

Making *the* Most of Stakeholder Revolt:

The Recapturing of the San Diego Opera and Sweet Briar College

by Ruth McCambridge

Now that organizational stakeholders have access to one another across boundaries that formerly would have kept them apart, opposition to a given leadership's objective can be rallied. More and more, stakeholders are demanding transparency around organizations' decision-making processes, and the standard insular board structure may well become something of the past.

OVER THE PAST FEW YEARS, *NPQ* HAS BEEN tracking nonprofits whose stakeholders rose up to save them after their boards voted to close the doors. They are in a larger field of organizations that have felt the sting of stakeholder rebellions when a board has somehow broken faith with the community it serves. As we watched these situations where an institution is saved, we realized that two of them—Sweet Briar College and the San Diego Opera (SDO)—were remarkably similar. At the point the boards voted to close:

- Both organizations had a relatively healthy body of reserves and/or endowment;
- Both had experienced some negative trending in their revenues and revenue drivers;
- Both were in fields where doomsayers were loudly lamenting the death of the genre—in one case, same-sex colleges, and in the other, the opera;
- In both cases, decisions appear to have been made out of the blue, with little or no consultation with stakeholders;
- In both cases, the executive director/president left after a decision was made to save the organization;
- In the case of the San Diego Opera, more than

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half the board left, and in the case of Sweet Briar College, the entire board was replaced; and

- In both cases, stakeholder groups protesting the decision raised significant money to help retake and remake the organization, but both face a creative challenge in seeking sustainability.

The similarities between the two organizations’ trajectories from near closure to unexpected rebirth led us to take a closer look at how the new boards have handled governance in the context of an empowered network of stakeholders. Four facets of the stories of these two organizations emerged as particularly interesting with respect to transformations of their modes of governance and engagement with their stakeholders/networks: (1) the lead-up to the closures; (2) the donations, and their effect on the stakeholders/networks; (3) how governance changed; and (4) how the networks became integrated into the organizations as they moved forward.

The San Diego Opera

The Lead-Up

Carol Lazier, current chair of the San Diego Opera’s board, was on the board but was not the chair when the vote to close was made—and she describes the SDO’s strange pivot from a position of privilege and prestige to a public declaration of imminent closure.

In some ways, what Lazier describes is an institution that got a little lazy about charting its own path forward during a time of economic and cultural tumult. The SDO was certainly not in trouble artistically. “We had a wonderful opera—in the top ten of opera companies,” she said. “We had very strong staff leadership at the top, and we had a very powerful fundraiser. But we also had a fund called the Kroc Fund, which we could just dip into when we needed to. We weren’t lean, and we didn’t change our business model in time, and eventually we found ourselves running out of money. The board knew we would run out of funds in a year, but we were complacent. We had these great people at the top, and we thought that certainly they would pull the rabbit out of the hat

and raise the money to continue the seasons as we had been planning them.”

But, as she described, “that willingness to follow the few was exactly what ended up creating the chaotic near closure and then its reversal. At some point, a small number of people on the board and in top management decided that we should close rather than make the changes needed to survive. An emergency meeting was called with little notice and no information about what was to be discussed; it was here that the proposal to shut down was put on the table for the first time—and convincingly, with the justification that operas were closing all around us.” According to Lazier, the institution’s leaders stated that “the right thing to do was to pay off debts and future obligations, and close our doors. Death with dignity.”

Apparently blindsided by the force of the argument, the whole board agreed to shut the company down within an hour of the proposal’s being made. “But within twenty-four hours,” said Lazier, “some of us began to think, What have we done? It was like we had gone into mourning, and we were mourning the death of a loved one. People were just kind of numb. We went from understanding we had financial issues to, ‘We’re going to close the company,’ within the blink of an eye.”

Meanwhile, said Lazier, “the community was absolutely furious. We had a great opera company, a cultural jewel, and no one wanted to lose it. We had people who didn’t even go to the opera who were fighting closure, saying, ‘This is not right—this is owned by the public; this is not owned by the small group of people on the inside.’”

The portion of the board who started to regret the decision began pushing for rescinding the vote to close—and a “Save the Opera” online petition campaign was initiated by community supporters. The opera staff and local unions were fighting the closure, and the press was clearly supporting a reconsideration.

The Million-Dollar Gift and the Network

As Lazier described it, “Subsequent fractious emergency meetings called to persuade the

board to postpone closure and look for options were going nowhere. In a moment of insanity, I challenged the board with a million-dollar gift to explore options to avert closure and find a way to move forward.” Several emergency meetings later, after a new financial and operating plan was presented, those who wanted to close the institution resigned and walked out. More resigned in subsequent days, leaving twenty-four of the original fifty-three behind to pick up the pieces. But they had to move on finances immediately. “When those members of the board walked out of the room,” noted Lazier, “we lost about a million bucks in annual gifts, which was pretty scary.”

That moment of insanity, however, was a powerful act of leadership—and, subsequently, a crowdfunding campaign raised \$2.4 million in two weeks to more than match Lazier, in donations from \$10 to \$250,000. “That gave the board the will to move on and fight on.”

The board also got down to brass tacks, and cut the budget by a third—from more than \$17 million to \$11 million; and part of that was made possible by concessions from other local groups that had a stake in the opera’s survival. Lazier explained, “The symphony, the unions—everybody made concessions, enabling us to cut our budget and pull off the season. And, I’ve got to tell you, we had OPERA America behind us and a group of four general directors we phone conferenced with twice a week for months helping us to figure out what we needed to do each step of the way.”

The opera also cut costs, moving from a \$400,000-a-year building into a much cheaper space that Lazier describes as “pretty much a donation from two individuals who were involved with the symphony and who understood how important it was for us to get into office space that made sense. We also legitimately balanced our books last year. We didn’t take any money out of the Kroc Fund. That whole body is still sitting in the bank, and we have a small operating surplus. Revising the business plan takes a careful touch, and we’re not just going to throw things up against the wall and see what sticks. We’re going to really go through this methodically.”

How Governance Has Changed

The San Diego Opera was one of those organizations where having a large number of people on the board was a function of fundraising. You pay x amount of money and you’re on the board, and no one wants to alienate any of those folk with contentious conversations that cause discomfort. But that is certainly not a good *modus operandi* for an organization facing the whitewater of the twenty-first-century cultural organization. And, it was not only the business model that had to change but the governance model, too.

The person who is responsible for implementing that business plan is David Bennett, who, at the time of the SDO’s upheaval, was on the board of OPERA America and was looking at the unfolding chain of events from the outside. He had just watched the demise of the New York City Opera, which, unlike the SDO, did appear to have exhausted all its options. “So, looking at this from the outside, and from sort of the industry perspective,” he said, “it seemed clear that the SDO’s decision had been made without really exhausting or even beginning to investigate some of the other options on the table. There were clearly possibilities that were yet to be explored.” This intrigued Bennett, and was what persuaded him to move across the country from New York; another attractor was the unprecedented community response that he could not recall previously happening in the world of opera.

“In the beginning, there were just one or two voices from the board that questioned the decision, which then very quickly turned into this community-based movement. It was like a flammable substance that suddenly was near a spark and then just very quickly became something else. To see that that kind of energy existed showed me that there was more opportunity than there were challenges.”

And the board had by no means put things on hold during its search for a new general manager. Bennett found the financial situation pretty clear, and the board had already reframed the mission, vision, and core value statements by the time it started doing the search. Thus, the situation was not that of an out-of-touch, confused board looking for an expert savior to lead it out of the

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dark woods. “What I had anticipated doing in terms of programming was clearly in alignment with what the board had already stated,” noted Bennett. “What the board wanted to do to make sure that the company was speaking more relevantly to all of the community was produce all kinds of works of opera—so, many more things that could be a fit under the umbrella of what we call ‘opera,’ and in a variety of venues; and both of those things had never been done in San Diego. And, by attempting to do those two things, the board wanted to reach all of the specific demographic groups that are the subsets of the community of San Diego.”

Instead of trying to discern the will of the board, Bennett has been spending his time on what he calls a “listening tour.” “One of the things that was clear before was that the company wasn’t very good at listening to the community. It was good at telling the community about the value of the kind of opera it produced, but it wasn’t very good at listening to the community about why opera was important to them. And, since the community came forward so strongly and said that opera needs to be preserved, it’s key to me that we go out to the community and listen. So, instead of just throwing things against the wall to see if they stick, we’ll be able to test whether some of the things that we’re planning really have resonance. And, from my experience of running a smaller company in New York City, I’ve learned that a lot of the work that’s being done now—contemporary work and chamber opera—speaks directly to specific current issues, and also to smaller groups—a Latino community or the military community or the LGBT community—and those are all subsets of the larger San Diego community that we hope to engage. So, by doing smaller-scale work in addition to our large grand opera, we hope to have more resonance for these different demographic groups, and become a stronger community asset for all of San Diego.”

The Network Is Pulled Through

As Lazier mentioned, there was much external support from other organizations, as well, and the threads of this network of individuals and organizations have to be pulled through into the

fabric of the organization’s future. “There was a group called the White Knights Committee that was sort of self-formed,” said Bennett, “and it included administrative staff, it included representatives from unions, and it included community stakeholders—and they’re really what was the flame in the fire of community engagement. And within my first couple of weeks, I met with a White Knights representative, who gave me notes on the committees’ thoughts and concerns. And then I had a group meeting with the committee, probably within a month and a half of my arrival—heads of the different groups that were represented within the White Knights. And, as part of our strategic planning exercise, we’ve been doing SWOT analyses with different data points with our board and administrative staff, and with the various community stakeholders. And we also did a SWOT analysis with the White Knights—again, just to try to get their input and data points.”

Bennett isn’t certain of the exact number of people involved in the White Knights. “I met around fifteen or twenty, but I think it’s a much larger group, because it truly was a web made up of, say, an AGMA rep, and then a rep from the stagehand union, and then one person from our costume shop. . . . These sorts of people were coming together with three or five administrative staff—and then it just spread very quickly. So, I don’t know the total number. The group was very involved in the social media aspects of the crowd-funding campaign, too. So, they feel like they are true stakeholders, like they have a voice. And it is very important to me to make sure that we’re keeping them informed. But not just *telling*—*asking* . . . telling and asking, telling and asking, going back and forth, really having a conversation with them.”

It appears that such networks are critical at the point of recovery—critical supports that have to be developed in a new way. For instance, explained Bennett, the opera has long had a donor group called advisory directors—people that give at a certain level and above. But now the SDO is considering how to approach them differently: “I think we may wind up expanding that group and thinking about it more, because

the idea of being an advisor to the SDO has changed over the past year. Previously, their advice was never sought. They were advisors in name only, and they were asked to give a certain amount of money. So, we've had two meetings with them and told them that we want their advice. And, we're beginning to think about how we might expand that group to the point that it becomes an ongoing participatory opportunity to get advice—like the White Knights. With all of these stakeholders, my goal is to take advantage of their energy and interest, and move the company forward in the direction they started when they saved the day. It's a group that has power, because they did something that really made change happen."

Bennett explained that the staff as a whole understands that the new environment has to be treated differently. "So, it's all about leading teams, and leading the idea and the direction, but also being out in the community and talking—writing the gospel, which is actually a lot of fun, I have to say."

Sweet Briar College

The Lead-Up

As mayor of Columbus, Georgia, Teresa Tomlinson knows plenty about governance, and as an alumna of Sweet Briar College, she knows plenty about the school. So, the fact that she is now chair of the board makes some sense, except that the way she ended up in that position included an extended battle between Sweet Briar's board and its stakeholders for the school's survival.

"There was a failure of faith in the mission—probably over about a ten-year period—from what I can tell and have observed since being on the inside. There was a belief at the highest leadership level that women's colleges weren't relevant anymore. A lot of that was coming from generations of administrative leaders and board leaders who were from classes of an earlier date, when Sweet Briar was *the* option because you could not get into the state university system. And, I think that's why, when the battle was engaged, that although we had some stalwart leaders from the earlier class years, the initial thrust of the alumna rebellion against the closure decision came from

the classes of the '80s, the '90s, and the 2000s—and that was for two reasons: One, they had gone to Sweet Briar at a time when all fifty states' university systems allowed women. So, all or most of them had been accepted to other institutions, and they chose Sweet Briar. Sweet Briar was not 'the only option'—it was 'the choice.' So those three decades of alumnae did not understand, and could not relate to, the narrative that the college was no longer marketable. Two, those same three decades of women were either at the pinnacle of their careers or were quickly ascending to the pinnacle of their careers—so the suggestion that the Sweet Briar education was no longer relevant in today's world was utterly unbelievable to those women.

"I would consider myself to be at the height of my career. I'm fifty, I've accomplished a great deal at a high-level position in the particular career I'm in right now, and I trade on my Sweet Briar education every single day—*every single day*. I outwit . . . I outmaneuver challenges that come my way because of the broadening of mind, the academic background, the honing of the intellectual acumen, and the confidence instilled in me by this institution. You will never convince me, nor those other thirty years of women, that you cannot compete and win in the world today with a Sweet Briar education. So, we knew that was a false narrative, and those two facts made the entire conversation a nonstarter for us.

"Then, I think, you had the added component of the failed process. I think had they come out two or three years ago, and said, 'The college is struggling, we're very concerned about trends, we don't like the enrollment numbers, we want to talk with our constituencies about a plan forward, and that might include having to close the college; let's start having forums, let's do a survey'—you know . . . and if they had just gone through the difficult chaotic process, they may have worn us out eventually and been able to move forward with their vision of Sweet Briar College—which was, frankly, to euthanize it. It had served its purpose and we needed to get it closed down in a dignified way that did not ruin its reputation—and that's what they were trying to do. This is not to demonize what they were doing—they really were trying

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to save Sweet Briar’s reputation; because their initial (and I would suggest false) premise was that the college could not go forward, so what was the best plan for closing it in a dignified way.

“I think those things interacted to create this incredible explosion. The fact that their narrative did not ring true to so many people, coupled with a really flawed and highly suspect process, created this incredible consensus of pushback—and you usually don’t have that. You usually have people who don’t have all the information—they can’t rally around a particular theme, and so you’re able to close down or change the organization, because any opposition you may have to that objective is too disjointed.”

The Million-Dollar Gift and the Network

When the board surprised the students, faculty, alumnae, and surrounding community with its decision to close Sweet Briar, it caused a firestorm of protest.

Almost immediately, a copy of a letter from the college president to a donor was released. Months prior, the school had extended an invitation to the donor to give the commencement address. The donor had also executed a million-dollar testamentary gift. The interaction happened a few weeks before the decision to close was made, and the cynicism of the fawning handwritten note, reading, “This is a wonderful thing you have done!,” incensed stakeholders further—and one stakeholder in particular: Teresa Tomlinson, the donor. Tomlinson was resolute in her prior acceptance of the college’s invitation to give the commencement address, during which she blasted the board:

Leaders understand that solutions come from the most unlikely place. The solution may come from your perceived “enemy”; it may come from those perceived to be uninformed; it nearly always comes out of nowhere. And, that is why inclusiveness is so important. The larger you make the conversation, the more impressive the results. Now, there are people out there thinking: “No way. I am not about to tee-up some broad conversation with a bunch of people I do not know to discuss possible solutions

when I know the short list of what is viable.”

I understand that sentiment, but you are going to fail as a leader if you follow it. If your ideas are so good, if your short list so miraculous, then test it against the critical eye of stakeholders.

If you cannot do that, I suggest that you know your motives are not pure. You are not looking for the best solution, you are looking for the solution most comfortable for you. And that, friends, is not leadership.

Meanwhile, a fight was proceeding on multiple fronts. Women took to social media in droves, and the press—including the *Washington Post* and the *Chronicle of Higher Education*, as well as more-local papers—helped amplify the situation nationally. A fundraising campaign was started to sweeten the proposition of keeping the school open. The attorney general was brought into the mix and ended up trying to negotiate a resolution between the parties. The board and its supporters inflamed the crowd by periodically issuing statements implying that the campaign to keep the school open was highly emotional and even near hysterical.

How Governance Has Changed

Apparently, the court disagreed, finally ruling in favor of the stakeholders. It further adopted the parties’ settlement agreement, which provided that the then-current board members would resign. A new board was proposed to the court, and Tomlinson was installed as chair. She commented, “I truly believe that this incident with Sweet Briar College is going to change board governance for educational institutions forever, and it’s going to change alumni associations forever. With board governance now you have mandated silos that require best-practices separation between the running of the institution and the administration of the board—and, of course, what the board members can and can’t do, and their objectives and fiduciary responsibilities. And, if you take those disconnected requirements of the role of the board, you could interpret in that set of disconnections that the board is impotent—just showing up and rubber-stamping the

administration—because the board can't really run anything. And I think a lot of boards feel like the only option to change course decisively is to fire the president, and if they're not ready to get into that cataclysmic fight with the head of their alma mater or institution, they just let it ride.

"Now, coming to the Alumnae Alliance, which is our new incarnation of our prior Alumnae Association—I know that there's been a lot of writing about it along the lines of, 'Oh, they've created a monster, what are they going to do?' I actually don't see it like that at all. I don't. I think there will be a time of transition, when it's going to be rocky—because you're going from the battle to peace time, and that's always a problem, as I just told this government class I was in. You know, for years after World War II, they were pulling people out of the jungles who still thought the war was going on. So, you're going to have this sort of aftermath as people figure out how they fit into this new era. And, we're preparing for that.

"You have to create a process that inhibits standard insular board governance and facilitates a structure that allows your stakeholders to demand engagement yet know where they fit in the decision-making process. And the question is, how are we going to set the expectations for this visioning? We have no definitive decisions for today as to what this or that is going to look like. But, it will necessarily have to be revisited as we evolve in these years after the Great Sweet Briar Revolution."

The Network Is Pulled Through

The Alumnae Alliance will be in service not just to fundraising and helping Sweet Briar to acquire students but also to "do a constant visioning and brainstorming/think-tank activity." As Tomlinson explained, "We already have the structure through the alumnae club system we have in place, and we know who has been in prior leadership and who's in new leadership. Some of the former leadership obviously have turned over with this battle we've gone through, but the current Alumnae Alliance members will be constantly visioning and sending their thoughts forward to the Alumnae Alliance leadership, who then will be digesting it and presenting it to the

board in several different ways. One way—the most formal—will be through a report process. So, the report will come annually—it will be the Sweet Briar Alumnae Visioning and Objectives Report, or something of that nature.

"Thus, the first part of our work is an education effort around what exactly this network will be to Sweet Briar and the board. The network's job will be to survey the alumnae constantly—not just through a standard ten-year-planning type process, in which you hire a consultant and send the alumnae a postcard. Rather, it will be to have the alumnae thinking about the college constantly, and getting their input, their ideas, and their suggested objectives for the college—and then all of that being condensed and coordinated by the leadership of the Alumnae Alliance, who will prepare the report for the board's review and consideration.

"The energy of the school flows through the alumnae, and that was what I tried to speak about in the commencement speech—because I knew I had just one shot. I mean, if you go back to that day and think about the time leading up to that, I knew I had one chance to explain to the world why Sweet Briar is important and different. And it is about the bonds that are built between women in this setting—the bonds that promote the advancement of each through a kind of lifelong network.

"I love the fact that Sweet Briar College—this small women's college—is going to change the way colleges and universities do business from a governance standpoint, from a fundraising standpoint, and from an alumnae-engagement standpoint. That is incredible. And, it's like Moses in a way—the least likely is the one who ends up leading us to a new place. And that's Sweet Briar. It's astonishing to everybody else, but it's so appropriate that Sweet Briar was handed this baton. I don't know if any other institution—older, larger, more esteemed or known—could have done it. It's almost as if the unlikely of them was the one that could do it—and I find that remarkable."

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