

NEGOTIATIONS – Some initial steps

I. FINANCIAL ANALYSIS

Preparation is the key to any successful negotiation. Knowledge of your organization's financial condition is also vital for success. The AFM provides funding for an orchestral financial analysis. Ron Bauers has been providing this service to the AFM for many years. The cost is \$500.00, which is split between your Local and the Canadian office. Any negotiating committee who desires to have the finances of the orchestra analyzed may request this service. The president of the Local should send such request to the Director of the Symphonic Services Division. Bauers' analysis provides

- a) A broad overview of the financial condition of your organization given the economic, time and information limitations of preparing the report. It is not a detailed report on the operations of the organization and is not intended to be.
- b) The report is written in an unbiased, non-adversarial style using technical and professional language to assure comparability and consistency with standard and defensible financial analysis.
- c) If the report is presented to management it assures them that an unbiased professional prepared it. Mr. Bauer's multiple certifications (MBA, MPA, CPA, CMA, CIA) require this under ethical codes of conduct.
- d) If the report is made available to the media and general public it assures those parties that it was prepared by an unbiased professional.
- e) It may also convey to management the orchestra players' understanding of the operating results and financial position of the organization and facilitate the negotiations. (I refer to it as leveling the playing field.)

INFORMATION NEEDED FOR ORCHESTRA FINANCIAL ANALYSIS

Once the AFM has given written approval for your orchestra's analysis to go ahead, it will be necessary to collect the following information from your management. The top four (4) items are the most important and essential. The fifth item is only necessary if the information is not provided in the audited financial statements. Management has an obligation under Federal law to provide this information to the Union as a result of their not-for-profit status. If following materials are not adequate, more may be requested more from the orchestra.

1. Orchestra's T-3010 tax returns, complete with all appendixes- at least 6 years
2. Computer spreadsheet of projected detail revenues and expenses ending the current season
3. Computer spreadsheet of revenue and expenses, as up-to-date as possible (closest closing month)
4. Projected detail revenue and expense for next season
5. One detailed balance sheet of assets and liabilities ending the close of the previous season
6. One detailed balance sheet of assets and liabilities ending the closest closing month
7. Income statement ending last season

8. Copies of 7 years of independent audited financial statements
9. A list of over-scale players in the orchestra, and the salary they receive, with no names given
10. Endowment report (generated by managing financial institution) for the nearest ending quarter

II. SURVEYING YOUR ORCHESTRA

It is recommended that a questionnaire survey of your orchestra be conducted prior to each round of negotiations. A questionnaire survey gives each musician an opportunity to anonymously express his/her views without fear of ridicule or reprisal. It is the most equitable and efficient way to draft proposals and determine your bottom line, much better than trying to do so in committee or on the floor of a general meeting. A mandate derived from a survey is a powerful tool at the bargaining table. You will never again be accused of pursuing personal agendas or of not representing the views of the players.

WHAT SHOULD A SURVEY CONTAIN?

A survey questionnaire should always cover the "basics," e.g. wages, per-service fees, number of weeks/service guarantees, pension, vacation and health insurance (if any).

It is not sufficient merely to establish priorities. Ask for precise information; "how many weeks" or "how much per week." You need this information in order to establish your bottom line, which is essential because (1) you need to have a very good idea of what your orchestra will ratify, and (2) you want your management to know that you are in touch with the needs and desires of the players. It can be embarrassing and damaging to lose a ratification vote on a package which you have recommended.

The questionnaire should anticipate the needs of the various "interest groups" in the orchestra (doublers, parents, older players, etc.). Informal one-on-one discussions, prior to drafting the questionnaire, can be useful in determining what to ask.

The results may show that your orchestra is divided on certain issues. The task then becomes to (1) ensure that your proposals (and your bottom line) contain something for each group, and (2) to search for creative solutions which address the needs of all groups.

Your survey should contain questions specific to your orchestra's situation. If you are having ongoing problems with, for example, touring conditions, audition procedures or workload, these should be addressed.

Provide ample space on the survey for additional comments. This will allow musicians to express their opinions and additional issues.

WHAT DO WE DO WITH THE INFORMATION?

The data gleaned from the survey is solely for the members of the negotiating committee. With this information they can establish the priorities and determine the extent of the orchestra's needs.

This information is NOT to be shared with management, except on a most general level: "our players have indicated that..."

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