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## LSO LIVE: AN ENTREPRENEURIAL VENTURE

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### Abstract

This case study, grounded in entrepreneurship theory, explores LSO Live, the sixteen-year-old record label wholly owned and operated by the London Symphony Orchestra (LSO). The examination includes a history of the forward-looking LSO, including: the player-owned model of the orchestra; the ensemble's long tradition of film soundtrack recording; the launch of their in-house label, LSO Live; the organization's current plans for a new "Centre for Music"; the LSO's efforts to engage audiences through digital audio and video content; and challenges facing the orchestra as they "push forward" into new territory while also capitalizing on their 102 year history. The LSO's experiences in launching, maintaining, and furthering the label illuminate the importance of traditional "legacy" arts organizations' efforts to speak to a new audience and produce electronic media.

Keywords: LSO Live, record label, entrepreneurship, entrepreneurial orchestra

### Introduction: Britons in New York

"As much as we are an orchestra, we're a media producer as well," says Becky Lees, head of LSO Live, the in-house record label of the London Symphony Orchestra (B. Lees, personal communication). During a recent trip to New York City for their annual residency at Lincoln Center, Lees was intent as ever to continue the LSO's "push forward" into new digital territory. While surely Ms. Lees found the time to enjoy the LSO's two performances at the newly renamed David Geffen Hall, chief among her duties while in the U.S. were meetings with The Orchard, once a New York City startup (recently acquired by Sony Music Entertainment) that specializes in music distribution (Brown, 2015). According to Ms. Lees, LSO Live's partnership with The Orchard, which aggregates content on 120 platforms, is critical as the label makes the most of the popular (and necessary) streaming market.

However, this aggressive move into streaming (among other channels), while reflective of the LSO's long history of innovative thinking, is also a gamble for LSO Live, now in its sixteenth year of existence. As sales of complete albums decline and streaming becomes increasingly popular, the challenge of monetizing their recordings is increasingly difficult for Lees and the entrepreneurial label. Management of the label is of major importance to the LSO (Lees reports directly to Managing Director Kathryn McDowell), and it is clear that their board of directors and funders value the LSO's forays into the digital realm. However, the reality of an evolving marketplace remains a challenge for an organization working to balance their storied history with their need to quickly move forward (B. Lees, personal communication, October 27, 2016).

### Applicable theory

This case study is best viewed through the lens of multiple established theories related to innovation, entrepreneurship, intrapreneurship, creativity, and the application of these theories in an arts environment. In addition to the established framework outlined below, concepts explored in extant literature will be woven throughout the case as they are applicable to LSO Live's story. In his seminal work, *Innovation and Entrepreneurship*, Peter Drucker (1985) explored innovation and entrepreneurship within organizations. Defined as the means by which

entrepreneurs exploit change as an opportunity, Drucker viewed (and defined) innovation as a tool for entrepreneurs, and defined the entrepreneur as one who “always searches for change, responds to it, and exploits it as an opportunity” (1985, p. 28). At the center of this case is the founding of LSO Live, which occurred during the tenure of managing director Clive Gillinson, often referred to as an entrepreneur (Jepson, 2007). Indeed, LSO Live does seem to fit into the Drucker framework of an entrepreneurial venture. Drucker outlines policies and practices in four major areas of entrepreneurial management, the first of which involves an organization’s receptivity to innovation and willingness to perceive change as an opportunity rather than a threat. As highlighted in the case, the LSO has demonstrated a history of innovative practices that are woven into the organization’s culture, creating what Drucker dubs the “entrepreneurial climate” (1985, p. 150).

The concept of intrapreneurship has emerged in the past two decades and began with a focus on the entrepreneurial individual working within an existing organization or corporation. The areas of focus of this relatively new concept have since expanded to also include exploration of new ventures as well as the characteristics of entrepreneurial organizations. The work of Antoncic and Hisrich suggests that the broadest definition of intrapreneurship is entrepreneurship within an existing organization (Antoncic & Hisrich, 2003, p. 9). They go on to observe, “intrapreneurship can be viewed as a curious, constantly searching activity at the frontier, not at the core” (p. 10) and also to identify various dimensions of intrapreneurship, some of which apply to this case and will be explored throughout.

In order to explore entrepreneurial and innovative practices within arts organizations, the work of Ruth Rentschler is foundational. In *The Entrepreneurial Arts Leader*, Rentschler begins her exploration of entrepreneurship by citing, among other things, Peter Drucker’s definition of creativity as “the ability to manage the application of knowledge” (as cited in Rentschler, 2002, p. 3). Rentschler effectively argues that this view of creativity meets arts organizations on their “home ground” as repositories of knowledge. She then outlines twelve elements of entrepreneurship, which include various roles and responsibilities (both internal and external) of entrepreneurs in arts organizations (p. 56). While this pioneering and theoretically-grounded framework is certainly useful in analyzing the various individuals working for the LSO and LSO Live, Rentschler’s work also explores creativity as encompassing organizational change and development (p. 124), which relates to the case on a higher level as described following.

### **London Symphony Orchestra - A History of Innovation**

Tasked with leading the LSO’s media production unit LSO Live, Becky Lees is at the helm of an entrepreneurial venture within an organization now entering its twelfth decade of existence (London Symphony Orchestra - History, 2016). Founded on June 9, 1904, the LSO has been owned and governed by the players of the orchestra since its inception (Morrison, 2004a). Perhaps best known for the musicians’ laser-like accuracy during the opening seconds of *Star Wars*, the LSO has been on the forefront of new media throughout their entire history. The orchestra’s first recording project took place in 1913, nine years after the founding of the LSO, at HMV’s Hayes Studios (Stewart, 2004). Since that time, the LSO has earned the title of “The World’s Most Recorded Orchestra,” and the latest version of their discography is 1,073 pages in length (Stuart, 2016).

The orchestra's recording activities have included contracts with Columbia, EMI, and Decca, among others; performing on dozens of film soundtracks (perhaps most notably for the first six *Star Wars* films); and forays into television, most notably under the baton of André Previn during the BBC's popular program, *André Previn's Music Night*. The LSO also infiltrated popular culture via their "Classic Rock" recordings, the results of which were artistically derided but financially beneficial (Morrison, 2004a). In some instances, the orchestra has reacted to opportunities presented to them; in others, the LSO has proactively pursued potential projects. The latter approach is evidenced in the process by which the LSO became the orchestra booked for the original *Star Wars* film in 1977. The chairman of the LSO, Anthony Camden, had asked André Previn (principal conductor at the time) to phone his favorite film composer, John Williams. Williams took the call and informed the LSO that he was, indeed, working on a new project, but that it wouldn't interest the LSO because it was all "up in the universe." Camden suggested that the LSO would like to record the score, but Williams indicated that the recordings (including eighteen sessions) needed to start within a month. Camden moved quickly, and within a day, he had scheduled the sessions (some of which started late at night following evening concerts). The project ignited a long-term relationship between the LSO and Williams that continues to the present day (Morrison, 2004a, p. 179). Proactiveness is one of the eight dimensions of intrapreneurship outlined in the work of Antoncic and Hisrich, defined as "pioneering and initiative taking that is reflected in the orientations and activities of top management" (2003, p. 18). This particular dimension of firm level entrepreneurship is evident throughout the LSO's history, including the founding of LSO Live.

The management of the LSO has often come from within its ranks, with seven out of the twelve lead administrators having performed as a member of the ensemble. One such leader was Clive Gillinson (former cellist with the LSO), who served as Managing Director from 1984 until 2005, when he became executive and artistic director of Carnegie Hall in New York City. Described by the *Wall Street Journal* as "entrepreneurial and astute," Gillinson did, in fact, help to move the LSO from staggering deficits into positive territory, and also held the chief administrative role when LSO Live was founded in 2000 (Jepson, 2007, p. B.15). In fact, the new label was so closely associated with Gillinson that the players of the orchestra nicknamed it "LSO Clive" (Morrison, 2004b). Gillinson's performance as Managing Director serves as an exemplar of managerial creativity, as explored in the work of Ruth Rentschler. At the foundation of her framework for the twelve elements of entrepreneurship in arts organizations are the four roles typically assumed by the arts leader, including: entrepreneur, managerialist, impresario, and custodian. Gillinson falls most clearly into the entrepreneur category, defined by Rentschler as one who "mobilises creative ideas and the necessary funding to establish new programs, changes of direction, calculated risk-taking ventures that are high-quality, of intellectual importance and broad-ranging interest" (2002, pg. 56).

### The LSO Today

Today's London Symphony Orchestra is an ensemble striving to be an ambassador of London through live concerts in London proper and across the globe (including regular residencies in China, France, Japan and the United States), via their presence on multiple media platforms, and by dedicating substantial resources (£1.3 million annually) to community engagement.

Never an ensemble to rest on its laurels, the LSO, now led by Managing Director Kathryn McDowell and newly-appointed Music Director Simon Rattle, is in the process of advocating and planning for a new “Centre for Music” for the orchestra. With a cost estimate of £278 million, the project (in partnership with the Barbican Centre and the Guildhall School of Music & Drama) has undergone a feasibility study and has moved into the stage of seeking bids from architects and pursuing funding (Malvern & Morrison, 2015). The Barbican Centre, current home to the LSO and owned by the City of London, has long been criticized for its dry acoustics and unflattering architecture (Morrison, 2004a). Though renovations in 2001 improved the acoustics dramatically, Simon Rattle has called the Barbican’s acoustics merely “serviceable” (Malvern & Morrison, 2015, p. 7).

The new venue is slated to open in 2023 and is said to include a number of technological advances, including touchscreens at each seat to enable patron interaction; projection screens to display close-ups of performers and visual enhancements; and of course the most up-to-date acoustic design (Malvern & Morrison, 2015). The proposed venue has ignited arguments on both sides of the issue. Those in favor see an opportunity to allow the LSO to compete with other top-notch orchestras around the world – a difficult task given the orchestra’s current practice of often rehearsing in one venue (St. Luke’s) and performing in another (the Barbican). On the other hand, critics question the need for a “swanky centre,” citing high operating costs, lack of openness to the community, and the potential to largely saturate government funding that could be helpful to many other, smaller, arts organizations (Kenyon & Hewett, 2015, p. 31).

Chief among the positive implications of moving into a new LSO-controlled performance venue is the orchestra’s ability to rehearse more consistently in their main concert venue. Currently, many of the LSO’s rehearsals are held at St. Luke’s, a space that the LSO purchased in 2001 and spent £18 million to renovate into a multi-purpose space. St. Luke’s has been very useful for the LSO, but is not acoustically suitable for capturing LSO Live recordings. With the new venue, the record label will have the opportunity to capture multiple rehearsals, gathering additional “takes” for potential use in their recordings. From a purely artistic perspective, rehearsing and performing consistently in the same venue will also aid the orchestra in continuing to refine their identity and cohesion as an ensemble, something that incoming Music Director Simon Rattle is keen to emphasize.

The plans for the new center also call for built-in audio and video recording equipment. Currently, the LSO brings in equipment for each recording session, which constitutes a significant cost for the organization. The new venue will enable consistent and strategic microphone and camera placement, and conversations are also underway to potentially include a recording studio within the facility to enable the orchestra to engage in studio recordings on-site (B. Lees, personal communication, October 27, 2016). However, plans for the new venue have recently encountered a major roadblock due to a shift in personnel at the highest levels of British government. Former Chancellor of the Exchequer George Osborne, who left office in July 2016, had promised £5.5 million to fund the development of a business case for the venue, and his successors in the cabinet have deemed the project not affordable, stating that “London is already home to world-class culture and music venues, from the iconic Royal Albert Hall to the Barbican Hall and the Royal Festival Hall at the Southbank Centre” (McCann, 2016, p. 1). This recent development is a major blow to the LSO’s efforts to make a case for (and fund) the new venue.

In terms of financial performance, the LSO has operated largely in the black in its recent history, partly due to the diversity of their revenue streams. In their Financial Statements for the 2015 fiscal year (ending on July 31, 2015), the LSO reported a shortfall of £258,000, which represents 1.52% of their total expenditures of £16,977,000 for that year. LSO Management is predicting similar shortfalls in the coming seasons, due largely to reductions in public funding. The orchestra also carries an unrestricted reserve fund, totaling £2 million as of July 31, 2015. Refer to Table 1 for an accounting of the orchestra's total revenue and expenses from 2010-2015 (London Symphony Orchestra Limited, 2011-2015).

Table 1  
*London Symphony Orchestra Financial Data*

| <b>Year</b> | <b>Total Revenue</b> | <b>Total Expense</b> | <b>Net Income</b> |
|-------------|----------------------|----------------------|-------------------|
| 2010        | £15,735,000          | £15,574,000          | £161,000          |
| 2011        | £17,682,000          | £16,477,000          | £1,205,000        |
| 2012        | £16,506,000          | £15,992,000          | £514,000          |
| 2013        | £16,271,000          | £16,492,000          | -£221,000         |
| 2014        | £16,028,000          | £15,980,000          | £48,000           |
| 2015        | £16,719,000          | £16,977,000          | -£258,000         |

Source: London Symphony Orchestra Limited, 2011-2015.

The LSO receives contributed income in the form of substantial annual grants from both the Arts Council England (£2,206,000 in 2015) and the City of London (£1,975,000 in 2015), in addition to raising funds through sponsorships, donations, and investment income. In terms of earned income, the orchestra's major revenue-generating activities are their concerts at the Barbican, for-hire engagements (including film score recordings), sales from LSO Live, and revenue from LSO St. Luke's and LSO Discovery, both components of the orchestra's education programming (London Symphony Orchestra Limited, 2011-2015).

Film and video game recordings continue to be a large part of the LSO's operations. Long before "Video Games Live" began touring the world, the LSO jumped into the gaming industry by performing on the soundtrack for *Lara Croft Tomb Raider: Angel of Darkness* in 2003 (Martini, 2006). The orchestra continues to record for various Star Wars video games, as well as many recent feature films, including *The Danish Girl*, *Suffragette*, and *Cinderella*, all released in 2015 (London Symphony Orchestra – IMDb, 2016).

## LSO Live

### Founding

The establishment of LSO Live, the in-house record label of the London Symphony Orchestra, was risky. The idea to start the label, structured as a wholly owned subsidiary of LSO, came at a time (the late 1990s) when record labels were cutting back on projects, and the LSO decided that, rather than waiting for the phone to ring, they would strike out on their own, further evidencing the organization's proactiveness. Stemming from a desire to preserve performances conducted by Sir Colin Davis (chief conductor from 1995-2006), a key component of the label's success was the establishment of a profit-sharing agreement with the players of the orchestra. Under the agreement, the players are not paid an "up-front" guarantee for the recording, but they



do share in the profits from the sales, after expenses are paid (Clements, 2000). This practice has come under fire, especially from executives at established record labels, who were less than thrilled with the existence of a new competitor. "You have to ask: 'Are the players out of pocket?' It's not particularly fair. I don't work with orchestras that go down that route," said Matthew Cosgrove, director of the Warner Classics label (Higgins, 2005). However, this profit-sharing agreement was critical to the label's viability and also lessened the up-front costs (and therefore financial risk) associated with the label's activities, which is in alignment with Rentschler's previously-cited definition of an entrepreneur as one who takes "calculated" risks.

Another motivation for founding the label was a desire to ensure that lesser-known works were afforded high-quality recordings. Given the new label's flexible cost structure, the orchestra has managed to focus not purely on sales, but also on choosing the repertoire that they felt should be recorded based largely on intrinsic aesthetic value. "Sir Colin Davis has never recorded the Elgar or Vaughan Williams symphonies or those of Walton or Bruckner," Mr. Gillinson said. "The recording companies have to be careful - they have several conductors and they can't record all the pieces several times over. So someone like Sir Colin, who has so much to say, may never be recorded" (Jury, 1999). On the topic of producing recordings that are purely popular, Sir Colin Davis stated, "If you think like that, then what you get is a kind of entropy, a mezzo-forte of nothingness" (Jepson, 2005, p. D.8). These values were enacted most recently in the 2015-2016 season, when the LSO commissioned and recorded Symphony No. 10 by Sir Peter Maxwell Davies. Paired on an album with Panufnik's Symphony No. 10, the recording has been shortlisted for a 2016 Gramophone Contemporary Album of the Year, one of the most prestigious awards in existence for recordings of new works ("The 2016 Gramophone Classical Music Awards Shortlist," 2016).

Originally priced at £4.99 per CD, the LSO Live recordings were (and remain) a bargain compared to mainstream classical recordings. The first releases on the new label were distributed solely by the orchestra, including mailing the first album to 20,000 LSO ticket buyers as a component of the initial marketing efforts (Cardy, 1999). Recorded in September 1999 and released in early 2000, LSO Live's first album featured Dvorak's Symphony No. 9, "From the New World," conducted by Sir Colin Davis. By 2003, the label had sold 250,000 copies of recordings and managed to place its recordings in Sainsbury's, the ubiquitous grocery store chain in the United Kingdom (Dalya, 2003). Also in 2003, the label became profitable (sooner than expected), and began sharing profits with the players of the orchestra.

Today, still in its adolescence at only sixteen years old, the label has released 100 recordings since being founded in 1999 and was the first classical label to make its entire catalog available for download. Indeed, as one of the first classical labels to fully embrace the iTunes distribution model, the label's prominent placement on iTunes lists and pages is a result of their status as early adopters. The label continues to rely heavily on iTunes for distribution with 55% of their streaming subscriptions coming from Apple Music. In the Fall of 2016, LSO Live managed a "Mendelssohn Takeover" of iTunes as they promoted the release of Symphonies 1 and 4, conducted by Sir John Eliot Gardiner (B. Lees, personal communication, August 10, 2016).

Though LSO Live has managed to become very popular on Spotify (currently at more than one million streams per month), the revenue generated by streaming services pales in comparison to earnings from sales of hard copies or downloads. This shift of the recording

industry into streaming services, according to Ms. Lees, is to blame for LSO Live's dwindling profits (see Table 2). Though still in positive territory, the label has gradually become less of a profit-generating outfit over the past five years.

Table 2  
*London Symphony Orchestra Subsidiary Financial Data*

| Year | LSO Live Revenue | LSO Live Expense | LSO Productions Revenue | LSO Productions Expense |
|------|------------------|------------------|-------------------------|-------------------------|
| 2010 | £700,000         | £427,000         | £1,813,000              | £711,000                |
| 2011 | £696,000         | £539,000         | £2,785,000              | £1,499,000              |
| 2012 | £694,000         | £460,000         | £3,481,000              | £2,119,000              |
| 2013 | £820,000         | £671,000         | £3,784,000              | £2,326,000              |
| 2014 | £640,000         | £527,000         | £4,022,000              | £2,175,000              |
| 2015 | £720,000         | £618,000         | £3,648,000              | £2,180,000              |

Source: London Symphony Orchestra Limited, 2011-2015.

However, profit generation was not the sole motive behind the founding of LSO Live. Many of the label's albums have garnered worldwide critical acclaim, raising the profile of the ensemble across the globe. Of the many awards and recognitions heaped upon the label are Grammy Awards (the first having been awarded in 2002), Classical Brit Awards, Gramophone Awards, and others (Morrison, 2004a). Praised in *The Guardian* as "the first and best of its kind in the U.K.," LSO Live albums are broadly hailed as world-class (Service, 2009, p. 17).

### Beyond Audio

LSO Live is now in the process of moving beyond their audio recordings into the aesthetically demanding audio-visual realm. While there is a stated intention to continue to produce high-quality audio recordings, the label is also recognizing society's hunger for video content. Moving into video production has been a "steep learning curve for everyone," says Ms. Lees. Currently, the LSO produces five audio-visual recordings per year. One large challenge is the inability to "patch" performances together from multiple concerts, as is done with their audio recordings. This limitation is mostly a function of the cost of filming multiple rehearsals and/or concerts, which is roughly £50,000 per event. While for their albums the LSO may schedule a "patch" session to address passages that need attention following a live performance, this buffer of time and resources does not exist in their video production scheme.

Additionally, having cameras onstage with human operators can be very intrusive, both for the players and the audience. The LSO is now experimenting with remote cameras, but there is often degradation in quality to overcome when utilizing robotic cameras. Musicians are also often uncomfortable being filmed, not having received training to prepare them for work on camera. Even for world-renowned cello soloist Stephen Isserlis, the presence of recording equipment can be unnerving. "If you make a mistake, someone listening in Scotland jumps," Isserlis stated. "I was playing in Moscow and saw the TV cameras around -- I had no idea whether it was being broadcast live, and I didn't ask. I preferred not to know" (Jays, 2011, p. 8). The LSO has partnered with the Guildhall School of Music & Drama to create an "Orchestral Artistry" graduate program that begins to address the need for music students to establish a level



of comfort with performing on camera, but these efforts are in the very beginning stages (B. Lees, personal communication, October 27, 2016).

Finally, orchestras have struggled in the past to make video broadcasts visually interesting to an audience more accustomed to special effects. Though the Metropolitan Opera now successfully broadcasts their “Live in HD” series to 70 countries across the globe, orchestras have had far less success in finding an audience for video broadcasts. For example, in 2012 the L.A. Philharmonic canceled its “L.A. Phil Live” movie theater transmission effort, citing their inability to attract sponsors (Ng, 2012). Other American orchestras have successfully moved into video production, typically in conjunction with semi-staged concert versions of musical theater productions. Examples include Stephen Sondheim and George Furth’s *Company* performed by the New York Philharmonic and the “Live from Lincoln Center” televised production of *Sweeney Todd* featuring Emma Thompson (Fisher, 2014).

However, the challenges inherent in creating video content do not seem to phase the LSO’s innate entrepreneurial spirit and approach, which seems to be ingrained in the organization’s culture. The orchestra, through LSO Live, is currently experimenting with Virtual Reality (VR) technology, having already completed three projects utilizing VR. Through these projects, viewers are able to toggle their view of the orchestra via controls on their screen, or, if wearing a VR headset, by simply moving their head. Still a young segment in the consumer electronics world, the future potential of VR is evidenced in Google’s investment in the technology as a potential new “ecosystem,” and the LSO intends to be ready (Rao, 2016).

According to Ms. Lees, Virtual Reality cameras are very small and discrete, offering a more intimate (and interactive) experience for the viewer while simultaneously being less intrusive for musicians. Though the LSO’s VR projects are experimental in nature with no as-of-yet defined revenue stream, LSO Live has partnered with MelodyVR, a start-up that promises the world’s largest library of virtual-reality music content, complete with 360-degree (ambisonic) audio (Sigee, 2016). Additionally, the LSO is one of four artists (alongside The Who, Rudimental, and James Bay) who will be featured in MelodyVR app demonstrations at hundreds of Telefónica Germany’s O2 branded stores during 2016 (Cunningham, 2016).

### Engaging the Community

In organizing their community engagement initiatives, the LSO created another subsidiary, LSO Productions. LSO Productions is the wholly owned subsidiary that houses LSO Discovery (the 26-year-old education and outreach arm of the orchestra) as well as the operations of St. Luke’s. Part of the strength of LSO Live is their strong partnership with LSO Discovery. Though both are technically subsidiaries of the LSO, the two organizations are an integral component of the orchestra’s operations. For example, when LSO Live wanted to conduct market research on their new VR projects, they set up kiosks at family concerts to gauge the level of interest amongst kids and families (B. Lees, personal communication, October 27, 2016). Through LSO Discovery, the orchestra reaches 60,000 people per year through performances in the Barbican, St. Luke’s, and various locations in the community (including hospitals). In addition to these domestic activities, musicians of the orchestra also engage with Japanese students during the orchestra’s regular visits to Japan. LSO Discovery and LSO Live overlap in many ways, not the least of which is their creation of digital content on behalf of the orchestra. One such example is the orchestra’s annual BMW-sponsored free “Open Air Classics” concert

outdoors in Trafalgar Square (2016 marked the fifth year of this concert). LSO Live captured the event utilizing VR cameras, and samples are available for viewing on the orchestra's YouTube channel.

The home of LSO Discovery is the previously mentioned St. Luke's, an early 18th-century church that received a £18 million makeover in 2001, courtesy of the LSO and spearheaded by the ever forward-looking Clive Gillinson. Utilized today for rehearsals, chamber orchestra performances, community engagement initiatives, and as a venue for hire, St. Luke's has become an incredibly valuable asset for the LSO – partly due to the venue's revenue-earning potential. Since 2010, net income for LSO Productions, the subsidiary within which St. Luke's is housed, has more than doubled, largely due to St. Luke's rental activity (see Table 2). With features including geothermal heating, acoustic isolation to block street noise, and seating that disappears with the push of a button, St. Luke's seems to be filling a need in the community for a high quality event space, beyond its utilization by the LSO (Morreau, 2003).

### Pushing Forward

As the LSO and their now sixteen-year-old record label continue to “push forward,” a number of challenges face them. Though LSO Live was on the cutting edge at the time of its founding in 2000, other top-notch ensembles have also moved into the digital realm – often with the LSO's help. Indeed, LSO Live has made a practice of consulting with other ensembles, including the Royal Concertgebouw Orchestra Amsterdam (RCO). The RCO currently broadcasts digital content via a live “webradio” channel and high definition video, has a presence on Spotify, and also sells albums, DVDs and Blu-rays under the “RCO” label (“Watch & Listen,” 2016). Ms. Lees concedes that the RCO is now, indeed, a competitor for LSO Live. In the United Kingdom, comparable orchestras have also established a digital footprint. In 2005, the London Philharmonic Orchestra (LPO) established their own in-house label, following in the footsteps of the LSO's successes with LSO Live. The LPO also has a steady presence on Spotify and other digital platforms, including iTunes (“About the LPO Label,” 2016). The Philharmonia Orchestra (also based in London) similarly boasts a well-developed digital presence (“Digital,” 2016). Though Clive Gillinson, the former Managing Director of the LSO, stated that the LSO was the only orchestra in the U.K. that could be considered “world-class,” not all critics agree. Andrew Clements, music critic at The Guardian, said, “I think the Philharmonia is as good as the LSO. And they do much more interesting programmes, and work with more interesting conductors” (Higgins, 2005).

Multiple arts organizations in the United Kingdom, including the Philharmonia Orchestra, are also introducing Virtual Reality (VR) content. The National Theatre, English National Ballet, and Royal Opera are a few examples of British arts organizations that are investing in the technology, which provides users an “immersive” experience and eliminates geographic boundaries. However, it remains to be seen how widespread VR headsets (necessary for fully experiencing VR content) will become – some estimates suggest that only 3% of the population will purchase VR headsets this year (Armstrong, 2016).

Internally, challenges also remain. Even within an organization as entrepreneurial and forward-looking as the LSO, there are obstacles to overcome in pursuing an aggressive digital agenda. The structure of the players' contract (i.e. paid per service rather than on a regular salary) leads to less flexibility for additional recording sessions. The cost and ease of audio

recording has certainly become more manageable, but the challenges of creating meaningful video content persist. Consumers are less interested in albums than they are in “compilations” and “moments,” and this shift has Ms. Lees and her team considering LSO Live’s next move. For Christmas 2016, the label will release a single in collaboration with the Choir of Kings College Cambridge exclusively on Apple Music – the first such release in the label’s history. This type of bite-sized content release may be an indicator of LSO Live’s approach in the ensuing months and years.

At its core, the existence of LSO Live is dependent upon the goodwill and “buy in” of the orchestra’s players (who also happen to be the firm’s owners). In 2002, Clive Gillinson declared that the label’s success is largely owed to the strong player-owner tradition of the LSO. “The reason that most American orchestras can’t set up a similar label even now is because the players don’t identify with, or feel involved in, the management of their orchestras in the way that ours do” (Morrison, 2004a, p. 246). In order for LSO Live to continue to thrive and innovate, the players must continue to be invested in its success.

### Implications

Arts organizations, especially orchestras, around the world have much to gain from a close inspection of the LSO and their entrepreneurial start-up in LSO Live (it should be noted here that some, including the previously-mentioned RCO, have already capitalized on such knowledge). The flexibility of the profit-sharing agreement with the musicians of the orchestra is at the core of the label’s economic feasibility, and it is clear that such an agreement was possible due to the players’ investment in the LSO’s success and their involvement in the orchestra’s managerial function. Though it is often assumed that large institutions have more difficulty innovating than do their smaller counterparts, the LSO has proven otherwise. Indeed, Drucker refutes the notion that “bigness” is an obstacle to entrepreneurship and innovation, stating that “it is not size that is an impediment to entrepreneurship and innovation; it is the existing operation itself, and especially the existing successful operation” (1985, p. 148). Larger “legacy” organizations are often in a better position to innovate, given their ability to carve out resources in order to invest in new ventures. The Metropolitan Opera’s investment in their “Live in HD” series is another widely documented example. Although there have been challenges, the overall net effect of their investment appears to be positive (they currently broadcast in seventy countries).

Structurally, the LSO seems to be working to unify its organizational culture by melding live performances with the digital world through its pursuit of and planning for the new “Centre for Music” (although those plans have recently hit a major roadblock). And, though typically brought into programming conversations after seasons have already been planned, Ms. Lees is becoming increasingly involved on the front end of these conversations. Critics have accused The Metropolitan Opera of putting singers’ appearance ahead of vocal ability in casting for operas chosen for their “Live in HD” broadcasts (Wakin, 2009). Programming specifically for the benefit of LSO Live content may similarly place the LSO in an awkward position as the orchestra balances their core work (live performances) with their new role as a media producer. Many questions regarding the future of LSO Live remain; chief among them: will the impact of the label on the orchestra’s overall programming continue to increase due to the audience’s thirst

for digital content? Regardless of the path forward, it is safe to assume that orchestras across the globe will be following the entrepreneurial LSO's every move.

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