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THEATRE COMMUNICATIONS GROUP, INC.

CENTERPIECE

FOCUS ON:

HUMAN RESOURCES

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A LOOK AT BEST PRACTICES

BY VICTORIA NOLAN

During three of the last four years, management students at the Yale University School of Drama have successfully reviewed and rewritten personnel manuals for several LORT theatres. This past fall, in consultation with TCG, we endeavored to step beyond the written expression of policy to explore human resources or “HR” programs more fully. We were looking for “best practices” in the area of human resources in order to find models that would encourage communication, team building, conflict resolution and empowerment. In addition to surveying TCG member theatres, we were interested in looking at organizations that have an ongoing relationship with us and, we presumed, more successful HR programs due to a greater availability of resources. We invited foundations and service organizations to participate in our research. Generally speaking, the larger budget-size theatres were the most forthcoming. Foundations, being highly regulated, were hesitant to share internal experience and service organizations were either too small to have formal processes or too over-extended to take the time to participate. Asking for feedback from those who had successfully implemented various HR programs, we had 12 theatres, three service organizations, one publishing company and one foundation agree to participate. We developed a series of questions on the rate of staff turnover, pay scales and benefits, employee background and training, work atmosphere, interaction with executive leadership, diversity, education and employee feedback.

Surprise, surprise, there were a few surprises! For instance, high turnover is a fact of life at entry-level jobs. While senior staff are generally expected to stay with organizations for an average of five years, entry-level staff held their current positions for an average of 1.3 years. Where do they go? If the organization is the arts “king” of a geographic area, the departing staff member either leaves the area or leaves the arts for some other job in the nonprofit sector. Successful HR practices were credited as effective tools to encourage longer-term commitment, positive accountability and productivity. What follows are some of the more interesting stories and examples of what we found in the world of human resources. We have included several views on the value of having an HR director along with samples of successful employee review tools including the much appreciated 360-degree review, interview techniques including exit interviews and a business philosophy known as “value based management,” which can help facilitate interdepartmental communication.

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MAKING THE CASE FOR A HUMAN RESOURCES DIRECTOR

BY CLARA J. RICE

What exactly is a human resources director? Is it:

- a) a master of legalese
- b) a strategist
- c) an accounting wizard
- d) a sympathetic shoulder
- e) all of the above

If you answered e) all of the above, you win the prize.

According to Jennifer Mueller, lecturer at the Yale University School of Management, HR personnel have historically been dubbed “the people that had a file on you and initiated strange policies.” An HR director was a luxury item — someone you needed only when things went wrong. In Robert Galford’s article “Why Doesn’t This HR Department Get Any Respect?,” he states that, even today, HR directors are considered to be “a bunch of clerks processing benefits forms and tracking vacation days.”¹

Dave Ulrich, professor at the University of Michigan School of Business, considers HR directors to have more than merely clerical value. According to Ulrich, HR directors are not only an organization’s experts in administrative efficiency; they are cheerleaders for employees and agents for positive change. But giving human resources a good name involves a reinvestigation of the department: “HR should not be defined by what it does but by what it delivers,”² Ulrich writes. The ways in which HR directors can deliver, however, are as varied as the theatres they represent.

Janet Russ, director of human resources at the Oregon Shakespeare Festival, came to OSF from the corporate world and has helped redefine and strengthen the organization’s perception of human resources. In just two years, she has coordinated diversity and communications workshops, completed a yearlong, comprehensive compensation study, streamlined many of the festival’s employment processes, finished an extensive revision of the company’s employee handbook and started re-examining the theatre’s employee review procedure. In addition, Russ has used a process called Current State/Future State, in which department heads and employees work together to identify labor and resource needs and what the ideal working conditions should be for the future. Despite having an MBA, Russ feels strongly that people skills are just as essential for HR success as business acumen or psychology. “What may appear to be people

problems are often really systems problems that affect people. An ideal HR director is a problem solver and solution finder within the bounds of the law.”

Russ’s advice to theatres is to engage in a cost-benefit analysis before hiring an HR director. According to Russ, theatres need to assess how much money is being spent on items such as lawyers, facilitators and insurance consultants. If the amount of money is substantial, then a theatre could actually minimize the incremental costs by hiring a part- or full-time HR director. She goes on to suggest that someone within the organization may be a great choice for HR director if that person is a quick learner and has good people skills. Otherwise, theatres should recruit an individual with moxie from other nonprofit organizations or the corporate world.

For American Conservatory Theater, hiring a trusted individual from within the organization was the answer. Kate Stewart is ACT’s first human resources administrator and has worked for the theatre for more than 25 years. She is responsible for, among other things, designing and implementing employee policies, making sure benefits are competitive, assisting departments in recruiting and hiring, and consulting managers and employees on personal and professional issues related to employment at the theatre. She wrote the theatre’s first HR manual and feels that, because of her long history with ACT, she has established herself as a trusted ear for employees and managers alike.

Stewart suggests that theatres should first look within for their HR director. According to Stewart, as long as the person receives proper training, theatres should not be afraid to ‘home-grow’ their HR administrator. “Having an arts background is more important than knowing the nuts and bolts — you can always learn those,” Stewart says. If theatres do assign HR duties to someone within the organization, however, those duties should constitute an integral part of the person’s position and not simply be an add-on, and the person should not be stretched too thin.

An HR officer at one midsized theatre knows all about stretching herself too thin. In addition to payroll, she is responsible for such HR items as administering benefits, serving as the liaison between managers and legal agents and government agencies. She also acts as a resource for employee assistance and counseling. Although she has received training in the mechanics of administering payroll and benefits, she “wishes she had been trained in what human resources can involve and in what exactly it means.” She works only 30 hours per week and for that reason has not been able to update the HR manual for the past five years. Given more time, she would like to be more of a “spiritual adviser and camp counselor” to employees.

¹ Galford, Robert. “Why Doesn’t This HR Department Get Any Respect?” *Harvard Business Review*, Mar.–Apr. 1998, 1–10.

² Ulrich, Dave. “A New Mandate for Human Resources.” *Harvard Business Review*, Jan.–Feb. 1998, 123–34.

According to Jennifer Mueller, “touchy-feely does not always equate with immediate value.” Sometimes a good listener is not always a good administrator and vice versa. “A person with all of these skills is superhuman,” Mueller says. “Perhaps the answer is having two different people.” This is precisely how Chicago’s Court Theatre handles its HR needs. Whereas general manager Alyssa Sullivan Volker handles employee manuals, prepares information packets from artists and serves as the primary resource for new staff members, the director of finance Donna Wiesenthal handles the legal and payroll issues under the watchful eye of the University of Chicago. Volker suggests that because of this system and the university’s guidance, she is able to balance her various duties without slighting any one of them.

According to Jennifer J. Laabs’s article, “Shrinking Pains to Redevelop HR Talents,” “human resources’ primary task...is to learn what makes their businesses tick, learn new HR skills, then learn how to apply those skills to business problems.”³³ Although it is probably unrealistic for HR directors to achieve superhuman status, proper training is essential. Volker, Stewart and Russ attend regular seminars on issues such as EEOC guidelines,

³³ Laabs, Jennifer B. “Shrinking Pains Case HR to Redevelop Talents.” *Personnel Journal*, August 1995, 78–81.

worker’s compensation, family leave and other important topics. According to Russ, “the rules are always changing, and it’s important to know what an HR director’s obligations are.” Volker feels that given professional development, it is less important whether the HR officer is hired from the outside or promoted from within.

Whatever HR model a theatre chooses — hiring from the outside, growing an individual from within or splitting the duties between various staff members — it must take human resources seriously. As one HR officer noted, “theatres that don’t invest money in HR are train wrecks waiting to happen.” All it takes is one misfiled benefits claim to lead to a Department of Labor investigation, or one bad HR decision for a theatre’s technical staff to mount a strike. According to Dave Ulrich, “the primary responsibility for transforming the role of HR belongs to the CEO.” A true commitment to human resources, and thereby to the theatre’s staff and future, involves a partnership between the HR director and managing director and a firm understanding of what human resources can deliver. “A theatre is only as good as the employees it can keep,” one HR officer noted. Even in a time of scarce resources, human resources may be something theatres can ill afford to live without.

SIDEBAR: TCG RESOURCES

- ❖ **Target HR Training Sessions:** Led by a senior training consultant from Target Corporation, *Expanding the Theatre Manager’s Repertoire* is an intensive human resources training program for theatre managers and artists who manage personnel at TCG constituent member theatres. This interactive and practical workshop is designed to help theatre managers coach and develop team members, manage conflicts and provide leadership. This year’s program will be held July 29–30, 2002, at the scenic Sanctuary on Camelback Mountain Resort in Phoenix, AZ. For more information, visit the “What’s New” section of www.tcg.org or email Chris Shuff at cshuff@tcg.org.
- ❖ **Employee Fringe Benefits Survey:** Conducted every two years, this survey measures vacation and sick time, health, life and disability insurance benefits as well as other perks offered by TCG constituent member theatres. The survey results are grouped together by theatre budget size.
- ❖ **HR Information Requests:** TCG maintains hard files of sample job descriptions, personnel policy handbooks and employee evaluation forms and procedures from its member theatres. If you are interested in requesting copies, please email your request to Hillary Jackson at hjackson@tcg.org.

BUILDING A STRONG FOUNDATION

JOB DESCRIPTIONS & STAFF ORIENTATION

BY CASEY REITZ

Before you can ever get to the performance review, it is crucial that the employee understands what he or she has been hired to do. A well-written job description is important not only to identify and hire a promising addition to your team, but also to help the new hire develop into a successful staff member during the employment term. A staff member must understand what is expected of him or her. You don't want to hire someone for a development position when he or she thinks that the position is with the marketing department. This is a gross oversimplification, but the point is to be clear and concise with your expectations for a position. A potential staff member needs to have a thorough understanding of the position for which he or she is applying.

To lay a solid foundation for your prospective employee, you need to start at the beginning. A job description is a written document that describes the purpose, duties, responsibilities, tasks and relationships of a particular job. Job descriptions serve many different functions. They aid in guiding supervisors when evaluating work distribution and departmental organization. They also establish a basis for recruitment, selection and hiring, while helping incumbents better understand their job responsibilities. Finally, a job description allows performance reviews to be clear and accurate.

When creating a job description, it is important to limit the listing of duties and responsibilities to only what is required to perform the job as it is currently conceived. Be careful not to discuss tasks that might evolve in the future.

The sentence structure should be as

simple as possible. Begin each duty listing with an action verb. Avoid the narrative form and be precise. If the task or duties are vague, it could be very detrimental to the performance review process causing great frustration for both the employee and the supervisor. Creating a job description may seem like a simple process, but if not done thoughtfully an unclear job description can seriously invalidate performance reviews.

Your job as a manager is not over once you have written the job description and used it to hire your ideal employee. New staff orientation also plays a key role in helping employees succeed and in retaining them for the long haul. Managers should understand that a comprehensive staff orientation process is an investment in the future of your organization.

When new staff members are properly trained and welcomed into an organization, they feel good about their career choice, are more likely to fit in with the staff and constituents and are ready to contribute new ideas. A poor orientation process can lead to confusion, disappointment, misunderstanding and result in rapid turnover.

The biggest mistake made in staff orientation is trying to accomplish everything on the new hire's first day. Orientation should be viewed as a gradual process that could last as long as several months for senior staff members. Of course, the first few days deal with such issues as where the fax machine is located and how to use the phone system, but the comfort of the new employee is the priority. Don't rush the process. Any new hire has many, many forms to complete — tax, insurance, 403(b), etc.;

don't force it to happen all at once. Spread these tasks out over the first few weeks. This will give the new employee time to absorb all this new information in the most comprehensive way possible.

It is also important to focus on the unwritten rules of the organization. To achieve a level of comfort, the new employee needs to understand the culture of the organization. This can include things like dress code, how lunch hour is dealt with, whether or not personal email and phone calls are acceptable, or if one is expected to work outside of normal office hours. An employee wants to understand these issues, which are probably not found in any employee handbook. This kind of information is best disseminated during lunch meetings and in other less formal types of environments.

Finally, while the temptation may be to explain how wonderful and fabulous it is to work for your theatre, you need to be up front with new employees regarding the realities of the job. We all know that working in a nonprofit theatre can be a stressful situation in which resources are often scarce. Make sure that your new employee understands the joys as well as the sorrows associated with the job. Ideally, these realities would have been discussed during the interview, but it is important to reiterate them during orientation.

If the proper amount of time and energy is invested into the orientation process, it will pay off for the manager: employees will be happy with the organization and will be less likely to leave. They will also hold the HR department in high regard, which is crucial for good staff relations, and the first step to creating a loyal team.

SIDEBAR: POPULAR HR BENEFITS

BY KOURTNEY KEATON

How do you keep your employees happy, healthy and willing to stay? What are the best HR practices that can reduce your costs, create fellowship, internalize mission and improve quality of life? In surveying the participants, we found that higher compensation alone does not prevent turnover. Here are some suggestions from the participating theatres in our survey — supplemented by results from TCG's 2000 Employee Fringe Benefits Survey. This sampling of the most popular benefits in the field can be divided into the following five categories:

Health

- ❖ Insurance for seasonal employees
- ❖ Domestic partner coverage
- ❖ Comprehensive health insurance including dental and optical: Of the 63 respondents in TCG's 2000 survey, an average of 21% offered their staff optical insurance, and 38% offered their staff dental coverage.

Compensation

- ❖ Pension plan: In TCG's survey, an average of 30% of the 63 respondents provided a pension plan to their staff, with Budget Group 1 offering no pension plans at all.

- ❖ 403B
- ❖ Tuition reimbursement

Community

- ❖ Opening night parties
- ❖ Company picnic
- ❖ Season opening barbecue
- ❖ Annual all staff retreat
- ❖ Holiday parties
- ❖ Visiting artist forums

Communication

- ❖ Staff-wide strategic planning
- ❖ Staff-wide annual review of mission statement

- ❖ Monthly manager forums
- ❖ Annual performance reviews

Quality of Life

- ❖ Commuter transit vouchers
- ❖ Half-day Fridays in the summer
- ❖ Free gym membership
- ❖ Complimentary tickets: In TCG's survey results, this was the common perk, with 100% of the participating theatres offering this benefit to their staff; 75% extended the benefit to guest artists.
- ❖ Field trips to other theatres or events
- ❖ Flex time

These practices can improve the outlook and performance of your staff. Giving them a resonant voice in the community, celebrating their achievements, supporting their physical and emotional well-being, and helping to invest in their future allows a better understanding of the organization and unites everyone under its mission.

Often perceived benefits can backfire when all angles are not considered or when benefits are not evaluated regularly. In our survey, we heard — loud and clear — that these “popular” benefits had the following drawbacks:

- ❖ Opening night parties that have no food and end too early.
- ❖ Weekly staff meetings — considered a time sucker.
- ❖ Parking discounts when theatre is located in large metropolitan area and most of the staff takes public transportation.
- ❖ Social events with board members with whom the staff feels uncomfortable.
- ❖ More training for managers in human resources areas — give us an HR manager.

PERFORMANCE REVIEWS

BY ELAINE BONIFIELD

Performance reviews can be a beneficial tool for employee growth, motivating and equipping employees to perform at their peak and thereby bringing maximum efficiency to the organization. At the same time, they can lead to weeks of nervous anticipation, give rise to manipulative behavior and contribute to overall feelings of nausea. The trick is to find a review mechanism that brings out the best in everyone. In our research, we found the following suggestions:

- ❖ **Engage employees in the creation of performance reviews.**

People will support a process in which they have had a hand in creating. Hold a staff retreat and allow them to

participate in the design of a regular review process. Have a neutral facilitator with HR experience guide the discussion. Provide examples of various types of reviews, but encourage employees to think outside the box. Be flexible. Sometimes what works for the development office just won't cut it in the production department. Focus on allowing employees to feel ownership over a system that promotes open communication and solves problems.

- ❖ **Consider implementing a 360-degree performance review system.**

The most effective way to accomplish the goals of an employee review may be found in the implementation of a

360-degree review process. In a 360-degree review, an employee and his or her supervisor are brought together for a review of the employee's work experience. Information to support the review is gathered from a variety of sources. In addition to the employee's immediate supervisor, feedback is sought from the employee's peers and, if appropriate, from members of the board, vendors and even patrons. The supervisor reviews the employee and the employee is encouraged to offer constructive insight on his or her coworkers and work environment. The employee is also encouraged to offer feedback to the supervisor. Allowing employees to participate in the review can alleviate some of the stress in the process. If you open the floodgates for suggestions, be prepared to consider implementing proposals made in this forum. Otherwise, you're not playing fair.

The goal is to assess how the employee is succeeding from each angle. Questions to ask include the following:

- ◆ Is he or she respected in the department?
- ◆ Is he or she meeting the objectives outlined in the job description?
- ◆ Is he or she an efficient member of the team?
- ◆ Does he or she seem happy and challenged in the current position?

Taking the time to compile this data will allow for a more meaningful review and give the employee an opportunity to address the factors in his or her work environment that will further illuminate areas of strength and areas for growth. Looking for more information? Companies such as PanoMetrics (www.Panometrics.com) provide 360-degree performance review templates.

❖ **Delegate all administrative aspects of the review process to human resources.**

Some of the stress with conducting performance reviews can be alleviated by designating a neutral HR officer to oversee all administrative details. This can also be assigned to a volunteer, a trusted board member or a loaned HR staff member from a board member's company. Allow this person to maintain all paperwork involved. This person can also provide logistical support by scheduling appointments and reserving space for reviews. Remember, the goal is to have a period of honest, constructive communication, not a logistical headache for department heads.

❖ **Finally, be aware of the sensitivity of incorporating salary adjustments into performance reviews.**

Let's face it; rarely can a person earn a competitive wage in a nonprofit theatre. Encouraging your employees to interpret their salary as a measure of worth can be an exercise in frustration. People are willing to accept relatively low wages if salary decisions are fair and consistent across the board. Consider scheduling performance reviews at a midpoint in the fiscal year and discussing routine cost of living adjustments at the end of fiscal year. While it is common to link pay raises with

additional job duties or a service milestone (i.e. ten years at the theatre), most theatres report that there are never enough resources to reward employees amply. Last year, TCG conducted a follow-up survey on HR issues among department heads at member theatres; the survey respondents reminded us that people work in nonprofit theatre for reasons beyond money. (The Focus Group Follow-Up Survey can be downloaded as a PDF file from the *TCG Bulletin* section of TCG's website at www.tcg.org.) Some of those reasons include the following:

- ◆ Impact on the community — a sense of giving back
- ◆ Philosophical match
- ◆ Good relationship with coworkers
- ◆ Flexible work environment
- ◆ Creating positive change
- ◆ Opportunity to work with great artists

Effective performance reviews provide a structure for routine, open communication among the individuals who are most likely to be committed philosophically to the idea of nonprofit theatre and are interested in being successful for the organization. Ideally, workplace problems and suggestions would be shared in an informal environment as they arise. However, in a chronically under-staffed and under-capitalized industry, annual or biennial reviews ensure that time is set aside for a free flow.

Sample Reviews

In our research, we heard much consternation about overly complicated and negatively based review mechanisms. Tim Shields at the Milwaukee Repertory Theater solved this problem through the development of a simple, value-driven review that focuses on positive change. The review asks each employee to answer questions and precedes each question with a value statement. For example, one question asks:

- ❖ “How can we improve the environment so that you are encouraged to speak openly?”

The following statement precedes this question:

“Managers, and all company members, have a responsibility to create an environment that encourages people to speak openly, knowing that they will be listened to when they do. Listening, however, is only a first step. It's also key to respond — if not through direct action, then through acknowledgment or feedback.”

- ❖ The questions that the Milwaukee Rep asks are organized into the following ten broad areas:

1. Define your goals for “seeking the best” in your position.
2. How can our work processes be improved to help you achieve your goals? And what skills do you want to learn or develop?
3. What do you bring to your position that allows you to do great work? Are there changes within

the work environment that would allow you to apply more energy to your job?

4. Identify an organization risk. Give an example of a mistake or action that you learned from this season.
5. What is your position's contribution to the theatre? What is most misunderstood about your position/department? What position/department most baffles you? What suggestions do you have for improving your knowledge of other departments, processes and schedules?
6. How do you rank the Rep for "integrity without compromises"? How can we improve our performance?
7. How is "respect in all relationships" working well and not working well for you?
8. How can we improve the environment so that you are encouraged to speak openly?
9. How does your position relate to Rep patrons and audiences? Do you have suggestions to improve patron relations and audience experiences?

10. What does the Rep contribute to the community? What else should or could the Rep do?

A similar form is being tested this year at the Yale Repertory Theatre. Like the Milwaukee Rep, the Yale Rep asks each employee to review a set of questions in advance of a discussion with his or her supervisor. Several questions are designed to get two-way feedback. For example, Yale Rep's form asks the following:

"What do I do as a supervisor that helps you and what do I do that gets in your way"?

The answers are NOT written down and submitted to the business office or placed in some mysterious personnel file. Instead, a worksheet that lists a series of goals is developed and agreed upon with a timetable for follow-up discussion. At the same time, the job description is reviewed and changed if necessary, which is a great way to stay current with evolving jobs.

While neither theatre has instituted a 360-degree review, the questions clearly seek feedback from the employee regarding his or her needs and the support he or she receives from the supervisor and the broader theatre community.

TURNOVER: STRATEGIES FOR SLOWING IT DOWN

BY AMANDA WOODS

We all know that turnover happens, but just how many emigrating employees are too many? By taking a look at the reasons why people leave, we can start to calculate the rate of turnover for our institutions. And, by taking steps to mitigate these reasons, we can create healthier work environments — and hopefully eliminate excessive egress.

Who is flying the coop? If you're like the majority of theatres we surveyed, the following facts might sound familiar:

- ❖ Most turnover comes from recent employees (two years or less on the job) who are in entry-level positions.
- ❖ On average, entry-level staff and junior associates hold their positions

for just 1.3 years (2.5 years less than staff with more seniority).

- ❖ In specific departments, though there is little variation in tenure across the board, production workers average one more year on the job, while finance and fundraising staff average 1.4 years less.

We identified three strategies that might contribute to reducing turnover:

1. **Exit Interviews** — to gain greater understanding of why employees leave.
2. **Interview Training** — to improve the chances of making the right hire in the first place.

3. **Internal Communication** — to assure that the staff feels connected to the mission.

Exit interviews offer a valuable way to determine exactly why these individuals are leaving our organizations. High turnover may well be a fact of life in entry-level jobs, but it can also be an indicator of a larger institutional problem. It's true that conversations with a soon-to-be former employee can be awkward, unless conducted by a HR department or another objective third party, whose feelings won't be hurt by what may be perceived as negative feedback. Providing this opportunity for honest and insightful feedback can be extremely helpful to the organization.

SAMPLE EXIT INTERVIEW QUESTIONS

TCG Confidential Employee Exit Interview

Name: _____ Department: _____

Job Title: _____ Supervisor: _____

Date Employed: _____ Date Terminated: _____ Voluntary: _____ Involuntary: _____

Was your decision to leave TCG influenced by any of the following?

Better job opportunity	_____	Family circumstances	_____
Type of job	_____	Commutation difficulties	_____
Rate of pay	_____	Physical illness	_____
Supervisor	_____	Other	_____

1. Quality of job conditions while at TCG:

Do you feel that you knew what the job consisted of before you began here?

Was your training adequate for the job? If not, what was missing?

What did you like most about working here?

What didn't you like about your work?

Do you have any suggestions to improve the procedures here?

How well did TCG keep you informed of happenings, benefits, other changes, etc.?

2. How would you rate your supervisor on the following points (1 is excellent, 2 is good, 3 is fair and 4 is poor):

Demonstrates fair and equal treatment	_____	Expresses instructions clearly	_____
Provides recognition on the job	_____	Informs staff on matters that relate to job	_____
Handles complaints fairly	_____	Is competent to perform his/her job	_____
Follows consisted policies/practices	_____	Encourages teamwork in his/her staff	_____
Encourages feedback, welcomes new ideas	_____		

3. How did you feel about the following employee benefits? (Same ranking as above.)

Paid holidays	_____	Summer hours	_____
Paid vacations	_____	Sick leave	_____
Health insurance	_____	Life insurance/disability insurance	_____
Retirement plan	_____	TransitChek	_____
		Employee Assistance Program (EAP)	_____

4. Reason for leaving:

5. What suggestions do you have for us to make TCG a better place to work?

6. Would you recommend TCG as a good place to work to others?

Yes ____ Yes, with reservations ____ No ____

7. Are there other things you would like to share?

What does it mean when a particular department experiences heavy turnover? (Now here's a good reason to start performing exit interviews.) Sometimes a mass exodus is indicative of management deficiencies, but just as often it is simply a series of the wrong people hired for the job. We all know our theatres are understaffed, which means any position left vacant for even a short period of time creates a terrific strain on individual departments. Often the theatre does not have resources to make a temporary hire thus allowing more time for a thorough search. Besides, who has time to train the temp? As a result, the onus is always on to hire a replacement ASAP. This stress often leads to hiring the first applicant with reasonable qualifications.

Let's pretend that you're a running a theatre in New York City and after a three-month search, full of disastrous candidates, you've finally found a new marketing assistant. Fresh out of college, "Mike" has a personality that you think will enliven the department, is enthusiastic about your theatre and has two impressive recommendations from an internship at a well-known performing arts center. He studied acting in college and while he hopes to eventually get a job on the artistic side, he expresses much interest in administration. Mike is hired. It turns out that his lack of experience in the professional theatre leads him to think unrealistically that his job will quickly transform into an artistic one at your theatre. After a few weeks, his aggressive personality is starting to upset his coworkers and the artistic department is growing more annoyed with his constant artistic suggestions. After a month in the department, Mike is miserable and no longer attentive to his work. Eventually, he wins a part in an Off-Off Broadway play and gives one week's notice. This example may be farfetched, but it does highlight the important questions that should be answered prior to hiring any new employee.

- ❖ How will this individual mesh within your department or the company as a whole?
- ❖ What are her/his personal goals?
- ❖ What does this individual understand to be the duties of the position?

If the particular job doesn't fit within the prospective employee's answers, it is incredibly unlikely that this person will stay in the job for any length of time.

Interview training for department heads is a terrific method to avoid bad hires. We've found that the Yale University's HR recruitment guide is particularly helpful. The most important advice they give us is to "listen a lot, speak only a little." Often theatres find themselves in the mode of trying to sell the job — resulting in a one-sided interview. One should "aim for questions that leave the burden of response on the applicant, questions that require thoughtful and revealing responses." They recommend asking the following types of questions during an interview:

❖ **Exploratory Questions**

- ◆ "Tell me about..."
- ◆ "You seem to have had a lot of experience in..."
- ◆ "I'm interested in learning about..."

❖ **Probing Questions**

- ◆ "Tell me more about..."
- ◆ "Why?"
- ◆ "How?"
- ◆ "Can you give me an example?"

❖ **Situational Questions** — These questions require the candidate to recreate certain situations that were important in his or her work life...perhaps, milestone decisions.

- ◆ "That seemed to be an important decision. Describe what happened."
- ◆ "Tell me the high point of that job."

- ◆ "What tasks give you the most satisfaction?"

❖ **Simulations** — These questions require the candidate to imagine him or herself in a new situation and respond to it.

- ◆ "What if..."
- ◆ "Suppose..."

❖ **Appraisal Questions** — These questions allow the candidate to self-evaluate.

- ◆ "How did you feel about that?"
- ◆ "Why were you able (unable)..."
- ◆ "What was your easiest (most difficult)..."
- ◆ "Why would you be a good candidate for this job?"

Internal Communication

So, what else can cause turnover? Restricted finances do affect staff salaries and clearly limit our resources, which is understandably frustrating for everybody. But, as we mentioned in the previous article, it isn't really the lack of money that causes people to leave. Your employees are under no illusions that they will get rich quick working at a nonprofit. While more money is *always* welcome, it's not necessarily the answer.

The not-so-obvious factors contributing to turnover are related to the office environment. To understand the office environment you need to start from the top. Is your mission clear and easy to buy into? The staff has to have a shared vision. If the mission and goals are unclear, confusion trickles down — creating rifts and miscommunication between departments and disconnecting the administration's work from the production's work. This, in turn, creates a poor *esprit de corps*; employee loyalty diminishes, giving rise to departmental rivalries and mistrust. The combination of these things yields an unsavory work environment, particularly for new hires. Employees who feel estranged are likely to be distant from coworkers

and leaders across departments, dependent on individual attention and vulnerable to misunderstandings.

Solution? Get everyone on the same page. Your mission has to be applicable universally, and each staff member has to understand how his or her work fits into the big picture. It may sound somewhat corny, but the success of the institution depends on everyone.

Our research suggested that innovative communication techniques are great ways to forge trust and to remind everyone of the big picture, to increase employee loyalty and to create a company-wide camaraderie. Some of the techniques we found include the following:

- ❖ Performance reviews are valuable opportunities for employees and

managers to keep avenues of communication open. The 360-degree review process, where managers and employees evaluate one another, was cited most often with enthusiasm for actually curbing turnover (see Elaine Bonifield's article, "Performance Reviews").

- ❖ "Company relations meetings" provided by some theatres that give staff the opportunity to meet and interact with executive leadership without department heads present.
- ❖ Professional development opportunities for entry-level employees offer a terrific way to enhance skills and motivate an employee to stay longer than the average two years or less.

- ❖ "Employee needs committees" are comprised of employees at all levels of the operation and help to inform senior staff of deficiencies by identifying needs in areas of equipment, staffing and facility. This is particularly valuable if the institution can invest in solutions.
- ❖ Running in tandem with these ideas is the more tangible notion that if you can't pay employees any more money, you need to invest in them in other ways. The combination of comprehensive compensation packages, good HR policies, two-way communication and special perks (See Kourtney Keaton's sidebar on "Popular HR Benefits") are the ingredients for longer tenure.

SIDEBAR: VALUE BASED MANAGEMENT

BY SALLIE D. SANDERS

When we were approaching the research for this project, students reviewed employee handbooks, orientation information and employee review materials from a number of organizations. While these materials are generally clearly written, they are often very policy-oriented, stating rules of conduct, equal employment opportunities and leave policies. These policies should certainly be included in employee handbooks. Yet, in some cases, very little attention was directed toward defining an organization itself — defining its vision and common goals and a course of action for pursuing those goals. These communication materials lacked the description of organizational values on which its policies are based.

Borrowing from the corporate world, one strategy for uniting the staff — including those that create the handbooks — behind a common goal or organizational value is the theory of Value Based Management (VBM). VBM is a theory for managing an organization according to a certain set of defined values. In the corporate world, the term "value" refers specifically to shareholder worth, and all management decisions are made with one goal in mind: that of increasing shareholder value.

While this is a profit-based concept, VBM is not just about the numbers. It is more an ideology or value system than a quantitative analysis.⁴ The driving force behind VBM is a single, clearly defined goal, and that vision must be communicated and trusted by every employee in a company. This central goal must inform all business decisions, much like the mission statement in a nonprofit organization. When implemented effectively, VBM can change a company's culture by facilitating communications and cooperation between departments, and as such, it can be a key element of a firm's internal governance structure.⁵

A company's first step with VBM is to define its vision, and then to adopt strategies to achieve this vision.⁶ Having a clear understanding of these goals at the outset is absolutely essential to accomplishing them. The

⁴ Martin, John D., and J. William Petty. *Value Based Management: The Corporate Response to the Shareholder Revolution* (Cambridge, MA: Harvard Business School Press, 2000), 103.

⁵ *Ibid.*, 104.

⁶ Knight, James A. *Value Based Management: Developing a Systematic Approach to Creating Shareholder Value*, (McGraw-Hill, 1998), 4.

strategies identified must be communicated to all employees, and in turn, employees must trust and implement them. Once a chosen strategy has been clearly communicated and understood by the staff, then employee performance can be measured on how well the strategy is executed.

While it may appear to come from the top down, strategy can be communicated through a “bottom up” approach. All employees can participate in identifying their company’s values through a process such as brainstorming. In this way, values become representative of an organization, and employees feel a sense of ownership and empowerment. A semiconductor company in Santa Clara, CA, accomplished this by implementing their “Leading Change” program in the early 1990s. Thousands of employees attended a five-day seminar to understand the new vision of the company. During the seminar, managers collected information from the bottom up about what employees thought the direction of the company should be. The vision of the company was then established based on the knowledge gained from this exercise.⁷

VBM borrows heavily from organizational behavior. It follows a “what you measure and reward gets done” approach.⁸ Individual employee behavioral changes are required for organizational change. When firms consider adopting VBM, they are searching for more than financial rewards; they are seeking ways to motivate value-adding behavior throughout their organization. Companies must find a way to provide the right management incentives to change individual behavior. In VBM, this is done through an ongoing system of financial rewards, not simply an annual bonus or promotion. When the compensation is customized to match employee performance, then employees have greater incentive to maximize their own performance. The right incentives can also increase employee retention, which is particularly important when resources are limited due to economic factors.⁹

Clearly, financial rewards are rarely an option in the nonprofit world. As we have mentioned before, other incentives may be used to increase employee performance and retention. (See Kourtney Keaton’s sidebar on “Popular HR Benefits.”)

Other policies were identified that can create fellowship and help connect staff to their company’s vision. First and foremost, employees should feel empowered and connected to an organization’s core mission. When all employees contribute to a tangible end product (such as a theatrical production), then they feel connected to the “big picture.” Administrative staff can be empowered by inviting them to participate in strategic planning. Opening night parties, retreats and other social events can help employees learn about each other’s projects and celebrate the organization’s achievements. Social events should be planned carefully to insure that they do not feel artificially constructed or uncomfortable for employees. Retreats can be tricky, too — take care to plan them so that no one feels left out of the loop. Forums and workshops with visiting and company artists can be particularly rewarding for employees. Interaction with the art can help connect administrative staff to their organization while educating them about the artists they serve. Tactics such as these foster communication and unite employees around an organization’s mission.

The principals of VBM contain far more than a formula for financial reward. VBM imparts an ideology where everyone in an organization learns to prioritize decisions based on an understanding of how their actions contribute to the organization’s overall success.¹⁰ True VBM creates alignment by connecting all departments and activities of a company to one central, core vision. VBM succeeds when decision-making becomes truly focused around this core vision, achieving alignment through strategy, communication and performance measures.



⁷ Martin and Petty, *Value Based Management: The Corporate Response to the Shareholder Revolution*, 224.

⁸ *Ibid.*, 157.

⁹ *Ibid.*, 159.

¹⁰ Knight, *Value Based Management: Developing a Systematic Approach to Creating Shareholder Value*, xiii.

CONCLUSION

At the end of the day, an organization can build trust and openness by encouraging employees feel that they are an integral part of the organization — whose mission and vision is understood and shared. Employees want to be held accountable for their performance if they have the resources they need to do their jobs, and they have a tangible end product or goal. It can be as simple as a “thank you” and as difficult as a re-invention of the culture.

We found gazillions of HR practices employed throughout TCG constituent theatres. We also found that “time and resources” were always to blame for those theatres that have not been able to develop consistent HR programs. I hope these articles, researched and written by our students, will remind us that we don’t have to re-invent the wheel. Tools are in place at colleague theatres and suggestions, as always, abound on the Internet!

PARTICIPATING INSTITUTIONS

A total of 16 organizations participated in our field interviews and surveys for this project: 12 theatres, three service organizations, one publishing company and one foundation. We wish to thank all of these organizations for their time and support in helping us to understand more about their HR policies. The following is a list of participating institutions (the rest wish to remain anonymous):

- ❖ American Conservatory Theatre — San Francisco, CA
- ❖ Alley Theatre — Houston, TX
- ❖ Arizona Commission on the Arts — Phoenix, AZ
- ❖ Cleveland Play House — Cleveland, OH
- ❖ Court Theatre — Chicago, IL
- ❖ Guthrie Theater — Minneapolis, MN
- ❖ Mark Taper Forum — Los Angeles, CA
- ❖ Milwaukee Repertory Theatre — Milwaukee, WI
- ❖ Oregon Shakespeare Festival — Ashland, OR
- ❖ Steppenwolf Theatre — Chicago, IL
- ❖ Theatre Communications Group — New York, NY
- ❖ Trinity Repertory Company — Providence, RI
- ❖ The Wilma Theater — Philadelphia, PA
- ❖ Yale Repertory Theatre — New Haven, CT

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