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Sofar Sounds: Charting the next stage of growth

In November 2019 Rafe Offer, co-founder of Sofar Sounds, was reviewing the company's achievements and its prospects for future growth. The company's highly unusual model for musical performances was proving very successful – far more successful than he had originally anticipated – but he also knew that Sofar Sounds still faced some difficult choices in the next few years.

One challenge was to decide which growth opportunities to pursue. Should they continue to build out the number of cities offering Sofar Sounds gigs; should they increase penetration of existing cities; or both? Should they move beyond musical offerings into other related genres, such as stand-up comedy or modern dance? Should they further experiment with new sources of revenue, such as sponsored partnerships, selling merchandise, and incubating new acts for the music industry; or should they focus primarily on ticket sales? What was the right balance?

Another challenge was organisational. Sofar Sounds had operated on a small budget for most of its history. In 2016 it had fewer than 10 full-time employees. By the end of 2019 it had grown to 120 employees, plus hundreds of part-time workers in specific markets. However, Sofar still relied on volunteers to do a lot of the work; that meant it could be difficult to enforce new policies, especially in some of the more distant locations in Asia or South America. Should they bring in more full-time people to ensure quality control as the business expanded? Or were there other ways of maintaining the essence of the organisation?

Finally, he had to think about the longer-term goals of the business. Back in 2009, when Sofar Sounds was founded, it had been nothing more than a hobby and many of its operating principles were deliberately non-commercial in nature. Over its 10-year life it had evolved from a hobby to a movement and now into a fully fledged business, with \$35 million in total funding and a viable business model that looked to deliver profitability within the next few years. But as Sofar continued to grow, he could see the risk of pushing its commercial logic too far – and damaging the essence of the original concept.

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