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## There's No Business Like Show Business: The Business of Theatre

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**THERE'S NO BUSINESS LIKE  
SHOW BUSINESS.**



**THE BUSINESS OF THEATRE.**

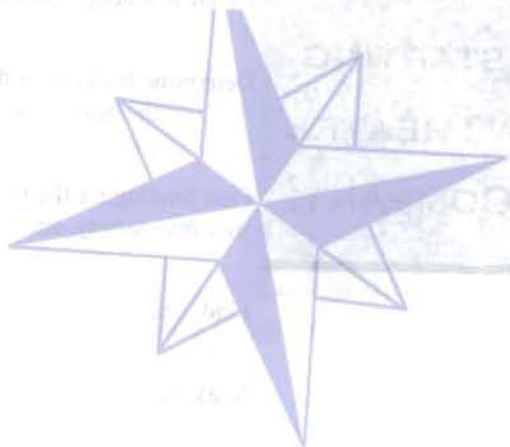
**DANIELLE DROGOS**

**21 APRIL 2003**

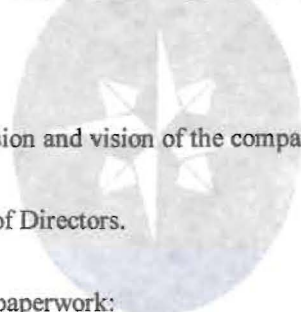




**TIPS AND TRICKS  
TO THE  
BUSINESS  
OF THEATRE**



# TIPS AND TRICKS



Create the mission and vision of the company.

Form a Board of Directors.

File necessary paperwork:

Articles of Incorporation under the IL General Not for Profit Corporation Act of 1986, 805 ILCS 105.

IRS Form 501c(3) for nonprofit status.

File forms with the City of Chicago

Talk to the City of Chicago Department of Cultural Affairs. Ask for advice and help and any seminars that may be coming up.

Create a strategic plan for the company.

Determine budgets for the production, the staff, and the business side.

Find funding for the first production, probably from your own money, and start working on it!

Find spaces to use for rehearsal and performances.

Market the show in any way you can.

Put up a really good show that the audience and the critics enjoy, and then continue to do so.

**THINGS TO  
START  
WITH  
WHEN  
STARTING  
A THEATRE  
COMPANY:**

The League of Chicago Theatres

[www.chicagoplays.com](http://www.chicagoplays.com)

Helps with marketing, development and support member theatres through the community, the nation, and even internationally. Has a membership fee, but that fee can be made extremely worthwhile.

The City of Chicago Department of Cultural Affairs

The cultural association can provide grants, resources and workshops for newly formed companies.

Actor's Equity Association

The union for actors and stage managers. They can provide valuable resources for a young company and help determine if going equity is the right decision. They can also help the developing theatre company advance through the different tiers.

IATSE – The International Alliance of Theatrical Stage Employees...

The union for technicians, stagehands and crafts people. They can provide information about how to staff the production crews and any specific questions about stagehands.

United Scenic Artists

The union affiliated with IATSE for designers. Again, a good resource for question regarding hiring designers and the work practices.

The Internet – a great way to research information.

The Library – a good place to research local granting organizations.

**OTHER  
SOURCES:  
WITHIN THE  
INDUSTRY  
AND THE  
COMMUNITY.**



## TIPS FROM ALUMNI:

- Networking, Networking, Networking
- Audition for everything and never stop
- Produce a show yourself to be noticed
- In Chicago, avoid going equity until absolutely necessary
- Subscribe to PerformInk
- Create your own opportunities
- Don't get out of acting if that is what you want to do.

It's very difficult to get back in.

- Go to seminars about anything that is informational: contracts, networking, jobs, etc.
- Meet people.

Created by D. Drogos  
4/21/03





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Additionally, I'd like to thank Alison Vesely and David Rice of First Folio Shakespeare Festival and Tara Mallen of Rivendell Theatre Ensemble. They spent many hours with me in person and over email patiently answering all my questions and giving me many sources for this project. I wish them and their companies the best of luck.

**ABSTRACT:**

The purpose of this paper is to present different approaches to starting a theatre company in Chicago based on the experiences of two young companies, First Folio Shakespeare Festival and Rivendell Theatre Ensemble. This will also provide general knowledge for anyone who may consider starting a company and additional resources for that individual to use. Chicago was the optimal choice for this project as it is located near Illinois Wesleyan University's campus, has an active and varied theatre industry, and is a place where alumni have started theatre companies.

To accomplish this project, the general environment of the Chicago theatre industry was studied through interviews with local artists and studies provided by the Illinois Arts Alliance. Two specific theatre companies were studied, First Folio Shakespeare Festival, and Rivendell Theatre Ensemble. Both are under ten years old, and the founders agreed to lengthy interviews and provided data about the company.

A survey was done of the students within the IWU School of Theatre Arts to determine what other information should be presented. Topics suggested included general basics about starting a theatre, how to find venues and how to obtain copyright permission to perform the production. Other topics included union rules and benefits, payroll, season subscription and grant writing. An additional survey of recent alumni of the IWU School of Theatre Arts provided topics that those individuals would have found useful to know prior to graduation.

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## INTRODUCTION:

Why would anyone choose to do something that will cause heartache, pain, and ultimately put her more in debt that she was to begin with? Ask any entrepreneur that question, and you get a myriad of response ranging from “I just wanted to,” “There wasn’t anyone else providing that service where I was,” or “It was just really cool to do.” The same is true with theatre. Entrepreneurs in the theatre industry start theatres for a variety of reasons from “We wanted to do this specific type of show,” to “There was a lacking of theatre in this area,” to “It was just for fun.”

While the idea of starting a theatre company is intriguing and exciting, the problem remains that theatre artist entrepreneurs often forget about the business that is the theatre industry. In fact, live theatre in Chicago in 2001 was roughly a \$350 million industry (Lilley III, Arts Jobs). While the industry in Chicago is supportive, it is a business, and there is competition. In order for a young theatre company, defined for the purposes of this study as under 10 years old, to survive in the industry, the founders must have, or know someone who has, some business knowledge. It is, after all, called show business, not show hobby.

The purpose of this paper is to present different approaches to starting a theatre company in Chicago based on the experiences of two young companies, First Folio Shakespeare Festival and Rivendell Theatre Ensemble. First Folio focuses on classical productions, mostly Shakespeare, and performs outdoors in the summer in suburban Oak Park. Rivendell performs in Chicago and focuses on female artists. Both are members of the League of Chicago Theatres.

This will also provide a base of knowledge for anyone who would consider starting a company and additional resources for that individual to use. Chicago was the optimal choice for this project as it is located near Illinois Wesleyan University's campus, has an active and varied theatre industry, and is a place where alumni have started theatre companies.

## THE CHICAGO THEATRE SCENE

According to the "Geographic and Political Distribution of Arts-Related Jobs in Illinois" study commissioned by the Illinois Arts Alliance, as of the third quarter of 2002 there are 128,107 arts-related jobs in Illinois (1). Of those 128,107 jobs, 99,799 of them, approximately 78%, are located in the Chicago metropolitan area (1). This includes the study's "outer ring" of the city which primarily consists of the suburbs of Chicago. The study also found that theatre is the seventh most significant industry in terms of job creation behind advertising, entertainment, photography, architecture, supplies, and music (5).

Another study commissioned by the Illinois Arts Alliance, the "Economic Impact of the Nonprofit Arts Industry in Illinois," specifically looked at the impact the League of Chicago Theatres has on the local and state economy. The League is an alliance of theatres founded in 1979 whose primary function is to support, promote and advocate Chicago's theatres (League). It also is the trade and marketing association that "promotes awareness and visibility for live theater in the Chicago area, and provides services that strengthen the operations of more than 130 member theaters" (League). The study found that members of the League of Chicago Theatres generated \$347 million in spending (B-

1). Of that spending, 57% was generated from the nonprofit members equating to approximately \$198 million dollars (B-2). These numbers show that arts and theatre in the Chicago area affect the economy through increased spending. That spending in turn affects additional spending outside the arts industry, food and hotels for example, and increased employment opportunities.

While the theatre in Chicago impacts the statewide economy, the theatre industry itself is a very dynamic situation. Almost every night there is a performance somewhere, and young theatre companies easily enter and exit the industry. Michael Porter's article, "How Competitive Forces Shape Strategy," is the traditional method of analysis for the structure of an industry, which affects entrance. According to Porter, there are six major entry barriers in any industry: economies of scale, product differentiation, capital requirements, cost disadvantages independent of size, access to distribution channels, and government policy (Porter 77-78).

Economies of scale occur when a new company is forced to enter an industry with a very large cost, or accept a cost disadvantage (Porter 77). This means that companies already in an industry can drive up entry prices so high that the new company cannot meet them and must provide its own methods, if possible. However, this does not effect the theatre industry in Chicago. As demonstrated in the Rivendell Theatre Ensemble case, the cost of producing a show does not have to be exorbitant. Therefore, unless the young company wants to enter the industry in direct competition with, for example, Steppenwolf Theatre Ensemble or another large, older, and well-established company, economies of scale is not an entry barrier.



Product differentiation can be a barrier to some young companies. While it is generally agreed that there is a large audience for any genre of theatre, choosing the best genre for the company generally facilitates an easier time entering the market (Vesely). For example, both founders of First Folio Shakespeare Festival have a passion for classical productions. They chose to use this genre for their productions, and they succeed very well at this (Vesely).

Another portion of product differentiation is branding. This establishes an image for the company and is highly important to the success of the organization. Again, First Folio accomplishes this very well. The brand image is that of a quill pen and the company name overlain into it. It was designed in the course of the planning work, and has been the image since the start of the company (Vesely). This image goes on all communications from First Folio, and it captures the essence of the company within a single image. William Shakespeare, whose work they primarily produce, wrote his plays with a quill pen, as did any playwrights near to his time or before.

Capital requirements fall along similar lines of economies of scale. In theatre, capital requirements are simply the financial resources needed to produce a show. Producing a show in Chicago does not have to cost the producer or the company a good deal of money. It is also important to remember that to “begging, borrowing, and stealing,” to quote Rivendell Theatre Ensemble founder Tara Mallen, are options to help alleviate the capital requirements for a show (Mallen).

The other three entry barriers Porter identifies are virtually non-existent to the Chicago theatre industry. Cost disadvantages independent of size do exist in that the materials can have a fixed price. Lumber for scenery and fabric for costumes have fixed

prices no matter what size the company is. A given amount of fabric from the same source will cost a large theatre and a small theatre the same amount. However, the “begging, borrowing, and stealing” option can come into play in that arena. Generally speaking, it is easy to find support and other options when it comes to cost, at least in Chicago. People are willing to volunteer; companies will let another company use the space in return for helping with a production, and other such opportunities exist if they are sought out (Mallen).

Distribution channels, ways of getting the product to the consumer, are again a small concern when entering the theatre industry in Chicago. It is very easy to advertise a production by word of mouth and by hanging posters in a given area, and finding a performance venue can also be easily done in off nights and small space agreements (Mallen). Another relatively small concern when it come to actually producing a show is the government. Granted there are rules and laws that must be followed when producing a show, but the government will rarely step in to stop a production unless given a valid reason. If the company is careful, files all necessary paperwork, and complies with all laws and regulations, fire code for example, the government is not an entry barrier.

As illustrated by utilizing Porter’s tools, entering the Chicago theatre industry by producing a show is relatively easy to do. Exiting the industry, however, is easier still. A company can be forced to close for any number of reasons. One could be simply not being able to raise enough funds to produce. Another could be not producing successful shows, thereby not having an audience or any income. A third reason is that the company grew too quickly and is unable to match expenditures with income (Mallen). For any number of reasons a company can fail.



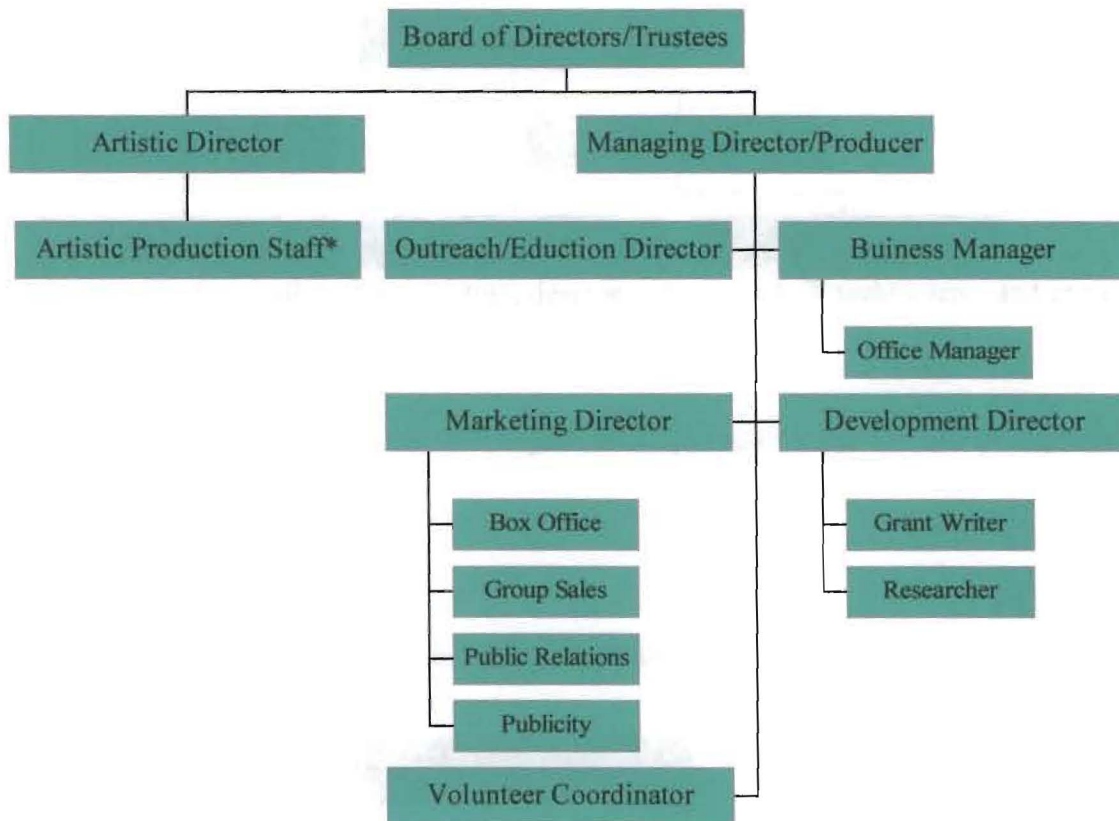
## ORGANIZATION STRUCTURE

Generally speaking, the overall structure of theatres, especially young theatre companies, is one of an entrepreneurial organization. An entrepreneurial organization is one led by a single person in a dynamic situation (Mintzberg 242). The artistic director fills the role of the leader, and producing a show is always a dynamic situation. Variables range from funding to building to performing.

Both Alison Vesley and Tara Mallen, the Artistic Directors of First Folio Shakespeare Festival and Rivendell Theatre Ensemble respectively, fill the role of the entrepreneurial leader. They each have a strong vision of where the company is currently and where they want to grow. Each is highly involved in running the operations of their companies, and both fill a position on the board as well.

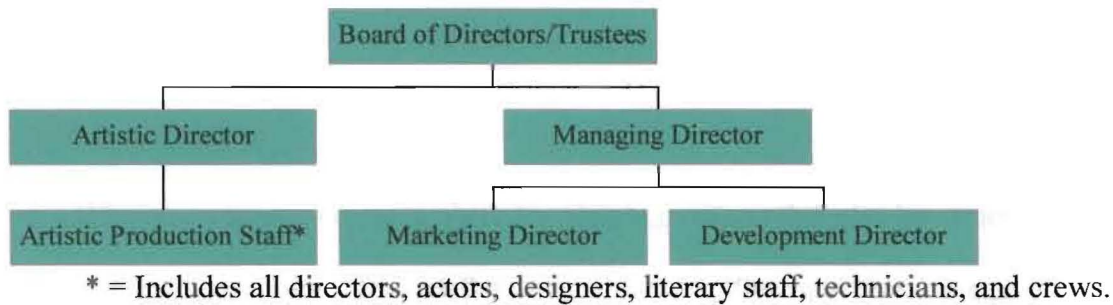
## THEATRE BUSINESS STRUCTURE

Figure 1 shows the potential structure of a developed theatre company. As each company grows in its own way, the actual structure varies by organization. Generally, the developed company has many layers and multiple people in some departments but at least one in all. The diagram also shows the relationships between the different parts of the organization and the hierarchy that tends to develop over time.

**Figure 1: Developed Theatre Company**

\* = Includes all directors, actors, designers, literary staff, technicians, and crews.

However, it is virtually impossible for a young theatre company to have such an intricate structure. If a company is lucky, at the 10-year mark, they may be able to have the sort of structure illustrated in Figure 2.

**Figure 2: The Probable Structure of a 10-year old Theatre Company**

In the two case studies for this project, both approaching the ten year point, the structure is illustrated in Figure 3.

**Figure 3: Structure of Theatres in Case Studies**

As can be observed from these three diagrams, it takes time for the theatre to be able to support a staff. One of the dangers a young company faces is expanding too quickly. If a company adds too many staff members after one or two good seasons, it creates the danger of collapsing under the weight of the salary requirements (Mallen).

This jeopardizes the company's very existence by making it unable to produce shows from a financial perspective.

## GENERAL POSITION SUMMARIES

Within any theatre company there are certain positions that play key roles in keeping the company going. Rivendell Theatre Ensemble illustrates that a company can function with only an Artistic Director, the board members and the work of volunteers on the business side. However, it generally helps to have a Managing Director or Producer on hand as well as First Folio Shakespeare Festival does. As the theatre grows, the Marketing Director and Development Director are usually the next positions added. If an organization is still too young or small to have all these positions, the Artistic Director or Managing Director will take over the extra responsibilities.

The Artistic Director chooses the program of the season. Staff and Board of Directors usually have some influence over this decision, but it is primarily up to the Artistic Director. He or she is also responsible for keeping the quality of each endeavor on par with the standards of the organization. This entails casting the productions and directing the shows, or hiring a good director for each production. To add one more thing to the list, he or she often helps with fundraising. A letter from the Artistic Director can go a long way to raising funds and establishing awareness of the company, as well as recruiting board members (Hopkins 16).

The Managing Director is responsible for the actual administration of the organization. He or she sets policies that work toward realizing the artistic goal and deals



with the managerial, financial, and other administrative issues of the organization on a day-to-day and long-term basis (Hopkins 16).

The Marketing Director is responsible for planning, organizing, and implementing all campaigns to earn income from the sale of the organization's product, in the case of theatre, each production. That often entails ticket sales, season subscriptions, and any merchandise. To accomplish those sales the Marketing Director oversees all advertising, promotions, public relations, group sales, telemarketing, mail campaigns, promotional events and any other activities that fall under this category (Hopkins 16).

The Marketing Director also has some control over the pricing of the overall product, primarily tickets. That is a delicate issues that must be considered on the basis of previous years' performances, goals for the next year, and the potential audience available and willing to attend (Diggle 68-69). Other things to consider include any discounts offered. An example is a reduction on the ticket prices for purchasing tickets to multiple productions. However, the actual amount must be carefully considered as it is exchanging potential earned income for patrons' good will (Rice).

The Development Director is the person responsible for the fundraising campaigns the organization runs. Usually this entails a yearly campaign to raise a designated amount of funds, but it can also include special campaigns. The Development Director oversees everything from researching individual donors to grant research and writing to the planning of the fundraising gala. Basically, the Development Director deals with all fundraising matters that the Marketing Director does not handle (Hopkins 17).



One element every theatre company must have is a board of directors, or board of trustees, two names for the same group. The reason for this is simply that it is required by law in order to achieve tax exempt status; also, it is the board that assumes financial responsibility for the organization (Horwitz, 15). In a developed theatre, the board generally has the purpose of fundraising. The members of developed boards tend to be wealthy, high-ranking members of the community with connections to business and government (Ostrower 101). This is a logical step for the board to take as it is financially responsible for the company, and people within that class and with those connections generally have more access to people and corporations with money for major donations.

In a young theatre company it is highly unlikely that the board will be elite and able to bring in large amounts of money. While money is an integral part of starting a theatre company, often it is more helpful to have a working board who volunteer their time, energy and expertise, to helping the founders open and maintain the company. As the company grows and achieves different benchmarks and recognition, the board will also grow and evolve, and begin to attract more financially connected individuals.

The other positions mentioned in the summary above include business manager, public relations manager, group sales manager, box office staff, office manager, volunteer coordinator, and outreach/education coordinator. These people are support staff for the theatre, and the actual structure of these varies organization by organization. The Marketing Director will usually oversee the group sales manager, public relations manager and box office. These endeavors head directly towards audience development. The office and business managers deal with the more day to day basics of running the company. They handle the bill payment and invoicing, payroll and other administrative

duties and report to the Managing Director. The volunteer coordinator will work with the volunteers and help out with special events. The outreach/education coordinator is responsible for all community outreach events and educational events. These can be tours, special shows, camps, or any other program that works with the community and especially children. This type of work is very important in that it helps the organization obtain grant money. Many grants stipulate some form of outreach or giving back to the community as an eligibility requirement for those funds.

## STARTING A THEATRE

As with any entrepreneurial enterprise, the idea for a new theatre is the cornerstone of a company. That idea can be formulated as a mission or vision statement for the company. This mission and vision statement tells succinctly what the company will do. A strong mission and vision will determine the goals of the organization and shape the organization according to the founders' ideas, dreams and thoughts. It is also important to remember that the mission and vision can change and be modified as the company evolves.

The next step in beginning a company is to come up with a strategic plan and goals for your organization. That can be as simple as "I have X amount of money, and I want to produce a show now. Once that closes I will raise and save money for 6 months and then produce another" (Mallen). It can also be as detailed as the two-year planning process First Folio Shakespeare Festival used. No matter how it starts, as the company grows, more in-depth strategic plans and goals need to be developed to help assure further growth and development of the company.

When starting a theatre company, it is important to realize that one person cannot do everything alone. Founders must seek out community members, friends, and family for assistance. According to David Rice of First Folio Shakespeare Festival, that step is vital to the success of any theatre. That support helps the founder maintain perspective and keep the organization running. Rice goes on to add that if one cannot ask for help from family, perhaps that person needs to rethink the mission of their company because they may not fully subscribe to it (Rice).

Family, friends and community support can be vital to starting a theatre company. They may donate money or help with the grunt work of starting a company. In addition to formulating the idea and the mission and vision statements of the company, to start a new theatre company one must form a board, file Articles of Incorporation, apply for Non-Profit status, and apply for Tax Exempt status with the federal, state and local governments. That is, of course, if one would like non-profit and tax exempt status. To achieve that status with the federal government one must file form 501c(3) with the IRS. Illinois State law requires filing the articles of incorporation under the General Not for Profit Corporation Act of 1986, 805 ILCS 105 (Magnone). For filing status in Chicago, the best place to check is the Chicago Department of Cultural Affairs. Not only will they help the organization form, they provide funding on a grant basis and other assistance for cultural organizations.

Most theatres in the Chicago area, aside from the touring houses, are both not-for-profit and tax exempt. However, one does not equal the other. Nonprofit means that the organization has been “expressly established for or done as public service, charitable work, etc. and not for earning a profit” (Agnes 982). Tax exempt means that the

organization has filed the proper paperwork with federal, state, and local governments to achieve tax exempt status on income. However, tax-exempt status does not exempt the theatre from paying social security tax, welfare tax, Medicare and other payroll taxes.

Forming a board of a young theatre company usually involves people willing to volunteer their time and energy to help run the company. This is another point where the support of community, family and friends comes in handy to a young organization.

Having a lawyer and an accountant on the board can help with all the proper paperwork filing and assist in other portions of running the company (Vesely).

Boards of Directors are a vital part of any theatre company. According to law, the Board must meet the following requirements:

- Must have at least three members over the age of eighteen that meet at regular intervals,
- Are responsible for the overall management of the organization,
- Are responsible for the actions of the corporation,
- Are responsible that the corporation adhere to the guidelines and purposes articulated in the by-laws or articles of incorporation, and
- Must assume financial responsibility for the organization (Horwitz 15).

In addition to all this, the Board usually helps to raise funds, oversee general management, and have ultimate control over hiring and firing staff (Horwitz 16).

Basically, the board keeps the company financially solvent and helps run the organization on a macro-level. However young companies tend to have boards that are more involved on a day to day basis due to the fact that the work needs to get done, and usually there is no additional staff to help.

Initial funding can be a difficult part of starting a theatre company. Without money it is impossible to produce a show. The two companies studied in this project provide different examples of finding initial funding. Rivendell Theatre Ensemble began with Tara Mallen, the Artistic Director, saving money from tips and personal income and using only that to produce her first show. Alison Vesley and David Rice, Artistic Director and Producer, respectively, of First Folio Shakespeare Festival, began with their own money as well, and they also asked family and friends for their support. Arguably, it is most common for young theatre companies to use money out of their own pocket to produce the first shows. The reason is that it can be extremely difficult to obtain grant money without a track record upon which to pitch the granting organization. However, it is not impossible. To obtain grant money to start a new company, the proper applications and grant research must be done, and the ideas must also be well researched and the proper information, including budget projections and all details, must be provided.

## **KEEPING THE COMPANY GOING**

### **Funding**

Funding a theatre or a specific project within the organization is one of the main difficulties a company faces. There are two basic sources of income for theatre companies – direct, or earned, income and donations. Direct income comes from the current program running. This encompasses ticket sales, concessions if offered, and any merchandise sold. Donations can vary from grants to personal gifts to government subsidies. Usually a theatrical organization wants a higher percentage of income from donations than from direct income. This way the organization does not rely entirely on



the popularity of a show or exhibit for income from ticket sales and can take some artistic risks if it so desires. The actual percentage of direct income to donations varies by organization. Some say a good reference point is 40% of income comes from direct sources and 60% from donations. Others may set these higher or lower. Basically, each organization determines what percentage would best help them achieve their goals. Also, the ability of the organization to attract donors and attract repeat donors affects that ratio.

Direct Income is generally overseen by the Marketing Director as it comes directly from the sales of the physical products of the organization. Generally, these are ticket sales to individual ticket buyers and season subscribers. Merchandise is also included in this form of income. In addition to meeting the sales and number goals for each production, the Marketing Director is always looking to expand the audience base and turn single ticket buyers into season subscribers. Season subscribers are more apt to support the organization and attend more events. It indicates a more developed interest in the organization and the artistic mission of that organization. It also generally means that they will be repeat buyers over many seasons, thereby providing income for those future seasons.

The audience base of any artistic organization depends on the mission of the organization itself. Some organizations may simply want a large audience. Others may want an audience familiar with the practices of that particular style. The organization itself determines what kind of audience it wants (Diggle 30). From that point the Marketing Director further defines that audience on the basis of the standard marketing variables: demographic, psychographic, geographic, and behavioral. Once the target audience has been identified, the Marketing Director can proceed with promotions,

advertising, public relations and so on to attract that audience into the theatre. The more of the target that responds to the marketing, the more earned income is generated, and more funds are available to the organization for future use.

In addition to earned income, theatres can find donations, grants and other forms of income not related directly to the product. In fundraising jargon, donations generally refers to gifts by individuals whether solicited or not. These can be small or large donations, and they can be for a specific program or event or for general use by the entire organization. The purpose depends on what the individual wants to get out of the donation. Also, donations to arts organizations can provide tax benefits to the donors.

As unsolicited donations to an organization are few and far between, it is the responsibility of the Development Director to research potential donors. One way to begin this process is to work with the Marketing Director and establish a customer track with donations in mind. The idea of a customer track is to take an individual from a single ticket buyer over time and turn that individual into a potential board member. While customer tracks may not be possible for a start-up theatre company, as the company grows and matures, the customer track makes more and more sense. A sample customer track works as follows:

Single Ticket Buyer

Season Subscriber

    / Friend (at a low-level donation)

Member

    \ Patron (at a high level donation)

Major Donor

Endowment

Planned or Deferred Gift

Board Member

(Hopkins 74).

The customer track not only would provide extended interest in the organization, it also progresses in the amount of the donation from the individual. While time is the major key to this sequence, it is also dependent on the reasons the donor chooses to give.

Generally organizations provide perks for their donors like complimentary tickets or special events, and those perks increase as the donations increase; however, those are usually not the only reasons people choose to donate. There are personal motivations behind every donation. These motivations range be as simple as the desire to help support the organization's activities (Hopkins 74). They can also include the invitations to social events that membership guarantees, or the possibility of meeting famous or key people at receptions and special events (Hopkins 74). It is the responsibility of the Development Director to research those motivations and to some extent cater to those motivations while getting the donations the organization needs to meet its goals.

Once an individual is on the customer track as a season subscriber, taking the next step to a member becomes a major goal of the Development Director. There are several ways to accomplish this, and all involve informing the potential member of the uses for their donation. Few people will willingly donate unless they know how their money will be used. Lobby displays, program inserts and direct mailings are all ways to obtain new members (Hopkins 76).

Renewing members is generally a bit easier than hunting down new donors.

However, in order to keep members, the organization must establish some sense of ownership among those donors. That can be as simple as inviting them to special events and sending a newsletter every quarter or month (Hopkins 50). It is the sense of ownership and the knowledge that they are actually helping that will trigger members to donate again and at perhaps a higher level.

Once members become patrons, the goal again evolves into turning them into Major Donors. Major Donors are people who provide very sizeable contributions from their personal assets. This is perhaps the most desirable form of donation because there is less bureaucracy involved, as opposed to grants or even board members, and it is not regulated by time frames. Also, it is not usually dictated as to how it can be spent. Most significantly, major donors are almost always highly interested in the vision and mission of the organization and will donate substantial amounts on a yearly basis (Hopkins 70-71). Again, research is the key to finding these potential donors from the customer track.

As with any part of the theatre world, networking is a good way to learn about people and companies and discover those potential major donors. Once an individual becomes a patron, it becomes very important to establish personal relationships with them. This relationship can begin with the Development Director or board members. These relationships will help determine which of the patrons can be motivated to donate more money in the form of major donations and continue to move up the customer track.

Moving an individual up the customer track takes them to endowments.

Endowments are donations with the specific purpose of adding to the endowment fund.

An endowment fund is set up to be invested, and the organization uses the interest or

dividend earned as income without touching the principle (Hopkins 38). Another rung up the ladder is Deferred or Planned Donations. These are donations set up to benefit the organization in the future and are usually large sums donated after the individual passes away (Hopkins 84).

The final step in the customer track is a board member. Board members are key to the success of an arts organization for more than just the funds aspect. They also bring expertise from the community that supports and supplements that within the staff. Specific to funding the organization, board members generally donate substantial amounts of money to the organization on a yearly basis, help research and obtain outside funding and attend special events. This also helps the organization further because board members tend to be prominent, if not wealthy, members of the community, and they often can donate additional services (Hopkins 14-15).

Grants are probably the next most significant source of funds a theatre attempts to raise after donations. These can be large or small amounts of money, and in order to get them the organization must apply and provide specific information as well as research which grants are even a possibility to obtain. It is not wise to simply pick up a list of grants and apply to every one. That is just a waste of time for both the grantor and the applicant (Arts Funding). Grants can be found from many sources. Many large companies have a philanthropic part of their mission, and they donate a certain amount of money to different organizations who meet the set criteria. Foundations also provide grants for organizations meeting their set criteria.

Obtaining grant money is a time consuming process that begins with researching the potential grants available to that organization. There are numerous sources of grant



information found simply by running an internet search for “grants.” Other research possibilities include listings in the local libraries and from community organizations (Rice). Once one is found that the organization seems to fit, the Development Director should make contact with the potential funder and actually ask for a grant application. When that relationship is established, it is time to actually write the grant. This usually entails a narrative about the organization and the program for which funds are being requested, budgets and support materials about the organization as a whole. It is essential to be on time, clear and concise with the grant application. Businesses and foundations more than likely have many grant application to read, and it is essential that the theatre say what the program needs and how it aligns with the views of the funding organization (Basic). Successful grant writing is a time consuming, rigorous process that is not always rewarded, but very worthwhile when it is.

Another key to grant obtainment is managing relationships. The company must always work to have an equitable relationship with the granting organization. This means providing information, thanking the organization for their support in programs, and other special accommodations if necessary. It also helps to provide the granting organization with follow-up information about how they have helped the theatre’s program and how their continued support will benefit as well.

Another source of funds that is perhaps under-exploited is the government. The federal government provides funding for the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). Both the NEA and the NEH provide funds on the basis of grants to organizations meeting the given criteria. Also,

many state and local sources of funding exists. The Chicago Department of Cultural Affairs, for example, is one local source available to Chicago theatre companies.

To the creative minds of staff and board members of a theatre, direct income, donations, grants, and governmental funding are not the only sources of funds available. Other potential sources include sponsorships, special events, and for, special purposes, capital campaigns.

Sponsorships are generally from companies who have an interest in whatever the organization presents. They are becoming more prevalent as businesses realize that this a valid way to enhance their corporate image. Usually this involves a substantial donation from the business in exchange for recognition in any publicity materials the theatre generates and in the program for the event. Also, the theatre will generally offer benefits to the sponsor such as complimentary tickets, a special event catered for the sponsor and other similar things. Other sponsor benefits include adding an insert to the program or a special lobby display. It varies by the sponsor and the arranged package (Hopkins 56-57).

Special events can include anything from awards dinners to special luncheons to celebrity benefits or even auctions. These have the added bonus, in addition to raising funds, of raising general public awareness of the organization. They also have the tendency to enhance the organization's public image (Hopkins 114-115).

Capital campaigns generally occur when there is a one-time need for large amounts of funds. Some examples would be the building of a new building or complex, or the renovation of an old one. It could also be for developing a new program. These generally last over a finite period of time, usually three to five years, and do not occur

every three to five years. They also involve a great deal of time, research and preparation for a distinct cause (Hopkins 123).

## **Marketing**

As already mentioned, marketing a theatre company has a direct result on the earned income of the company. However, marketing is more than just ticket sales and season subscriptions. Marketing includes branding, all communication, and some special events.

Branding creates a visual image for the company that, if done properly, reflects the goals, ideas, mission, and ethics of the organization. At least, that is the goal. A logo for a company is a branding tool, as is its letterhead. A consistent look to all materials produced by the organization helps audience and other targets recognize the company and its image. It creates uniformity throughout all publications and influences the customer perception of the organization.

Communication is arguably the most important part of the marketing department. Without communication, no one would know about the productions and therefore there would be no earned income. Communication in marketing includes advertising, public relations, websites, and any other form of communication the company chooses to use.

Advertising is often confused as the only form of marketing that exists. While it is an important part of marketing, it is not the only part. Advertising for a theatre production takes many forms including: posters, radio spots, newspaper ads, displays in local businesses, and anything else devised for this purpose that the budget can support. Posters are effective for reaching people within a given geographic area who attend various places they are displayed. Newspaper advertising is limited to the newspaper

circulation of that specific paper, and it is further limited by what section the ad is in. Often the individual placing the ad does not have much say as to where it falls within the paper, but the ideal placement is something to bear in mind. Radio advertising targets the people who listen to that station, and only if they listen to that station during commercials. Other options for radio include interviews and special shows, but again, those are limited to the radio consumer. While the mass media does have the possibility of reaching large numbers of people, it is important to evaluate its effectiveness, especially its cost effectiveness. If an advertisement is not drawing enough earned income to cover the cost of the advertisement with some return, it is not worthwhile.

Public Relations also falls under the jurisdiction of the Marketing Department. This includes press and media releases, and maintaining relationships with the contacts (Horwitz 93). Writing press and media releases can be an art in and of itself. They need to be clear, clean, straightforward, fit on one page, and on letterhead that reproduces well (Horwitz 92). Additionally, media releases should provide clear contact information, tell when it is to be released, include the who, what, where, when, why, and how immediately, follow editorial conventions, and be well written with no grammatical or spelling errors (Horwitz 92). Another key to good media relations is to know who gets what information by when (Horwitz 92). It is important to make deadlines and to find out if there is anything else they may be able to use – photographs for example.

The internet is another key to good public relations, advertising and communication. Having a website for the organization is a good way to promote knowledge about the organization and to provide information for the public. However,

the website must be well designed, clean, clear, and not too cluttered in order to be effective.

Often theatres use direct mailing to reach their customers. These can be brochures or flyers telling about a specific show, or a solicitation for season subscriptions. Once again, cleanliness of design is a key to the look of the brochure and plays into the brand image and the image of the theatre. Effectiveness is also something that needs to be evaluated in relation to cost of the mailing. If it is not cost effective, it is advisable to re-look at the campaign and see what will make it better. A specific target will help with cost effectiveness.

Special events can include things like press conferences and other special events organized around the production. It could be a special gala for a star or something similar. It is important to be sure that a company has a good reason for a press conference or a special event, and it must be well-organized to be effective.

A major role of the Marketing Department is that of maintaining the archival material of the theatre. This contains any printed materials about the production including programs, press releases, reviews, critiques, media releases, advertisements, articles, and anything else published about the production. It helps establish the history of the organization and the track record the organization has.

The overall goal of the Marketing Department is audience development. Audience development means increasing single ticket sales and then moving those single ticket sales to season subscribers. One of the key parts of audience development is to determine where the audience comes from (Diggle 69). Some questions to answer that will help determine the audience are: What kinds of people will attend those productions,

and how will they get there? How far will they be able or willing to travel? How much are they willing to pay?

These basic questions can determine certain characteristics it is vital to know about your audience. While the location of the theatre itself may be difficult to change, unless the company rents, it is still useful, for communication purposes at the very least, to know where the audience is coming from. Knowing how much people are willing to pay can affect the ticket prices and any discounts offered. While it is important to know how much people are willing to pay for tickets, that is not the only factor mitigating ticket prices. Other factors to include when setting prices is the amount of earned income the company needs to generate, costs of the tickets themselves, and costs of producing the show. Even though it is highly unlikely that earned income alone will cover all costs, it is still a factor to consider when setting ticket prices. The Marketing Director works in conjunction with other departments to set ticket prices.

## **Producing**

The business side of a production covers quite a bit of ground. Everything from obtaining rights of production to union negotiations falls under the business side of the industry. Casting and the designs fall under the artistic production side. However, budgeting covers all sides of the organization.

A budget is a very important tool to the theatre industry. Both companies interviewed recommend laying out all your expenses first and then determining if the current income will cover them. If the income does not, more fundraising is an option, or the production can be switched, or the expenses can be cut back. However, there are certain expenses that cannot be cut back. Wages and insurance are set by contractual

agreement with unions, if working in a union setting. If not in a union setting, these can be negotiated, but generally, wages are not something that can be neglected. Wages include all administrative, artistic and technical people working on the production or for the company. All various union rules must also be taken into account when determining payment. Space rental or repayment is also a fixed expense which must be paid. Royalties cannot be avoided when required, and are only not required when a piece is in the public domain.

Generally speaking, copyright protection lasts until 70 years after the originator's death. (U.S. Copyright Office). This is available for renewal in certain circumstances, and therefore it is advisable to check with the publisher or other source about copyright protection. In a theatrical performance situation, copyright law protects the author's, or copyright holder's, right to determine who can perform or present his or her work (U.S. Copyright Office.) Copyright law also covers protection against videotaping a production for whatever purpose, even archival, without express permission of the copyright holder. If such an archival videotape is wanted, one should seek permission from the copyright holder. Any violation of copyright can cost the organization large sums of money, and it could even be enough to put the company out of business.

From the production side of the business, providing spaces to work in is an important concern both budget-related and for the production. A space must meet the requirements for the production without creating a budget issue. Sometimes give and take is necessary. It is also possible in Chicago to arrange trades for space use. A company that owns a performance or rehearsal space may allow another company to rent it for a fee or for a trade. Perhaps the renting company runs the sound or lights for the



owning company's show (Mallen). The same holds true for performance spaces. It is possible to arrange a trade of work for space to perform if doing a late production.

Unions provide another wrinkle on the production side. They are good institutions for the people they support. They are also good for the companies, once the companies reach certain points when they can afford the "better" or more experienced people the union represents. However, unions require a good deal of work on the business side. Union requirements must be met, and those requirements often cost more than non-union. For example benefits must be paid and certain time frames must be met. That is not the case in a non-union setting.

Actor's Equity is the major union in Chicago for actors and stage managers. The International Alliance of Theatrical Stage Employees, Motion Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada, AFL-CIO, CIC (IASTSE) represents technicians and stagehands. IATSE is also affiliated with United Scenic Artists, the union for designers. All aspects of working with a union member, even in a non-union situation, must be considered. Generally speaking, the best advice for handling a union situation is to speak to the union representative to determine the requirements, and then decide whether or not becoming a union company from the start is worthwhile to the founders.

## **Taxes**

Even though theatres generally have non-profit and tax-exempt status with the government, they are still required to file appropriate tax form. The IRS requires Form 990 for all companies qualifying under the 501c(3) exemption. This filing requires a list of all contributors and their contribution, a listing of all non-cash property received, and a

listing of how each gift was used and to what purpose it was given. (Department of the Treasury). This form can also be used with the state filing forms, and some additional information may be required such as financial statements and budgets. This is advisable that an accountant helps in the preparation of these statements (Vesely).

## CASE STUDIES

### **First Folio Shakespeare Festival**

First Folio Shakespeare Festival was founded in 1996 when Alison C. Vesely and David Rice held an open-forum meeting with community members with the goal of producing classical plays in Chicago's Western suburbs. This meeting occurred after two years of research, planning, and forming ideas on the part of Vesely and Rice. They wanted to create a theatre in the Western suburbs for multiple reasons. First, an audience existed. The Western suburbs were notoriously famous through theatre and art circles for the lack of cultural organizations, and everyone there who wanted to see theatre had to go into downtown Chicago. Vesely and Rice believed, correctly, that there was an audience in the Western suburbs who just did not want to, or could not find a way to, go to Chicago to see productions. The second reason they decided to found a theatre in the Western suburbs was an unstated competition. Because it was so well known within the industry the Western suburbs lacked theatre, and Vesely and Rice decided to personally change that. The third reason they wanted to start their own company was that, in their experience, actors needed to be treated better.

In the course of their research and planning phase, Vesely and Rice formed a mission statement they could subscribe to, and one they found would excite others. The mission of First Folio is to:

...provide high quality professional productions of Shakespeare and other classic works to the people of the western suburbs of Chicago. In creating live theatre productions, we will enhance the cultural activities at the Peabody Estate in Oak Brook, and bring attention to the historic and environmental site there. Our mission emphasizes a training initiative for young theatre artists, including a college intern program. In addition, we shall share these classic works with the youth of the area through our educational touring programs, providing a living counterpoint to their literature studies. ([Home Page](#))

This mission states clearly and succinctly what the company will do: produce Shakespeare and other classics in the western suburbs, provide internships for college students, and compliment area education with touring productions of the classics thereby adding to literature studies.

Other things Vesely and Rice did in their planning process was to find the necessary locations and create a 5 and 10 year plan. This helped them further form their vision of the company and put down on paper goals and dreams for the coming years. They are currently in the process of doing a new 5 year plan, and it will reflect future goals and growth (Vesely).

After all the planning, research and brainstorming, Vesely and Rice had their open-forum meeting with the community, and from that meeting, formed the Board of Trustees for the company. This first Board was a working board in that every person

helped out with some aspect of getting the company off the ground. A lawyer and accountant helped file the necessary paperwork, and other people regularly helped out with anything that needed to be done. Having a lawyer on the board was a significant advantage for Vesely and Rice. In fact, they recommend not attempting to start a theatre without a lawyer and an accountant. Currently, First Folio is able to require a small donation to be a board member. They are in the process of attempting to move the board more towards the financial aspect of the company and of recruiting board members with more connections for better networking and fundraising.

With regard to their board, both Vesely and Rice are both current members. They agree that an odd number of board members is better than an even number when it comes to voting purposes. Vesely serves as President, something she would like to give up in the near future. While she will not give up a seat on the board, being president takes a good amount of time that she would like to devote to other aspects of the company. Both Vesely and Rice stressed the need to have a voice on your own board. It is, after all, a product of the founders. If the founders do not have a voice on the governing body, how can it be guaranteed to stick with the vision of the founders? It is also imperative that the board members support the mission and listen to the founders.

In addition to the formation of the board, at the initial meeting Vesely and Rice introduced the site they had chosen a site for their productions. The Peabody estate in Oak Brook provided the perfect performance space, once a stage was built. With the help of set designer Kevin Snow, the board, the Village of Oak Brook, loans, and volunteers, the stage was built with low impact on the forest preserve.

Finally, a year after the initial meeting, First Folio's first performance opened.

*The Tempest* was very well received by the community and the critics alike, and it opened the door for the company. Over the next few years, First Folio expanded to two performances a year and is currently looking at year-round production in a new, indoor venue also at the Peabody Estate.

Adding a winter season to the production schedule will allow First Folio to further expand the company as a whole. They may be able to implement a season subscription program. This will allow them to keep track of their consistent patrons and develop a customer track for future fundraising and contacts.

### *SWOT Analysis*

Another tool businesses use to evaluate the position of the company is the SWOT analysis. This stands for Strengths, Weaknesses, Opportunities and Threats. The goal is to look objectively at the position, structure, environment and any other factors that affect the company, as well as the company itself, and determine whether those factors are strengths, weaknesses, opportunities or threats. After carefully evaluating all those factors, the company can analyze its position and how to adapt for the future.

**Strengths:** One of the many strengths of First Folio is its location. It is in such a place that they can attract audience from the city of Chicago, and they attract those people from the Western suburbs who decided not to go to the city to experience theatre. They are also close enough to the Marriott Theatre that the Chicago critics have no excuse not to attend their productions. The physical location of the theatre itself is also a major strength for the company. It is on beautiful grounds which are owned by the village of Oak Brook, not subject to additional development. Also, the home on the

Peabody Estate is currently being renovated and will provide an indoor venue for year-round production. Third, First Folio does not have to pay royalties on the material it produces. Since they focus on classical work, mostly Shakespeare, all this material qualifies as in the public domain. Fourth, the company has a strong outreach program. They tour shows to schools, and they work with children to promote knowledge of the classics and supplement their literature education. Also, the company has a very strong brand image and identity within the Western suburbs. They are consistent in their communications, and everything is clear and professional. Finally, First Folio has a great strength in its founders. Vesely and Rice are extremely committed to the company, and their leadership allows the theatre to continue growing and improving.

**Weaknesses:** First, their lack of staff can be viewed as a weakness. As the company continues to grow, the scope of the business will grow beyond the ability of Vesely and Rice to handle themselves with only volunteers helping when they can. Also, the current administrative space of the theatre consists of Vesely and Rice's home. As they do the majority of the work, this seems logical for the moment. However, it is something that will need to be addressed in the near future. Other weaknesses include the fact that their performances are held outdoors in an uncovered space. While this provides a certain charm for the productions, and a feeling of authenticity (when these plays were written they were performed in such a space), it does not allow for a back up in case of inclement weather. If so, the production must be cancelled, and that day's earned income is lost.

**Opportunities:** The company does have many opportunities as well. The space is currently being renovated to include an indoor facility. Also, the range of production



possibilities within their chosen genre is very large. They can produce anything from ancient Greek to Shakespeare to other Renaissance playwrights and more.

Threats: Aside from the current economic threats facing all theatres, First Folio does not have many direct threats. The other major theatres in the Chicago area focusing on classical works are The Court Theatre and the Chicago Shakespeare Theatre on Navy Pier, both located in downtown Chicago. The locations allow First Folio to avoid losing too many audience members to the Chicago audience. One of the reasons they founded the company was a correct belief that there was an existing audience in the Western suburbs; therefore, they do not have to share or worry about the Chicago theatres “stealing” their audience.

### **Rivendell Theatre Ensemble**

Rivendell Theatre Ensemble is a company dedicated to promoting the work of women in the theatre industry. That is not to say they discriminate against men, but rather that they focus on the work of women playwrights, designers, actors, and other roles within the company. This company started as an equity company, and Tara Mallen produced the first show in the tried and true first production method: she saved money from her waitressing tips and produced a show on \$700. She traded services with organizations for stage time in the off nights and small space agreements, and she begged, borrowed, and even creatively procured some items to get all the production elements into place. The production was a success, both critically and financially, as all funds were recouped, and she took the next months to raise money and then produced again.

Though it is tenuous, this methodology does work for new theatres. Mallen also helped herself out by having a plan in the back of her head even if it wasn't on paper. She knew she wanted to continue producing and therefore worked towards that goal. Everyone Mallen employed rolled their checks back to the company because there wasn't enough money to actually pay them even though the union required them to receive a paycheck. Each person involved knew this from the start and it was his or her own choice to do so. Three years ago, Rivendell was finally in a place where everyone could start keeping their paychecks. That was a big step for the company.

Like First Folio, Rivendell produces two shows a year. They began working in a small space, and that initially was a constraint due to the budget and the small company size. Now small spaces have become the company standard. Mallen believes that in a small space, the audience takes more out of the production than in a large one, so it has become almost a trademark for Rivendell. The other side of the coin is that there is a small number of seats to fill so earned income cannot be as high as in larger venues. But that constraint is something the company has adjusted their budgets to reflect.

Currently, Rivendell is in the midst of looking for their own rehearsal space. Unlike First Folio, they are located in the City of Chicago, and don't own their own spaces. They rent space to rehearse and perform. This is the more common approach when starting a theatre in the city. It is rarer to be able to afford your own space from the start like First Folio. There are positives and negatives to renting and owning a space. Maintenance and overhead add to the budget, but time and space limitations are not imposed by some other organization. Mallen is more set on owning a rehearsal space and renting the performance space for the near future. She feels that it is the rehearsal and

administration time that needs its own space. For performance it is fine to rent other spaces.

Rivendell has two major accomplishments which will take effect within the next few months. First, Mallen will be on payroll full-time as Artistic Director in the coming months. She began the company while working other jobs and has reached the point where running Rivendell has become a full-time job in and of itself. She earned a grant that has allowed her to create the first full-time, paid position. The rest of the business staff is currently still volunteer and working board members. Second, the company will begin its first subscription season next season. They are now beginning the process of setting up a customer track and moving those single ticket buyers to season subscribers.

Recently, Rivendell completed its strategic plan. This will focus the future of the company over the next few years and determine how the company will grow. These goals include increasing their profile in the Chicago theatre community by developing a brand identity, more solid relationships with the press, developing a full season with more pre-production publicity, and maximizing opportunities of various memberships. They also want to increase their audience base, and their fundraising. Each goal has a detailed action plan, along with timetables, who will actually facilitate the process, and what potential issues could evolve. This detailed planning shows that Rivendell is ready to grow and is doing so in a very planned and organized way.

### *SWOT Analysis*

**Strengths:** Rivendell is an ensemble theatre company. That means that the ensemble as a whole has a voice in where the company goes. While it is important to recognize the views of the ensemble members, it is definitely important to have a key

figure in control; otherwise, debates can go on forever (Mallen). This is a strength because it creates more unity within the company and a stronger company to work with. Another strength Rivendell possesses is that of its founder, Tara Mallen. Not only is she the producing artistic director, she also handles development and marketing. She is the major planner for the company, and she even plays the role of penny-pincher. If someone purchases something for the company, and she knows a place to get it cheaper, she will have that person return it and buy it at the cheaper price. Even if it is only a few dollars, but those few dollars can make a big difference in the production.

Weaknesses: While Rivendell does have a strong mission and vision and leader, its lack of a permanent location provides inherent weaknesses. This is a weakness to the company because it has to rely on the generosity of other companies providing rehearsal spaces. This is problematic in that the rehearsal process is vital to the success of a production, and the success of a production determines the success of the company. Rivendell is currently attempting to address this issue by looking for a permanent space.

Another weakness Rivendell has is that of its size. The company has grown, and its production budget has grown, but this growth has put it out of the original funding league it helped to start. Because its growth has been so good, it can no longer rely on small theatre grants, and needs to begin pursuing grants for larger organizations. This will require large amounts of research and relationship managing and finding new contacts. This is a weakness because currently the company does not have a staff member devoted to this research which is itself a full time job in and of itself. Mallen handles all development activities in addition to producing and serving as artistic director.

Additionally, Rivendell does not currently have any outreach or education programs. While this may not be a priority to the company, it does limit the grants the company is eligible for. As already mentioned, most granting organizations require that the applicant return something to the community.

**Opportunities:** Rivendell is currently on the brink of many opportunities. One of which is having a full time staff member in the form of Tara Mallen. Because the company is able to do this, Mallen can devote more time and energy to the running of the company. Making the strategic plan, the company discovered additional opportunities including better utilization of the services of different organizations they belong to, such as the League of Chicago Theatres.

**Threats:** Rivendell faces the current economic threats all companies are facing: fewer people are using discretionary money to attend arts events. Other threats include local competition from other Chicago theatres. Being in the city enlarges this problem as there are many different options of theatre to attend, and there is no easy fix to it. One must produce excellent shows that receive critical acclaim and utilize good marketing techniques.

## CONCLUSIONS

The Chicago area is an ideal place to start a theatre company because the entry barriers are relatively low. Artists can produce a show on a small budget, and the people within the industry are willing to work trades and other exchanges in addition to monetary compensation. Chicago is also a thriving arts community. Live theatre alone is

roughly a \$350 million industry, and that amount increases with the addition of art galleries, museums, and other cultural centers (Lilley III, Arts Jobs).

As demonstrated in both case studies, there are multiple ways to start a theatre company. It can be as simple as Mallen did with Rivendell by producing the first show off of tips and other savings. It can also be as planned as Vesely and Rice did with First Folio when they took two years to research possibilities and work with the board prior to their first production. Both ways worked, and both companies are currently doing well. They are in growth phases and looking towards the future.

The key to the success of these companies relies on a few different aspects of the company. First, they both had a mission they believed in. Second, they both had a plan of action. First Folio's was more detailed and concrete at the beginning than Rivendell's, which allowed First Folio to have a paid staff prior to Rivendell. Each company has also recently completed a new strategic plan, which shows the each company's goals and how they will be achieved. This planning is necessary because it allows the company to rationally evaluate its current status and plan for the future. However, it must be remembered that the plan should be flexible enough to allow for unforeseen circumstances. Third, both companies grew and continue to grow slowly. First Folio currently only has two employees on the administrative side, the founders. It relies on the board and volunteers to help get everything done. Rivendell has just added the position of Artistic Director as a full-time position. This slow growth allowed the companies to produce and develop as an organization, and it allowed them not to worry about collapsing under the weight of too many salaries. This combination of slow



growth, planning, and quality productions should allow these companies to succeed to the ten-year mark.

However, there is no truly foolproof way to determine if a young theatre company will survive the first few years of existence. Some companies will produce an excellent show, start the company, hire people, and then disappear off the map of Chicago theatres. Other companies simply work to perform shows when they can even if it is years apart. Nonetheless, there are a few factors that help alleviate the guessing game of if a company really will survive. The following questions can help judge the planning and organization of a new company.

- Does the company have a strong mission?
- Does the company consistently produce strong productions that are acclaimed by critics and audience?
- Does the company have a strategic plan in place, and is it periodically revised?
- Does the company have a strong audience base from which to draw?
- Can that audience base be developed in to loyal patrons and people willing to help the organization when necessary?
- Does the company respond to the community?
- Does the company have people volunteering to support it either financially or through donations of time and effort?
- Does the local community support the organization?
- How successful is the company at fundraising?
- What percentage of income comes from ticket sales versus donations, and how does that align with the company's goals?

- Does the company successfully manage relationships with others within the industry, the community, the media, the government, and granting organizations?
- How aggressive is the company's growth strategy?
- How quickly does the company add staff positions, and how does that affect expenses?
- How successfully does the company manage cash flow? Are they constantly asking for extensions or grace periods?
- Does the Board of Directors actively support the company and the vision?
- Does the founder of the company serve on the Board of Directors?

Generally speaking, the more carefully planned the company is, the more likely it will survive in the dynamic industry of theatre. They must also be flexible enough to realize that sometimes change, even dramatic change, is a good step to take.

While all the above facts affect the success of a fledgling theatre company, there seems to be one key element that indicates that the young company has a good chance of surviving in the industry. That is a consistent production schedule. That can begin as one production a season and grow slowly as the companies in the case studies exemplify, but more than one production a season makes a stronger company. The reasons for this key element is that once a company establishes the production schedule, audience and critics begin to recognize the shape of the season and what that means for the company. It implies a longevity that an erratic season simply negates. First Folio Shakespeare Festival was able to keep its production schedule consistent the first three years by only producing one show. After that, they have consistently produced two shows per season. In its first season Rivendell produced one show on its own, remounted it, and produced a

second production with another company. Their second season was one show produced with a second company and a show produced on their own. The following seasons all consist of two shows produced solely by Rivendell – one in the spring and one in the fall. Both companies produced consistently and because of that, were able to maintain a presence in the theatre community. This helped them reach the points they are at now.

In any theatrical situation, it is important to remember that the artistic and the business are two sides of the same coin. To have a successful company, the artistic side must match the business side in terms of quality and careful planning. No matter how successfully managed the company is, if the artistic product does not meet the standards expected from the company, the company will fail to draw an audience and begin the downward spiral to nonexistence. At the same time, if the company produces amazing artistic work and is managed poorly, the same spiral will begin. In a successful theatre company a good, consistent, artistic product is balanced by good management practices. One without the other does not equate to a theatre company.

## Appendix A

Another aspect of this project consisted of a survey of recent graduates regarding what would have been helpful to know regarding the business side of the industry prior to graduation. While the response was small, the answers were insightful. Every respondent noted the value of networking and attending events that will allow one to meet others in the industry. These events include opening of shows, special events, and even going to bars and clubs where people in the industry frequent.

Because most of the respondents are involved in the performance side of the industry, they had a good deal of pointers for young actors entering the field.

- Audition for everything, and never stop.
- Your day job is not as important as an audition if you really want to perform.
- Produce a show yourself in order to be noticed.
- In Chicago, as an actor, avoid going Equity “like the plague.” There is more work for non-equity actors than for Equity.
- Subscribe to PerformInk.
- Create your own opportunities.
- Don’t get out of acting if that is what you want to do. Once you leave, it’s very difficult to go back.

These alumni also had suggestions as to what could have improved their knowledge of the business side of the industry prior to graduation. One suggestion was seminars on contracts, and what to look for in them, especially in regard to freelance work. Another side to this includes reasonable pay and what one should expect. Again, they could not overstress the importance of networking, especially in the business side of

theatre. Someone always knows someone who needs some help. It's also to remember that one has to start somewhere, and that can be at the bottom of the organization. This provides the opportunity to learn the company and the industry, and as always network.

## Appendix B

Resources for a young theatre company:

The League of Chicago Theatres [www.chicagoplays.com](http://www.chicagoplays.com)

They help with marketing and development and support the members throughout the community, the nation, and even internationally.

The City of Chicago Department of Cultural Affairs

The cultural association can provide grants, resources, and workshops for newly formed companies.

Actor's Equity Association

The union for actors and stage managers. They can provide valuable resources for a young company and help determine if going equity is the right decision. They can also help the developing theatre company advance through the different tiers.

IATSE – The International Alliance of Theatrical Stage Employees, Motion Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada,  
AFL-CIO, CLC

The union of technicians and stage hands. They can provide information about how to staff the production crews and any specific questions regarding stage hands.



## United Scenic Artists

The union affiliated with IATSE for designers. Again, a good resource for questions regarding hiring designers and the work practice.

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