



# Getting Real with Your Resources

How seeking external resources may streamline and improve your operation and actually save you money

BY ANNE JACKSON

**T**HERE ARE NEVER ENOUGH HOURS IN A DAY! AND HAVE YOU NOTICED, THERE ARE certainly never enough hours to do some of the mundane administrative tasks that seem to bog us down on the job? You know you need to do training, but just can't seem to make the time in your schedule. Oh, and then there's that board meeting to talk about finances for which you need to get the numbers together. And let's not forget about filling that new position.

Thankfully, the emerging services sector may have some time-saving, cost reducing ways for you to reduce the amount of required office work. Yes, part of it goes with the job, but you may come to the realization that seeking the appropriate external resources can strengthen your core operation and actually save you money.

## STAFF RECRUITMENT AND DEVELOPMENT

Corporate America uses headhunters all of the time to fill their most important positions. Is your artistic director or head of development any less important? Oftentimes seeking external help to fill internal positions can benefit you in more ways than just filling a vacant spot.

For one thing, it never hurts to get some outside perspective. Consultants who work with non-profits and arts organizations not only are well-networked, but may also see some bigger issues that you, being too close to the action, just don't see. Armed with solutions, a hired gun

can discreetly narrow down the pool of candidates into perfect matches for your company, your culture and your goals.

Be sure to be clear on the details of the contract before signing on the dotted line. Define your relationship early on to know milestones that need to be met before you cut the check. Be sure to read all of the fine print should the final candidate have a last minute change or does not pass the employment testing standards you have in place.

While working with the consultant, you may also look for ways to do some staff development. Perhaps you want to change the current mindset to be more Disney-service oriented. Or maybe, you want to promote from within and have internal candidates that are a work-in-progress needing a more defined development plan. And wouldn't it be nice to have development and marketing working together harmoniously?

Consultants can help with all of your establishment's needs including organizational development; executive recruiting, staff development and training, interim management as well as consulting for marketing, fundraising and audience development.

Before working with a management consultant, be sure to define the service you want, but also the expected outcome. Make it measurable and realistic. Check references of previous clients wanting similar services so you can be confident that the deliverables will meet your expectations.

## STREAMLINING SYSTEMS

Getting different departments working together may need more than a management consultant. When David M. Schmitz, general manager of Chicago's Steppenwolf Theatre Company recalls the 'olden days,' he remembers the duplication and overlap which resulted in increased expense and poor service to patrons and donors.

"The Marketing and Fundraising Departments worked in complete isolation of each other," explains Schmitz. "Critical mailings would go out from each department at the same time, with no view for what the patron was receiving or how the patron was interacting with the theatre (for instance, did that donor just buy a ticket?). Our telefundraising and telemarketing campaigns were run by

completely different staffs and they would call off of completely different lists. A patron might receive a call to renew their subscription one day, and the next day receive a call for a donation.”

But that was five years ago and a lot has changed. Steppenwolf Theatre Company started by purchasing Tessitura Software to help the different departments better coordinate to not only avoid double calling, but to also engage the patron in a real conversation.

“One of the unexpected benefits of Tessitura is how it brings departments together,” says Schmitz. “Our marketing and fundraising staff is now working strategically together in ways no one could have imagined five years ago. We know a lot more about our patrons, which allows us to better target our messaging.”

Schmitz and Steppenwolf reaped the benefits of having all the information about their patrons in one location, but then lost a key employee. By chance, they stumbled upon an even better alternative to having a full-time database administrator. They outsourced their database administration to Chicago-based KlearSky Solutions, LLC. And although they were not a part of the initial install of Tessitura, KlearSky knows the inner workings of Tessitura and has a broad entertainment technology background.

“Outsourcing is a great solution if you A) don't have the work for a full-time position, B) don't have the money to pay for someone with the right skill sets or C) all of the above,” quips Schmitz. “We rely on our KlearSky database administrator to maintain the database as well as assist us in upgrades and in improving/expanding our use of the system.”

Ivan Medanic, president of KlearSky Solutions, encourages theatre managers to evaluate whether outsourcing database administration duties makes sense for their organization. Medanic cites three specific examples in which a theatre may consider outsourcing:

**1) FLUCTUATING NEEDS**—The database management needs for an organization are hard to predict and fluctuate during the course of the year. At Steppenwolf, they didn't have enough work to sustain

a full-time staff person, both from an hours-in-the-day standpoint and to make the position challenging intellectually.

**2) TURNOVER**—An organization has turnover or is unhappy with the results from their database management staff position. Consider the cost-benefit of outsourcing

the function because finding the right replacement and training them on performing arts business processes is a very expensive undertaking.

**3) COST CONTROL**—An organization wants to have better cost control of their database management function.

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—David M. Schmitz, general manager of Chicago's Steppenwolf Theatre Company



PHOTO: MARK CAMPBELL

much money to pay and sometimes we wish we had more time with our database administrator...but I'm not sure that that isn't a problem no matter which path you go down.”

### IT PAYS TO OUTSOURCE

Mention W2s and workers' compensation and you can make a theatre manager's eyes roll back into his or her head. Start talking about payroll taxes and the difference between union and non-union pay and you are likely to cause convulsions. Many a theatre manager has found relief by contracting their payroll services with companies like PES Payroll or NPI Production Services, who know the accounting side of payroll but also the nuances of operating a theatre company.

There are a variety of services these payroll companies provide

which can be as simple as cutting checks or as complex as becoming an Employer of Record. For the record, by shifting the Employer of Record to a payroll service company, you transfer the liability that comes with being the employer.

Alyson Gregory, marketing manager with NPI Production Services, Inc., says, “Theatres, when lacking the expertise in applicable federal and state labor laws, union contracts processing and payment, tax processing and submissions, workers' compensation claims and audits, unemployment claims and audits and W2 processing, may be more likely to find themselves in the middle of an IRS audit or worse, a law suit. The releasing of the liability is enough of a reason for any theatre to utilize the ‘Employer of Record service’ since a good paymaster provides expertise in all of these areas AND also retains the liability.”

By outsourcing the Employer of Record, theatre companies will receive a number of services that it will not need to arrange and manage for itself. Kristen Sweet, Theatrical Business Development, PES Payroll, explains that as the Employer of Record, they take on the responsibility for cutting and delivering the payroll checks, handling all federal and state payroll tax filing and reporting, and managing

Requests and jobs can be assigned directly to a department's budget rather than to the Finance/IT budget line item. This type of direct impact to a department budget will cause a more careful analysis of the value of the programming and the ROI of the request.

Medanic emphasizes that outsourcing databases is not just limited to contact databases, stating, “With modern day technology any database that is being utilized by a performing arts organization can be included in the database management outsourcing relationship.”

Whether it is a content management database system for your Web site or oversight on your box office software, Medanic cites three things that are needed:

- 1) A remote connection into the database that is being managed;
- 2) Security access rights to the database and any additional tools that are in use (reporting, content management, security module etc.); and
- 3) Method of communication that tracks requests and progress (there are a

variety of Web based tools, Medanic's favorite is Basecamp).

Schmitz finds the relationship very advantageous, saying “The main benefit of outsourcing for us is that we get the right level of expertise for the specific job that we're looking to accomplish. That said, we also have the benefit of not having to do the HR work around keeping a database administrator engaged and challenged. Finally, our KlearSky database administrator works for numerous other performing arts agencies and is constantly learning more about the database itself. This gives us the benefit of having access to someone who is constantly being challenged to make the software do more for her clients. We get the benefit of the knowledge she is developing (as do the other organizations, of course).”

Just as there are benefits, there are also challenges to any outsourcing relationship. “The outsourced personnel are not as connected to the every-day work of the theatre as a full-time employee can be, so it takes more work on behalf of our staff to make sure they know the ins-and-outs of what we are asking them to do,” notes Schmitz. “We are also sometimes challenged by the simple economics of the situation, we only have so

the workers' compensation coverage and state unemployment benefits for every individual payroll on your behalf.

"For your union members, we meet the union's requirement that their members be treated as employees, working with benefit of unemployment and workers' comp coverage," says Sweet. "We handle all the filing and reporting of union contributions along with the appropriate union reports. We can payroll your union and/or non-union production based talent and crew as well as your year-round and seasonal theatrical staff."

Speaking of unions, you'll want to see if your paymaster has pre-existing relationships with unions. "Our strong union relationships enable us to offer Producer of Record payroll services to our clients associated with colleges and universities that are unable to sign the union agreements directly due to the language and terms of the agreement," notes Sweet. "PES has been approved by AEA, USA and SSDC to sign the union agreements, as producer, on behalf of these clients."


Small and large theatres alike can benefit from outsourcing their payroll. Sweet explains that outsourcing payroll can benefit any size of theatrical producing organization. "We have client agreements in place with a myriad of theatres with many types of productions from small to large, union to non-union or combination thereof, non-profit to commercial, one venue productions to touring productions, independent theatres to university affiliated theatres, and domestic and foreign theatre producers and work locations."

Gregory also notes that NPI will accommodate all types of theatres—union and non union, any state, any circumstance, allowing the theatres to focus on their production rather than concerning themselves with the liability for applicable labor laws, workers' compensation insurance, union contributions, reporting, payment and deductions, W-2 reporting at the end of the year, unemployment claims, injury claims, and auditing.

And it may not just be the payroll that you are looking to outsource. In some cases, these companies can provide other valuable services to their clients. Some of

these companies will conduct employee safety audits and provide risk management services that cover your entire production. In addition, they also offer theatrical clients health, dental and vision benefits for employees.

Gregory concludes with "Bottom line, theatres need to figure out where their

strengths and weaknesses are with regards to their accounting and payroll systems in order to make the most cost effective decision for their circumstance." 




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