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Playing a New Tune: Breathing Life into Winthrop University's Academy of Music

Megan Fleagle
Winthrop University, fleaglem@winthrop.edu

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_____
Juliette Shelly, Thesis Adviser

_____
Andrew Vorder Bruegge, Committee Member

_____
Donald Rogers, Committee Member

_____
David Wohl, Dean, College of Visual & Performing Arts

_____
Jack E. DeRochi, Dean, Graduate School

PLAYING A NEW TUNE: BREATHING LIFE INTO WINTHROP
UNIVERSITY'S ACADEMY OF MUSIC

A Thesis
Presented to the Faculty
Of the
College of Visual and Performing Arts
In Partial Fulfillment
Of the
Requirements for the Degree
Of
Master of Arts
In Arts Administration
Winthrop University

May, 2016

By

Megan Elizabeth Fleagle

Abstract

Since the Academy of Music was founded in 1975, the organization has provided music

lessons to pre-college students in the York County, SC area. It is the objective of the

Academy of Music to rebuild its music program, and eventually expand to once again

include instruction in the other artistic areas lost since 2008. To help achieve this goal, the

Academy of Music will need a strategic plan to act as a compass to help guide the

organization as it navigates the challenges it will face along the way. By following the

method outlined in this thesis, organizations similar to the Academy of Music will be able

to develop their own strategic plans.

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Chapter One - Introduction

The Academy of Music is a community music school housed within in the Conservatory of Music at Winthrop University, a public comprehensive university located in Rock Hill, South Carolina. The Academy of Music was founded in 1975 and currently operates under the administrative supervision of the Music Department within the College of Visual and Performing Arts (Administrative Archives, 2015) (See Appendix A for the organizational path to the Academy).

Community music is a broad concept with various definitions. This research project focuses on "community music schools," or more specifically, community music schools within a university music department. For the purpose of this paper, community music schools are defined as "nonprofit, non-degree granting, community based institutions offering open access to quality arts instruction by professional faculty" (Yaffe, 2006, p. 1).

Community music has existed, in one form or another, since America was first colonized, when "religion played a central role in the music of the colonies" (Leglar, M., Smith, 2010, p. 3). People in colonial communities participated in singing-schools, first established in the 1720s, which were led by singing masters. The singing masters would travel from town to town teaching from *The Bay Psalm Book* and other books that contained instructions for how to read music, as well as a collection of psalms, hymns, and other songs that would be sung in class (Mark & Gary, 1999). In the late 1700s, bands and orchestras were introduced to the American population, spreading secular music, which became very popular.

At the end of the nineteenth century, European immigrants settling in the United

States brought with them the need for established musical training. "[The] first community music schools were born out of the settlement house movement in America that began in the 1890s" (Egan, 1989, p.95). The first music settlement schools founded were Hull House (1892) in Chicago and the Third Street Music School Settlement (1894) in New York (Leglar, M. Smith, 2010). The Third Street Music School Settlement was founded by Ms. Emilie Wagner. Unique from the Hull House, Ms. Wagner founded her school specifically to provide music lessons first. The school was granted permission to operate out of the basement of the College Settlement in New York, where it began to adopt traditional settlement school responsibilities (Egan, 1989). It was in this basement that the first recognized community school of music in the United States was born.

As music education developed in the public schools, colleges and universities "grappled with the issue of the role their institutions [played] in the surrounding community" (Yaffe, 2006, p. 1). The most visible way the university music departments served their communities was through public performances. Some universities began to adopt the lesser known community service of offering pre-college music lessons in the 1960s and 1970s (Cole, 2011, p. 2). These programs served two purposes: "teacher training of undergraduate and graduate students, and the training of community members in the various disciplines of music" (Yaffe, 2006, p. 1). In the tradition of community music schools, the lessons offered through the university programs aimed to provide quality musical instruction that was not "limited by the student's financial circumstances" (Egan, 1989, p. 91). The present day Winthrop Academy of Music still strives to provide the community it resides in with all of these essential needs. By residing in the Conservatory of Music at Winthrop University, the Academy of Music can fulfill several

essential needs of the community it serves. The root purpose of the community music school is to "offer instruction of the highest standard at rates placed within reach of all economic groups" (Egan, 1989, p. 174).

Since its foundation in 1975, the Academy of Music has experienced many changes that have affected the program. One of the biggest challenges the Academy of Music currently faces is a void of institutional historical information and data. Philosopher George Santayana once said "Those who do not remember the past are condemned to repeat it." In order for progress to be made on any level, it is imperative that the organization study its past to better prepare for the future. Though some historical information has been retained through word-of-mouth, it is not enough to paint a clear picture of the organization's past.

The leadership of the Academy of Music historically came from the chair of the Music Department. Under the chair's direction, an administrative specialist in the music office manages the program. Prior to 2001, the Academy of Music was only one facet in a much larger organization housed in Winthrop University's College of Visual and Performing Arts known as 'The Academy of the Arts' (Administrative Archives, 2015). This organization provided the community discounted lessons and classes in not only music, but dance, theater, and visual art. When the United States experienced an economic crisis between 2007 and 2009, the program's enrollment took a huge hit (Administrative Archives, 2015). Despite the low cost of tuition rates, families were no longer able to send their children to the Academy of the Arts for lessons. This resulted in gradual but steady cuts to lesson and class offerings. The Academy of the Arts was disbanded, and the Academy of Music is what remains today.

It is the objective of the Academy of Music to rebuild its music program, and eventually expand to once again include lessons in the other artistic areas lost since 2008. The organization anticipates it will face many challenges trying to accomplish this goal, including finding qualified instructors to teach the lessons at an affordable rate, finding classroom space in which to teach lessons, and dealing with the lack of autonomy the Academy of Music has in its current location within the University Music Department. This project thesis aims to provide a cohesive document to guide the strategic planning process of the Academy of Music.

Chapter Two - Strategic Planning

To accomplish the Academy of Music's goal of regrowth, a strategic plan must be assembled to provide a compass for the organization's leaders. This research has been adapted from the Kresge Foundation's definition of a strategic plan being a set of documents that "guide mission fulfillment by articulating goals, action steps, and resources." The strategic plan must be easy to understand and be incorporated into every aspect of the organization. When completed, the strategic plan will solidify the Academy of Music's objectives, will determine what resources are needed to accomplish the goals, will assess whether or not the objectives are being met, and will establish a method to monitor the organizations progress in meeting the goals (Wilber, 2002, p. 4-5). The strategic plan for the Academy of Music includes an environmental scan or situational analysis, marketing plan, financial plan, and implementation and evaluation plan.

The Academy of Music faces several challenges in the strategic planning process. The first challenge is that the Academy of Music has no documentation that suggests it has ever been involved in a formal strategic planning process. Not having a past strategic plan suggests that the Academy of Music has been operating blindly from year to year with no deliberate goals or direction. This, in addition to the lack of organizational history, makes it difficult to define the Academy of Music's position.

The leadership structure of the Academy of Music is a challenge that must be addressed. Thus far, the Academy of Music has operated on a lightly defined hierarchal structure. This lack of definition has allowed for pockets of informal leadership to grow, which is particularly dangerous to an organization because as Byrnes states, a "person without authority [has the ability to] influence the behavior of others" (2009 p. 223). This

influence undermines the real authority of the director, and creates a lot of confusion within the organization. In the public eye, when an organization is seen to have no definitive leader, it implies that the organization is disorganized and untrustworthy.

The Academy of Music has the added difficulty of locating its place in the leadership structure within the university music department. A clear leadership structure must first be developed, and then communicated to the organization's constituents so that moving forward, there is no further confusion on the leadership structure. While there are many facets to the leadership structure of nonprofit organizations housed in a university, a full leadership structure analysis for the Academy of Music is beyond the scope of this study. Suffice it to say that the leadership must be clearly defined and maintained to run an efficient, successfully nonprofit organization.

Another challenge is a lack of a clear consensus of what the future of the Academy of Music should be. The broad goal is to grow the program. Growth can be accomplished in many ways: The Academy could increase the number of programs offered, expand the program offerings to include classes, increase their enrollment, or hire new staff and instructors. The organizational growth could also involve incorporating other art disciplines such as dance, visual arts or theater. Shifting to include the other arts would mean a change in the mission and name of the organization.

During this process the Academy of Music will also have to overcome another obstacle in the strategic planning process, namely the lack of a caucus to participate in the analysis. Key constituents associated with the organization include the staff, instructors, students, parents, the Winthrop Music Department, the College of Visual and Performing Arts, Winthrop University, and the general community. Coordinating common discussion

dates and locations that meet each group's needs is virtually impossible. To successfully include each constituent group in the strategic planning process, the Academy of Music will have to develop a method of collecting the relevant data required.

Strategic planning begins with conducting an environmental scan. The environmental scan provides a clear understanding of how the organization relates to its external and internal environments. Also referred to as a "SWOT" analysis, this scan explores the organization's internal strengths and weaknesses as well as its external opportunities and threats (McKay, 1982, p.4).

Many factors should be considered when assessing what affects the organization, both internally and externally. When assessing the internal strengths and weaknesses, consider examining the "current performance [of the organization] in terms of financial and human resources, operating methods or strategies, and results" (McKay, 1982, p. 5). The organization must be able to clearly articulate how it is viewed in the community. Determining what needs to be accomplished to ensure the future success of the organization is very important. "Factors like relationship with target community/constituency, resources, program strategies, governance, and staff skills" may have a substantial impact of the future success of the organization (McKay, 1982, p.5).

When assessing the external opportunities and threats, it is important to look beyond your local community on a state, national, or even global scale. When an organization examines its external position, it becomes aware of the forces and trends that can potentially impact its perception, either positively or negatively. Forces such as politics, economics, social influences, and new technologies can have a huge impact on the success of an organization. The organization should be able to answer various

questions on the "changing demographics, political trends, community values, and economic trends" (McKay, 1982, p.4) as it interacts with the community and its constituents to better serve them, as well as better preparing the organizations for the future. The organization must also look at all possible collaborators and competitors that reside in and serve the same community.

The second step of the strategic planning process is to define the strategic objectives of the organization. Strategic objectives are "the major accomplishments that the organization seeks to achieve over a specified period time" (McKay, 1982). According to *Fundamentals of Arts Management*, there are four conditions that must be met by each strategic objective (2007, p. 77):

1. Be specific about what will be achieved

2. Describe anticipated changes in the world or people

3. Be achievable (realistic and feasible)

4. Be time-bound (describe when it will be achieved)

Once the strategic objectives are set, the organization must identify which strategies will be employed to shape its strategic direction. As defined in *Management in the Arts*, "strategy [is] the direction in which the whole organization intends to move" (Byrnes, 2009, p. 136). There are three strategic approaches an organization can use to reach its objectives. These strategies are stability, growth, and retrenchment (Byrnes, 2009, p. 136). More often than not an organization will choose to use a combination of two or three different strategies according to the individual needs and goals that have been defined.

Chapter Three - Mission & Vision

It is important to remember that an organization such as the Academy of Music, housed within a university, must align its mission and vision statements to the mission and vision of their host university. The College of Visual and Performing Arts and the Music Department, of which the Academy of Music is housed, both have mission statements that stress providing students with nationally accredited programs, promote academic exploration, and preparing students for a future in the creative arts field.

Mission

All nonprofit organizations need to have a mission statement that clearly and accurately describes why the organization exists. In addition to helping assess the success of an organization, a mission statement provides direction when the organization needs to adapt to new demands (Boardsource, 2013). Prior to 2002, The Academy of Music did not have a mission statement. Mission statements clarify why an organization exists, and what needs are served within the community by the organization (Boardsource, 2013). A mission statement was adopted in 2002 as part of the National Association of Schools of Music's accreditation process. Since then, the mission statement has remained static through several organizational changes.

With a recently hired director, the Academy of Music is poised to change again allowing the organization to grow and adapt to the needs of the community. In order for the organization to move forward, professional nonprofit management practices and strategic planning tools are needed to provide the Academy of Music with a road map to the future.

The Academy of Music faces two major challenges in the process of creating a new

mission statement. Currently, there is no concise idea of what the organization's future goals are. In addition, the Academy of Music does not have an advisory board to help guide the organization to determine what services should be provided to the community. In order to create a new mission statement that solidifies the organization's current and future goals, an advisory board must be involved.

Once the members of the advisory board are selected, they can begin the process of researching the organization. The first step for the newly appointed board is to reflect on the Academy of Music's 2013 National Association of Schools of Music re-accreditation report that summarizes the Academy of Music program. The summary is generated for the NASM re-accreditation process which occurs every five years. Winthrop University is currently in compliance with the NASM standards, which focuses on two principal concerns: educational quality and institutional probity ("Accreditation Procedures," 2015).

2013 NASM Summary of the Academy of Music Program:

The Winthrop Academy of Music offers music instruction to pre-college and adult students in the community. As stated on the current brochure, "It is the Mission of the Winthrop Academy of Music to offer a quality music curriculum to children and youth in our area, to maintain an outstanding faculty of instructors, and to provide a laboratory and teaching experience for Winthrop students who teach and assist in the program." The music offerings of the Academy are administered by the Department through the

Music Office. An administrative specialist in the Music Office handles all registrations, tuition payments, and correspondence. Music offerings in the Academy consist of private lessons for children and youth in our community taught by undergraduate music majors, graduate music students, part-time staff instructors, and University music faculty. The Academy enrolls approximately 85 students each semester. Recitals are presented each semester by the strings students and the piano students. Parents complete an evaluation form at the conclusion of the spring semester.

The board's next step is to gather feedback from the major constituents of the Academy of Music. These constituents will be asked a series of questions to help determine the current state of the organization. Once this is determined, the advisory board can compare the current mission statement to what the constituents feel about the future of the organization. This process will allow the advisory board to revise the old mission statement to allow for future organizational growth.

The questions to be asked are:

1. What does the Academy of Music provide? Is it important to its community?

2. What do you feel the Academy of Music's goals should be?

3. What do you think the Academy of Music should do to accomplish these goals?

4. Who does the Academy of Music serve?

5. What should the Academy of Music focus on as it prepares for the future?

Step three is to compare the current mission statement to the mission statements of selected organizations. The chosen programs are housed within the music departments of the University of South Carolina, Appalachian State, Webster University, and Delaware University. Inspiration was taken from the working and the general tone of the example organizations to craft a new mission statement for the Academy of Music. The main theme of the example statements centers around providing quality music instruction at minimal costs to the communities in which the pre-college music programs are located.

4. Webster University

> To provide students in our region with music education and performance opportunities of the highest quality, and to contribute to the artistic vibrancy of the St. Louis community.

5. University of Delaware

> The University of Delaware Community Music School (UDCMS) is committed to providing quality music education to students of all ages and levels of ability.

6. University of South Carolina

> We are committed to offering the best and most diverse study programs for people of all ages, providing students with the highest quality teaching and learning experiences. We believe that music study is one of the most self-motivating, life affirming and enjoyable activities, and we strive to provide a positive and encouraging environment for all persons.

7. Appalachian State

    a) Transforming Lives Through Sustained and Deeply Engaging Experiences in Music

    b) Appalachian State University Community Music School provides non-credit music instruction for children and adults in our local community as well as surrounding Western NC counties. We are uniquely able to combine university expertise with area teaching artists to provide outstanding musical training. Come and celebrate musical excellence with us!

Once the above steps are completed, the final step is to use the information and content provided and gathered in steps one through three to draft the Academy of Music's revised mission statement. Once completed, the Chair of the Music Department and the advisory board will review the final mission statement for approval and implementation.

Vision

An organization's vision statement is often confused with its mission statement. Whereas the mission statement communicates what an organization does and why, the vision statement describes the future aspirations of the organization (Boardsource, 2013). "Sometimes [vision statements] are tightly crafted statement that complement the formal mission or they may be lists of idealized future results" (Korza, 2007, p. 75). Vision statements help to guide and inspire employees and volunteers to join together to accomplish a common goal.

The Academy of Music faces several challenges as it looks to develop a vision statement. Currently, no vision statement exists for the Academy of Music, and without a

vision, an organization cannot grow. As previously mentioned, the Academy of Music

does not have a clear idea of what the goals are for the future of the organization. Without

knowing where the organization would like to be in the future, it is very difficult to create

a vision statement that expresses where the organization sees itself in the next three to

five years. The absence of an advisory board also provides a big challenge to the

Academy of Music. Advisory boards guide organizations in developing long term goals

and finding a vision that is meaningful to the board, the organization as a whole, and the

surrounding community.

To develop a vision statement that has meaning and value to an organization, two

methods are suggested. The first method is adapted from a series of questions that brings

focus to the beliefs and governing principles of the organization. Each member of the

newly formed advisory board will be given the following eight questions (Cochran, 1998,

p. 27-29):

1. Who are the organization's present and future customers?

2. What are the organization's major products/services?

3. Where does the organization compete?

4. What is the organization's basic technology?

5. What is the organization's attitude towards economic goals and community

impact?

6. What are the basic beliefs, values, aspirations, and philosophical priorities of the

organization?

7. What are the organization's major strengths and competitive advantages?

8. What is the organization's public image?

When answered openly and honestly, the questions above will help guide the board by giving them insight to the common themes that occur in the responses from each question. The answers and themes that occur the most often should be taken into considered when crafting the vision statement.

The second method is a visioning exercise of what the future of the organization should look like. Members of the advisory board will be asked to describe both positive and negative scenarios that they can foresee in the organization's future. "In these situations, [board members] develop scenarios based on a future environment that has many positive opportunities for the organization and other scenarios that describe an organization confronting threats" (McKay, 1982). The visioning exercise will give insight to what the organization will ideally look like, five to ten years in the future.

Chapter Four - Marketing Plan

When it was first founded, the Academy of Music relied on press releases, advertisements in local newspapers, and word of mouth to spread knowledge about the organization's programs. Today, the Academy of Music relies primarily relying on word of mouth to reach potential students, with little or no advertising being used.

Marketing is what organizations utilize to communicate with their community, and a true marketing plan requires additional structure and planning with the organization to be a successful endeavor. Marketing is "a managed process involving analysis, planning, implementation, and control" (Korza, 2007, p. 300). Like many similar organizations, the Academy of Music must maintain a solid marketing plan to manage its position in the community. Through the implementation of a carefully planned campaign, an organization can achieve the results needed to reach their desired goals.

A nonprofit organization like the Academy of Music faces many challenges when constructing a marketing plan. Common challenges include a lack of resources, a lack of funding, a disconnect with the audience and/or the community, and a lack of autonomy from a parent organization. In addition to these challenges, the Academy of Music is faced with the requirement of abiding by the host university's publicity policies given by the nature of being a part of Winthrop University's Music Department. Winthrop University has very strict regulations on how its logo and branding can be used in published materials, as well as what is allowed to be published on the university website. The Academy of Music must get approval from the Public Relations office at Winthrop University before printing any marketing materials.

Since the Academy of Music does not have a structured marketing plan in place, the

organization relies heavily on gaining new students through word of mouth, without much effort given to recruitment from the organization itself. The few promotional materials that are used by the organization are outdated, with incorrect, contradicting, or misleading information. In addition, the Academy of Music does not have a uniform brand associated with the organization. This makes it a challenge for anyone who is not familiar with the Academy of Music to recognize materials that pertain to the organization.

Creation of a marketing plan begins with an organizational profile and audit. Very similar to the process used in the environmental scan and situational analysis, the organization closely examines its mission and vision statements and conducts a SWOT analysis. In order for the marketing plan to be successful, it must be written to align with the mission and vision of the organization. The marketing plan will take the objectives derived from the strategic planning process and break them down into smaller, more manageable goals.

The second step in the marketing plan is to determine what resources are available to the organization to accomplish its set goals. The plan will also need to determine what new resources will be required by the organization. Resources can include, but are not limited to: money, people, physical locations, and community partnerships. This last item is a valuable resource that every organization like the Academy of Music should consider when putting together a marketing plan.

Step three in the marketing plan is to define the target segments. In this step, the organization will determine who it is marketing toward in order to achieve the goals outlined in the vision statement. "Market segmentation divides broad markets, consisting

of customers possessing different characteristics, including different needs, into smaller market segments in which customers are grouped by characteristics shared by others in the segment" (Christ, 2009, p. 80). By targeting specific markets, the organization can utilize its resources in the most effective way and ensure the marketing plan's success.

The fourth step in the marketing plan is positioning. "Positioning is the act of designing the organization's image and offer so that it occupies a distinct and valued place in the target customers' minds" (Bernstein, 2007, p. 83). The organization must make itself distinct in the consumers' minds. The marketing material must demonstrate what makes it unique compared to similar organizations in the surrounding area and use these differences to the organization's advantage.

The fifth and final step in the marketing plan is for the organization to determine its marketing mix. The marketing mix consists of product, price, place, promotion, physical evidence, people, and process. These principles (or activities), also known as the "seven Ps," allow organizations to satisfaction to consumers in a given market (Byrnes, 2009, p 356).

Product refers to what the organization is offering the public. An organization like the Academy of Music provides service-based products such as lessons, classes, and recitals. Fringe amenities such as parking, payment plans, and performance opportunities might not be immediately apparent, but should also be included when marketing the product.

The second principle of the marketing mix is price. "Price is the value – expressed in terms of money and time – placed on the programs, products, and services offered for exchange" (Korza, 2007, p. 303). An organization must be careful when putting a

monetary value of its services or products: a balance must be achieved so that the organization does not price itself out of the desired market, but also does not undercut its profits and value. To determine the price of a program or product, the organization must analyze the cost of providing each product. By comparing the cost to comparable products or services in the area, a base price can be determined (Korza, 2007, p. 303).

The Academy of Music and similar organizations are usually housed on a university campus. The knowledge of this fixed location makes the "place" portion of the marketing mix largely trivial. University campuses are usually convenient community centers, making travel to the physical location easy. They are also viewed as centers of knowledge, which appeals to people searching to take part in learning and participating in music. The Academy of Music is also able to hire highly trained university faculty and students to teach private lessons. While the location of the Academy of Music has many positives, one thing to keep in mind is that the organization must compete with the university classes, programs, and students for instructional space. Every organization must analyze its own unique situation and determine the best course of action to overcome any obstacles.

The next process in the marketing mix is promotion. Promotion refers to the "communication to target audiences that create an interest in or desire for programs and services" (Korza, 2007, p.304). There are many ways that an organization can participate in promotion. The Academy of Music currently relies on an informational webpage hosted on the Winthrop University's Music Department website that is used to promote the program. Any organization will need to determine what promotional tools to use that will best advertise its own programs. Tools that can be used include, but are not limited

to: advertising, posters, direct mailings, and press releases (Korza, 2007, p. 304).

Physical evidence is difficult for organizations that specialize in the performing arts. Music is an intangible product, and the experience varies from individual to individual. Of the two principle categories of physical evidence, the Academy of Music can actively participate in creating marketing communications materials. Keeping within the restrictions of the Winthrop University's Communications and Marketing Department, the Academy of Music can produce tangible evidence of the organization's programs. This evidence can include fliers and brochures, publications, and on-site signage (Korza, 2007, p. 304).

People are the most important resource of any organization, and any contact with the organization's participants "[creates] an instantaneous and lasting impression on the public" (Korza, 2007, p. 306). The instructors and office staff of the Academy of Music strive to provide participants with the best service and musical training possible to ensure an enjoyable experience each time they walk in the door. All faculty and staff who are hired by the organization should be vetted through a rigorous selection and training process. Everyone involved in the organization "is responsible for quality, service, and delivery" (Korza, 2007, p. 306).

The final step in the marketing mix is to implement the "smooth integration of all aspects of the marketing mix," also known as the "process" (Korza, 2007, p. 306). Effective processes bind the core products, fringe amenities, promotional materials, the physical location, and the people together to provide customers with the best service possible.

Chapter Five - Financial Plan

A financial plan is a collection of financial statements and other planning tools that reflect the organization's financial transactions over a period of time. The financial statements used to create a financial plan include the balance sheet, the statement of activity, and the ratio analysis. In the case of the Academy of Music, the financial plan will be combined with a fundraising plan.

At this time, the Academy of Music does not have a financial plan in place. The organization continues to function on a yearly basis, but to ensure long term success, the Academy of Music will need to create and maintain a solid financial plan. Having a plan will provide the Academy of Music a window into how the organization is doing financially, and a guide to improve the organization's financial health.

The biggest challenge in financial planning that any organization must face is revenue instability. With the Academy of Music, the largest variable in its revenue stream is the number of students who register for lessons in a given academic semester. Due to other extracurricular activities competing for student's time, as well as possible economic factors affecting their parent's money, retaining enrollment across sessions can be a challenge. As Herrington Bryce states "nonprofits are financed by an ever-increasing open competition for public support – all of which is completely voluntary and subject to the discretion of the donor" (2000, p. 4). Another challenge specifically affecting the Academy of Music is that the organization relies heavily on Winthrop University to act as its fiscal sponsor in order to operate financially.

The first step of any financial planning processes is to take the pulse, financially speaking, of the organization, and determine the organization's overall financial health.

Here, the Academy of Music will assess its financial health through three financial statements: A balance sheet, statement of activity, and a ratio analysis.

The first item needed to create a financial plan, the balance sheet, is "a snapshot of an organization's financial position as of a specific date" (Korza, 2007, p. 255). This statement shows how much money an organization has on the date the statement was generated. The balance sheet includes the organization's total assets, total liabilities, and total net assets. The total net assets are the sum of the total liabilities plus the total net assets (Korza, 2007, p. 255).

The next report in the financial plan, the statement of activity, "summarizes revenues received and expenses incurred throughout an accounting period" (Korza, 2007, p. 256-257). This report should be run monthly, quarterly, and at that the end of the fiscal year to "observe discrepancies and take steps to protect the organization from spending more than it receives" (Korza, 2007, p. 257). The statement of activity can show how an organization arrived at its current financial position, and compare the current financial year to the previous year. This knowledge can be useful in determining where possible changes can be made in the budget. For the Academy of Music, this financial report will help determine if new faculty should be hired, or if the faculty should be cut back for the next academic year. It will also help the Academy determine how much of its budget can be allocated to marketing efforts.

The final piece of the financial plan, the ratio analysis, is "an additional way to test an organization's financial health" (Korza, 2007, p. 257). The three ratios that can be applied are the current ratio, the current unrestricted net assets ratio, and the quick ratio.

The current ratio lets an organization determine if it can pay its current obligations

and have funds remaining in reserve (Korza, 2007, p. 259). The formula used for

calculating the current ratio is:

$$Current\ Ratio = \frac{Assets_{current}}{Liabilities_{current}}$$

<div align="right">(Korza, 2007, p. 259).</div>

The current ratio result must be at least 2:1 in order for the organization to be

considered "healthy."

The current unrestricted net assets ratio "determines an organization's ability to

meet its current obligations and also assist with cash flow management" (Korza, 2007, p.

259). Current unrestricted net assets is calculated using the following:

$$Unrestricted\ Net\ Assets_{current} = \frac{(Unrestricted\ Assets_{current} - Liabilities_{current})}{Operating\ Expenses_{annual}}$$

<div align="right">(Korza, 2007, p. 259)</div>

To avoid financial crisis, the organization must have an unrestricted net assets

level above 10% of their annual operating expenses.

 The final part of the ratio analysis is the quick ratio, which "determines how well

an organization can meet its immediate obligations" (Korza, 2007, p. 259). To determine

the quick ratio:

$$Quick\ Ratio = \frac{(Cash + Accounts\ Receivable)}{Liabilities_{current}}$$

<div align="right">(Korza, 2007, p. 259)</div>

A ratio of at least 2:1 implies an organization has enough cash to

cover its current expenses. (Korza, 2007, p. 259).

Fundraising Plan

The next step in the financial planning process is to create a fundraising plan. A nonprofit organization relies on many different sources on income to provide its services to the public. Funding can come from earned income, individual donors, corporate donors, and grants from foundations as well as state or federal agencies. Fundraising allows an organization to "increase the capability of the capability of the organization to fulfill its mission though contributed income" (Byrnes, 2009, p. 382). For many organizations, forty percent of the annual budget is made up of contributed income from individual donors. It is impossible to understate how important diversification of income sources is to organizations such as this, which need to be able to function in the event that an economic crisis wipes out one or more of its funding sources.

The primary challenge facing the Academy of Music's is that its funding comes entirely from earned income. The organization does not have any other revenue stream, nor does it have a plan in place to create new income sources. This makes it very difficult for the organization to recover should a crisis arise. Additionally, the Academy of Music has no donor list, or any knowledge of grant opportunities that it can solicit. Since the organization has never been involved in fundraising, nor has a viable donor list, it will have to begin the relationship building process from scratch as the first step in the fundraising process.

The first step in beginning to fundraise with an organization is to create two documents: an organizational profile and an organizational audit. The organizational profile contains the first three steps in the strategic planning process – the environmental scan, the organizational objectives and strategies, and the mission and vision of the

organization – which have been explained in chapters two and three. The organizational audit consists of a review of the current programs and the current fundraising activities conducted by the organization (Byrnes, 2009, p.386-389).

Step two is to conduct a needs assessment. Through analyzing the past financial statements and budgets, leaders of the organization can gain understanding of the organization's current fiscal health. Armed with this information, the leaders can then determine the minimum amount of funding needed to run the currently scheduled programs.

Once the needs assessment is completed, the organization's leaders can investigate their donor database. All nonprofit organizations should have a database of individuals and corporations who are potential donors, which should be updated or audited on a yearly basis, adding new potential donors, updating contact information, and calculating the estimated giving potential of each donor.

In a separate database, there should be a list of organizations and companies in the community that have the potential to become community partners. "Charitable organizations promote community relations to raise funds, and others reinforce their value as institutions worthy of support" (Wilber, 2002, p. 193). Not all community partnerships result in direct monetary funding, but other valuable resources may be donated from partnerships as in-kind donations, usually at little cost to the business. Items or services can be donated, which saves the organization from purchasing the item or service for itself. Some examples of in-kind donations include equipment, furniture, space, food, advertising, and consulting services.

The third step in the fundraising plan is to establish the overall goals and objectives

for the organization's fundraising efforts. Each goal and objective should be represented with a monetary value, as well as a breakdown of the budget explaining what raised funds will cover as well as the importance of that item. Organizations can then use this information to make a case for support.

Thomas Wolf identified what he feels are the three important steps when creating a case for support in Managing a Nonprofit Organization in the Twenty-First Century (2012). The three steps are:

1. Identify the important problems or needs that the organization intends to address with the help of the contributions.

2. Demonstrate the organization's ability to address these needs.

3. Match the proposed areas of organizational activity with the funder's own philanthropic interests.

This case for support is what an organization can then use to solicit donations from individual donors, corporations, and foundations.

The final step in creating a fundraising plan is to design the campaign strategies that the organization will use to fulfill the fundraising plan. Strategies can be anything from offering programs to hosting special events. Strategies should take into account the potential donors, the programs offered, and what resources are available for the organization to draw on.

Chapter Six – Implementation & Evaluation

Once the strategic plan, situational analysis, marketing plan, and financial plan (including the fundraising plan) have been written, the organization now needs to implement them into every aspect of its operation. "An [implementation plan] describes the specific actions that must be taken to accomplish each objective identified in the strategic plan" (Wilbur, 2002, p. 22). Implementation plans should be very detailed, and include specifics about the people responsible, timelines, resources allocations, and the evaluation process.

All too often, implementation and evaluation plans are drafted and then left to sit on a shelf. It is very important for nonprofit organizations to use the plans that are created. By following the implementation plan that the organization's leaders create, the organization has a much better chance of accomplishing the objectives outlined in the strategic plan. Conducting regular evaluations of the strategic plan will ensure that the organization stays on track and does not lose sight of its mission and vision through the minutia of every day operations.

The Academy of Music has no working implementation plan or evaluation process at this time. The organization currently operates with no set method or direction. The daily operations are passed from employee to employee via word out mouth, with little or no information having been recorded. The organization has also fallen into the trap of monotony. Many of the instructors who teach for the Academy of Music are very reluctant to embrace change, citing "this is that way it has always been". The biggest challenge facing the Academy of Music is to create implementation and evaluation plans that will be used and updated on a regular basis. There are many changes that need to be

made, and keeping up with the implementation plan amid the needs of the organization's faculty may be difficult for the part-time director.

The method for creating the Academy of Music's implementation plan is adapted from *The Complete Guide to Nonprofit Management and Fundamentals in Arts Management*. The writing process for the implementation and evaluation plans should include all of the individuals who will be responsible for ensuring that the plan is followed. It is important to make sure that the plan is comprehensive, yet simple so that everyone involved with the organization can understand what is expected of them, as well as understand where the organization is heading.

First, the implementation plan must identify the strategies and tactics that will work best in implementing and evaluating the strategic plan, marketing plan, and financial plan. This step outlines the "specific tasks that must be accomplished to achieve the strategic objectives [in each plan]" (Wilbur, 2002, p.22). This will help the organization's staff identify what steps need to be taken to accomplish the strategic objectives.

The next step in the implementation plan is to create a timeline of when each strategic objective should be completed. This timeline should include the month and year that each task should be successfully accomplished by. The timeline will help the organization stay on track over the course of implementing the strategic plan, regardless of changes in the leadership of the organization. Once a timeline has been drafted, the organization needs to identify the individuals who will be responsible for completing each task. Individuals must be chosen with care to ensure that each task will be completed with the quality standard that the organization expects. It is also important to

identify what resources will be required to complete the tasks outlined in the first step of the implementation and evaluation plan. Resources may include human resources (employee time, volunteers), financial support, equipment, and office supplies to name a few.

The final step of the implementation and evaluation plan is to attempt to predict the anticipated results of the strategic plan, and evaluate it based on these results. If the planning process was completed properly, the organization should be able to determine what the outcome of the strategic plan will be in one year, three years, and five years. When evaluating the strategic plan process, the organization can look back at their predictions and compare it to the actual results. If the organization finds that they are behind where they predicted, there will need to be a re-evaluations of the strategic plan and adjustments can be made as needed.

The evaluation process is never ending for a nonprofit organization. In order to stay relevant and in good financial standing, an organization must continuously conduct evaluations of its programs, marketing tactics, and financial health. By keeping its implementation plan up-to-date, and continuously monitoring the implementation plan, the organization will thrive.

Chapter Seven - Conclusion

Now is the time for the Academy of Music to move forward. Currently, the organization is getting by with an undefined leadership structure, word-of-mouth marketing, and no plan for the future. In order to continue to compete in their nonprofit sector, a comprehensive strategic plan must be created. Although this can be said of many nonprofit organizations, this project will provide a solid outline for improving the Academy of Music with strategic planning.

The strategic planning process will establish The Academy of Music's long range objectives and ways in which those goals can be accomplished. By including the organization's constituents in the strategic planning process, the strategic plan when completed will serve to unite the organization and reflect its core purpose. The strategic plan acts as a guide for the Academy of Music's leadership to govern day-to-day operations, while still maintaining a "big picture" approach and keeping long-term goals in mind.
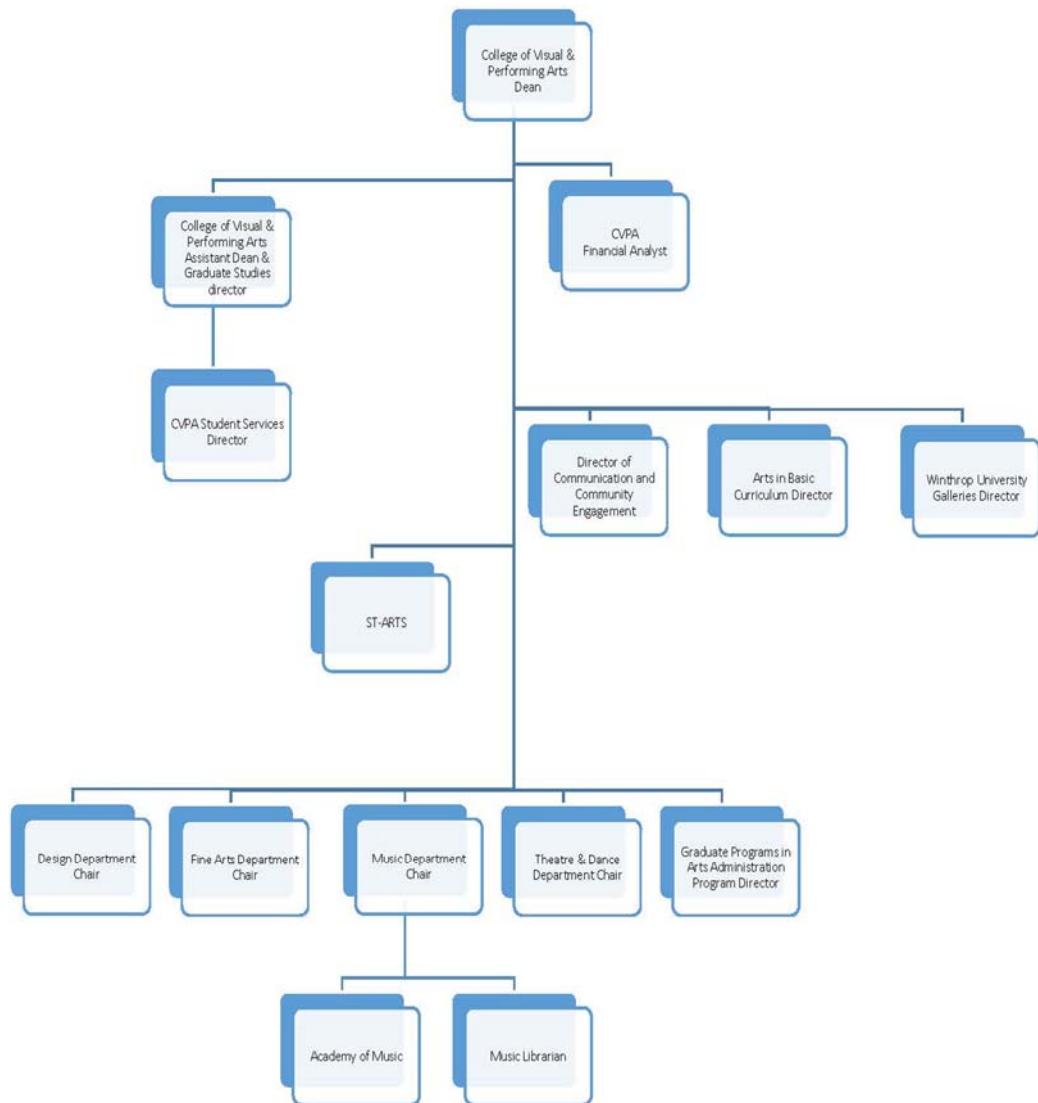
The method which is shown in this project (see Appendix B) can be used to establish a new pre-college music school housed within a university system, revitalize an older pre-college music school housed within a university system, or help guide university colleges in other disciplines add a pre-college school to their departments.

When starting out, it is important to begin the strategic planning process with the situational analysis, as each succeeding piece of the strategic plan draws from the information gathered and produced by this analysis. The mission and vision statements must be clearly stated, and match the purpose of the organization as well as align with the mission and vision of the host university. The marketing plan and financial plan provide

the goals and strategies, and guide the organization on how to best accomplish their objectives. The implementation and evaluation plan provide the necessary steps to execute and monitor the strategic plan. By completing the steps in this project, the Academy of Music will be able to grow and prosper, and help bring benefits to its future participants, and improve the community in which it operates.

Appendix A

Winthrop University
College of Visual and
Performing Arts
Organizational Chart
2015-2016

College of Visual &
Performing Arts
Dean

College of Visual &
Performing Arts
Assistant Dean &
Graduate Studies
director

CVPA
Financial Analyst

CVPA Student Services
Director

Director of
Communication and
Community
Engagement

Arts in Basic
Curriculum Director

Winthrop University
Galleries Director

ST-ARTS

Design Department
Chair

Fine Arts Department
Chair

Music Department
Chair

Theatre & Dance
Department Chair

Graduate Programs in
Arts Administration
Program Director

Academy of Music

Music Librarian

Appendix B

Strategic plan Outline

1. Gather historical data on the organization:

    a. Mission & Vision statements.

    b. Financial history.

    c. Marketing history.

    d. General information.

2. Conduct the environmental scan, identify:

    a. Internal strengths and weaknesses.

    b. External opportunities and threats.

3. Set the strategic objectives.

4. Choose the best strategies to use given the current position of the organization.

5. Evaluate the current mission and vision statements of the organization (or develop a mission and vision statement if neither exist). If needed, rewrite the mission and vision statements.

    a. Make sure the organization has an advisory board. Establish an advisory board if one does not exist.

    b. Analyze the historical data of the organization.

    c. For the mission statement:

        i. Gather the opinions of the major constituents of the organization.

            1. Send out a survey with the following:

                a. What does the Academy of Music provide? Is it important to the community?

                b. What do you feel the Academy of Music's goals should be?

                c. What do you think the Academy of Music should do to accomplish these goals?

                d. Who does the Academy of Music serve?

            e.   What should the Academy of Music focus on as it prepares for the future?

      ii. Compare the current mission statement to other organizations with similar purposes, or the ideal future of the organization.

     iii. The board will review and approve changes to the mission statement.

  d. For the vision statement:

       i. The advisory board are to answer the following questions:

          1. Who are the organization's present and future customers?

          2. What are the organization's major products/services?

          3. Where does the organization compete?

          4. What is the organization's basic technology?

          5. What is the organization's attitude towards economic goals and community impact?

          6. What are the basic beliefs, values, aspirations, and philosophical priorities of the organization?

          7. What are the organization's major strengths and competitive advantages?

          8. What is the organization's public image?

      ii. The advisory board will participate in a visioning exercise where they will write their opinions of the future of the organization.

6. Develop the marketing plan:

  a. Gather information from the environmental scan.

  b. Break the strategic objectives down into smaller, more manageable goals.

  c. Determine what resources are available to the organization to accomplish the set goals.

  d. Define the target segments.

  e. Develop the organization's position.

  f. Determine the marketing mix, balancing:

       i. Product

      ii. Price

   iii. Place

   iv. Promotion

   v. Physical evidence

   vi. People

   vii. Process

  g. Implement the marketing plan.

7. Develop the financial plan:

  a. Analyze the financial health of the organization.

   i. Create a balance sheet.

   ii. Create a statement of activity.

   iii. Create a ratio analysis.

  b. Develop a fundraising plan.

   i. Gather information from the environmental scan.

   ii. Conduct an organizational audit.

   iii. Conduct a needs assessment.

   iv. Investigate the organization's donor base.

   v. Determine potential community partnerships available to the organization.

   vi. Establish the overall goals and objectives for the organization's fundraising efforts.

   vii. Develop the case for support.

   viii. Design the campaign strategies to be used by the organization.

8. Develop the implementation and evaluation plan:

  a. Identify the strategies and tactics that will work best in implementing and evaluating the strategic plan, marketing plan, and financial plan.

   i. Identify what steps are to be taken to accomplish each strategic objective.

  b. Create a timeline:

   i. Identify when each step should be completed.

  c. Identify the individuals responsible for completing each task.

d. Identify what resources are required to complete each task.

e. Predict where the organization will be in the future following the steps in the strategic plan.

f. Evaluate the organization's progress in comparison to the future organization prediction.

g. Adjust the strategic plan as needed.

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