



# Oakland East Bay Symphony

## From Streamlining to Strengthening Performance

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Nonprofit Mergers That Made a Difference Case Collection

Three mission-driven rationales can guide successful nonprofit mergers: an aim to grow scale (e.g. broaden reach), to increase scope (e.g. broaden services), or to streamline operations (e.g. increase efficiencies). Each comes with its own set of challenges and lines can blur between them. The merger of Oakland East Bay Symphony, Oakland Youth Orchestra, and the Oakland Symphony Chorus shows how a merger to increase efficiencies led to a focus on community impact.



### **The Rationale: Thriving in a Post-Recession Economy**

The 2010 merger of Oakland East Bay Symphony (the Symphony), Oakland Youth Orchestra (the Youth Orchestra), and the Oakland Symphony Chorus (the Chorus) in many ways marked a full-circle journey for the three arts organizations. All had their genesis in the Oakland Symphony, which was founded in 1933 as an all-volunteer orchestra and was professionalized in the late 1950s, growing to become a notable addition to San Francisco Bay Area arts. But in 1986, after nearly 10 years of operating at a deficit and spending down its endowment, the Symphony dissolved in a bankruptcy proceeding and the Youth Orchestra and Chorus became independent entities. Two years later, the Oakland East Bay Symphony rose from the ashes as a vibrant resource for award-winning programming, community engagement, and music education. In January 2009, after more than two decades operating in separate but parallel fashion, the three began to explore a merger that in the post-recession economy could yield cost savings and economies of scale. Unlike some high-profile mergers of symphonies and operas or ballets with different missions and separate histories, this one involved three partners that shared similar missions and were already well acquainted. Steven Payne, executive director of the merged organization, said a consultant hired to help with post-merger communications told him, “Your merger is not a story”—in other words, there was no news, because the three organizations had long been linked.

*Cover image: Maestro Michael Morgan and members of the Oakland East Bay Symphony take their bows after a January 2013 performance of Carmina Burana at Paramount Theatre of the Arts.*

## **The Catalyst: Individuals as Champions**

Even before the 2008 recession, the Oakland East Bay Symphony was exploring the option of a merger with the Youth Orchestra and the Chorus. Jim Bell, a major supporter of the Symphony and currently board president-elect of the newly merged organization, together with his wife, Bonnie, committed to underwrite a merger exploration to streamline costs, share administrative strengths, encourage more audience crossover, and increase visibility in the community. The process began in January 2009. A second catalyst came with Michael Morgan, the long-time music director of the Symphony, the artistic director of the Youth Orchestra, and a frequent collaborator with the Chorus. He, too, supported the merger exploration. Although Morgan, like Jim Bell, recused himself from much of the formal negotiations process, his quiet leadership conferred a level of confidence in and commitment to the merger that was as important as Bell's financing of the process.

## **The Challenges: Managing Differences, Balancing Internal and External Demands**

Despite the partner organizations' intertwined histories, the merger was not simple. Each group had grown to a different size and a different stage of organizational development. The pre-merger budget of the Oakland East Bay Symphony was \$1.8 million, the Youth Orchestra's was \$300,000, and the Chorus's was \$100,000. Consistent with its size, the Symphony had built a robust organizational infrastructure that the other two did not have. Bringing the three together required more than putting them under the same 501(c)(3) umbrella; it meant getting them to see themselves as part of a single, unified whole—something that not all stakeholders were quick to accept. “Some people thought they could be in a merger, but not ‘really’ be merged,” observed Payne. “But you really have to invent the whole thing anew—new roles, structures, etc.” Aligning internal stakeholders around a common identity and direction took a great deal of energy, which left little time to devote to managing how the merger was communicated to audiences, funders, and other external stakeholders. Some staff positions were eliminated or redefined, operational systems had to be integrated, and it took time for a new, shared way of working to be accepted and embraced.

## **Integration Tactics: New Identity, New Leadership**

The Symphony, the Youth Orchestra, and the Chorus officially merged under the name East Bay Performing Arts, a name intended to serve as a common identity. Payne said it soon became evident that the name worked better in theory than in practice: “Nothing about that name says what we actually do!” he explained. In the fall of 2013, during Payne's first months as executive director, he identified the name as the first thing to change. The organization is now rebranding itself as the Oakland East Bay Symphony, which already has strong

recognition in the community. The rebranding process, said Payne, “forced us to ask and answer a bunch of questions in a way that hadn’t yet been done.” For example, the new website required decisions about the logo and how each name would be listed—the Youth Orchestra and Chorus are still referred to as such, just under the Oakland East Bay Symphony banner—as well as how donations would be solicited and processed. Joining the organization after the merger negotiation allowed Payne to assess and make difficult organizational changes, such as reducing duplicative part-time positions and shifting responsibilities to full-time staff. Bell described the leadership challenges as “not unlike a start-up. The personalities involved in signing the merger documents brought an important skill set: the diplomacy needed to negotiate a mutual agreement. But implementation required a different skill set: the inventiveness to create something new.”

### **Results: A Transition Period, Adjusting to New Realities**

Because post-merger integration activities—such as rebranding, staff restructuring, and new systems development—are still underway, Bell and Payne are cautious about claiming merger results. Yet the two agree on one thing: the merger was about more than reducing costs. Indeed, reductions in foundation funding threaten to offset savings from staff reductions. Bell reported that foundation support for the merger, which to date has cost about \$100,000, has yet to show itself through new grants. The new organization’s operating budget of more than \$2 million made it ineligible for funding from one longtime institutional donor, and the policy of other foundations to provide only one grant per organization, with a cap on the grant amount, puts the newly merged organization at a disadvantage. Payne believes the Oakland East Bay Symphony’s tests will be twofold: realizing sought-after efficiencies and, even more important, attracting a larger and more engaged following, both in terms of audience and funders. “Can a merger make you a better orchestra or chorus?” Payne asked. “The answer will come from fulfilling our artistic mission.”

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**Sources:**

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## Case Collection: Nonprofit Mergers That Made a Difference

**A series curated by The Bridgespan Group, La Piana Consulting, the Catalyst Fund for Nonprofits, and The Lodestar Foundation**

A number of nonprofit organizations are strengthening their fights against poverty, disease, and other social ills by turning to mergers and collaborations that increase their scope and scale of impact as well as streamline operations. This case is part of a series of studies and blogs that explore effective nonprofit mergers, looking specifically at their rationales, catalysts, and results as well as the challenges of due diligence and integration.

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