



# Sweet Charity

Jonathan Brett rehearses the English Classical Players, above and opposite. Watford Colosseum (bottom left), the orchestra's principal venue, is a key part of its mission to generate growth.

All photos for this article are by Benjamin Ealovega.

by Jonathan Brett

**How one British orchestra is rethinking its business model and supporting artistic mission with economic muscle**

Until recently I was inclined to think that artistic enterprise involves coordinating two activities not just unrelated but mostly working in opposition: enterprise—the need to make ends meet—on the one hand, and artistic activity on the other. This state of affairs might have continued indefinitely if circumstances had not led me to recognize the immense benefit we could gain if we get those apparently opposing goals to become mutually supportive.

This change in perspective arises from an experiment undertaken over the last two years with the English Classical Players in Watford, where we have transformed a scenario of slow decline into one of dynamic growth. This has been achieved simply and inexpensively by rethinking the economics, using a model that operates more efficiently and directly supports our artistic mission.

To set the scene, Watford is a small municipality twenty miles north of central London with an enormous population in the vicinity. It is unique for a town of its size in having not only a producing theater but also an exceptionally fine concert hall, Watford Colosseum. A recent report by Paul Scarbrough of the acoustic-design firm Akustiks points out that the hall is of a quality that should put Watford on the international musical map but has sadly not succeeded in having its musical value fully appreciated or exploited. Since my first performance there in 1992 I have been endeavoring to change this, and







Above: Members of the viola and violin sections of English Classical Players; right: Jonathan Brett rehearsing the orchestra

starting in 1996 I made it a primary venue for English Classical Players—a flexible group that can play to what we hope are the highest international standards in configurations ranging from small chamber ensemble to full symphony orchestra. We had a five-concert season in Watford in 2007-08, and a six-concert series there in 2008-09. Despite a strong audience base,

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over the past decade funding concerts became increasingly problematic: Unless something changed, there was no chance of ever creating a sustainable operation.

Our orchestra concluded that since our mission is to share music, and a traditional business model failed to generate the revenue to achieve this, we needed to rethink our relationship with our audience.

The U.K. tax system provides a huge incentive for doing this, since voluntary contributions to charity can be worth over 40 percent more than sales revenue. The U.K. tax system concerning charitable donations is opposite to that of the U.S. In the U.S., the donor may reduce his or her taxable income by the sum of his donations *before* tax is calculated. In the U.K., donors pay tax on their whole

income, regardless of donations, and the nonprofit receives the tax break because it may claim, from the U.K. Treasury, the tax *already* paid on the money donated. For example: If a donor gives £10 to an orchestra, the orchestra may reclaim tax already paid on that £10, which at the U.K. basic income tax rate is £2.50. In the U.K., to be able to donate £10 in the first place, you have to have earned £12.50. Additionally, concert tickets in the U.K. are subject to Value Added Tax (sales tax) at 15 percent. A £10 ticket is actually worth only £8.70 to the orchestra, as it must hand over 15 percent VAT—in this case £1.30—to the Treasury. So a £10 donation is much more valuable to an orchestra than a £10 ticket sale, especially if it comes from a higher-rate tax payer, who may pay as much as 40 percent tax.

For some bizarre reason, though, we, like most arts organizations in the U.K., have largely ignored this obvious financial opportunity, being locked into thinking that generating sales revenue is important. My conclusion is that this strategy is actively counter-productive and potentially dangerous for the art form we seek to promote; it not only leads to inefficient fund raising but misses a vital opportunity to build engagement with and commitment to the activity in question.

To return to the case of Watford, I realized that we had a large body of people—our audience—who were keen to help us.

If we define how they might best do this, then maximizing the value of their contribution involves three distinct elements: (a) we would like them to commit to attending all the concerts, (b) we would like them to do so early, and (c) we need their financial support through voluntary donation rather than sales.

Achieving this goal required us to create a more efficient means of raising funds, using a mechanism very different from a traditional business model. I concluded that we should change to a system that would embrace several key areas of artistic philosophy:

- To make an effective case that our work deserves support, we must be seen to give rather than take.
- Apart from its impact on fund raising, voluntary contribution has a greater emotional value for both parties.
- Developing an artistic program involves growing engagement with—and broadening—the experience of an increasing number of people.
- Finance aside, building the numbers provides an emotional reward for all concerned. More people generate a more dynamic atmosphere, which generates musical rewards for all and a consequent cycle of increasing returns.
- The need, desire for, and interest in artistic work does not recognize disposable wealth. We must seek to make it available to all.

I have called the resulting system the RAVE model, since it seeks to generate growth for artistic enterprise by addressing these issues through four primary targets:

**Revenue:** the need to maximize long-term income potential

**Access:** creating price points that widen and encourage access

**Volume:** sharing musical experiences with more people

**Engagement:** broadening experience and developing greater connection with and support for the art form and the organization.

The RAVE model marries the philosophical and financial requirements to elements of structure taken from yield pricing systems like those used by budget airlines. In practice, this means that all seats are the same price at any given time—there are no price bands. Quality of seat allocation is managed according to “value to the organization”; only those who commit early and donate generously are likely to get their preferred seats. In effect, the best seats are auctioned.

Prices vary according to the booking date, with supersaver-level tickets offered up until one month before the first concert of the season. After that date, prices increase 50 percent, to saver level, and beginning on the day of the first season performance, the standard price (33 percent higher again) applies for the rest of the season. The rationale behind the ticket-price adjustments is that those who book later are less likely to donate anyway. Tickets for a single performance are always double the subscription rate, so there is a huge incentive to subscribe to obtain maximum value. The lowest ticket price (i.e., supersaver subscription) is set so low that, on its face, it may not appear to make any sense. The supersaver amount clearly does not represent a viable contribution to the cost of live activity involving many highly qualified professionals. This benchmark was set at £5 per concert (a “two-coffees” price), with a saver subscription ticket set at £7.50 and a standard ticket set at a still very low £10. The highest price, a single standard ticket, is £20. Donors receive further benefits or privileges according to the level of donation, but U.K. tax rules strictly limit these.

Concerning results, the statistics I regard as most meaningful are those com-

paring the 2008-09 interim figures for audience-derived revenue with those from the 2007-08 season, using the old financial model:

No. of seats sold per concert	+20%
Subscription sales	+67%
Gross revenue (sales + donations)	+25%
Net revenue (gross revenue adjusted for tax)	+40%
Donations value / as a percentage of net revenue	+224% / +130%
Sales revenue	-10%
Average yield per seat sold	-22%

Despite a huge reduction in ticket prices, the rise in sales volume means that ticket income has dropped by only 10 percent; an increase in donations from 22 percent to 50 percent of audience-generated revenue more than compensates. If sales volume continues to grow, then despite the apparent absurdity of the “two-coffees” ticket-price base, we will not only be playing to more people but also generating *more* ticket revenue than before.

Skeptics of our new system might reasonably argue that the final figure (average yield per seat sold) is a cause for concern and makes voluntary funding unfeasible. I believe that though our new system entails a steep learning curve for all concerned, over time the average yield will grow as people become more familiar with how it works. This last figure gives a clue to the huge power of the RAVE model: If we could achieve the same yield per seat as under the old system, it would generate a net revenue increase of over 100 percent and retain scope for further development. Unlocking some of that potential is the next big challenge for us.

As the numbers clearly show, we are already raising more revenue, and doing so more efficiently. The RAVE model has generated record sales volume, encourages commitment and engagement, and provides for access at minimal prices—addressing the targets of Revenue, Access, Volume, and Engagement. Looking beyond mere numbers, though, there is an

artistic advantage that I believe has immense value: The old model was deeply frustrating because it only rewarded a conservative approach and offered, at best, the prospect of long-term artistic sterility. The RAVE model opens the door to becoming more adventurous, because revenue now derives principally from season-based, or organization-based, approval rather than from individual events.

Previously, with a 70 percent subscription base, we were constrained by the fact that every concert program had to appeal to a fickle minority of single-ticket buyers. Now that 94 percent of tickets sold are attributable to subscribers, it is clear that our first priority should be the maintenance and development of this group rather than concern about the casual visitor who, however welcome, provides no long term-value to the organization or the community of music lovers we seek to build.

Our artistic advantage lies in the fact that subscribers (as compared with single-ticket purchasers) get half the season “free,” encouraging them to sample program



Stacey Watton, English Classical Players' principal bass

content they might not normally choose to purchase. If we surprise them with an experience they find rewarding, this helps build trust and confidence, leading, we hope, to a renewed subscription and perhaps a larger donation, and resulting in a virtuous cycle of returns. In this way we might start to regenerate that disappearing band of concertgoers who are prepared to take the rough with the smooth: those who understand that engagement with artistic activity is not fundamentally about





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English Classical Players performing at Watford Colosseum, with pianist Mikhail Petukhov

**In a world obsessed with consumerism, ours is a message that is difficult to communicate: We are sharing something beyond price, something that cannot be measured or compared in commercial terms.**

the short-term gratification that lies at the heart of so much of contemporary life.

It is easy to misunderstand what we are trying to do and simply assume it is a discount ticket system. In a world obsessed with consumerism, ours is a message that is difficult to communicate: We are sharing something beyond price, something that cannot be measured or compared in commercial terms. We are giving first rather than asking first; the value of our gift is appreciated; and those who wish to reciprocate bring to the table what they can, a behavior pattern that falls within the true spirit of democracy and of friendship within a community. For me, this course has rewards beyond any financial return. I feel reborn, and have rediscovered the optimism with which I started out in this business.

There is a major difference between asking for advance payment for supply of a commodity, as we mostly tend to do, and inviting people to share an experience with the understanding that if they would like similar opportunities to be provided in the future they will need to contribute financially. I now seek a radical change in the

way we think about funding and participating in artistic work. Rather than selling it as a commodity, we need to build public engagement and ownership through individual subsidy, to separate contribution from participation so that events are shared more widely and financial contribution is made according to means.

I am now deeply grateful to the august institutions whose otherwise inexcusable failure to support the cause of music in Watford led me to this concept born of sheer desperation. The experience has convinced me that a business model compatible with an artistic ethos—and utilizing charitable status more effectively—can provide a vital means to encourage both long-term growth and artistic development, thus increased sustainability of operation. The Watford experiment with the RAVE model provides at least the basis of a blueprint, one that could serve the whole artistic community and strengthen our position in the wider world. If we start the ball rolling through encouraging greater access, understanding, and engagement, then people will gradually come to see the real value of artistic experience. The financial support we need will then follow naturally, and artistry and enterprise can operate harmoniously together. **S**

JONATHAN BRETT is artistic director and principal conductor of the English Classical Players, a flexible ensemble of London-based musicians. For more information on the topics discussed in this article, visit [www.ravemodel.org](http://www.ravemodel.org) or [www.watfordconcerts.com](http://www.watfordconcerts.com).

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