



*Transforming Arts Organizations Worldwide*

## *Organizational Structures – Resident and/or Subsidiary Companies*

October 2023



# Survey Goal and Key Terms

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## Purpose of the survey:

Gain insights into how organizations with resident and/or subsidiary companies manage the governance of their wider institution, shared resources/benefits, and operating structures.

**Core organization:** main institution that houses different resident companies and/or subsidiaries

**Resident companies:** an organization that has a residency relationship with a core organization. For example, an opera company (resident company) that exclusively performs at a performing arts center (core organization), but is its own entity.

**Subsidiary companies:** an organization that has its own name, brand, programming, etc. but is structurally part of the core organization. At some organizations, this may be called an “affiliate” company.

**Governing board:** has voting rights and fiduciary responsibilities

**Advisory board:** does not have voting rights / fiduciary responsibilities

**Centralized functions** There is one department in the core organization that oversees this function for all subsidiary companies. Select this option even if there are specialized roles housed within the core department to focus on subsidiary needs (i.e. a major gifts officer whose portfolio is specific to a subsidiary, but they are a part of the centralized development department).

**Decentralized functions:** Each subsidiary company has its own department for this function; the core organization does not manage this function for the subsidiary companies.

**Mixed functions:** There is a department that oversees this function for the core organization as a whole, AND each subsidiary company has its own department that oversees this function for their specific needs

# Survey Questions- Resident & Subsidiary Companies

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## Questions for Organizations with Resident Companies

1. How many resident organizations have a relationship with the core organization?
2. Has your organization always operated under your current structure of resident companies?
3. [If No] What was the reason for this change?
4. Do resident companies pay rent to the core organization?
5. Do resident companies receive any of the following benefits? (please select all that apply)
  - Discounted/subsidized rent
  - Priority booking for performance spaces
  - Administrative services (e.g., marketing, HR, accounting etc.)
  - Joint fundraising
  - Cross-organization staff and volunteers
  - Shared resources (e.g., offices, parking, facilities, security etc.)
  - Other (please specify)

## Questions for Organizations with Subsidiary Companies

1. How many subsidiaries are housed within the core organization?
2. Would your organization consider expanding the number of subsidiary companies within your core organization in the future?
3. Has your organization always operated under your current structure of subsidiary companies?
4. [If No] What was the reason for this change?
5. Do subsidiary companies pay rent to the core organization?
6. Do subsidiary companies receive any of the following benefits? (please select all that apply)
  - Discounted/subsidized rent
  - Administrative services (e.g., marketing, HR, accounting etc.)
  - Joint fundraising
  - Cross-organization staff and volunteers
  - Shared resources (e.g., offices, parking, facilities, security etc.)
  - Other (please specify)

# Survey Questions- Structures with Subsidiary Companies

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## Questions for Organizations with Subsidiary Companies

7. Which of the following statements best describes your organization's board structure? (Please select all that apply)

- Our organization has a **governing board** that operates across the core and all subsidiary companies.
- Our organization has a **governing board** for the core organization.
- Our organization has an **advisory board** for the core organization.
- Our organization has an **advisory board** that operates across the core and all subsidiary companies.
- Our organization **has governing boards** for each subsidiary company.
- Our organization **has advisory boards** for each subsidiary company.
- Our organization **has board committees** for each subsidiary company.
- Other (please specify)

8. For the following departments, can you share whether those functions are centralized, decentralized, or mixed, per the definitions listed above? (*Please select one option for each row*).

- Executive Leadership
- Artistic
- Marketing
- Development
- Production/Technical
- HR
- Finance
- IT
- Community Engagement/Education
- Facilities/Maintenance/Security
- Event/Facility Rentals

# Key Takeaways

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## Of the organizations that responded and have resident companies...

- All organizations have had resident companies as part of their structure since the core organization was founded
- All resident companies pay rent to the core organization
- The most common benefits provided to resident companies include: discounted/subsidized rent, priority booking for performance spaces and shared resources (e.g., offices, parking, facilities, security etc.).
- Some organizations also provide administrative benefits, like marketing support.
- All organizations have provided the above benefits to their resident companies for over 4 years
- Overall core organization leadership are somewhat happy with this structure

## Of the organizations that responded and have subsidiary companies...

- One organization currently has 3 subsidiary companies, while the other has 2. Neither are currently considering expanding the number of subsidiaries in the future.
- Benefits to subsidiary companies seem to vary on a case-by-case basis. One of the organizations provided notably administrative services (e.g., marketing, HR, accounting etc.) while the other provides discounted/subsidized rent.
- Both responding organizations have governing board that operate across the core and all subsidiary companies.
- One organization also has an advisory board for the core organization and advisory boards for each subsidiary company.
- One organization has all its departments operating with centralized functions across the core organization and its subsidiary companies, while the other has different functions across departments.
- The organization with varied functions are as follows
  - Centralized functions: HR, IT, Facilities/Maintenance, Event/ Facility rentals.
  - Mixed functions: Executive leadership, Marketing, Development, Finance, Community Engagement/Education
  - Decentralized functions for: Artistic and Production/Technical

# Organization Profile with Subsidiary Companies

- **Core Organization:** main institution that houses different resident companies and/or subsidiaries
- **Subsidiary Companies:** an organization that has its own name, brand, programming, etc. but is structurally part of the core organization. At some organizations, this may be called an “affiliate” company.
- **Governing board:** has voting rights and fiduciary responsibilities
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	Number of subsidiary companies	Potential to Increase number of subsidiary companies	Organization has always operated under this structure	Subsidiary companies pay rent	Other benefits subsidiary companies receive	Board Structure	Advisory Boards
Organization 6	3	We are not sure at this time	Yes	No, none of our subsidiary companies pay rent	<ul style="list-style-type: none"> <li>• Administrative services (e.g., marketing, HR, accounting etc.)</li> <li>• Joint fundraising</li> <li>• Shared resources (e.g., offices, parking, facilities, security etc.)</li> </ul>	Our organization has a governing board that operates across the core and all subsidiary companies.	<ul style="list-style-type: none"> <li>• Our organization has an advisory board for the core organization.</li> <li>• Our organization has advisory boards for each subsidiary company.</li> </ul>
Organization 7	2	We are not exploring expanding the number of subsidiary companies	No- We modified our business model	No, none of our subsidiary companies pay rent	<ul style="list-style-type: none"> <li>• Discounted/subsidized rent</li> </ul>	Our organization has a governing board that operates across the core and all subsidiary companies.	/

# Overview Core Respondent Organizations

Organization	Location	Budget Year	Operating Budget	Revenue	Previous Year Budget	Previous Year Revenue
Organization 1	South Central, USA	07/01/2021-06/30/2022	\$12,907,199	\$14,520,534	\$5,934,237	\$4,600,967
Organization 2	South Central, USA	07/01/2021-06/30/2022	\$35,587,179	\$44,644,953	\$11,271,394	\$13,614,730
Organization 3	Southeast, USA	07/01/2021-06/30/2022	\$21,786,105	\$25,885,364	\$7,614,048	\$11,738,774
Organization 4	Southwest, USA	07/01/2021-06/30/2022	\$17,540,017	\$11,289,399	\$15,267,475	\$9,188,304
Organization 5	Alberta, CAN	09/01/2021-08/31/2022	\$15,725,967	\$15,664,155	\$10,713,990	\$10,666,158
Organization 6	Southeast, USA	06/01/2021-05/31/2022	\$98,794,102	\$118,478,552	\$74,375,756	\$123,170,645
Organization 7	East Coast, USA	07/01/2021-06/30/2022	\$70,487,594	\$94,182,677	\$19,886,126	\$13,218,837

Note: Figures taken from publicly available IRS990 forms or audited financial statements, with the exception of Organization 4, which is a civic institution for which budget numbers are reported in the local government's budget documents.

# Organization Profiles with Resident Companies

	Number of resident companies	Organization has always operated under this structure	Resident companies pay rent	Other benefits resident companies receive	Time benefits have been offered	Satisfaction level with current benefits structure	Advantages/ disadvantages
Organization 1	3	Yes	Yes, all resident companies pay rent	<ul style="list-style-type: none"> <li>Discounted/subsidized rent</li> <li>Priority booking for performance spaces</li> <li>Shared resources (e.g., offices, parking, facilities, security etc.)</li> </ul>	4 or more years	Somewhat unsatisfied	Resident companies get majority of preferred dates which makes programming very difficult.
Organization 2	2	Yes	Yes, all resident companies pay rent	<ul style="list-style-type: none"> <li>Discounted/subsidized rent</li> <li>Priority booking for performance spaces</li> </ul>	4 or more years	Extremely satisfied	/
Organization 3	3	Yes	Yes, all resident companies pay rent	<ul style="list-style-type: none"> <li>Discounted/subsidized rent</li> <li>Priority booking for performance spaces</li> <li>Shared resources (e.g., offices, parking, facilities, security etc.)</li> <li>Other: some marketing support</li> </ul>	4 or more years	Somewhat satisfied	/
Organization 4	More than 5	Yes	Yes, all resident companies pay rent	<ul style="list-style-type: none"> <li>Discounted/subsidized rent</li> <li>Priority booking for performance spaces</li> <li>Administrative services (e.g., marketing, HR, accounting etc.)</li> </ul>	4 or more years	Somewhat satisfied	/
Organization 5	5	Yes	Yes, all resident companies pay rent	<ul style="list-style-type: none"> <li>Discounted/subsidized rent</li> <li>Priority booking for performance spaces</li> <li>Shared resources (e.g., offices, parking, facilities, security etc.)</li> </ul>	4 or more years	Somewhat satisfied	/
Organization 7	More than 5	Yes	Yes, some of our resident companies pay rent, while others don't	<ul style="list-style-type: none"> <li>Discounted/subsidized rent</li> <li>Priority booking for performance spaces</li> </ul>	4 or more years	Somewhat unsatisfied	/



# Organization Profile with Subsidiary Companies

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Organization 6	3	We are not sure at this time	Yes	No, none of our subsidiary companies pay rent	<ul style="list-style-type: none"> <li>• Administrative services (e.g., marketing, HR, accounting etc.)</li> <li>• Joint fundraising</li> <li>• Shared resources (e.g., offices, parking, facilities, security etc.)</li> </ul>	Our organization has a governing board that operates across the core and all subsidiary companies.	<ul style="list-style-type: none"> <li>• Our organization has an advisory board for the core organization.</li> <li>• Our organization has advisory boards for each subsidiary company.</li> </ul>
Organization 7	2	We are not exploring expanding the number of subsidiary companies	No- We modified our business model	No, none of our subsidiary companies pay rent	<ul style="list-style-type: none"> <li>• Discounted/subsidized rent</li> </ul>	Our organization has a governing board that operates across the core and all subsidiary companies.	/

# Organization Profiles- Subsidiary Companies

**Question:** For the following departments, can you share whether those functions are centralized, decentralized, or mixed, per the definitions provided?

**Centralized:** There is one department in the core organization that oversees this function for all subsidiary companies. Select this option even if there are specialized roles housed within the core department to focus on subsidiary needs (i.e. a major gifts officer whose portfolio is specific to a subsidiary, but they are a part of the centralized development department).

**Decentralized:** Each subsidiary company has its own department for this function; the core organization does not manage this function for the subsidiary companies.

**Mixed:** There is a department that oversees this function for the core organization as a whole, AND each subsidiary company has its own department that oversees this function for their specific needs

Organization 6 department functions (All department functions for Organization 7 are centralized)		
Centralized department functions	Mixed department functions	Decentralized department functions
<ul style="list-style-type: none"> <li>• HR</li> <li>• IT</li> <li>• Facilities/Maintenance</li> <li>• Event/ Facility rentals</li> </ul>	<ul style="list-style-type: none"> <li>• Executive leadership</li> <li>• Marketing</li> <li>• Development</li> <li>• Finance</li> <li>• Community engagement/Education</li> </ul>	<ul style="list-style-type: none"> <li>• Artistic</li> <li>• Production/Technical</li> </ul>



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