



# **CO-OP KIT**

For Profit-Share Productions

**EQUITY NEW ZEALAND**



The background features abstract, hand-drawn style graphics. On the left, there are several concentric circles in a light blue-grey color. On the right, there are concentric circles in a light cream color. A white grid pattern is overlaid on the top right corner, partially covering the cream-colored circles.

## **An information booklet for members of Equity New Zealand.**

This document has been prepared for and by members of Equity New Zealand.

Your feedback is welcome, and will inform future editions.





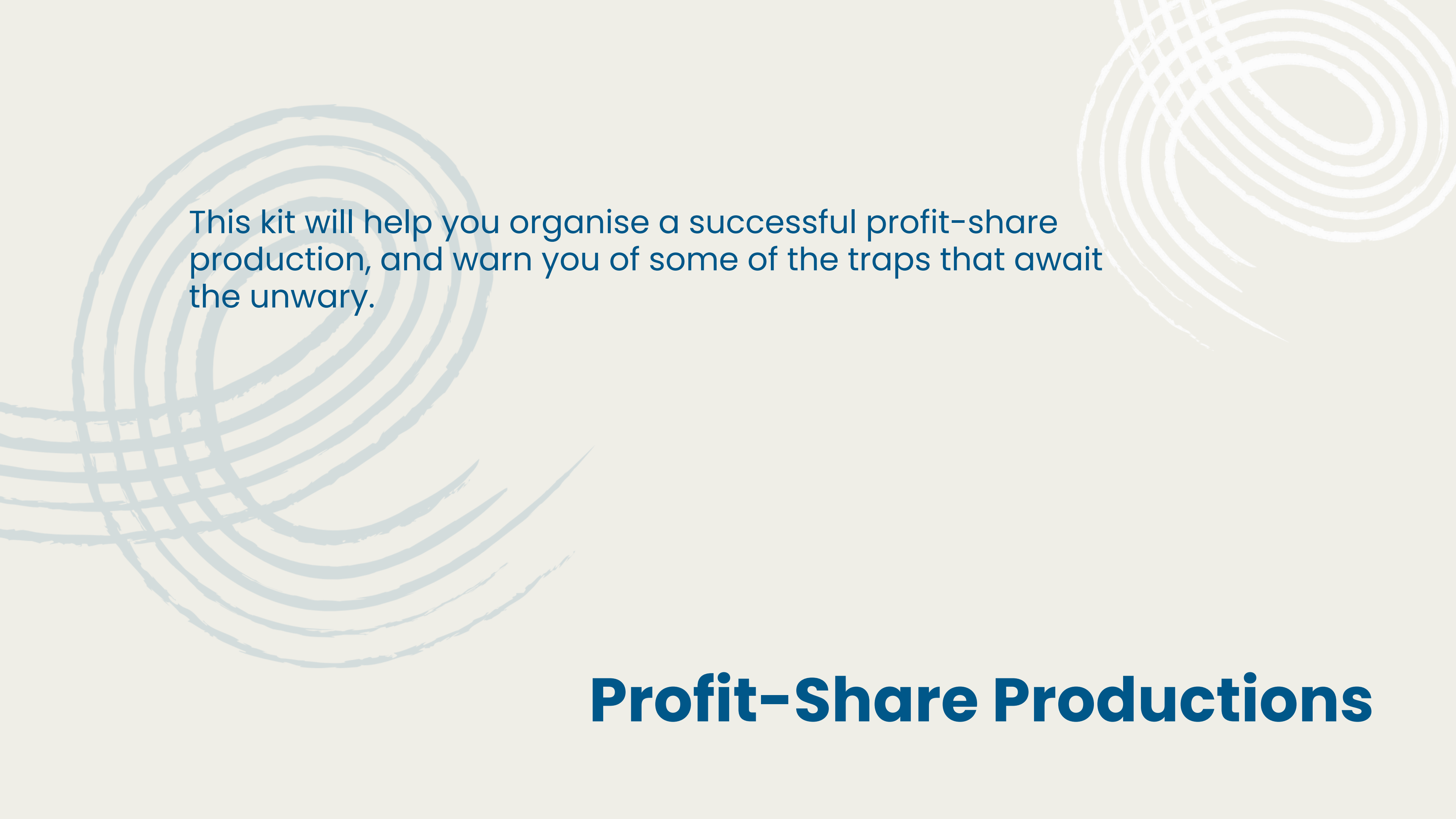
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This kit will help you organise a successful profit-share production, and warn you of some of the traps that await the unwary.

# **Profit–Share Productions**





A co-op is a group of people who jointly and democratically operate a business together and share in the profits – or loss

**What is a co-op?**



The three major points you should always keep in mind when organising or participating in a profit-share production are:

1. Because a profit-share is a co-operative effort there is no employment relationship. Nobody has the right to hire or fire or lay down the rules on how the company will operate; these are things for the group to decide.

Generally speaking, everyone should have approval of the budget, make a group decision on how the group will operate and agree on the distribution of percentages or “co-op share” among the group members. All members should have right of access to all financial statements, including the final reconciliation.

2. Because it is most likely that you will operate as a partnership, all members of the co-op will be individually, personally and jointly liable for any debts of the partnership and any other legal liability the group may incur.

3. You should always use Equity New Zealand’s **Standard Co-op Agreement** and have participants agree and sign **before** commencing rehearsals.

# What is a co-op?






## **Two critical questions to ask before launching/joining a co-op:**

1. What are the production's chances of success?
2. Can you afford it?

If you're satisfied with the answer to those two questions, now go through the co-op checklist – before confirming your involvement.

# **What is a co-op?**



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1. Ensure you understand the entire structure and arrangements – and preferably participate in setting them up.
  2. If in doubt, talk to your Equity New Zealand organiser, or your agent about the deal and the production.
  3. Ask about the budget – is it realistic?
  4. Ask for Equity New Zealand's Standard Co-op Agreement. Verbal Agreements are problematic – it is harder to argue that you were assured of certain terms if it is your word against someone else's.

## **Co-op check list**



## 5. A Co-op Agreement needs to cover the following issues;

- Names and addresses of all parties concerned
- Production, venue and dates for rehearsal and performances
- Investments in the production (including any grants or sponsorship)
- All persons and companies to share in the profits
- What percentage of the profit is yours
- At what point you start to share in the profits
- At what intervals you will receive your share of the profits
- Provisions for the maintenance of proper and complete records of tickets sold and distributed, and an account of all incomings and outgoings
- Provision for you or your representative to have access to all records and accounts on request
- Insurance provisions (see below)
- Under what structure the co-op is set up, e.g. company, partnership etc
- What everyone's responsibilities are under the agreement
- Appropriate grievance resolution mechanism
- What should happen if someone wants to leave

*All of these are covered in Equity New Zealand's Standard Co-op Agreement*

# Co-op check list



## Legal

We recommend you obtain independent advice about;

- Legal structure and documentation, e.g. partnership requirements
- Business name registration
- GST – check exemptions for small business
- Health and safety in the workplace
- Explosive or dangerous goods
- Taxation
- Licensing for alcohol
- ACC

## Insurance

Please make sure the co-op is covered against the following liabilities, that the respective responsibilities of both the co-op and the venue are clear and that these responsibilities are set out in writing in the venue-hire agreement between the co-op and the venue's manager;

- Public liability
- Fire
- Burglary
- Personal accident, death and sickness
- Cash in transit
- Professional indemnity
- Motor vehicles
- Equipment

# Co-op Issues



**It's a good idea to formulate a business plan to identify your personal and/or the group's strengths and weaknesses and to help you assess the production's viability.**

You will need to do homework about;

- **Timing** – when is a good time to stage a production of your type and what other productions/events will be on at the same time?
- **Venue Information** – venue costs, availability, seating capacity and formation, lighting provisions, etc
- **Your show** – cast requirements, obtaining production rights
- **Marketing** – where to advertise to get the most for your dollar, who your audience is and how best to reach them, to be part of a festival or not, which media representatives and critics you most want/need to target to attend and how to reach them, costs of posters/ fliers/postcards/newspaper listings/ads (newspaper/radio/TV)

# Business Planning



- **Production** – length of rehearsals/season, props, costumes, sets, scripts • People – cast and crew and production – where and how to find good support
- **Financial/Management strategies** – where the money is going to come from to set up the production – sponsorships/grants/donations Who will do the banking, accounts, tax and the divvying up at the end Construct a table showing the projected profit/loss for a range of boxoffice returns (e.g. for 25%, 50% and 75% houses), using a realistic average ticket price that allows for complimentary and concession tickets
- **Location** – of the show/auditions/rehearsals/tours/wrap party

These are intended as a beginning guideline – there are plenty more details you will need to find out as you go on.

*See the contacts page (over) for funding sources and other useful resources.*

# Business Planning



## **Funding Sources & Guides to funding;**

- Creative New Zealand (see CNZ's website – [www.creativenz.govt.nz](http://www.creativenz.govt.nz) – for links to other funding streams)
- Creative Communities Scheme (contact your local council for details)
- The Lion Foundation
- The Trusts Charitable Foundation
- The Performing Arts Foundation of New Zealand (PAFNZ)

## **Performing Arts Markets:**

- Performing Arts Network of New Zealand (PANNZ)

## **Useful Resources:**

- The Touring Manual (available from CNZ in hardcopy or via their website)

## **Other Useful Contacts:**

- Inland Revenue [www.ird.govt.nz](http://www.ird.govt.nz)

# **Useful Contacts**





**In Unity.**