

To the Graduate Council:

I am submitting herewith a thesis written by Pamela Finn Rainwater entitled "Autonomy Within Sheltered Theatres: A Survey Analysis." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts, with a major in Speech and Theatre.

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The Graduate School

AUTONOMY WITHIN SHELTERED THEATRES:
A SURVEY ANALYSIS

A Thesis
Presented for the
Master of Arts
Degree
The University of Tennessee, Knoxville

Pamela Finn Rainwater

December 1984

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ACKNOWLEDGMENTS

I am indebted to Dr. Faye D. Julian who has generously assisted in the formulation and execution of the research for this manuscript and has served as director of my committee. Sincere appreciation is extended to the other member of my committee, Dr. Lorayne W. Lester and Dr. Al Harris for their efforts in consultation, criticism, and encouragement. I am grateful for the assistance offered in research by Dr. Al Yoemans.

This study would have been impossible without the cooperation of the respondents to this survey. Special thanks go to Robert Holley, Director of Management Services for Theatre Communications Group, Inc., and Bill Mitchell of the Association of College, University and Community Arts Administrators for their advice and comments.

I am especially grateful to Bashie Curfman, former Managing Director of the Clarence Brown Company, for her encouragement and instruction in matters pertaining to theatre management as they relate to this study.

Dr. Wandalie Henshaw, Dr. Ralph Allen, and Harriet Nichols deserve mention for their personal support and advice. Thanks go to Brenda Brown, Nancy Walther, Chris Deatherage, and Charlene Patrick who assisted in this effort in various ways.

ABSTRACT

A sheltered theatre is one that functions under the "umbrella" of a larger organization which may be a university, museum, arts center, library, or a government agency. This study is a survey of existing sheltered theatres identified through theatre guides, directories, indexes, and contacts with theatre personnel. The purpose of this investigation was to discover the degree of autonomy experienced by theatre managers within this framework. The areas under consideration within this context of autonomy are limitations placed on fund-raising, general and specific management decisions, provisions for future stability, and levels of cooperation between the theatre and the larger organization.

The study revealed that sheltered theatres are operating at an advantage to other nonprofit theatres due to a certain percentage of contributed income from the larger organization. A disadvantage was revealed in the loss of autonomy by theatre management with the intrusion of a level of interference by officers of the larger organization. As a result of this interference, some sheltered theatres are seeking solutions to these problems by separating from the larger organization, while some are working for organizational improvements within the existing alliance with the larger organization.

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CHAPTER I

INTRODUCTION

A. Rationale for Study

Sheltered theatres are nonprofit performing arts organizations that function under the "umbrella" of a larger sheltering organization. In their formation, both the sheltered theatre and the sheltering organization possess a concept of shared goals that include the provision of a beneficial service to the community in which both organizations reside. The sheltering organization is quite often a university, but can be a museum, library, larger arts center, or a government agency. The sheltered theatre may receive in-kind contributions such as the use of a building or grounds, a percentage of the sheltering organization budget, various fringe benefits (e.g., office equipment, or use of sheltering organization printing and photographic facilities) or other benefits from the sheltering organization.

Sheltered theatres face unique problems because usually they must seek financial approval from their sheltering organization in order to carry out activities. Further, the constraints placed upon these theatres via limitations on fund-raising efforts, theatre budgets, and possible ideas for growth can infringe upon artistic freedom and stated goals of the theatres.

The purpose of this study is to question existing sheltered theatres concerning management styles, thereby determining the degree of autonomy and artistic freedom enjoyed by those theatres. Theatres

must have artistic freedom to serve the communities in which they reside in order to provide a performing arts center where the art form (the plays) may be explored so that the people of that community may be encouraged or allowed to grow in an artistic sense through the artistic endeavors of that theatre. This investigation seeks to discover if the sheltering organization places constraints upon the theatre and its management, thus creating a situation in which the theatre can no longer serve the community by fulfilling the inherent goals of the theatre.

This study will seek to show that where a sense of amiable cooperation exists, these theatres profit from the alliance with the parent organization. The alliance, however, can come under serious strain to the detriment of the theatre when the sheltering organization inadvertently or deliberately works at cross purposes with the goals and aims of the theatre.

Experts in management and theory of organization behavior stress the use of sound management models in both profit-oriented and nonprofit organizations. The possibility existed that a study that dealt with management models currently employed within the sheltered framework might prove a viable tool for the administrative personnel of those designated sheltered theatres. Therefore, the questionnaire, which was formulated to address management problems that might be experienced within the sheltered theatre, explores the areas of budgeting, decision making, lines of communication and authority through reporting procedures, fund-raising efforts and the limitations placed on these efforts, and the degree of trust extended to

business artistic theatre management. Additional areas that are investigated are legal liability, policy and procedure decisions, theatre budgets, investment reserves, and opinions related to organization design.

The specific aims of this investigation are:

1. To discover the degree of autonomy and artistic freedom enjoyed by sheltered theatres
2. To determine the effects of limitations placed upon the sheltered theatres
3. To ascertain if the benefits of alliance with a sheltering organization outweigh any existing detrimental effects
4. To develop a current view of the narrow range of sheltered theatres

Following a discussion of the findings, some recommendations for specific problems revealed in this investigation will be submitted. The data and conclusions drawn upon that information should prove of benefit to those theatres, the management of the sheltered theatres, the sheltering organization and its administration, and future students of arts administration who may seek employment in theatres of this description.

B. Literature Survey

Several publications that pertain to theatres of all descriptions, both profit and nonprofit, were explored for this investigation. A discussion of those publications is contained within this survey;

however, no material was found that addresses the specific concerns of sheltered theatres that function under sheltering organizations.

Many books and articles have sound ideas on organizational communications, organizational control and management, and frequently, the administration of these concerns in the arts is addressed. Gerald Goldhaber in Organizational Communication¹ deals in general with all areas of organizational communication technology. Anthony and Herzlinger in Management Control in Nonprofit Organizations² also discuss management control problems, generally in the areas of accounting, economics, and finance. Much of the general philosophy inherent in textbooks of this type is applicable by inference in this study.

John Clifford in Educational Theatre Management³ addresses the objectives, management, and administration of theatre programs in high schools and colleges. Stephen Langley's Theatre Management in America: Principle and Practice⁴ discusses many phases of management of all classes of theatres from identifications of various theatre personnel to management of such areas as the box office, budgets, and public relations.

¹Gerald M. Goldhaber, Organizational Communication (Dubuque, Iowa: Wm. C. Brown Company, 1981).

²Robert N. Anthony and Regina E. Herzlinger, Management Control in Nonprofit Organizations (Homewood, Illinois: Richard D. Irwin, Inc., 1980).

³John E. Clifford, Educational Theatre Management (Skokie, Illinois: National Textbook Company, 1972).

⁴Stephen Langley, Theatre Management in America: Principle and Practice (New York: Drama Book Specialists Publishers, 1974).

A rationale for inclusion of arts in the curriculum in the colleges and universities of the United States is offered by Morrison, The-Rise of the Arts on the American Campus.⁵ None of the 17 colleges and universities that were surveyed in this book were participants in the current investigation of sheltered theatres; yet the findings of Morrison's study are applicable to arts administration of the present day. For example, Morrison suggests that artists should receive graduate training in grantsmanship and fund-raising. Evidence discovered in the present investigation shows that these areas are still of major concern to theatres of today.

The areas of private, corporate, and foundation support are clearly addressed in the Rockefeller Panel Report, The Performing Arts Problems and Prospects⁶ and are similarly discussed in the intended update of the Rockefeller Report, Performing Arts: The Economic Dilemma⁷ by Baumol and Bowen. Both are helpful studies in an historical sense in discovering the projections for the theatre during those years of 1965 and 1966. The Performing Arts in America, written almost a decade after the Rockefeller Panel Report, addresses all phases of live performing arts, such as theatre, dance, opera, and symphony in a series of essays. The only value in this work to an

⁵Jack E. Morrison, The Rise of the Arts on the American Campus (New York: McGraw-Hill Book Company, 1973).

⁶Rockefeller Panel Report, The Performing Arts: Problems and Prospects (New York: McGraw-Hill Book Company, 1965).

⁷William J. Baumol and William G. Bowen, Performing Arts: The Economic Dilemma (New York: The Twentieth Century Fund, 1966).

investigation such as the present study is the section entitled "Theatre in the Seventies," in which the state of the League of Resident Theatres (LORT) of the 1970s is briefly mentioned in an essay by Thomas Fichandler, "Regional Theater: Filling the Vacuum."⁸

Numerous articles concerning current trends affecting the theatre appear in various publications. Peter Ziesler, in "Scrambling Up the Mountain,"⁹ outlines current governmental cutbacks in funding for the arts and suggests:

We need a Portent -- or a least a strong signal -- from our government that public funds will not continue to be eroded and that our nation's government will once again become a leader in our efforts to explore the soul of our country through its art.

Such a statement is an indication of how the recipients of the current questionnaire might respond to questions of a financial nature. Other indications of the attitude of government toward the arts may be seen in Robert Holley's "Unfair Competition: Business Vs. Nonprofits"¹⁰ and "Necessary Harassment?: OMB Changes Provoke Countercharges."¹¹

⁸Thomas Fichandler, "Regional Theatre: Filling the Vacuum." Diana Reische, ed., The Performing Arts in America (New York: The H. W. Wilson Company, 1973), pp. 79-82.

⁹Peter Zeisler, "Scrambling Up the Mountain," Theatre Facts 82: A Statistical Guide to the Finances and Productivity of the Non-Profit Professional Theatre in America (New York: Theatre Communications Group, Inc., 1983), p. 1.

¹⁰Robert Holley, "Unfair Competition: Business Vs. Nonprofits," American Theatre, May 1984, pp. 24-25.

¹¹Robert Holley, "Necessary Harassment?: OMB Changes Provoke Countercharges," TheatreCommunications, July-August 1983, pp. 12-16.

Other current trends affecting the theatres which are a part of this study concern budgets and boards of directors or trustees. These areas are discussed by Zelda Fichandler in "Still No Roses," offering a clearer understanding of the past, present, and future of theatres in the United States.¹² As Fichandler touches on areas which pertain to boards of directors, so does Salem Mahmoud in his exceptional analysis of the Seattle Opera, Organizational Survival in the Performing Arts: The Making of the Seattle Opera.¹³

The importance of sound budget decisions is outlined in "Running a Regional Theatre in the Black: The North Carolina Shakespeare Festival,"¹⁴ and a detailed analysis of budgets for theatres may be found in the article by Edward F. Krehl, "A Budgetary Analysis for Theatre Programs of Limited Size."¹⁵ Through study of such articles an understanding of budgetary constraints and freedoms may evolve.

Robert Holley is a frequent contributor to several theatre journals and publications (some of which are listed in this survey) and is considered by many to be an authority in the field of theatre publications and documentation. He was asked for information

¹²Zelda Fichandler, "Still No Roses," TheatreCommunications, July-August 1983, pp. 12-16.

¹³Mahmoud Salem, Organizational Survival in the Performing Arts: The Making of the Seattle Opera (New York: Praeger Publishers, 1976).

¹⁴David P. Christovich, "Running a Regional Theatre in the Black: The North Carolina Shakespeare Festival," Southern Theatre, Vol. XXII, No. 1, Winter 1978, pp. 11-14.

¹⁵Edward F. Krehl, "A Budgetary Survey Analysis for Theatre Programs of Limited Size," Theatre News, XII, No. 3, March 1980, pp. 23-27.

concerning material about sheltered theatres. He stated that most theatres are retreating from the idea of being "sheltered" and to his knowledge there are no publications that deal strictly with sheltered theatres.¹⁶ Holley's suggestion was that a telephone call be placed to Bill Mitchell of the Association of College, University and Community Arts Administrators (ACUCAA). During this conversation, Mitchell agreed with Holley that to his knowledge there are no existing materials on this narrow range, the sheltered theatres that function under the "umbrella" of a larger organization.¹⁷

Lorayne Lester suggests that "there is an urgent need for research" into the nature of the theatres that are the subject of her article "Toward a Study of the Relationships Between the University Theatre Programs and the Resident Professional Theatre Company." She believes that because of the lack of information in the field of university and resident theatres, both students of theatre and theatre administration function with "far less informed choices."¹⁸ As a result of interviews with Holley and Mitchell, the conclusions of Lester, and research by the author, the comments of Jack Morrison in his similar investigation appear applicable to this current study:

¹⁶Robert Holley, telephone interview, 10 July 1984.

¹⁷Bill Mitchell, telephone interview, 10 July 1984.

¹⁸Lorayne W. Lester, "Toward a Study of the Relationships Between the University Theatre Programs and the Resident Professional Theatre Company," Association for Communications Administration Bulletin, 43, Jan. 1983, pp. 75-78.

When the Law of Parsimony is applied, an investigator is obliged to start with all the known truth and information available and then, by applying Occam's Razor, reveal the essentials in a practical investigation and determine the simplest explanation that accounts for all the facts. Since extensive information concerning the arts in colleges and universities does not yet exist, it is not possible now to provide this kind of full-fledged, lean explanation.¹⁹

There is a parallel to the problem of lack of available information encountered by Morrison: materials concerning the sheltered theatre do not appear to exist. All support material cited within this document is general enough to apply to any class of nonprofit theatre.

Many publications were studied to find possible recipients of the questionnaire used in the present study. The most helpful were the Theatre Communication Group, Inc., publications, Theatre Profiles 5: The Illustrated Reference Guide to America's Nonprofit Professional Theatres²⁰ and Theatre Profiles 6: The Illustrated Reference Guide to America's Nonprofit Professional Theatres.²¹ Although no direct reference is made concerning "sheltered" theaters, the individual descriptions of theatres offer clues which might lead one to presume that some of these theatres fall into that specified category.

Other guides which were helpful in determining recipients for the questionnaire were The National Directory for the Performing

¹⁹Morrison, p. xv.

²⁰Laura Ross, ed., Theatre Profiles 5: The Illustrated Reference Guide to America's Nonprofit Professional Theatres (New York: Theatre Communications Group, Inc., 1982).

²¹Laura Ross, ed., Theatre Profiles 6: The Illustrated Reference Guide to America's Nonprofit Professional Theatres (New York: Theatre Communications Groups, Inc., 1984).

Arts/Educational,²² The National Directory for the Performing Arts and Civic Centers,²³ ATA 1979 Directory,²⁴ and The Lively Arts Information Directory.²⁵ With the exception of the last, these directories must be considered dated material in an investigation of this nature which relies heavily on current status of sheltered theatres. The latter publication was helpful in confirming mailing addresses previously identified in the Theatre Communications Group publications.

C. Methodology

Statistical information reported within these pages was gathered from a questionnaire (see Appendices B and C) that was sent to theatres readily identifiable through the publications of the Theatre Communications Group, Inc., Theatre Profiles 5: The Illustrated Reference Guide to America's Nonprofit Professional Theatres and Theatre Profiles 6: The Illustrated Reference Guide to America's Nonprofit Professional Theatres. Further identification of recipients was made through use of various performing arts indexes

²²Beatrice Handel, ed., The National Directory for the Performing Arts/Educational (New York: John Wiley and Sons, (1978).

²³Beatrice Handel, Janet Spencer, and Nolanda Turner, The National Directory for the Performing Arts and Civic Centers (N. P.: Handel and Company, 1975).

²⁴Roxanne Rhodes, ed., ATA 1979 Directory (Richmond, Virginia: Byrd Press, 1979).

²⁵Steven Wasserman, The Lively Arts Information Directory (Detroit: Gale Research Company, 1982).

contacts with theatre personnel at The University of Tennessee, Knoxville, and other theaters throughout the United States. Also, some respondents offered identification of theatres that might be classified as "sheltered."

Since the survey sought attitudinal, perceptual, and factual information, it was necessary to design questions in more than one style or format. The majority of the questions asked were of check-list or multiple-choice questions. This type question seemed preferable to open-ended questions since by reducing the amount of writing, the time and effort required on the part of a respondent was reduced. This method yields a higher rate of response according to Leonard Koos.²⁶

A category designated "Other; please specify" was included where possible to give the respondents an alternative to the list of items to be checked and to the suggested responses. This addition was considered appropriate to incorporate all possible responses for which provision might have been overlooked. In an effort to safeguard the anonymity of the respondents, as promised in the cover letter (see Appendix A), signatures were not requested and no provision for them was made on the survey form. A separate address form (see Appendix B) was included in the survey package to be returned if the recipient desired a copy of the summary of the results of the survey. Each person contacted was sent a self-addressed stamped envelope with the return

²⁶Leonard V. Koos, The Questionnaire in Education (New York: The MacMillan Company, 1928), pp. 79-85.

address of the author to further ensure anonymity. Goldhaber in Organizational Communication supports the idea of safeguarding the replies to questionnaires and states that it is of "prime importance" that organizations be assured that their replies to studies be held in strict confidence.²⁷ An added dimension occurs in that those who reply to the survey may feel free to answer in a candid, forthright manner without fear of reprisal.

The need for anonymity precludes a listing of survey respondents. As indicated in the cover letter (see Appendix A), the author was able to identify only twenty sheltered theatres with certainty. Questionnaires were sent to 54 theatres although there was little indication that all would fall into the required category of "sheltered theatre." Sixty percent (three-fifths) of the positively identified sheltered theatres responded to the survey; others wrote letters eliminating their theatres from the specialized category but requesting the results of the study.

These areas were addressed in the survey:

1. Primary function of sheltering organization
2. Concurrent functions of the sheltering organization
3. Sheltering organization contributions
4. Guarantees for existence and stability of the theatres
5. Boards of directors
6. Determination of functions

²⁷Goldhaber, pp. 370-73.

7. Conflict resolution between artistic and managing directors
8. Legal liability
9. Autonomy of managing and artistic directors
10. Deficits
11. In-kind contributions
12. Fund-raising limitations
13. Policy and procedure determinations
14. Supervision of daily expenditures
15. Investment reserves and endowment funds
16. Desired organizational changes
17. Determination of shared goals

A detailed analysis and determination of each of these categories is discussed in Chapter II: Findings and Implications.

D. Limitations

The reader should be aware of some general limitations inherent in a study of this nature. The questionnaire sought to elicit opinions and judgements from a select body of arts administrators, and in several questions there may be a degree of bias or prejudice either in negative or positive comments received from the respondents. Very few of the theatres in question are sheltered by identical support organizations, so it must be assumed that some of the questions were more applicable to certain of the theatres than others.

Further weakness may be noted in that the responsibilities of the respondents were varied in nature; some are artistic directors, others

are managing directors, and still others are business managers. It may be assumed that not only do the titles of the respondents vary but also their guidelines and, consequently, the view each would take of particular queries would vary.

Despite these apparent weaknesses and shortcomings, inherent in any attitudinal survey, this study is an important step toward representing the need or desire of sheltered-theatre management to improve their organizations through sound business and artistic endeavors. Through these efforts, greater organizational health would result in improvement of the image of the sheltering organization and the sheltered theatre itself. The findings discussed in the succeeding chapter will support the needs and desires of theatre management.

CHAPTER II

FINDINGS AND IMPLICATIONS

A. Primary Function of Sheltering Organization

It is important to understand the primary function of the sheltering organization in order to comprehend the greater interest of that institution. The relationship between the sheltering organization and the theatre that functions under its "umbrella" can be brought into clearer focus by identifying the sheltering organization's primary function. The respondents of this study revealed four categories of primary function of their sheltering organizations: university, museum, arts, center, or government agency. The majority of the theatres were sheltered by a university (see Table 1. Primary Function of Sheltering Organization).

This relationship between the university and its sheltered theatre was interpreted as having both advantages and disadvantages. For instance, the universities have increased their enrollment as the theatres have grown in reputation. In some cases the university has experienced increased gains in grants and gifts in not only the programs involving the theatres, but also other collegiate areas. Some universities provide building space for the theatre in exchange for classes and apprenticeships offered by the theatre for their students. In this way, the sheltering organization, the university, is given an academic advantage.

Table 1. Primary Function of Sheltering Organization^a

Function ^b	% Sheltering Organization
University	67
Museum	17
Arts center	8
Government agency	8

^aResponse rate = 100 percent.

^bThese categories do not represent all of the known primary functions of sheltering organizations; a very important category omitted due to lack of survey response is that of "library."

An advantage is also provided to the theatre since university faculty are present to direct productions of the theatre. The most obvious advantage, however, is the use of buildings and grounds provided the theatre by the sheltering organization and, with those provisions, janitorial and other maintenance services are often included. Additionally, a theatre might be provided with office equipment such as duplicating machines, telephone service, and use of the larger organization's printing and photography services. As can be discerned from this simple list, there are countless possibilities for "fringe" benefits and/or in-kind contributions to be derived from this relationship. Where there exists a sense of cooperation, both the sheltered theatre and sheltering organization benefit.

A large university has students who place many diverse demands upon its budget and, as divergent organizations on campus compete for available funds, the theatre may be ignored. Because of this possibility, sheltered theatres that are members of universities are taking a second look at their situations. Theatre management sometimes sees the sheltering organization and/or board of directors as a body that lacks respect for or understanding of the artistry of the theatre and is more concerned with other building and fund-raising activities. These boards often are perceived as unconcerned with the true purpose of the theatre, the creation of an artistic and aesthetic experience, choosing instead to devote attention to bureaucratic matters. The monies generated through the productions of the theatres in some instances become a part of the sheltering organization general revenue, thus depriving the theatre of direct monetary profit from its artistic output.

Seventeen percent of the sheltered theatres surveyed are under the wing of museums, 8 percent receive support from arts centers, and 8 percent are affiliated with government agencies. In these theatres as well as in the university-sheltered theatres, when subscribers are sought by both the larger organization and the theatre, the theatre is an advantage to the sheltering organization. A greater number of people become involved and aware of the sheltering organization and have the motivation to frequent their buildings and grounds.

Communities are often willing to support the theatre and its projects independently of the sheltering organization. Associated with many theatres is a particular clientele that is distinctly and

exclusively interested in contributing to the theatre, finding no conflict in also giving to the university, museum, or other sheltering organization. The enthusiasm of these donors has proved to be extremely helpful with fund-raising, and many theatres have found it helpful, and indeed necessary to incorporate separately to form a board of directors for fund-raising purposes.

As more theatre management personnel recognize this growing public support and tire of unresponsive boards, some are applying for independent tax-exempt status under the Internal Revenue Code of 1954 through Section 501(c)(3).²⁸

The area of tax legislation is very complicated and complex but, generally speaking, a nonprofit theatre must meet two criteria to be considered for tax-exempt status under Section 501(c)(3), thus establishing its relative independence from the sheltering organization. The two applicable categories are stated below.

Category 8: An organization that normally receives a substantial part of its support from a government unit or from the general public.

Category 9: An organization that normally receives no more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions -- with certain exceptions.²⁹

²⁸Department of the Treasury, Internal Revenue Service, Tax-Exempt Status for Your Organization, Publication 557 (U. S. Government Printing Office, 1983) pp. 7-30.

²⁹Cultural Directory: Guide to Federal Funds and Services for Cultural Activities (New York: Associated Councils of the Arts, 1975) pp. 271-82.

Under this plan, the sheltered theatre retains its affiliation with the larger organization but gains responsibility for its own fund-raising and development plans, thereby establishing more artistic autonomy. The theatre board can then be active in its own policy-making without interference from unconcerned sheltering-organization boards of directors or trustees who may be in charge of diverse campus needs for thousands of students. In this way, the theatre boards are concerned solely with policies which advocate the goals and purposes of the theatre.

It should be noted that the question used to discover the primary function of the sheltering organization was the first question of this investigation. Its placement was chosen to avoid misinterpretation or misunderstanding of the contents of the cover letter. Management of theatres that did not answer the description of "sheltered" theatres could clearly understand that they were not expected to participate in the survey.

B. Concurrent Functions of Sheltering Organizations

Sheltering organizations are often large and complex, have diverse interests, and frequently possess the facilities, personnel, and potential funds to include many activities in their overall organization. The obligations of the sheltering organizations in this survey extended to other groups in addition to the sheltered theatres in almost all of the relationships reported. These "sister" organizations that share the attention and funds of the parent organization are many and varied, as can be seen from Table 2. Concurrent Functions of the

Table 2. Concurrent Function of the Sheltering Organization^a

Function Other Than Theatre ^b	% Sharing Concurrent Function
Museum	45
University-related activities	27
Opera	18
Dance	18
Symphony	18
Another theatre	18
Radio/National Public Radio	18
Art collection	18
Television	9
Planetarium	9
Botanical gardens	9
Chorus	9
Recreation activities	9
Food service	9
Gift shop	9
Research corporation	9
No concurrent activities	9

^aResponse rate = 100 percent.

^bSome theatres indicated as many as five concurrent activities, therefore it should be noted that the response listed above totals more than 100 percent. The distribution rate of concurrent activities appears in Table 3.

Sheltering Organization, and by inference, it can be deduced which body controls funds. Table 3. Distribution Rate of Concurrent Activities, shows the exact number of concurrent activities and the percentage of theatres that share the specified number of activities.

It can readily be determined that those theatres that share the attention of the larger organization with such groups as opera, dance, symphony, television, radio, or chorus have a distinct advantage over theatres that do not. All of these activities at some time can be easily integrated into theatre programs, each complementing the other. Other categories, such as planetariums or botanical gardens may in some way complement the purpose of the theatre, but the advantages are difficult if not impossible to ascertain through this study. The more commercial activities, such as food services and gift shops, can be seen as an advantage in that these groups could handle merchandise in some way related to the theatre, such as advertising material (e.g. T-shirts, posters), program material, or concessions.

The disadvantages of being a member of a "sister" group are as identifiable as the advantages. The sheltering organization must divide its attention and concerns, allocating funds to all its budgets, various fund-raising efforts, and physical plants, "stretching" the available funds as necessary. When theatres are part of a major organization that receives grants from private and federal organizations, it is sometimes difficult for these outside agencies to decide where to allocate their funds within the large spectrum of needs of of the larger organization.

Table 3. Distribution Rate of Concurrent Activities
for Sheltered Theatres^a

Number of Concurrent Activities ^a	% Theatres
0	8
1	42
2	0
3	17
4	25
5	8

^aResponse rate = 100 percent.

C. Sheltering Organization Contributions

As an organization chooses to support a multitude of activities, including a nonprofit theatre, the organization can often lose sight of the original intention of its desire to implement the activities of the theatre. As the organization's sheltered activities grow, the percentage of contributed income from the greater budget into the budget of the theatre becomes severely diminished, as can be seen in Table 4. Theatre Percentage of Sheltering Organization Budget.

The importance or value the sheltering organization places on its theatre, excluding "sister" organizations, and the commonality of funding shared by the surveyed theatres perhaps can be ascertained in determining the amount of contributed income from the larger organization. The rate of percentages offered the respondents admittedly was idealistic and extremely broad, for the respondents found it necessary to create their own categories of percentages as shown in Table 4.

Seventeen percent of the theatres report a contributed income from the sheltering organization of 20 to 30 percent, which represents the highest percentage of reported contributed income. The study revealed, however, an equal percentage receives less than 1 percent at the opposing end of the scale. Although it is not within the scope of this investigation, it could be surmised that if all concurrent activities of the sheltered organizations receive this latter low priority, the survival of all these activities must be in doubt. As a consequence, it is not surprising that an increasing number of nonprofit arts organizations are regrouping under the provisions of

Table 4. Theatre Percentage of Sheltering
Organization Budget^a

Sheltering Organization Contributed Income, %	% of Theatres
90-100	0
90-80	0
80-70	0
70-60	0
60-50	0
50-40	0
40-30	0
30-20	17
20-10	0
Less than 10 ^b	8
Less than 4 ^c	8
Less than 2 ^d	17
Less than 1 ^e	17
In-kind contribution only ^f	8
Unknown to respondent	8

^aResponse rate = 83%.

^{b,c,d,e,f}Categories not provided by questionnaire;
they were supplied by the respondents.

Internal Revenue Service 501(c)(3), discussed in Chapter II.A., to seek additional funding for their organizations. Regrouping under the tax-exempt status appears advisable when one observes the remainder of the answers provided by the respondents. Eight percent of the respondents indicates the theatres receive less than 10 percent of their funds from the major organization and an equal number indicates the amount to be less than 4 percent. Seventeen percent of the theatre administration polled report their theatres are provided with less than 2 percent of the sheltering organization budget and an equal percentage less than 1 percent. Another 8 percent of the theatres indicates that the only contribution forthcoming from the sheltering organization is in-kind support and, as described earlier in this writing, this might be the theatre building, the grounds on which the theatre is located, or other fringe benefits. Eight percent indicates that this information is unavailable to theatre management.

D. Guarantees for Existence and Stability of Theatres

Every arts organization regardless of its particular art should have clearly defined principles that pertain to its nature and intent. An overall, guiding, administrative philosophy of the sheltering organization and its administrative personnel must agree with and support the philosophy of any arts organization if that organization is to experience artistic and financial success.³⁰ These defined

³⁰Clifford, p. 2.

principles can take the form of an organizational charter, mission statement, contract, or other written agreements, and can prove the starting point for understanding and cooperation among all parties who are involved with the work of the arts organization.

If the sheltered theatre has an explicitly stated mission statement, there can be little doubt as to the aims and goals of that organization. An example is the following mission statement from the Los Angeles Shakespeare Festival, which is a project of the Free Public Theater Foundation.

To develop, establish, and administer, for the benefit of the people of California, a theatre dedicated to the principle that the dramatic arts should be wholly accessible to the entire community and that in a democratic society a free public theatre is as desirable as a free public library. To present, or cause to be presented, professional theatre productions without admission charge to the public, wheresoever and by whatever means determined appropriate by the Board of Trustees of this corporation. To stimulate, promote and develop interest and participation in the dramatic arts, to educate members of the public in the dramatic arts, to advance national culture in the dramatic arts, and to bring the dramatic arts generally to members of the public wheresoever they may reside by any means or medium whatsoever as may be determined appropriate by the Board of Trustees of this corporation. (From the articles of incorporation.)³¹

Such a mission statement (whether a part of a formal charter statement or mission statement of either the sheltering organization or the theatre it shelters) can offer a sense of direction and can

³¹Lee G. Cooper, "Some Perspectives on Art, Organizational Behavior and Democracy," Performing Arts Review, 11, 1981, p. 9.

provide theatre control for administrators and theatre management as well.

The respondents to this survey were asked to specify categories of a multiple-choice design: Sheltering Organization Charter Sheltering Organization Mission Statement, Theatre Charter, Theatre Mission Statement, None, or Other. Very few of the respondents checked only one category; many devised categories to suit the particular needs of their theatres. Therefore, it is clear that this question was not formulated to the best advantage of those recipients but it did generate sufficient interest to justify its importance to this study.

It is significant that 25 percent of the respondents report that there is no agreement such as those described here to ensure the existence or stability of the theatres in which they are employed. The next largest percentage, 17 percent, note that these theatres have long-term agreements or function through understandings of unwritten tradition. Eight percent of the respondents indicate that both the sheltering organization mission statement and contract are guarantees for the existence and stability of the theatre, and 8 percent respond that the theatre charter and theatre mission statement are the ensuring factors involved. In 8 percent of the theatres several things are responsible guarantees: the combination of the sheltering organization mission statement, the theatre charter, and the theatre mission statement. Other theatre management, representing 8 percent in each category for a total of 24 percentage points, indicate that the following factors ensure stability and existence individually: community and government support, the dean of university

department, or a commitment by the university itself. Eight percent report that although nothing is in written form to ensure the theatre's existence, tradition could be considered the ensuring factor. Greater strength and ensurance of stability could be realized in these theatres if a written document of purpose as a mission statement was in effect. The distribution by percentages of the remainder of responses to the categories or combinations of those categories may be seen in Table 5. Ensuring Factors for Stability and Existence Within Sheltering Organization Framework.

The categories offered within the framework of this question would indicate clearly the strength of purpose of both the sheltering organization and the sheltered theatre. Yet in formulating the question, the possibility of erroneous categories had to be taken into account; it was necessary to ascertain if something other than a formal statement exists.

E. Boards of Directors

Some theatres report to a board of directors which functions with only the activities of that theatre in mind, while others must answer to the sheltering-organization board of directors or trustees. Some boards function for primarily social or political reasons; others are considered very active and viable to their organizations. Regardless of social, political, or viable business intent of individual board members, the financial pressures felt by arts organizations across the United States in the last few years have brought increasing pressure to bear upon boards of directors and trustees. As a result, many of these

Table 5. Ensuring Factors for Stability and Existence
Within Sheltering Organization Framework^a

Ensuring Factor	% of Theatres
Sheltering organization charter	0
Sheltering organization mission statement and contract ^b	8
Theatre charter and theatre mission statement ^b	8
Sheltering organization mission statement, theatre charter, and theatre mission statement ^b	8
Community and government support ^c	8
Dean of university department	8
University commitment ^c	8
Long-term agreements ^c	17
Unwritten tradition ^c	8
No ensuring factors	25

^aResponse rate = 100 percent.

^bThese categories were compiled by the respondents from categories listed on the questionnaire.

^cThese categories were not listed on the questionnaire but were supplied by the respondents.

governing unit have become more closely involved with the arts organizations that they serve and promote. Not only is the modern board responsible for financial considerations of these organizations, but they are also legally responsible for its activities.³² Therefore, it is imperative that a sense of harmony be maintained between the board of directors and theatre management.

In this study, 92 percent of the sheltered theatres have active sheltering-organization boards, 67 percent have their own active theatre boards, and 42 percent have all or some members who serve on both boards. Eight percent indicate that for their theatres no sheltering-organization board exists, and 33 percent said that there is no theatre board for their organization. Perhaps clearer delineation of these percentages may be seen in Table 6. Distribution of Active Board Members.

Eight percent of the respondents indicate that the executive staff of the sheltering organization also serves on the theatre boards. Nearly half of the sheltered theatres have a composition of all or some members who serve both the sheltering organization board and the theatre board; one-third of the sheltered theatres do not have a mixed composition on their boards.

If governing boards are comprised of members who serve on both boards, the possibility for diverse or misplaced allegiance can occur and lead to poor management of the theatre with often disastrous

³²Thomas J.C. and Stephen A. Greyser, "Managing the Arts," Harvard Business Review, July-August, 1982, p. 126.

Table 6. Distribution of Active Board Members

Type of Board	% of Board Members
Sheltering organization board	92
Theatre board	67
All or some on sheltering board and theatre board	42
No theatre board	33
Executive staff of sheltering organization on theatre board	8

^aResponse rate = 100 percent.

effects. Often the issue of allocation of funds can create misunderstandings and some measure of conflict. It should be reiterated that a clear, concise definition of the theatre activities and a sheltering-organization charter that is in agreement with the definition may alleviate organizational difficulties:

If the activities of the organization are to be handled smoothly, a certain measure of harmony among its leaders must prevail; yet in many arts organizations conflicts among the administrative and artistic leaders arise, often leading to considerable disagreement. Often, too, the relationship between the board of directors and the executive leadership is a problem. Therefore the question of organizational control is of major importance to the understanding of performing arts organizations.³³

³³Salem, p. 24.

It should be the concern of any board which has dealings with such an artistic endeavor as a theatre that they are wholly committed to that artistic organization. However, mixed allegiance can lead to confusion unless there are clear guidelines for each of the boards. "Organizational survival . . . necessitates paying considerable attention to a clear delineation of authority among the major participants in the organization."³⁴ Failure in this can lead to confusion as to which board carries the greater authority.

In an effort to discover if such a level of confusion exists in the surveyed theatres, the respondents were asked to define the board to which the theatre must answer. It can be seen in Table 7. Boards to Which Theatre Answers that the majority or 58 percent of the theatres answer to only a theatre board, with 10 percent of the theatres answering to the sheltering organization board. Seventeen percent of the respondents state that they must answer to both a sheltering organization board and a theatre board. Eight percent indicate that the theatres answer to a department head or dean and 8 percent indicate that this is a hazy area and not clearly understood by the executive management of the theatre. As shown in Table 7. Board(s) to Which the Theatre Answers, respondents answered to more than one category so that the percentages when added equal more than 100 percent. Seventeen percent of the respondents must answer to both boards but apparently for different reasons and functions. Further, 17 percent of the respondents stated that they answer to no board at all.

³⁴Raymond, p. 126.

Therefore, it becomes even clearer that an organization must delineate lines of authority for the health of the theatre:

The agreement on goals and objectives, and a clear statement of them lays the basis for the administrator to do his job . . . which is to provide, maintain, and sustain the resources, atmosphere, and environment in which artists can perform, flourish, and develop.³⁵

The close involvement between the theatre and its boards and the harmonious relationship must exist for the success of the theatre.

Table. 7 Board(s) to Which the Theatre Answers^a

Type of Board	% of Theatres
Sheltering organization board	10
Theatre board	58
Sheltering-organization board and theatre board	17
None	17
Department head, dean ^b	8
Unclear to which authority to answer	8

^aResponse rate = 100 percent.

^bThis category was added to the questionnaire by respondents.

³⁵Raymond, p. 126.

The close involvement between the theatre and its boards and the harmonious relationship must exist for the success of the theatre and the sheltering organization. Decision-making by committee ideally should offer sound guarantees to the nonprofit sheltered theatre in the form of

1. policy and procedure decisions created by the majority,
2. certainty that minority desires will have an audience, and
3. the chance that political power will not be centralized.

It is imperative that board members perceive correctly their intended roles and maintain a clear sense of purpose. However, committee or board rule often results in delays that waste time and effort, lack of concern and weak commitment by those who must implement policy and procedure, and far too many compromises that weaken the original intent of committee decisions.³⁶

F. Determination of Functions

Total autonomy for those who make determinations concerning the specific functions of the sheltered theatre is an idealistic thought, although to function in a sound artistic and business manner, theatre managers must have a measurable degree of decision-making power. As can be seen in Table 8. Designations of Various Functions of the Sheltered Theatre, this measurable degree of autonomy does exist in the majority of the theatres that responded to questions concerning specific functions.

³⁶Langley, pp. 150-51.

Eight percent of the theatres indicate that all of the functions listed in Table 8 are left to chance, that is, unwritten policies and decisions are prevalent in these theatres. Eight percent state that only marketing, theatre finances, and other business-related measures are the priorities of the theatre boards. It must be inferred therefore that in these theatres, there exists a degree of interference in artistic decisions, employment policy, and fund-raising procedures.

Composition of the questionnaire took into account the possibility that this interference might exist and if it did exist, that it would be necessary to seek information concerning the reporting procedures of those most directly involved in the inner workings of the theatre. The respondents were asked to indicate reporting procedures for artistic and managing directors. Table 9. Reporting Procedures of Theatre Directors may be consulted for the authorities to whom artistic and managing directors report, and Table 10. Frequency of Reports by Theatre Directors offers an indication of how often these reports are expected by those in authority. Information concerning reporting procedures of the theatres was of vital importance since the freedom to make artistic and financial decisions can weigh heavily on any arts organization. Both positive and negative effects can be felt throughout the creative life of any theatre if constraints are placed upon artistic, managing, or business directors.

Twenty-five percent of the artistic and managing directors must report weekly, but a few of these state that these sessions are on an informal basis. About one-third report on a monthly basis and one-fourth on an annual basis, but the replies imply that these reports

Table 8. Responsibility for Various Functions
of the Sheltered Theatre^a

Kind of Function	% of Theatres			
	S. O. Board	Theatre Board	A. D. ^b	M. D. ^b
Employment of M. D.	8	42	0	0
Employment of A. D.	8	42	0	0
Employment of theatre staff	8	8	0	8
Termination of M. D. and/or A. D.	8	50	0	0
Termination of theatre staff	8	17	8	0
Final budget approval	25	58	0	0
Ticket prices	8	42	0	0
Choice of plays for the season	8	17	0	8
Fund-raising policies/procedures	8	42	0	0
None of the above functions ^c	8	8	8	8

^aThe response rate to this inquiry was varied since respondents chose to overlook categories which did not pertain to their theatres.

^bS. O. = Sheltering Organization, A. D. = Artistic Director, and M. D. = Managing Director.

^cIndication was given that no formal statement concerning these functions exist.

Table 9. Reporting Procedures of Theatre Directors^a

Authority to Whom Reports are Given	% of Theatres	
	Artistic Director	Managing Director
Theatre board of directors	33	25
Sheltering organization board of directors	0	0
Administrative officers of sheltering organization	25	25
Administrative officers of sheltering organiza- tion and theatre board ^b	25	33
Department head and/or dean ^b	8	8
Producer ^b	8	8

^aResponse rate = 100 percent.

^bThis is a category not offered in the questionnaire but devised by the respondents of the study.

can be requested at other times by upper administration such as a dean, chancellor, or other administrative officer. One-third of the respondents report that no formal meetings are held but can be requested at the inclination of the upper administration.

Since a majority of the theatres appear to enjoy a high level of autonomy in decision-making in regard to daily business of the theatre, these reports or their frequency was apparently viewed in a positive sense; the reports seem to ensure that greater degree of decision-making capacity.

Table 10. Frequency of Reports
by Theatre Directors^a

Time of Report	Frequency ^b % of Theatres
Daily	0
Weekly	25
Monthly	33
Semiannually	0
Annually	25
On request ^c	25
Informally ^c	17

^aResponse rate = 100 percent.

^bSome respondents indicated more than one category.

^cCategory was added by respondents.

G. Conflict Resolution Between Artistic
and Managing Directors

It could prove impossible for the theatre to function as a viable organization if conflict should arise between the managing director and the artistic director:

The executive leadership team is most often composed of an artistic director and an administrative director... conflict frequently arises between them. When it does it is often over the allocation of funds. Conflict resolution among them is a perennial occupation.³⁷

Mahmoud Salem found conflict between these principals in his investigation of the Seattle Opera and, while it may be a common source of dispute in that organization, the same may not be true in theatre organizations. The question was included in the study to discover if these conflicts did indeed exist within the study group. From the data in Table 11. Conflict Resolution Between Theatre Directors, it may be assumed that at some time, undetermined in this investigation, conflict between the artistic director and the managing director has required resolution. The implications of power exist within the answers given by the respondents: the managing directors are the decision-makers in such conflicts in only 9 percent of the cases, while the artistic directors make the decisions in 27 percent of the cases. The responses reveal that either most respondents are artistic directors or artistic directors actually have the greater amount of power.

³⁷Salem, p. 48.

Table 11. Conflict Resolution Between Theatre Directors^a

Conflict Mediator	% of Theatres
Sheltering-Organization Board	0
Theatre board	27
Artistic director	27
Managing director	9
Department head ^b	9
Dean ^b	9
Other ^c	18

^aResponse rate = 92 percent.

^bCategory supplied by respondent, but was not included in the questionnaire.

^cThe respondents indicated that conflict between the theatre directors is never a problem.

While it does not necessarily follow that the creative person cannot make sound administrative or of fiscal decisions, the all-powerful artistic director cum administrative czar is a source of much contention simply because of that power.³⁸

The limitations of this question are greatly augmented in that it is unknown, because of granted anonymity, exactly what position each respondent represented. Other factors such as prejudice, bias, or current disputes may have been hidden elements in the answers provided.

³⁸Raymond and Greyser, p. 128.

An equal percentage of the respondents indicate that the theatre boards make decisions in this area of conflict resolution, but again no indication of animosity or acceptance was given. The remainder of respondents state that a department head or dean would intervene in a situation of this type or that the situation could never occur.

G. Legal Liability Determination

As can be seen by replies by some of the respondents, often lines of authority and responsibility are anything but clear in the theatre. In "Still No Roses," Zelda Fichandler states her opinion of this reigning confusion:

But within each theatre there is a certain confusion about how the parts fit together, which part has priority and who is responsible to whom and for what. We want to render unto Caesar what is Caesar's and unto God what is God's but we're not always sure just who is Caesar and who who is God. When the question is called out "Will the real (you fill in the blank!) stand up?" we are startled,³⁹ and either we all stay seated or we all leap to our feet!

It could prove extremely detrimental to a theatre if this confusion encompassed the area of legal responsibility in and for the activities of that theatre. Boards of directors are always legally responsible for liabilities incurred by nonprofit theatres. To test the general awareness of the knowledge of the theatre administration concerning this area of liability, the respondents were asked to define the person or group who is legally liable in their theatre. This

³⁹Zelda Fichandler, p. 13.

question was open-ended in form, requiring a written response by the recipients of the questionnaire. Although open-ended questions are usually considered to generate a poorer rate of response due to the time involved in formulating and writing an answer, all respondents replied to this query.

The data in Table 12. Legal Liability Determination indicates that the persons responding for 50 percent of the theatres consider the theatre board to be the liable party. The sheltering organization board is considered legally liable by 17 percent of the respondents. University boards of trustees are said to be liable in 8 percent of the theatres. It is clear that when the three categories of sheltering

Table 12. Legal Liability Determination^a

Bearer of Legal Liability ^b	% of Theatres
Theatre board	50
Sheltering organization board	17
Dean	8
Chancellor	8
University board of trustees	8
County governments	8

^aResponse rate = 100 percent.

^bAll categories were supplied by respondents.

organization board, university board of trustees, and theatre board are totaled, a distinct majority of 75 percent consider some board to be legally responsible for the activities of the theatre.

The remaining categories which included the dean, the chancellor, and county governments and which were supplied by the respondents each received 8 percentage points as the person or group with legal responsibility for theatre activities.

For the purposes of this investigation, it is presumed that a proportionately large majority of the respondent theatre managers are very clear in their understanding of legal liability for their organizations.

I. Autonomy of Managing and Artistic Directors

A substantial degree of autonomy must be granted both the managing director and the artistic director of the theatre by the sheltering organization. The Managing Director needs freedom to execute management strategies to ensure fiscal stability and growth of the theatre. There is inherent in the position of management of a theatre the struggle between attempts to fulfill artistic needs and to balance the budget. The difficult situation is made greater if the sheltering organization adds to this burden by contributing further problems, such as policy-making or decisions which ignore the true goals of the theatre.

A governing sheltering organization body, whether its title is board of directors or trustees, dean, or chancellor, or administrative staff of the sheltering organization, should serve ideally as a bridge

between the community, the sheltering organization, and the directors of the theatre. Too often social or political goals become intermingled or blatantly interfere with the artistic and fiscal goals of theatre, yet the governing authorities are charged with the goal of expansion and maintenance of that theatre. John Houseman, Producing Artistic Director of The Acting Company states in "The Art and The Institution:"

To guarantee our survival, there has to be not only a personal rapport among the board, the artistic directors, and the managers who run these theatres, but a basic agreement as to what are the purposes of the theatre.⁴⁰

A clearly stated theatre and sheltering organization mission statement will clarify and delineate the goals, responsibilities, and guidelines for management of the theatre, the sheltering organization and the governing body. A theatre manager who is both flexible toward the necessary aesthetic and artistic qualities of theatre art and knowledgeable in sound business practices will be a necessary and welcome addition to the above groups as they recognize and observe their lines of authority. As the Rockefeller Panel Report of 1965 states in describing a good managing director:

He has been described by an authority on the subject as a man who must be knowledgeable in the art with which he is concerned, an impresario, labor negotiator, diplomat, educator, publicity and public relations expert, politician, skilled businessman, a social

⁴⁰ John Houseman, "The Art and the Institution," Theatre Communications, July-August 1983, p. 16.

sophisticate, a servant of the community, a tireless leader -- becomingly humble before authority -- a teacher, a tyrant, and a continuing student of the arts.⁴¹

As a managing director must be given sufficient freedom to execute management responsibilities, so must the artistic director be granted the necessary freedom to carry out artistic goals. In the absence of such freedom, the theatre faces a very real danger of losing its definitive "personality," its original reason for existence, and its ability to serve the needs of the community in which it resides. Governing bodies of sheltering organizations must bear in mind that in order for a true "art" to occur, certain elements such as a proper physical plant, properly trained actors, adequate time for rehearsal, and sufficient funds must be provided to a significant degree. To varying degrees, each of these necessary elements is within the purview of governing bodies of sheltering organizations, and although each carries with it a greater financial outlay from the sheltering organization, the arts and goals of the theatre will be lost if not adequately addressed.

The relationship between the managing director and the artistic director must be clearly defined also. The managing director should be supportive in all possible ways of the aesthetic goals of the artistic director; the artistic director should recognize the concurrent responsibility of cooperation with the managing director. These

⁴¹The Rockefeller Panel Report, p. 161.

directors should agree on goals for the theatre, each continually striving to recognize the attainable goals and cooperating in the modification of those goals if necessary.

Bernard Shaw once suggested that artistic directors "should be followed around by a hard-minded businessman whose main job should be to cut all production budgets by half."⁴² While the severity of this thought cannot be dismissed, there is truth in that the artistic director of the present day can no longer afford the luxury of extravagantly lavish and lofty ideals without a certain measure of sound business restraint. As government support, private and corporate gifts, and other money supplies have dwindled, it has become imperative that "budgets are not to be scorned as beneath an artist's attention." Rather, artistic directors should adopt more innovative methods of achieving the artistic desires of the organization, and as Zelda Fichandler suggests:

If the economic power of the theatre can't or won't come up with the goods, then the artistic leader has to use her powers of leadership -- mesmerize and hypnotize, persuade and inspire, cajole and insist -- and if that isn't enough, get out and find some of the goods herself, as her predecessors of past decades once did. Artistic leadership means 'leading' as well as being 'artistic.'⁴³

Although in the past artistic goals have reigned supreme, the economic trends of today preclude exclusive concerns for artistic goals.

⁴²Langley, p. 22.

⁴³Zelda Fichandler p. 15.

As government offers less financial support to the theatre, all who truly care about the survival of theatre art must develop on on-going sense of cooperation and trust with each other. Each decision must be weighed with care for its individual merit and sound judgment, and knowledgeable, educated thought must be brought to bear if the theatre is to survive.

The question of the degree of autonomy enjoyed by both the managing director and artistic director was offered to the recipients of the questionnaire. As shown in Table 13. Autonomy of Managing Directors, the respondents state that 33 percent of the managing directors have complete freedom to execute management strategies to

Table 13. Autonomy of Managing Directors^a

Degree of Autonomy	% of Managing Directors
Complete freedom	33
Considerable freedom	41
Very little freedom	17
No freedom	8

^aResponse rate = 100 percent.

ensure fiscal stability and growth, whereas a larger number, 41 percent, experience a lesser degree of stability and growth but still rate that freedom as considerable. Seventeen percent of the theatre management respondents feel that very little freedom for

management strategies is granted, and 8 percent state that no freedom exists.

A striking variance to the replies offered in response to the degree of autonomy granted the managing director is seen if the equivalent question for the artistic director is considered. Whereas 25 percent of the managing directors experience little or no freedom to execute their responsibilities, 50 percent of the artistic directors enjoy complete freedom and the remaining 50 percent have considerable freedom to carry out artistic goals, as shown in Table 14. Autonomy of Artistic Directors.

Table 14. Autonomy of Artistic Directors^a

Degree of Autonomy	% of Artistic Directors
Complete freedom	50
Considerable freedom	50
Very little freedom	0
No freedom	0

^aResponse rate = 100 percent.

It is essential that no one director or administrative leader enjoy a greater or lesser degree of autonomy if the theatre is to sustain its goals for its arts and its commitment to the community. All persons holding these positions must work with a sense of

cooperation, each striving to maintain the originally stated mission of theatre art. The Rockefeller Panel in 1965 recognized the importance of this sense of unity and cooperation when it stated:

It is essential, therefore, that artistic and business management work in true partnership, the director respecting the manager's concerns, and vice versa, and the trustees respecting both. Only a smoothly functioning team, in which each of these elements compliments the others can create a strong arts organization.⁴⁴

J. Deficits

Any management model used in arts administration is aimed toward a strategy of maintaining financial stability. Deficits can cause severe cutbacks, loss of staff, reduction in number of plays performed, and most importantly, destruction of artistic freedom when the lack of money curtails creativity. For example, when artistic directors are forced to choose plays with fewer characters because the salaries for more characters are too expensive, the season of plays becomes a reflection of business account rather than art.

Additionally, it is extremely difficult to attract grants or contributions from outside sources when there is evidence of deficits. Those in charge of distributing grants to the theatres do not desire nor are they willing to "bail out" institutions in great financial difficulty.

If a theatre does experience a deficit in a fiscal year, it is imperative that the board of directors be apprised of the income gap as

⁴⁴The Rockefeller Panel Report, pp. 159-60.

soon as possible so they may have the opportunity to raise the necessary funds to maintain sound fiscal management. Should the sheltering organization prohibit this action by the Board of Directors due to other priorities, the theatre is left with a standing deficit which must be carried over to the next fiscal year. This prohibition can leave fewer funds available for production and a balance sheet which cannot attract contributors.

As shown in Table 15. Mode of Deficit Handling, half of the respondents state that any deficits incurred are carried to the following fiscal year, one-fourth of the theatres are covered by the sheltering organization, 8 percent of the theatres employ both

Table 15. Mode of Deficit Handling^a

Mode of Handling	% of Theatres
Carried to subsequent fiscal year	50
Covered by sheltering organization	25
Carried to subsequent fiscal year covered by sheltering organization ^b	8
Negotiating to carry to subsequent fiscal year ^b	8
Unclear concerning deficit handling ^b	8

^aResponse rate = 100 percent.

^bCategory supplied by respondent, but included in questionnaire.

methods, and 8 percent indicated that this is an area which is under negotiation with the sheltering organization. In the remaining 8 percent, the manner in which a deficit is handled is unclear, but thought to be an area of contention between the sheltered theatre and its sheltering organization.

As reported in TheatreFacts 83, monetary contributions to theatres decreased in the years 1981 and 1982, creating a "collective operating deficit for the third consecutive year."⁴⁵ As budgets for theatres grow larger as a result of increased expenses and decreased contributions, the importance of a strong alliance between theatre management and sheltering-organization boards becomes greater.

K. In-Kind Contributions

An in-kind contribution is a contribution to the theatre by the sheltering organization that is given in addition to budgetary considerations or in lieu of actual dollar amounts. These contributions may take various forms which may include some or all of the following:

1. Use of the theatre building
2. Use of the grounds
3. Maintenance of the theatre building
4. Janitorial services for the theatre building
5. Payment of telephone bills

⁴⁵TheatreFacts 83 (New York: Theatre Communications Group, Inc. 1983), p. 3.

6. Mailing costs
7. Reproduction supplies
8. Reproduction machines
9. Photography

The respondents of the survey were asked to identify the approximate percentage of in-kind contributions to the theatre budget. Eight percent respond that the theatres receive all or 100 percent of the theatre budget from the sheltering organization, and 8 percent receive between 40 and 50 percent in-kind contributions. Between 30 and 40 percent is received by 8 percent of the theatres, while 17 percent receive 20 to 30 percent in contributions. Nearly one-third or 33 percent indicate a contribution level between 10 and 20 percent, and 8 percent state the theatres receive no in-kind support. Of the remaining respondents, 8 percent indicate amounts of in-kind contributions in excess of \$100,000 and another 8 percent consider in-kind contributions a form of payment for the freedom to have an on-going theatre program. A clearer delineation of these responses may be seen in Table 16. Percentage of In-Kind Contributions in Theatre Budgets.

L. Fund-Raising Limitations

Sheltered theatres are sometimes limited in launching independent fund-raising activities and drives by the sheltering organization administrative officers. Theatre managers, who understand the needs and goals of the theatre best because of the nature of their daily work, often are not allowed to pursue gifts from corporations without permission from the sheltering organization.

Table 16. Percentage of In-Kind Contributions
in Theatre Budgets^a

In-Kind Contribution Percentages	% of Theatres
90-100	8
80-90	0
70-80	0
60-70	0
50-60	0
40-50	8
30-40	8
20-30	17
10-20	33
0	8
Unknown or given dollar amount	17

^aResponse rate = 100 percent.

Where close cooperation exists between the sheltered theatre and the sheltering organization, limitations placed on theatre management may not be a problem. If both groups agree on goals and objectives for the theatre and each clearly understand the need for funds for meeting those goals, then the consequence may be a united effort in fund-raising.

The goals and objectives of the theatre may be ignored or improperly addressed in situations where the affiliation between the sheltered theatre and the sheltering organization is not bound with a cooperating spirit. In the administrative staff of some sheltering organizations, lack of imagination and creativity in developing fund-raising efforts are found. In the case of such sheltering organizations as the university, board members or officers of fund-raising often will not seek to broaden the base of support possible for the theatre, but choose to rely on the usual roster of donors who by tradition give large gifts to the university.

Some sheltering organizations who serve varied and many concurrent activities may have a preference or bias toward one of these activities rather than the theatre. With importance placed on other "sister" activities, the theatre and its goals may be lost or deliberately ignored if sheltering-organization boards develop a strong preference for a "sister" activity.

More than half, 58 percent, of the respondents to this investigation indicate that limitations do exist in fund-raising efforts. No limitations are in place for 33 percent of the theatres, as shown in Table 17. Limitations on Fund-Raising Efforts. The respondents were

Table 17. Limitations on Fund-Raising Efforts^a

Response	% of Theatres
Limitations exist	58
No limitations exist	33

^aResponse rate = 92 percent.

asked to identify the person responsible for placing limitations on fund-raising efforts and, as shown in Table 18. Responsibility for Fund-Raising Limitations, 56 percent indicate the responsible person to be the administrative staff of the sheltering organization. Both the sheltering organization board and the theatre board receive 22 percent each as being responsible for the placement of limitations in this area. The managing director is responsible for the limitations in 8 percent of the responses.

In conclusion, the theatres that are fortunate to have an active, cooperating alliance with the parent organization do not appear to have problems in the area of fund-raising or limitations placed thereon. In comments to this question, some of the respondents indicate that limitations that were once in place are being lifted and may not continue to be a problem. A small minority, however, comment that there is a "total lid" on fund-raising efforts, and no improvement in the situation seems to be expected in the near future. A situation such as this latter example can only lead to a poor future for these theatres unless changes are implemented.

Table 18. Responsibility for Fund-Raising Limitations^a

Responsible Party	% of Theatres
Sheltering organization board	22
Administrative staff of sheltering organization	56
Theatre board	22
Managing director	8
Artistic director	0

^aResponse rate = 75 percent.

M. Policy and Procedure Determinations

Inherent in the nature of any of the performing arts is the diverse nature of the art itself and the extraordinary mix of personalities, both business and artistic oriented. Success between the divergent personalities for the health of the performing arts groups can be achieved only through their mutual understanding and trust.

Problems occur when trustees, boards, or sheltering organization administration are allowed to meddle in the policies and procedures of the theatre. These groups should always be cognizant of the reason for their existence in relation to the theatre which is to support the theatre organization. As stated in the Rockefeller Panel Report, an excellent maxim for trustees, boards, and administration of the

sheltering organization is, "Do your best to see that the organization is good, that it is well manned, and that it runs smoothly -- but don't try to run it."⁴⁶

The questionnaire addressed the issue of the group or person possessing the authority to make determinations for the theatre in the areas of policy and procedure. The respondents report that the greater part of this authority lies with either the managing director or the artistic director or a combination of both. Seventy-five percent indicate that the authority belongs to the managing director and an equal percentage, 75 percent, respond that the artistic director holds this authority. It should be noted here that 58 percent of the respondents believe an equal amount of authority is shared between the two directors, artistic and managing.

Forty-two percent of the respondents indicate that the theatre board is the authority for determining theatre policy and procedures; however, 2.5 percent state that the board is responsible only for policy, not procedure. The sheltering organization board is considered the authority in theatre budget approval only in 8 percent of the theatres while another 8 percent consider the producer holds this authority.

The administrative staff of the larger sheltering organization determine these areas of policy, procedure, and staff-need functions in 25 percent of the theatres, which is an indication of some degree of interference or meddling by someone other than theatre directors in

⁴⁶The Rockefeller Panel Report, p. 155.

management areas. These areas should be the priority of only the artistic director or the managing director. The distribution of these percentages may be seen in Table 19. Authority to Determine Theatre Policy, Procedures, and Staff Needs.

Table 19. Authority to Determine Theatre Policy, Procedures, and Staff Needs^a

Responsible Party	% of Theatres
Sheltering-organization board	8
Theatre board	42
Managing director	75
Artistic director	75
Administrative staff of the sheltering organization	25
Producer ^b	8

^aResponse rate = 100 percent.

^bThis category was supplied by respondents.

N. Supervision of Daily Expenditures

As trustees, boards, or administrative personnel of the sheltering organization can and, in 25 percent of the theatres under this investigation report, often do interfere with the policies and procedures of theatre management, interference can also occur in daily expenditures and budgets.

"Most arts administrators are not trained as managers. Often the only business-trained person in the organization is the accountant."⁴⁷ Although this is true in some theatres, it is becoming less so as graduates of more than 24 colleges and universities are completing degrees in arts administration that stress the business side of the arts. This necessary element of theatre management continues to suffer interference in some sheltered theatres as persons other than those who are charged with the daily life of the theatre (the managing and artistic directors) have assumed the right to manage these daily budgets and expenditures. It is clear that distinct guidelines and job descriptions formally stated in tandem with the blueprints of the theatre, a mission statement and a charter, will assist in alleviating the encroachment upon the responsibilities of the true managers of the theatre, both managing and artistic.

The question concerning interference with daily expenditures and budgets was aimed at discovering conflict in this area of theatre management. The responses are indicated in Table 20. Supervision of Daily Expenditures by Authority Other than Managing or Artistic Director. Of the theatres surveyed, 83 percent indicate that someone other than the theatre directors supervises daily expenditures and budgets; 17 percent state that no other authority holds this responsibility. No indication was given concerning who might be responsible for daily expenditures and budgets in either responding group.

⁴⁷Mitchell Smith, Arts Administration Compensation: 1978 Survey (New York: American Council for the Arts, 1980), p. v.

Table 20. Supervision of Daily Expenditures
by Authority Other Than Managing
or Artistic Director^a

Response	% of Theatres
Another authority supervises daily expenditures	83
No other authority supervises daily expenditures	17

^aResponse rate = 100 percent.

If the respondent's reply was that someone other than the directors of the theatre assumed this responsibility, the respondent was asked whether the authority of that person or group superseded the authority of the managing or artistic director. The authority of the theatre directors is not superseded in 58 percent of the theatres; however, in 17 percent of the theatres the directors' authority is displaced. The authority of the artistic director alone is superseded, but not that of the managing director in 8 percent of the theatres. Only 8 percent of the respondents gave an indication of the person or group responsible for the interference, pointing to support personnel of the sheltering organization. The respondents' replies may be seen in Table 21. Authority of Person or Group Responsible for Daily Expenditures. The questionnaire should have included a question through which the respondents could name the responsible authority who supervises daily expenditures and budgets.

Table 21. Authority of Person/Group Responsible
for Daily Expenditures^a

Response	% of Theatres
Authority does not exceed authority of theatre director	58
Authority exceeds authority of artistic but not managing director	8
Authority exceeds authority of both artistic and managing directors	17

^aResponse rate = 83 percent.

0. Changes in Theatre Budgets

At times it may be advantageous to the theatre to alter its budget in mid-season. A measure of the autonomy of the sheltered theatre is its ability to make these changes without interference from its parent organization, sheltering organization administrative officers, or other persons or groups. In these times of frequent economic instability and change, many elements can cause theatre management to feel the necessity for budget alterations. Indeed, sound business practice should include a review of the budget in mid-season to ascertain if necessary funds are present to cover the actual, often fluctuating costs of production. Adjustments in a budget may be necessary if estimations of costs were excessive or less than sufficient when the budget was adopted. A certain measure of flexibility must be granted the management of the sheltered theatre

by its parent organization if the theatre is to maintain its fiscal responsibility.⁴⁸

This investigation sought to discover the degree of flexibility in the ability to make mid-season budget changes. As shown in Table 22. Change of Theatre Budgets Mid-Season, an overwhelming majority, 83 percent, of the respondents reply that their budgets could be changed mid-season, while only 8 percent indicate no changes could be made.

The responsibility for mid-season budgets can be an indicator of the autonomy granted to the theatre management. The questionnaire offered three definite categories for assigning this responsibility: the sheltering organization, the managing director, or the artistic

Table 22. Change of Theatre Budgets Mid-Season^a

Response	% of Theatres
Budgets can be changed	83
Budgets cannot be changed	8

^aResponse rate = 92 percent.

director. However, all but 36 percent of the respondents created their own categories for their replies. Some of the categories supplied are clearly indicators of a sense of cooperation, while others indicate interference. As shown in Table 23. Responsibility for Changing Theatre

⁴⁸Langley, pp. 209-16.

Budgets Mid-Season, the managing director of the theatre bears budget-change responsibility in 27 percent of the theatres, while the next largest percentage, 18 percent, is borne by the theatre boards. An equal percentage of 9 percent is represented in various groups, combinations of those groups, or certain individuals.

P. Investment Reserves and Endowment Funds

Contingency measures should be taken so that fewer and less frequent mid-season budget adjustments are necessary. An investment reserve is a fund which is set aside to contend with unexpected overruns in the budget and is necessary insurance against large deficits. Many factors often are underestimated at budget-adoption sessions, such as the rate of inflation or needs of the theatre which could not be foreseen at the original budget approval. Although nonprofit theatres often end the fiscal year with a deficit, a deficit which is excessive can be perceived as poor management by those in charge of grants and contributions and can result in cuts in the amount of anticipated monies. It is unfortunate that in most budgets of colleges and universities that operate as sheltering organizations the wisdom of investment reserve funds is not recognized. In these theatres, the only alternative remaining to theatre management is to overestimate all or most items in the budget as insurance against unexpected financial shortfalls.⁴⁹ The endowment fund can be considered in the budget in much the same way as the investment reserve.

⁴⁹Langley, p. 192.

Table 23. Responsibility for Changing Theatre Budgets in Mid-Season^a

Responsible Party	% of Theatres
Artistic directors and managing director	9
Sheltering organization ^b	9
Sheltering organization, artistic director and managing director	9
Managing director	27
Theatre board	18
Department head or dean	9
Producer	9
Theatre board, artistic director and managing director	9

^aResponse rate = 92 percent.

^bThe only category supplied by the author; all others were supplied by the respondents.

The respondents were asked if their theatres have an investment reserve or endowment fund (Table 24. Existence of Investment Reserve or Endowment Fund). An investment reserve or endowment fund is maintained in 58 percent of the responding theatres; 16 percent of these add that the investment reserve or endowment funds are of a very modest level. There exists no investment reserve or endowment fund in 42 percent of the theatres, but 8 percent of these indicate that the funds did exist at one time although they are no longer available.

Q. Desired Organizational Changes

Only managing or artistic directors can recognize where changes in the theatre organization are needed. These persons work daily with and for the theatre, whereas sheltering organizational boards and administrative personnel are, or should be the support group for the

Table 24. Existence of Investment Reserve
or Endowment Fund^a

Response	% of Theatres
Investment reserve or endowment fund exists ^b	58
Investment reserve or endow- ment fund does not exist	42

^aResponse rate = 100 percent.

^bInvestment reserve or endowment funds exist in very moderate proportions in 3.5 percent of the theatres.

theatre. All too often, organizational changes are made from above by the administration or boards of sheltering organizations with little or no consultation with those who must deal daily with the problems of the theatre.

Good theatre management is a process of constant review and self-criticism and should be regarded as a tool for approaching the original intent of the goals of theatre art:

Everything that a theatre does and all its systems should be under continual review. Administrative structures, patterns of relationships, even the artistic traditions of a theatre, should repeatedly be evaluated to see if they are still alive and in tune with changing circumstances. Towards this end artistic directors, managers, and Boards should have the courage, and grant themselves the permission (sic), to clash, to have it out with each other, in the awareness that out of this creative conflict the truth will make itself known.⁵⁰

Antiquated charters, mission statements, or other documents of purpose which no longer accurately reflect the aims, objectives, and goals of the theatre should be reconstructed to reflect the true aim of that art. Board membership should be reviewed to determine if its goals are compatible with those of the theatre. If the management policies or procedures are not serving the purpose of the theatre, they should be altered to fit that purpose. Any internal changes in the organization of the theatre should not be allowed to interfere with the commitment of the theatre. A sense of close collaboration is most necessary to withstand external pressures such as lack of governmental commitment to the arts.

The theatre management respondents of this investigation were given the opportunity to depict the organizational changes they would like to see, Table 25. Organizational Changes Desired by Respondents. The responses were extremely varied, but the largest group, 40 percent, state they would change the charter and 40 percent would change the board membership. Ten percent of those desiring a change in board membership think the board should be larger and the power should be

⁵⁰Zelda Fichandler, p. 15.

Table 25. Organizational Changes Desired by Respondents^a

Change	% of Respondents
Charter	40
Mission statement	10
Board membership ^b	40
Management procedure/policy	20
Reporting procedures	20
Would change everything ^c	10
Would move from existing facility ^c	10
Earlier play selection ^c	10
No response	17

^aResponse rate = 83 percent.

^bTen percent indicated board membership should be larger and power should be moved; another 10 percent would eliminate board members.

^cCategory was supplied by respondents.

moved. Further, another 10 percent would eliminate certain members from the board. Twenty percent would alter the management policy and/or procedure, while 20 percent would change the reporting procedures. Only 10 percent wish to alter the mission statement and another 10 percent want the freedom to make play selections earlier. Ten percent desire to move from the existing theatre space, while another 10 percent would change everything. The latter group did not elaborate on their particular response, although they can

be assumed to want to alter all categories offered in this investigation. Seventeen percent offered no response to this question of organizational change.

R. Determination of Shared Goals

It has been stated throughout this study that the sheltering organization and the sheltered theatre must closely agree on goals for the theatre if that theatre is to be successful. There must exist not only a certain rapport between the supporting institution and the theatre, but a clearly stated agreement as to the reasons for the existence of the theatre itself. Spur-of-the-moment goals are not enough; realistic, far-reaching goals must be set forth formally and maintained by the sheltering organization and its theatre. Boards of directors and trustees must not see their positions as social recognition but as an important trust placed upon them by the community and the theatre personnel. Indeed, the optimum would be to select board members from a wide range of the community rather than the top echelon of the social and financial community exclusively.

All concerned with the growth of the theatre should be flexible in attitude and receptive to new ideas and changes. It is necessary that all concerned with the theatre stay abreast of current works of art and other theatrical communities and bring to their obligations an intelligent sense of what theatre is and should be.

The respondents were asked the extent to which the theatre and its parent organization shared the same financial and reputational goals for the theatre. In Table 26. Extent to Which Theatre and Sheltering

Organization Share the Same Goals, 25 percent of the respondents reply that the same goals are shared "very much;" however, 12 percent of the respondents qualify the answer in that only reputational not financial goals are shared. Another 25 percent state that goals are shared "considerably," and the response of 17 percent is "some." The category "little" was chosen by 33 percent, and 8 percent respond to the category "none," citing only financial goals as a common interest which should be of great concern to the theatre management of these sheltered theatres.

Table 26. Extent to Which Theatre Management
and Sheltering Organization Share the
Same Goals for the Theatre^a

Degree of Sharing Goals	% of Response
Very much ^b	17
Considerably	25
Some	17
Little	41
None ^c	8

^aResponse rate = 100 percent.

^bEight percent of those responding to this category indicated that only reputational goals were shared to this degree.

^cEight percent of those responding to this category indicated that only financial goals were to be considered in this degree.

S. Summary of Findings

The intent of several of the questions in this survey on sheltered theatres that function under the "umbrella" of a sheltering organization was to determine the basic structure of the surveyed theatre. After that determination, responses to other questions revealed some key factors in the actual functioning of those theatres. Central to these responses were the disclosures that the majority of the theatres have few elements in their organizational structure to ensure their stability; limitations are placed on fund-raising by the sheltering organization and its administration, and the theatre and its sheltering organization share very few common goals. Further, there is no clear line of authority, responsibility, or liability.

In general, the replies of the respondents to the questionnaire offer the profile listed below and represent the majority opinion of the respondents.

1. Most of the theatres that responded to this study are sheltered by a university.
2. Concurrent sheltered activities or organizations exist with 91 percent of the theatres.
3. Most of the theatres receive less than 2 percent of the sheltering organization budget and a very few receive no more than 20 to 30 percent.
4. Although 24 percent offered paper documents such as a charter, mission statement, or contract as factors that ensure stability, 76 percent have no clear assurances.

5. Most of the theatres have either a sheltering-organization board or a theatre board; almost half have all or some members who serve both boards.
6. More than half of the theatre management answers to the theatre board; some respondents report that the lines of authority are unclear.
7. The various functions of the theatre are determined by the sheltering organization board and/or the theatre board; the authority to determine theatre functions is usurped by groups or persons other than the theatre directors.
8. Most theatre directors report to the theater board or administrators of the sheltering organization and most report at the request of some member of the upper administration, such as a dean, chancellor, or board.
9. If conflict resolution is necessary between theatre directors, the theatre board or the artistic director acts as mediator.
10. The theatre board is the bearer of legal liability.
11. The artistic directors of the theatres have a greater degree of autonomy than do the managing directors.
12. Deficits which occur are carried to the subsequent fiscal year in most of the theatres.

13. Most of the theatres receive less than 30 percent of their budgets through in-kind contributions from the sheltering organization.
14. Limitations are placed on fund-raising by the sheltering organization board or its administrative officers in 78 percent of the theatres.
15. The managing director and artistic director determine theatre policy, procedures, and staff needs.
16. Persons other than the artistic director or managing director supervise daily expenditures, but their authority does not supersede that of those theatre directors.
17. Theatre budgets can be changed mid-season and, in most theaters, by the managing director.
18. More than half of the theatres have an investment reserve or endowment fund.
19. Organizational changes most desired by the respondents were a change in the charter and in board membership.
20. Most theatres respond that the sheltering organization and the theatre share reputational and financial goals only to a small degree.

CHAPTER III

RECOMMENDATIONS AND CONCLUSION

Peaceful coexistence between theatres and their sheltering organizations depends upon shared financial and reputational goals. Serious problems occur when these become divergent, as this study clearly shows.

For nonprofit theatre to survive, especially during times of immense budget cuts in arts funding by the public and private sectors, theatres must be granted and maintain the autonomy to raise funds. Creativity and artistic ideas are present in our society, but deficits have curbed the existence and, in some cases, caused a cessation of platforms for that artistic expression. In all segments of the performing arts, the majority of artistic talents have been unionized, creating rising costs in play production. Theatres must contend not only with these rising costs, but also the increasing popularity of other entertainment forms such as movies, home videos, and television. Additionally, the theatre audience has not increased sufficiently to support the higher prices theatres must charge due to these rising costs.

Beginning with the financial crises of the 1970s and 1980s, hospitals, museums, and universities discovered that they were forced to compete to acquire funds from corporations, foundations, and the government. The financial dilemma created by funding cutbacks is perhaps felt most strongly by nonprofit theatres such as the sheltered theatres of this survey.

Although some theatres have retained their ties to the sheltering organization, the results of this study have shown that there are many problems within this type of structure. The major problem is the inherent diversification of needs when large organizations possess many specialities or activities. Possible ramifications of such a structure include the creation of an income gap with resultant misunderstandings, misconceptions, and divergent goals and objectives.

Within this climate of such diverse units as development departments, fund-raisers, administrative personnel, artists, and boards of directors, there is a need to define necessities. For example, sheltering organizations can forfeit a play but not the salaries of academic personnel. As each competing sheltered activity presses for greater funding, the goals of the sheltering organization take priority over the sheltered organizations. As a result, theatres are incorporating separately from the sheltering organization, creating their own boards of directors that can carry their budgetary responsibilities and problems to the community and businesses to raise the necessary funds for survival.

The largest percentage of replies to this investigation shows that within these sheltered structures no stabilizing guarantees to the theatres' survival exist; most have survived upon the verbal agreements and past precedents dictated by the sheltering organization. Problems develop when personnel and attitudes change within the sheltering organization and there exists no type of written charter or agreement to maintain the intended original funding channeled into the theatre budget.

The majority of the theatres in this study report that they receive less than 30 percent of their budgets through in-kind contributions from their sheltering organization. With inflation and cutbacks in funding from the private and public sectors, it is clear that this low level of contribution from the sheltering organization is insufficient for the needs of the theatre. When combined with the fact that most of these theatres receive less than 2 percent of the sheltering organization budget, the theatre suffers at an even greater loss. It appears that the sheltering organization has the prerogative to cut theatre budgets in these areas:

1. In-kind contributions
2. Fund-raising freedom
3. Direct budget assistance

Power is further exhibited in the reports required of theatre directors since they are required to report frequently at the request of the administration of the sheltering organization. More importantly, theatre boards are assuming the legal liability for the theatre productions and fiscal operations, yet fund-raising to cover any income gap may be controlled or curtailed by the sheltering-organization board or administrative officers without consultation with the theatre board. The possibility of an imbalance exists within such limitations; theatre boards can become frustrated and begin to adopt the attitude that this art form cannot be managed and the vicious circle created by such perception can lead to failure of the theatre. Interference in fund-raising activities seems to be an area which

sheltering organizations and their boards should attempt to remedy if they value the presence of the theatre within their organization.

It is clear that the goals of the sheltering organization and the theatre must be developed into a compatible structure with coherent, sound management policies taking precedence in the setting of those goals. In these sheltered environments, if art has survived, it has done so through the perserverance of the theatre directors. Although art is not a business, sound business management which includes the freedom and latitude to expand when the audience desires more and better plays must be allowed and encouraged if these theatres in a sheltered environment are to remain within that structure.

In conclusion, it is suggested that further research in this area of sheltered theatres is necessary for the benefit and use of managers of these theatres and students of arts administration. As previously noted, little research has been attempted in this limited area; yet greater attention to these theatres may ensure their survival.

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APPENDICES

APPENDIX A

COVER LETTER

1215 Milam Circle
Knoxville, Tennessee 37919
May 21, 1984

Dear Manager-Director:

If your theatre is not under the wing of a "sheltering organization," please dispose of this forthwith. The enclosed questionnaire is designed for theatres which function under a sheltering organization, referred to as "S. O." Specifically, the survey is offered with the objective of discovering existing or potential problems of these sheltered theatres and should provide some insight into the degree of autonomy which these organizations enjoy.

As you probably know, there are fewer than twenty sheltered professional theatres in this country; therefore, if you can possibly spare the time, please reply! You may feel free to reply in longhand rather than type and your reply is needed no later than June 15.

A stamped self-addressed envelope is enclosed for the return of the questionnaire; the return address is also mine to ensure your anonymity. Please be assured that all responses will be held in strictest confidence. Further, the results of this survey will be furnished to you at your request if you complete the enclosed form.

The questionnaire has been compiled and is being offered as partial fulfillment of the requirements for the M. A. Degree in Speech and Theatre with a concentration in Arts Administration. Consequently, as a result of my studies in this area, I realize the extent to which your daily schedule is busy. I have prepared the questionnaire with that schedule in mind and you will find that most questions only require a check to answer.

I will be most appreciative of your assistance with this project.

Respectfully,

Ms. Pamela F. Rainwater.

APPENDIX B

RESPONDENT ADDRESS FORM

I wish to receive a copy of the results of this questionnaire.

Name _____

Title _____

Organization _____

City _____

State _____

Zip Code _____

APPENDIX C

QUESTIONNAIRE

PLEASE CHECK () APPROPRIATE ANSWERS: (Skip unapplicable questions)

1. What is the primary function of your Sheltering Organization (S.O.)?

University _____ Library _____ Museum _____

Other; please specify: _____

2. Does your theatre's S.O. shelter any other non-profit organization?

yes _____ no _____

If yes, with what other organizations do you share your S.O.?

Dance _____ Museum _____ Opera _____

Symphony _____ Another theatre _____

Other; please specify _____

3. What percent of the S.O budget is committed to your theatre?

10% - 20% _____ 40% - 50% _____ 70% - 80% _____

20% - 30% _____ 50% - 60% _____ 80% - 90% _____

30% - 40% _____ 60% - 70% _____ 90% - 100% _____

4. What ensures the existence and stability of your theatre within your S.O.?

S.O. Charter _____ Theatre Charter _____

S.O. Mission Statement _____ Theatre Mission Statement _____

None _____ Other, please specify: _____

5. Does your S.O. have an active Board of Directors?

yes _____ no _____

Does your Theatre have an active Board of Directors?

yes _____ no _____

Are all or some members on both Boards of Directors?

yes _____ no _____

6. To which Board of Directors is your Theatre answerable?

S.O. Board _____ Theatre Board _____ Both boards _____

7. Please check the functions which the S.O. Board and/or Theatre Board determine:

	S.O. Board	Theatre Board
Employment of Managing Director (M.D.)	_____	_____
Employment of Artistic Director (A.D.)	_____	_____
Employment of Theatre Staff	_____	_____
Termination of M.D. and/or A.D.	_____	_____
Termination of Theatre Staff	_____	_____
Final budget approval	_____	_____
Ticket prices	_____	_____
Choice of plays for the season	_____	_____
Fundraising policies/procedures	_____	_____
None of the above	_____	_____
Other; please specify	_____	_____

8. To whom do the Artistic Director (A.D.) and Managing Director (M.D.) report?

	<u>A.D.</u>	<u>M.D.</u>
Theatre Board of Directors	_____	_____
S.O. Board of Directors	_____	_____
Administrative officers of S.O.	_____	_____
Other; please specify: _____		

9. How frequently must the Artistic Director and Managing Director report?

If not the same for both, please write in A.D. or M.D. rather than check:

Daily _____ Weekly _____ Monthly _____

Semi-annually _____ Annually _____ Other; please specify _____

10. If the Artistic Director and Managing Director disagree, the ultimate solution or decision rests with:

S.O. Board _____ Theatre Board _____ Artistic Director _____

Managing Director _____ Other; please specify _____

11. According to charter or policy, who is ultimately legally liable for the operations of the theatre?

Please specify _____

12. How much freedom does the Managing Director have to execute management strategies to ensure fiscal stability and growth?

complete _____ considerable _____ very little _____ none _____

13. How much freedom does the Artistic Director have to carry out artistic goals?

complete _____ considerable _____ very little _____ none _____

14. In which way is any deficit handled?

carried to subsequent fiscal year _____ covered by S.O. _____

Other; please specify _____

15. What approximate percentage of your annual budget is in-kind contributions from your S.O.?

10% - 20% _____ 40% - 50% _____ 70% - 80% _____

20% - 30% _____ 50% - 60% _____ 80% - 90% _____

30% - 40% _____ 60% - 70% _____ 90% - 100% _____

16. Are there limitations placed on fund-raising efforts?

yes _____ no _____ If so, by whom?

S.O. Board _____ Theatre Board _____ Managing Director _____

Artistic Director _____ Administrative staff of S.O. _____

Other; please specify _____

17. Who has the authority to determine policy, procedure, staff needs, etc., of your theatre?

S.O. Board _____ Theatre Board _____ Managing Director _____

Artistic Director _____ Administrative staff of S.O. _____

18. Does anyone other than the Managing Director or Artistic Director supervise daily expenditures and budgets? yes _____ no _____

If yes, does the authority of that person/group supersede that of the Managing Director or Artistic Director?

yes _____ no _____

19. Can the theatre budgets be changed mid-season? yes _____ no _____

If yes, who has the authority to do so?

S.O. _____ Artistic Director _____ Managing Director _____

Other; please specify _____

20. Does your theatre have an investment reserve or endowment fund?

yes _____ no _____

21. If you could make organizational changes which areas would you change?

Charter _____

Management procedure/policy _____

Mission statement _____

Reporting procedures _____

Board Membership _____

Other; please specify _____

22. To what extent do your theatre and its S.O. share the same financial and reputational goals for the theatre?

Very much ____ Considerably ____ Some ____ Little ____ None ____

23. YOUR COMMENTS ARE INVITED IN THIS SPACE: _____

VITA

Pamela Finn Rainwater was born in Memphis, Tennessee, in December 1941. She was graduated from Loudon County High School in May 1959, and the following September she entered Carson-Newman College. In May 1963 she received a Bachelor of Science Degree in Music Education.

After teaching choral music at Mountain View Elementary School, Etowah, Tennessee, for one year and at Bearden Elementary School, Knoxville, Tennessee, for sixteen years, she entered The Graduate School of The University of Tennessee, Knoxville, in September 1983. She was awarded the Emily Mahan Faust Scholarship and a graduate teaching assistantship in speech and theatre at The University of Tennessee, Knoxville. She received the Master of Arts Degree in Speech and Theatre in December 1984. Ms. Rainwater will be employed by the Knoxville City School System following graduation.