MANAGEMENT PRACTICES IN THEATER: A DIAGNOSIS OF CHILEAN INDEPENDENT COMPANIES AND ITS OPERATING MODELS

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ABSTRACT

Throughout this paper, Chile's theater ecosystem is described and analyzed by thoroughly examining the operating models and producing practices of 35 independent theater companies in Santiago city. Based in the initial diagnosis of a previous research project called *Gestión de Compañías Teatrales: Diagnósticos y Desafíos* (2012) -Management of Theater Companies: diagnosis and Challenges-, this paper examines the obstacles that these organizations need to sort out in order to achieve their artistic goals. These theater companies stand as a representative universe of Chile's diverse ecosystem, serving as examples of the management practices of the current theater sector and thus, leading us to understand the new challenges these organizations will face in the future.

[Theater companies, Producing practices, Diagnosis]

SESSION G3
ORGANIZATIONAL STRUCTURE

INTRODUCTION

Artistic practice is not an enclosed activity. Furthermore, it prospers within an interdependent network that generates the proper conditions for its development. Regardless of the initial creative impulse that theater creators may have; producing practices, funding strategies, marketing efforts and other managerial tasks are vital in order to achieve their artistic goals and a successful relationship with audiences and peers. Still, much of the research that has been conducted regarding theater companies in Chile has been focused either in artistic matters such as the creative processes, aesthetics, and discourses, or historical points of view, leaving management and producing practices aside. Consequently, the following paper addresses a diagnosis of the theater sector in Chile, based on a study of the management and producing practices of independent theater groups or companies.

This paper aims to summarize and discuss the most relevant findings of the research *Gestión de Compañías Teatrales: diagnósticos y desafíos* (Management of Theater Companies: diagnosis and Challenges)[1], an in-depth study conducted in 2012 by Proteatro Chile[2]. Throughout this paper we will describe the mechanisms of administration and distribution of theater companies in Santiago, Chile's metropolitan area. The analysis will include observing how theater companies evolve along time in their organizational cycle, and revising their main constraints within the development of their creative practices.

Moreover, the relevancy of the results obtained in this research relate to several issues pertinent to the general arts management field. First, the conclusions obtained at *Gestión de Compañías* stand as a contribution to the academic field of performing arts. Although theater companies are considered to be the bases of the organizational theater ecosystem in Chile, still there is a need for systematic research in relation to administration and producing practices. Second, this study is the first one to deeply analyze the organizational practices of independent companies in Chile, serving as an accurate snapshot of the performing arts field, contributing not only to the growth and development of these independent groups but also to policy makers interested in the cultural sphere.

The initial methodology included in-depth interviews to 35 different theater companies belonging to Santiago, Chile's metropolitan area. In each case the respondents were either the company's director or main producer, depending on who led the administrative and producing area inside the group. Additionally this universe of companies was divided into three different categories: initial, intermediate, and advance. These categories were delimitated according to the number of projects (shows) that each group has performed professionally as a company.

1 From now on I will refer to this research study as *Gestión de Compañías*.
2 This is an independent research group conformed by professionals from different disciplines dedicated to foster Chilean theater. For more information please refer to www.proteatro.cl

Table 1: Research Universe.

CATEGORY	Nº OF PROJECTS / PLAYS	THEATER COMPANIES
Initial	2 - 3	Compañía La Junta La Buena Estrella Compañía Teatro Ártico Los Cenci Theatrum Insania La Kanita Callejera Teatro Kimen Fresa Salvaje Teatro Muerto Teatro del Carmen La Diva Teatro Atanor
Intermediate	4 - 6	Los Contadores Auditores Teatro de Patio Teatro La Consentida Compañía La Patriótico Interesante La Fulana Teatro Objeto Teatro Teatro Periplos La Empresa Lucidez Infante Alamala Teatro La Familiateatro
Advanced	7 or more	La Casa Azul La Otra Compañía Fiebre Central de Inteligencia Teatral (CIT) Geografía Teatral Los Pleimóvil Teatro Mamut Tryo Teatro Banda Teatro la Provincia Teatrópolis Gentil Teatro La María Teatro de Chile

Do theater companies exist? Characterizing the current Chilean theater ecosystem.

Performing arts groups, known in Chile as "theater companies", have prevailed as core clusters of independent creation, establishing its own internal dynamics and autonomous organizational forms. Historically these companies started in Chile at the end of the 19th Century as semi-amateur groups that came together for religious, political or social purposes (Piña, 2009). With a notorious influence of other international companies that worked in Chile at the time[3], these groups started to proliferate by spreading throughout different cities of the country. This expansion fostered the performing arts sector in Chile, improving it not only artistically, but also encouraging new ways of organizing. Consequently, in 1917 the first Chilean professional company is formed: the *Báguena-Bürlhe*[4], motivating other groups into the professionalization of the performing arts. The 20th Century finally consolidated the theater arena in Chile. During the early 40's some young theatergoers from various academic disciplines came together, creating a movement known as *Teatros Universitarios* or university theaters. This movement will result in the creation of two core groups in Santiago: the *Teatro Experimental* of the Universidad de Chile (1941) and the *Teatro Ensayo* of the Universidad Católica (1943). These two groups strongly began stimulating the Chilean theater sector through the creation of new plays, academic publications, playwright contests, and outreach activities that took place throughout the country and internationally. It was under these universities' actions that the national theater ecosystem was nurtured and finally consolidated.

3 The majority of them came from Spain.
4 Named after the both of the companie's funders: Arturo Bührle and Enrique Báguena.

This historical background shaped theater practices in Chile and thus, traditionally independent artists gather together under the company model in order to work. Currently these companies will develop over time under a natural organizational cycle, one that usually starts as an informal group of friends with common interests that come together for a specific project, and eventually turns to be a fully organized and mature group. Consequently, companies consolidate themselves by obtaining a legal status that serves to the conformation of a more professional organization, establishing long-term plans and funding strategies. Regardless of the moment in which these companies stand, they always identify themselves with a name that will help audiences distinguish or identify them from the rest. Along with the name, usually theater companies tend to develop a particular artistic language or aesthetic form for which they become easily recognizable.

Despite the fact that until today almost every independent performer's professional development in theater takes place within a theater company, the firs methodological question arose: Do theater companies exist? Several experts in the field have argued that "companies" as an ideal of creative groups are almost obsolete in the current artistic sector. This point of view has been reinforced in light of new definitions such as the idea of *teatro de autor* or "authorial theater", coined by authors Francisca Carvajal and Camila Van Diest (2009), a concept that has been attributed to a creational shift that took place in Chile during the beginning of the 80's. This shift, triggered by the circumstances of dictatorship[5] and consequently a very politically active scenario for the development of the arts, turned towards a new context for theater creation, one that was defined by the individual artistic leadership of artists that drove their own groups into the cultural scene. The political views and aesthetics of these directors were usually the core of the companies' creative evolvement and, because of this, it seems that it was relatively hard to dissociate the director's ideas and seal from the collective as a group. Nevertheless, our research argues that theater companies not only exist as organizational forms of creation for independent artists in Chile, but they also stand as the most relevant model of the sector.

As an example, an internal fact-finding online survey conducted by Proteatro in 2011 asked to more than 370 performing artists if they had ever worked in a theater company. To our surprise, 97,8% of the respondents recognized working at least once in their professional careers under this form of organization. Additionally, 78,6% admitted to be currently working at a theater company. Furthermore, 75,2% of the respondents considered being part of a theater company as something that might be beneficial for their artistic and professional development. Along with the fact that companies seem to be the preferred working system for the performing arts sector, it is pertinent to inquire into these companies' management practices. Perceiving how they work and identifying their problems will contribute to a better understanding of artistic creation as a whole.

Among the first findings within the research process of *Gestión de Compañías,* was the fact that almost no comprehensive definition of what a theater company is in Chile was available. The most accurate description was made again by authors Fernanda Carvajal and Camila Van Diest (2009) who offered some delineations in their book *Nomadismos y Ensamblajes: Compañías Teatrales en Chile 1990 - 2008*, by stating that companies "shall be understood as organizations, in other words as complex units with their own relationships, differences and internal processes, as well as their own – never univocal - ways to manage situations in the artistic, cultural and political field" (pg. 37). In addition to this definition, The National Council for the Arts and Culture (CNCA) characterizes theater companies as unstable groups "forced to settle or dissolve depending on specific theater projects and existing funding sources" (2010, pg. 18), highlighting the difficulty that this instability generates in the consolidation of companies as long-term projects. Finally, for the means of the research project *Gestión de Compañías* this two definitions where incorporated to the study.

As we have introduced, theatre companies are consolidated organizations in the Chilean ecosystem as a production hub in the field of creation. Likewise, they have led, under the wing of development funds, the production of artistic work. Cultural Centers and venues devoted to theatrical performances have grown a symbiotically dependent relationship with these groups. By this, we mean that while the maturation of theater companies is triggered by these spaces, as they serve the purpose of exposing their work to audiences and other constituents, these performing arts venues, its programming - and earnings - rely on the work of independent theater groups. Theatre venues are usually rental spaces and thus, with some exceptions, theaters are dismissed from exercising a producing role turning more to act as presenters. The usual contract between companies and theater venues is based on fixed percentages over the box office income, liberating these spaces of the economic constraints related to producing expenses.

5 Chile was under the dictatorship of Augusto Pinochet from 1973 – 1989.

Companies at glance: conformation and group identity

According to the information obtained by the different artists interviewed at *Gestión de Compañías*, there are two modes in which companies can emerge. The first one involves a spontaneous conformation of the group by several artists that share the same artistic project, usually coming from the same acting program. The second refers to what we previously described as the "authorial theater model", in other words, an individual who wants to start a research process, building its own artistic language or wishing to fulfill a specific project. In this case, the individual usually recruits other artists in order to conform a theater company. This selection may respond to various criteria such as personal affinity or the level of expertise of the different group members.

Whatever the conformation process is, theater companies tend to divide creative and managerial roles within their own group members. These functions or roles are professionalized throughout the various stages the companies' organizational life cycle. Among the roles mentioned throughout the interviews we may refer to the following ones: director, producer / manager, graphic designer, stage designer, playwright, press officer and musician. It is interesting to observe that there is a correlation between the level of experience – or category – in which the company stands and the level of organization in terms of role division. Usually, defining the member's roles stand as one of the first managerial decisions, one that we observed draw the line drastically between the initial and the intermediate category.

Another interesting point relates to the role that Universities or academic institutions still play in the conformation of companies. As we stated in the introduction, these educational spaces were key in the consolidation of the current ecosystem, a condition that apparently is maintained until today. It was observed from the research that academic institutions offering theatre undergraduate programs support activities in which their students are able to develop a sense of a professional experience. For instance, several universities are in charge of organizing theater festivals in order to expose the student's work to a general audience, approaching them to the professional field. To almost every theater company, these activities triggered their conformation as they required organizational skills and usually serve as an excuse in order to test the group's cohesion. These festivals effectively act as a milestone for theater companies, promoting their work and conformation. Likewise, other community festivals stand as networking opportunities, encouraging and strengthening the constitution of theater groups by sharing with peers and creating new collaborative efforts. *La Kanita Callejera*, one of the companies interviewed for *Gestión de Compañías* declares the following:

Festivals represent a good experience for the group. This is because generally at these community festivals there are no accommodations such as hotels. Thus, people sleep at boarding schools, cultural centers or other places where you can actually share with other [theater] companies. (2012, pg. 31)

As to why independent artists believe that the conformation of a theater company is key in order to develop their professional training as actors and actresses, there are certainly other reasons. Despite the fact that working with their own friends is actually a relevant impulse, the majority of the respondents gave three other reasons in order to work under this organizational model:

1) The creative independence that they achieve: This refers to the concern that artists have in developing a project that can be articulated from their own view or theme of interest, a specific acting technique, a particular aesthetic or discourse.

2) The generation of a stable economic hub: Artists tend to believe that working under the model of a company allows members to make a living out of theater. Regardless of the amount of money that artists can actually make from performing in theaters or even the fact that actually most of them don't make a living out of theater as their only source of income, it is interesting to observe that performing artists do perceive that companies are an employability space and a source of income.

3) The idea of social service through art: This is related to the mission and objectives that usually companies have in order to work in theater: the democratization of access of different types of audiences both in a symbolic way and geographically.

Interestingly enough, as companies move into different categories according to their trajectory, some new objectives start to emerge. They refer to the generation and fostering of network opportunities both domestically and internationally. Throughout the research, several groups declare that there is a lack of facilities in order to promote networking opportunities for theater companies. Despite this, companies see this as vital in order to consolidate their artwork.

Producing practices inside a theater company.

Before analyzing the producing practices inside theater companies it is relevant to point out that in Chile there are no academic programs specialized in artistic production. The only alternatives are spontaneous workshops related to production issues or graduate MA programs dedicated to Arts Management or Administration (in Spanish known as Gestión Cultural). Consequently, professionals in the arts world tend to have difficulties when it comes to differentiate between the terms management and production. For the purposes of this analysis, production will include the series of actions and activities that companies need to perform in order to carry out their artistic projects and final performances showcased to audiences.

One of the first questions that came up while defining the organizational model of theater companies was related to producing practices in terms of identifying who assumes the producer's role and what is that person's training or level of expertise. As a result, a multiplicity of answers was collected throughout the conducted interviews. The responses may be then categorized in the following alternatives:

- Production is assumed by all the members of the theater company, usually by dividing tasks and choirs in relation to the different needs that appear along the creative process.
- Production is carried out by a unique member of the company, with or without experience in the field, who also participates as one of the actors or actresses inside the group.
- The director acts as producer. He or she may or may not rely on the other member's collaboration in order to perform a specific task.
- Finally in the minority of the cases, an external agent takes care of the producing role.

Throughout the investigation we were able to perceive that the producer's role evolves as companies grow in their paths. In general, and while most companies start with a shared production mechanism between its members, as they advance over time, the need to differentiate roles starts to emerge.

In terms of production responsibilities, one of the first tasks that companies need to cover is the one related to space. Finding a proper space for rehearsal and presenting seems to be one of the priorities in a company's to do list. Santiago is –by far- the most active city in Chile's cultural life, the factors contributing to this reality include not only a higher concentration of the country's population within the area, but also the fact that 79% of the professional training programs for theater are located in Santiago (CNCA, 2010, pg. 18).

Despite this reality, being able to find a space to perform seems to be one of the main issues for initial theater groups. Providing a number of established theater organizations in Chile is not easy as there is no comprehensive inventory available. The National Council for Arts and Culture has attempted to provide a formal number of performing arts venues in one of its latest's publications (Red Salas de Teatro, 2012) which included more than sixty performance spaces in the country's capital city. This number does not necessarily mean there is a large pool of options for companies as many of these venues are not well conditioned in terms of infrastructure while others are either sporadic or very alternative presentation spaces managed by young artists as cooperatives.

So how do theater companies solve this claim for space? Regarding the rehearsal spaces the interviews brought up a variety of alternatives ranging from the member's own living spaces to formal residential spaces. Some other alternatives named by the companies were: community based spaces, Universities, and leased rehearsal spaces. Once again, some evolution can be observed in terms of the rehearsal spaces companies are able to obtain and their category. Although there are several spaces that are used by the three types of categories – initial, intermediate and advanced - such as universities, rented rehearsal spaces or the member's own living spaces, there are also others that are clearly differentiated according to their level of trajectory. This is the particular case of some intermediate theater companies that are already able to afford their own spaces and some advanced groups who have the benefit of being part of a residency program of a larger cultural organization.

When it comes to presenting spaces theater companies are faced with a large theater ecosystem. This paper defines this ecosystem as group of organizations that constitute the main theatrical offerings of the area, but that also represent substantial diversity in terms of their infrastructures, range of operations, budgets, and missions. These differences are fundamental in any type of community as they enrich the cultural arena of all of its constituents. This diversity may be described as organizations with commercial purposes and thus established as for-profit theaters, non-profit institutions, or as organizations with different scales of operations both, in size and seating capacity. For example, the smallest venue may be a fifty to sixty-seat house, while the largest may hold as many as 600 seats. It is also important to consider that some theaters are independent organizations, while others are part of larger institutions such as universities, municipalities, or cultural centers. Finally, the mission and programming offered by these organizations varies from independent and bold or alternative works to the most classical repertory. Under this scenario, theater companies search for different presentation spaces according to their trajectory and programming, usually filling applications and sending out an artistic portfolio with their proposal according to certain criteria or preferences.

Funding models

As independent theater companies in Chile operate in most of the cases under individual-base efforts and as almost none of them are conformed under a legal organizational status, it is very difficult to separate the member's finances from the group as an organized model. Usually funding sources for these groups are directly obtained from it's own members and in the best-case scenario, from the public arena through the national granting system (also known as FONDART). As a consequence, usually company members work for free, driven by specific artistic objectives and under extremely hard conditions. As a result, for companies in the advanced category, working with a fixed schedule and paid rehearsals has become a desire and a step closer to what they see as the professionalization of the creative work.

Therefore, usually all of the company's net income is divided within the group members including cast and crew. Still, the reality of Chilean artists does not differ from other places in the world, as frequently after one or two season there is still almost no net income available to split. This may be due to a common reality in the performing arts world that has been described as the *Baumol's Cost Disease* theory. Created in the 1960's, this theory defines arts not only as a manifestation of the human spirit, but also as a productive activity where income is constantly declining and thus, generating an inevitable gap in any organization's finances. This gap refers to the difference between the production's fixed costs and earnings produced by ticket sales, which are no longer able to cover the expenses of theater performances. In their book, *Performing Arts: The Economic Dilemma*, analysts William J. Baumol and William G. Bowen agree that "the interrelationships of the various sectors of the economy, together with the inability of the arts to achieve a sustained increase in productivity, make ever-higher costs and inevitable characteristic of live performance."

Despite the fact that almost every Chilean company experiences this phenomenon, they seem to not be able to find a suitable model to fill their own budget's gap. It is usually assumed that government support is the main source of funding for Latin American countries and thus, concerns around this gap seem unnecessary; but the reality is that public funding and revenues from ticket sales are insufficient turning this initial assumption into an incorrect one. Even though theater companies usually access public funding through FONDART, according to the CNCA only 7% of the applications in 2012 were successful in getting funds via this granting system (CNCA, 2012). For artist, being funded by FONDART usually means more than just the economic resources. For most of the theater companies, achieving the grant also stands as recognition as it validates their work in terms of quality.

The situation is significantly different for theater companies in terms of indirect funding sources particularly when trying to achieve private funds. One of the most common ways in which this mechanism takes place is by fostering fiscal incentives that involve an income tax deduction on charitable contributions for the arts. Among some difficulties that companies have while accessing to this funding mechanism relates to the fact that it only supports legally conformed non-profit organizations and consequently only a few of them are eligible to use it.

Finally, one of the most relevant funding sources – particularly for the initial category has to do with alternative activities that serve as earned income strategies. These activities do not refer to any formal business model, but rather to small profit-making actions such as parties or workshops among others.

CONCLUSIONS

As we have described along in this paper, independent theater companies operate according to different models of administration (therefore creation), depending on their level of experience and trajectory as a group. Even though almost all of them stated a desire to develop themselves as communal groups - as, for instance, cooperatives would - they have realized that an effective allocation of resources and an improved management system is only possible under other organizational models. Whether and arts group is managed by one or several leaders, or by its artists members, *Gestión de Compañías* shows that fostering an organizational model helps them to operate as a business in the simplest level, increasing the chances to survive – artistically and financially - in the arts world.

In light of these findings, one of the first changes that companies face in the consolidation of an intermediate type of organization tends to be related to structure. Consequently they shift towards a more hierarchical status, dividing roles and adding a delimitated work description to each one of them. This initial action increases their level of productivity and allows them to focus in the artistic matters over the managerial tasks.

Another conclusion of *Gestión de Compañías*, has to do with the relevance of national theater history as an reference and how it has fostered theater activity in Chile. It is vital to understand that theater groups develop their work framed under the "company model". This model, consequently aligned with the history of Chilean theater, still relies on Universities as cornerstones of the ecosystem, not only because the artistic training is produced there but also because these organizations are key in generating a cohesion between artists, theater companies and audiences, forming a collaborative system within the theater sector. Almost every company, regardless of its category, still relates to Universities in some sort of way. Some of them use them for rehearsal spaces, others for funding opportunities, or just for networking with peers. Also related to Universities, the diagnosis of the ecosystem exposed the lack of preparation that artists receive in order to manage their own artistic projects. Formal education regarding the performing arts has been focused in acting programs, leaving aside producing and management practices. Lately, new graduate programs in art administration and management have been created, however many of the interviewed artists declare that these specific areas of knowledge should be part of their training as artists.

Finally, it is important to add that this analysis of the Chilean theater ecosystem has faced us with several challenges in terms of strategic planning, funding and the desire of fostering a vibrant artistic network of theater constituents. Even though funding is still one the main challenges for these independent groups, we may observe that experience in the arts leads them to an organizational maturity, one that redefines an organizational model towards improving the internal system and allowing them to concentrate in the creational aspects and initial objectives.

Gestión de Compañías is a research that may be understand a snapshot of the current theatrical ecosystem in chile, facing us not really with answers, but with several challenges to solve.

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