



## Operational, economic and mission elements in not-for-profit organizations: the case of the Chicago Symphony Orchestra

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### Abstract

The term not-for-profit often brings to mind the idea of an altruistic organization serving society. The reality is that the not-for-profit is a far more complex organization that is responsible to diverse groups of stakeholders. Unlike for-profit organizations, not-for-profit (NFP) organizations have to focus on dual, and often conflicting, goals relating to fulfilling their overall mission while also generating enough revenue to maintain their operating structures. In order to better understand the nature of the dual orientation of the NFP organization, the behavior of Chicago Symphony Orchestra (CSO) patrons using the CSO website is viewed. Specifically, this study examines data for individuals purchasing CSO concert tickets on-line during an 8-month period in 2000–2001. MANOVA and ANOVA statistical procedures are used to analyze the effects of both the economic and mission related orientations operationalized through the e-service encounter. Further, we view data from the on-line ticketing function relative to the labor costs of the Chicago Symphony Orchestra.

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### 1. Introduction

During the past three decades, economic, social and political forces have combined to shape the destinies of organizations across the globe. Most notable during

this time period, though, has been the rapid and continuing growth of the not-for-profit (also referred to as nonprofit) organizations. Commenting on the development of the not-for-profit sector Salamon (1994) observes, “The scope and scale of this phenomenon are immense. Indeed, we are in the midst of a global ‘associational revolution’ that may prove to be as significant to the latter twentieth century as the rise of the nation-state was to the latter nineteenth” (p. 109). Only 20 years ago, the not-for-profit organization was considered to be, at best, a marginal contributor wherever it existed. Today these same organizations have become significant, if not indispensable, elements within the economies of countries throughout the world.

Even though the term not-for-profit organization is often used as if it were a uniform descriptor, in fact, it is a complex, diverse organizational form. The literature from several disciplines illustrates its multidimensional character. Essentially the not-for-profit organization consists of several fundamental aspects, which include: an economic aspect, a mission-related aspect and an operational aspect. How these fundamental aspects interconnect is what has created the distinctive nature of the not-for-profit organization. The focus of the present research is to assess how well the economic and mission aspects of the CSO are operationalized through the e-service encounter. Specifically, the study examines the overall satisfaction of CSO patrons who purchased concert tickets on-line during the 2000–2001 concert season.

## 2. The Chicago Symphony Orchestra

The Chicago Symphony Orchestra (CSO) is a well-established and successful not-for-profit organization. Founded in 1891, the CSO is recognized as a premier symphony orchestra. Because of its success in carrying out its mission, the artistic, musical side of the CSO is well known throughout the world. In fact, the Chicago Symphony derives more than 50% of their total revenues from sales of tickets to performances and merchandise. The mission and economic accomplishments have had a significant impact on the success of the organization. However, the operational side of the CSO, while less publicized, provides the

critical linkage to both the mission and economic aspects of the organization through its scheduling, publicity, venue operations and ticket sales for over 200 annual events. In a typical year, more than 95% of all available seats are sold.

In an effort to expand their market base, improve customer service, and reduce costs, the CSO considered using the Internet. Even though the Internet was still a relatively new technology in 1998 they decided to proceed cautiously because they were aware of the significant benefits that were accruing to organizations that had successfully automated their ticketing process by means of the Internet (Boyer, 2001). Hundreds of companies have provided online access to their ticketing services including, all major professional sports teams, ticketmaster.com and many other entertainment venues.

After much deliberation, the CSO began selling tickets on-line in 1998. Their first venture onto the Internet was just an informational website in which patrons could access concert information and send an email with concert and ticket price information to the CSO in order to purchase tickets. When their first website was installed, the CSO employed several individuals within their ticket call center. Since their initial attempt, the CSO has continued to enhance its website to provide greater access to tickets and improve functionality. Today the CSO sells approximately 50% of total sales over the Internet and expects this number to grow further via successive improvements. The CSO ticket sales over the Internet grew eight-fold over the period of 1999–2001. The ultimate goal of the CSO is to move their entire inventory of tickets on-line in future years.

## 3. Review of not-for-profit orientations

The CSO, like all not-for-profit organizations, has been subject to various environmental forces that have affected its growth and development. Section 3 examines the economic, the mission, and the operational factors and their role in shaping the not-for-profit operating environment. The e-service encounter is used as the means to examine how these factors interrelate within an overall organizational operating context.

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