



Business Plan

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Introduction

ArtsPool is a cooperative of members who share a group of workers and a suite of technology that delivers the following administrative work. (For a more comprehensive list of services and systems, refer to Appendix B.)

- **Finance**, including bookkeeping, accounting, operating and grant budgeting, reporting, forecasting, and preparation for annual audit;
- **Workforce Administration** such as payroll including coordination with benefits, employee records collection/reporting, coordinating resources + access to expert advice as needed on employment matters; and
- **Compliance** with funder and regulatory requirements such as reports, filings, and policies.

ArtsPool began as a project of the Alliance of Resident Theatres/New York (A.R.T./New York). The framework for the company was proposed in [*Collective Insourcing: A Systemic Approach to Arts Management \(2011\)*](#), a concept paper written by Guy Yarden and Sarah Maxfield. With support from The Rockefeller Foundation Cultural Innovation Fund and The New York Community Trust, ArtsPool's initial business plan was completed in August 2013. Following completion of the initial plan, with additional support from The Scherman Foundation Katharine S. and Axel G. Rosin Fund, Doris Duke Charitable Foundation, The Fidelity Foundation, The Altman Foundation, The Howard Gilman Foundation, The Mertz Gilmore Foundation, McGue Millhiser Trust, PDT partners, Rockefeller Brothers Fund, Booth Ferris Foundation, along with renewed support from The New York Community Trust, ArtsPool's structure and services were built out, and ArtsPool launched as an independent company and began offering services in December 2014.

The nonprofit arts sector has always struggled with a lack of financial and administrative resources. These challenges have increased since the fiscal downturns in 2002 and 2008, as arts nonprofits have faced dwindling funding and increasing regulation and are spending more time managing compliance demands while also competing for a smaller pool of funds. Less money plus more administrative work leads to gaps in capacity and diminished focus on programmatic and strategic work. Arts groups also tend to create independent infrastructure: their own space, staff, and technology. The unique proposition that ArtsPool offers is a chance to share elements of that infrastructure (labor, technology) focused on operational and largely redundant and transactional work making them well-suited to gain efficiencies – savings arts organizations time and controlling the cost. ArtsPool is also elevating effectiveness by

providing consistent, high-level administrative practices that strengthen output and by offering continuity within functions that arts organizations often struggle to fully support and that tend to suffer from high turnover.

General Description

Company Purpose

ArtsPool is a cooperatively-owned organization that offers a shared administrative infrastructure to nonprofit arts organizations, so that they can increase quality of output in administrative areas and devote more of their limited resources to program-specific and strategic activities. Currently, ArtsPool membership is only open to organizations recognized as tax exempt under Section 501(c)3 of the Internal Revenue Code. Eventually, ArtsPool aims to offer services to artists, other individual arts workers, and arts organizations operating outside of tax-exempt structures.

Operational Overview

ArtsPool is operated by a team and high-level administrative staff making use of shared technology tools and systematized processes to provide member services. ArtsPool is organized and managed through a lateral team structure, with built-in structures for ongoing, iterative improvements. These teams and organizing structures are further described below in the “Management and Organization” section.

Business Goals

- Streamline administrative processes, so members spend less time and energy mired in sorting through administrative chaos, and more time using clear administrative tools to make strategic and programmatic decisions
- Provide expertise and standardized systems for financial management, workforce administration, and compliance for the nonprofit arts in New York City.
- Facilitate shared access to knowledge and resources for issues of interest to the membership, even beyond ArtsPool’s specific services scope.
- Support cost control through pooled administration, which operates on a break-even basis, self-sustained from equitably distributed membership fees.
- Develop and leverage combined purchasing power for greater shared benefit and social impact.
- Create a culture of ethical labor practices across membership and internally in which all workers (including artists) are compensated at fair and livable wages.

- Share power by making decisions cooperatively through a governance process that includes staff and member representatives.
- Operate in a manner that is aligned with our Values Statement below.
- Build a membership, staff, and governance that reflects the diversity of arts activities and cultural communities in New York City.

Values Statement

- ArtsPool values equity. We work to dismantle the systemic, structural inequities in our world and in the context of arts administration.
- ArtsPool values inclusion. We seek out a broad spectrum of identities, ideas, experiences, tools, and systems to improve our work and our understanding.
- ArtsPool values sustainability. We create and improve our systems to support long-term health of our people and our organization.
- ArtsPool values happiness. We work to create and maintain a working culture for staff and members that encourages joy, even amongst mundane details.
- ArtsPool values boldness. We take risks, accept challenges, and envision big ideas while following through on details.
- ArtsPool values flexibility. We are responsive to our members, our staff, and our environment.
- ArtsPool values personal responsibility to the group. We communicate and help each other, and always remember that we are a team.
- ArtsPool values proactive, designed, lived change. We hold ourselves highly accountable to living and practicing the concept of change from which we began.

Measuring Objectives

Measuring Service Goals

ArtsPool measures its impact by establishing initial benchmarks for each member as part of the onboarding process and by tracking how those benchmarks – expense reduction, quality of ArtsPool work products, and member resources devoted to mission – shift due to working within a shared infrastructure. Each member’s service team also conducts an annual “Retro” with member staff. This is an in-person session discussing the past year looking at what worked well and what needs improvement. The Retro ends with a list of shared action items. One of ArtsPool’s goals in 2018 is to increase specificity around measurement practices, including implementing more specific steps for following up on Retro Action items, clearer structures for implementing feedback trends across membership into ArtsPool’s services as a whole, and conducting regular member surveys for specific service areas.

Measuring Financial Goals

ArtsPool's financial goals at this stage are directly tied to our approach to a true break-even operating basis, currently projected in 2020.

Measuring Equity Goals

ArtsPool's equity goals will be measured in increased inclusion from varied artistic practices and cultural groups across our membership, on our governance committees, vendors, and within our staff.

Target Membership

ArtsPool currently benefits the nonprofit arts community in New York. Provided with a robust labor and technology infrastructure, membership is made up of nonprofit organizations invested in the value of a shared structure and seeking high quality, consistent, streamlined administrative work at below market cost.

Core Competencies

ArtsPool leverages the collective expertise and experience that already exists within the nonprofit arts, and it therefore benefits from increased shared wisdom as membership grows. Where ArtsPool is unique is in the tools it provides (online systems, systematized workflows, team approach) to better organize this collective expertise into a more effective and sustainable operating framework. In addition, ArtsPool members and staff co-own ArtsPool and the company has established a break even financial goal. Combined, these dynamics distinguish ArtsPool from traditional outsourced service providers that assert full control of decision-making are often working to generate a profit.

Legal Structure

ArtsPool is structured as a Limited Liability Company (LLC), which has elected to act as a C-Corp for tax purposes. ArtsPool, LLC contains a subsidiary corporation (ArtsPool Services), which employs all of ArtsPool's staff. The governance of the cooperative is handled in practice by the committees of ArtsPool, LLC (listed on the first page of this plan). However, as a structural matter, ArtsPool Services, Inc. also maintains three officers, which are identified as the three ArtsPool staff representatives on the Steering Committee of ArtsPool, LLC. During ArtsPool's initial start-up period, it maintains a fiscal sponsorship agreement with the Alliance of Resident Theatres/New York (A.R.T./New York). By nature of this agreement, A.R.T./New York maintains a special membership class, and a seat on each governance committee.

Launch

To adequately address the scope and potential long-term impact of ArtsPool, a multi-year startup period is essential. This period, which began in December 2014, has allowed the development team to engage in a continuing process of discovery that ensures that the systems and services established are meeting the needs of the nonprofit arts field and achieving time/cost savings, continuity within the functions ArtsPool supports, and elevated output. After core systems were developed and initial staff hired, ArtsPool rolled out its inaugural service offerings to a small group of members who were identified in the research and development stage. The startup period will conclude when ArtsPool is self sustaining from membership fees, which is currently projected to happen in 2020.

AUTUMN 2011

Guy Yarden and Sarah Maxfield write concept paper *Collective Insourcing: A Systemic Approach to Nonprofit Arts Management*.

SUMMER 2012

With funding from the Rockefeller Foundation Cultural Innovation Fund and The New York Community Trust, the development team begins business modeling with the participation of a diverse group of arts organizations.

JULY 2013

ArtsPool business model and plan is completed.

SEPTEMBER 2013

A.R.T./New York receives a major grant from The Scherman Foundation's Katharine S. and Axel G. Rosin Fund to develop and launch ArtsPool.

2015

ArtsPool services launches with small group of clients. Start-up fundraising, organizational design, and further development of ArtsPool systems continued, including workforce administration and finance work functions and web-based management tools.

2016

ArtsPool membership and core staff continued to expand, as service delivery became further refined. At the end of 2016, ArtsPool had 12 members, 7 full-time staff, and member service revenue covering 42% of monthly operating expenses.

2017

ArtsPool continues toward its break-even goal as membership grows and service delivery becomes more refined and efficient. ArtsPool's cooperative governance process is activated more fully with increased member participation.

2018

Measurement of impact is more specifically addressed simultaneous to strategic growth in membership and staff. Increase in capacity across service areas - particularly bringing compliance and workforce administration teams up to capacity that more evenly mirrors the financial team. A focus on communication structures quality control is implemented as ArtsPool grows beyond its initial core group of members and staff. Improvements are made to ArtsPool's web application (the "ArtsPool App") to improve sorting and status tracking of work items. Research on co-employment models and other opportunities for shared benefits concludes in a decision either toward a particular partner in this area, or that ArtsPool cannot pursue this structure in the near-term.

2019

Emphasis on stabilizing all aspects of the organization following 2018's period of rapid growth, in order to confirm break-even goal for 2020.

2020

ArtsPool is self-sustaining on earned revenue from member fees, and we can look towards next step goals including potential expansion beyond the New York region, offering services a la carte, and/or to members who are not incorporated as nonprofit organizations.

Services

ArtsPool offers the services outlined below in a single bulk package to all members.

Financial Management

ArtsPool provides support and services for financial planning, budgeting (operating + grants), reporting, bookkeeping, cash management, annual financial statements, and preparation for annual audit and tax filing. Beyond accurate accounting, strong fiscal controls, and corporate compliance, a key measure of ArtsPool's effectiveness is a member's ability to better understand their financial information, to set considered revenue goals and to make responsible expense decisions. Financial decision making always rests with the member.

Workforce Administration

ArtsPool service delivery is administered by a team of staff who, together with members, work to ensure timely and accurate processing of payroll, workforce insurance reporting requirements, and coordination of benefits with payroll. Approvals and most day-to-day tasks are managed through ArtsPool's custom web-based management software and specially selected partner programs.

Compliance Maintenance

This service ensures that all member reporting requirements with regulatory authorities and industry databases are being maintained accurately and consistently. In addition to standard government reporting for charities and employment activity, ArtsPool manages reporting to the ever-increasing list of data repositories that funders and government agencies require of grant applicants and grantees. Currently, this includes DataArts, Guidestar, Better Business Bureau, NYC Vendex, NYC HHS Accelerator, and the NY State Grants Gateway. ArtsPool also assists members in preparing and maintaining up-to-date government-mandated corporate policies, including Anti-Discrimination, Whistleblower, Document Retention, and Conflict of Interest policies.

Technology

Independently, artists and arts organizations struggle to afford best-of-breed technology and to maintain and maximize the technology they have. The net result is that the field is often working with technology that slows their work down and does not produce strong, clear data to support strategic planning. The overarching goal of ArtsPool's technology initiative is to combat this trend by creating a robust, shared infrastructure that maximizes efficiency, delivers high-quality output. To date, ArtsPool uses cloud-based systems such as Xero (accounting, bookkeeping, and payroll), Zenefits (employee onboarding), Track1099 (W9 and 1099 processing), Google Drive (file storage, word processing and spreadsheets), Checkeeper (check fulfillment), ZenDesk (knowledge base), and a custom web interface for day-to-day task management (task

management, approvals, document gathering, member communications, financial snapshot) to deliver service.

ArtsPool's bespoke online management dashboard integrates with ArtsPool's accounting system to provide ArtsPool members with integrated picture of their finances when making payment decisions, etc. Over time this tool will include workforce and compliance status updates, allowing members to take action immediately, even when on the go. This web application provides the beginning of a central interface for core workflows and will expand to include reports related to financial management and human resources and centralized access to an on-demand network of vetted freelance workers. ArtsPool's other specially designed tool, The Compliance Toolkit, is free to the public and helps ArtsPool members and managers, and any other participating nonprofits, to monitor, assess, and improve their compliance health.

Service Delivery

ArtsPool services are delivered collaboratively by ArtsPool staff and member staff. Certain points in member-ArtsPool interaction, such as onboarding, training, and customer service support, are delivered in-person, via videoconference, or by phone to facilitate critical contact between ArtsPool staff and members. However, most interaction is through the ArtsPool App, which is designed to trigger, monitor, and process workflows.

Market

Context

One of the greatest challenges for small and mid-size arts organizations is that regulatory and funder requirements frequently exceed their capacity. With growth, disproportionate resources must be used to maintain new administrative demands and increasing fixed costs. The effect of these pressures is evident in our current system, which is unstable, fraught with risk, and offers few realistic pathways to sustainability for artists and arts organizations. Furthermore, with arts foundation funding on the decline, the NEA under attack, and the United States becoming increasingly violent and divided, now more than ever it's critical that the arts field find as many ways as possible to band together and strengthen our work and our resolve. Most critically, we must find ways to elevate artists, their voices and perspectives, by more deeply supporting their work, which is a critical underpinning of ArtsPool's model.

What differentiates artists and arts organizations is the creativity and individuality of the content they produce, not the procedures required to maintain their operations. This is different than for-profits, which may develop proprietary operational methods to produce similar products to their competitors more efficiently and achieve greater market share for a wider profit margin.

Artists and arts organizations don't compete in this way because their products are each original. Therefore, there is no advantage in keeping operating systems individualized because these systems are not what make each organization special. An organization's programmatic output is what ensures its identity and longevity. Reducing the amount of time wasted on duplicative efforts and inefficient systems increases the potential effect.

It is particularly important to find opportunities to increase administrative efficiency in the arts because artistic practice itself is innately "inefficient." Research and discovery takes time. In fact, much artistic practice takes place outside of the organizational context, and those costs are borne by the artists themselves. To correct this structural imbalance, it makes sense that administrative practice becomes hyper-efficient in order to leave as many resources as possible for artistic work. This goal is also challenging, however, particularly in the current environment of increasing (and often conflicting) regulatory requirements, but all the more reason to work collectively toward administrative solutions. By not improving the efficiency of organizational operations, we continue to limit the potential of artists' work and constrain the health of the field as a whole. ArtsPool offers a systemic approach to resolve or mitigate administrative inefficiencies, reduce operational risk, and devote more resources directly to artistic practice and programming.

Members

ArtsPool is building a membership of arts organizations that reflects the full diversity of the arts field in New York City relative to genre, purpose, geography, and identity. Diversity strengthens ArtsPool by imbuing our collective knowledge with the broadest range of perspective and experience. This not only helps us continuously nuance and improve our services, but also ensures that our work remains relevant to the needs of the field. In terms of annual budget size, predominantly, the field is made up of small and mid-sized organizations, and the needs that ArtsPool is working to address are most urgently experienced in the small to mid-sized range. Therefore, we are actively pursuing companies that will diversify our member base within that range. We are also focusing on increasing equity and inclusion across cultural and racial groups within our membership.

Niche

ArtsPool serves members of the New York nonprofit arts field who are seeking new operational support and those dissatisfied with their existing operational structures. It best serves those who are interested in working together to establish a mutually beneficial, shared solution.

Competition

Though ArtsPool offers a new operating model for nonprofit arts organizations, there is increasing evidence of existing for-profit companies who may compete with ArtsPool for clients. Most of these service providers will not be able to compete on price because their cost structures and growth goals have a built-in profit motive, and nonprofits with high-risk workers' comp aren't generally very attractive clients when considering a bottom line of profit. These "competitors" are unlikely to match total service quality because they do not have a deep engagement in the programmatic goals and organizational challenges of their clientele. However, some may be competitive with ArtsPool when it comes to methods of service delivery, as many of the technological and staffing strategies that ArtsPool will be using are becoming more prevalent. Nevertheless, ArtsPool is rising above its competition due to the innate strength of a shared infrastructure, a labor pool of arts specialists, and the commitment to quality administrative work that keeps members focused on their own core purposes.

Marketing Strategy

Services

ArtsPool provides a purpose-built, integrated management approach so that members can focus more on their programs and less on administrative churn. Unlike a traditional outsourced solution that attempts to serve at arms-length, often with tools purpose-built for the corporate industries,, ArtsPool uses standardized procedures designed for nonprofit needs and collective effort to increase efficiency where possible, while accommodating the specificity needed in the nonprofit arts.

Promotion

ArtsPool promotes its services primarily through active dialogue with potential members and through strategic partnerships with other arts service providers. ArtsPool team members give public presentations at seminars, conferences, town hall meetings, and other gatherings. As begun in the planning phases, ArtsPool continues to connect with colleagues and potential members in one-on-one and group information sessions, and we maintain a website with detailed information about ArtsPool. As satisfied members become advocates, word of mouth will have a great impact on membership expansion. However, our plan assumes that ArtsPool will need to be active in seeking new members to achieve collective health and that staff responsibilities will include membership development.

The need for this person-to-person approach to promotion is two-fold: we're asking potential members to transform their administrative practice, and we're asking them to help seed a

transformation in how the field operates. In the early stages, a five-minute elevator pitch, ads, and online solicitations simply won't get to the depth of what ArtsPool is about, what it is asking of its members, or what it can deliver. If ArtsPool is going to be successfully realized, a critical mass of members will need to buy in. Just as each prospective member needs to take real time to think through whether ArtsPool is right for them, ArtsPool staff also have to make sure that each member is well positioned to adapt to the new model. Hence, thoughtful, person-to-person dialogue are at the heart of promotional efforts.

In 2018 and beyond, ArtsPool aims to increase clarity in its marketing materials, emphasizing shared rules of engagement for members of ArtsPool by publishing our Values Statement and description of a Member in Good Standing. During this period, ArtsPool also aims to increase its recruiting reach by posting nationally for all positions, and we aim to engage more directly and frequently with communities of color for membership and hiring opportunities. Finally, during this phase, we intend to increase opportunities for strengthening the ArtsPool brand through increased use of our "Member Badge" on member websites and other promotional materials, as well as a "Built by ArtsPool" footer on member financial documents, and other work products.

Pricing

The determination of service pricing is further discussed in the Financial Plan. Primarily, the pricing is set to reduce or contain current member costs, while sustaining ongoing operations of ArtsPool in service of its members. ArtsPool's pricing will be revisited at least annually with its Operations and Finance Committees as a part of ArtsPool's budgeting process, to ensure that costs are favorable for members and also sufficient to sustain well ArtsPool's ongoing operations.

Market Location

Initially, ArtsPool's physical location is in New York City and we are currently only serving arts organizations in New York.

Management & Organization

Organizational Teams

ArtsPool is organized and managed by a series of teams of managers rather a hierarchical structure led by a single executive. At the governance level (equivalent in scope to a more traditional nonprofit board), these teams include member representatives as well as staff. Each team also elects a "Rep" to represent the team in the coordinating "Team Management" group,

which meets monthly to coordinate issues across teams. At January 1, 2018, these teams are structured and staffed as follows:

Service Scope Teams

Bookkeeping

Max Dana, Molly Hickok, Tommie Mitchell, Khalilah Smith, Nadia Tykulsker (part-time), and Megan Runyan (Rep)

Budget

Joshua Cohen (Rep), Abby Felder, and Stephanie Jauch

Accounting

Joshua Cohen (Rep), Abby Felder, Stephanie Jauch, and Megan Runyan

Workforce Administration

Maya Ciarrocchi (part-time), Sam Doyon, Stephanie Jauch, Yi-Chen Lai (Rep), and Sarah Maxfield

Compliance

Max Dana, Molly Hickok (Rep), and Sarah Maxfield

Operational Teams

Operations

Joshua Cohen, Max Dana, and Sarah Maxfield (Rep)

This team is responsible for managing ArtsPool's internal operations from office management tasks like ordering coffee on up to coordinating performance reviews and managing conflict resolution. This team feeds into the Operations Committee at the governance level.

ArtsPool Financial Planning

Joshua Cohen (Rep), Max Dana, Stephanie Jauch, Sarah Maxfield, and David Sheingold (consultant)

This team is responsible for managing ArtsPool's long-term financial planning including budget management, debt financing planning, investment planning, etc. This team feeds into the Finance Committee at the governance level.

Diversity, Equity, and Inclusion

Abby Felder (Rep), Molly Hickok, Nadia Tykulsker, with advice from Piper Anderson (consultant)
This team is responsible for holding ArtsPool accountable to its DEI goals and coordinating with

other teams to ensure a DEI focus is applied to all aspects of ArtsPool's operations and service delivery. This team feeds into the Operations Committee at the governance level.

Technology

Max Dana (Rep) and Sarah Maxfield

This team is responsible for managing the tech development road map for ArtsPool, coordinating with external developers as necessary (and funded), and gathering and implementing feedback from staff and members toward increased usability of ArtsPool's technology tools. This team feeds into the Operations Committee at the governance level.

Member Development

Joshua Cohen, Stephanie Jauch (Rep), Sarah Maxfield, Nadia Tykulsker, and David Sheingold (consultant)

This team is responsible for coordinating evaluation of potential new members, communicating updates to the membership, and identifying strategies for attracting new members. This team feeds into the Membership Committee at the governance level.

The scope, number and structure of the organizational teams will evolve as necessary to accommodate changes in the size of the membership and the scope of ArtsPool services. The staff of ArtsPool consists of highly experienced nonprofit workers who are open to new methods, have an aptitude for problem-solving, and have a track record of effective multitasking with complex systems.

Each of the teams described above meets at least monthly, in order to address ongoing issues within their scope. For Service Scope Teams, these items include standardizing processes for service delivery across staff and across members, identifying areas for improvement of service, and flagging items for communication to other teams, governance, and membership as a whole.

Member Service Teams

As an overlay to the organizational teams described above, the ArtsPool staff is also organized into teams for service delivery for each member. Currently, each member service team includes the following roles:

- Budget/Accounting Lead
- Bookkeeping Lead
- Workforce Administration Lead
- Compliance Lead

ArtsPool staff is working to more precisely define the boundary between the "Budget" role and the "Accounting" role, so that those roles can be separated or combined as needed to most

efficiently meet the need of both members and ArtsPool staff. ArtsPool also considers an expanded service team (doubling up on certain roles) when the budget size, payroll headcount, etc. is larger than can be reasonably managed by the team described above. Further, ArtsPool's organizational teams within each service area work with each other during periods of high volume, vacation, training, etc. in order to balance work-loads within each service area for member teams.

Member Service Teams meet at least quarterly for focused coordination, and communicate on a daily basis on specific member tasks.

Online Management Dashboard

ArtsPool will utilize a shared technology system and an integrated, online management dashboard to streamline administrative work and make it portable. The ArtsPool App serves as a central repository for information, an integration point for critical systems such as finance, workforce administration and compliance, and a collaborative workspace for member staff and ArtsPool staff. Designed to facilitate communication between workers and to present each organization's information to them in the most relevant and timely manner, the dashboard includes communication and collaboration tools and other features that allow work to be completed efficiently, accurately, collaboratively, and at lower cost to the member.

Because most artistic practice and production takes place outside of traditional office environments and business hours, the current transition to cloud-based technology is part of what will make this model viable. ArtsPool technology systems will be developed with a user-driven approach so that tools are responsive to member needs and available wherever and whenever members need them.

Compensation Structure

At start-up, ArtsPool had set its compensation structure at two different starting levels (manager and associate), set to increase 3% annually for cost of living. With the development of the more lateral team-based structure described above, ArtsPool's compensation structure and policies require revisiting. Through a process of further defining job descriptions as they currently exist, and looking forward beyond start-up, adjustments will likely be recommended by the Ops Team (staff) to the Operations Committee (staff + membership) to bring ArtsPool's compensation structure more clearly in line with staff roles as they have developed. Additionally, ArtsPool's starting salaries will need to be adjusted for inflation, and this is part of our ongoing budget process.

Governance Committees

In lieu of a Board of Directors, ArtsPool is governed by Governance Committees comprised of representatives elected by the membership and representatives from the management team, each serving on a rotating basis. These committee members are listed on the first page of this document. The largest responsibility of these Governance Committees is to ensure that ArtsPool is effectively achieving its purpose, business goals, and benchmark objectives. The Governance Committees will also approve changes in membership, changes in the management team, changes in pricing, annual budget and distribution of ArtsPool surpluses and make decisions regarding the effectiveness of the business model and any system-wide changes that are needed to develop successfully, in accordance with governance procedures set forth in the by-laws.

Operations

Core Operating Architecture

Certain core elements have been included in ArtsPool's operating architecture from the beginning in order to lay the groundwork for long-term success. These elements include a systemized approach to work, leveraging digital tools and centralized data for efficiency, and a shared set of standards and practices. Other elements will be developed over time to achieve the full levels of efficiency and fiscal health needed to sustain effective, secure operations for the members.

Systematized Workflows

ArtsPool's model is built on the understanding that certain business processes common to all nonprofits are repetitive and can therefore be systematized to require less time. For example, many payroll activities and tax filings occur at regular intervals and are the same across all companies, so there are efficiencies to be gained by aggregating these activities and running many member payrolls on the same day. Similarly, budgeting and reporting processes are recurring activities driven by both compliance requirements common to all nonprofits and grants from a common set of funders, so it makes sense to develop a standard set of budget templates and charts of accounts so that managers can work efficiently across multiple member accounts. Workflows vary as needed for more complex organizations with more program areas and grant compliance demands, but a common set of systems drives most day-to-day operations. As ArtsPool grows, these shared processes will be further streamlined to control costs and will be informed by and adjusted to the common needs of the membership as a whole. Increasingly, as ArtsPool's capacity grows, we seek to reduce friction between the areas of service that resist systematization and those that can be more easily streamlined. We

plan to achieve this by continuing to refine the specific focus of each of our teams and coordination among them, as well as by identifying partners to handle areas of consistent “scope creep” (particularly in the workforce and compliance areas).

Standards and Best Practices

ArtsPool systems will be designed to meet a set of standards and best practices applicable to a broad range of nonprofit arts organizations. These standards will be determined by continuously identifying effective practices in the field and applying them across the entire ArtsPool membership wherever possible. Dedicated ArtsPool staff and a team of experts (pro bono where possible) will ensure high standards and consistent work output, while conducting ongoing research in order to make recommendations as necessary to improve ArtsPool systems and to integrate new information on the fly. Members have access to ArtsPool’s Compliance Toolkit, a managed repository of shared information, which aims to include the latest legal and regulatory requirements as well as best practices guidelines. Over time, ArtsPool intends to expand its work with the Compliance Toolkit to share a broader, easy-to-use resource that will also include information, concepts, experiences, and working methods sourced from ArtsPool staff, members, and outside experts. Eventually, ArtsPool will begin a continuous auditing process. Generally, this practice is effective for larger companies with the complexity to require and benefit from it. In the context of ArtsPool, however, continuous auditing can be a valuable tool for streamlining organizational compliance and preparing members for efficient annual audits and tax return preparation by independent accounting firms.

Digital Tools and Data Integration

The ArtsPool system is designed to provide efficient, affordable, user-friendly, and secure management tools for members and ArtsPool staff, with an emphasis on cloud-based software that facilitates real-time collaboration and information sharing. An ongoing goal of ArtsPool – both during the startup phase and after – is to integrate our core technology systems with each other so that duplicate data entry and conflicts between data sets are minimized. For example, when a transaction is entered into the bookkeeping/payroll system, the underlying financial data can be accessed programmatically via an API and made available to other processes such as payment processing, budgeting, grant compliance, and cash flow reporting. This integration is vital to efficient processing of day-to-day financial operations but will also streamline the process of meeting the various reporting requirements of funders, government agencies, and nonprofit data repositories such as DataArts and the New York State Grants Gateway.

Technology systems are a mix of off-the-shelf solutions selected for functionality and cost as well as custom software built specifically in response to members' and ArtsPool's operations. As ArtsPool grows, an important role for our custom software will be to codify and automate our systematized workflows to ensure consistent and efficient service across the entire membership.

Work Assignments & Iteration

The teams described above elect representatives to meet monthly as part of the Team Management group within the ArtsPool staff. This group works together to confirm load-balancing and work assignments across teams, refine scope as necessary for individual employees and/or functional teams, and review capacity generally for the organization.

In addition to the team structure, ArtsPool meets as a full staff twice per week for Stand-Up and Retro. Stand-Up is a short meeting at the top of each week for each team to share any announcements, reminders, scheduling considerations, etc. with the full staff. Retro is an opportunity at the end of each week to review what went well and what could use improvement. Action Items are generated toward any items identified for improvement and reviewed on a rolling weekly basis.

As ArtsPool grows in membership, staff, and budget, its internal operations demand increased focus and resources. ArtsPool's goal is to keep such "overhead" low for maximum financial benefit to its members, while balancing quality of service and success of organizational design. To these ends, ArtsPool is planning to designate a specific Operations Lead and Tech Development Lead within the staff, and decrease the service delivery scope for these two positions, in order to allow more dedicated time and focus to operational/tech elements to benefit the entire pool.

Joining ArtsPool

The process of becoming a member has four phases of activity as described below.

In **phase one**, once a prospective member has conveyed interest, ArtsPool extends an invitation for an initial interview to discuss the nature of their interest, in what ways they see themselves utilizing ArtsPool services, their operating structure, and to answer their questions about ArtsPool. In certain instances, it is clear after a first conversation the ArtsPool is a strong fit and both parties are ready to move forward to the next phase. At other times, this phase includes multiple conversations over an extended period as particular questions or concerns around timing and fit play out.

Once it is clear that ArtsPool is a strong potential fit, **phase two** begins with a site visit that includes gathering detailed financial information from the prospective member and exploring their systems and the way data is organized in those systems to get a more granular sense for the work it will take to make the transition into ArtsPool. In addition, the prospective member works with ArtsPool staff to complete a profile in ArtsPool's Compliance Toolkit.

If it's clear following the site visit that ArtsPool has the capacity to onboard the prospective member in the near-term, **step three** follows, which is an in-depth meeting with members of ArtsPool's management team and leadership from the prospective member's staff and board. The management meeting includes a granular discussion about ArtsPool's services and dialogue about the prospective member's finances, workforce, compliance health, workflow, and an exploration of their and ArtsPool's culture and their experience with collaboration and change management. Similar to phase two and three, there are times when this meeting sets the stage to move forward with membership and, if so, ArtsPool delivers a service agreement to the prospective member for review and begins moving through the new member approval process with ArtsPool's Membership Committee. If there are additional concerns or issues that need to be addressed, we take the time needed to work through them.

Once the service agreement is signed, **phase four** begins by onboarding the new member into ArtsPool systems, which includes data organization and migration, training in ArtsPool systems and ways of working, and identifying their potential role in ArtsPool governance.

Start-up fundraising to grow ArtsPool's operations continues to lag behind member interest, thus restraining the growth of our capacity, our membership, and therefore our earned revenue. This dynamic also limits ArtsPool's ability to take on smaller budget sized organizations since we have to achieve earned income goals with a smaller number of members. As we enter a holding pattern with prospective members' it also represents a potential loss of goodwill and/or a lost opportunity as they pivot to other solutions.

Location of Operations

Currently, ArtsPool serves members in New York City. Because ArtsPool's systems are hosted in the cloud, members can access their data and interact with ArtsPool's staff online from any location, including member offices, homes, touring locations, and production spaces. ArtsPool staff generally operates out of a centralized office, easily accessed by public transportation.

Financial Plan

Development & Startup Funding

ArtsPool requires additional startup funding to build out systems and to help support operating costs until membership develops to a level that can sustain the organization, which is projected to happen by the end of 2020. ArtsPool, through a fiscal sponsorship arrangement with A.R.T./New York is strategically engaging core arts funders on an ongoing basis in order to secure the resources needed during the startup phase, including building reserve funds. Achieving sustainability will be a factor of the overall number of members, the proportions of varying budget sizes and service usage amongst the membership, complexity and friction against systematization, and the length of time it takes to achieve certain scale thresholds. The greater the proportion of lower-budget members, the greater the number of members required to sustain base operating costs and make the business model viable. The greater the proportion of larger organizations using more services, the quicker sustainability can be reached and the greater the benefit to members of all sizes.

The financial projections further articulate this relationship. To achieve the full, reciprocal effect of collective insourcing, ArtsPool should not compete with its members for grants and contributions on an ongoing basis. Optimally, sustainability will be reached quickly so that no further subsidy is needed and surpluses can begin to support operating reserves and member cash flow needs.

Keys to Success

Certain factors will be vital to the success of the financial model, these include:

- Clearly defined and well understood services scope
- Clear systems and related training for staff and members
- Clear communications structures among staff and members, and clear data integration among technological systems
- Onboarding support for prospective members who have significant costs and risks associated with switching to new systems;
- A highly effective onboarding process that aligns member and ArtsPool data and workflows and establishes each member's annual calendar;
- A staffing infrastructure that prioritizes shared power and shared context, while ensuring consistency and increasing efficiency
- The availability of additional operating subsidies if expected membership growth is not achieved in the projected timeframe;

- A strategy for ensuring system resiliency and minimizing negative impact on members in the event that unsubsidized operations are not being achieved as originally planned, or other unplanned events (such as a member departure, member leadership changes, staffing challenges, etc.)

Service Pricing & Financial Projections

Current pricing is based on 4% of each member's previous month's total operating expenses. The following is our current financial model. The variables that will affect overall financial viability include the level of work needed to maintain systems, the level of work needed to meet member needs, the ability to apply process automation, and the right mix of workers to deliver the services

These projections are based on a starting group of services that includes the most common compliance, workforce, and financial needs amongst most nonprofit arts organizations and projects. When developing ArtsPool's initial business plan, participant testing showed that, on average, organizations were spending an average of 6% of expense budget on these services. Though ArtsPool's 4% fee is below the 6% average spend, small-budget organizations may not achieve cost savings, since they are often handling administrative work through lower-pay or unpaid hours by a handful of workers wearing several hats. Nevertheless, time savings, professional guidance, increased accuracy, continuity and depth of service, and risk reduction will still offer a net benefit to these smaller groups.

If a company with an annual budget of \$1 million is currently spending \$60 thousand on the services included in this model, becoming an ArtsPool member can provide them with direct savings (or reallocation of funds) of up to \$20 thousand annually. In addition, they will achieve the savings and benefits that result from operating in an efficient, purpose-built system, in which they have a direct stake. The savings reflected in this financial model for the selected subset of services indicates an even greater potential for member savings as ArtsPool increases its service offering over time. The current plan builds sustainability on the starting group of services, and a secondary plan for additional services will be developed when initial systems are operating smoothly and proof of concept has been established.

Appendix A

Current Team

Maya Ciarrocchi is a New York City based interdisciplinary artist and projections designer. Her work has been exhibited nationally and abroad and in such New York venues as the Anthology Film Archives, Bronx Museum of the Arts, JACK, Microscope Gallery, New York Live Arts, and Smack Mellon. She has been an artist in residence at the Baryshnikov Arts Center, the Lower Manhattan Cultural Council, and the UCross Foundation and has received project funding from the Franklin Furnace Fund, the Jerome Foundation, the Foundation for Contemporary Arts and the MAP Fund. She is the recipient of a Jeff and a Bessie award for projection design. Current projects include projection design for The Band's Visit on Broadway. Ciarrocchi earned a MFA from the School of Visual Arts, New York, NY, and a BFA from SUNY Purchase, Purchase, NY. She has been part of the ArtsPool team since 2015.

Joshua Cohen came to arts administration from the technical side of theater, graduating from lighting to stage management to production management to administration. He served in the finance office of Roundabout Theatre Company for seven years, followed by two years as General Manager of The Flea Theater. He focuses on creating systems to improve the efficiency and accuracy of common reporting tasks. Mr. Cohen is also an award-winning playwright, composer and lyricist, a winner of a Jonathan Larson Grant from the American Theatre Wing.

Max Dana is a Brooklyn-based performing artist and web developer who joined the ArtsPool team in 2014 after working for three years as Digital Programs Manager at the Alliance of Resident Theatres/New York. Outside of his role at ArtsPool, he has served as Executive Director and Board Secretary of the nonprofit performance collective Immediate Medium, led the Economics and Finance research team of the Brooklyn Commune Project, and founded the External Revenue Service, a new peer-to-peer "tax" system designed to allow people to easily share a percentage of their income with the individuals, organizations, and causes they care about most.

Abby Felder is a not-for-profit arts administrator who has worked as a managing director, producer, and fundraiser for organizations such as Pan Asian Repertory Theatre, Pioneers Go East Collective and individual artists, and she is a co-founder of Asheville Creative Arts, a professional children's theatre that creates and produces innovative and immersive works for multi-generational audiences. She is also an artist and her writing and design work have been presented at La MaMa, St. Ann's Warehouse / Labapalooza, Incubator Arts Project, HERE, Chashama, Goethe Institut, and Target Margin Theatre, among others, and her work has received awards from New York State Council on the Arts, Lower Manhattan Cultural Council,

LMCC Process Space / Governor's Island, Puffin Foundation, and the Asheville Area Arts Council. She has served as a panelist for ART/NY and the NYC Department of Cultural Affairs, and is currently on the board of Pan Asian Repertory Theatre.

Molly Hickok has worked in the nonprofit sector for more than 20 years. She has had a dual career as a founding artist and administrator for Big Dance Theater, where she kept the books, handled compliance, wrote grants, wrangled budgets, and was awarded 2 BESSIES for her performances with the company. Parallel to her work with Big Dance, she was a Finance and Database Administrator for GHS Management, a boutique firm which provides financial, compliance, and administrative services to public and private foundations, including the American Friends of the British Museum, Friends of Fondation de France, and the American Friends of the National Gallery, London. She was thrilled to join ArtsPool in 2017 and is a certified Xero bookkeeper.

Stephanie Jauch has over 10 years of experience working with New York City arts nonprofits. Prior to joining ArtsPool in 2016, she served as Director of Operations & Finance at Artists Space for nearly a decade, during a period of exponential organizational growth. Trained as a fine art photographer, she developed an interest in nonprofits as a support structure for artists and moved to New York to pursue her M.A. in Visual Arts Administration at NYU. She remains actively engaged in the program's global alumni network, having served as president and treasurer of its alumni council.

Yi-Chen Lai is a New York-based theatre producer and arts administrator that was born and raised in Taiwan. Just prior to joining ArtsPool, she worked at Signature Theatre in New York City for nine years with a wide range of responsibilities from General Management and Company Management to Finance. In her time as the Business Manager at Signature, she led the accounting software transition from QuickBooks into Financial Edge, designed the payroll structure to accommodate Signature's growing labor needs, and implemented Beyond Pay. Prior to coming to New York, Yi-Chen freelanced as a Lighting Designer in Taiwan working with both local and international performing arts companies. Her interest in art administration started while touring with the world-renowned Cloud Gate Dance Theatre of Taiwan where she learned that a strong administrative team is the foundation of all great works created. She holds an M.A. in Performing Arts Administration from NYU and a B.A. in Drama and Theatre from National Taiwan University.

Sarah Maxfield is a consummate operations generalist and has significant experience developing and implementing workflow systems, managing employees, interfacing with lawyers on legal matters, and finding efficiencies in the everyday. Ms. Maxfield has been actively engaged in the non-profit arts sector in New York City for over 15 years. She has worked in

various operational capacities for Performance Space 122, Dance Theater Workshop, Danspace Project, Lincoln Center, and the Open Society Institute. Ms. Maxfield, also a performing artist and curator, has contributed as an artist/consultant to The Chocolate Factory Theater, the Gibney Dance Center, Galapagos Art Space, Dixon Place, The New Museum, and the Museum of Arts and Design, among many others. Her writing on performance and its context has appeared in The Brooklyn Rail, The Movement Research Performance Journal, The Performance Club, and Contact Quarterly.

Megan Runyan worked as a financial consultant and administrator for a range of clients, including start-ups, film production companies, entertainment law firms, and arts organizations such as New York Foundation for the Arts, Kyle Abraham/Abraham.In.Motion, and Halleloo Productions before joining ArtsPool in 2015. Megan's interest in the arts stemmed from her past life as a dancer, graduating with a B.A. in Dance from San Francisco State. After an injury, she decided to pursue arts administration as a career, and she received her M.A. in Performing Arts Administration from NYU in 2012.

Nadia Tykulsker is a native Brooklynite, and a mover/maker/advocate/organizer. Her work is centered around anti-racist organizing, making, and arts advocacy. She was formerly the director of Programs at Fourth Arts Block, an arts, advocacy, and community based organization in NYC and is currently working for ArtsPool on the finance team as well as the Diversity, Equity, and Inclusion team. She has worked administratively with a variety of artists and arts organizations, most recently Marjani Forte, Jennifer Harge, Lionel Popkin, Ivy Baldwin, Rosie Management, Faye Driscoll, Donna Uchizono, Brooklyn Arts Exchange, and Cora Dance. She is a member of ACRE (Artists Co-Creating Real Equity) and organizes with BAN (the Brooklyn Anti-Gentrification Network) around anti-displacement and anti-police violence work. She has also recently performed in works of Maya Ciarrocchi, Laurie Berg, Phoebe Berglund, Alexandra Pinel, and Kim Brandt. She is deeply committed to collaboration and the examination of social constructs, using creation as a forum to build stronger communities. She recently taught at the University of Michigan, set a work on the repertory company at James Madison University and her work was presented by The Tank at Standard Toykraft and toured to The Jam Handy in Detroit.

Current Partners

Def Method provides business-smart software consulting from trusted advisors who take the time to put your business center stage. defmethod.com

David Sheingold (Independent Consultant) has worked on the development of ArtsPool since 2012 and continues to consult on fundraising and member development.

Megan V. Sprenger (Communications Consultant) has been advising ArtsPool on general communications and media relations since 2014.

Xero is easy to use online accounting software that's designed specifically for small businesses. xero.com

Current Advisors

Thomas W. Bark, Independent Counsel

Jonathan Bander and Peter Rich, Rich & Bander LLP

Funders to Date

The Scherman Foundation Katharine S. and Axel G. Rosin Fund

The Rockefeller Foundation Cultural Innovation Fund

The Altman Foundation

The New York Community Trust

Doris Duke Charitable Foundation

The Fidelity Foundation

The Howard Gilman Foundation

McGue Millhiser Trust

The Mertz Gilmore Foundation

Rockefeller Brothers Fund

Booth Ferris Foundation

PDP Partners

Appendix B

Services & Systems

See the full ArtsPool Services & Systems list for details.

Appendix C

Initial Technology Partner

Pivotal Labs, an agile software development firm who partnered with ArtsPool to build a dynamic online dashboard for ArtsPool members and managers. pivotallabs.com

Initial Business Plan Development Focus Group

Dixon Place, Elevator Repair Service, Epic Theatre Ensemble, Mount Tremper Arts, Movement Theatre Company, Page 73 Productions, Primary Stages, Prospect Theater Company, Rooftop Films, SITI Company, The Field, Urban Bush Women

Initial Business Plan Development Advisors

William Millhiser, Baruch College Zicklin School of Business

Emre Veral, Baruch College Zicklin School of Business

Sharon Nokes, Caplin & Drysdale

Bryan Preston, The Chicago Back Office Cooperative

Elie Yarden, Community Organizer

Sara Juli, Independent Fundraising Consultant

Barbara Bryan, Movement Research & Independent Producer

Marcia Brown, Nonprofit Coordinating Committee of New York

Michael Clark, Nonprofit Coordinating Committee of New York