

MARKETING:  
AN ORGANIZATIONAL APPROACH

- A WORKING PAPER -

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The subject of this seminar is "Marketing: An Organizational Approach." Marketing means "to offer for sale" (The American Heritage Dictionary of the English Language, 1973). Specifically, I will refer to an organizational approach to marketing.

Before beginning, take a piece of paper and:

1. Draw yourself.
2. On the upper righthand corner of the paper, write in:
  - a. your age
  - b. your occupation
  - c. what you want most in life (in one word)
  - d. how you feel right now (in one word)

As everyone finishes, pass your drawings to me and I will redistribute them so that we can all know each other better as a group.

The purpose of this exercise is to know who each one of us is in this room. This is the first step and one of the most important phases in the development of a marketing strategy. The successful marketing agent must know who he or she is. If you are an artist who paints landscapes, it would be foolish to try to sell yourself as a portrait painter if you cannot produce the product. Often an organization will fail because the artist-choreographer tries to also function as an arts administrator, leaving both functions short of the necessary time and expertise.

The "who am I" question is often a basic failing of many artists. In defining one's work role, a person must be able to answer the following questions:

1. When I wake up, what work activity makes me most enthusiastic to go to every morning?
2. What work role will provide me with incentive and professional growth opportunities?
3. What position will allow me to live where I want?
4. What are my income needs and will the career income meet those needs?

As a result of answering these questions, a person should arrive at a point where he or she can say if they truly want the perceived career.

If you choose to become an arts administrator who is responsible for marketing, then you must make an honest evaluation of where you are now. A thorough review of qualifications, both formal and informal, is imperative in this process. The strength of the individual only comes in knowing one's weaknesses. To use an old cliché, a chain (person, organization, or plan) is only as strong as its weakest link. In other words, if you know where your weaknesses lie, you can avoid those areas and work on them to improve them, while at the same time, concentrating on your strengths. Therefore, before you begin your marketing strategy, you must know who you are.

Secondly, answer, "what do I have to market?". In answering this question, you cannot avoid asking, "what is the value of what I have to market?" and "to whom will it be valuable?". If you decide to market ice cubes to Eskimos, you may encounter some serious sales problems.

In today's marketplace, competitive abundance and selectivity is causing increasing competition for the same dollars. Because of the competitive factor, each seller must come to the marketplace with the best product and with a quality marketing scheme. In other words, if you are O.K. with portraits, but great at landscapes, you should come prepared to market landscapes.

Failure can occur because of a lack of a clear role and definition. You must know what you can do and equally recognize limitations.

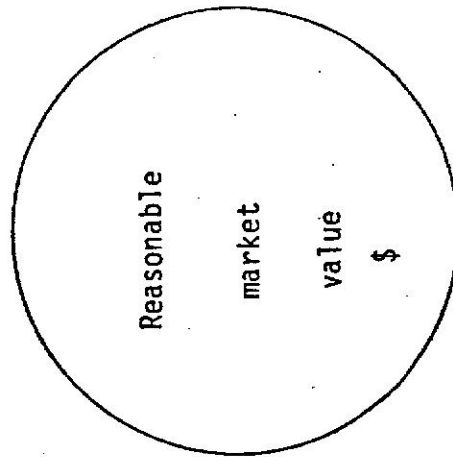
Solidly based with the knowledge of capability, you must assess the value of the service or product you offer. An appraisal of value can be made from a series of steps, as follows:

1. What is the market value/rate for a comparable service/product?
2. What are my costs involved in the delivery of this service/product?
3. What would I like to charge for my service/product?

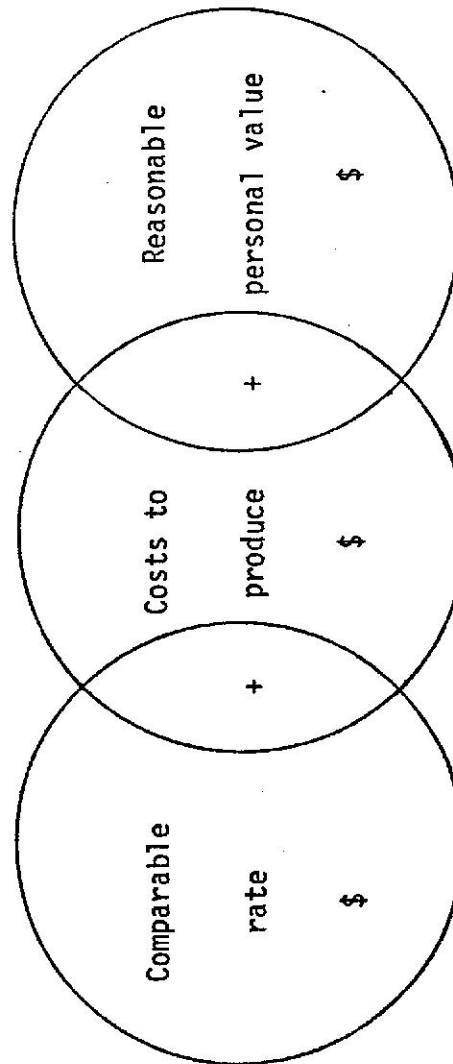
Average the factors from questions 1, 2, and 3, by totaling them and dividing by 3. You should have an average reasonable market value/rate.

CHART 1

Appraisal for Approximate Value



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Equally important in this process is "to whom is my service/product valuable?". The inexperienced marketer will often try to sell a service/product to the wrong client. Cartoons are full of examples of the door-to-door salesman who gets the door closed in his face. In order to maximize effort/sales rate, the successful marketing agent will not attempt to sell ice cubes to Eskimos - at least not on a regular basis.

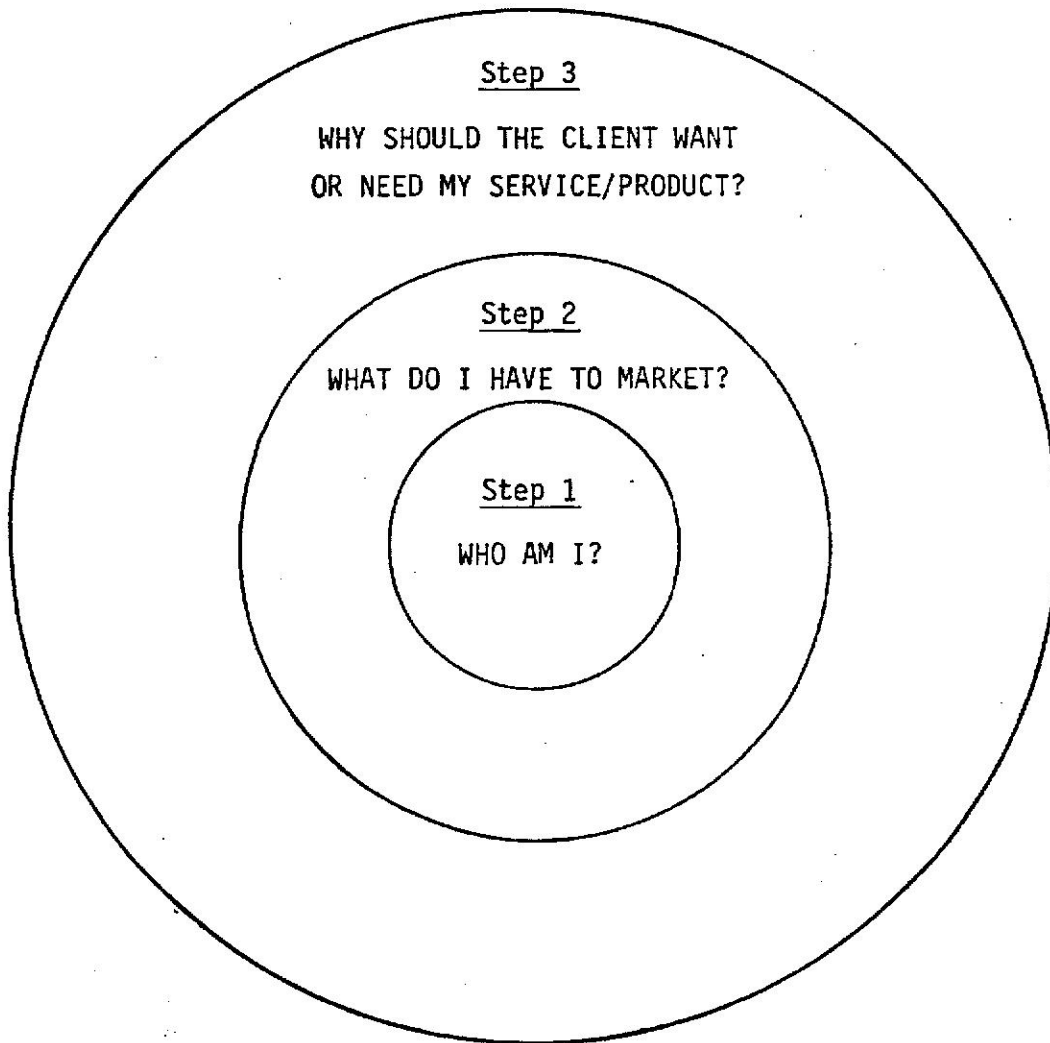
Third, "why should the client want/need my service/product?" If you do not believe in what you have to sell, it will be foolish to try to convince someone else of the value. To successfully explain to a corporate board why they need to support the Tippy Toes Dance Company is often where a marketing effort fails. Corporate boards are asking, "if we pay your salaries to tiptoe around, how can that possibly improve the quality of our stockholders' and employees' lives?" Can you answer how?

The mood of our society is requiring tangible correlations between investment and return. For example, esoteric college courses like "Paperclip Methodology" is not a viable course. Pragmatic practicality is the motivating force of our times. If you are going to sell a service/product to someone, you must be able to detail why they need it.

I have presented three initial steps that must be taken before progressing on the path towards marketing. The successful marketer must know:

CHART II

THREE ESSENTIAL STEPS TO MARKETING





The following will specifically address various approaches to marketing from an organizational perspective. Topics to be addressed are:

1. Trade name affidavit
2. Not-for-profit incorporation
3. For-profit corporation
4. Filing for status (lawyers for the arts, consultants, etc.)
5. Defining goals and objectives
6. Organizational chart
7. Corporate brochure
8. Brief corporate resume
9. Corporate capability statement

### Trade Name Affidavit

A trade name affidavit is a legal document that formally registers the name of your organization in the county in which your group carries on its business. A standard form is usually available at most major stationery stores.

### Not-for-profit and For-profit Corporations

A corporation is an association of persons who have joined together for specifying goals and objectives to be carried out through various enterprises and/or activities. The association, therefore, obtains a legal personality and character through the statute creating it. There are many advantages to the corporation. Corporations have the potential of perpetual existence, easily transferable corporate interest, centralized management, and it is a legal entity. There are also some disadvantages to the corporation. It can be expensive to create and maintain and it requires governmental supervision.

Corporations may be classified as profit or not-for-profit, as public, private, or quasi-public, according to the purposes and interests of the constituency to be served. A corporation can be further classified as stock or nonstock and domestic and/or foreign.

Basically, for our purposes I will explain the nature of a private corporation. A private corporation is managed by and composed of private citizens who do not have governmental responsibilities or functions. A private corporation may be for profit or not for profit. A business corporation is created for profit making purposes. Not-for-profit corporations are created for the mutual benefit of the membership and not for profit motives.

A question that often arises is one of legal responsibility as a member, specifically board member, of a corporation. The principals of the Law of Agency hold in the functions and management of a not-for-profit corporation. In other words, individuals who consent and act as and on behalf of the corporation are bound and responsible as principals for such corporate acts.

#### Filing for Status

Fourth on the list of approaches is filing for status. I strongly recommend that this process be performed by an attorney. This can avoid future problems and misunderstandings for the members and the organization as a whole. In Colorado and California, there exist organizations known as Lawyers for the Arts. These organizations are composed of lawyers who volunteer their services to nonprofit arts organizations. I have personally found their services to be excellent, always prompt, and not difficult to obtain. This should be your first step. Get competent professional advice and assistance.

If for some reason you cannot obtain the services of a lawyer, there are consultants available who can assist you with your document preparation. Evenso, only a licensed attorney is qualified to practice law. Therefore, it would be worth the investment to consult a lawyer with your corporate papers and receive a professional opinion and approval.

Incorporation is permissible only in accordance with federal and state laws. The issuance of the corporate status charter by a state creates a contract between the state and the corporation. This contract is

protected by the United States Constitution and is irrevocable except for cause necessitated through the usage of police power or for violation of the terms of the contract. Often state incorporation contracts will include a clause reserving the right to repeal, amend, or modify corporate law.

A condition to the formation of a corporation is compliance with statutory requirements. Some statutory requirements are mandatory and others are directory. Mandatory requirements are basic and require compliance for corporate existence, whereas directory provisions are not essential to corporate formation.

In general, mandatory requirements of incorporation are as follows:

- a. preparation/application of articles of incorporation
- b. filing of said articles, including the application and fee payment for filing

In order to better understand these mandatory provisions, a discussion of greater depth of these two generally required provisos will be presented.

The articles of incorporation form a contract. This agreement is between the corporation and the state; also, between the corporation and its shareholders. The articles of incorporation constitute an offer or proposal to incorporate and create a corporate body. When properly filed they become a contract as a result of their acceptance by the state. Any future changes in the articles of incorporation require state approval by acceptance of the change. Statutes

specifically state, in detail, the information to be included in the articles of incorporation. A discussion of the prescribed information follows:

#### Name

A name is required in order to identify the corporate body.

Generally, any name can be applied to the corporate entity.

Although there often exists special requirements for the corporate identifier. For example, the attachment of a corporate identifier, i.e. Inc., is often required by statute so that the public can recognize a corporate organization. Some statutes prohibit the usage of specific terminology in the corporate identifier, such as bank, trust, title, etc. Also, general public names are sometimes not permitted, such as geographical names or names considered synonymous with existing corporations in order to prevent unfair competition.

#### Objective

The object/objective of a corporation must be clearly stated. A corporation may be formed for any purpose provided that its purpose is lawful. It is necessary to clearly state the objective of a corporation in order to establish the extent of corporate authority and the lawful status of the objective. In general, a corporation may have more than one objective, if permitted by statute.

#### Duration

Statutes generally require that the duration of the corporation be expressly stated. Although it is understood that a corporation has perpetual existence unless statutory law or the articles mandate otherwise.

### Place of Business

Statute usually requires that the location and place of business of the corporation be stated.

### Incorporators

The individuals who sign the articles of incorporation are known as the incorporators. On formation of the corporation the incorporators become the shareholders. They are then no longer the incorporators. Upon filing, the state issues a charter to the incorporators granting them permission to function as a corporation. The incorporators are granted by this process the legal capacity to contract. Because of the key role of the incorporators, statute requires the names and addresses to be documented in the articles of incorporation. A "family corporation" exists when the shareholders (incorporators) are members of the same family. A "closed corporation" is a corporate body in which the shareholders are a limited number of persons.

### Capitalization

A discussion of capitalization is not included because most of the corporate organizations that are represented at this meeting are nonstock corporations. Since capitalization addresses the issue of stocks and shares, it is not presented.

### Directors and Officers

In some states, it is mandatory to maintain a certain organizational level and to declare and acknowledge the original board of directors and its officers as part of the articles of incorporation. In states where it is not mandatory, such data can be omitted.

### Execution

Statutes require that the articles of incorporation be signed and sealed by the incorporators and that the signatures be acknowledged by an authorized individual, such as a notary public or other such person authorized to give oaths.

### Filing and Recording

The articles of incorporation are usually filed with the Office of the Secretary of State. Upon approval of the articles of incorporation, the Secretary issues a certificate of incorporation and an endorsement of approval often filing and recording the articles. The endorsement of approval and the certificate of incorporation are known as the charter. The charter is then usually filed in the County Clerk's office in the county of the place of business of the corporation.

These components comprise the specific requirements for incorporation.\* In order to initiate this process, a clear statement of goals and objectives of the organization is necessary.

### Goals and Objectives

In order to prepare your articles of incorporation, you will need to define your goals and objectives. More often than not, I have seen organizations which file their articles and include a generic type of objective like: "The objectives and purposes for which this corporation

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\*For a thorough discussion of the subject, see: C.P.A. Law Review, Uniform Commercial Code as Amended, by Joseph L. Frascina, J.D., 4th Edition, published by Richard D. Irwin, Inc., Homewood, Illinois, 1972, Chapters IX and X.

is organized are to promote and enhance Hispanic arts." This is truly an ideal proposal, but it leaves much to the imagination as to possibilities of interpretation. Some groups may need this latitude in their developmental stages, but lack of direction generally ends up with nothing tangible or significant being accomplished. Therefore, I strongly suggest that goals and objectives be as clear and specific as to not leave room for interpretation. In this manner all parties involved will know exactly what to expect and what not to expect.

The goals and objectives of the Mayor's Commission on the Arts for the city and county of Denver are as follows:



### CHART III

## MAYOR'S COMMISSION ON THE ARTS

### GOALS AND OBJECTIVES

The Mayor's Commission on the Arts is a public body, designated to deal with arts services to Denver citizens. Subject to statutory limitations and City policy, the Commission will assume responsibility for the involvement of the City and County of Denver in cultural affairs. This may include advice, supervision, or recommendations, made on request or on the Commission's initiative. It does not seek to duplicate services already provided or more suitably provided through other organizations.

Mayor McNichols established the Commission by executive order on December 4, 1979. It is composed of eleven members appointed by the Mayor. The commission members serve staggered terms of two, three and four years. A non-profit corporation, Friends of the Arts in Denver, has been organized to accept private contributions for the Commission.



## Goals and Objectives

1. The Commission will set guidelines to serve the cultural needs of Denver's citizens.
2. The Commission will give direction to the city's implied or explicit policies on matters involving arts and/or arts related matters.
3. The Commission will work toward finding ways to build long-range support for the arts.
4. The Commission will explore the relationships and inter-relationships which exist or may exist in the Denver arts community. By so doing, the Commission may serve to coordinate, highlight, or provide a focus for the city's arts resources.
5. The Commission will help to establish a cultural environment within which arts activities can be viewed and thereby directed.

The Commission will be engaged in activities:

- a. Promoting the arts as integral to the quality of life for Denver citizens and interweaving the arts into the fabric of life in the city.
- b. Making the city's cultural resources accessible to all residents, including such groups as the elderly, minorities and handicapped.
- c. Preserving the city's cultural heritage by developing a strong cultural awareness.
- d. Integrating the arts into the urban planning processes of the city.
- e. Recommending arts resource allocations to the Mayor.
- f. Documenting the financial and economic importance of the arts.
- g. Cultivating appreciation for the arts through education and exposure.
- h. Assessing the arts needs in the community on an ongoing basis.

In summary, the Commission will work in a leadership role to enable Denver to realize its promise as a national cultural center and its citizens, their individual potential and an ever richer quality of life through the arts.

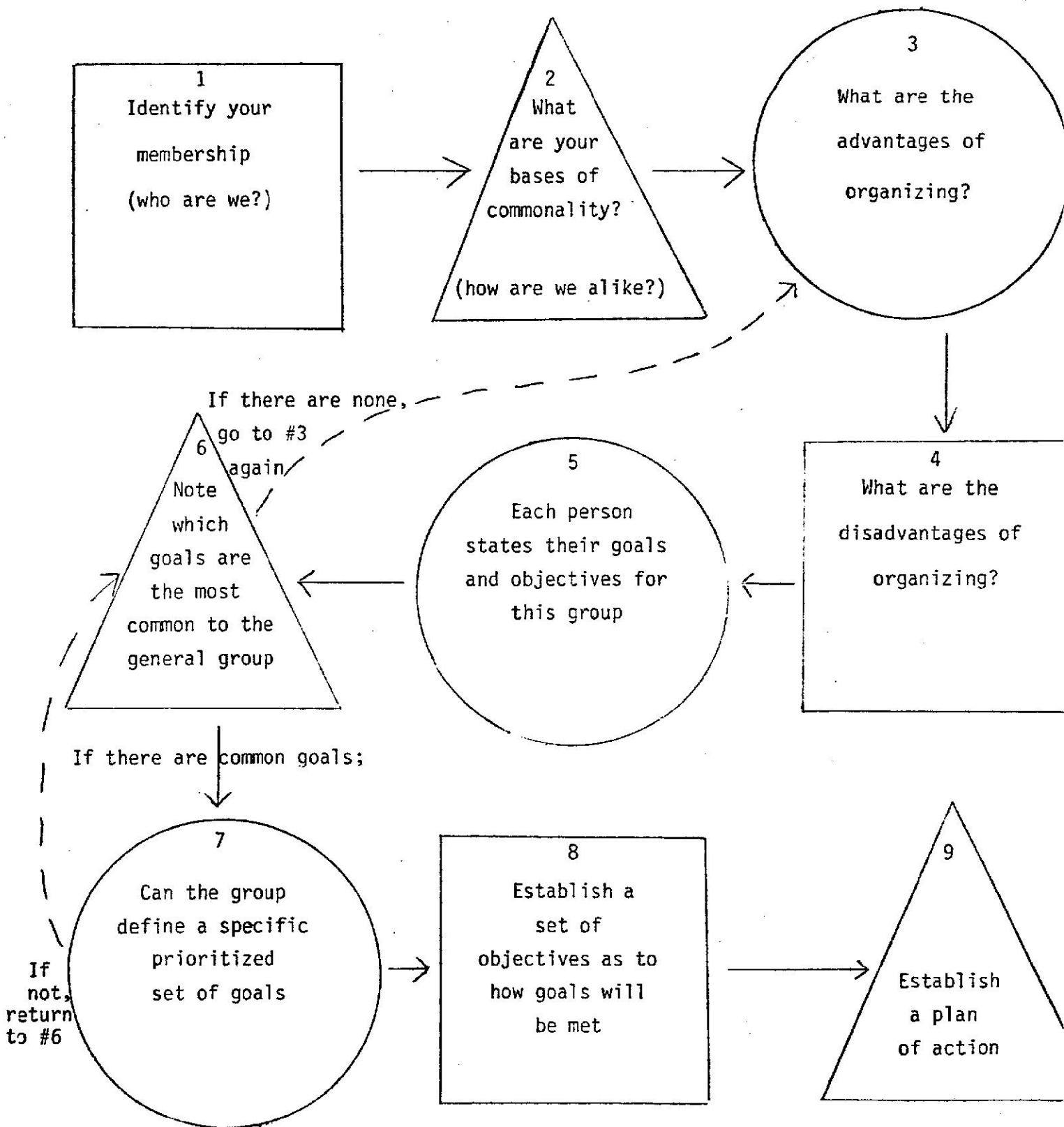


## Commission Members

Chairman, Michael Balfe Howard  
Steven R. Antonoff  
Nedra Devins  
Jeannie Fuller  
Betty Naster  
Cleo Parker Robinson  
William S. Saslow  
Co-Chairman, Donald R. Seawell  
Dee Cullender Simmons  
Lorenzo A. Trujillo  
Peter Warren

The problem of specifying goals and objectives is a common one for all organizations and increases proportionately in relationship to the numbers and interests being served. A step-by-step plan is outlined below which may serve to assist you in this endeavor. You may note that it is an extension of introductory steps 1, 2, and 3.

CHART IV  
STEPS TO GOALS AND OBJECTIVES

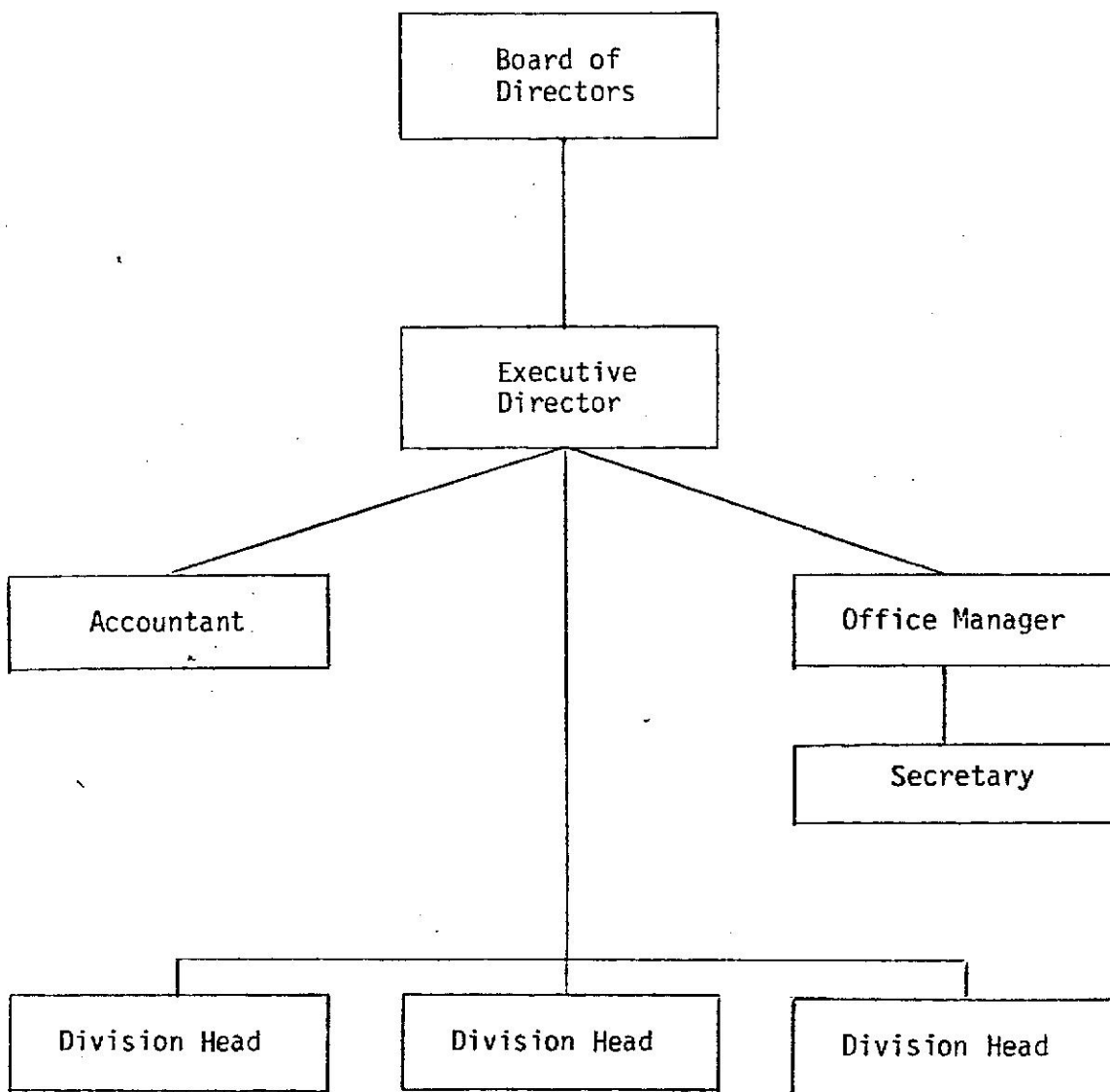


### Organizational Chart

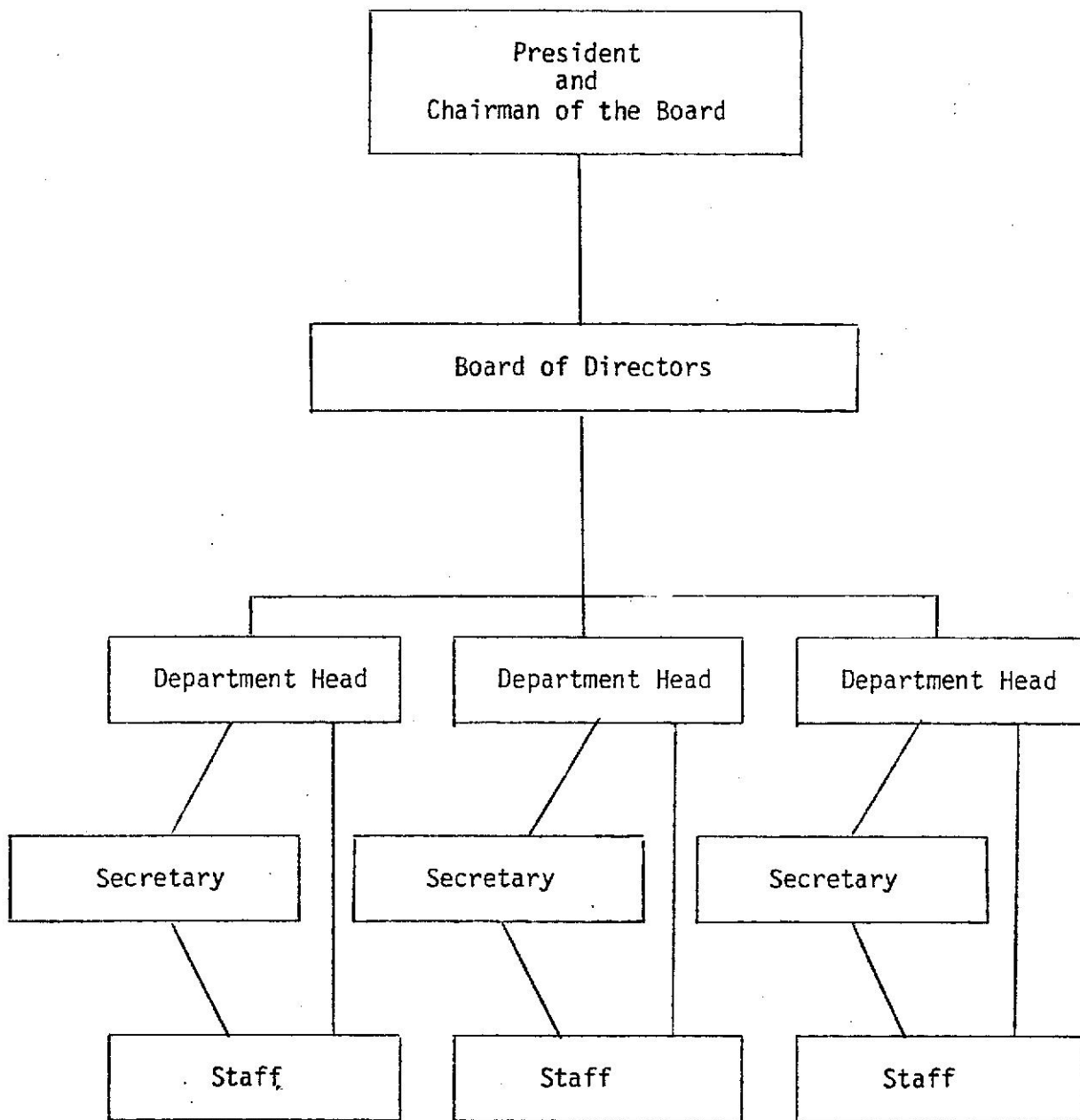
The organizational chart is very basic and important to the functions of the membership and to how the body functions. The composition of a board of directors, if there is one, indicates to the analyst the nature of your business operation.

For example, some possibilities of organizational charts follow:

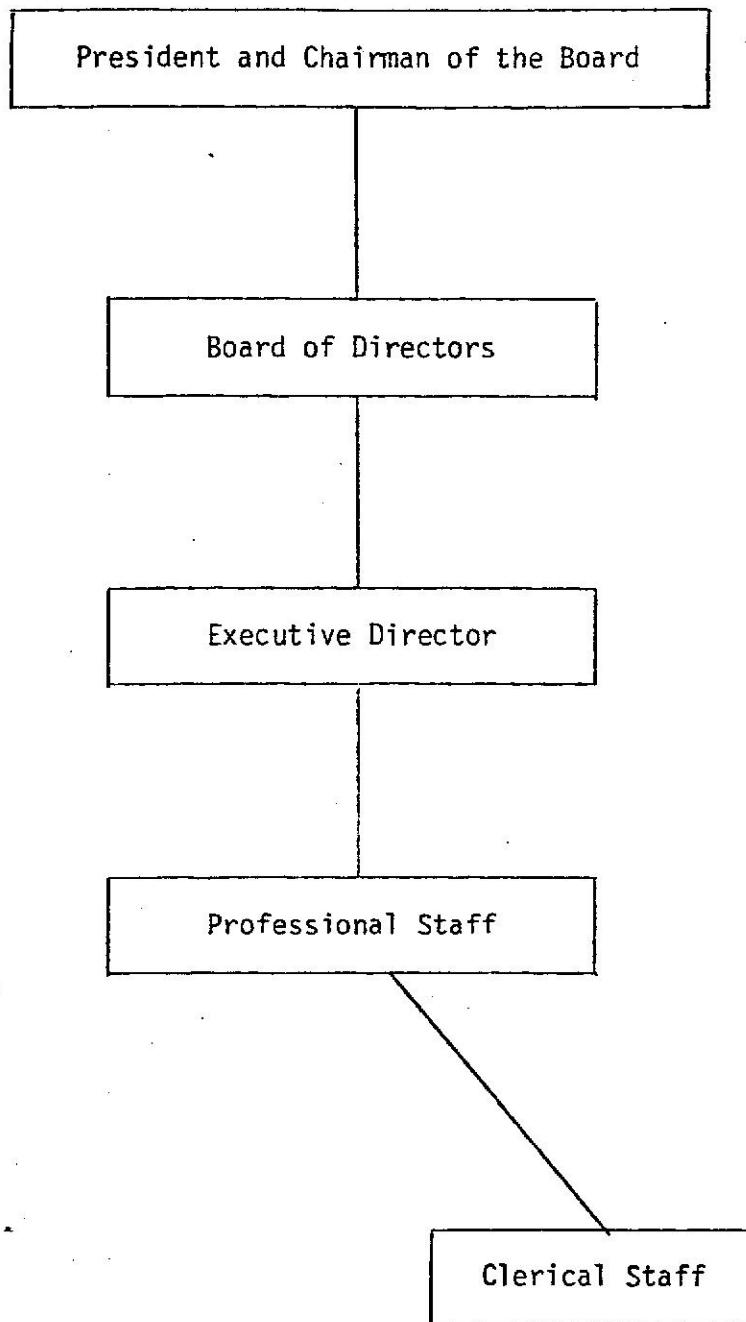
#### Example I



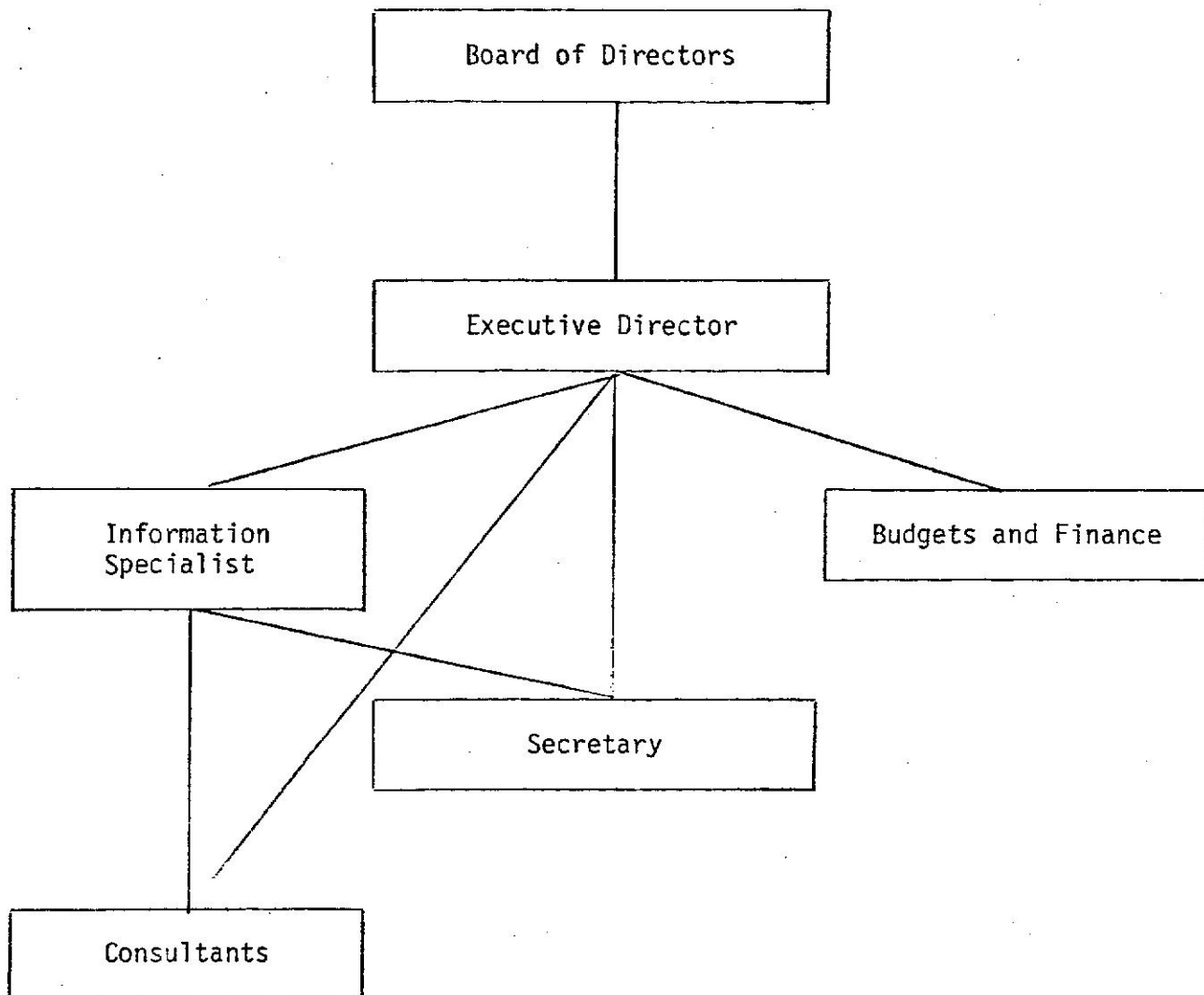
Example II



Example III



Example IV



1. How is your organization structured?
2. Draw your organizational chart.

Your Organization



### Corporate Brochure

The corporate brochure is one of your most significant tools and should be the easiest document to use. This instrument must represent in a concise form your total capabilities, record of performance, history, location, telephone number, staff, and qualifications. Ideally it should consist of a regular size to legal size sheet of paper folded to easily fit into a legal size envelope for mailing. Various examples are presented for your study.