

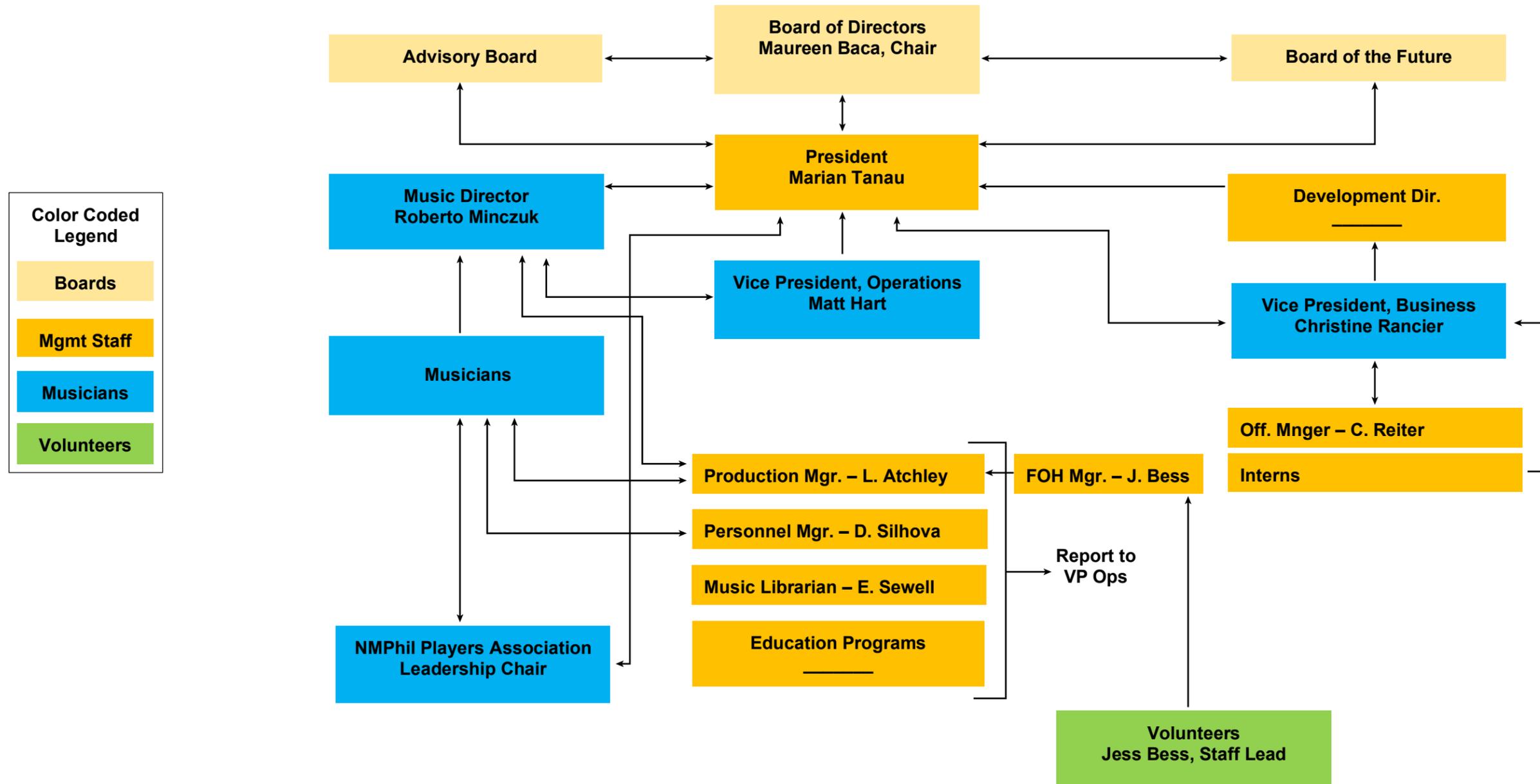
New Mexico Philharmonic Organizational Profile



October 2022



New Mexico Philharmonic



Organizational Profile

P.1. Organizational Description

The New Mexico Philharmonic (NMPhil) is the state's largest professional classical symphony orchestra, and second only to the Santa Fe Opera, is the largest performing arts organization in New Mexico. It is composed of 75 conservatory trained (or equivalent) professional musicians and the Music Director (and primary conductor); four full-time and six-part time staff members and several contractors referred to as a group as the *management staff*; a board of directors (BOD) of 15; and over 30 volunteers. It was incorporated in New Mexico by musicians of the New Mexico Symphony Orchestra (NMSO) as a non-profit organization on October 21, 2009 when the possible closing of the financially troubled NMSO was recognized. NMSO had functioned successfully from its founding in 1932 until economic challenges came to a head in 2011 following the 2008 recession. NMPhil was dormant as an organization until May of 2011 after the NMSO declared bankruptcy. Following the bankruptcy, community members not affiliated with NMSO joined NMPhil's BOD and began fund raising. By fall 2011, NMPhil successfully raised over \$100,000 to purchase the key assets of the NMSO to begin operations, hired an executive director, retained and acknowledged the tenure of NMSO musicians and began performing its first season. NMPhil has grown successfully with an entirely new board, staff, volunteers and a growing set of new musicians. It is the flagship classical music organization in New Mexico, performing for 40,000+ audience members and serving 20,000+ students each season and is a vital part of New Mexico's cultural scene. It is also an important economic driver as a key cultural asset that helps to create the quality of life that attracts and keeps businesses and individuals in the community. NMPhil musicians are also employed by all professional music organizations in New Mexico that use classically trained professional musicians, further enhancing the quality of life in the state. NMPhil continued with virtual performances during the pandemic and is beginning its 2022-23 live concert season in excellent organizational and fiscal health.

a. Organizational Environment

(1) - Product Offerings NMPhil has two categories of product offerings: **concerts** provided to paying audience members of the general public as well as some free community concerts; and **education programs** provided to public school children at no cost to parents or students.

Five types of **concerts** are offered, with a distinguishing feature being whether the orchestra is "full" meaning 75 or more musicians on stage or the orchestra is "medium" to "small" meaning 20 to 48 musicians. The Popejoy classics, Popejoy Rocks & Pops, morning and afternoon concerts at other venues are the most important concerts for audience members. Outdoor concerts are performed primarily as community service, often free to attendees. Ticket sales for concerts for the general public are the primary source of earned income for NMPhil.

Education programs are the key product that supports both NMPhil's mission and the core value of "service to all our communities" by changing the lives of the youth of New Mexico. They are also essential to developing audiences of the future by creating awareness, knowledge and the love of classical orchestral music that will create the audience, donors and sponsors of the future. The education programs are: youth concerts presented in Popejoy Hall in the fall and spring of each year; ensemble visits of 2 to 5 musicians visiting elementary schools in Albuquerque and elsewhere in the state as funding is available; and the Young Musician Initiative (YMI), an in-depth music education program for economically challenged public school students, based on El Sistema, a revolutionary music education method pioneered in Venezuela in 1975. During the pandemic, education programs were presented virtually. Post pandemic, programs will be presented both live and virtually. See Figure P.1-1 for product details.

Figure P.1-1: Key Products

Concerts for General Public		
Products	Importance	Delivery Mechanisms
Full orchestra classical music concerts -- Popejoy Classics	High – for classics series audiences, stakeholders and financial performance	Live performances in large concert hall
Full orchestra popular music concerts - Popejoy Pops	High – for general audiences and for financial performance	Live performances in large concert hall
Sunday afternoon concerts with medium size orchestra – Immanuel Presbyterian Church	High – older demographic audiences preferring this time	Live performances in medium size venue
Coffee Concerts – Immanuel Presbyterian Church (IPC)	Medium – outreach and service to the community	Live performances on Friday mornings
Outdoor concerts of popular music with full orchestra (ABQ Bio Park / Rio Rancho)	Medium – outreach and service to the community	Live performances at Bio Park and Rio Rancho Skyroom

Education Programs for Public School Students		
Products	Importance	Delivery Mechanisms
Youth Concerts	High – 4 th and 5 th grade ABQ & nearby schools, students, experience carries into adulthood	Live Performance in Popejoy Hall by full NMPHil Orchestra
Young Musician Initiative	High – Title 1 elementary school students; changes lives and creates audiences of the future	Professional musicians in participating schools as after school /in school program. Presented via Zoom to reservation & rural schools
Ensemble group visits	Medium – elementary school students	NMPHil musicians to small groups of students at schools
Symphony for Autism	High – students with significant degrees of autism & their parents	Live Performance in Popejoy Hall by full NMPHil Orchestra as part of Youth Concerts

(2) Mission, Vision, and Values - The values of NMPHil were established during the first strategic planning cycle in 2012 and endure unchanged to this day. They drive all actions and decisions and are the foundation of NMPHil’s culture. The values of excellence, responsibility and service are lived out through the mission of enriching the lives through music. NMPHil has identified four core competencies: musical and artistic excellence (CC1); relationships (CC2); business management (CC3) and agility (CC4). See Figure P.1-2.

The core competence of *musical and artistic excellence* (CC1) is essential to the existence of NMPHil – NMPHil must provide the highest quality of music programming and performance possible to satisfy the expectations of audience members and the needs of the children served by the music education programs. *Relationships* (CC2) are key to NMPHil fulfilling its mission in several dimensions – internal relationships with staff, musicians and volunteers; external relationships with donors, sponsors, partners,

suppliers and collaborators. Effective *business management* (CC3) enables NMPPhil to fulfill its mission and meet expectations within an extremely small budget. *Agility* (CC4) is requisite for sustainability because revenue streams can change in a single week, visiting artists and conductors can cancel at the last minute, and venues may be impacted by weather and unexpected changes.

Figure P.1-2: Mission, Vision, Values, Core Competencies

Mission	The New Mexico Philharmonic enriches lives through musical excellence, educational opportunities and community engagement
Vision	As a world-class orchestra, the New Mexico Philharmonic increases the economic and cultural vitality of the state and is recognized nationally and internationally for its excellence
Values	<i>Excellence</i> in all our practices <i>Responsibility</i> in all our actions <i>Service</i> to all our communities <i>Centered</i> around our musicians and patrons
Core Competencies	Musical and artistic excellence (CC1) Relationships (CC2) Business management (CC3) Agility (CC4)

a(3) Workforce Profile - NMPPhil workforce is composed of management staff, musicians and volunteers who are motivated by a passionate love of the music and commitment to keeping classical music alive in New Mexico by supporting the mission and delighting audiences and students. The 75 musicians are members of local 618 of the American Federation of Musicians and are covered by a collective bargain agreement (CBA). All musicians are chosen through blind auditions and hired solely on the basis of their talent and ability. Volunteers are motivated by the same commitment and passion as the staff. NMPPhil has no special health or safety requirements. Figure P.1-3 contains full details on the workforce including engagement elements.

Figure P.1-3: NMPPhil Workforce Profile

Category	Number	Education	Engagement Elements
Management Staff	4 full time, 6 part time	1 DM, 2 MA, 7 BA/equivalent	Trusting relationships, good communication, accountability for performance, recognition, fair treatment, cooperative work environment
Musicians	75	Most have MA, PhD, DM or equivalent	High quality musical experience, increased performance opportunities, competitive compensation, respected professional colleagues, organizational growth and commitment, having a national class music director
Volunteers	30	Most college educated	Meet like-minded individuals, satisfy passion for classical music, contribute to success of NMPPhil, free entry to performances, do meaningful work

a(4) Assets - Major assets are: the music library valued at \$150,000, some of which is irreplaceable; orchestral instruments valued at \$200,000; box truck to transport concert equipment; one Steinway concert D grand piano; video / audio recording equipment; office equipment; and intellectual property –

donor, sponsor, audience lists; history of donors and key stakeholders; and archival concert recordings. NMPPhil is housed in leased space and performs in rented venues and public schools.

a(5) Regulatory Requirements - As a 501c3 non-profit arts and education organization operating in an office and concert hall settings, NMPPhil is subject to various state and federal regulations including: reporting requirements to New Mexico attorney general (COROS); IRS regulations including audits; public regulation commission requirements; and business licensing. NMPPhil has no accreditation, certification or registration requirements. Although it has no special health and safety regulations to address, it focuses on safety in the office and concert hall settings with the goal of zero job incurred accidents. NMPPhil follows all recommended federal and state guidelines to address the pandemic.

b. Organizational Relationships

(1) Organizational Structure - NMPPhil’s governance system consists of a 15-member board of directors (BOD). NMPPhil has an Advisory Board composed of six key stakeholders who possess skills needed by NMPPhil and meet with board and staff typically one on one to provide advice and consultation on matters important to the health and functioning of NMPPhil. The senior leadership of NMPPhil is the Senior Leadership Team (SLT) which is composed of the President & CEO (CEO), Music Director (MD) and Board Chair. The CEO reports directly to the Board Chair and participates as a non-voting member of the board. The MD reports directly to the CEO. The Executive Committee of the BOD (the chair, vice chair, secretary and treasurer) confers with the CEO on key matters of policy that arise between board meetings. Other committees of the Board meet as needed between regular full board meetings. The Advisory Board reports to the CEO and Board Chair and as individuals attend periodic BOD meetings. The musicians of NMPPhil are organized internally as the New Mexico Philharmonic Players Association (NMPPA) and governed by a highly structured set of bylaws that define the processes under which the NMPPA self-governs all orchestra-internal matters, such as education, leadership and collective bargaining. The chair of leadership committee of NMPPA is the primary contact between the LT and the NMPPA.

(2) Customers and Stakeholders - The key customer groups are: (1) concert season subscribers; (2) single ticket holders; and (3) students. Each is further segmented as presented in Figure P.1-4 with their key requirements and expectations. Donors, business sponsors, advertisers and government entities are primarily stakeholders. Donors are segmented into those who give less than \$500, \$500 to \$999, \$1,000 to \$1932, \$1933 to \$3499, \$3500 to \$4,999, \$5,000 to \$9,999, \$10,000 to \$24,999, \$25,000 to \$49,999 and \$50,000 and above. Business sponsors are segmented by the level of their concert support: quarter sponsor, half sponsor and title sponsor.

Figure P.1-4: Key Customers and Requirements

Customers / Stakeholders	Key Requirements / Expectations	Segments
Season subscribers	High quality concerts; seating preferences met	Classics, Pops, IPC
Single ticket holders	High quality concerts; ability to purchase desired tickets	Classics, Pops, IPC
Students	High quality music education programs	Concert, Ensemble, YMI

(3) Suppliers and Partners – Suppliers and partners are presented in Figure P.1-5

Figure P.1.-5: Suppliers / Partners – Roles and Requirements

Suppliers / Partner	Role	Supply Chain Requirements
Venue operators	Provide performance venues	Timely access, safety and security
APS (partner)	Schools, students, teachers for education programs	Provide access to students, bring students to youth concerts
Printer	Programs and related material	Quality materials delivered on time
Graphic Designer	Design expertise for programs and other print material	Innovative design
Private Schools (partner)	Provide school choirs for holiday concerts	Prepared choirs for holiday concerts
Ticketing: UNM, Hold My Ticket	Ticketing services	On line and in person ticketing at venues

Venue operators are particularly important to NMPPhil, since NMPPhil does not have its own hall for performances. The key venue operator is UNM's Popejoy Hall because this is the only venue in the city that has the capacity (1885) that can financially support a full-size professional orchestra. Popejoy houses the NMPPhil's classics series, its most important concert product, and its Rocks & Pops Series of concerts which were introduced in NMPPhil's second season 2012-2013. Immanuel Presbyterian Church (IPC) has become a very important venue partner beginning in fall 2021, with its main sanctuary (which accommodates 400+ audience members) becoming the location for nearly all orchestral rehearsals and smaller orchestral performances including the Sunday afternoon series, an important product for NMPPhil's oldest demographic and the newly begun Friday morning "Coffee Concerts". The City of Albuquerque resumed providing space for outdoor concerts at its Bio Park in September 2022, which we hope will continue. The City of Rio Rancho provides its Skyroom for summer holiday free community concerts. Audiences at the Skyroom exceeded 10,000 for July 4th 2022. Venue operators, especially Rio Rancho, are beginning to play roles in innovations, for example introducing new and diverse audiences and being the "test bed" for new types of concerts. Supply chain requirements of venue operators are effective lines of communication to NMPPhil (to promptly address concert specific requirements, questions or general issues) and for NMPPhil prompt payment of income from ticket sales at the venues. Because of the small size of NMPPhil and the nature of the business, all communication with suppliers and partners is handled one-on-one, via phone, in person meetings and e-mail.

P.2 Organizational Situation

a. Competitive Environment

(1) Competitive Position - With a total paid audience attendance about 38,000 in the 2018-119 season (our last pre-pandemic full season) NMPPhil is the major professional classical orchestra in New Mexico by a factor of three. For live professional quality classical orchestral music concerts NMPPhil competes with Santa Fe Symphony, Performance Santa Fe, Opera Southwest, Pro Musica and Chatter. Interestingly, the musicians of NMPPhil comprise about 75% of the musicians for these organizations. When performing

for these competitors, the musicians are typically treated as *1099 contractors*, whose income is reported to the IRS on Form 1099, and on which the musicians pay the employer share of Social Security and New Mexico gross receipts taxes, with no benefits, unlike their W-2 employee status with NMPhil. NMPhil has no direct competitors for its musical education programs in Albuquerque, as no other entities offer similar programs at no cost to public school students, or target students with special needs, as both YMI and *Symphony for Autism* do.

To increase the ability of the musicians to play for all the competitors and maximize their income, and avoid performance date conflicts, NMPhil collaborates for mutual success with its competitors by scheduling both rehearsals and concerts on dates and times that do not conflict. This same scheduling minimizes competition for volunteers allowing volunteers to work for multiple organizations simultaneously. The primary area of competition NMPhil faces is for donors and sponsors. Donors and sponsors tend to support only one arts group. There is also competition with the Albuquerque Youth Symphony for funding from local sources such as the Albuquerque Community Foundation. The Music Guild of New Mexico and Vintage Albuquerque, both fund raising arms of the now defunct NMSO, also compete for donors with NMPhil, as they fund raise to support their various grant programs, part of which is awarded to NMPhil.

Indirect competitors for pops concerts are local casinos and *Popejoy Presents*, the performance arm of Popejoy Hall, both of which offer live music performances that may directly or indirectly attract concert goers with performances on the same night, in the case of casinos, or in the same season, in the case of *Popejoy Presents* who choose to attend these performances rather than NMPhil. *Popejoy Presents* typically brings acts that are focused on Broadway productions. The casinos focus on nationally and internationally known soloists. To address this, NMPhil avoids scheduling pops concerts that are in direct competition. For example, in past seasons we brought in both types of shows which attracted small audiences. We now focus pops concerts on programs and acts that feature orchestral sound and highlight the orchestra itself, which neither casinos nor *Popejoy Presents* can offer.

(2) Competitiveness Changes - An increasing trend in local, regional and national foundations to reduce or eliminate funding to the arts is a change that is negatively impacting NMPhil and many other arts organizations. Analysis indicates this move away from the arts likely stems from the reduction and elimination of arts education in most public schools 20 to 30 years ago. Individuals now in senior leadership positions in companies and foundations (who could be sponsors and / or influence potential donors) grew up with little to no background in the arts and the impact of the arts on society, and prefer to channel philanthropy to basic social program support (food, shelter, homelessness) once provided largely by government, which also faces reductions.

To address this change, a new organization was created, the New Mexico Philharmonic Foundation Inc. The foundation is a separate 501c(3) whose sole purpose is establishing a lasting endowment for professional symphonic music in New Mexico, specifically increasing the financial security of the NMPhil. At this time the endowment of the Foundation about \$2 M. Distributions to NMPhil are dependent on the Foundation's ability to maintain and grow its corpus.

Popejoy Hall, NMPhil's primary venue, is becoming much harder to secure for concerts and is strategic challenge SC3. NMPhil is given dates for concerts less than 12 months in advance, and sometimes as little as 6 months in advance, making it very difficult to schedule and book national and international class soloists and guest conductors, who typically book 2 to 4 years in advance. This challenge is creating the opportunity for NMPhil to more aggressively pursue one of its initial strategic objectives and an exciting innovation -- a major new venue, either a performing arts center or a concert hall. This is a long-term goal,

with a more immediate goal of finalizing an on-going partnership with Immanuel Presbyterian Church, which we currently use for rehearsals, smaller performances, equipment storage, and meeting space for various activities.

(3) Comparative Data - Very few performing arts industry standards are publicly available. NMPPhil uses those few that are available, primarily financial data from the League of American Orchestras OCR 2016 study. Other financial benchmarks used by NMPPhil are non-profit organizations' financial performance available from IRS Forms 990 (which are all part of the public record). Because the CEO is a member of the Detroit Symphony Orchestra, NMPPhil has access to some benchmarks of this world class orchestra and uses them as appropriate. Little to no precise data about audience size, satisfaction and engagement or donors are available from direct competitors, nor is it available nationally. Non-profit best in class organizations are used for comparisons where industry and competitor comparisons are not available. NMPPhil also uses comparisons from Baldrige winning organizations and open business literature for comparable results in areas including customer satisfaction. Finally, NMPPhil uses Net Promoter Score (NPS) to compare its engagement results with staff, board, audience and stakeholders. NPS is a business best practice measure that is proven to be a **leading** indicator of engagement. NMPPhil consistently receives world class NPS scores from its audiences and stakeholders.

b. Strategic Context - Strategic advantages and challenges are presented in Figure P.2-1.

Figure P.2-1: Strategic Advantages and Challenges

	Strategic Advantages		Strategic Challenges	
Business	SA1	Engaged and effective BOD	SC1	Decline in foundation funding of the arts
			SC2	Developing larger donor base
Operations	SA2	Consistent use and improvement of processes	SC3	No permanent rehearsal and performance venue
Societal Responsibilities	SA3	Effective education programs	SC4	Ability to reach all children in need
Workforce	SA4	Committed, capable workforce	SC5	Less than full time-work and limited benefits for the workforce

Strategic challenge 3 is becoming more important for NMPPhil each season. Lacking its own concert hall and rehearsal space, NMPPhil is dependent on local venue operators for concert halls to deliver its concerts. Popejoy Hall (capacity 1885) is the only venue in the Albuquerque area of its size and is the only one that can sustain a symphony orchestra which needs seating capacity around 2,000 to be cost effective. IPC's main sanctuary (capacity 400+) is workable for smaller orchestra performances. Popejoy is becoming less available with Popejoy offering NMPPhil limited number of performance dates, most on a "take it or leave it" basis and all with very limited lead time for the industry (less than one year), which normally has 2 to 4 years of planning for concerts. Some dates offered fall on days not favorable to attendance, such as holidays or back-to-back weekends. Beginning in fall 2021 NMPPhil began using Immanuel Presbyterian Church's main sanctuary for its permanent rehearsal space and for smaller concerts, which has helped to reduce the long-standing strategic challenge. NMPPhil will continue to pursue a larger, permanent solution as a strategic goal.

c. Performance Improvement System - Figure P.2-2 presents NMPPhil's performance improvement system. NMPPhil uses Plan-Do-Study-Act (PDSA) as its basic approach for evaluating and improving its

processes, practices and individual activities. After action reviews (AARs) are performed following all major activities and are documented for future reference and use. NMPPhil has used the Baldrige Excellence Framework to develop, evaluate and improve its processes and practices since its inception in the 2011-2012 season. NMPPhil has participated four times in the New Mexico Performance Excellence Award Process, and has received 3 of the 4 levels of recognition for excellence, and more importantly has been provided systematic feedback reports that form the basis for objective evaluation and internal improvement. During strategic planning the BOD reviews the entire system for improvements and reinforces cycles of learning.

Figure P.2-2: Performance Improvement System

