

# Application of theoretical management instruments to orchestral organizations in Czech Republic

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**Key words:**

Symphonic orchestras, orchestra management, structures of organization, opera orchestras, operational management, classical music.

**Abstract:**

**Background:** The European trend is manifested during everyday situations of classical music. Orchestras face reduction of subsidies. This problem is solved by various changes.(e.g. orchestras merging, status changing, or both). The numbers of orchestras are heavily declining. Similar trends can be observed in whole Europe. We proposed to get deep insight into the situation of Czech orchestras.

**Research methods** involved case studies, controlled interview, principles of a qualitative research. Important was historical context, evaluation and comparison.

**Findings:** There is high reluctance to change the relationship of the musicians vs. administration. Observed is lack of “manager-attitude” over all the administration, and heavy absence of strategic planning. There is low level of networking and sharing the administrative experiences with similar organization.

Further activities - Implementation of innovative steps to increase financial self-sufficiency at chosen organizations

**Systematic long life educations and training of staff.**

**Implementing new organizational structures**

## 1. Introduction

Orchestral entities and symphonic music belongs to a Czech national tradition – especially in 19th century symphonic music had a key role in national culture reformation. Great composers and their work is even today part of every orchestra repertoire. Sufficiency of famous symphonic compositions (Dvorak: Slavonic Dances, Smetana: My country, Janacek: Taras Bulba or Martinu: Symphonies) created excellent conditions for interpretation and development of symphonic orchestras. The word “tradition” belongs to the crucial argumentation and formulation of strengths of Czech culture, strong point of Czech culture is “a wealth of creative and interpretative works in the area of classical music” (MCCR, 2006).

Czech Republic has some 200 theatres in the cultural network (Dostal, 2004) the conditions with orchestras are quite similar, there can be recognized two large categories of symphonic orchestra entities – professional and non-professional orchestras. In the area of professional music there are round 22 orchestral entities and 18 other casual orchestras. (Dohnalova, 2005). Also there are 95 non-professional chamber orchestras, 18 classic symphony non-professional orchestras, most of them based in Prague, Central Bohemia and the South Moravia. (Laznovska, 2005) One has to understand the needs of the organization, dramaturgy and repertoire in historical relations of former parts of Habsburg Empire - Bohemia and Moravia, the today's Czech Republic. Briefly we will focus on the most important links to get a view in the Czech world of orchestras.

Development of first Symphonic orchestras is connected with the golden era of classical music in the end of the 18<sup>th</sup> and 19th century. From that time on we can still find symphonies written by Ludwig van Beethoven in the core repertoire, with minor changes in the instrumental rules. He bridged over the Classical and Romantic period and inspired music composers after him – of the romantic era of 19th century and music of the 20th century; they followed and developed new strategies to match the local situation and circumstances.

The contemporary form of symphonic bodies has been established partially with the work of Ludwig van Beethoven. But even before him court music bodies were present which played crucial role in the process of development. The Middle European area is still full of dream renaissance and baroque castles, where aristocratic society kept and maintained groups of musicians usually with hired composer – chapel-master and vocalists. The reason was the pleasure for music, wealth and social status to be shown among the nobility.

For the very first time in the middle of 16th century there were established court bands in the Bohemian area (Prague with its Imperial music group – Cisarska kapela), South Bohemian groups in Trebon and in Rozmberk and Moravian group in Olomouc.

Enormous progress of similar music groups is recognized after The Thirty Years' War in the second half of the 17th century. Comparatively small cities become centers of culture and music. Above the others Kromeriz (well known composers Biber or Vejvanovsky) and Jaromerice nad Rokytinou, (with its specialty, as those musicians were local talented people) Whereas the importance of local courts has declined during the 18th century, the role of music groups has shifted due to the new social rules and the gradual creation of national Czech music. These two factors impressed further development in orchestra bodies as we are familiar in these days.

In the end of the 18th century the society experienced some fundamental changes, not least also in the attitude to hygiene and healthcare. West Bohemian spa regions became world famous because of their thermal and mineral springs, which attracted thousands of rising middle class people as well as the nobility and important persons of political and cultural life.

Ideas of clean body and soul were interlinked with relaxation and needs for cultural development. Nature and culture were in close connection, which was highly preferred in the time of emerging industries and growing tensions in the urbanized areas.

The most important spa regions were in the western Bohemia – Frantiskovy Lazne (Franzesbad), Marianske lazne (Marienbad), Karlovy Vary (Karlsbad) and Teplice (Teplitz-Schönau). These cities quickly became international, cultural and intellectual meeting points. Spas were often visited by famous people – J. W. Goethe, L. van Beethoven, but also by the nobility - Russian Tsar Peter and various European state rulers or well known artists have visited them frequently. These people were primarily seeking medical treatment, but the cultural life was also essential.

Orchestra in the form of today appears much later (i.e. institutions providing public services available to the broad masses of the population). Orchestra development is associated with the development of classical music in the late 19th and early 20th centuries and also it is associated with the achievements of famous composers Mahler, Strauss and Wagner, whose works could not be presented any more by amateur orchestras. In the beginning the development itself and dramaturgy of the orchestra were closely connected.

The formation of Czech Philharmonic Orchestra was an unprecedented and long awaited step in the Czech culture. The Empire Capital Vienna maintained a royal orchestra since a long time, and Prague couldn't produce anything comparable. Local musicians and composers were eager to have a national body which would represent the Bohemian personality and cultural independence. This could not be realized by the Spa orchestras due to their roots in Sudetenland – an area of Bohemia inhabited mainly by German speaking folk and nobility in the audience. In contrast to other similar organizations in Europe or the US the orchestra growth in Bohemia was not generously supported by wealthy entrepreneurs, or by Royal Court. In Prague the orchestra was partially formed by opera musicians themselves and partially by influential opera composers as Bedrich Smetana and Antonin Dvorak. The establishing of the orchestra occurred as a result of the motivation of musicians. The orchestra's first years were highly complicated due to the lack of finances and also lack of the state support. Acknowledgement of its existence was a concert held on 4<sup>th</sup> January 1896 when Antonin Dvorak conducted his own compositions. The orchestra was running on low budget until the new Czechoslovakia was formed in 1918, many world famous conductors were working here in the following years.

Essential for the development of symphonic orchestras was the technical progress – music for radio and cinema. The first official national radio broadcasting took place in 1923. It was connected with the new need for live played music broadcasted on the first radio station in Czechoslovakia - Radiojournal. (Dohnalova, 2005) It was three years after the first broadcasting when The Prague Radio Symphony Orchestra (1926) was established. World famous movie studios Barrandov also gave chance to a new body in 1936. World War II and the advent of the communist régime have fundamental impact on the evolution of these bodies. Communism was interested in an art available to common people and the concept of public service described as main mission of public art organizations.

Foundation of regional orchestras has taken place after 1950 when regional radio stations were also often broadcasting musicians on air. Culture was supported as food for the masses and flourished in industrial areas where it resulted in new orchestra bodies - Brno Philharmonic (1956), Janacek Philharmonic Ostrava (1954).

Many aspects of everyday's live were different during the Socialism, but not all of them were detrimental to the music culture. While television was still in development, wide orchestra network has been established and became renowned. Due to the political circumstances the

repertoire remained unchanged for many years – classical music was not dangerous for the regime. Development in orchestra management was not a big issue. This resulted in somehow conservation and lack of development inside the orchestras.

After 1989 the state ownership was over and the orchestras had to find new ways for their existence. This opportunity has often been taken by the municipality, but also Český rozhlas (the Czech radio) has become one of the orchestra owners. The orchestras have mostly been transformed in municipality owned “subscription” organizations. Also nonprofit and commercial organizations emerged but they were unable to form an equal counterpart to the existing orchestras until these days.

The fifteen today remaining orchestras are gathered in The Association of Symphony Orchestras and Choirs of the Czech Republic – ASOPS. Nine of them listed as subscription – municipality organizations, four of the orchestras transformed into non-profit public organization (o. p. s.), one of these is a vocal choir. The Czech radio orchestra has its own special status granted by the law. Many private orchestras were founded since 1990, only a few of them are fully commercialized.

<b>Historical Development of orchestral bodies in the Czech Republic</b>	
<b>List of key orchestras</b>	<b>Year</b>
Marianske lazne Orchestra	1821
Karlovy Vary Orchestra	1835
Teplice Orchestra	1838
Czech Philharmonic Orchestra	1896
The Prague Radio Symphony Orchestra	1926
Prague Symphony Orchestra (goals: film, opera, Concerts)	1934
FISYO (originally Barrandov film studios orchestra)	1943
Moravian Philharmonic Orchestra	1945
Symphony Orchestra of the Bata Concern (today Bohuslav martinu Philharmonic Orchestra)	1946
Pilsen Philharmonic Orchestra	1946
Janacek Philharmonic Orchestra Ostrava (originally radio orchestra)	1954
Brno Radio Orchestra (today Brno Philharmonic)	1956
Czech Chamber Philharmonic Orchestra Pardubice	1969
Philharmonic Orchestra Hradec Kralove	1977
Chamber Philharmonic Orchestra of South Bohemia	1981

*Tab.1: Historical Development of orchestral bodies in the Czech Republic; List of key orchestras*

### ***Analysis of the situation in the 21<sup>st</sup> century***

The long-term pan European trend for the orchestras is manifested in everyday situations and activities. They face serious reduction of financial subsidies primarily used for the everyday operation. Sometimes the situation is solved by merging the orchestras or changing their status, or a combination of both.

The results are obvious. The number of orchestras is heavily declining, e.g. in Germany (after unification) it has been reduced by 40 since 1989 (Jacobson, 2000).

Similar trends can be observed in the Netherlands, Belgium, Italy, Poland, Great Britain and France.

The situation in the Czech Republic is not adequately monitored and tracked. The factual situation is being only partially disclosed and considered by many orchestra directors to be a "know how", which makes the overview of the area more complicated. Despite the obstacles we have seen conversions of some of the contributory bodies or public entities to civil associations or non-profit organizations. This process helps to come up for the stagnating or decreasing funding from the original founders. In some regions growing political pressure has been observed. For the future symphonic orchestras shall fuse with opera orchestras. Culture is still considered to be important part of the life, despite the tough economic conditions and the focus on preventing increasing public subsidies to the budgets of symphonic ensembles. Culture remains a vital part of the social programs. (MCCR, 2006).

### *Legal Environment insight*

One of important efforts sought for by the professional Czech orchestras is to obtain financial support from the Ministry of Culture of the Czech Republic (Ministry of Culture). The Ministry of Culture discloses regular grant program for professional orchestras called as "The state support of professional theatres and permanent professional symphonic orchestras and choirs", and the organizations have to meet certain criteria to be allowed to participate in it.

The program is designed for the benefit of subsidized organizations, non-governmental organizations, other entities or individuals, or permanent professional symphonic orchestras that have to meet the following obligations:

- a) Size - minimum is number of 35 employed musicians
- b) Professionalism - at least 75% of musicians shall be in the main employment contract, or similar legal relationship
- c) Brass and wind harmony - at least 12 players on wind and brass instruments as permanent employees of the orchestra.

Other criteria required for the enrollment into the program of subsidies are (retrospectively for the year 2011):

Self-sufficiency in 2010: at least

- a) 13% self-sufficiency for contributory organizations with a total of more than 150 employees ( e.g. puppet theatre, theatre - of which at least 80 artists),

- b) 15% self-sufficiency for contributory organizations, charitable organizations, civic associations, with a minimum number of 20 employees (theatre, orchestra – with not less than 10 artists, symphony orchestras, choirs),
- c) 80%: self-sufficiency for other bodies established under the Commercial Law (Private theatre, symphony orchestras, choirs).

Minimum number of theatre performances or concerts in 2010:

- a) 130 own performances (opera and dance / ballet 50),
- b) 60 orchestral concerts (the Promenade Concerts are counted as 1/2),
- c) 50 choral concerts.

Financing by other bodies has to be insured and evidenced.

Permanent artistic work has to be proven for at least 3 consecutive years.

Orchestra representatives use the criteria generally as an expression of the specific position and definition of the orchestras, unlike music agencies which hire musicians only for individual concerts or projects.

There are many further differences between subsidized orchestras and other (private) ensembles. Some of them need to be understood in wider context, since the subsidized organizations have to employ a number of musicians and provide them with music instruments. Also the organization is to take care of regular replacement and maintenance of the instruments. Musicians get benefits such as the support for concert clothing. Musicians also have to submit the employment contract not only for individual events but for the whole year or an indefinite time period (not seasonal).

### ***Public cultural services***

Public cultural service is not yet defined in the Czech law system. The definition of this concept is important for orchestral bodies. The Ministry of Culture published a study entitled: "The status of conceptual material culture in regions of the Czech Republic" (MCCR, 2006) in which the term is defined as follows:

Public cultural services are services consisting of:

- a) making of cultural goods, open to the public (i.e., protection, processing, interpretation, presentation and animation in the form of the results of artistic and cultural heritage)
- b) the acquisition, processing, protection, preservation and accessibility of media serving to satisfy the cultural needs of the public, (i.e., distribution, rental and lending)
- c) arranging opportunities for improvement and expansion of cultural competence to the public through its active participation in creative cultural activities.

Common constitutive properties of the public cultural services are

- a) universality (i.e. the availability of all members of the public)
- b) continuity (they are consistently provided)
- c) quality (professional and responsible collection and mediation of cultural property with a view to presenting their authentic inner quality and authentic needs to differentiated public)
- d) economic availability (sometimes in combination with the availability of spatial and social facilities)
- e) plurality of contents (in justified cases; may be disregarded).

The scope of public cultural services is set down by public authorities and governments funding these services. The main obligation of the public service is to “provide” the culture to the public “free of charge” or for adequate compensation. Clear legal and economic status of public institutions providing direct cultural services is essential.

### ***The Association of Symphony Orchestras and Choirs of the Czech Republic (ASOPS)***

The concept of this association is in “improving activities of consorted orchestras and choirs through meetings and communication of managing directors of these bodies”. The association formally is the continuation of the former Association of directors of symphonic orchestras of the Czech Republic. As of today the Association incorporates the former state orchestras (with exceptions) to “enhance their authority in communication with the Ministry of culture, municipalities and labor unions of music players” (odborový svaz orchestrálních hudebníků ČR). The Association was formed in 1996 and its members should meet some criteria when seeking the membership. The member organizations should be professional in accordance

with the employment of its musicians (they should have regular employment) and dispose of regular cycles for subscription audiences. New members are welcomed after in-house polls.

Regular meetings are summoned twice a year. Directors come together for mutual exchange of experience as employers, sharing know how about the structures and needs of orchestras (by sharing various kind of documents). The Association is member of the union of employers, which gives stronger position to the directors in disputes with labor unions of musicians. ASOPS also initiate meetings with a representative of the Ministry of culture on the non-regular basis. Finally ASOPS formulate amendments to new political decisions.

During the year 2011/2011 the Association participated in a project financed by EU funds and entitled: "Increasing adaptability of workers organizations in the culture section".

This educational project funded by the European Social Fund under the Operational Program Human Resources is intended for to be used by members of labor unions. It is the "Union of Employers" (Unie zamestnavatelu CR) which serves as an umbrella organization of employers' associations from the industry, insurance, healthcare, education, culture and social services.

The project reflects the current development of the national economy, particularly in the field of culture. The project is aimed at the increase of the adaptability of cultural facilities.

What is the disadvantage of the project, as identified according to the research results and interviewed orchestra representatives? There is a very low chance for finding some money to send one person per orchestra off to some small education meeting, when they are usually the only one in the administrative force of whole orchestra body. The project can also be used by institutions outside of Prague (owing to the fact of exclusion of Prague from the support provided by some of the developing EU projects).

Educational activities are taken very positively. Especially in the context of work process this concerns especially the development of administrative jobs. Any commuting to a training seminar is not that easy. Educational activities take place directly at the seat of the orchestra but continuous education is provided for only two or three workers, at the maximum.

<b>Members of the Association</b>	<b>Type of entity</b>	<b>Comment</b>
Bohuslav Martinů Philharmonic Orchestra	Public service company	
Brno Philharmonic	Subscription organization	
Hradec Králové Philharmonic Orchestra	Subscription organization	
Janáček Philharmonic Ostrava	Subscription organization	
Chamber Philharmonic Orchestra of South Bohemia	Subscription organization	
Karlovy Vary Symphony orchestra	Subscription organization	
Czech Chamber Philharmonic Orchestra Pardubice	Subscription organization	
Moravian Philharmonic Orchestra Olomouc	Subscription organization	
Pilsen Philharmonic Orchestra	Public service company	
Prague Philharmonia	Public service company	
North Czech Philharmonic Teplice	Subscription organization	
Prague Radio Symphony Orchestra	Czech Radio (by law)	
Prague Symphony Orchestra	Subscription organization	
West-Bohemian Symphony Orchestra Marienbad	Public service company	
Czech Philharmonic Choir of Brno	Public service company	not orchestra
Czech Philharmonic Orchestra	Subscription organization	not member now

Tab. 2: Members of the ASOPS as in September 2011, (ASOPS, 2011)

## **2. Subject of the research, process and research methods used**

The initial task was to describe the basic position of Czech symphonic orchestras and professional classical symphonic music. The attention is devoted especially to the noncommercial organizations, institutional culture.

The next goal was to accomplish some deep case studies and qualitative research with designated fields of interest in some Czech orchestras. In ensuing comparison were described the different situation between an opera and symphony orchestra and its operations. Other main point is to analyze a suitable operation for the orchestral elements in difficult economic conditions.

### *The research methods*

The initial research relied on freely available materials. Important were information from the websites of orchestras, search terms, research codes, freely available documents of orchestras. Crucial role played checklists for semi-structured interviews, based on a set of research questions and findings from the basic information.

The actual research was preceded by the study of publicly available secondary resources. To gain primary resources, a qualitative research was conducted with the use of a set of informal interviews in selected cultural organisations with an orchestra. The method used was face-to-face interviewing both individually and in a group of two respondents. For the questioning were selected the techniques of direct and indirect questions. The interviews were recorded by taking notes, as well as an actual audio recording was created, where allowed. (Kozel, 2006)

The respondents were selected according to their scope of responsibilities and knowledge of the organisation among the low-level management and top-management.

The research deals with these areas:

1. Orchestras: funding, subsidies, etc.
2. Reductions in the budgets
3. Financial independency
4. Possible forms of business entities
5. Specification of public service and orchestras' specialisation in this field

6. Structure of the organisation

7. Artists as directors, managers as directors, the education of a director / manager

**Case studies:** we conducted several case studies using appropriate tools, such as controlled interviews with professionals in leading positions, and carried out basic financial analyses and analyses of official documents representing the organizational structure. All the methods used fit in the frame of qualitative research principles (Svaricek, 2007).

#### *Research of the historical context*

It involves the research and studying of anterior documents provided by the orchestra archives and libraries. Gradually a huge amount of specialized literature has been examined, among others the very interesting and motivating documents of American orchestral league (ASOL). Also papers were used that focus on modern general management, organizational structure, etc.

#### **Hypotheses of the research**

1. Orchestras are funded by various resources, in larger amount from the public sector; the private sector donations are nearly marginal. The public sector contributions have declining tendency.
2. The orchestras are forced to change their structures and merge more job positions into one due to the budget reductions.
3. The orchestras do not welcome the possibility of being financially independent. It is undesirable in their context.
4. Concerning the business forms, the orchestras would prefer non-profit ones. They would stress the factor of certainty of gaining external finances (namely subsidies).
5. The orchestras could be interested in broadening their public services keeping in mind their PR and financial benefits.
6. It is essential that the director should combine artistic and management abilities. The management one is seemingly more important.

### **3. Findings**

One of the most important features is the independency of the institution, especially in the area of arts and culture. This is usually of very high importance for small, emerging organizations at the stage of planning the cultural direction, dramaturgy, or the program. Institutions intend to be original, by responding to the current problems of society. Czech government grant applications give new opportunities for their work; however access to the public funds implements through competition. The organization is required to meet specific conditions for the application. This requires a certain level of self-directing and losing some of the independence of the organization at the same time. Hardships are brought with short-term subsidies. They are often granted on hardly predictable basis which causes deep cuts in strategic planning and brings insignificant benefit from a small project. Typically, small project duration extends over period of one year, rarely two or three years. This fact requires strong involvement of informal communication elements. Informal communication, although officially established, have the tendency to take recourse to personal contacts and relationships. This causes a quite confusing situation especially in the delegation of responsibilities.

The administrative section is usually occupied by a quite small number of employees. The team usually consists of five to ten people (larger teams can be seen only with the Czech Philharmonic Orchestra). At the same time, the accumulation of positions and functions is observed. The major risk connected with positions accumulation is the work overload. The responsible staff is often not able to embrace all the activities of the administrative and musical department in the same time. Especially hard is setting up two lists of priorities and merging these priorities for particular position. This leads to the overall fatigue and loss of motivation, with the result that the staff members only „extinguish" a burning issue and do not solve tasks in detail. Also short time is devoted to innovation ideas, there is no opportunity given for innovation and presenting ideas to the organization management and public. Heavy danger is the burnout of employees, which can occur due to the large workload and a lack of feedback.

#### **Responding organisation A - Theatre**

The theatre was established in 1830, although the history of theatre productions in Olomouc started in the 15<sup>th</sup> century and the first theatre building was built in as early as 1770. (Strakoš,

2012) Nowadays, the theatre is a contributory organisation subsidised directly from the city. The theatre consists of three separate ensembles: drama, opera and operetta, and ballet theatre groups. Further on, this paper will focus only on the opera and operetta ensemble, namely on its orchestra.

The orchestra comprises of from 50 to 55 artists. This number is usually sufficient to cover the usual rehearsal and performance process, as well as the requirements of most pieces. In case of illnesses or if a special instrument is needed, an external player must be hired. The number of external players is influenced by the budget restricted for this use in the amount which would usually cover slightly less than the cost of one employee per year. The number of rehearsals before the premiere is individually determined, but generally there are between 12 and 15 of them. The process of new piece preparation concurs with performances. The orchestra (but not the same people) therefore plays nearly every day.

#### *The environment of the theatre*

With the population of 102,000 people, Olomouc became the fifth biggest city in the Czech Republic and has the status of the county seat of the Olomouc Region. According to their web (Statutární město Olomouc, 2012 and Tourism.olomouc.eu., 2012), it is recognised as the second largest historically protected reservation after Prague, which includes a university, an archbishopric, a philharmonic orchestra, eight theatres, museums and a zoo. The municipality founds six contributory organisations (two theatres, one philharmonic orchestra, a library, a zoo and cemetery services).

## 1 Selected demographics of Olomouc Region and Olomouc (CZSO, 2011)

				Level of education <sup>1</sup>		
	population	employment rate	unemployment rate	economic activity	upper secondary	university
Olomouc Region	639,946	52.6%	7.3%	56%	65.8%	11.6%
Olomouc	232,230	-	-		63.2%	16.8%

### Responding organisation B – Philharmonic orchestra

The philharmonic orchestra was established by a merger of the Brno Radio Symphonic Orchestra (Symfonický orchestr brněnského rozhlasu) and the Symphonic Orchestra of the Brno Region in 1956. From 1956-1991 the orchestra was subscribed as a contributory organisation under the South Moravian Region, since 1991 the orchestra became a contributory organisation subjected to the city of Brno. (Zřizovací listina, 2011) With its 105 members of the orchestra it is one of the largest in the Central Europe among the orchestras in Prague and Vienna.

The rehearsal and performance process differ according to their projects. Generally, they perform at the subscription concerts, which mostly take place on Thursday and Friday, once in two weeks. Before the concerts they rehearse (Monday, Tuesday, Wednesday and Thursday). This process is disturbed by tours and recordings.

#### *The environment of the orchestra*

Brno is the second largest city in the Czech Republic with the status of the county seat of the South Moravian Region. It is the centre of the Czech judicature, university education (five public and six private universities) and became known as an exhibition centre. Brno is a significant cultural centre with its rich cultural infrastructure containing theatres, a philharmonic orchestra, museums, galleries, libraries and numerous clubs. Brno is the founder

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<sup>1</sup> percentage of people with upper secondary or university education older than 15 years

of the following contributory organisations with cultural focus: a philharmonic orchestra, an observatory and planetarium, a library, four theatres, a gallery, a museum and a zoo. (Statutory city of Brno, 2012)

## 2 Selected demographics of South Moravian Region and Brno (CZSO, 2011)

Region	population	employment rate	unemployment rate	economic activity	Level of education <sup>2</sup>	
					upper secondary	university
South Moravian Region	1,169,788	7.9%	7.3%	57.8%	63%	14.3%
Brno	589,095	-	-	-	57.3%	22.6%

### 1. Orchestras: funding, subsidies, etc.

The hypothesis that the orchestras are employed in multi-resourcing funding was confirmed. In case of both, the organisations A and B are contributory organisation of municipalities, therefore this proved to be the biggest resource of funding (circa 2/3 of the whole budget), followed by the region government and the Ministry of Culture Czech Republic, foundations (e.g. Leoš Janáček Foundation, Bohuslav Martinů Foundation) and sponsorships from the private sector. The availability of sources is declining.

Organisation B feels that they affect larger territory than the city, so they should be subsidized in larger amount by the region and the Ministry of Culture Czech Republic. They also keep dealing with the ongoing problem of long-term planning with the uncertainty of the next year finances, but they do not believe that the system of one year subsidies could be changed.

### 2. Reductions in the budgets

The organisations are facing 5-20% cuts from the founding entities. Their reactions seem to be rather reactive – organisation B is trying to find savings in their day-to-day operations (e.g. optimizing the electricity consumption, reducing promotion, decrease in external loans of sheet music), but it is striving not to make any salary cuts. Any significant changes in the structure and processes of both organisations or in fundraising have not yet been made or decided for.

<sup>2</sup> percentage of people with upper secondary or university education older than 15 years

Both organisations often suggest that further reductions in their grants, especially the ones from their founding entities, would be fatal for them or would change the organisation completely. They would namely have to decrease the number of their productions, cut of salaries to both administrative and artistic staff and dismissals would be necessary. This would, if crossing a certain level, harm the quality, their image as well as the motivation of the staff. Moreover, the situation is complicated by the artistic vs. administrative staff ratio (e.g. for one worker of the administration four orchestra members have to be employed).

These organisations do not expect that they would be able to earn much more money by increasing the price of the tickets, because they think that the number of purchases would fall. They also do not believe in being able to raise their income by sponsorship.

### *3. Financial independency*

Both orchestras deny that there would be any possibility to gain total financial independency. The only possibility offered by the organisation B was to sell overpriced tickets (2.5-3,000 Kč), to get more financially beneficial tours (which would disagree with their public service) and to radically reduce the number of artists (from 112 to circa 50 or less) and to hire external players.

The future of their fundraising is seen mostly as it is right now – majorly subsidised from the public sector. They deny the possibility of choosing their main funding entities from the private sector which firstly they connect to their local environment (there simply is not any investor that would be able to fund them), and secondly with the sponsorship habits in the Czech Republic and elsewhere in the world. Thirdly they do not believe that a private sector funder would invest into an organisation that is able to earn only 33% (organisation B) or 15% (organisation A) of their costs

### *4. Possible forms of business entities*

In correspondence to their previously mentioned ideas they think that an orchestra has following possibilities regarding the choice of their business forms: contributory organisation, Public Service Company or limited company.

Contributory organisation is considered to present the best option since the founder has to contribute to the budget of the organisation.

Public Service Company, as another non-profit form was the second choice. Although the organisation loses the funder in the form of the founder, it still keeps the advantages in the perception of non-profitability in the fundraising process.

The limited company is the only profit form that would suit to an orchestra, but as the orchestras do not believe in the existence of an unsubsidised orchestra focusing on classical music, they recognise that the other two are more suitable.

##### *5. Specification of public service and orchestras' specialisation in this field*

As there is a common idea that especially the players do not fulfil their working time, a question has been raised whether it would be suitable to broaden the mission of the orchestra to further public services, especially with an educational focus.

Although both organisations acknowledge that the working time or the number of “frequencies” (every rehearsal or performance) is not exhausted and creates vacancies, they do not plan to extend their public services any further. The main reason is that they accept this vacancy as a compensation for the level of the artists' salaries and they enable them to work part-time elsewhere as long as it does not interfere with their work with the organisation.

Another reason mentioned was that they already produce enough educational programmes (e.g. programmes for children, co-operation with music schools, conservatories and universities in forms of internships, providing their buildings or opportunities to play with them). They do not think that it would be desirable to connect their mission with the creation of their own special educational institution. However they recognise the financial benefits of it.

##### *6. Structure of the organisation*

The budgetary reductions have not yet influenced the structure of any of the organisations. Nevertheless, there have been changes in organisation B due to the exchange of the top and higher management employees. Those changes eliminated the position of a manager of the orchestra and divided this position into other ones (secretary of abroad tours, secretary of Czech tours and marketing department) skipping this level in the structure and enforcing the director and the other previously mentioned positions. This change proved to be helpful for the marketing department, but the elimination of the position of general tour manager (or production manager) complicated the organisation processes. On the other hand it respected

the abilities and knowledge of the people – the position of the secretary of Czech tours was connected with the dramaturge.

The organisation A has a stable structure, although they face problems on the low level management. The secretary of the orchestra of opera and operetta is on the same level as the leaders of the instrumental groups – they are directly subjected to the principal conductor. In reality the secretary substitutes some powers delegated from the principal conductor (management of the “frequencies” planning) but has no controlling power over them so any disputes have to be solved by the conductor.

Both of these problems exist for long time and they complicate the processes of the organisations, but they became routines and have not been changed. The reason may be connected to the protocol of the change-making in the structure. It has to be approved officially by the funders at a meeting of the city council.

#### *7. Artists as directors, managers as directors, the education of a director / manager*

Although the artists are an essential part of any orchestra, their position in the management has become a hot topic, especially in connection to the financial results of the non-profits and with the merge of interest in cultural management in the Czech Republic.

Generally, both organisations have had their experiences being led by artist – directors and manager – directors and they acknowledge the benefit of both. Most often they stressed these advantages of an artist-director:

- higher probability of being an expert in the art form
- acceptance of the art management routines and aspects (e.g. the players cannot play for 8 hours each day)

On the other hand, they recognised these advantages of a manager-director:

- knowledge of management
- fresh approach (not involved in the routines)
- no apparent preferences to any specific genres (in case of the theatre e.g. to ballet)

They discussed as well the appropriate requirements for a director:

- knowledge or experience with management and human resources

- knowledge or hobby of /in the classical music area – it is not possible to delegate at least the basic knowledge of the area
- no specific requirement of field of education is felt as needed, although it should be a requirement (education is not respected as the only source of the abilities)

### *Key identified problems*

- A. Communication in between the group of musicians and the administration. Issues are often caused by strong position of the individual player in the labor unions.
- B. Personality of the orchestra leaders. In organizations led by one of the musicians is his/hers self-confidence often inadequate. Main problems consist in lacking economical education a inadequate management attitude.
- C. Insufficient financing. Its origin resides in the inadequate communication and often suboptimal relations with the responsible municipality or other state administration bodies. Culture is not understood as a priority by state representatives.
- D. Insufficient exchange of “good practices” and “know how. “ Many experts suggest that inspiration and constant benchmarking is a way to keep organization on the top.

Recurrent problems are turning round in a vicious circle. It is very hard to identify the correct place where to start with improvements.

#### **4. Conclusions - Suggestions for improvement**

Orchestra have to set up systematic long life education and training of the staff. Good administrative practice is a common topic in whole world. National orchestras may help to organize lectures and seminars for students and also for current executives. International cooperation with similar organizations and academic institutions may be beneficial as well. Continuous education is essential, especially when there are so many technical innovations and new practices available. It is essential to set individual definition of player/employee ratio (regular employees versus players hired only for a single concert). This would give musicians and also conductors more freedom to participate in various cultural projects. Disadvantage is often envisioned by musicians who have to work harder to ensure good fortune.

With more funds coming through grant applications, grows also importance of the administrative part of the project structure (hiring more administrative support for set projects and financing these people by cultural projects).

Of importance seems to be the role of partnerships and international connections. The students could follow “in the shadow” of the leading members who could greatly help them in

their development and in more efficient use of their capabilities. Orchestras may be more using partnerships with academies (universities). Working practice for students is popular among Czech and foreign universities (especially ERASMUS Mundus program). Sadly systematic volunteering is slowly developing in Czech Republic, but orchestras have to attract volunteers and/or create firm base of such people.

New approaches to the structures of the art advisory board (with some of them mentioned above). Increasing has to be the interchange between the musicians, systematic preparation for concerts. Also concert plan and dramaturgy has to attract young audience and various age groups.

Using management and strategic planning as useful methods has to be considered as must to do, as public funds will not be sufficient forever and orchestras has to step fully into creative economy.

#### *1. Orchestras: funding, subsidies, etc.*

The organisations should focus more on the expansion of their partial financial independency. Being contributory organisations if they gain profit they do not decide on its use, therefore they should lobby for at least partial change of this rule which would motivate them more to be “profitable”. They could stress the failure of the funder in providing them with enough resources for sustaining their public service, which they were established by him for.

Also they should require absolute transparency of the system of subsidies, according to measurable factors of economic, social and cultural impact, to be able to get better chances in applying to other possible funders by proving that they fulfil the measurable requirements. They should not just claim that they have certain impact but focus on the actual impact, they can prove.

It may be helpful in long-term planning to work with more scenarios, at least with the worst one, the most expectable one and the best one, so that they would be able to adapt quickly.

#### *2. Reductions in the budgets*

First of all the organisations should focus on raising more money themselves. They should focus on enhancing their service, so that the audience would be willing to pay more for the tickets. They should offer VIP tickets which would include e.g. meeting with selected artists

attractive for the audience or offer packages of services (e.g. comprising meals, entrances to selected rehearsals).

Also the cut-back in promotion and marketing seems not to be appropriate (although at that stage it might have been essential and unavoidable) when the organisation should be focused on getting new audiences, tours, sponsors – sources of income. If it would be required after all, they should boost their PR activities to compensate for it.

Finally they should start preparing themselves for the need of structural changes and create crises plans based on actual throughout situational analysis in the field of human resources management and management. It may be useful to engage universities in this process including relevant experts from cultural management, management and artistic areas. The situation analysis should include scenarios of possible structures and processes in the organisations including assessment of descriptions and competencies of job positions and evaluation of the performance of the current employees and their abilities. They should also consider developing other services covering the areas of public services, so that they could engage larger customer base and gain more money (by subscription programmes or their own income).

### *3. Financial independency*

The orchestras should co-operate in exchange, rather than hiding, of their know-how. They should explore more options and existing case studies about more independent orchestras in the Czech Republic and abroad. Although the total financial independency seems not to be achievable, they should accept partial independency as their objective, especially in the context of the reductions. In denying the possibility, they lose the opportunity to be prepared for the worst. As the Czech cultural infrastructure is very dense, it may be possible that some of the orchestras will perish in the changing environment unless they would be able to adapt quickly.

### *4. Possible forms of business entities*

It became apparent that the orchestras judge the business forms based on the appropriateness for gaining public subsidies and they keep forgetting about the opportunities that they may acquire by losing the certainty of subsidies in exchange for financial management freedom. Many of the problems connected to long-term planning would vanish if the organisation would become more independent choosing another form.

On the other hand they have to carefully judge the risk and the benefits. They would lose free buildings (they are owned by the founders) and have to pay for the rent in appropriate facilities raising their budgets even more but losing a certain level funding. Keeping this in mind, the contributory organisation form seems to be the most convenient.

#### *5. Specification of public service and orchestras' specialisation in this field*

As it was previously mentioned, the orchestras do not feel the need to expand their services in terms of public ones. Regarding their situation of reducing costs, it may be very understandable. But, again, they should focus more on the possibility of audience expansion as a way of earning more income.

From my visits in the organisation, it was apparent that the employees (both administrative and artistic ones) feel de-motivated. As the organisations are not able to offer them other benefits (neither financial nor non-financial), they could establish a creative platform for them to bring their own projects that could expand both the public service and audiences by using the existing resources of the organisations.

#### *6. Structure of the organisation*

Structural problems may be very harmful and may cause large losses in the organisations. It is possible that the inactivity may be caused by communicational problems. If this is the reason, it may be helpful to establish a specific time of annual (or regular) reassessment of the structure with the focus on whether it respects the real processes and competencies of the people in the job positions. Also it should be assessed, if the irregularities create real problems and if they are an issue to be solved quickly.

After these re-evaluations a general plan should be established and if needed brought up to the city council.

## *7. Artists as directors, managers as directors, the education of a director /manager*

The choice of any employee is very individual; nevertheless the organisations should decide properly which abilities and characteristics are the most important. It was shown that the education is not required as long as it is compensated by education in other relevant field and enough experience and interest or general ability in the other.

### **Conclusions of the research**

Most of the hypotheses were proven. Orchestras use various resources for funding, but they depend on the public sector. The contribution from the founder was reduced for the first time significantly this year. The orchestras were able to face it without the need of dismissals and restructurings, but in case of further cuts, they would be forced to react in this way.

The orchestras deny the possibility of becoming fully financially independent. They prefer the relative certainty of public subsidies, but they have to face the uncertainty created by the one year limitation which was proven as well by their choice of appropriate business – the contributory organisation. Nevertheless this is the price they are willing to pay.

In the environment of reductions they do not plan on expanding their activities to broaden their public services. They do not acknowledge their PR or financial benefits.

The choice of the director, or his characteristics, is very individually based, but generally he should be interested in the field of music (better to be an expert or highly involved) and have some knowledge of management (to be educated in the field or essentially to have a sixth sense for it). Those two can balance each other. Although the research pointed out that the role of formal education is beneficial but not essential, university education is a must for the director in the admission criteria.

The research keeps pointing out one important issue: the orchestras are large organisations which have problems to adapt quickly to changes in the environment due to their routines, historical contexts of their structures and processes, reluctance to exchange information among themselves publicly (although they are very helpful and open in conducting researches by external entities) and the fight for financial stability in long term. Although they struggle with severe reductions they hope that the system of direct public subsidies from the funders will remain the same.



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