

## The Art Market Adjusts: Aggregating resources to lower costs

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Cost cutting has been a major topic of discussion in the art industry this month. I have participated in several interesting discussions regarding resource sharing and am optimistic that there will be more offerings for art business in the near future. Like many other businesses, expenses related to payroll, compliance and benefits can be substantial for art businesses. Companies such as Justworks have explored ways to lower individual business costs by utilizing group buying power. I am well-versed in the nuances of their business model as my husband works at the company, and while our professional worlds do not often intersect, I decided this was an important time for me to share some of their company insights with all of you.

In this Q&A, I speak with Camilla Velasquez, Senior Vice President of Marketing at Justworks who explains their group buying power strategy and provides practical tips for the art market as businesses adjusting to remote working for the first time. For those of you who may not have heard of Justworks, let me first explain that Justworks is an all-in-one technology enabled payroll, benefits, HR and compliance platform servicing small and mid-sized businesses.

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**Diana: Camilla, it feels like forever since I have seen you in person. As a company, Justworks was on the front end of initiating remote working in response to the crisis. Can you share any tips related to successes your teams have had with the transition that would be useful for art businesses?**

**Camilla:** Unfortunately, it has been awhile! Our team of about 600 is in our seventh week of remote work. While we faced some challenges in adjusting, like most, we were fortunate to have had previous experience operating as a fully remote team. The past two summers, we've done a "Work From Anywhere" week and encouraged employees to choose their own office for a week and flex their routine. The only rules are that they keep their regular business hours, have a strong WiFi connection and continue to work with Justworks core values in mind. When we officially closed our office due to COVID-19 in early March, we leaned on this muscle we'd built as a team (with a few extra provisions, of course). Similar to many companies that decided to go fully remote early on, we did not know how long the NY quarantine would be in place. We initially expected one or two weeks fully remote, but as that's changed, we've made adjustments along the way. We've accommodated employees to build out a more comfortable and productive work from home setup, for example, and we've adapted bigger meetings like our weekly all hands to be more about connecting with each other than discussing operations.

We've shared many of these suggestions with customers. Our Remote Life Resources Guide includes resources that have helped the Justworks team in this challenging time. Some general ones that might be useful for the art businesses include actively sharing availability with colleagues, proactively communicating, and keeping everyone on the same page. If you happen to be a team that juggles multiple time zones or you are a parent who needs to work later hours because of homeschooling during the day, tell your team when you are on or offline so they are aware and can plan accordingly. This ties into proactive communication. While working remotely, some forget how easy it is to look up and see if someone is at their desk or stop by someone's desk to just check-in. Feel comfortable to reach out to colleagues via Slack or email. This can be as simple as a check-in on Monday to see how their weekend was or reaching out for guidance if something is uncertain during this time.

One of the most important tips we are making sure to follow and recommending to customers is having your business leadership team keep employees on the same page. The COVID-19 pandemic is new, and this is a world that none of us have had to live through before. Helping your team stay current on the most up-to-date and relevant information will go a long way in helping individuals stay calm during these times, and it will give them the assurance that they have an employer they can lean on during this time.

**Diana: Thank you for sharing that guide. As a mom of a very energetic two year old, I appreciate that you all included resources for children**

**activities in the resource guide. This experience can feel isolating for small businesses and sharing resource guides is very helpful. I have heard many small business owners in the art world inquire what others are doing? With over 6,000 businesses operating on your platform, Justworks has a unique perspective of what is going on with US businesses. Is there anything, in particular, you are seeing US small businesses prioritize right now? Also, while I know Justworks is US focused, do you see US businesses doing anything that could also be applicable to businesses in Latin America, the EU or Asia?**

**Camilla:** Taking proactive steps to adjust operations and protect people first is certainly a strategy that we're seeing put into place by many of the businesses operating on our platform. The priority for many of our customers right now is understanding the government relief programs that can help them keep their teams intact and weather the uncertainty. We have resourced accordingly to help them navigate these programs and get access to loans fast with our software tools.

Business owners are recognizing the importance of having access to support and information during these uncertain times, and are leaning heavily on their existing relationships for that support because switching anything core to your business during these times seems risky. As a service provider or a vendor, being available and supportive is the best thing you can do. I understand from our conversations, Diana, that the same is applicable to the relationships between art advisors and their collector clients. Those who are able to persevere through these uncertain times and stay connected with their client base, are likely to develop client loyalty as we move beyond the pandemic.

While we only work with American businesses, we are aware that businesses everywhere are facing enormous strain, and government relief programs are being offered in other countries as well. For art businesses operating in multiple jurisdictions, it is worth exploring the nuances of the different benefits being offered through these government programs so that you can take advantage of the benefits that are most useful for your company.

**Diana: How have your customers reacted to the recent government programs like the CARES Act and the FFCRA? How is it working operationally, and what advice do you have for businesses as they think about accessing the government programs?**

**Camilla:** While critical, the various relief programs created by the CARES Act and the FFCRA—on top of complex implementation guidance from the IRS, SBA, and U.S. Treasury—have created a real administrative barrier to access for small businesses. In response to help customers navigate these complex programs, we've spent recent weeks focused on reducing this barrier with simple software that empowers companies to easily understand their options, get access to relief fast, and stay compliant while doing so. So far, our Social Security tax-deferral tool has returned more than \$680,000 in working capital to customers, over 5,000 customers have downloaded our new Paycheck Protection Program (PPP) Report that helps companies more easily apply for relief loans. We have seen our customers claim over \$470,000 in tax credits through our FFCRA Paid Leave Tool. As a tech-enabled PEO, Justworks was able to mobilize more quickly than legacy providers to deliver new software tools for our customers.

Generally speaking, though, these programs are complex. While software can solve a lot of that complexity, for companies just looking for clear guidance on the various relief programs available, Justworks launched a free COVID-19 Resource Center. I definitely recommend bookmarking it as our team updates it regularly with the latest information. In addition to the software and resources, we have a highly trained support team available 24/7 via multiple channels to walk customers through this complexity and help with the human side of HR.

**Diana: Expanding beyond the COVID 19 resources that you are providing, I want to inform our readers more broadly about how companies like Justworks operate, because for some time now, we have witnessed mid-size galleries struggling to keep up with the presence of mega galleries – whether it be at art fairs, in prime gallery locations, or online. All of these initiatives come at a price and the reality is that many smaller art businesses do not have the same amount of funds available to compete. I have been advocating for a long time that small and mid-size galleries need to take advantage of shared resources to lower their costs. In the area of HR, benefits, and payroll, how has Justworks been able to assist small businesses in cutting costs?**

**Camilla:** This is a common occurrence among small to mid-sized businesses of all kinds. We work with quite a few galleries here in New York and across the country. Justworks is a Professional Employer Organization (PEO), which means we aggregate the employees of many smaller companies together into one large entity. Economies of scale then allow us to go out and get small businesses access to high-quality benefits at more affordable costs.

We also provide a full suite of tech-enabled mission-critical services—payroll, payroll tax, health insurance, compliance support, and HR—which helps smaller companies to outsource some mission-critical functions, focus on their people, and operate more efficiently.

As more companies, including galleries, are operating remotely, the ability to support team members in whatever city they live through the PEO model, without having to file paperwork in each state, eliminates a large operational and financial burden.

**Diana: As we look to the future, are there any positive changes that you hope to see as a result of the challenges that businesses are currently facing? Do you see Justworks' role in supporting businesses changing as a result of this evolving social distancing and economic landscape?**

**Camilla:** Navigating challenging times like this is a difficult task for even the biggest of businesses. To that end, it's been extremely gratifying to see how much of a positive difference we can make by being there as a partner to support our small business customers when they need us most.

We expect to see an uptick in interest in working with a PEO for a variety of reasons. There will be a continued need for resources and software tools that make navigating government complexity easier in this uncertain time. Relief programs that are being put in place now, for example, like Social Security tax deferrals or the PPP, are extremely complex and potentially require calculations and compliance rigor over many months—even years. This can be very difficult for a small business to manage on their own. When COVID-19 begins to settle, of course, we expect more employers to look for guidance on managing the return to work and how to help their teams adjust to a new normal. We will be with them every step of the way and adapt to meet their needs.

One silver lining to look for could be the increased acceptance of remote work and more flexibility for employees with families. While it would be a welcome acceleration of a trend we've seen for years, continuing it long-term will come without challenges for many employers. In addition to the added effort required to maintain a cohesive team and company culture, once your workforce is distributed, you are potentially dealing with

the added burden of multi-state compliance. For small companies resourced for a single office in NYC, for example, this can be a daunting task. As I mentioned above—this is another area where a PEO like Justworks can help.

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