

2009 ROPA Conference Report

Benjamin Joella – alternate delegate

Three main presentations were noteworthy at this conference:

1. Randy Cohen – Keynote speaker

- a. Randy is an arts advocate working for Americans for the Arts. www.americansforthearts.org
- b. He emphasized a general downward trend of philanthropic donations dating back much farther than 2008. Since 2001 donations have dropped by 1%.
- c. He also emphasized that while donations were down, non-profits have been starting up at a pace of nearly 1 organization every 3 hrs., meaning that the money is going somewhere and it's up to us to control where that money goes.
- d. Mr. Cohen feels that a down economic time is probably the best time to make friends with politicians on the local level and to make the case for the economic impact that the arts can have on the community. The website above has all of the relevant stats to prove the case.

2. Presentation on the effective analysis of management's financial data

- a. **QUALITY OF DATA.** Audits are old. They give an accurate picture of the past. Get your hands on current data even if it is unaudited. This will give you a better picture of the current situation an organization is facing.
- b. Chart data from as far back as you can go to create a trend line. The main purpose is to establish where management is putting their money and what they're getting in return.
- c. If you can management it, get similar years of data from organizations of similar size and mission. Chart the data in a similar fashion to show management where they excel and where they fall short. This assumes a basic premise that given a certain dollar invested, you should be able to expect a similar return on investment across multiple organizations.

3. Contract re-openers

- a. **YOU DON'T HAVE TO AGREE TO RE-OPEN.**
- b. There isn't necessarily a crisis. People have been known to lie to change a situation to their advantage. (gasp). See point 2.a - get the full picture of a financial situation.
- c. Assess the political pros and cons of concessions. Would giving up something now, save face with the community and build political capitol for a later time?

Quick & Dirty Data Analysis in Orchestra Negotiations

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Realistic budget analysis goals

1. Perform a sound budgetary analysis under extreme time pressures
2. Contribute positively & credibly to economic discussions about your institution

Realistic budget analysis goals

3. Position yourself with information that equalizes power relationships between musicians and management in negotiations

Realistic budget analysis goals

4. Develop economic knowledge and a budgetary philosophy that may provide early warning signals to upcoming financial difficulties for your organization

A management analyst...

Examines
and
maximizes
return on resources

A management analyst is like a personal trainer ...

who wants to know how well an athlete is performing and then to get that athlete to perform at his or her highest level.

At its essence, finance is simple

If your peers generate identifiable returns among a broad spectrum of activities, your organization should anticipate similar returns among the spectrum of activities tracked.

Three simple financial analysis tools

1. Trend-line analysis
2. Measure of cost-effectiveness
3. Deviation analysis

The Keys to Each?:

Multiple Data Points

Data Overlays (e.g., community wealth to development income; growth in marketing expenses vs. ticket sales; other markets' government support vs. yours)

Trend Line Analysis

☐ Answers questions like...

- We can't develop next year's budget because we don't know what next year's revenue will be.

Trend Line Analysis

☐ Definition

- A trend-line analysis assumes that your organization's performance next year will roughly mirror this year's. The accuracy of that prediction will increase for each additional data point that we can include in reach our conclusions

Trend Line Process

1. Determine % increase or decrease in budget line item from previous year
2. Repeat process for several years (I usually do seven years)
3. Add % changes, then average those changes to get sum of the mean
4. Multiply most recent budget number by sum of the mean, then add to previous year's budget number

Trend Line Process

Example: Trendline Analysis

LO	FY 2002 Projection	1995	1998 Y/Y change	1997 Y/Y change	
corp. sponsored income	\$495594	\$285408	-62.4%	\$206018	27.8%

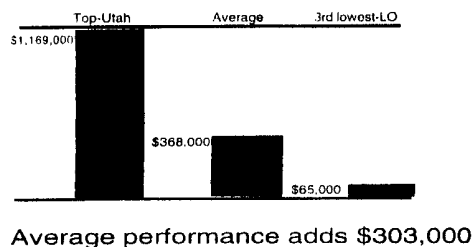
1998 Y/Y change	1999 Y/Y change		
\$366369	73.0%	\$206500	16.8%

2000 Y/Y change	2001 budget	Y/Y change	avg chng	projection	
\$423102	42.7%	\$549500	29.9%	33%	\$567841

can examine efficacy of staff or expenditures by determining correlations of dollars invested against dollars gained

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV	DW	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES	ET	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP	FQ	FR	FS	FT	FU	FV	FW	FX	FY	FZ	GA	GB	GC	GD	GE	GF	GG	GH	GI	GJ	GK	GL	GM	GN	GO	GP	GQ	GR	GS	GT	GU	GV	GW	GX	GY	GZ	HA	HB	HC	HD	HE	HF	HG	HH	HI	HJ	HK	HL	HM	HN	HO	HP	HQ	HR	HS	HT	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT	IU	IV	IW	IX	IY	IZ	JA	JB	JC	JD	JE	JF	JG	JH	JI	IJ	JK	JL	JM	JN	JO	JP	JQ	JR	JS	JT	JU	JV	JW	JX	JY	JZ	KA	KB	KC	KD	KE	KF	KG	KH	KI	KJ	KK	KL	KM	KN	KO	KP	KQ	KR	KS	KT	KU	KV	KW	KX	KY	KZ	LA	LB	LC	LD	LE	LF	LG	LH	LI	LJ	LK	LM	LN	LO	LP	LQ	LR	LS	LT	LU	LV	LW	LX	LY	LZ	MA	MB	MC	MD	ME	MF	MG	MH	MI	MJ	MK	ML	MM	MN	MO	MP	MQ	MR	MS	MT	MU	MV	MW	MX	MY	MZ	NA	NB	NC	ND	NE	NF	NG	NH	NI	NJ	NK	NL	NM	NN	NO	NP	NQ	NR	NS	NT	NU	NV	NW	NX	NY	NZ	OA	OB	OC	OD	OE	OF	OG	OH	OI	OJ	OK	OL	OM	ON	OO	OP	OQ	OR	OS	OT	OU	OV	OW	OX	OY	OZ	PA	PB	PC	PD	PE	PF	PG	PH	PI	PJ	PK	PL	PM	PN	PO	PP	PQ	PR	PS	PT	PU	PV	PW	PX	PY	PZ	QA	QB	QC	QD	QE	QF	QG	QH	QI	QJ	QK	QL	QM	QN	QO	QP	QQ	QR	QS	QT	QU	QV	QW	QX	QY	QZ	RA	RB	RC	RD	RE	RF	RG	RH	RI	RJ	RK	RL	RM	RN	RO	RP	RQ	RR	RS	RT	RU	RV	RW	RX	RY	RZ	SA	SB	SC	SD	SE	SF	SG	SH	SI	SJ	SK	SL	SM	SN	SO	SP	SQ	SR	SS	ST	SU	SV	SW	SX	SY	SZ	TA	TB	TC	TD	TE	TF	TG	TH	TI	TJ	TK	TL	TM	TN	TO	TP	TQ	TR	TS	TT	TU	TV	TW	TX	TY	TZ	UA	UB	UC	UD	UE	UF	UG	UH	UI	UJ	UK	UL	UM	UN	UO	UP	UQ	UR	US	UT	UU	UV	UW	UX	UY	UZ	VA	VB	VC	VD	VE	VF	VG	VH	VI	VJ	VK	VL	VM	VN	VO	VP	VQ	VR	VS	VT	VU	VV	VW	VX	VY	VZ	WA	WB	WC	WD	WE	WF	WG	WH	WI	WJ	WK	WL	WM	WN	WO	WP	WQ	WR	WS	WT	WU	WV	WW	WX	WY	WZ	XA	XB	XC	XD	XE	XF	XG	XH	XI	XJ	XK	XL	XM	XN	XO	XP	XQ	XR	XS	XT	XU	XV	XW	XX	XY	XZ	YA	YB	YC	YD	YE	YF	YG	YH	YI	YJ	YK	YL	YM	YN	YO	YP	YQ	YR	YS	YT	YU	YV	YW	YX	YZ	ZA	ZB	ZC	ZD	ZE	ZF	ZG	ZH	ZI	ZJ	ZK	ZL	ZM	ZN	ZO	ZP	ZQ	ZR	ZS	ZT	ZU	ZV	ZW	ZX	ZY	ZZ
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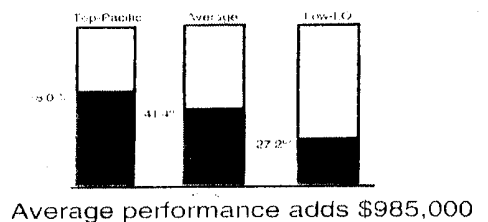
Potential supporting revenue from foundations



A bar chart with three bars representing different categories. The y-axis is labeled '50%' at the top. The bars are labeled 'Top-Panache', 'Non-100', and 'Low-LO' from left to right. The values for each bar are 50%, 41.4%, and 27.2% respectively.

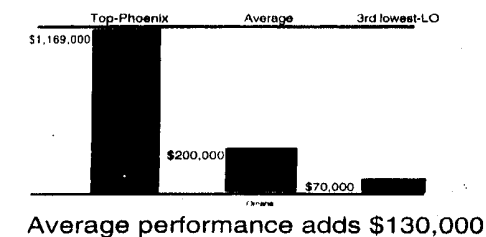
Category	Value
Top-Panache	50%
Non-100	41.4%
Low-LO	27.2%

Average performance adds \$985,000



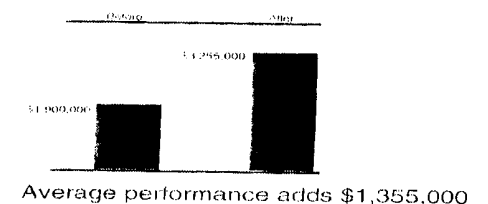
Category	Value
Top-Phoenix	\$1,169,000
Average	\$200,000
3rd lowest-LO	\$70,000

Average performance adds \$130,000



Period	Average Performance
Before	51,800,000
After	53,255,000

Average performance adds \$1,355,000



☐ You can compare...

- Your orchestra to other orchestras
- Your community to other communities
- Your community's income to your orchestra's income
- Your current budget to past budgets
- Your income item to a funder's income
- Your income line item to a corresponding expense line item

CONCESSIONARY BARGAINING

AFM — SSD - 2009

If and when a request to re-open your bargaining agreement arrives:

- 1) Do not agree to re-open. Rather have the Local union respond with a formal response. Decline the request but offer to meet and discuss the problems the organization may be facing which precipitated the request and the employers immediate and long term solution to the problem.
- 2) Verify the existence of the purported problem, crisis or situation. While this is usually a financial concern, request the necessary financial information supporting the claim. Keep in mind that in our current economic crisis, given the time period of the occurrence, much of the financial information covering the current financial period will not be audited information. Most of the available information will be work sheets or unaudited information. It is the comfort level you have with the source when trusting this information. At other times request the appropriate 990's, audited financials and endowment information etc.
- 3) Concessions, if they are determined to be warranted, should be viewed as temporary in nature. If musicians are expected to take a cut so should all employee's especially top management or otherwise "equality of sacrifice". Most often the employer will come to us when other lenders (banks) or donors have refused to provide financial assistance such as a loan or an increase on their credit line. We now become the lender and we should view these concessions as a loan.
- 4) What is the plan to resolve the problem and move the organization forward? Does this include a plan to restore the cuts or recover the wages or other conditions which we have conceded?
- 5) In orchestras where reduction in weeks and/or wages is significant, an agreement to extend leave or liberalize absence policies for musicians seeking replacement employment should be as flexible as possible.
- 6) Similarly a prohibition on any action to reseat or discharge is often agreed given the reality of time constraints on personal preparation caused by the time a musicians spends seeking and traveling to replacement employment.
- 7) If the bargaining committee, after assessment, believes that such a request to modify the agreement is warranted, an offer with the appropriate conditions could be posed to the employer as a scenario the union would recommend to the bargaining unit for its consideration.
- 8) Keep in mind that while we would all enjoy knowing when the current economic crisis will end and its severity this is not possible. We may be able to create a long term plan for recovery or we may not. As well we do not necessarily need to agree to major changes beyond the immediate problem or drastic cuts for several years.
- 9) Be aware that not all situations are a crisis and not every situation warrants a cut.
- 10) Make sure that the local officers and committee members are in constant communication regarding all discussions with the employer or members of the unit.