of their governance committee, but I've done pro bono work for them for 20 years, so I've watched this transition. We have musicians on every committee as required by our union agreement. And it actually has been really helpful. One of the things we did several years ago and discovered in our kind of board survey is that it wasn't just the musicians that sit on our board, but we had other board members that did not understand the finances.

And so we've worked hard at the way we present finances, you know, to both — our finance committee is run by financial people that sit on the board that have significant experience as CFOs, etcetera. But we've worked hard at kind of simplifying the presentation so it's under-standable to musicians that sit on our board because that's not their background. And also to our general board members. And I feel like this has really helped because as we have gone through harder times with, you know, our union negotiations, the fact that we have musicians that sit on our board that now are understanding our financial situation and understanding our issues, it's helped a lot.

DAVID: Karen, so what do we do? What do we do?

KAREN: Was that a question for me, David?

DAVID: How much do we share with the musician group?

KAREN: Well, we don't — musicians do not sit on our board committees, except for the pen-sion committee that we have. So we — unlike in Rochester, we don't normally share financial results with the musicians. When we go through a negotiation, I've been asked to go to present the financial situation, especially where there's struggles ahead, and that is — I guess our inter-action with the musicians in terms of finances is very limited versus what I'm hearing.

DAVID: Well, I think it varies. It's a — I think it's a really interesting topic. But in our case, at the LA Phil it's not been a tradition. They're not on the committees. I know the CEO has regu-lar dialogue with some members. I think it's with the negotiating committee for the CBA.

KAREN: Yeah.

DAVID: But I think one of the challenges for the LA Phil of course is the perception of, you know, large financial resource, so — and in the case of the Phil, there's a very high dependency on ticket revenue more so than most other organizations. So the impact of the pandemic was — when you take revenue to zero was quite dramatic, and I think more so than other organizations. So, you know, there's pluses and minuses to it. But I think it's an interesting question that I'd like to bring back in your —

[OFF-MIC CONVERSATION]

KAREN: It's about 60, 60% and up.

[OFF-MIC CONVERSATION]

DAVID: Yeah, well think the Hollywood Bowl's a very — it's a big resource, right? And it's quite unique, so — yeah, please.

MALE VOICE: I know this is not entirely about the LA Phil, but your ticket prices are consid-erably higher than, for example, the New York Philharmonic, which surprised me. Some of your price ranges are opera, not symphony. Is that partly because the Disney Hall is such an attrac-tion? Or is the LA Phil just such an enormous attraction? I mean, I guess I'd ask how do you get by with that pricing structure?

KAREN: Well, it is market driven. So at the Walt Disney Concert Hall, we've got a range of prices. And it's market driven. At the Bowl, we are limited to some county guidelines in terms of ticket increases. And we also dedicate a certain number of seats for one dollar tickets. So there's a wide range of ticket pricing there. But I think you're asking mostly about the concert hall? You have more history than I do, David.

DAVID: Yeah, well [UNINTEL], programming helps. Concert hall helps. One of the big chal-lenges is of course to get there is — it's not that easy with the traffic. But it's a big draw cultur-ally, it's a — you know, the strength of the institution is — and it's a big metro area, 20 million people.

MALE VOICE: I wanted to come back and clarify, musicians aren't sitting on our committees. Musicians don't sit on our committees, they are regular members of their committees, and they have the same votes that the board does. We actually — they do, they have the same votes that the board does. And when things need to get done, the musicians have exactly the same privi-leges as the board does.

Remember, this is a unique situation in which the orchestra technically — the musicians — we own the orchestra, and we work in some ways for them. In fact, it doesn't happen that way. But they really have at least as much vote, and there actually are committees in our orchestra in which there are no board members, and there are only musician members, and they make im-portant decisions. Now, they obviously have to be financially appropriate, but I mean having — giving the musicians not only the information but actually the — a lot of the privilege I think is a great idea, and I'm really strongly — a strong advocate of that process. Now, we came about it because we had to, but it actually works remarkably well.

DAVID: Yeah, I mean, as a finance person, the questions I'd have, back to the investing and innovation, and taking risk, and you know, the tradeoffs. In my experience — well, my experi-ence with representation is more on European situations, where it's more typical traditionally, and often you run into issues through time with the long term versus the short term tradeoffs that need to be made. So anyway, interesting. Other comments or questions? Otherwise, I think we're at time. And we — you know, yeah, one more.

RENEE RYMER: My name is Renee Rymer from the Marin Symphony. We have very high prices, and I'm looking for the future of how we're going to attract like the whole DEI ideas, but also just younger people. And I heard one dollar tickets for certain people. I'd be interested to hear ideas others have about increasing audience by making it more available financially, but still being able to keep the revenue up, the earned revenue.

FEMALE VOICE: We started something, and I believe it's modeled after what the Detroit Symphony has done, of having something we call the student sound card, that for anyone of any age who carries — who has a student ID, you know, whether it's kindergarten to college or whatever, at a flat fee. And I think ours has been 30 or 35 dollars. For that initial investment, they can get access to any concert that we have as long as ticket is available, and they go through the same process of getting a ticket as anybody does, but with their sound card they don't have any fee associated with it.

And then they — six times a year we allow them to bring a guest, whether it's a date, a parent, a whoever, can accompany them for free. We're just starting that. We started it as the pandemic began, and of course, you know — so I'm not going to measure success against that. This year we've — we tried -- we're going to relaunch it again next season as things are kind of — but that seems to be a way to engage a student population of — you know, across the spectrum, whether it's little kids who hopefully parents tag along, or whether it's all the way up through college graduate students or so forth. So that's one thing that I know at least here, our small or-chestra, and then major orchestra are trying, that's — hopefully will help.

DAVID: Okay. Other spontaneous contributions? Otherwise, we'll declare our meeting con-cluded. Pardon me? Oh, good.

[OFF-MIC CONVERSATION]

FEMALE VOICE: Well, I want to thank David and Karen for actually doing double duty for an eight o'clock session this morning, and then this session with you. So thank you David and Ka-ren for providing your financial expertise this morning. And I also want to thank our leadership committee with Kate and Bill and Ross and John Barkwin [?] from the Charlotte Symphony. And Absentia [?] for their work in programming this conference. And also as we mentioned yes-terday, our great loss of Hugh Long who was also on our committee that we miss terribly. But I am so happy all of you came to LA. I hope you all come to Pittsburgh in 12 months and two weeks, but who's counting?

And I will look forward to being — hearing from you throughout the year. So let me know again however the league can be of assistance to you, your orchestra, however I can be of sup-port to you as a board member, and to your board and your governance work. And whatever we can do from programming, virtual programming, let us know your ideas, and we'd love to put that together. Again, thank you all for being here. At 11:45, our closing session will begin in the ballroom on the second level, and it will be over by one. But come and hear the great conductor and humanitarian, Thomas Wilkins, end our conference this morning. So thank you so much again for being here.

[APPLAUSE]