

FINANCIAL CONTROL

What does financial control mean in the context of your group, and why is it important?

5 It means that you control expenditure and income so financial targets are met and your group remains at least as stable financially after the project as it was before. If finances go out of control and you trust to lath it is inevitable that the production will overspend. It is your job to stop this while at the same time allowing and helping the rest of the production team to achieve their objectives and mount a successful production.

10 In carrying out your responsibilities and ensuring that budgets are not overspent you should try not to thwart or frustrate the creative members of the production team. If the director and/or the designer want a particular production effect which you know will blow the budget it is very simple to say 'No'. It is harder, more time-consuming, but very important in the interests of the production, to say 'Well, that's going to be very difficult because, as you can see, we don't have that kind of money. But, if you really need this backcloth/antique table/marbled floor, is there another, cheaper way of getting a similar effect? Or IS there something else we could cut from the budget?'. Apparently intractable problems are much more likely to be solved with this kind of

co-operative approach in which you regard yourself as an integral part of the production team. Like the other members of the team you will want to play your part in mounting a successful production, and you will not do that if you stand apart from the creative process and frustrate it.

25 The three stages of financial control set out here are closely related parts of one continuous process:

- budgeting
- financial records
- 30 • monitoring the budget.

Each stage describes the production in financial terms, in the same way as the designs describe the production in visual terms. A designer, for example, will not produce a design which does not suit the particular production envisaged by the director, or which does not suit the particular performance space, and will not design costumes without regard for the actors who have to wear them — or at least, not without risking a major disagreement.

35 Equally, you must remember that you are administering the finances of a specific production and, like the designer, you must take into account the specific aims, style and constraints of that production, and the financial implications of your venue.

BUDGETING

The process of budgeting and the end result, the budget itself, are equally important.

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THE PROCESS

This helps you and your colleagues to focus on the important features in your production and to anticipate potential problems. Don't pay lip service to early

planning. Centre it around the drawing up of an accurate budget. The more work you put in at this stage, the fewer last-minute unanticipated problems there will be. And it is the last-minute problems that cause the frayed nerves and panic expenditure which is very difficult to control. Your aim is to reduce last-minute panic to a minimum.

The budget

By saying what you will spend in each heading you describe the production financially. Be specific. You are describing your production, in your venue. Nevertheless, thoughts about the production will change, and you will have to accommodate these changes in your system.

It is never too early to start drawing up a budget, but it is dangerous to finalize one too early as there is a tendency for it to be inflexible and restrictive.

You will know or you will be given a figure for the net expenditure or net profit on your production. You might be accountable to a committee to which you can return with a request for more funds, but that is unlikely. This figure is the bottom line of your budget sheet and, throughout the process, the target you are aiming at.

Don't expect to hit the target first time. The designer will make several sketches of the set before the final design. So, too, should you make several drafts of the budget to make sure that you are heading in the right direction, and to give you and the production team room for manoeuvre in the critical early stages when thoughts change.

Use the budget sheet opposite for all the stages you go through before you reach the final budget. Date each of them so that in any discussion you can be sure that you are all talking about the same figures. You will not have all the information you need to complete the budget at each stage. Sometimes you will have to assume things and confirm or change them later. Don't worry about this. Estimates play an important part in budgeting and you won't know everything that you would like to until the production has finished.

For example, in your first attempt at a budget you may not know where you are going to do the production and, therefore, what venue costs may be involved. This is the very reason for including an estimate of what those costs may be. You should, of course, make it as accurate as possible, but any figure included in a balanced budget will be a yardstick against which to measure more accurate costings as they become apparent.

Income

The income budget is the amount that you are Omg to keep, and is therefore not necessarily the same as the box office receipts. This will depend on whether you have your own venue or, if not, what kind of deal you have with the venue (see page 110 for the three kinds of agreement). If you do not know your venue when you do your first budget you will have to estimate the kind of seating capacity you are likely to have and the range of prices.

If you intend getting someone else to handle marketing, do so before you are committed to an income budget, and consult closely with them. Do not hand the job over as a fait accompli.

However small the venue's seating capacity and however confident you are, do not budget box office income at more than 70 per cent of capacity. Make deductions of tax, royalties, venue's percentage (if any) from that 70 seventy per cent. Bear in mind also that of that 70 per cent a variable proportion will not pay

5 the full rate for a ticket. Your 70 per cent will soon be closer to 50 per cent. This may seem discouraging, but if you do better, that will be a very welcome windfall. If you do worse the problem will not be as bad as it would have been if you had budgeted at 90 per cent.

10 Use whatever records you have at your disposal: your own or your venue's box office return from past productions. There will probably probably be trends which your production will follow unless it is radically different from any previous show.

Catering receipts

15 If you are doing your own catering, budget carefully for a modest profit. You know how many patrons you expect at each performance from the box office budget, how many of these will buy coffee or drinks, and what the profit will be. Don't just make a figure out of thin air. Calculate as scientifically as possible.

Grants or sponsorship

20 If you have a grant or sponsorship absolutely contained, include it in your budget. If not, don't.

25 You may need to draw up a budget to apply for a grant or sponsorship. Present the budget showing a shortfall of the amount you are requesting. Do not automatically boost expenditure figures. Make the budget realistic and honest, or the bodies or companies examining it, who are likely to be more experienced at this than you, will suspect your judgement.

Expenditure

30 The sample budget sheet gives four main headings of expenditure which are, in broad terms, in order of the degree to which you have control over their level. Administration and venue costs, once you know what the venue is, are going to be much less flexible than production costs.

Administration costs

35 Records from past productions are particularly valuable in estimating administration costs, as they tend not to vary as much as others. If you do not have records, or if you have reason not to follow them, be as methodical as you can. Consider even apparently small factors such as how much is likely to be spent on photocopying and postage.

40 A guess is never as reliable as an estimate based on calculation. Don't think that because you are responsible for the budget you have to know all the answers. If you don't, ask someone who does.

45 If you are not an accountant, or at least extremely knowledgeable about the preparation of accounts, you will need someone who is. Even if you do not need audited accounts at the end of the production, you should aim to have accounts which are as orderly as if they had been audited. So a friendly accountant would be useful; there is bound to be someone associated with your group who would be happy to help or advise you, perhaps for nothing.

Marketing

5 Before you arrive at a marketing budget there is a planning process you have to go through. Before you are able to do that assume as a working figure a marketing budget of 25 per cent of your budgeted box office receipts. This should cover most expenditure under normal circumstances. If you know at a very early stage that you have a particular marketing problem — a new or obscure play for
10 example — increase the budget then.

Production costs

These are, of course, the heart of your budget. Clearly you cannot complete this section without close consultation with the director, designer and
15 stage/production manager. Even then, there will be many unresolved issues. They will explain, however broadly, what their production ideas are. After an initial briefing you can do your first rough budget, making very broad assumptions. At the end of that stage you will have an idea of how good or, more likely, how bad the financial picture is. Take this back to a subsequent meeting.
20 You can explain how you have compiled the budget and the director and designer can say to what extent that reflects their ideas, which may have changed meanwhile. If there is a problem you can share it. Even if you technically have the power to overrule the director and designer it will be counterproductive to invoke that power. They are more likely to be positive if you are too.
25 If there is a shortfall you will be asked if you can increase income or reduce another part of the budget. If you have been methodical in devising the rest of the budget you can resist those arguments convincingly. But avoid becoming territorial about the budget, especially in the early stages. The budget and budgeting process are intended to help, not hinder, the production process.
30 As you are working towards the final draft be receptive to ideas that will make it more accurate but, towards the later stages, be firm when you know a suggestion to be unrealistic.
Finally allow a contingency of about 5 per cent of the total budget. This should be enough to cope with relatively small, unexpected problems.

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Final working budget

After a few attempts and some consultation you will have devised the final budget for your production. It will be:

- balanced – that is expenditure and income will be equal, or will differ by
40 an approved amount
- agreed by the production team. Some might have wished for a higher budget but they have at least been consulted
- give an accurate description of the shots in financial terms.

45 This budget should now be circulated to the whole production team, clearly labelled as the working budget.