

# A Quiet Revolution: *The Metropolitan Opera Reinvents Client Relations Management*

Philippe Ravanas

**W**ith the development of *Tessitura Software®*, a cutting-edge client relations management system, the Metropolitan Opera of New York has transformed itself and greatly improved customer satisfaction. By licensing *Tessitura* to more than 150 arts organizations in the United States and around the world, and by encouraging them to form a network of users, the Met and its early licensees have invented a new business model for the arts: a not-for-profit company serving not-for-profit companies.

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## A Giant in Its Field

“The Met is the biggest performing arts institution in the world,” declares Joseph Volpe, former General Manager of New York’s Metropolitan Opera.<sup>1</sup> And he may well be right: with a standing repertory of 100 productions that can be executed in any given season, 240 performances of 30 different operas presented every year, 800,000 tickets sold annually, a 4,000-seat auditorium, more than 2,000 employees (including a full symphonic orchestra, a corps de ballet, 300 singers, and an army of set and costume designers), and annual operating expenses of more than \$220 million<sup>2</sup> – roughly what it takes to run the next five largest opera companies in the

United States<sup>3</sup> – the Metropolitan Opera is a giant in its field.

Where does the Met get the money to pay for all this? Not from public sources: support from federal, state and city agencies is negligible (\$375,000, or less than 0.25% of its total expenses<sup>4</sup> – unthinkable for its European counterparts). “Box-office revenue covers 46% of the expenses, or \$101 million,” says Volpe. “The Met’s endowment, which currently totals \$300 million, contributes \$18 million. The Met’s Lincoln Center garage and other common revenues bring in \$10 million. When it’s all added up, we still come up short to the tune of about \$92 million. Foundations contribute \$5 million; corporate giving offers \$7 million. This still leaves a very big hole. To fill it, the Met turns to its far-flung family: some 125,000 private donors, whose annual gifts range from \$60 to more than \$500,000, and who provide almost \$80 million, or 85 percent of total contributions.”<sup>5</sup>

“The Met is, in effect, two businesses,” declares Alberto Vilar, one of the company’s most famous and infamous benefactors (in 2005 Vilar defaulted on a \$20-million donation to the Met before being indicted for mail fraud). “They are in the business of opera and also in the business of raising money.”<sup>6</sup>

Volpe, who retired on 1 August 2006, started at the Metropolitan Opera 43 years ago as a carpenter – the only person in the company’s history to rise from the ranks to the

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top position.<sup>7</sup> He has spent the last 16 years as a strong-willed boss who fundamentally reshaped the world's busiest opera house.<sup>8</sup>

Reflecting on his tenure in his recently published memoirs, Volpe feels he is leaving a house in order.

Artistically, the Met has never been in better shape,<sup>9</sup> thanks in no small part to the strong working relationship that Volpe built with James Levine, principal conductor since 1973. Over the last 16 years, the company has greatly enlarged its repertoire, producing 26 Met premières and four world premières. At the same time, it has restaged revivals – 73 new productions in all.<sup>10</sup> It has moved away from its rather conservative artistic choices by premiering operas from contemporary composers such as Philip Glass.

Volpe also leaves the Met in relatively good financial shape. The company broke even for a dozen seasons over the last 16 years. By the end of the 1990s it was even operating slightly in the black. It did struggle with \$10-million deficits in 2002 and 2003 (due to a drop in attendance after the 11 September 2001 terrorist attack in New York) but had taken full advantage of the booming 1990s to triple its endowment.

Despite his reputation for being abrasive, even tyrannical (some have referred to him affectionately as a prima donna, others not so affectionately as “Stalin,”<sup>11</sup> Volpe proved to be an astute negotiator. He managed to build a stable relationship with the Metropolitan Opera's 17 unions, breaking with the tradition of confrontation that had plagued the company for decades, culminating in the cancellation of the 1980 fall season.<sup>12</sup> This “blue collar among the blue bloods”<sup>13</sup> also earned the respect of the Met's high-powered, moneyed, blue-blooded board members. In fact under the headline “The Right Way to Run an Opera

House,” an English newspaper contrasted the management of the Metropolitan Opera, under Volpe, with the board and administration of the hapless Covent Garden.<sup>14</sup>

In his memoirs, however, Volpe barely mentions the major legacy of his reign – what Bill Mason, General Director of Chicago's Lyric Opera, has called “one of the great stories in the arts in North America”<sup>15</sup>: the development of Tessitura, cutting-edge management software that, far from the dramas of the stage, has quietly transformed not only the Met but the entire performing arts field.

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## Grandeur and Glory

When Joe Volpe became General Manager of the Met, the company already had a century-long tradition of artistic pre-eminence.

The Metropolitan Opera was founded in 1880 as an alternative to the Academy of Music. The Academy represented the pinnacle of New York society and its board of directors was loath to admit the nouveaux riches into its aerie. The initial group of Met subscribers included the Morgan, Roosevelt, Astor and Vanderbilt families. Although there was hardly a true music-lover in the lot, the business tycoons who lined the balconies at the Met's opening represented all the royalty America could hope for.<sup>16</sup> The wealthy and prominent had come not only to see the opera but also to be seen themselves.<sup>17</sup>

Their social drive fuelled an artistic one. A great opera house was essential to New York's ambitions as a world capital, and the Met had to rival its grand European counterparts. The architect of the first opera house, J.C. Cady, was strongly influenced by the Palais Garnier

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### ABSTRACT

For decades, the magnificent stage productions of the Metropolitan Opera in New York City stood in stark contrast to the company's unsophisticated business practices. Over the last decade, however, the Met has turned itself around by developing the best management software system ever created for the arts. By sharing this system with more than 150 organizations in the United States and around the world, the Metropolitan Opera has transformed the field of performing arts.

### KEYWORDS

Leadership, marketing, information technologies, modelling, fundraising

in Paris and the Royal Opera House in Covent Garden, London. The Met also recruited its general managers and artistic directors in Europe – among them Mahler and Toscanini.

The Metropolitan Opera fell on hard times during the Great Depression of the early 1930s and was saved by Otto Kahn, a financier and generous patron of the arts, who set about converting the Met from a profit-seeking venture into a not-for-profit enterprise.

When Volpe joined the company in the early 1960s, the Met's original home was showing signs of fatigue. Another influential patron, John D. Rockefeller III, came to the rescue. He asked his favourite architect, Wallace K. Harrison (who designed Rockefeller Center), to build the biggest, most technically advanced opera house in the world. And this is what Harrison did.

The building's depth is that of a 47-storey skyscraper lying on its side. "Its imposing façade doesn't begin to suggest all that goes on behind it," declares Volpe. "It is an entirely self-sufficient factory for producing musical theater on the grandest possible scale – a place that can accommodate an entire season's efforts, from honing voices to making shoes."<sup>18</sup> The manufacture of costumes (which had previously been left to outside contractors) and scenery (some of which had also been farmed out) is now done entirely in house.<sup>19</sup> The main stage is huge, but it is dwarfed by the backstage area, which is two thirds larger and home to a jumble of 52 trapdoors, seven elevators, hundreds of hanging lamps, four lighting bridges and six sets of border lights.<sup>20</sup>

This extraordinary facility launched a new golden age for the Met: Luciano Pavarotti, Plácido Domingo, Renée Fleming and Cecilia Bartoli have graced its stage, just as Caruso graced the stage of the old Met. But these stars, as important as they are for the company's success, have never got the upper hand with management. Rudolf Bing, Volpe's famed pre-

decessor, did not hesitate to fire Maria Callas when she proved impossible to deal with, and Volpe likewise dismissed Kathleen Battle for her disruptive behaviour – an act that reverberated throughout the opera world.<sup>21</sup>

The new Metropolitan Opera was part of a massive urban renewal project: the conversion of several blocks of slums and warehouses on New York's Upper West Side into the large complex of performing arts institutions that is

*In 1993 the box office wasn't even automated. The Met was probably one of the last theatres in America to process hard tickets!*

Lincoln Center. Forty years later, the glorious opera house is still the crown jewel of Lincoln Center, a hymn to modern architecture.

Curiously, modernity did not extend to business practices.

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## All Is Not Well

In spite of the Metropolitan Opera's artistic achievements, technical prowess and audience acclaim – or perhaps because of them – little attention had been paid to marketing, box office management or customer relations. "When you sell regularly 92% or 93% of your seats with very little marketing effort, you can become a little bit complacent," observes Stewart Pearce, Assistant Manager for Operations. "We were not as customer friendly as many other organizations, and we got away with it because tickets were selling well."<sup>22</sup>

Soon after he became General Manager, Volpe realized that all was not well in the Met's kingdom.

### RÉSUMÉ

Pendant des décennies, le Metropolitan Opera de New York offrait un surprenant contraste entre la splendeur de ses productions et ses pratiques commerciales poussiéreuses. Au cours des 10 dernières années, toutefois, le Met a prouvé qu'il pouvait se réformer en développant le meilleur logiciel de gestion des arts. En partageant ce logiciel avec plus de 150 organisations aux États-Unis et à l'étranger, le Met a transformé le secteur des arts de la scène.

### MOTS CLÉS

Leadership, marketing, technologies de l'information, modélisation, financement

Some board members were complaining that even they were treated poorly by the box office staff. “Even when we mistreated our patrons, they were coming back, because they loved the opera. But that was no reason to do it,” admits Volpe. He had to take a long, hard look at the company’s business operations and marketing strategy. He asked Smeeta Sharon, a bright management consultant with solid experience in advising entertainment conglomerates, to conduct a thorough organizational assessment of the Met.

What Sharon found was puzzling. “I soon realized that, although stage productions were extraordinarily advanced, what was going on behind the scenes was far less advanced,” she recalls. “For example, in 1993 the box office wasn’t even automated. The Met was probably one of the last theatres in America to process hard tickets! After a customer requested tickets, he didn’t have confirmation that he actually had seats. That confirmation happened when he received the tickets in the mail, many days or weeks later, sometimes after the performance! We didn’t even record our financial transactions in a simple, efficient way – unacceptable for a \$200-million company.”

As for customer satisfaction, the company was operating blind. “We had no mechanism to capture the voice of customers and collect their complaints,” Sharon adds. “We had no idea how they felt about us. If you don’t measure it, you don’t know it and you can’t change it.”

Sharon knew that there was no quick fix for the Met’s problems. The organization itself had to change.

“Smeeta had the foresight to realize we had to make a long-term commitment to improve our customer relations, even if, at that time, our budget was balanced and everything seemed fine,” says Pearce. “She knew it would pay out. She also knew that, with 93% tickets sold, we didn’t have a lot of unused capacity to

face our growing expenses. We couldn’t keep on raising our ticket prices 6% or 7% a year as we had done in previous years. So we had to market more smartly, more cost-efficiently, and leverage our ticket sales into increasing fundraising.”

But how to turn frustrated patrons into donors? “If we had been rude to a client, why would he give us another dime?” says Sharon. “He might still buy tickets from us because he loves opera, but he’ll certainly not contribute to our fundraising campaigns. We had to delight our customers so they would remember their great experience with us when we asked them for support. So I started to read every letter sent by customers...and realized that their experience was often less than delightful.”

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### “Fix It!”

In the summer of 1995 Sharon shared the results of her assessment with Volpe. During her presentation, Volpe cut her short: “Look, Smeeta, I realize there are many things that need fixing at the Met. Your study is very helpful and now we know where to start. But we can’t afford high-priced consultants to do the job. Why don’t you come on board full time to fix up the place?” The invitation proved irresistible to Sharon.

Volpe had already begun to develop a new structural hierarchy for the administrative staff and to reduce the number of people reporting directly to him. Joe Clark, his right-hand man, became Assistant General Manager for Technical Affairs, to run everything backstage. Sarah Billingham, who had been recruited from the San Francisco Opera, was named Assistant General Manager for Artistic Affairs. Pearce, who had been working at the Met for 15 years in various capacities, became Assistant General Manager for Operations, supervising

#### RESUMEN

*Durante varias décadas, la Metropolitan Opera de Nueva York ofrece sorprendente contraste entre el esplendor de sus producciones y sus prácticas comerciales desfasadas, sin embargo, en los últimos diez años, la ópera neoyorquina demostró su facultad de reformarse desarrollando un mejor software de gestión de las artes. Al compartir mencionado soporte lógico con más de 150 organizaciones en Estados Unidos y en otros países, la Met transformó el sector de las artes escénicas.*

#### PALABRAS CLAVE

*Liderazgo, mercadotecnia, tecnologías de la información, modelización, financiación*



marketing, finance and, at times, fundraising. Sharon became Assistant General Manager for Business Affairs. Her mission: to implement the long-range changes she had recommended for improving customer service.

But where to start? “I just had evaluated the box office, marketing and development functions,” recalls Sharon, “so it seemed logical to start there. Plus, most of our revenues came from these departments. We reviewed every operation, tried to streamline it and remove bottlenecks. If something is done in ten steps, can we do it in six steps and eliminate the extra time and effort, which inevitably mean extra dollars?” Patrons were confronted with an uncoordinated array of offers and solicitations – some conflicting with each other – from the marketing, box office and development departments. In addition, they had to phone a different department for each individual transaction. And donors were not acknowledged as such when they booked tickets, which probably shook their loyalty to the Met and weakened their bond with the organization.

And how to change a company that is not known for its flexibility? “Ownership,” answers Pearce. “That’s what brought people in. Everyone was genuinely participating in the process and was asked for specific input. We met with all the departments: the subscription department, the ticket service department, the telephone sales department, the membership department, the patron program department... We talked about their needs, about how their business process worked and how it could be improved. People love to work with what they are familiar with, even if it’s inefficient. The only way that this process would succeed was if everyone felt that they had a hand in creating the new environment. Over time, everyone got excited about the prospect of improvements. But it took us two years to do this internal work and to get departments to buy in.” “The best advice anyone gave me,” adds Sharon, “came from the Treasurer of the board, who was the former Chairman of Ernst & Young. He told me that he believed in my plan but that we would have to make change slowly. In a place like the Met, if you do it slowly and gently, it will take; if you don’t, if you come out swinging, it will quickly backfire.”

In the process, the Met initiated a true Copernican revolution: instead of considering its patrons and donors as peripheral to the great art on stage, it would place them at the centre.

A separate, customer-centric department called Customer Care was set up to act as a single interface between the customer and the company. It would regroup full-service agents who would be able to handle every transaction for a customer. Inversely, all of the Met’s departments had to go through Customer Care to contact the customer. “If the marketing department decides to over-market to these constituents and it clashes with our fundraising efforts,” explains Sharon, “then it’s the role of the Customer Care department to say, ‘No, you’re annoying the constituent, you’re sending too many mailings, you’re making too many phone calls.’” To be fully efficient, Customer Care employees needed to have instant access to all information about a patron. But the data available were highly fragmented and resided in different systems. “We had three separate databases,” continues Sharon, “a ticketing one, a subscriber one and a donor one, plus a multitude of Excel spreadsheets that people kept on their personal computers. Any extraction and reconciliation required extensive manual effort. Bridging these databases would always be a problem. We needed to operate all our functions from a single platform, with a single database.”

Brilliant, but easier said than done.

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## Tessitura

“In the performing arts, synchronizing customer relationship management, fundraising and ticketing is a deceptively complex challenge,” comments Alan Levine, Chief Information Officer at the John F. Kennedy Center for the Performing Arts in Washington, who wrestled with similar problems. “And from a software point of view it’s an incredibly complex challenge. Take ticketing: we have a huge number of unique products on sale at any given moment. Every single seat for every single performance is a unique item. So at the Kennedy Center we have as many as a million and a half unique items on sale at any given

time. And we can only sell that seat once, but we can sell it at many different prices. We have to know what seat is next to it, because most people come to the show with someone else and they want to sit next to that person. So you have to be able to pull up a thousand of those seats and show their relationship to each other. And it all has to be done in real time. Subscriptions add a layer of complication. But ticketing follows strict rules: you can only sell a seat once; if you sell two seats they should be next to each other... And in software, it turns out, if you have rules, you can program them. But then take fundraising. Fundraising also has its rules: people donate money and we give them certain benefits based on how much they donate. But the true art of fundraising is not the rules but the exceptions to the rules. And that's very difficult to play out in software. And then we have to tie all of that together, link it to the customers, and track all the other information about a customer to help us enhance his experience and enhance our relationship with them. It's a huge amount of data. We have more data on our customers than most businesses have."

For the Met, finding a software provider that could take on the task of designing the integrated customer relations management system they envisaged proved to be a challenge. It became apparent that no existing system integrated the ticketing, fundraising and marketing functions on a single platform. Moreover, none could handle the volume of fundraising and ticketing transactions that the Met required. "We thought about tying in existing, 'off the shelf' box office and fundraising systems," explains Sharon. "We had a very formal process for evaluating fundraising packages, such as Raiser's Edge [a large fundraising system developed by a company called Blackbaud], and we ran some stress tests to see if these systems could handle our 1.5 million records and our transaction volume. None of them could." The Met would have to launch a major technological initiative and develop a brand new system. Fortunately, Sharon and Pearce knew just the man for the job.

Before joining the Met as an information technology specialist to handle the marketing and fundraising systems, Chuck Reif had a long career as a stage manager. "Chuck is an arts person first," says Sharon, "but he's

always been fascinated by technology, so in the 1980s he started to tinker with computers and became a self-taught, full-fledged, sophisticated programmer." This dual (artistic and technological) expertise would prove invaluable for the Met. "First, he spoke in plain English and not in technical jargon that nobody could understand. Second, because of his arts background, he knew how to develop an intuitive system, with final users in mind. He sat with the developers and said, 'No, this screen cannot work like this. And by the way, we need to be able to see this information right away on the screen, so let's change it.' He eased the process tremendously. He's the real architect of the system."

This new, revolutionary software would be called Tessitura: the term for the median pitch of a musical range, a name suggested by a Customer Care employee and an appropriate one for a system that covers a wide range of possibilities.

Tessitura was launched in phases from February 1998 to August 1999: the fundraising functions first, then direct marketing, box office and customer service. It was the crowning achievement of a four-year, \$5-million effort that included not only the development of an ambitious computer program but also management transformations necessitating changes in labour agreements and extensive training efforts. "Training was key," says Sharon. "We had to teach each staff member in contact with customers how to capture valuable information. You can have the tools, but without the information you're still blind." Tessitura rapidly generated substantial savings: the Customer Care department operated with 30% fewer employees than the departments it had replaced. Most importantly, customer satisfaction improved significantly.

The imperious Met had not only proven it could transform itself. It had developed the best management software ever created for the arts.

### *Best of Breed*

During the autumn of 2005 the author enlisted 10 graduate students from the Arts Entertainment and Media Management Department of Columbia College Chicago (the largest such program in the world) to

conduct a comprehensive survey of every software system commercially available, with a view to selecting a box office system for their university's presenting activities. After thoroughly evaluating all of the products under consideration, the students concluded that, six years after its launch, Tessitura was still by far the best system of its kind. Some programs could fulfil the demands of a sophisticated box office. They could, like Tessitura, sell tickets to multiple events and venues simultaneously, sell tickets from multiple locations or via the Internet in real time, and collect data for direct marketing purposes. But none of them had a clean interface with a fundraising system – not even Patron Edge, the box office system that Blackbaud had developed to compete against Tessitura.

Because it uses a single database of information, Tessitura empowers the user organization to record, track and manage all contacts with its constituents, conduct highly targeted and cost-efficient marketing and fundraising appeals, handle all ticketing and membership transactions, and provide detailed and flexible performance reports. Marketing and fundraising targeting can be done based on any criteria, attribute or data point in the system. All data are maintained in complete synchronization. "Tessitura tells us something about almost every Met patron," says Volpe, "from pattern of residency to pattern of ticket-buying, history of charitable contributions to, as far as we can determine, spending habits. There are 1.5 million names in the database, of which somewhere between 300,000 and 400,000 are active. It is an indispensable tool for finding out who our vast audience really is: the moment the Met's telephone order taker hears your name or phone number, we know who you are."<sup>23</sup>

A key benefit of the system is the ability of relationship managers to obtain a full view of each constituent in real time – their history, their preferences and all of their contacts with the organization. "Tessitura allows you to capture customer issues," says Sharon. "If you call and complain that the podium light in the pit was too high and disturbed your viewing of the opera, it will be recorded as a customer issue. And at the end of the season, when we run a report to see all customer issues under auditorium experience, the report will show how

many people complained about podium light or bad ventilation or bad seats. We can ask the house manager to fix these problems. If you sat next to someone you didn't like at a fundraising dinner and you happen to mention it to someone on staff, their job is to add it to your record the next day so that we don't seat you next to this person again. Tessitura allows you to capture every single contact point with a client."

Thanks to its real-time Web ticketing application, the system greatly reduces data entry – which is done by patrons themselves when they buy tickets online – and reduces the time and cost of the transaction. It helps reduce the costs of direct mail by better targeting marketing materials, and it enhances client satisfaction by responding immediately to all customer service issues.

"Even before Tessitura was completed, we knew we had built a unique tool," recalls Pearce. "I told Smeeta that...every organization in the country would want to use it. If Tessitura could handle the sheer size and complexity of the Met's operations, it could serve any organization's needs."

Sharon was less convinced. She had never envisaged licensing the software. But the news quickly spread throughout the arts world and Alan Levine knew a good system when he heard about it. "We learned what the Met was doing," recalls Levine. "It intrigued me. Here was an arts organization that was not out to sell a product, make a profit or enrich their shareholders. They were looking to meet their own business needs. And of course those needs were the same [as the ones] we had at the Kennedy Center. So we kept an eye on their progress over a couple of years as they continued to develop the software. We watched them as they went live with the fundraising part and began having conversations, saying 'Look, we think you've got something really interesting here; we know you developed it for your own needs but we think there are a lot of other arts organizations who could benefit from it and who could really use it'."

Sharon realized that the Met could do well by doing good: if it licensed Tessitura, it would not only recoup part of its investment but also spread good management practices, benefiting the entire performing arts field.

The board of the Met was not enthused. “We are not in the software licensing business,” the board president told Sharon. “Why don’t we sell the system to a software distributor and get the royalties?” But Sharon was reluctant to place the future of Tessitura in the hands of a for-profit third party whose interests would inevitably clash with those of the Met. Besides, by early 2000 she had already licensed the system to the Kennedy Center, the San Francisco Symphony and the Santa Fe Opera. With this fait accompli, the board finally allowed Sharon to establish a licensing subsidiary, called Impresario, LLC.

“We all have to thank Smeeta for having the foresight to share this wonderful system with the field,” acknowledges Rich Dowsek, Director of Administration and Finance for the Lyric Opera of Chicago, an early adopter of Tessitura. “The Met didn’t have to or need to. They...could have said, ‘Well, this is our proprietary software; we’re not going to license it to anybody.’ But the field has largely benefited from the fact that they made a different decision.”

### ***Tessitura Network***

Many arts organizations had been battered and bruised trying to keep their box office software current. “We relied heavily on this kind of software for our core operation,” explains Levine. “Ninety percent of our earned revenue was handled by these systems and yet their vendors were struggling to make a profit, struggling in many cases to meet their payroll each week. They focused on finding new licensees [to] the detriment of their existing customers. They had a very difficult time getting off their older software and onto a newer generation of software. It was a frustrating situation.” In many cases these software companies ended up selling out or declining and stopped supporting their software. Customers were left with a sour taste, a bad investment and the need to go through a painful system change.

The first six licensees – the Kennedy Center, the Lyric Opera of Chicago, the New York City Center for the Performing Arts, the San Francisco Symphony, the Santa Fe Opera and the Seattle Opera – had all been victims of such scenarios and did not wish to repeat the experience.

They all found comfort in knowing that the Met’s primary motivation for developing Tessitura had not been to turn it into a business but to enable its own operations. Unlike most software vendors, the Met was actually using its own system and had an obvious interest in maintaining it. The company was also willing to work with its licensees to find a way to support Tessitura in the years to come.

In July 2001, the representatives of the licensees met with Sharon in Santa Fe for a brainstorming session. They had asked Jack Rubin, a seasoned executive with solid experience in the software business, to join them as a consultant to facilitate the meeting. “The spirit of the group was palpable,” remembers Dowsek. “We didn’t know where we were going, but we were committed to take the trip together. And we were going to cooperate with one another. We were going to try to build something that didn’t exist.”

That meeting produced the idea for a self-perpetuating network of Tessitura users whose mission would be to support, enhance and improve the software in order to meet the operating needs of its users and to keep its functionality at the forefront of the industry. On a handshake, they agreed to equally share the costs of common resources: support, documentation and development. They also decided to hire Rubin on a full-time basis to keep the process moving (Rubin is now President of the Tessitura Network). The Metropolitan Opera agreed to “lease” Reif to coordinate the support and development of the software as Chief Technology Officer.

Over the following 16 months the foundations were laid for nothing less than a new business model for the arts, with a strong collaborative and egalitarian approach. It was decided that Tessitura would be licensed only to not-for-profit arts organizations. Each new licensee would become a member of the Tessitura Network; the membership fee would be based on the size of its operating budget but each member would have an equal vote on governance matters, regardless of its size.

“We started from scratch, both in building a team and in governance creation,” recalls Rubin. “We had to draft a membership agreement, bylaws and articles of incorporation. We had to choose a corporate form for the Network. We decided to form a non-profit,



tax-exempt corporation with the same charitable status as each of the members.”

The purpose of not-for-profit status was twofold. First, not-for-profit status guaranteed that the Network would focus on supporting its members and fulfilling its mission, without the profit or growth motives of outside investors. Second, as recalled by Dowsek, “We anticipated that the next phase of development in the software would be a very significant financial initiative. By choosing non-profit status, we wanted to be able to get tax-deductible grants and contributions to support our mission.”

An early goal of the Network was to facilitate the sharing of knowledge among users to enhance the software and extend its applications. “It is truly a virtuous circle,” says Rubin. “The best software for the arts community was created by an arts organization and is improved by ideas from many arts organizations. At any point in time a Network member can submit an enhancement request. We take all the ideas, we organize them by function (ticketing, marketing, fundraising...), eliminate the duplicates, state the business case, go back to the requesting organization to ask for rationale and clarification, and once a year we ask the members to rank them by order of priority. The users are driving the future of the functionality.”

Tessitura now has almost 150 licensees in four countries (the United States, Canada, Australia and the United Kingdom), with operating budgets ranging from \$1.2 to more than \$200 million. Besides opera companies, there are ballet companies, symphony orchestras, theatres, performing arts centres, museums and arts consortiums sharing a system utilizing sophisticated database partitioning. To support and install the software and to provide training to the licensees, the Network has 32 full-time employees and 10 contractors. “We’ve never lost a licensee,” Rubin declares proudly. “We have the best team in the industry and we have a laser focus on our users’ priorities.”

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## The Future

“The Met lives in a state of near war,” says Volpe. “Hundreds of people working on

a dozen productions, current and future ones, each with a deadline that can’t be missed. Wars require constant planning and re-planning for today, tomorrow, the foreseeable future, and the unforeseeable future, which might arrive at any moment.”<sup>24</sup>

Over the last few years the Met has had reason to worry about the present and the future.

The company has not yet recovered from the drop in attendance after the 11 September 2001 terrorist attack. Since 1990, box office sales had been slightly more than 90% of capacity each season. For the 2001–02 season, sales plummeted to 82%. And they have continued to drop, albeit at a less dramatic pace. Box office sales for 2004–05 were 79%.<sup>25</sup>

“Not only are people going out less than they used to, but they are doing less advance planning,” adds Volpe. Two decades ago, “75 percent of the Met’s patrons were subscribers – that is, they bought a prepaid block of tickets, year in and year out, which guaranteed them seats at a dozen or more operas throughout the season. The days when the Met, or any arts organization, could rely on that level of support have vanished. In recent years, Met subscribers have accounted for roughly 50 percent of all ticket buyers. But their number is also in decline. Today, the bulk of the tickets go to the people we call single ticket buyers. This phenomenon, along with our own audience surveys, tells us that something is happening out there.”<sup>26</sup>

Something is indeed happening. “Nationally, a seismic shift in ticket buying trends is underway,” says Amy Singer Kaissar, a subscription consultant. “The subscriber, the member, and the season ticket holder are not renewing. They may still be coming, but they are not purchasing tickets up front and in bulk. This shift, which began in the late 1990s and continues today at an ever increasing rate, cannot be ignored. This sea change affects theatres, museums, symphonies, opera companies, trade organizations, sports teams and more. For theatres, long dependent on a guaranteed audience who pays up front, the waning is critical.”<sup>27</sup>

Thanks to Tessitura, the Met’s executive team will be able to closely monitor these changes in buying patterns. In so doing, they will be following the advice that, nearly a century ago,

Giuseppe Verdi gave to Giulio Gatti-Casazza (General Manager of the Metropolitan Opera from 1908 to 1935): “Read most attentively the reports of the box-office. These, whether you like it or not, are the only documents which measure the success or failure, and they admit of no argument, and represent not mere opinions, but facts. If the public comes, the object is attained.... The theater is intended to be full, and not empty. That is something you must always remember.”<sup>28</sup>

## Notes

1. Joseph Volpe, *The Toughest Show on Earth: My Rise and Reign at the Metropolitan Opera* (New York: Knopf, 2006), p. 4.
2. Ibid.
3. Ibid., p. 250.
4. Ibid., p. 251.
5. Ibid.
6. Johanna Fiedler, *Molto Agitato: The Mayhem Behind the Music at the Metropolitan Opera* (New York: Doubleday, 2001), p. 338.
7. Ibid., p. 3.
8. Daniel J. Wakin, “Joseph Volpe Bids the Met a Most Operatic Adieu,” *New York Times*, 30 April 2006.
9. Fiedler, *Molto Agitato*, p. 344.
10. Volpe, *The Toughest Show on Earth*, p. 155.
11. Wakin, “Joseph Volpe Bids the Met a Most Operatic Adieu.”
12. Volpe, *The Toughest Show on Earth*, p. 5.
13. Ibid., p. 129.
14. Fiedler, *Molto Agitato*, p. 330.
15. In opening remarks for the Tessitura Network’s Business Conference and User Meeting, Chicago, 14 August 2002.
16. Quaintance Eaton, *The Miracle of the Met* (New York: Meredith, 1968), p. 1.
17. Fiedler, *Molto Agitato*, p. 4.
18. Volpe, *The Toughest Show on Earth*, p. 45.
19. Ibid., p. 41–42.
20. Fiedler, *Molto Agitato*, p. 59.
21. Wakin, “Joseph Volpe Bids the Met a Most Operatic Adieu.”
22. Unless otherwise indicated, all quotes are taken from interviews conducted by the author. The interviews are listed below.
23. Volpe, *The Toughest Show on Earth*, p. 262–263.
24. Ibid., p. 54.
25. Ibid., p. 261.
26. Ibid., p. 262.
27. Amy Singer Kaissar, *Theatre Subscriptions in a Changing World* ([www.artsmarketing.com](http://www.artsmarketing.com)), May 2005, p. 2.
28. Volpe, *The Toughest Show on Earth*, p. 153.

## Interviews

Rich Dowsek, Director of Administration and Finance, Lyric Opera of Chicago, 7 July 2006 (in person).

Alan Levine, Chief Information Officer, John F. Kennedy Center for the Performing Arts, 9 August 2006 (in person).

Stewart Pearce, Assistant General Manager for Operations, Metropolitan Opera, 28 September 2006 (by telephone).

Chuck Reif, Chief Technology Officer, Tessitura Network, 10 August 2006 (in person).

Jack Rubin, President, Tessitura Network, 16 October 2006 (in person).

Smeeta Sharon, Assistant General Manager for Business Affairs, Metropolitan Opera (1995–2006), Executive Director, Impresario LLC, 7 August 2006 (in person).

Joseph Volpe, General Manager, Metropolitan Opera (1990–2006), 6 November 2006 (by telephone).

