
UTAH SYMPHONY AND UTAH OPERA: A MERGER PROPOSAL

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1. The case¹

Unlike major arts organizations in Europe and Canada that rely heavily on government agencies for their funding, orchestras and opera companies in the United States operate according to a very different financial model and generate income primarily through ticket sales (approximately 46%) and individual contributions (approximately 36%).

Since September 11, 2001, all arts organizations in the United States had experienced a dramatic decline in public and government subsidies that had led to revenue loss and major operating deficit. To compensate for the decline in attendance, ticket prices had been slightly increased but this did not stop the stagnation in the arts organizations.

Utah Opera was formed in 1976 by the renowned European operatic talent Glade Peterson who served as a General Director until his death in 1990. The following year Anne Ewers was named General Director. Under her direction, the opera continued to

¹ Case study written by Professor Thomas J. DeLong and Ph.D. Candidate David L. Ager, Harvard Business School, No. 9-404-116, Boston, MA, 2004.

grow, increasing its number of annual productions and the number of young people attending the performances of the Opera to 70,000. In 2002 the company owned production studios on 2.9 acres of land and a sizable set of costumes and stage sets valued at approximately \$4.8 million US. The Opera had a permanent administrative staff of 23 people and hired all artists, including soloists, chorus, and orchestra for a specific production. In the case of the orchestra, the Utah Opera engages the services of the Utah Symphony.



The Utah State Symphony Orchestra was founded in 1940 and was led by Maurice Abravanel until his retirement in 1979. After performing under various conductors for 20 years, in 1998, the Utah Symphony hired Keith Lockhard as its Music Director. Under his tenure, the Symphony became one of the most involved orchestras in the country, performing over 200 concerts to a 52-week year round schedule. The Utah State Symphony employed 33 full-time staff members and 83 musicians and has an annual operating budget of over \$13 million US. Keith Lockhard served as a conductor of the Boston Pops Orchestra, Cincinnati Symphony, and Cincinnati Pops conducting more than 600 concerts and creating 50 TV shows. The Orchestra had made every possible effort to keep him as a Music Director over the last five years.

Mergers between major opera companies and symphony orchestras in the United States had been rare. In 1963, the Madison Symphony and Chorus, and the Madison Opera had united under an umbrella organization known as the Madison Civic Music Association; in 1993 they dissolved as a response to "long-standing concerns about how to run two

different arts organizations under one banner". In 1985, the Chattanooga Symphony and the Chattanooga Opera merged and as a result were able to eliminate their deficit; they remain an entity as of today. Finally, in 1992, the Connecticut Grand Opera and the Stamford Chamber Orchestra merged as well and continue to operate as one entity.

In 2002, the Boards of directors of the Utah Opera and of the Utah Symphony had made a decision to merge in an effort to economize on cost, and perhaps expand the artistic potential. Anne Ewers, General Director of Utah Opera, was asked to assume the helm of the merged entity and lead the integration effort. She responded three weeks later saying that she would be very interested.

Then the Board Chair of the Symphony approached Lockhard about the idea of the merger. His first reaction was negative. He tended to resist changing existing models and believed in supporting existing models. It was made clear to him that he was the key person to decide if the merger would go ahead or not. After a few weeks he decided that the idea is worth further discussions.

Next, the Chair of the Opera was contacted and told about the idea of a merger. His initial response was also negative. He had concerns about the Opera losing its identity and about major differences between the financial stability of the two organizations. Nevertheless, he agreed to explore the idea further. A joint Task Force was created and two months later a recommendation in favour of the merge was made public.

The initial public response to the news was positive. However, over the ensuing weeks and months, that changed and it became clear that Ewers would need to consider each of her constituents carefully before deciding how best to respond to them and how to proceed with the integration.

Lockhard and Ewers met for several hours to discuss the idea. Lockhard was cautiously optimistic based on the lack of successful history of similar mergers within the North American context. In addition, the Board of the Symphony did not consult him in regard to the organizational chart of the merged entity, where he was going to be subordinated to Ewers. He felt his leadership in Orchestra would be compromised and his role as a Music Director “shared” with someone without “previous or practical working experience”. The Orchestra members also felt that since the Opera general director was being proposed as CEO of the merged organization, the orchestra would become an appendage of the opera, as is the case in a situation like the Vienna State Opera/Vienna Philharmonic. They responded by forming an *ad hoc* committee to represent their concerns to the Board.

Shortly after the idea of a possible merger was made public, the Opera and the Symphony were inundated with calls from irate patrons who were fundamentally opposed to the idea of a merger. The main concerns were gravitating around the radical dissimilarity of the two organizations in terms of scale and action. In budget, the Symphony predominated, and in fixed assets the Opera predominates. In addition, the Opera has no performing artists under continuing contract, while the Symphony has an entire orchestra. Many felt the each organization would lose its individual identity and traditions.

The next response to the idea was an open letter to the community signed by Carolyn Abravanel, the widow of the founder of the Utah Symphony Maurice Abravanel. In this letter she publicly announced that she was opposed to the merger and that “Maurice would be hammering the inside of his casket” about the merger.

A few weeks later, Leslie Peterson, the daughter of the Utah Opera founder Glade Peterson, resigned from her position as director of operations because of her major concerns about the merger and disagreement with the direction management was taking.

The Opera and the Symphony Boards were each scheduled to vote on the merger on July 8, 2002 and yet by late June 2002 it was still unclear which way the vote would turn. Ewers was excited by the challenge of leading the merged organizations and the integration effort but she knew that she needed a well thought out plan for how she would integrate these arts organizations.



Anne Ewers was hired in 1991 to lead Utah Opera. Prior to coming to Salt Lake City, Ewers had served as general director of the Boston Lyric Opera where she retired a \$50,000 US debt that she inherited from her predecessor, built an endowment fund, and increased the number of productions from one to three. She had also served as assistant director to the San Francisco Opera and the Canadian Opera Company and had successfully served as stage director for over 60 opera productions across the United States and abroad.

During her 11-year tenure at Utah Opera, Ewers had grown the company's annual budget from \$1.5 million US to \$5 million US. She had a reputation for being energetic, enthusiastic, and capable. When she was asked whether she would be interested in becoming the CEO of a merged organization, she was cautiously excited but as the months passed and the public, various board members, staff members, and artists

began to express scepticism about and openly oppose the merger, Ewers recognized that combining the two organizations represented a much greater challenge than she had initially realized.

Ewer was well known in the community as having excellent fundraising skills and as a devoted and hard working manager of the Opera. However, some members of the Task Force Committee were concerned with her "people management skills" and her "autocratic style in dealing with staff". At times she would make unilateral decisions and would fail to consult with those who are expected to implement these decisions. Other members of the Task Force questioned Ewers' ability to manage a Symphony based on her lack of experience in this "extremely problematic" environment. Finally, there were also concerns that "the job is too great – artistically, financially, and managerially" for her.

Lastly, there was the issue of how the organization should be structured. Most symphonies were organized such that both the CEO and the Music Director reported directly to the Board. Even though Lockhard described Ewers as a "good listener" and "extremely energetic", having him to report to her would represent an affront to the dignity of the conductor.

2. Recommendations

Ewers had come to realize that the process of merging would be far from easy. To begin she would need to bring two different cultures together. She has to understand that she needs the support of the local community if the merger is going to succeed. She would therefore need to figure out how to convert community attitudes.

Since there is a high degree of uncertainty surrounding the proposal for merger, Ewers would have to use systematic processing² in order to successfully cope with this complex environment. The complexity of the task Ewers has to accomplish would require elaborative, substantive processing and is most likely to be influenced by affect, as mood will selectively prime affect-related thoughts and memories to be used when constructing a response³.

Ewers would also have to convince and inspire the members of the two Boards. She may have to use the effect of emotional contagion⁴ in small groups as well as the transformational role of the vicarious affect⁵, the behavioural entrainment⁶ and the resulting interaction synchronicity⁷. However, she would have to change her leadership style from autocratic to charismatic and transformational, in order to exercise intentional affective induction⁸ and affective influence⁹ on the members of the Board. Since her dispositional affect and mood may not always be in synchrony with what she is expected to do in given circumstances, Ewers may have to also use affective impression management¹⁰ as a way of showing surface-level emotional displays, which she may not feel or internalize.

² Larissa Z. Tiedens and Susan Linton, *Judgement under emotional certainty and uncertainty: The effects of specific emotions on information processing*, in: Journal of Personality and Social Psychology, 2001, vol. 81, no. 6, pp. 973-988.

³ Joseph Forgas and Jennifer George, *Affective influence on judgements and behaviour in organizations: an information processing perspective*, in: Organizational behaviour and human decision process, vol. 86, no. 1, pp. 3-34, 2001.

⁴ Janice R. Kelly and Sigal G. Barsade, *Mood and emotions in small groups and work teams*, in: Organizational behaviour and human decision process, vol. 86, no. 1, Sept. 2001, pp. 99-130.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*

Ewers would also have to choose or create appropriate physical context to communicate her ideas. In terms of technological context¹¹, she has to opt for face-to-face discussions in order to maximize the quantity of nonverbal and verbal social cues and thus to determine the underlying emotional states of group members and, consequently, to facilitate the flow of ideas among them.

Ewers would need to prove to many members of the Board and to the community that she is capable of leading the new organization through the process of a merge. Although leaders that express anger are perceived as more competent¹² as a result of the fact that anger has more power in status conferral, it would be more effective, though, that people comply out of their own will and not because of fear of punishment. Since the latter is not sustainable over long run, Ewers may have to closely monitor her emotions display and make sure she quickly develops a high level of emotional intelligence. Even though under time constrains it might be necessary to display power and make unilateral decisions¹³ Ewers would be more successful if she adopts more collaborative approach. This will be highly recommended since her role will remain unclear until a decision about the merger is made and even subsequently when she would need to define and communicate her leadership style and approach. As her power would be related to the context of the situation rather than to her personality characteristic of dominance, status, and authority¹⁴, Ewers would have to use emotion display to prevent or correct a problem, to create a good climate, to help individuals improve situations, which sometimes may require masking negative emotions, avoid emotion displays that

¹¹ *Ibid.*

¹² Larissa Z. Tiedens, *Anger and advancement versus sadness and subjugation: The affects of negative emotion expression on social status conferral*, in: *Journal of personality and social psychology*, vol. 80, no. 1, 2001, pp. 86-94.

¹³ C. Anderson and J. Berdahl, *The experience of power: Examining the effects of power on approach and inhibition tendencies*, in: *Journal of personality and social psychology*, vol. 83, no. 6, 2001, pp. 1362-1377.

¹⁴ *Ibid.*

lead to negative outcomes, and avoid managing emotions for personal benefit to the detriment of others¹⁵.

In this overly complex situation, Ewers may be motivated to choose actions that promise a positive affect associated with goal attainment and may tend to avoid negative affect associated with goal failure¹⁶. This may modify the objective analysis of the situation and may lead to decisions motivated by superordinate goals (i.e. happiness). In order to minimize the degree of subjectivity, Ewers would need to facilitate inbound feedback from a few people whom she trusts and who would act as a regulator to her own decision-making process. She would also need to build confidence among members of the staff, of the Boards, and of the community that change can happen. She has to recognize her strengths and weaknesses, and enlist allies to cover her blind spots.

Ewers would also have to successfully manage a potential conflict with Lockhard. This conflict is emotionally driven and defined process¹⁷ that arises from the appraisal that the merger is interfering with Lockhard's goals to preserve the independence of the Orchestra. As the conflict is emotionally valenced, invokes moral stance, is identity based, and is relational¹⁸, Ewers would have to focus on conflict transformation as opposed to resolution, since focus on the latter would be doomed to fail because it usually addresses only part of the conflict formation¹⁹.

¹⁵ Kramer, Michael and Hess, Jon, *Communication rules for the display of emotions in organizational settings*, *Management Quarterly*, vol. 16, no. 1, 2002, p. 66-80.

¹⁶ Richard Bagozzi, Mahesh Gopinath and Nyer Prashanth, *The Role of Emotions in Marketing*, *Academy of Marketing Science*, vol. 27, no. 2, Spring 1999, pp. 184-206.

¹⁷ Andrea Bodtker and Jessica Jameson, *Emotion in conflict formation and its transformation: application to organizational conflict management*, in: *The International Journal of conflict management*, vol. 12, no. 3, 2001, pp. 259-275.

¹⁸ *Ibid.*

¹⁹ *Ibid.*

Finally, Ewers would have to utilize several management styles in order to communicate her ideas, influence the decisions made by the Boards, or convert community attitudes. Her coercive approach may be effective in a few occasions, but in most situations it would inhibit the organization's flexibility and it would dampen employees' motivation²⁰. The authoritative approach, with its vibrant enthusiasm and clear vision, would be the most appropriated dealing with the employees of the two organizations and affiliative style would be more successful in her communication with the musicians from the Utah Orchestra (in order to minimize the impact of a potential conflict of interest with their Music Director Lockhard). An authoritative approach would maximize commitment to the organization's goals and strategy and defines the standards that revolve around the vision. This style should be combined with the affiliative style since the combination of a clear vision and standards with caring and nurturing approach would be the most effective for building the new organization. The value of the coaching style should not be underestimate, especially in Ewers' daily communication with her direct employees. In conclusion, the more versatile her choice between various leadership styles the better²¹.

In her communication she should be able to appraise different emotions and convert them to information. She should also be able to recognize and interpret non-verbal signals as well as read facial expressions, including micro-expressions and subtle expressions²². This would significantly increase the speed of processing information and would facilitate the decision-making process.

Ewers would also need to provide all groups and people involved in the transition with constant feedback in relation to their performance within the organization. She may

²⁰ Daniel Goleman, *Leadership that gets results*, Harvard Business Review, 2000.

²¹ *Ibid.*

²² Malcolm Gladwell, *The naked face*, The New Yorker, 2002. C.f. Paul Eckman, *SETT and METT training tools*, CD ROM, Mozgo Media, 2003.

have to deal with people trying to avoid her feedback, people who may procrastinate, deny, or feel jealous²³. Again, she would have to adapt her leadership style in order to select the most appropriate way of communicating her feedback to various personalities and groups.

3. Estimation and Prognosis

On July 8, 2002 the Board of the Utah Opera and the Board of the Utah Symphony voted unanimously in favour of the proposed merge between the two organizations. Anne Ewers was appointed C.E.O. of the newly created Company while remaining the Artistic Director of the Opera. Keith Lockhard has remained the Music Director of the Utah Symphony with exclusive rights to decide the artistic future of the Orchestra. Ewers was able to manage a successful transition by bringing these two different cultures together. She was able to convert community attitudes and to get a significant community support over the last two years. She has developed a good relationship with Lockhard and was able to create an environment of trust with the musicians and their Union.

Undoubtedly, Ewers was in the best position to lead the new Organization through the merger. She had the knowledge, the experience, and the network to successfully complete this difficult task. Has she not agreed to become the CEO of the new Company, the merger would unlikely have gone ahead. Considering the fact that the project was instigated mainly to ensure the survival of the Utah Symphony, had the merger not been successful, the Orchestra would have not been able to survive. This would have exercised a major impact on the Utah Opera since the company does not retain its own orchestra but depends on the service of the Utah Symphony. Without an orchestra, the Opera could not function and would have to dissolve as well. This would have negatively

²³ Jay Jackman and Myra Strober, *Fear of feedback*, Harvard business review, 2003.

affected the local social, educational, and cultural programmes and would have affected the local labour market. Lastly, considering the size of the Organizations (they both manage one of the largest operating budgets in the United States), had this project failed, it would have inhibited other subsequent projects of this kind, both nationally and internationally.