

INTRO

(The following is read by Laura Colby over jazz music composed by Manual Cinema)

Hi, I'm Laura Colby and this is The Middle Woman, a roadmap to managing the performing arts. I'll be sharing personal anecdotes from my 30 years in the field, exploring the nitty gritty and the technicalities of this job. I'll tell you the story of how I got here and what it's taken for me to work in the industry of the performing arts.

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EPIISODE 10

LAURA COLBY: Hello, this is Laura Colby. I'm the founder and president of Elsie Management and welcome back to The Middle Woman podcast. We are going to be talking about money today and I'm excited that Anna Amadei, Elsie's Vice president, is back here with me. Today we're gonna share with you our insights that we've picked up around money in the process of our work.

ANNA AMADEI: Hello, hello, everybody. It's exciting to be back. Thank you for having me back, Laura.

I have had my very personal journey with learning how to deal with money working for Laura in life in general, but working this past 16 years with Elsie Management and I am very excited to share all the insights with you all because, I think the money conversation is incredibly important and always relevant and we don't talk enough about money.

LAURA: So much cultural training and depending on your background, your family background, your class background, your culture, all of it, ethical background.

ANNA: Your gender.

LAURA: So much.

ANNA: Your gender, like it's so hard for women to talk about money, to ask for money. Yes, it's very embodied in your cultural and your upbringing and background. That's for sure. Again, it's an incredibly important conversation. And I think for all of us working in the arts field, no matter which niche of the performing arts, I think we really all need to know and to learn how to talk about money.

LAURA: absolutely

ANNA: and have absolutely no shame and learn the transparency about money and just all come to term with the fact that money is the tool for everything. If you're an artist you need the time to do your art, then guess what? That time is money. And if you are a choreographer or a theater director and you want to put on a show, everything that you need is money.

LAURA: And as we've talked about in the past, all of those things have budgets. All of those things have production schedules and your production schedule always has a budget.

So if that's a budget for one week of rehearsal or a budget for a whole year to create a new work or it's a budget for that one tour date or a week-long season in New York. All of those budgets need to be fleshed out and abided by, is the idea. And also, more importantly, paid for.

Our daily work at Elsie is asking, not only is it promotion of these shows, but then once we have expressed interest, is negotiating what fee will be paid. Artists must be paid, and artists are chronically underpaid. And that has everything to do with Anna's point earlier, that there is often not acknowledgement of the true labor behind what it takes to create these works, and also paying artists a living wage to be able to deliver these works. We definitely have a huge gap there, and the reality is that that ticket price for that show that you bought is really only paying one quarter of the true cost of presenting that piece that you are seeing on that stage. That's staggering.

As I've talked about in the past, I did not come into this work working for anybody else. I made this up as I went along. I started working for artists by the hour and then the course of the trajectory of Elsie Management, I then switched to the system of working on commission.

So we get asked this a lot: how do you get paid? I'll tell you how we get paid. We collect a 20 percent commission on the paid gross fee that we negotiate with our presenters that we contract with. And so, in very simple terms, if the fee is \$10,000, we are paid a \$2,000 commission on that \$10,000, and the artist goes home with a net of \$8,000.

In addition to that, we also request our artists pay a small monthly fee. And this is typically scaled on what their budget is, are they a solo artist, are they a fully operating company that has a much larger annual gross income. So the monthly fee can range from \$100 to upwards of \$250 a month.

And that monthly fee is very critical for us to be able to pay the rent that we need to pay, keep our WiFi running, just pay for basics because the booking process is not guaranteed. We, right now, are working really hard on bookings that we're putting into our calendar for the 24-25 season. But, honestly, right now, it's like gambling. We have no guarantees that these engagements are going to come through. We feel pretty confident they are, especially when we get to the point where we have agreed to terms with the presenters on dates and fees, and we have signed deal memos and we'll talk about documents in another episode.

But we, ultimately don't know what next year is going to look like until we get much closer to it. And that's really hard for us. And this has to do with projected budgets. So Anna's, she's my vice president, but she's also very much my operations director. And she knows what our monthly costs are. And monthly costs, rent, salaries, electricity.

ANNA: Yes, Laura likes to refer to me as a financial department.

LAURA: Which she is, you are the financial department.

ANNA: In my mind, I still have to wrap my head around the fact that I am a money person and I have been for quite a while, but in my background, I always wanted to avoid dealing with money. I always wanted to avoid the money conversation. I wanted to work in the arts because I didn't want to deal with the business and with money, and here I am managing budgets and, and asking for fees to presenters and dealing with money, which frankly I'm actually enjoying.

So budgets, budgets, budgets. Yes, budgets is the base, the foundation of everything. And there's not one budget, there are multiple budgets. And not just because there are multiple projects, but because there are different layers of budgets.

When you start a business, the first budget to know is your personal budget. Like, how much money do I need to run my life? That is the amount of money that I need to be making from my business to be able to have a living.

So the business budget is how much income is needed to cover my personal budget. So basically my salary, right? And also to pay for my employees, my business expenses, my rent, workers' compensation, general liability, and all of that.

And then there is each project budget. Like literally every time we pick up a new company, we have to deal with their touring budgets. For the same company every year, we have to update their touring budgets because expenses change, prices go up, prices go down, quite never, but like they shift and they change. So the budget is really what makes you make all the decisions about the business.

Yes, it's a lot of uncertainty because you're basically guessing what you're estimating rather than guessing, as my daughter would correct me. She's in fifth grade, but you know, it's an estimate, it's not a guessing, it's an estimate. You're estimating how much money you will bring in based on conversations and the past also, right? Because after 30 years in the field, Laura could tell you, well, you know, I made this much last year. I'm projecting that this year will be, you know, in this range. And how much money you will spend and how much money you will go home with. So yes, it's a lot of guessing and it's a lot of adjusting.

Then there's a projected budget, of course. And then there's your real budget, which only happens after the fact.

LAURA: After the fact. Exactly. A year later. So a year from now we'll be sitting here with this year's numbers that actually came through. But when you are in the business of sales, and you are advancing projects that are, you're not going to see the monies for those projects for a year and a half, sometimes two years, you are constantly projecting.

And the tricky part, of course, is being ready for when things aren't so great. When all those gigs disappear because that volcano erupted again in Iceland and stopped all the flights from Europe for two months. You know, force majeure happens. These tour dates that you've been working on for a year or two or three years may not actually happen for some reason, that's painful.

We've talked about this earlier, the ability to figure out how to continue with your work in spite of things going south, cancellations, money's not coming in, is a critical, critical skill to have, to be able to figure out, okay, what can we turn off, what software do I really not have to be paying for every single month, can I move my office back into my apartment, do I really need an office. Those are all mitigating factors to help you when the money stops showing up.

ANNA: But I think this is what you say, it's incredible important like in, in a general picture, like even if on your personal life, you know, and this is what I've learned in my personal journey, because I did a lot of financial studying and I gather a lot of financial knowledge that I didn't have before. And this might happen because I turned 40. So really,

LAURA: it was time

ANNA: It was about time and you have children and, but in general, what it's really a healthy picture for yourself is to always have at least six months of savings, or at least like a cushion where you could literally run your life and your business without having any income.

You know, like what happened if you're in bed and you can't move, you know, like, you know, those sorts of things. And then of course, if your cashflow doesn't allow that, because Laura and I have gone through plenty of years where the cashflow..

LAURA: Thick and thin, honey, thick and thin.

ANNA: Did not allow that. To let you all know, I moved to New York in the end of 2007 and started working for Laura in March of 2008, now I don't recall exactly the dates, but I swear it was like one month after I just started working for Laura, the market crashed and we didn't know at the beginning what that would entail. And we still had our summer tours and everything went fine until three months later there were half of the bookings coming in and we had to restructure the business.

Here I was trying to learn how to use QuickBooks and in the meantime having to do something to restructure the business, to be able to continue to be in business. So there were plenty of those years, right? Where that cashflow didn't allow to just have six months of savings in the bank account.

I remember what we did at the time. It was, well, okay, we don't have the cash flow or the six-month saving. We have to have the credit. So if the savings aren't there, you need to make sure you have a good credit score to be able to be approved, a line of credit, credit cards, or a low interest rate business loan that will allow you to run business and life for six months without having an income.

And yes, the credit will turn into debt and liabilities, and the payback will have to be included in the expense budget once you start having an income again. In general, again, this is a healthy picture for both your personal finances and your business. Have six months of savings or have six months of credit.

And then there's a portion of your money that you always have to reinvest. In your personal life, you want to invest your money, in your business life you want to reinvest your money. And Laura is, you know, it's a great teacher because she's never scared of reinvesting her money in something new, which like frightened me

to death, but she's always like, we're going to do this. And I'm like, good, great. Let's do this. And I just follow her lead.

LAURA: It's, you know, I remember those were tough days during the recession. And I remember, we were grounded. There was no travel. You know, the travel is a luxury. We don't tour with our companies. But it is very important for us to be on certain engagements, for certain dates, for certain reasons, but that money comes out of what you and I would consider our surplus.

ANNA: Absolutely.

LAURA: So it's a gift. It's a luxury when one of us gets to hop on a plane and be on an engagement. We didn't go anywhere for quite a long time.

ANNA: The only travel Laura was allowed to do was the conferences and that's it.

LAURA: But even then, I think that year we cut way, way, way, way back.

If you are about to start your own business, you need capital. Because you're not going to have income because again, you're typically working on engagements that are going to show up in a year or two and so you're not going to see those funds for a year or two. So how are you going to pay yourself in the interim? In my case, I had left my marriage in 1996 and there was a divorce settlement and I used my divorce settlement to fund the creation and development of my business.

And yes, I had some income from the artists I was working for, but not enough to put me on salary and certainly not enough to hire people. That took some time of me establishing myself in the field, gaining trust and relationships with not only artists, but yes, with presenters. I don't think I was on a full time salary until about seven years in.

I said this earlier in another podcast, if what you know is I want to work for myself, I want to have my own agency, go take a business course, go to that community college, take a business course, learn what it means to be a small business because initially when I hired people to work for me, I was paying them by the hour. They were typically dancers from class, my friends, and they were curious about the work I was doing and I was paying them by the hour and that was simple and easy.

But when I had my first employee and made that commitment, that changed everything. So now all of a sudden, I'm an employer, and believe me, the state of New York wanted to know all my business. I had to become an organized business in the state of New York. I started filing my taxes under a FedTax ID, not my social

security number. I had to take out a worker's comp disability unemployment policy because that's what you have to do when you're an employer. You know, suddenly you have what's called overhead. That overhead is real. And how are you going to pay for all that?

ANNA: Cost of running a business.

LAURA: Cost of running a business. So, when you become a business this is the part about taking a business course. Presumably, you learn all of that, so doesn't come as a shock. And you also end up having to get more insurances, like, oh, general liability, and God forbid you want to provide something like, oh, health insurance to your employees, there are huge expenses here. As your business changes, your budget changes, your expenses change. And all of that adds up to how do I make this work?

I have talked in another episode about the balance of the roster and how all of our artists do not tour at the same rate and some of our artists are touring at least 10 or 20 engagements a year and others might not tour for a year or two because maybe they're in between projects.

So in the same way we balance income in our roster, when we are looking at artists, we're being very transparent with ourselves, very honest with ourselves about, okay, what is the venue capacity or potential for this artist that we're thinking to bring onto the roster? Can we afford to bring another artist onto the roster that may only have one or two engagements every other year? Can we afford to do that? And that has been a very important question and how we have managed to balance our roster.

ANNA: Yeah. And, you know, somebody would say, unfortunately we have to have that conversation because we have to be able to survive and make money. And, you know, you can see it as an unfortunately, but I see it as if we learn how to balance our roster, we are actually able to provide the service to those artists who are not going to tour 20 venues a year. That still need our services and guidance and representation and they work for a very specific niche market. Everything gets balanced out and, you know, it serves the same purpose. That's how we need to always look at it. It's what serves the purpose of being able to represent artists.

So yes, the purpose this year might be served by picking up the most commercial work we've ever represented. The purpose is served next year when instead we decide to self produce a show because we see the worth in it. So it's really thinking that the money conversation serves your purpose and as long as your purpose is clear and transparent and good, the money conversation is a good one.

LAURA: Let's talk a little bit about getting comfortable.

ANNA: Yes!

LAURA: With asking for money because that is not necessarily something that any of us come out of the womb being able to do.

ANNA: Nope.

LAURA: In our field, as we've discussed, one of the first steps that we go through is sitting down with the artist when we say, what's your touring budget? There's often a pause because we will see numbers that are just too low.

ANNA: Yes, we, we see that a lot. And you know, the fact of being comfortable asking for money, I was telling Laura earlier that, I believe particularly in our field, no matter what your role is whether you're an agent or you're working for a venue in development, or you're an artist yourself, you gotta be comfortable talking about money, but more importantly, asking for money. I mean, again, money is a tool for everything. And if you are in development, you know that your organization cannot present beautiful arts unless you ask your donors to give more money.

This is something that we see very often, which is, you know, artists believing that the least they will ask, the more gigs they'll get, which is, you know, absolutely not true. Because, you know, the very important thing is that you as an artist are able to transparently talk and be sincere with yourself about how much you need to make that art. We go back to your personal budget. You might be an artist, you might be a 22 year old who lived by himself or herself, uh, that have to pay rent, but you might be a parent. And that is a very different conversation. Like, what is your income need? So that income need will reflect on the ask of your art inevitably.

What you really have to be doing is to lay down your personal budget and be able to be transparent with yourself and say, how much do I need and be able to ask for that because that's what your job requires. If it takes you three months to put together a work you need to be covered for those three months of work, which is really to wrap your head around the fact that, Oh, do I really need to ask for that amount of money? Yes, honey, if you want to make it, yes.

LAURA: Yeah. And going back to the idea of us being presented these budgets that are too low inevitably someone's not getting paid and usually it's the creator. Yeah, so they may have had line items in there for their dancers and their designers, but

they're not paying themselves. Administrative time is real labor as well. There's creative time, there's administrative time, and it is important and critical that you acknowledge that in your numbers and in your budgets as you develop it.

And in our process, Anna and I we'll work with our artists to agree upon the fees that we are going to quote. I know I said this in another episode, we are, we do not over quote. If something, if the fee is \$20,000, we're quoting \$20,000. We are not quoting \$30,000. We don't play that game. And the presenters who work with us know that we don't play that game.

And there was a time when it was really hard for me and Anna to ask for fees at \$20,000, that, you know, that took practice for us. Yes, our artists, our companies have grown in stature and size, and so now we're, and of course everything has increased and fees have increased, and now we are very comfortable asking for fees in the 20's, let alone 30's and 40's.

And we have negotiated much bigger contracts, upwards of a quarter million dollars. We never knew that that was going to happen for us and we were thankfully prepared when the time came because we had a budget in front of us that we knew we had to meet. Yep. And we knew what the cost was and just because it had a couple more zeros than we'd ever seen before, we still managed to negotiate those whopper contracts.

ANNA: Yeah. That's why the budget is really that important because when anybody ask you for a lower fee or negotiation, there's always have to be a window for negotiation, obviously, but like when somebody asks for more information of why is the fee so high, you have to be able to transparently talk about what your hard costs are. And that's why the budget is really your foundation. Also your foundation to feel confident for, you know, to ask for that number.

LAURA: It's an absolute confidence builder. It is the framework for you to have that conversation. And you and I do this all the time. We'll know a certain show that we have to quote \$20,000, but we have someone who comes back and says, the max I can pay is \$18k. And we will say, okay. We'll go sharpen our pencils, we'll go look through the budget with the artists, we'll see what we can find, and maybe we can get down to \$18k, well maybe it turns out that the airfares for some reason are just cheap to that city. And so, you know, because that \$20,000 includes a line item for airfares and estimates that we typically put at five or six hundred dollars. And yes, sometimes you can get to Florida for two hundred bucks. So bingo, we can, we had a little wiggle room there and we can accept that eighteen thousand dollar fee.

ANNA: Or we say, can you pay four thousand up front right now? So we purchase the airfares right now, which is that you're out and we're done here.

LAURA: There you go. So there, but all of those skills and tools are great assets for you when it comes to making the ask. It's very direct with us, it's very straightforward and simple with us, and often times when we meet new presenters who've never worked with us before, they can have sticker shock. And again, we're very comfortable with saying, this is the true cost of putting those ten people on the road and having that huge set show up in a truck that got driven all the way across the country, which in case you don't know, it costs about \$15,000 these days to drive that truck all the way across the country. So, you know, these costs are real.

ANNA: Yeah. It's, but it's really about the knowledge of the cost and of your budget. When I started working for Laura and I was only doing with contracts. I wasn't doing sales. I think like the first two years. And I just remember watching her, you know, at her desk on the phone, but also at the conferences and the thing that astounded me the most was how direct and transparent, and she knew her shit, she knew what she was talking about. She was never staggering in front of a question about why is this or like, how much is this for? The more you know about your hard costs, your budget, the more confident you are when you talk about fees.

LAURA: And the fee is the fee. The fee. We don't have time to be awkward about this. The fee is the fee .

ANNA: And I feel like it's the same thing when you're in development and I'm doing this for my, you know, for my kids' school right now. You have a budget. If you don't raise those funds, you can't spend that money.

LAURA: You don't have that project.

ANNA: But you know exactly where the money is going, when you raise it and say, so when you have that kind of knowledge, you can tell people, yes, I do need your \$20,000 because it will go towards this, you know, this is how your money is going to be spent.

LAURA: We are presently participating in a brand new work. Brand new circus work, which is very exciting, from ground zero, if you will, with the plan to represent this work and tour it, beginning in the 25/26 season. And right now, when people say, how much money do you need, I say, well, the creation budget, the development and creation budget for this show is \$250,000 and I have the internal breakdown budget, which is lots of fine little line items. But then I also have what I consider

the share budget, which answers the question, Oh, how much are you paying the acrobats? How much are you paying your lighting designer? How much have you projected for costumes? Oh, whoops, you forgot to put general liability in here because guess what? You need insurance.

So that budget, my share budget, can answer those questions. And yes, it adds up to \$250,000. So, I have to know that. I have to be comfortable with that. I have to be able to say, this is what everybody's getting paid and to be able to share that with my colleagues, because also, there's trust there. And that develops that trust and confidence on their end.

ANNA: Absolutely.

LAURA: To be able to write a check for \$30,000 to contribute to the creation of a new work that will then ultimately tour. We're not hiding anything.

ANNA: Nope. Transparency is the key.

LAURA: We've got a plan here. Yeah, and we can be confident of what those true expenses are.

We haven't talked about contingencies, the practice of having a contingency in your budget, it's the shit happens line item. And you're smart to put that at a minimum of 10%.

ANNA: Yes.

LAURA: because yes, things can go wrong,

ANNA: And again, that goes in your touring budget that goes in your development budget that goes in your business budget that goes in your weekly budget that was in your personal budget. You have to have a contingency. Yes.

LAURA: Yeah.

ANNA: And we learned that the hard way. We live and learn over here. It is really important to consider that contingency, consider that 10 percent as a fundamental need in the budget and never cross it out if you need to cut something out.

LAURA: Don't, don't do that.

ANNA: Not the contingency. Don't do that. Cross something out. Cross something else out, but not the contingency.

LAURA: Right, right. Yes. I wanted to go back, in terms of other jobs in the field, that it's possible to make yourself available as a consultant, to promote yourself on an hourly rate or to commit to working on a project on a project basis. So you come up with a flat fee that you want to be paid for your work and then the ultimate "job job" of a salaried full time position. So there's a range of work in this field. And in terms of how you get paid, back to Anna's point, you need to know, my hourly rate is going to be 75 bucks an hour for X, Y, and Z. Whatever those roles are that you're going to be fulfilling.

But same with the project basis. Someone approaches you to manage or oversee or serve as a line producer for their New York season. That's at a minimum, probably a good six month commitment. What is that production schedule for you going to look like? What would you need to be paid for that six month commitment to that artist or company to serve in that capacity?

ANNA: Yeah. Which goes back to, yes, the production schedule and how much time of your own you will have to dedicate to that production schedule on a daily basis or a weekly basis or a monthly basis and then goes back to your budget and say, how much do I need to make every week or every month.

And then you're going to be out in the field also understanding what other people are getting paid for the same jobs. It's a good thing to do some research about what certain jobs are getting paid.

LAURA: Yes. And actually APAP, the Association of Performing Arts Professionals, has launched an arts compensation project, which is an initiative examining performing arts salaries and compensation. My understanding is that the results of the first part of this program will be announced this year.

I do want to point to Anna's comment earlier that especially women, that we are not trained to talk about money. There's a great book actually written by a fellow dancer who I met at UC Irvine when I was an undergrad. Linda Babcock is the James Walton Professor of Economics and former Dean at Carnegie Mellon's University Heinz College. Yeah, she's a smart one.

ANNA: Yeah, she's a smart one.

LAURA: And I can say I used to dance with her. It's called "Women Don't Ask, Negotiation, and the Gender Divide." And it's a great book that takes a look at

exactly why women don't ask and our training in not asking for money and what we can do to learn how to talk about money and to especially learn how to advocate and ask for money.

Thank you, Anna, for talking about money.

ANNA: You're very welcome at any time. As I always say, if you want to talk about money, hit me up.

Laura: I hope this has been helpful. We will talk further regarding touring budgets.

ANNA: We will share in the tools or resources of these episode a list of books about money and financial education, and drumroll will also share a sample budget for you to use and modify based on your needs.

LAURA: So you know what I'm going to say. Go see a live show. I know I often say buy a ticket. You'd be surprised. You might find a lot of free performances out there, but you just have to look. But whatever you do, go see something. Go see an artist live and drop us a line. We want to know what you thought, what you saw.

Until next time.

(Fade out with jazz music by Manual Cinema)