Creative Destruction: What It Really Takes to Refocus Your Organization

June 27, 2019 | David B. Devan
Hallelujah

- https://www.youtube.com/watch?v=wp_RHnQ-jgU
Our Goal in Context

The Turnaround
- Improved artistic quality & nationally-recognized new business model

The Transition
- Building capital to fuel innovation & enhance quality

Instigating New Thinking and New Models
- Nationally influential artistic programming and brand
- Unprecedented civic engagement
- Market instigator

Authors of the Future of Opera
- Robust and growing audience
- Inspired & innovative curation
- Go to place for best talent
- A thriving community who care about the future of opera
- Integral to Philadelphia’s success and brand

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<tr>
<th>Did</th>
<th>Learned</th>
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<tr>
<td>Improved quality</td>
<td>No change in customer behavior</td>
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<tr>
<td>Introduced Aurora Perelman Series</td>
<td>No change in customer behavior</td>
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<tr>
<td>First multi-year major gifts program</td>
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<tr>
<td>Built working capital reserves</td>
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<td>Further product innovations with</td>
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<td>American Repertoire Program</td>
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<td>Researched and understand consumer and preferences</td>
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<tr>
<td>Festival design</td>
<td>Development foundation weak</td>
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<td>Strategic map and vision that is artistic centered</td>
<td>New capitalization methods and tactics required</td>
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Theory of Change Through Strategy
Strategic Leadership

• Strategy is reflected in the *pattern* of goals, and actions that collectively define the way an organization positions itself in its environment

• Strategy involves *choice*; a commitment to undertake one set of actions rather than another
Building Status as a Competitive Advantage

• Basis for competition is all about *authenticity* and *reputation*

• By being ‘pure to your cause’ you become an authentic voice

• Middle status makes sustainability difficult

• Status becomes contaminated when you move from purity to pragmatism
Resource & Status Cycle

Capability/Resource Allocation ➔ Brand Promise ➔ Status ➔ Resource Attraction
Resource & Status Cycle

Capability/Resource Allocation → Brand Promise → Status

Status → Resource Attraction

Resource Attraction

Brand Promise

Status
High Level Research Findings
National Trends From Research

• **Institutions can no longer rely on the subscription model.**
  In the short-term subscribers remain an important base of support, and some new patrons are choosing to buy in this manner. However, trends signal that this model is waning.

• **Major patron support will need to come from new sources.**
  Opera has always depended on high levels of support from a few individuals. Declining ticket sale trends suggest that the traditional model of loyal local ticket buyers maturing into major donors is no longer the clear path.

• **The opera landscape is moving towards regional centers of excellence.**
  Taken together, the above beliefs suggest that companies will need to draw resources from outside their immediate population areas. This will require a more pronounced regional and national presence and a shift in the way companies engage audiences and donors.
Overall Satisfaction

Opera Philadelphia patrons in all segments report a very high Net Promoter Score (NPS), which is an indication that satisfaction levels are very high.

Likelihood to recommend

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The Big Ahas
1. Opera competes with The Sopranos.

While our category is narrow, consumers’ tastes run wide and demands on our time are enormous.
2. Our consumers love us.

They value our shift in artistic direction. We’re not just better than before and different than the Met. OP represents a new sense of vitality for the art-form.
3.

Opera Buffs & Opera Attenders are two different animals.

- Attend multiple operas per year
- Seeking performances that challenge conventions
- Well-known talent

- Attend an opera every 1 – 3 years
- Seeking a performance that reinforces traditions
- Well-known title
However...
5. While they have different taste in OPERA, both groups have a similar appetite for NEW OPERA EXPERIENCES.
Creative Destruction

- Creative destruction occurs when something new kills something older.

- Creative destruction is a term coined by Joseph Schumpeter in his work entitled "Capitalism, Socialism and Democracy" (1942) to denote a "process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one."

- In a not-for-profit we have to cause destruction in order to make room for innovation.
Identifying destruction opportunities

- Natural places of staff resistance
- Attendance or usage decline
- Projects where the numbers never work
- Five Forces
- Opportunities not pursued
Thank You!

Opera Philadelphia