



SONY CENTRE FOR THE PERFORMING ARTS

Executive Summary to Staff Reports Outlining Strategic Plan & Budget for 2014-15

BACKGROUND:

At its meeting of September 26, 2011, City Council considered the Core Service Review completed by KPMG and authorized the City Manager to issue a Request for Expression of Interest (“REOI”) to determine the options for sale, lease, operation or other arrangement in respect of the three major civic theatres, including the Sony Centre.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX10.1>.)

The report can be found on pages 101-108:

<http://www.toronto.ca/legdocs/mmis/2011/ex/bqrd/backgroundfile-39626.pdf>

On September 29, 2011, the Mayor established a Task Force – Arts & Theatres. The Task Force examined the role that the civic theatres play in the city’s culture, economy and community. The Task Force recommended essential criteria for each of the three theatres for the REOI, along with other recommendations for consideration.

An REOI was issued by the City in May 2012 to consider options for the future of the civic theatres, including the Sony Centre. The options were to include the sale, lease, operations or any other arrangements for any or all of the three theatres to meet the City’s cultural, social and economic goals.

At its meeting held on November 27, 28 and 29, 2012 City Council adopted Item EX25.5 concerning the results of the REOI. At that time, City Council recognized the St. Lawrence Centre for the Arts and the Toronto Centre for the Arts as community cultural assets and directed the Boards of these two theatres, in consultation with the General Manager, Economic Development and Culture, to develop long term strategic and five-year business plans that ensure creative, cost effective and sustainable operations, minimize the City’s tax funding, include performance measures for its service to the community, and provide for operating and capital reserves.

In considering recommendations concerning Item EX25.5, the Executive Committee deferred consideration of recommendations regarding the Sony Centre for the Performing Arts for 120 days, and requested the Sony Centre Board to develop and submit to the City of Toronto through the City Manager's Office, a long-term strategic plan and a five-year business plan for the Centre to continue as a City-owned theatre, which will substantially reduce or eliminate the City's subsidy.

At its meeting on September 12, 2013 and following a presentation on the Sony Centre for the Performing Arts by Cultural Asset Management Group ("CAMG", the consultants hired by the City and the Sony Centre Board to help develop a long term strategic plan), the Board of Directors of the Hummingbird (Sony) Centre for the Performing Arts took the following action:

1. Directed the Strategic Planning and Finance Committees of the Board to develop proposals for implementation and related revised Centre 2014 budget adjustments reflecting the changes for consideration by the Board and possible submission to City Council.
2. Endorsed and will participate in a Toronto Theatres Working Group ("TWG") to explore the selected options described in the Strategic Plans of all three theatres and consider the Performing Arts Centre model for the City of Toronto. The Working Group may comprise Board Chairs, Vice-Chairs and other Board members of the three municipal theatres – the Sony Centre for the Performing Arts, the St. Lawrence Centre for the Arts and the Toronto Centre for the Arts, as well as other key stakeholders, as the Working Group deems appropriate, including City of Toronto and Cultural sector representatives.
3. Directed Sony staff to price and offer services to other theatres, City divisions, agencies, and clients, and report back to the Board on a plan to do so for its next meeting on October 3, 2013.
4. Directed Sony staff to create a plan and budgets for community and educational programming for consideration by the Board and report back to the Board on a plan to do so for its next meeting on October 3, 2013.
5. Directed the Board Chair, the Chief Executive Officer and staff to take steps to have the Centre staff and the City to stop any further reference to the Sony Centre as a "commercial theatre" and to request that City staff support, lobby on behalf of and carry forward all Centre applications to any funding bodies, and report back to the Board on a plan to do so for its next meeting on October 3, 2013.
6. Directed Sony staff to begin to develop programming to capitalize on opportunities for WorldPride 2014, Pan American/Parapan American Games 2015, and the Canadian Sesquicentennial 2017, and report back to the Board on a plan to do so for its next meeting on October 3, 2013.

7. Directed Sony staff to advance discussions with the St. Lawrence Centre for the Arts, the Toronto Centre for the Arts, regional theatres, the National Arts Centre, and others to explore programming opportunities and other collaborative partnerships, and report back to the Board on a plan to do so for its next meeting on October 3, 2013.
8. Directed Sony staff to cost and plan educational and community programming, part time and full time programming staff and to explore partnerships as required, and report back to the Board on a plan to do so for its next meeting on October 3, 2013.
9. In support of the programming initiatives and attracting rentals, the Board directed programming staff, when evaluating programming opportunities, to consider benefits-based flexible pricing, comprehensive costs, revenues and other benefits to the Centre and citizens as well as other factors in portfolio management, and report back to the Board on a plan to do so for its next meeting on October 3, 2013.
10. Directed Sony staff to make no long term contractual commitments – specifically ticketing systems – that would inhibit the Sony Centre’s ability to implement a new operating model.
11. Directed the Chair to arrange for the Centre to contract additional resources to plan, prepare and facilitate implementation as required, and report back to the Board as appropriate.
12. Directed Sony staff to pay CAMG’s invoice in the amount of \$5,292.47 inclusive of HST to cover the additional legal expenses of Iler Campbell LLP to compare the Sony Centre unionized labour agreements against the unionized labour agreements of other GTA theatres and to provide an assessment and an opinion which has been included in the CAMG Part 3 and 4 report.

In response to the Board’s direction at the September 12th meeting, Sony Centre staff provided reports to the Board at its meeting on October 3, 2013, specifically responding to numbered items 3, 4, 6, 7, 8 and 9 of the previous meeting’s resolutions. The Board of Directors of the Hummingbird (Sony) Centre for the Performing Arts then took the following action:

1. Endorsed and requested City Council to approve the establishment of a Theatres Working Group (“TWG”) to explore a new Performing Arts Centre model for the City of Toronto. The Theatres Working Group would explore closer co-operation between the St. Lawrence Centre for the Arts, The Toronto Centre for the Arts and the Sony Centre for the Performing Arts and third parties with respect to providing greatly enhanced services to the City of Toronto, directly and through co-operating third parties, and explore means to realize significant efficiencies and leverage each other’s human and physical assets.

2. Recommended that the TWG comprise Board Chairs and other members of the three municipal theatres as well as other key stakeholders including the City of Toronto and cultural sector representatives. The TWG would bring recommendations for the City to consider a plan for all three theatres that incorporates the individual strategic plans of each theatre but also looks at the potential for a shared vision with a revised rationale and mandate to reposition the civic theatres within Toronto's cultural landscape.
3. Approved the report to the Board Part 4 Executive Summary prepared by CAMG (which was distributed at the meeting) and approved the submission of a request to the City for an incremental amount of \$1,131,400 to cover the extra costs of programming, marketing and development, as set forth in the Sony Centre Staff reports presented to this meeting and which were based on the CAMG reports submitted to date.
4. Authorized and directed Sony Centre Management to consult with City Finance and the City Manager's Office in the preparation of a 3 year budget for the Sony Centre to meet the City's 2014 budget deadlines, and report back to the Board in this regard.
5. Authorized Sony Centre Management to provide City Finance and the City Manager's Office with relevant background material, including the Strategic Planning reports prepared by Sony Centre Management and the reports prepared by CAMG.

At its special meeting of the Sony Centre Board on October 24, 2013, the Chair of the Board of Directors directed Sony staff to draft, based on comments from Board Members, a revised mandate for the Centre to be given to CAMG. The Chair further directed Sony staff to prepare a financial plan that links with the priorities and initiatives of the CAMG strategic plan which would be a revised or supplemental submission to the 2014 budget request being considered by the City, and which would include a budget for 2015 as well.

At its meeting on November 6, 2013, the Board of Directors of the Hummingbird (Sony) Centre for the Performing Arts approved the strategic plan and budget for 2014-15, as submitted by the Sony Centre staff, subject to the following amendments:

1. That the report include: a complete background as to the genesis of the strategic plan which is based on the CAMG report; the forthcoming Part 4 of the CAMG report which is to include a five year plan; the staff reports on Programming, Audience Development/Outreach and Development; and relevant Board motions previously adopted as a result of the CAMG report (which background is contained herewith).
2. That the report includes a comment that the Board is involved and cooperating with the Theatres Working Group (which comment is referred to above in the resolutions of the September 12, 2013 meeting).

3. That the report include a recommendation that City Council and City staff cease and desist from making any reference or remark to the effect that the Sony Centre is a “commercial” enterprise (which recommendation is now embedded in the Plan of Action section of the report).

The Board also requested that Sony Centre Management provide a copy of the finalized report to the Board Chair and the Chair of the Strategic Planning Committee before it is submitted to the Executive and/or Budget Committees.

STRATEGIC PLAN & BUDGET FOR 2014-15

Mission

As Canada's largest civic theatre, the Sony Centre for the Performing Arts is a cultural hub which presents and promotes the best of local, national and international performances and events to engage, educate and entertain both the communities which are City of Toronto and its tourists.

Vision

To position the theatre as Toronto's cultural hub like the Lincoln Centre or the National Arts Centre in part by partnering with local theatres and artistic, educational and community organisations both to increase the profile of the performing arts in the City and to maximise the Centre's financial resources.

Plan of Action

- Programming, Audience Development and Fundraising will pursue a strategy of enhancing current activity in order to accomplish the vision (and in so doing, abolish any reference or remarks to the effect that the Sony Centre is a “commercial enterprise”). The three departments are interdependent and inseparable; they co-exist and rely upon each other for corporate success. This Plan of Action is consistent with the principles set forth in the CAMG Report with respect to developing the Sony Centre into a performing arts centre model.
- This Plan of Action will be implemented to the extent possible, in harmony with the direction taken by the Toronto Theatres Working Group.
- Programming will enhance activity through four distinct streams:
 1. Book children's, community and youth shows which have a high educational component to which the education department can attach outreach activities as well as invite schools and youth audiences. Examples: Magic Tree House; Flat Stanley.
 2. Book major touring shows that currently bypass Toronto (playing NYC, Washington, Boston, Ottawa and Montreal). Toronto is missing the finest of the world's performing arts. These shows can be used to leverage funds to support them and are a gold mine for outreach to the community, from children to adults. Examples: Pina Bausch's Tanz Teater Wuppertal; Cloudgate; U Theater.

3. Seek or strengthen partnerships with local Festivals: Luminato, Jazz, Fall for Dance.
4. Seek partnerships with the major one-time events of national and international level and with local initiatives. Examples: Pride; PanAm Games; Sesquicentennial.

For further detail, please see the attached Programming Report to the Board.

- While all programming has educational value, formal educational programs are the catalysts that take ordinary programming and turn it into a vehicle for contributing to the community and developing future audiences. These programs are the major reason why individuals, philanthropists, granting bodies and corporations donate, sponsor and buy services from cultural organizations. Consequently, it is essential that the Sony Centre restore and develop its education program to ensure future growth of the entire Centre.

For further detail, please see the attached Audience Development/Outreach Report to the Board.

- The creation of an independent fundraising arm of the Sony Centre is necessary to financially support the Sony Centre's international and community programming, audience development and education initiatives. Similar fundraising arms exist at the National Arts Centre, the Royal Ontario Museum and hospitals across Canada. Fundraising and development expertise and leadership from the Board, CEO and senior staff are critical to the long-term success and financial viability of the independent fundraising arm and in turn, the Sony Centre.

For further detail, please see the attached Development Report to the Board.

Budget

Attached is the first two years of a 10 year projection. The first year reflects a staff request for a partial year of supplemental funding that will help to get the program started so that it can be fully launched in 2015.

The CAMG Report Parts 2, 3 and the Executive Summary of Part 4 are attached hereto as HB29.1d. CAMG is to submit their complete Part 4 Business and Strategic Plan containing an expanded 5 year budget based on this staff report and their previous Reports.

SONY CENTRE STRATEGIC PLAN: 2014 - 2015

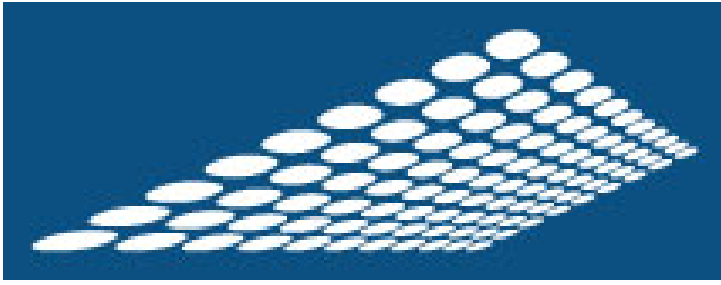
	YEAR	
	1	2
	2014	2015
PROGRAMMING		
Incremental Days of Use	25	27
INCREMENTAL EXPENSES:		
Staff	\$ 54,167	\$ 111,950
Overhead	travel/market places	6,000
Office Space	(100sq' x \$50/head + maint & util)	46,000
One-time office fit-out cost	4,000	25,000
Community/Education	155,000	155,000
Annual Programming	210,000	210,000
Project Programming	205,000	205,000
Total Incremental Expenses - Programming	628,167	758,950
Incremental Revenue: Ticket Sales - Net Contribution in excess of direct show costs	-	-
NET INCREMENTAL REVENUE (EXPENSE) - PROGRAMMING	\$ (628,167)	\$ (758,950)
EDUCATION		
INCREMENTAL EXPENSES:		
Staff	\$ 65,000	\$ 162,750
Community/Education	\$ 25,000	\$ 51,750
One-time office fit-out cost	\$ 4,000	\$ 25,000
Total Incremental Expenses - Education	\$ (94,000)	\$ (239,500)
DEVELOPMENT		
INCREMENTAL EXPENSES:		
Staff	\$ 32,500	\$ 474,500
Overhead	\$ 15,000	\$ 50,000
Gala Fundraiser	\$ -	\$ 300,000
One-time office fit-out cost	\$ 4,000	\$ 50,000
Total Incremental Expenses - Development	\$ 51,500	\$ 874,500
INCREMENTAL REVENUE:		
Community/Education	Individual	\$ - \$ -
	Corporate	\$ - \$ 100,000
Annual Programming	Individual	\$ - \$ -
	Corporate	\$ 25,000 \$ 50,000
Project		TBA TBA
Gala Fundraiser	Individual and Corporate	\$ - \$ 200,000
Individual Giving	Individual	\$ - \$ 10,000
Major Gifts (Board Gifts)	Individual	\$ - \$ 50,000
Venue Sponsorships	Corporate	\$ - \$ 90,000
Total Incremental Revenue - Development		\$ 25,000 \$ 500,000
NET INCREMENTAL REVENUE (EXPENSE) - DEVELOPMENT		\$ (26,500) \$ (374,500)

NET INCREMENTAL REVENUE (EXPENSE)

\$ (748,667) \$ (1,372,950)

Incremental head count

Programming	1	2
Marketing	1	2
Development	1	4
TOTAL	3	8



PROGRAMMING REPORT TO THE BOARD

October 29, 2013

- 1. Balanced Program Mix**
- 2. Programming Opportunities: Projects**
- 3. Programming Opportunities: Ongoing Partnerships**
- 4. Sony Centre Theatre Rentals & Portfolio Management**
- 5. Timeline and budget requirements – Year 1**

1. Balanced Program Mix

- The Centre must and can develop a compelling creative program with a balanced program mix including individual programs which are a varying combination of financially beneficial, high artistic impact and community engagement programming.
- Individuals attending performing arts events are seeking an aesthetic, intellectual, emotional, entertaining or social experience or some combination of these experiences. The desired and satisfying experience will vary from segment to segment and individually which underlies the complexity of selecting a program mix which has artistic merit, is congruent with mission, competencies and constraints and can serve the needs and interests of the broader Toronto community.
- The instrumental values of educational benefit, helping youth at risk, encouraging economic development must be combined with excellent artistic work and programming.

Note that all programs are *for* the community but some must also originate *from the* community.

2. Programming Opportunities: Projects

The Sony Centre could and should capitalise on three major imminent opportunities for programs and programming, funding, donations and audiences. They are:

- World Pride
- Pan/Parapan Am Games 2015
- Canada's Sesquicentennial Celebrations 2017

WORLD PRIDE

Work done to date:

- July and August, 2013 Programming held high level discussions with Francisco Alvarez, Joint Chair, World Pride and Jim Roe, Theatre Manager, St. Lawrence Centre in which the Centre proposed World Pride use Berzcy Park, the St.LC, the Centre and close Scott street between Front and The Esplanade.
- A formal proposal was submitted to the World Pride Committee detailing how the two venues and surrounding area could be utilized.
- A follow up meeting with Centre Staff and the World Pride organizing committee was held. Centre learned that of all the events planned for World Pride, only the Opening Ceremony and the Gala still have no home.

- While there is clearly support within the World Pride organizing committee for using the Centre for either or both of these two events, no decision had been made.

Opportunity:

- With an estimated 500 guests each, the Opening and Closing Ceremonies would be a great business both in terms of food and beverage revenue but also in raising the Centre's profile in the LGBT community.

Next Steps:

- Programming recommends Centre re-approach the World Pride Committee offering the venue at reduced rent for the events.

PAN/PARAPAN GAMES 2015

Work done to date:

- Programming and Jim Roe (St.LC) met with the Games Cultural Programmer, Don Shipley on July 11, 2013 after several friendly meetings over the past 2 years. From those discussions Programming learned that the majority of the Cultural Programme outside of the games venues and the athletes' village will be street oriented – activating Toronto's different communities.
- The Games Programmer is interested in placing programming in the Sony Centre and St. Lawrence Centre venues. However, he required financial support to do so since his budget is severely limited.
- Programming currently in discussions with St.LC, Isorine Mack from The Esplanade Festival and the local BIA to create a programme for the renovated Berczy Park during Pan Am Games.

Opportunity:

- If the Centre agrees to co-present (shared risk), the Games Programmer will almost certainly use the venue.
- Main stage entertainment could include major Latin American bands/musicians at the Sony Centre as well as smaller Latin American musicians in the St Lawrence Centre's two small venues.
- Create a festival atmosphere in Berczy Park bringing the community's attention to and help promote the Centre and the St.LC. Berczy Park festivities could include free concerts, film screening and street performers.

Next Steps:

- Prepare model co-presentation arrangement (meaning shared risk) between the venues and the Games Programmer for main stage events.
- Research programme opportunities for street festival and cost implications.

CANADA'S SESQUICENTENNIAL CELEBRATIONS 2017

[No contact to date – a future report will be forthcoming]

3. Programming Opportunities: On-going Partnerships

EDUCATIONAL AND COMMUNITY PROGRAMMING

Work done to Date:

- Some internal senior staff discussion over past few years

Opportunities:

- The potential National Arts Centre's partnership provides DANCE programming
- Sony Centre bookings provides CHILDREN'S programming and MUSIC programming and, to a small extent, MUSICAL THEATRE programming
- New Programming to reflect CULTURES OF THE WORLD
- New Programming to provide a BETTER QUALITY of Children's programming more appropriate to education activities (not "big heads" shows)
- *Fall For Dance* provides Master classes, open rehearsals and outreach activities (see following item).

Next Steps:

- To finalise a relationship with the National Arts Centre
- To develop an investment strategy which allows Programming to book high quality Educational programming and programming of the arts of World Cultures

CO-PRESENTATION WITH THE NATIONAL ARTS CENTRE

The National Arts Centre has been seeking a Toronto presence for several years in the same way that other Ottawa based cultural organisations have been doing. The NAC has a wide range of programming much of which it is mandated to present across the country.

Work done to date:

- Over the summer CAM Group initiated conversations with NAC CEO, Peter Herrndorf, resulting in a series of exploratory discussions between senior programming staff of the NAC and the Centre regarding a programming partnership between the two organizations.
- NAC-Dance: A concrete plan for Centre/NAC co-presentation of Dance is now in final stages.

Opportunity:

- Programming is proposing the following dance co-presentations:
 - 2014-15 Season = 2 shows
 - 2015-16 Season = 3 shows
 - 2024-25 Season = 6 shows
- Co-Presentation of Dance and Theatre at the St. Lawrence Centre
- Co-Presentation of Music at the Sony and St. Lawrence Centres

Next Steps:

- Seek out source of funding; based on result, question whether partner is required
- Consider recent proposal from Place des Arts in Montreal and its partner, DanseDanse
- Approval for Dance programming at the Sony Centre with a partner from Ottawa or Montreal.
- Continuing discussion with NAC and St. Lawrence Centre for co-presentations of Dance Music and Theatre.

ANNUAL FESTIVAL: FALL FOR DANCE

Background:

- *Fall for Dance* is an annual dance festival at New York's City Centre introducing new adult, youth and schools' audiences to dance.
- For \$15 audiences have the opportunity to see 4 to 5 different and aesthetically eclectic dance companies in a single evening.
- FFDN's inclusive atmosphere, international scope and commitment to accessibility encourages interaction among artists and students, faculty, and regular audiences.

Work done to Date:

- One of the curators of New York's festival is Canadian and currently developing the festival for Toronto, ideally in partnership with the Sony Centre.
- Budgets have been struck; key stakeholders have been solicited and are on-side; initial conversations have begun with funders from Provincial and Federal agencies as well as corporate and foundation fund administrators
- *Fall for Dance North (FFDN)*, the first edition of the festival, is slated to take place in September, 2015.

Next Steps:

- Research models of Festival – PAC relationships elsewhere in N. America.
- Work closely with and monitor progress of the organisers
- Discuss details of relationship to Festival (if any)
- Seek investment for start up funds (year 2014).

PARTNERSHIPS WITH ST. LAWRENCE CENTRE FOR THE ARTS & TORONTO CENTRE FOR THE ARTS

Work done to date:

- There is a strong and positive relationship between Programming and the St. Lawrence Centre senior management. There is currently no relationship with the Toronto Centre for the Arts.

Opportunities:

- An integrated Programming approach such as that carried out by all major PACs in N. America and Europe allows for a number of advantages:
 - younger and newer artists and their respective audiences can be developed with a single planned strategy across venues
 - bulk buying from agencies and managements reduces overall artists' fees.
 - allows for cost savings in marketing and fundraising.
 - increases marketing reach and fundraising opportunities

Next Steps:

Begin discussions with the two other Centres' CEO's towards bringing Programming, Marketing and Fundraising expertise to the programming mix of their theatres.

CO-OPERATION WITH CITY OF TORONTO SPECIAL EVENTS

Work done to date:

- Over the summer, Programming met with both Robert Kerr, Supervisor, Special Events, and Julian Sleuth, Programme Manager, Special Events for the City of Toronto (Nuit Blanche, Farmers Market, summer/winterlicious, Cavalcade of Lights etc.). Both expressed great encouragement in the Centre's new interest in community and educational activity.
- Special Events expressed no current plan to use the Centre

Opportunity & Next Steps:

- Sony Centre and Special events to continue discussions towards a positive relationship.

CO-OPERATION WITH THE REGIONAL THEATRES

Most theatres outside Toronto but in the GTA and S. / E. Ontario belong to the CCI network. The network serves many purposes including block bookings (buying a show for a time period and then pushing it through the network of theatres).

Work done to date:

- Programming maintains a strong relationship with the CCI booking office. As 3000+ seat venue however, the Centre cannot effectively participate in the CCI network since the majority of the theatres in the network are around 500 seats.

Opportunity & Next Steps:

- If Programming is directed to programme other theatres, this network will become essential. Next steps TBD.

(NB The term "Regional Theatres" has been used to be consistent with the CAMG report. However, it means something very specific in Canadian industry jargon: it refers to the major repertory dramatic theatres in the major cities across Canada and not to a geographical distribution of 'presenting' theatres; a better term moving forward might be S. and E Ontario Presenting Theatres).

4. Sony Centre Theatre Rentals & Portfolio Management

Background:

Historical and current Financial Objectives:

- Every day of usage at the Sony Centre must return a minimum \$15,000 net.
- The current rent formula, \$10,000 + 4.5% of ticket sales, is at threshold of industry appetite.
- Load-in, Set-up and Load-out days have little to no revenue and must return \$15,000 per day.
- Community programming days have little to no revenue and must return \$15,000 per day.

The Booking Cycle:

- City of Toronto budget cycle is January to December.
- Industry booking / budget cycle is September to August.
- Programming therefore guesses 65% of days of usage since the industry has not begun the January to August booking period before City deadlines require a budget.

Opportunities:

- develop a financial budgeting model and cycle that works for the industry
- develop an investment strategy for Educational and Community Programming both within and without the Centre's walls.

Work Done To Date:

- Flexible Pricing:
 - agreements are already in place with major users who receive a cost reduction according to increased usage
 - most, not all, community and fundraising clients are treated individually according to their objectives and needs
- Comprehensive budgeting and portfolio management
 - No work has been started in this area – it first requires a fundamental shift in the financial management of the Centre

Next Steps:

- Flexible Pricing:
 - develop a rental model for a 'not-for-profit' and/or 'charitable' rate
 - review current rental rates and method of calculation
 - review other revenues directly derived from the rental contract
- Comprehensive budgeting and portfolio management
 - Centre management to research existing financial models at PACs; to report on interim steps to be taken towards the 2 goals and to create a time-line for implementation and make recommendations.

5. Timeline

Programming Staffing

Year 1 Q3 & 4

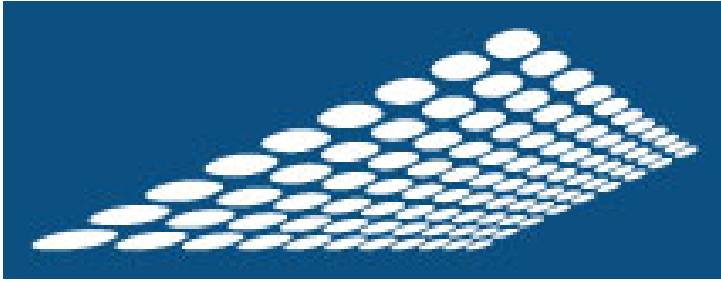
HIRE A CONTRACTS AND LOGISTICS ADMINISTRATOR
AND PROVIDE EQUIPMENT

Budget Impact: \$58,167

ADDITIONAL PROGRAMMING Q4 -

Commence schools and community programming; participate in PanAm games; begin
NAC partnership; dance festival start up

Budget Impact: \$570,000



AUDIENCE DEVELOPMENT/OUTREACH REPORT TO THE BOARD

October 29, 2013

- I. Initial Plan**
- II. Timeline**
- III. Marketing Services**

I. Initial Plan For Audience Development/Community Outreach

While all programming has educational value, formal educational programs are both a major contribution to the community and a major reason why individuals, philanthropists, granting bodies and corporations donate, sponsor and buy services from PACs and other cultural industry organizations.

The objective of theatre-based school programs are to support, teach and promote theatre arts including dance, music, theatre and storytelling within the formal education system. This interdisciplinary curriculum will engage students in diverse topics in the disciplines of performing arts, history, visual arts, and language arts and connect directly with the Ontario Ministry of Education curriculum expectations and outcomes. The primary component of a theatre-based school program is a matinee performance with interactivity encouraging discussion, performance activities and creative writing. School programs can also be enhanced with outreach and in-school programming. A variety of visual, musical, kinesthetic, and linguistic activities will address the multiple ways in which students learn and provide new lenses for exploring historical and current events, mythological stories and artistic traditions.

This curriculum would include four themes:

- Music History
- The Tradition of Storytelling
- The World of Dance
- The Influence of Theatre

Each theme would include beginner/introductory, intermediate and advanced levels for elementary, middle and high school standards and customized for specific performances.

Part One (approximately 1-2 months)

The following summarizes the steps that need to be taken to initiate the education program:

1. **Join and become active members** in all relevant Education Organizations including:

OMEA (Ontario Music Educators Association), CODE (Council of Ontario Drama and Dance Educators), T-DOT (Toronto Dance Opera Theatre) and PAONE (Performing Arts Organizations Network for Education).

2. **Meet with the key contacts** at ten major school boards in the GTA and the major private schools to learn about the curriculum and the necessary components of developing an arts education program.
3. **Meet with Educators** who work with children with disabilities and develop a program that will play a vital role in and out of traditional classrooms and educational environments.

Part Two

After the above-noted meetings have taken place, the Sony Centre would work with these partners to rollout the following:

4. **Teachers' Education Workshops** - Create professional development opportunities for teachers in conjunction with the school board. Teachers will participate in half-day workshop on incorporating arts into the Ontario Curriculum.

Through teacher preview evenings, one day workshops, or longer in-depth training and resources, K–12 teachers will be immersed in the teaching of theatre, music and dance history with programming around specific performances, while learning specific ways to incorporate the performing arts into their classroom teaching. Training and workshops would include a performance, hands-on activities and lectures, tours, or small-group discussions with the Centre staff and performing artists.

Approximate cost of each teacher's workshop: \$5000/workshop. 3 in total in year one.

5. **Institute In-School Workshops paired with Sony Centre Programming** - In conjunction with the school boards and the Sony Centre season, curriculum will be developed for each of: Kindergarten, Elementary, Secondary and Post Secondary students that begins with in-school workshops and culminates with a visit to the Sony Centre to see the chosen performance or a rehearsal, along with

a question and answer session with the performers and/or orchestra and conductor. Appropriate resources will be developed to enhance the process (study guides, sheet music, coloring sheets, etc.)

Approximate cost of in school workshop including teaching artist and materials: \$1,000/workshop. 8 in total in year one.

6. **Comprehensive Internship Program** - The Sony Centre would play host to an extensive internship program available to high school and university students. Interns would receive a total immersion in Performing Arts management, operations, marketing and presentation. Internships would be available by semester.

A weekly seminar would be set up for interns during which both staff members and other performing arts professionals from the community would come to discuss specific topics. Topics would include: Producing, Presentation, Press, Marketing, Directing, Writing, Composing, Acting, Casting and others.

7. **Summer/School Break Programs** - Programs that cater to various age groups that give students the opportunity to learn about the performing arts will be created. Through theatre games and activities, students will learn improvisation, singing & vocal technique, dancing & stage movement, all culminating in a performance on the Sony Centre stage. Local teaching artists/actors/directors would be hired to help facilitate.
8. **Adult Education Programs** - Events that offer adult audiences opportunities for arts participation, engagement, interaction and exploration through master classes, workshops, demonstrations, lectures, open rehearsals, and more.

All of the above, Part One and Two would be facilitated by an education consultant and assistant on contract – approximate annual cost \$65,000.

II. Timeline

HIRE EDUCATION CONSULTANT AND ASSISTANT: YR1, Q1

Budget Impact: \$65,000 expense (annual fee)

JOIN RELEVANT ARTS EDUCATION ORGANIZATIONS: YR1, Q1

Budget Impact: \$2,000 expense

MEET WITH EDUCATORS AND KEY CONTACTS AT DEPARTMENT OF EDUCATION: YR 1, Q1

Budget Impact: \$0

HOST TEACHER'S WORKSHOPS 1 IN EACH OF YR 1 Q2, Q3 AND Q4

Budget Impact: \$15,000 (\$5,000 per workshop)

IN SCHOOL WORKSHOPS: YR1 Q 2, 3, 4

Budget Impact: \$8,000 expense (\$1,000 per workshop)

CREATE AND IMPLEMENT INTERNSHIP PROGRAM: YR 1 Q 3, 4

Budget Impact: \$0

III. Marketing Services

The Sony Centre's Marketing Department is a full service marketing agency. Our marketing services include directing, managing and coordinating the following:

1. **Advertising:** The Sony Centre marketing team will create media plans/budgets for client approval. This includes researching appropriate media, negotiating rates, creating and updating advertising plans and managing all expenditures within each budget. Clients will be able to take advantage of the Sony Centre negotiated bulk rates with Toronto media.
2. **Promotions:** The Sony Centre marketing team will secure and coordinate online, media, retail and local promotions. This includes overseeing cast requests and appearances, ticket trades, material requirements, and answering day to day questions, as well as providing staff for events and execution of promotions.
3. **Event/Appearance Planning:** The Sony Centre marketing team will coordinate marketing events/appearances, including cast promotional appearances, concierge, group sales and other sales related events.
4. **Concierge Events:** We arrange and maintain ongoing communication with concierges around the City.
5. **Ticketing Marketing Liaison:** We ensure that operators have proper information about promotions and sales, and that there are a sufficient number of operators for incoming calls. We also visit phone operators quarterly to discuss selling.
6. **Social Media/Online:** The Sony Centre will create a comprehensive Social and Online media campaign.
7. **Other:** We manage all other aspects of marketing and are the general contact for day-to-day marketing-related questions.

For the above described work, our fee is 15% of the total marketing budget. In addition, we charge a 20% mark up on any printed materials that we co-ordinate.

We can also provide publicity and sponsorship services. This would require a separate fee which would vary depending on the length/complexity of the project.



DEVELOPMENT REPORT TO THE BOARD

October 29, 2013

- 1. Leadership and Development**
- 2. The Development Cycle**
- 3. Upcoming Development Opportunities**
- 4. Annual Sony Centre Fundraising Gala**
- 5. Development Timeline**

1. Leadership and Development

The Sony Centre has the opportunity to substantially increase annual revenue through Development over the next three to ten years.

Strong leadership from the Board and CEO's office are key factors in achieving long-term success. The Sony Centre's leadership must give individual and corporate development campaigns top priority.

For this reason, the Development Plan will need the support of a CEO whose background includes:

- Passionate about the vision of the municipal theatres as cultural hubs for community and education
- Fundraising and Development expertise
- Current experience requesting major gifts from individual and corporations
- Board management and recruitment expertise
- Well respected in arts and culture community as a leader with vision and a plan

As well, the Development Plan is contingent on the creation of an independent fundraising arm with a Board Chair and Board of Directors with the following characteristics.

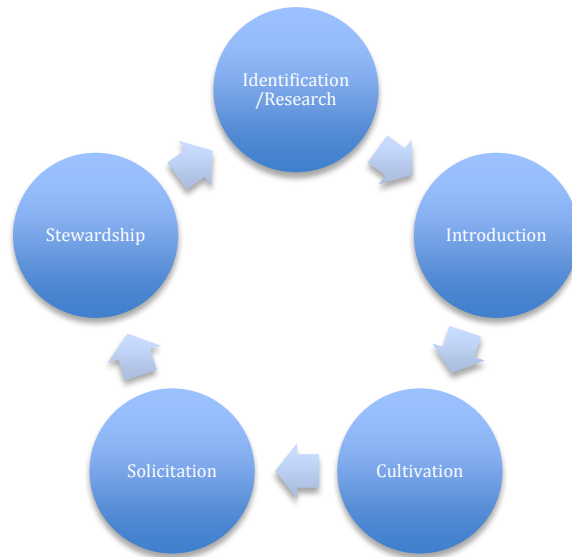
- Independent from the City of Toronto
- Mandated to raise revenue through Development activities
- Board Members with the capacity to make and/or bring financial contributions to the Foundation on an annual basis
- Board members who are committed and passionate about the Foundation's vision and its work to support the Sony Centre, a civic hub of culture, community engagement and educational programming

A full time Director of Development will be required in 2015 to leverage programming and educational opportunities generated by the Programming and Marketing Departments into revenue. The first order of business for the Director of Development will be to create a Case for Support for the Sony Centre in conjunction with the Sony Centre's new leadership team.

The recruitment of a new CEO, Director of Development and creation of a separate fundraising arm will take considerable time. In order to start building the development infrastructure and initiate the development cycle now, before the new leadership is in place, the following steps are recommended to create fertile soil for the Development Department to grow.

2. The Development Cycle

The development cycle is lengthy (typically 6-18 months to cycle through from identification to stewardship) and continuous including the following components:



3. Upcoming Development Opportunities

The Development Department is dependent on the programming and marketing to create the following opportunities to move prospective donors through the Development Cycle:

- Balanced Programming Mix
- Special Projects
- Educational and Community Programming and Programs

Each of these opportunities increases attendance and audience engagement, media exposure, brand awareness and relevance while showcasing the Sony Centre as a hub for cultural, community and education.

5. Development Timeline

HIRE DEVELOPMENT COORDINATOR: YR1, Q3

Budget Impact: \$32,500 expense

ESTABLISH FUNDRAISING SUB COMMITTEE: YR1, Q1

The Fundraising Sub Committee will consist of community members dedicated to the Sony Centre's new vision and mission. This committee work together with the City to:

- Review various arms length fundraising board structures and determine the best route forward for the Sony Centre in terms of establishing its an independent revenue stream
- With staff, identify and cultivate future board members/donors for the arms length fundraising board

Budget Impact: \$0

IDENTIFICATION/RESEARCH: YR 1 Q3-4

Development Coordinated to research and identify prospective supporters, donors, sponsors and board members.

Budget Impact: \$0 (conducted by Sponsorship Consultant and Development Coordinator)

INTRODUCTION: YR 1 Q1-4

Through the creation of Fundraising Sub-Committee, invite prospects to attend Sony Centre events that introduce and highlight the Sony Centre as a hub of cultural, community and educational programming such as WorldPride2014, Count Me In and presentations that reflect our balanced programming mix.

Budget Impact: \$0

CULTIVATION: YR1 Q1-Q4

Continue dialogue and engagement with prospects introduced to the Sony Centre (includes meetings, lunches, dinners and pre/intermission receptions in association with shows and building tours).

Budget Impact: \$7,500 expense

SOLICITATION YR1 Q1-Q4

Request gifts and sponsorships for the Sony Centre's new education programs.

Budget Impact: \$25,000 revenue

STEWARDSHIP YR1 Q1-Q4

Sony Centre's existing sponsors and donors are important to the Centre's ongoing financial health. Senior Management and the Fundraising Sub-Committee will steward these long-term relationships through relevant communication, invitations to events, dialogue and random acts of kindness. New supporters attending the Sony Centre performances will be thanked for their support and strategies will be put in place to further the cultivation process of each (includes proposal development, meetings, lunches, dinners and pre/intermission receptions in association with shows and building tours).

Budget Impact: \$7,500 expense

YEAR 2

Year 2 will see a ramp of the development department contingent on structure and leadership. In order to proceed with the budgeted \$874,500 increase in expenses for year 2 (full development department staffing and gala event) which will generate \$500,000 in revenue, the Sony Centre needs strong development leadership in the areas of the Board, CEO and staff. As stated in Section 1 of this report, an arms length fundraising structure with its own board and fundraising mandate must be in place in order to justify these expenses.

PART 2 - BUSINESS ANALYSIS
PART 3 - STRATEGIC OPTIONS
SONY CENTRE

cultural
asset
management
g r o u p



Combined Report

To The Board of Directors of the Sony Centre

Part 2 -Business Analysis

and

Part 3 - Strategic Options

Theatre. About birth, death and all the interesting bits in between.

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August 26, 2013

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Summary

The needs are obvious to all

The future is clear

The funds are there

The time is right

Theatrocracy [Gk *theatrokratia*]

The absolute power of the ancient Athenian democracy,
as exhibited at their assemblies in the theatre.

theatre /ˈTI@t@/ *n.* & *a.* Also *theater.

LME. [OFr. *t(h)eatre* (mod. *théâtre*) or L *theatrum* f. Gk *theatron*, f. *theasthai* behold.]

- A** *n.* 1 A building or (esp. in antiquity) a place constructed in the open air, in which dramatic plays or other spectacles can be performed before an audience. LME.
- b** A natural bowl or hollow suggesting an ancient Greek or Roman theatre. LME. 2 a A stage or platform on which a play is acted. Long *obs. exc. fig.* LME.
- b** A platform, dais, or raised stage, used for a public ceremony. *obs. exc. Hist.* M16.
- c** The audience at a theatre. E17.
- †3 In titles: a book giving an overview of a subject; a manual, a treatise. M16–E18.
- 4 *fig.* A place or region where action takes place in public view; the scene or field of action; *esp.* (also *theatre of war*) a particular region or each of the separate regions in which a war is fought. 5 a More fully *lecture theatre*. A room or building for lectures, scientific demonstrations, etc., with seats in tiers for an audience.
- b** More fully *operating theatre*. A room in a hospital specially designed for surgical operations, orig. one for the performance of operations in front of observers. M17.
- c** In full *picture theatre*. A cinema. Now chiefly *N. Amer., Austral., & NZ.* E20.
- 6 Dramatic performance as an art, an institution, or a profession; the stage; the production and performance of plays; the drama of a particular time or place, or of a particular writer. (Freq. w. *the.*) **b** Theatrical or dramatic entertainment (of a specified quality); action with the quality of drama or theatrical technique; dramatic effect, spectacle, outward show. E20.1b BYRON Girt by her theatre of hills.
- 2 *fig.*: D. BREWSTER A noble position on the theatre of public life.

- 4 C. LYELL The theatre of violent earthquakes.
W. S. CHURCHILL Larger operations..impend in the Middle East theatre.
- 6 F. FERGUSSON The attempt is made to draw the deductions, for Sophocles' theatre and dramaturgy, which the present view of *Oedipus* implies.
- b A. J. P. TAYLOR Austrian Baroque civilisation..was theatre, not reality.
Listener You have to admit..the Old City is good theatre.
Landscape This room is pure theatre—a triumph of scenographic architecture.

Phrases: *dinner theatre*: see DINNER *n.* *idols of the theatre*: see IDOL *n.* 5b. *lecture theatre*: see sense 5a above. *little theatre*: see LITTLE *a.* *living theatre*: see LIVING *ppl a.* *national theatre*: see NATIONAL *a.* *operating theatre*: see sense 5b above. *patent theatre*: see PATENT *a.* 2. *picture theatre*: see sense 5c above. *saloon theatre*: see SALOON 4b. **theatre-in-the-round** [*in the round* (b) s.v. ROUND *n.* 1] dramatic performance in the round. **Theatre of Cruelty** drama intended to communicate a sense of pain, suffering, and evil through the portrayal of extreme physical violence. **Theatre of Fact** documentary drama. **Theatre of the Absurd** drama portraying the futility and anguish of human struggle in a senseless and inexplicable world; *transf.* absurd or ludicrous events. *theatre of war*: see sense 4 above.

Comb.: **theatre club** a theatre for which tickets are sold only to members, esp. in order to circumvent censorship; **theatre-goer** a person who often attends theatres; **theatre-land** the district of a city in which most of the theatres are situated; **theatre-list**: of patients scheduled to undergo surgery; **theatre nurse** a hospital nurse qualified to assist in the operating theatre; **theatre organ** = CINEMA organ; **theatre party**: in which the guests, besides being entertained at dinner or supper, are taken to a theatre; **theatre seat** (a) a seat in a theatre; (b) a tip-up seat of a kind used in theatres; **theatre sister** a nurse supervising a nursing team in an operating theatre; **theatre workshop** a theatre company concerned esp. with experimental and unconventional theatrical productions.

B *attrib.* or as *adj.* Of or pertaining to a theatre of war; *esp.* designating nuclear weapons for use in a particular region, as opp. to intercontinental or strategic weapons. L20.

theatreless *a.* M19.

**Benefits of Attending Performing Arts
as
Identified by Canadians**

Hill Strategies February 2013

- Entertainment, fun (cited as a main personal benefit by 84% of respondents).
- Emotional/spiritual/intellectual stimulation (58%).
- Learn/experience something new (57%).
- Exposure to different cultures (45%).
- Opportunity to socialize with friends/meet people (44%).
- A means of expressing myself/themselves (27%).
- Learn about the past/understand the present (25%).
- Other (3%).
- No benefit (3%).
- Younger age groups identify all benefits more strongly

1. ENGAGEMENT

The RFP asked the consultants to examine the Sony Centre and recommend options to eventually reduce financial dependence on the City of Toronto (RFP) and also to deliver greater service to the City of Toronto in a more cost effective manner.

The stakeholders are of a common mind that the Sony Centre is failing. The recent critical manifestations are:

- Re-launch failure since re-opening in 2010
- REOI failure in 2012

They seem also to be of a common mind that it is not just the Centre that is failing but all 3 theatres. This would suggest a common cause.

In recent years there has been a realisation growing in the community and finally in the community leadership of the value of the arts and the theatres. Manifestations of this include:

- Cultural Capital Gains report
- Mayor's Task Force - Arts and Theatres, Recommendations on Theatres

This document includes the reports for Parts 2 *Business Analysis* and 3 *Strategic Options*, and part of Part 4 *Strategic Plan and 5 Year Business Model*. It includes significant new findings since the briefing made to the Centre's Board on July 11, 2013.

Parts 2 and 3 show clearly that the consultants have found the way to success for the Sony Centre.

This report has the following characteristics:

- The analysis points no fingers
- All problems are soluble
- The magnitude of the improvement to the theatre(s) will benefit all regions of the GTA through economic stimulus, enriching the knowledge economy, and improving social cohesion and attractiveness
- Excellent industry standard templates exist. See *DOING IT VERY WELL – SUCCESSFUL* p. 15
- Excellent performance monitoring due diligence tools exist
- Excellent staff exist at the Centre and other theatres but are resigning
- For re-launch, assets, including financial, are available
- Toronto theatres can help each other
- Controlling stakeholders appear to be prepared to relinquish control, to do the right thing

The stakeholders are fortunate to be involved at this moment. The last such time was the 1950s and 60s.

OUR METHODOLOGY

CAM Group first performed Part 1 of 4, *Market Analysis*, for the 3 City theatres: Sony Centre, the St. Lawrence Centre and the Toronto Centre for the Arts.

This CAM Group report covers both findings (*Business Analysis* - Part 2) and recommendations (*Strategic Plan* - Part 3) and addresses half of Part 4. We have reported them together because as we progressed through our research and analysis, presenting them separately didn't make sense and greatly increased the risk of both misunderstanding and deliberate misrepresentation.

The following sections establish a progression from context through pathology (findings/analysis) to treatment (strategic plan).

There are three different groups awaiting the three consultants' reports: first, the Boards of Directors of the City agents, the theatres; second, the Councillors and staff of the City; third, the community, both general and arts. Within the City many have now come around to the belief that the three municipal theatres should be consolidated. Within the Boards the focus is on what they can do separately to fix their situations, while being open to the notion of consolidation or merging under the right conditions. CAM Group was asked to address both.

We looked inwards to data, participants and stakeholders and outwards, globally, to best practices which have been refined and ruggedized over 5 decades of operations.

Our work program progressed by first addressing the issues identified in the RFP as well as other issues identified either by stakeholders or by us applying our expertise. But then a nagging realisation flared into our consciousness that we were being presented with a series of problems that were really symptoms of an underlying pathology and that if we did not diagnose and treat it, effectively we would be recommending that the Sony Centre engage in Ground-Hog Day Whack-a-Mole, temporarily and incompletely diminishing symptoms which would return again and again. Then we looked at best practices around the world and, finally, synthesized recommendations.

In this report we change the order to facilitate your rapid understanding of the individual findings. It is worth first presenting you with successful global practices against which you can measure the findings and recommendations. Without the comprehension of what is a healthy organism, there is a great risk of mis-pathologising conditions by either continuing to misapply Toronto's historical "norms" or benchmarks which may be perfectly appropriate in another industry or by inappropriately applying conventional i.e., non-professional wisdom.

Furthermore, at page 15 *DOING IT VERY WELL – SUCCESSFUL* we describe how the performing arts centre industry across North America provide ready-made templates for establishing successful operations, including for the Sony Centre should it so choose. Also, more than 50 PACs also provide AMS Planning + Research with their data to enable each PAC to measure its performance against comparable PACs annually or as required. This service too is available to the Centre.

We were also specifically asked to examine for potential efficiencies across the City of Toronto theatres. This has added complexity because while not being asked to report on those other two theatres we have been asked to consider the option of merging the Centre with them, an expectation common to many, but not all, stakeholders.

We expected from the beginning, and so it has proved, that this consulting engagement was not your standard consulting engagement, nor even your standard management consulting engagement. It has turned out to have aspects of turn-around and merger engagements. Mediation has also been a factor and, where required, has gone well due to the good will of the parties. Effectively the parties, principal and agent, have expected us to function as quasi-change-agents even though we were not tasked with implementing change.

As a consequence of all this, we have not written your standard consulting report, such as the consulting reports prepared for the St. Lawrence Centre or the Toronto Centre for the Arts. Reporting later, we have had a chance to review them and refer to them several times in this report.

Our team had numerous heated discussions, not about the findings, but about how most effectively to describe the findings and recommendations. The complexity of the issues, the importance of the theatres to the life of our community and the quality of the report all warranted such debate. One issue that we debated was the degree of bluntness-of plain speaking. Eventually we agreed that since effectively we were asked to do an assessment prior to there being an intervention per se, that bluntness was what was required and what you would want. The positive and engaged Board response to our July 11 short presentation of our findings would seem to justify that decision. Those responses have been incorporated into this report.

In this report we comment little on human resources. We are grateful to all parties for being so helpful. Even though there has been some finger pointing within and between the City and Centre, we have concluded that since the fundamental problems built up due to lack of modernisation over generations, and since all current stakeholders have expressed a desire to do whatever is necessary, that therefore, there is nothing to be gained by investigating, arbitrating and reporting each and every complaint. Furthermore, to do so would be counterproductive, both perpetuating and perpetrating unnecessary harm, ultimately solving nothing.

Shortly after our July 11 briefing of the Board, finishing the report we discovered new facts of such significance to the successful re-launching of the Centre that we were forced to revise key aspects of the report, placing our original findings and recommendations in an important new context. However, the single most important finding and related recommendations have not changed. The new finding ensures that re-launching the theatre(s) to their potential has become much easier.

The following two sections describe the contextual conditions and the Centre specific history.

EVOLUTION OF THE COMMUNITY

In addition to the Centre-specific reasons why the Centre is both in its current condition and carrying its new found potential, over the past 50 years there have been numerous general and specific contextual reasons as well:¹

- A new country with lack of wealth, lack of a shared culture and lack of numerous cultural assets such as theatres and performing arts companies
- Founding protestant peoples from North and Western Europe with scant interest in non-church culture per se and few performance professionals
- Key municipal decision makers lacking industry expertise
- Municipal decision makers demanding control
- Municipal amalgamation plus downloading in the 1990s

Municipal amalgamation complicated solving the increasing problems because Councillors from wards previously not part of Toronto and farthest away from the Sony and St. Lawrence Centres would have valued them far less as community cultural assets. This is also true with respect to the Toronto Centre for the Arts and the attitude of Councillors from downtown wards and wards to the east and southwest.

Global and local museums, art galleries and libraries faced the same social and economic forces for change and years ago began to implement those changes. Whereas libraries used to be just about books and contemplation, they are now about information. Whereas museums used to be just about works of art, objects or artifact they are now about the experience, about engagement. The times have also been a-changing for many, many community owned theatres, changing them into performance complexes— just not yet in Toronto.

Even now, valid community non-religious social engagement is seen largely as participating in any rules-based activity on a rink, field, or court. As direct evidence of this, note that when participants on the municipal rink or field often outnumbered the people in the stands, it is not seen as a negative whereas in performance it is.

Also, note that until recently it was not seen as valid community social engagement when communities of people share experiences by bringing their perceptions, senses, life experience and knowledge, intellect, emotions and psyche to performance by others.

Those were the realities in a manufacturing and agricultural economy. However in our current knowledge based economy, neuro-scientists, educators, economists, those responsible for economic development policies and programs recognise the critical role that the arts play in developing our innovative human assets.

In those earlier times, some strongly took the position that funding the arts was a form of charity, perhaps even worse than that, akin to shovelling coins into crowds from the back of a truck. The attitude amongst many local politicians was that funding the arts got some votes but had little or no intrinsic value.

No longer. As Toronto's Creative Capital Gains 2011 report suggested, the economy requires Cities to make inputs to knowledge based economies and to make statements about that investment, statements that are very visible for citizens, tourists, potential highly educated immigrants, potential foreign executives and investors for Toronto based companies.

In the Toronto of the Massey Commission 1950s, Canadians, as North Americans, expected frame-focused art—picture frames, screens, theatre curtains, museums and galleries, architecture and design. In the last 60 years that has changed dramatically. For the most part in those times, the practitioners—artists, curators, producers, presenters—did not mediate the experience. Even the Group of Seven who moonlighted as commercial artists, and the Mad Men aspirations of Madison Avenue fulfilled by Andy Warhol, still used frames. In the intervening years arose a much more highly educated, much more demanding public. In North America they had scant knowledge and engagement with exceptional public art. But they had more money than their parents, travelled more, were better educated and faced competition that made them more demanding with respect to ideas, knowledge, and cultural experiences. These were the norms in many cultures they have visited and in very ancient cultures about which they have become knowledgeable. They want that for themselves and for their children.

North American, even Toronto, libraries, museums and galleries responded to this increasing receptivity and demand by engaging the public programming within and beyond their footprint, taking their value rich essence out into the community. Since the 1960s across North America and Europe theatres evolved too, pooling their stage and personnel resources into Performing Arts Centres (PACs) that reached beyond their footprint into schools, corporations, other theatres, parks, bars and public spaces. Stratford On Avon is hired by corporations to be a change agent. Corporate Theatre has been used across Canada by a management consultant but not by theatres.

It has been increasingly recognised that theatre has the capacity to contribute to formal and informal learning at every stage of life, from the education of children in preschool through secondary school to the continuing education of adults. Through the promotion and integration of the arts in education, students' cognitive and social achievements are improved and adult workers in the creative and innovative economy are better trained for a sustainable and thriving society.

Public engagement has changed enormously, particularly amongst the young. YouTube and related suppliers combined with video-rich phablets have made virtually everyone a producer/director /performer through serial selfies. Music Videos, ubiquitous popular media and hosted YouTube have provided imitable and imitated performance memes, enhanced and replaced on a regular basis. Recently, Miley Cyrus's televised twerking performance at the 2013 MTV Video Music Awards was being performed by kids worldwide within minutes. Global flash mobs use the same media for training and coordination.

Toto, today's kids are not in Kawartha any more. Kids' schools—often assisted by theatres--train students in video production, streaming collaboration and more. Students turn in class assignments using multi-media. Two year olds use tablets.

There is more to such performance and media use than lenses, cuts and transitions, focal length, colour saturation, sound mixing and credits. Everyone learns that in order to rise qualitatively above banality and self-gratification, to effectively reach an audience, ones ideas must be presented by selectively controlling and blending together image, movement, dialogue, sound and concept. That is what theatre and performance do.

What are the implications for the curtain, the proscenium, the house? Traditionally physical, audio and light curtains signalled--to audiences and theatre staff alike--the beginning and the end of a performance. In Toronto, theatres did little before and after the curtain.

Now media is present on stage and in the audience, and sometimes between the stage and the audience during a performance. Even 20 years ago, global performers and audiences separated by continents performed and observed—together.

For a long time, even production staff thought only in terms of staging—not beyond. Certainly management and ownership were the last to get it.

KEY HISTORY

The Centre’s agency role relative to municipal government was established 50 years ago.

From the beginning, municipal grants to the COC and the NBC were calculated and provided—in considerable measure—in order to indirectly fund the building and by driving rent, service fees and other revenue such as food and beverage (F&B). The Sony Centre’s decline was put in motion in the early-1990s as the City bankrolled the departure of the Centre’s tenant companies which accounted for 60% of annual sales/nights/seats.

For whatever reasons the Centre’s arguments did not prevail when the COC and NBC departed. The City did not make the changes required to guarantee its own agent operational success. The subsequent events were:

- The Hummingbird Centre closed in 2009 for renovations
- The Centre re-opened in the fall of 2010 as the Sony Centre
- 2011 the City’s Creative Capital Gains report was released
- 2012 Mayor’s Task Force – Arts and Theatres
- 2012 Sell Sony/theatres REOI initiative
- 2013 consulting engagements initiated for the Sony Centre, Toronto Centre for the Arts, and the St. Lawrence Centre

All of these are steps on a path towards discernment and resolution.

THERE IS A TIDE IN THE AFFAIRS OF MEN...

The Sony Centre Board Directors, the municipal and other decision makers are fortunate to find themselves with an opportunity to make the greatest permanent change in Toronto's quality of life for generations and irreversibly changing the image of Toronto. Few are given such an opportunity.

The current condition of the Sony Centre can be attributed to more than 3 generations of players repeating once appropriate but decreasingly justifiable policies, practices and procedures—not changing with the times. However going forward, none of the current decision makers will be able to hide behind the past. From here-on in, some more so than others, will wear individual responsibility and accountability for the state of the Sony Centre--good or ill.

There is a tide in the affairs of men

There is a tide in the affairs of men.
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are we now afloat,
And we must take the current when it serves,
Or lose our ventures.

Julius Caesar Act 4, scene 3

Fortunately, for some time it has been clear that no longer is there any reason for not acting. That application of same-old same-old will only guarantee same-old, preventing the very outcomes that all profess to want.

Fortunately, it has been clear to all for many months that the Center and the Toronto theatres are past that tipping point. All stakeholders state that circumstances demand action. All stakeholders profess the intent to make meaningful change. As required, this study defines that need by both symptoms and underlying pathology, and not only prescribes treatment but also identifies the wherewithal.

Fix the fundamental problem—a relatively easy immediate fix—and the Centre will re-launch to successful contemporary maturity.

RFP PART 2 – BUSINESS ANALYSIS

2. DOING IT VERY WELL – SUCCESSFUL PERFORMING ARTS CENTRE EXAMPLES

The RFP requested information on comparable theatres. Fundamental to the comparables is the seminal history of contemporary municipal theatres, the *raison d'être* for why theatres exist at all.

As archaeologists have discovered in ancient city after ancient city, civilization after civilization, dedicated community performance spaces existed thousands of years before recorded history, performance evolving as an oral history. As a process, it evolved to help us understand and enhance the strengths and dynamics of the community versus the isolation and vulnerability of the individual.

Community owned venues have existed for the purpose of regeneration: social, personal, intellectual, spiritual, and emotional. Performance and ritual enabled objectification for the purpose of examination. The venue *per se* doesn't present, it only enables; those who present are trained, tasked and/or gifted to do so. The health of the community benefits in many, many ways. The many varied interactions constitute our social culture, and are a means of regeneration, individually and collectively. That is the fundamental reason why Toronto and all communities have civic theatres— simultaneously utilitarian and a universally shared, 24/7 visible symbolic keystone in the value proposition we call community. Indeed, for millennia theatres have been a central visible witness to community.

Effectively, the Sony Centre asked the consultants how the Centre can be better constituted to fulfill more strongly its role in ongoing community regeneration.

Producer and production expertise has been refined and strengthened over 10s of thousands of years. Experts evolved; craft expertise was also learned and applied elsewhere by others—academicians, priests and leaders of commerce and community. Theatre is far older than 99% of today's industries.

For millennia, the theatre experts produce events that were and are prototypes in order to keep the consumer experience fresh and relevant. *Improv theatre* embodies this most. So too, each evening's performance of a play is a unique interaction between performers and audience, exactly unrepeatably by performer or memory, a lived experience gone forever once the curtain drops. To do that well--as a going concern--takes considerable expertise.

Theatre Synonyms

Box, boîte, barn, stage, the boards, Flea
Pit, playhouse, opera, cabaret, agora

Theatrical Events

Plays, performance, meetings, talks,
conferences, worship, assemblies

The reference healthy organisms- not-for-profit theatre/ Performing Arts Centres (PACs)- are essentially of three types:

- Landlord – greatest government contribution, as much as 90%
- Host – mix of resident companies, 3rd party rental/presentation, and self-present
- Presenter – self-presenting or with resident companies; most “profitable”; least government contribution

For the purpose of this report and simplicity we will use the Host NFP as the key reference example. The term Host to describe the theatre entity is extremely apt, both as descriptor and as a top-to-bottom corporate attitude.

This report enables the readers to measure the Centre—present and future-- against a range of successful North American PACs. Importantly, these centres provide ready-made templates for establishing other successful operations, including for the Sony Centre should it so choose. Furthermore, annually 50+ PACs also provide AMS Planning + Research with their data to enable each PAC to measure its performance against comparable PACs, annually or as required. This service too is available to the Centre, useful during implementation planning, re-launch and the operational future.

URBAN THEATRES AS CULTURAL HUBS - ANALYSIS AND SUMMARY OF BEST PRACTICES

The following 7 performing arts centres (PACs) in large urban areas were selected for their comparable sized theatres to the Sony Centre and demonstrated success with growth, reinvention and sustainability. The centres were examined and presented for review and analysis of mission, capacity, programming and financial sustainability; they include the **National Arts Centre, Place des arts, Vancouver Civic Theatres, Lincoln Centre for the Arts, New Jersey Performing Arts Centre, Kennedy Centre** and the **Barbican Centre**. More information on each of them can be found in the Appendix *Performing arts Centres*. A number of them participate in the 50+ PAC benchmarking service dealt with in detail below in the section *Comparative Performance Data*, at page 17.

These organizations have or are rebuilding programs and institutions which are relevant and sustainable. They have often taken on ambitious roles in community building, urban regeneration and tourism stimulating inward investment, health and well-being. Most have reinvigorated their missions, even beyond their footprint, and have successfully become central to urban public life. With community engagement and education as central to their missions they have developed strategic partnerships with educational organizations, governments, artists and the broader community. The centres outlined include a diverse program mix of theatre, music, dance, variety and community programming which they are able to present with multiple sized theatres including small community based theatres to large sized stages suitable for opera, ballet and spectacles. While the national average for municipal funding of performing arts centres is at 30% of the total operating budget, revenue sources from earned and contributed income were mixed, diverse and broad from ticketing, to grants, donations and sponsorships.

The following performance qualities were consistent across leading performing arts organizations:

- Sound management and governance – built capacity to earn and raise income and include rigorous fundraising processes and infrastructure. This is a **minimum** requirement of all successful PACs.
- Perceived artistic excellence across a broad range of programming, embracing diversity of sources and tastes. Includes exclusive and innovative presentations within a broad program mix
- Recognize their civic role - clarity about market and communities they serve
- Prioritize the engagement of youth and include educational offerings
- Strategic partnerships - development of dynamic partnerships with educational institutions, governments, artists and the broader community
- Media - harness and monetize participatory social media
- Strong brand - creation of publicly perceived value through the actions identified above facilitates developing and communicating a compelling message that can then inform an appropriate enterprise name and graphics.

COMPARATIVE PERFORMANCE DATA

Like all industries, theatre has evolved operating models and business practices, standard in essentials but modified to local conditions. Before looking at, critiquing and fixing the Sony Centre it is worthwhile for your judgment to be grounded in industry benchmarking data that reflects those successful time-tested operating models, practices, theatres and performing arts centres. It is also important to note that data alone does not and cannot possibly define the industry nor any performing arts centre.

The following data comes from a broad range of North American performing arts centres with multiple programmable venues. These 50 plus venues range in total annual revenues from \$7 million to \$90 million annually. The median and average revenue, for this category of comparable PACs, is in excess of \$20 million.

It is important to remember when comparing the Sony Centre numbers to these numbers that these numbers are for mature, healthy PACs. Therefore, for the Sony Centre these are aspirational numbers and ratios for guidance only, indicating broadly the numbers that could be expected of the future, revitalised, mature Sony Centre.

Note that the Centre's comparable data is shown only in a few cases in order to not misrepresent the comparison. The Centre's reporting formats differ from those of the PACs participating in the benchmarking. Therefore, while some numbers are directly comparable, the Centre's other selected numbers enable magnitude comparison only. Where an accurate comparison was not possible, the Centre's numbers have been excluded.

EARNED REVENUE

Earned Revenue PAC Comparators					
	All Average		All Median		Sony 2012 Selected Actual
	(000)		(000)		
G&A	\$ 1.4	6%	\$ 0.6	3%	
Marketing/PR	\$ 0.1	0%	\$ 0.1	1%	
Programming	\$ 12.0	49%	\$ 11.0	62%	\$ 7.5
Theatre Operations	\$ 4.0	16%	\$ 3.0	17%	
Building Operations	\$ 2.0	8%	\$ 1.4	8%	
Retail	\$ 2.6	11%	\$ 1.3	7%	\$ 0.1
Other	\$ 2.4	10%	\$ 0.4	2%	
Total	\$ 24.5		\$ 17.8		\$ 12.6

Revenue		
Total Revenue per Performance	\$65,000	\$50,000
Total Revenue per Venue Seat	\$5,800	\$4,100
Total Revenue per Patron	\$65	\$58
Total Revenue per MSA Citizen	\$13	\$8
% of Revenues Earned	73%	78%
Earned Revenue per Performance	\$47,000	\$40,000
Net Retail per Performance	\$1,900	\$1,000
Net Retail per Patron	\$2	\$1.30

29 PAC Average Net Revenue (Per Attendee) 2012	
Admin/Financial/IT/HR/ Marketing/PR	\$0.78
Total Food & Beverage	\$1.10
Box Office	\$1.38
Recoverable Charges & Fees	\$1.77
Event Operations	\$2.50
Ticket Sales	\$4.11
Total	11.64
Source: IAAM 2013	

RETAIL NET REVENUE

The two major sources of Retail Income for almost all PACs are Parking and Concessions.

Retail Net Revenue				
PAC Comparators				
	All Average		All Median	
	(000)		(000)	
Concessions	\$	350	20%	180 19%
Parking	\$	800	46%	630 67%
Total	\$	1,730		\$ 944

CONTRIBUTED REVENUE

It can be argued that all of the following sources of revenue except one should be considered Earned Revenue. All are payments for services rendered to communities.

Contributed Revenue - Sony Centre Compared Against Comparable PACs													
	2011 PAC Comparators				2012 Sony Centre Actual								
	All Average		All Median		PAC Average	Selected Actual Sony Centre		Difference Between PAC & Centre					
	(\$ Million)		(\$ Million)										
Government Support	\$	4.0	33%	\$	1.0	19%	\$	2.5	\$	1.0	81%	\$	(1.5)
Ind. Contribution/Memberships	\$	1.6	13%	\$	0.6	12%	\$	1.1	\$	-		\$	(1.1)
Foundation Support	\$	1.2	10%	\$	0.5	10%	\$	0.9	\$	-		\$	(0.9)
Corporate Support (Philanthropy)	\$	0.7	6%	\$	0.2	4%	\$	0.5	\$	-		\$	(0.5)
Sponsorships	\$	0.7	6%	\$	0.5	10%	\$	0.6	\$	0.2	19%	\$	(0.4)
Tax Revenue	\$	1.5	12%	\$	1.0	19%	\$	1.3	\$	-		\$	(1.3)
In-Kind Gifts	\$	0.7	6%	\$	0.3	6%	\$	0.5	\$	-		\$	(0.5)
Special Events (gross)	\$	0.6	5%	\$	0.3	6%	\$	0.5				\$	(0.5)
Other	\$	1.2	10%	\$	0.8	15%	\$	1.0	\$	-		\$	(1.0)
Total	\$	12.2		\$	5.2		\$	8.7	\$	1.2		\$	(7.5)

ENDOWMENTS & FOUNDATIONS

All PACs have established foundations and endowments as part of their underlying business execution.

Endowment PAC Comparators					Sony Centre
	All Average		All Median		\$ -
	(000)		(000)		\$ -
Restricted - Program	\$ 16.0	31%	\$ 2.0	10%	\$ -
Restricted - Capital	\$ 4.0	8%	\$ 1.3	7%	\$ -
Restricted - Operating	\$ 11.0	22%	\$ 6.0	30%	\$ -
Temporarily Restricted	\$ 10.0	20%	\$ 3.0	15%	\$ -
Unrestricted	\$ 10.0	20%	\$ 7.5	38%	\$ -
Total	\$ 51.0		\$ 19.8		\$ -

EXPENSE DISTRIBUTION

While it will come as no surprise that programming is the greatest PAC expense, it is important to note the relative proportions of other expenses such as Marketing and Development of mature, healthy PACs.

Expense Distribution PAC Comparators				
	All Average		All Median	
	(000)		(000)	
G&A	\$ 3.5	11%	\$ 2.7	12%
Programming	\$ 12.4	38%	\$ 10.0	44%
Marketing/PR	\$ 3.0	9%	\$ 2.4	10%
Development	\$ 1.2	4%	\$ 0.7	3%
Theatre Operations	\$ 3.6	11%	\$ 2.5	11%
Building Operations	\$ 4.0	12%	\$ 2.7	12%
Retail	\$ 1.8	6%	\$ 1.1	5%
Real Estate/Other	\$ 3.0	9%	\$ 0.8	3%
Total	\$ 32.5		\$ 22.9	

PERSONNEL

Unfortunately it needs to be stated that while theatre can happen with just performers and an audience, theatre cannot happen with just a building. The degree to which theatre is successful within any community is dependent almost totally upon engaging and supporting the right theatre experts. Theatre buildings without the right expertise and support will be underutilised with all the negative consequences that that entails. Note that the Centre comparator is not exact.

Personnel PAC Comparators								Sony Centre	
	Cost				FT Headcount				
	All Average		All Median		All Average		All Median		
	(000)		(000)		(000)		(000)		
G&A	\$ 2.0	2%	\$ 1.4	2%	18	16%	14	19%	
Programming	\$ 0.9	1%	\$ 0.6	1%	11	10%	15	11%	
Marketing/PR	\$ 0.9	1%	\$ 0.5	1%	10	9%	16	9%	
Development	\$ 0.6	1%	\$ 0.6	1%	8	7%	17	8%	
Theatre Operations	\$ 4.0	4%	\$ 3.0	4%	41	37%	18	31%	
Building Operations	\$ 1.4	1%	\$ 0.9	1%	18	16%	19	19%	
Retail /Other	\$ 0.6	1%	\$ 0.3	0%	5	5%	20	4%	
Total	\$ 10.4		\$ 7.3		111		119	approx 30	

PAC Personnel PAC Comparators		
	All Average	All Median
Personnel as % of Operating Cost	33%	33%
Patrons Per FT Staff	6,000	5,000
Performances Per FT Staff	7	5

PROGRAMMING

PAC Comparators		
	Average	Median
Performance		
Performances per Venue	130	125
Use-Days per Venue	180	190
Percentage of Performances Presented	40%	44%
Percentage of Performances by Resident Company	38%	31%
Percentage of Performances as Rentals	25%	20%
Programming Net Revenue Calculations		
Programming Revenue per Dollar Programming Expense	\$ 2.00	\$ 1.75
Broadway Revenue as a % of Broadway Expense	115%	110%
Broadway Revenue as a % of Total Revenue	32%	33%
Marketing & Sales		
Percentage of Tickets Sold on Subscription	25%	20%
Overall Paid Capacity Sold	55%	56%
Direct Marketing Cost as a % of Programming Revenue	21%	18%
Total Marketing Cost per Market Area Citizen	\$1.00	\$0.80
Ticket Price		
Average Ticket Price	\$47	\$46
Average Ticket Price - Education / Family	\$17.50	\$11
Average Ticket Price - Popular	\$54	\$52
Average Ticket Price - Center Presentations	\$50	\$53
Average Ticket Price - Non-Profit Rental	\$30	\$27
Average Ticket Price - Commercial Rental	\$47	\$45

3. SUMMARY OF FINDINGS & RECOMMENDATIONS

Our first major finding is that the Sony Centre is performing exactly according to the demands and allowances of the combined governance model, controlling stakeholder and mandate. Keeping them in place will guarantee more of the same. The fault does not lie with execution by the staff.

The report addresses separately the major findings and the operational findings, although the former are the fundamental causes of the latter.

There are initiatives that the Sony Centre can take on its own to address the findings of deficiency but others that require external co-operation and/or partnering.

MAJOR FINDINGS

The first major finding is that the operating model (mandate, corporate structure and governance) under which the City and the 3 Toronto theatres operate is the overwhelming primary reason for the Sony Centre's lack of performance whether measured against its historical performance or by any objective industry benchmarks. The good news is that since the 1960s other municipal performing arts centres have created and ruggedized operating models, which could be easily imported as templates and then customized to Toronto.

The next major findings should be considered positive—going forward—but they strained our credulity and will strain yours. The Centre has been subsidizing its municipal owner—in two different ways. The first is an amount of \$20,148,000 just between 1980 and 2012. Audited Financial statements indicate that this is the net Operating and Capital cash flows combined, excluding sale of air rights. Revealed below are second amounts paid directly to the City by Centre audiences, an annual amount of \$750,000 since 2010, but which was \$2 million prior to 2008. Since 1980 the combined total of these two categories has amounted to approximately \$78 million, an annual average of more than \$2.3 million.

The Centre has been the City's cash cow—yet it is vastly underperforming. This is yet another but different indictment of the operating model, mandate and resourcing. This good news/bad news story gets prospectively better/worse, depending upon your perspective, in that this underperformance amounts to \$10-16 million per year and shortfalls in attendance (300,000/yr--60%) and service to the community.

The two related causes of this underperformance are, first, the City applies cost based budgeting to its agencies rather than performance/activity based budgeting; and second, the operating model under which the Centre and the City relate to each other, thereby preventing the Centre from performing well. The City, with no theatre industry operating expertise, makes the key operating decisions for the theatre via the “puppet strings” largely, if not totally, of cost based budgeting and reporting. If one pulls the strings one cannot disavow the consequences. The City has not and will not accept budgeting and financial reporting in industry formats. With that practice and those procedures, how can they expect to make correct decisions for the theatres? By that system, a cost of zero is the ideal which, unfortunately, is also a definition of entropy which is death.

We address all of this in more detail below at ANALYSIS OF EXISTING BUSINESS REALITIES – THE MODEL at page 27.

SELECT OPERATIONAL FINDINGS

The following is an abbreviated list of the operational findings.

1. The Centre has **stalled**, certainly since its re-launch in 2009 but actually since the 1990s when COC and NBC announced that they were leaving. Businesses require momentum to succeed: repeat orders, word of mouth, references from satisfied customers, trusting suppliers, regulators and investors. The 50 year old theatre known as the Hummingbird Centre ceased to exist. Those involved with the theatre, particularly the theatre business inexperienced City, failed to understand that at re-opening in 2009 the Sony Centre was effectively a start-up with all the inherent difficulties and challenges that that entails.
2. The valuable **senior management expertise** has been drastically underutilized, in part due to nervous non-expert City staff and Boards micro-managing decisions that they are not industry-competent to make instead of allowing the competent staff to operate, monitored by industry specific metrics. It was not the traditional corporate role differentiation: steering versus rowing.
3. The imported **ethnic programming** initiative of recent years has been successful within those ethnic markets and can be built upon. Those markets are not sufficient to support the Sony Centre and are not yet successful across ethnic markets, that is, attracting a sufficient percentage of their audiences from outside that ethnic community.
4. The Centre does not provide a **broad range of programming** for and even from its market, its community.
5. The Centre, even underperforming since it reopened, has contributed many millions of dollars of employment to Toronto businesses, and taxes to the City of Toronto, the **economic multiplier**.
6. **Tourism**, cultural tourism, and convention traffic are growing steadily and continue to be a valuable market for the theatre and yet are not targeted as a market by the Centre.
7. The application of **inappropriate performance measures**, specifically benchmarks imported from alien realitie, together guaranteed under-performance—guaranteed it. The appropriate English expression is “Pennies wise, pound foolish.” In the late 1990s, the imminent loss of the resident companies and the planned closing of the theatre for renovations was a missed opportunity to make a fresh start including adopting an appropriate operational and governance model.
8. The existing model has facilitated the City to take away the Centre’s **earned revenues** thereby depriving it of the means to operate successfully and grow, thereby making it dependent upon the City. Some might ask, “Was this knowingly done and if so by whom?”
9. The existing model has been and is handicapping the Centre by, **effectively, subsidizing its competitors**, the likes of the highly successful and rightfully highly regarded Mirvish Corporation, Roy Thompson Hall and Massey Hall.
10. The new ethnic market **programming model**:
 - a. Has not yet succeeded and, alone, will not succeed
 - b. Significantly under-utilizes the expertise of the senior staff. This is exacerbated by the limitations of the operating model, which limits the quantity and quality of programming and consequently does not provide the staff with other assets to leverage, specifically, far more bums in seats and a marketable brand.

11. The prevailing notion of **programming risk** is false, misleading, and damaging because it is applied to each and every presentation and not to a portfolio. This approach is contrary to industry practice. Furthermore, the prevailing notion of risk does not allow for the application of important broader criteria.
12. There are more than enough **touring performance products** for the theatre and there could be numerous others developed domestically.
13. There are not too many **theatre seats** in the 6 million plus GTA market. Make the pie bigger.
14. Key senior expert personnel were in place at the Sony Centre across all necessary categories with one exception—**educational programming**.
15. The City's does not measure theatres' performance using industry appropriate **multiple bottom lines**.
16. The City of Toronto's designation and treatment of the Sony Centre as a **commercial theatre** was inappropriate and damaged the Centre by eliminating the Centre's ability to apply for grants from three levels of government. Furthermore, the City of Toronto is rumoured, from time to time, to have refused to support grant applications made by the Centre. This lack of access to funding handicapped its ability to program, to perform well and consequently negatively impacted financially on the City of Toronto.
17. The Centre's **union contracts** are sufficiently appropriate for a theatre of such a size. The union contracts do not inhibit use of the theatre. However, competitors spread false rumours.
18. The existence of some sub-standard, failure-ready operating **infrastructure** is a previously low visibility risk, jeopardizing rent and ticket revenue, and increasing cost risk from sponsorship rebates and payment of guaranteed show minimums and unionised labour minimums. The high and unpredictable risks exist due to the lack of good repair of ancient (50 year old) key operational infrastructure, a direct consequence of budgeting restrictions. This negatively affects reputation and rentability and is a gift used by competitors.
19. The bad news is that the Centre has a barely present ghost **brand**, except within niche ethnic markets. The good news is that an inappropriate brand does not need to be overcome and a strong new brand can be built once a new programming mandate is being implemented.

OPTIONS/RECOMMENDATIONS

The following is an abbreviated list of recommended options.

1. State unequivocally that the City requires that and looks forward to the Sony Centre becoming as significant and successfully contributing to the City of Toronto as equivalent PACs have been doing for their cities around the globe
2. Put in place the means to re-launch and bring the Sony Centre to maturity within 3 to 10 years
3. Re-constitute the Sony Centre to an industry appropriate corporate form or forms (e.g. theatre + foundation)
4. As part of the new vital model, create an appropriate mission and mandate including clear intent
 - a. To broaden and apply a new program mix to theatre programs
 - b. To engage in community programming
 - c. To add a significant amount of educational programming
5. Require top to bottom governance by only those expert in PAC theatre management
6. Eliminate the Toronto theatre silos by mandating closer co-operation up to and including merging with the StLC, TCA and other appropriate organizations in order to leverage expertise and assets and become more cost effective
7. In order to execute numbers 1-6 above, use an appropriate PAC template and tweak it moderately to local conditions
8. Use psyte cluster analysis to make programming and marketing much more efficient
9. Use the benchmarking services of the AMS Planning + Research Operations to guide the re-modeling and monitoring the Centre's progress against past periods and appropriate industry comparators. AMS benchmarking is being used by 4 Canadian theatres including the NAC, Calgary's EPCOR and Montreal's Place des arts
10. Partner Partner Partner. Inherently performance is collaborative—corporate as well as theatrical. The Centre needs to capitalize on other municipal and non-municipal assets, venues, personnel, performance needs, performance resources, funding resources. The non-Toronto partnering opportunities include the National Arts Centre, Place des arts, the Kennedy Center etc.
11. Capitalise on the opportunities presented by WorldPride 2014, the Pan/Parapan Am Games 2015 and Canada's Sesquicentennial 2017
12. Lay off costs by selling services to other theatres, events and users
13. Immediately create a foundation in order to be able to aggressively earn Contributed Revenue grants and donations

None of these recommendations would appear to be precluded by the *Legislative Mandate of the Sony Centre for the Performing Arts* dated January 17, 2013.

4. ANALYSIS OF EXISTING BUSINESS REALITIES – THE MODEL

The entirely inappropriate corporate model operating the Sony Centre requires a section of its own. The symptoms are summarised above at *Major Findings* and at page 23.

The preceding section summarised the findings which, as mentioned under ENGAGEMENT in the first section, turn out to be symptoms of the underlying organizational pathology, that is, not having the right corporate model, the right governance, and the appropriate industry-standard, professional relationship between the Centre and the City of Toronto.

Fix that and the rest can be implemented quickly, least expensively and with by far the greatest immediate and long term value.

THE PATHOLOGY OF THE OPERATING MODEL

Our Key Finding is that the fundamental cause of the symptoms is the archaic operating model under which both groups (principal and agent) operate- the very nature of the agency inter-relationship of those two groups. If the theatres are on life support it is because the archaic operating model put them there. This long-time inappropriate damaging operating model requires/allows the City to control the operations of the theatres:

- The theatre(s) is/are considered Agencies of the City
- The Board of Directors is appointed by the City
- The theatre(s) is/are not considered Core Services, socially incorrect even as it may be partially administratively appropriate
- The Finance Department controls the purse and, therefore, the puppet strings
- The City funds the theatres but doesn't give the theatres nearly adequate credit for the many means that the City benefits from the theatres financially and otherwise
 - Parking revenue
 - TTC revenue
 - Financial flows to the City—e.g. inability to retain earnings
- The City's control prevents the theatres from accessing grant money from other levels of government and from foundations
- The City's control prevents the theatres from accessing individual and corporate donations

Some people believe that running a theatre is a piece of cake, after all it is “just entertainment”, people playing. Some people believe the *Field of Dreams* mantra, “build it and they will come”. Not so; constantly building successful working prototypes, productions, is extremely hard work even for those with expertise, commitment and talent.

It appears to some that the theatre has been perceived and operated as if the “box” is more important than the contents.

FALLACIOUS PERCEPTION OF “RISK” WHEN “LOSS” IS GUARANTEED

Under the existing operating model and the related cost based accounting system that created the problems requiring this study, the identified “loss” was guaranteed and therefore there was no risk. Healthy enterprises are greater than the sum of the parts but if the accounting system focuses solely on the parts it surely misses the “greater than”, the financial and other benefits generated by the enterprise as a whole. Fortunately, we now know that by real-world reasonable standards the Centre has not suffered annual loss and on a program portfolio basis has not “suffered” “program risk”.

Some may understandably ask what judgments must be reached about official budgeting and financial reporting systems that, taken together, define enterprise cash-positive results as loss and risk?

Addressing the apparently much feared, much discussed so-called risk programming, it will come as a surprise to some and may even seem counter intuitive but in order to make the enterprise successful sometimes PACs and other theatres knowingly present some individual programs at break-even or even at a loss. A familiar retail term--selling select items below cost—is “loss leader”. A theatrical rationale, is that when helping a promising but relatively unknown local band by giving them the otherwise dark stage this year at a deep discount you contract them to return very profitably next year--when they are Standing-Room-Only famous. Two Hands Four Pianos and The Bare Naked Ladies are cases in point.

On behalf of us all, community/society/citizens, for a variety of important reasons governments around the world for millennia have chosen to support a wide range of programming including promotable leading edge programming that will initially draw smaller audiences. This is an investment in the future, in the community. Often individual events don’t pay off in straightforward ways.

MULTIPLE BOTTOM LINES

Theatres yield benefits to multiple bottom lines and the theatres need to be evaluated against them **all** on seasonal, annual and multi-year basis. Not-for-profit style performance based budgeting within the enterprise is the most appropriate system. Key results need to be measured in terms of benefits delivered to civil society, economic impact and financial impact on the enterprise.

The economic as well as financial bottom lines include:

- Increased revenue for surrounding employers and employees in hospitality and services
- Increased profitability
- Increased revenue for performers, stage labour, costumers, ushers etc.
- Increased taxes from increased entertainment seeking tourists, convention visitors and local audiences by significant events
- Employment: stage and non-stage
- Economic multipliers

The civil and community engagement bottom lines include currently missing components:

- Developing children attending performances and educational programs
- Numbers of donors
- Numbers of members
- Numbers of season ticket sales, which are not being sold now.

GTA BUSINESS AND TAX REVENUE INCREASE

Ancillary business success and increased employment:

- Businesses – Hotels, Restaurants, Taxis etc.
- City Taxes

THEATRE'S FINANCIAL HEALTH

It can be argued that the Sony Centre's largest single cost is the City of Toronto. The City has taken \$20+ million from the Centre since 1980.

Furthermore, the City has not credited the Centre with a dime of the discounted \$73 million that the City has received directly on a daily basis in parking and TTC revenues as the result of the Centre's activities since 1960. This amounts to \$3.78 per performance attendee—even if the event tickets are free.

Due to the City-enriching operating model, the Centre has not been able to earn Contributed Revenue (donations and grants) in the order of 10s of millions of dollars. Granting agencies, corporations and philanthropists refuse to "give" money to governments. According to AMS benchmark data this would amount to approximately \$10 million per year.

LOST ECONOMIC ACTIVITY DUE TO LOST PROGRAMMING FOR TORONTO'S CITIZENS & TOURISTS

The City's cost based budgeting and accounting has kept the Centre impoverished thereby unable to operate successfully or to fulfill its mandate.

The Centre has not been able to program effectively to its industry-appropriate historical levels for citizens or visitors. Consequently, Toronto has lost many millions of dollars of economic activity: revenue from 300,000 missing attendees per year times your chosen economic multiplier between 2 and 8.

LOST PROGRAMMING – SERVICE TO THE COMMUNITY

Amongst the lost programming are ethnic, community and educational programming. They are important for many economic, financial and social reasons.

One missing example is partnering with community groups, social workers and police which will yield great benefits. It has been demonstrated repeatedly that increased community program development in the arts will reduce cost of social services--social work, policing, court systems, etc. Young people don't trash communities in which they have developed and perceive a vested interest. Social cohesion provides both cost savings and revenue generation for communities.

THE SIGNIFICANT FINANCIAL BENEFITS FLOWING TO THE CITY OF TORONTO FROM THE O'KEEFE/HUMMINGBIRD/SONY CENTRE

In addition to generating economic activity from which the City benefits, the Centre subsidizes the City in two primary ways.

SUBSIDY – NOT WHAT WE HAVE ALL THOUGHT

Since 1980 the Centre has subsidized the City by \$20,148,000 net of all payments and expenditures by the City. It was a shock to discover from the Sony Centre audited financial statements going back to 1980, that contrary to what is generally believed and statements made by the City and others and, the Sony Centre is not a net cost to the City. In fact the opposite is true.

Why has this not come to light before? It is there in the audited financial statements, except that it appears that nowhere are those statements officially consolidated. Setting aside the possibility of generations of greed or negligent oversight, one might logically conclude that it is a fault of an archaic system that could not contemplate surpluses that the entity would use to be independent, self-perpetuating, self-funding all or in part. However, senior Centre staff did inform the City of this several years ago and were brushed off.

Point (a) of the RFP's Part 3 reads "All options should have as their prime criteria the ability of the Sony Centre to achieve operating and capital financial self-sufficiency as quickly as possible". Whether this is the result of genuine or wilful ignorance, yet again it negatively mis-represents the status of the Centre.

The "system" did not "see" the surpluses because it never looked for them, even though some at the City have expressed sympathy for the notion that the Centre should retain its earnings and the Mayor's Task Force recommended "the Capital Improvement Funds received by the centres should be shown as revenue receipts on their balance sheets to show these amounts as receipts as they truly are". For the regeneration of the Sony Centre this change of heart and attitude is an important official position for the City to have taken.

Perhaps the single most important discovery made during the course of this engagement is that the Sony Centre does and can continue to make money. It has been subsidizing the City of Toronto—not the other way round. Furthermore, due to the Centre, the City of Toronto has benefitted financially daily well beyond the \$20 million. That additional amount, rolling in daily since 1960, is in the order of \$71 million. In total, the City has benefitted financially from the Centre to the tune of approximately \$90 million. That amount is calculated before looking at the economic benefit—taxes or multiplier-- flowing from the activities of the Centre through restaurants, tourism etc.

In addition, not that it is realizable any longer, is the 5454% appreciation of the Sony Centre, yes 54 times. It was purchased for \$2,750,000 in 1958 and in 2008 was appraised at \$150 million.

ATTENDEES DRIVE REVENUE TO THE CITY

As mentioned, there have been extensive direct and indirect funds flowing to the City as the result of the O'Keefe/Hummingbird/Sony Centre. It does not appear that the City has acknowledged the \$71 million in parking and TTC revenues that it has received from attendees at the Centre since it was opened. The fact that, unlike most other PACs worldwide, the Centre does not receive the funds directly is totally immaterial to the calculation. It is fact that the City would **not** have received this revenue if it weren't for the Centre. There would appear to be no viable alternative argument that is not self-referential and self-serving.

An example is the attempted rebuttal that every off-peak theatre-goer, every TTC traveller costs the TTC \$2. The logical extension of that argument is that the TTC/City would be better off if no one travelled on the TTC. Would that \$2 cost go away if the theatre goer did not pay \$5.30 to the TTC? Of course not. Is that argument not yet another major example of cost based budgeting that totally ignores revenues and performance based business realities to the detriment of the citizens of Toronto?

In view of the forthcoming implementation calculations and discussion, it is worth taking a look at the annual Centre-generated cash flows to the City. By comparison, other PACs of equivalent importance generate an average income in the order of \$800,000 per year from parking alone.

Since re-opening in 2010, the Centre generated an average of \$755,000 per year directly paid to the City by attendees for parking and TTC. Prior to the Centre closing in 2008, the Centre generated \$2 million per year directly paid to the City by attendees for parking and TTC for which the City has given the Centre no credit.

Anything that the City can do in future to help the Centre to increase attendance will return to the City \$3.78 per attendee as steady daily cash flow throughout the year. Upon the Centre's return to maturity, attendance at the Sony Centre would again generate approximately \$2,000,000 in annual revenue flowing directly into City coffers from parking and TTC alone—before any parkade or TTC rate increases.

In that regard it is worth noting that within the City's direct control—not the Centre's control—are means to increase the City's ongoing daily cash flow from performance attendees. Increasing the Esplanade Parking Garage evening rate from \$6 to \$8 would generate a minimum of an additional \$170,000 in the first year at the current attendance rate. When the Centre is at maturity then that \$2 increase would turn into an additional \$390,000 per year over the present level for a total of \$585,000 from parking alone.

When doing the cost/benefit analysis for the Centre and any direct or indirect programs of support, City policy makers and grant givers need to examine all of the flows. How the City orchestrates its internal financial statements is an accounting issue not policy concern and pertains to the City not the Centre. It certainly doesn't change the facts, reality.

The City's pocket has many rooms. To argue that the City's TTC and Green P Parking revenues belong to those entities and not to the City will not be considered by many to be credible when there is such evidence that the City confiscated all operating surpluses that the Centre generated. Then instead of

returning those surpluses to the Centre in times of need, the City forced the Centre to take out loans from the City and pay interest to the City. In other words, it will appear to many that the City forced the Centre into debt to the City, then forced it to pay the City interest on loans that the City made to the Centre using the money that it had confiscated from the Centre. At worst, the City has become a de facto bank advancing money to the Centre which it recovers vigorously daily for months.

Estimated City Revenue Generated From Event Attendees	
Parkade, Street Parking & TTC	
Derived From But Not Credited To O'Keefe/Hummingbird/Sony Centre	
	2013 (000) Dollars
City Revenue Since 1960	\$ 71,068
City Revenue Since 1990	\$ 37,599
Average annual City revenue prior to closing - 2009	\$ 2,092
Average annual City revenue since re-opening - Oct 2010	\$ 746
Notes:	
Factor per Attendee	\$3.78 in 2013 dollars
TTC Units as % of Attendees	50%
Cars Parking as % of Attendees	19%
TTC Roundtrip Rate	\$5.30
Cars Parking Rate	\$6.00

For those doubting the calculation of the City's revenue, they could apply actual data on theatre attendance by TTC and car--once they collect it. All other numbers--attendance, TTC and parkade rates--are actuals not estimates.

It is readily acknowledged that those central to these discussions may have difficulty stepping outside such long held practices and, in some cases, even conflict of interest, in order to consider this matter as objectively as outsiders will judge it.

Yes there is theatre subsidy in Toronto. The Sony Centre subsidizes the City of Toronto--not vice versa. This reality may also apply to the St. Lawrence Centre and Toronto Centre for the Arts.

CITY'S NET

It would be interesting to discover if anyone in the City has been or is aware that the Centre has been and continues to subsidize Toronto's municipal governments by an amount that exceeds \$78 million from only 1980-2012. From the Centre's launch in 1960 and its acquisition by the municipal government in 1968, the City has probably received in the order of \$100 million, a number which has not been adjusted upwards to 2013 dollars for City/Centre capital and operating flows. These numbers are net of all capital and operating contributions to the Centre by the municipality.

Centre Generated Inflows to Metro/the City Net of Outflows/Expenses Only From 1980 - 2012		
		(000)
O'Keefe/Hummingbird/Sony Centre		
1	Operating Surplus/Earnings Paid to City Net of Grants	\$ 6,156
2	Capital Flows to the City Net of City Expenditures	<u>\$ 13,992</u>
	Total Net Inflows to the City	\$ 20,148
3	Flows to the City from Centre Attendees for Parking and TTC Only	<u>\$ 58,327</u>
	Total Centre Generated Cash Flows to Metro and the City 1980-2012	\$ 78,475
<i>Note: Items 1 & 2 come from audited financial statements and are not adjusted to 2013 dollars.</i>		
<i>When adjusted to 2013 dollars, the "profit" numbers are much higher.</i>		
<i>Item 3 is based on actual attendance records and actual TTC & parking 2013 rates</i>		

1960 to 1980 Parking + TTC revenues could amount to another \$38 million (in 2013 dollars).

Given that this fact has not surfaced publicly before, one might conclude that if anyone at the City were aware of these numbers then they willfully bled the Centre of funds that it needed to operate successfully to deliver theatrical services to the citizens of Toronto and to its visitors, while telling everyone the contrary.

There is more. In 1968 Metro purchased the O'Keefe Centre, the land and the air rights for \$2,750,000, the value of the land in 1968 dollars. In 2008 the value was appraised at \$150,000,000, an appreciation of 5454%. Moreover, the municipal authorities paid for a major renovation of the Centre by selling the air rights for \$30 million in 2008 instead of having to pay for the renovations itself.

REVENUE

The sad irony is that forced to take its eye off the ball and to pursue costs, in 2012 the Centre generated total earned revenue of only \$12.6 million whereas benchmark comparisons show that it should have been in the order of \$22 million, 68% higher. This also represents approximately 68% fewer shows for citizens, and 68% less TTC and Green P parking revenue for the City—not that they appear to want it.

CONTRIBUTED REVENUE DENIED – PREVENTING EARNING DONATIONS & GRANTS

This subject is alien to City theatres. PAC related independent foundations, with a separate Board of Directors and appropriately staffed, attract 10s of millions of dollars in corporate donations that would be applied to general, educational and community programs, operations and eventually to capital needs. However, under the current operating model an independent foundation is likely to be seen as a fiction that ultimately would fund the City through the Centre.

The City's theatre operating model has cost the Centre tens of millions of dollars in grants and donations—Contributed Revenue. Neither the private sector nor foundations nor other levels of government will give either to commercial theatres or to governments. Why would they give to enterprises which subsidize their parent government? In 2012, the Centre's Contributed Revenue, including the City's "contribution" of \$1.2 million, was \$1.2 million whereas comparable PACs were 4.5 times higher at \$5.2 million (median) and averaged \$12 million—10 times higher.

Contributed Revenue PAC funding is a multi-legged stool including:

- Government Support
- Ind. Contribution/Memberships
- Foundation Support
- Corporate Support (Philanthropy)
- Sponsorships
- Tax Revenue
- In-Kind Gifts
- Special Events

Together these sources contribute between 33% and 50% of all of PAC revenue. The Centre needs that Contributed Revenue to be successful.

Of these, the Centre attracts only limited sponsorship revenue.

Funders (individual, granting agencies and corporations) have established giving strategies to ensure that their contributions are focused and create the change in the community that they and their stakeholders want to see. Here are the major giving pillars:

- Youth
- Education
- Health and Wellness
- Arts and Culture
- Environment
- Diversity
- Capital

With the appropriate mission and expanded programs (especially in youth and/or education) and programming, any theatre and its Foundation could tap most all of these pillars effectively.

The Centre could attract sponsors for the following reasons:

- **Reach** – The arts consumer is a lucrative, targeted large audience – more eyeballs=higher sponsorship fees
- **Diversity** – Multi-cultural niche focus
- **Marketing** – inclusion in Centre’s large marketing campaigns for specific shows
- **Community Engagement** –opportunity to offer affordable tickets to youth or free tickets to at-risk community

COMPETITION? HOW THE CITY SUBSIDIZES MIRIVISH, RTH, MASSEY HALL ETC

The Centre does not, and financially cannot, compete with Mirvish or equivalent entities for the Broadway first tier shows that are Mirvish’s bread and butter. Mirvish is not interested in affordable, popular tier two versions of Broadway shows developed and toured by PAC consortia and other at a much lower cost and which could be brought profitably to the Centre.

To add insult to injury, effectively the City subsidizes the Centre’s competitors--the highly successful and appropriately respected Mirvish, RTH, Massey Hall, COC and NBC.

Furthermore, the City prevents the Centre from accessing valuable programming in order to present a balanced program that achieves financial, social, market and artistic objectives.

Competition comes in various forms. When the Centre approaches a property to acquire it for the Centre it is often the case that a presenter such as LiveNation will also bid for the same property and acquire it. It then pays the Centre rent in order to exhibit it. This results in a lesser net profit on the production for the Centre but at no risk. Is this not another motivation to the Centre programmers to seek out programming?

In no way is this observation intended to disparage Mirvish, RTH, and Massey Hall all of whom make very valuable contributions to the City. In fact, this observation admires the ability of their management and Boards to play the City of Toronto.

OPERATING MODELS – OUTMODED VRS APPROPRIATE, THEATRES & OTHERS

The operating model for the Toronto theatres, including the Centre, are no longer appropriate, in fact, they are seriously and harmfully counterproductive. Other equivalent areas, specifically museums and libraries, have changed their models in response to the changing times, the maturity of the market and changing technologies. Operating models for social/cultural enterprises that were appropriate at the time of the Massey Commission in the 1950s are no longer useful. We have matured and evolved as a society, and an economy.

APPROPRIATELY CONFIGURED

In order for the Sony Centre, any theatre, to deliver on its mandate, to be cost effective and efficient it needs to be structured, resourced and staffed appropriately. There is a serious disconnect between the components, leading to higher costs per unit of service delivered (e.g. tickets sold, number of shows), and under-delivery on the mandates. The Citizens of Toronto have been significantly underserved as a result. In the name of cost cutting, the result has been value and efficiency cutting. Over the years, the Centre, and the other two theatres have been handicapped by their owner in numerous ways:

- Mandate – no shared active, articulated traditional or local value proposition for community/market other than “stop costing the City money”
- Staffing – highly regarded professionals but too few for the for the existing mandate and missing certain expertise sets to execute missing elements of a modern PAC operation
- Operational resources – key elements aged and unreliable, or inappropriate
- Finances – hampered by the owner
- Governance – inappropriate for an effective, well run, modern PAC

Municipal oversight is by people, to be fair to them, who have not been educated, nor experienced appropriately and do not have the appropriate mind-set to do what needs to be done. Interference in the jobs of theatre experts in the name of over-sight guarantees under-performance of the enterprise.

A case in point is that, currently, IATSE has 15 grievances filed against TCA as a direct consequence of TCA HR being transferred to the City HR which knows nothing about how theatres function. There are no grievances against the StLC or the Sony Centre which handle their own HR.

Those currently involved in that governance should not be faulted for a system that was put in place long before they arrived on the scene. Events of the last year are hopeful signs that this problem has been identified and the appropriate authorities are interested in fixing the problems, remedying the deficiencies and putting the Centre, and perhaps the other two theatres, on a more self-sustaining basis even to the point of changing the corporate culture, never an easy matter.

INAPPROPRIATE PERFORMANCE MEASUREMENT & BENCHMARKING

The Toronto theatres are being “benchmarked” and managed against inappropriate, non-theatrical comparators. No wonder they are seen by some to fall short.

Benchmarking against other North American theatres and complexes is not being used by any of the 3 Toronto theatres. It is available to the Centre. It is provided by AMS Planning + Research and is used by Canadian theatres the national Arts Centre (NAC), Place des arts and Calgary’s EPCOR Centre.

Using such benchmarking would bring into line both City and Board expectations. Furthermore, it would enable management, the Board and the City to manage appropriately, to fund appropriately, and to measure the improvement in the theatre’s performance quarter over quarter, year over year and against appropriate industry comparators.

PERVERSITY

We can't conclude this section without pointing out—for your consideration and enjoyment—how the operational findings might be interpreted beyond irony into perversity. Due to the City's surprising, multi-decade income windfall from the Centre, "achieved" largely by City staff who know nothing about theatre some might suggest perversely that the results show that anyone, even without theatre industry experience, can run a theatre successfully therefore the City does not need to change the operating model.

This report catalogues findings for the Centre and global PACs, and posits recommendations that would suggest that the response to such perverse positions or statements must be:

- The Centre's recent and current performance has been universally criticised, most notably by its owner.
- Measured against its own operating past, against PAC benchmarks for comparable theatres, and against achievable programmatic, financial and economic results, the Centre is performing at approximately 40% of its achievable level. These are measures of significant lack of success caused by factors that may include: lack of expertise; incompetence; dysfunctional operating model and related policies, practices and procedures; inappropriate oversight; inappropriate vision; inadequate expectations and demands, or sabotage.
- The citizens of Toronto, or any world class city, demand far more of their cultural resources than simply operating cash positive. Those who think that such is the only important metric, and conclude—in the face of all the evidence to the contrary—that the Centre does not need to change, demonstrate that they have no business being directly involved in those cultural resources or in stewardship of a modern City.

5. ANALYSIS OF EXISTING REALITIES – INTERNAL TO THE SONY CENTRE

Even before discovering the cash-positive reality, unexpectedly came the realisation that due to the practices and policies in effect under the existing agency operating model, the City of Toronto and its staff must be considered either as internal to the operations or supra-management of the Sony Centre if you will. For this reason, while this report should lead with programming and marketing, it starts with this major perceived weaknesses and then proceeds to findings concerning Operations – Non-Performance, page 40.

STAKEHOLDER IDENTIFIED WEAKNESSES & STRENGTHS

From our stakeholder interviews (see list at Appendix Opinion Leaders, Stakeholders & Info Sources – Partial List) we have produced the following lists describing how they perceive the Sony Centre.

Weaknesses

- Cost structure (union) too high
- Not sure multicultural programming works
- Too commercial
- Space of theatre is too big
- Lost identity since losing the Ballet and Opera
- Has been left behind
- Part of old Toronto, stale
- Confused identity, too many name changes
- Uneven programming
- Size and cost
- Was meant for spectacle, not enough product today
- No longer relevant
- Outdated
- Lack of leadership
- Too expensive to attend

Strengths

- Its history, nostalgia as O’Keefe and Hummingbird
- Great shows
- Location is superb, central
- Resources and staff
- Important city venue and asset
- Viewed as a gem in the local community
- Economic driver in the community
- Rental business
- Significant historical building and site

Opportunities

- The demographics have changed
- Needs to be more inviting
- Should be more engaged with youth
- Be a forum for the community and issues
- More diverse programming
- Explore partnerships with educational institutions
- Should create festivals
- More music and variety shows
- Needs to collaborate or merge with other City theatres and departments
- Should work with other cultural organizations in the City
- Improve the communications so more people are aware that the Sony has reopened and is programming

OPERATIONS – NON-PERFORMANCE

These are the key operations findings.

RELATIONSHIP TO THE CITY

The City is included in this section on Operations because many key stakeholders reported that the OPI (Office of Prime Interest) is shared by Budget and Finance. For all intents and purposes the City controls the operations of the Centre through the following entities, more or less in order of effective control.

- Budget Office
- Finance
- City Manager
- Legal
- Governance Structures & Corporate Performance
- Economic Development, Culture and Tourism Division
- The Mayor's Office
- Executive Committee
- City Council

Note that the Economic, Development, Culture and Tourism Division (EDC) is responsible for culture but has less day-to-day and ongoing effective authority than the Budget or Finance offices. This is not surprising given that by including Culture within EDC the City of Toronto effectively sends strong signals that it considers Culture as an economic factor not a social program delivery responsibility per se. Furthermore, the cost based financial reporting required of the Centre also sends this signal.

The City appears to have considered funding of the Centre and other theatres as subsidies not services being purchased and delivered to the citizens nor has it appeared to consider such funds as investments. Therefore, it is understandable why both the City and the Centre have slid into evaluating the operations of the Centre almost solely by cost numbers and hardly at all by the values of the benefits provided to the community. In fact, one could claim with considerable justification and very little protest from the players that in recent years that the City has evaluated the Centre largely by one criteria, one number—the size of the City’s stated financial contribution.

Directed to reduce the City’s contribution, the Centre’s Board and staff have been put in the position of managing down (costs) not up (services and revenues).

City Council, upon recommendation of the Civic Appointments Committee, appoints all members of the Board of Directors and can do so without governance policies or regulations setting minimum theatrically appropriate qualifications for Directors. Also, the Directors hold their positions at pleasure.

As a result management and staff have operated with decreasingly limited financial and human resources driving a downward spiral of reduced benefits delivered to the community. Under the circumstances, why anyone--specifically in the City administration--would expect the Centre to prosper ignores reality. Under these circumstances there is no risk of poor performance; it is guaranteed.

SONY CENTRE STAFF

The non-unionised staff complement is between one third and one half of what it needs to be for a healthy theatre of this size. This includes staff for the missing critical departments of Development and Community and Educational Programming. For a comparison see the PAC personnel comparators at Personnel, page 21 above.

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SONY UNIONISED LABOUR COSTS

Having had labour lawyer Ms. Priya Sarin from Iler Campbell LLP compare the Centre and non- labour agreements and having met with management, met with renters (notably LiveNation), met with the competition and met with the President of IATSE Local 58, the stage union, we conclude that labour costs are not out of line and that the collective agreements are nominal.

Stage labour supplied by IATSE Local 58 is by far the Centre's most significant labour component. The legal opinion states, in part,

“With respect to stage employees, the wages and benefits paid at Mirvish-Canon Theatre and Massey/RTH are comparable to what is paid by Sony. Certain positions are slightly higher or lower, but overall they are comparable packages. Stage employees at the St. Lawrence Centre, however, get paid significantly lower wages both hourly and weekly than Sony (i.e. heads are paid \$10 per hour less).”

With respect to musicians our legal opinion states:

“I compared Sony to Mirvish (none other were available) and found that the contracts were overall quite similar. Sony pays slightly lower fees in fact to orchestra and pianists for rehearsal, but slightly higher weekly performance fees. Sony employees are also permitted to do a maximum of 9 performances per week as opposed to 8 with Mirvish. Mirvish also pays a premium of 2/8(weekly fee) if an employee is required to work on day 7. This appears to be similar to Sony paying double time for a performance on day 7.”

Similar findings occurred with respect to contracts for Wardrobe, Hair and Makeup, Front of House and Food and Beverage.

The opinion noted that in some categories the St. Lawrence Centre had less expensive contracts. It must be noted that their stages also require less expertise to operate than that of the Sony Centre.

The Iler Campbell opinion concluded:

“I would take the view that Sony's collective agreements are generally in line with industry standard and there would be limited gains to be made from an extensive effort to re-negotiate the existing agreements.”

We conclude that any accusations that the 's labour is outrageously expensive are false and are being spread by the competitors, in fact we were bald-facedly told these falsehoods in our meetings with management of both Mirvish and RTH/Massey Hall but the high costs were denied by LiveNation.

BUDGETING & EVALUATING PERFORMANCE BY PRODUCTION & PORTFOLIOS

The reason for the inappropriateness and damaging of the Centre is dealt with elsewhere and concerns both lines of authority and budget/reporting form: cost based budgeting versus activity and performance based budgeting.

While the Centre recent made internal improvements, budgeting and evaluating performance by production and portfolios is still not accepted by the City contrary to industry practices.

Estimating and measuring an event solely on the basis of rental and ticket income under measures the overall potential or actual financial performance of the event. It ignores revenue from F&B, sponsorship, merchandise sales, optional extras, and donations. It also ignores the cost saving benefits derived from additional performances for partnering theatres in the region or paid for by a corporation for a private performance.

Demanding that each event must always recover a prorated portion of the fixed costs is simplistic, short sighted, bad business, counter enterprise performance, and industry atypical. A target, yes; a fiat, no.

THE COMMERCIAL STIGMA

As you will see, the Centre suffers from being labeled and treated incorrectly by others, including staff at the City of Toronto, and even the Centre itself, as a commercial theatre. This cut them off from significant funding from other governments and foundations. Furthermore, evidence indicates that City staff would not support the Centre's applications to granting agencies for that reason. Being denied the ability to develop and program community productions further fed the myth.

To some degree the large stage and 3,191 seats tipped perception in this direction. For years it had two celebrity tenants that took 60% of its inventory—the COC and NBC. Many other nights were filled with star studded, highly publicised touring productions.

With the loss of the COC and NBC it was perhaps understandable that the City—with no knowledge of the theatre universe--and the then Hummingbird Board defaulted to a commercial bias--in spite of growing local competition--instead of to a PAC model. They then hired a CEO with very strong for-profit theatre credentials. While that hiring decision may have made sense at the time, taking the Centre in that direction--without changing the inappropriate governance model—doomed the Hail Mary experiment, as the intervening years have unfortunately proven.

In reality, the Centre is no more a commercial theatre than are TCA or the St. Lawrence Centre since all 3 rent their theatres to a wide variety of performance and non-performance renters--not-for-profit presenters as well as commercial. This is a central component of the PAC model.

Embracing the commercial descriptor ultimately harmed the Centre, the citizens of Toronto and the City itself which had to supply funds that were not available from the granting agencies of three levels of government. That commercial ambition combined with lack of community programming and being a government owned and controlled theatre were a deadly combination. No one gives to governments.

Ironically, the granting agencies and private sector donors have been right—for the reason that has just come to light and about which they may or may not be aware. How would they justify funding the City's cash cow? This granter/donor awareness risks the St.LC and the TCA as well.

The “commercial” stigmatization must be erased. However, the Centre will carry that stigmatization until it is erased by statement, fact and deed by making it an independent performing arts centre with a broad programming mandate including community and educational programming.

COMMERCIAL & COMMUNITY : BADGES & EPITHETS

Ironically, there are two--not just one--historical terms that are used both as badges of honour and as stigmatic descriptors: commercial and community. The stakeholders inside and outside the Centre, the other theatres and their Boards, the arts community and the City of Toronto have initiated, condoned, perpetuated, acted upon and used these insidious, destructive, bigotries embedded in individuals and institutional policies, practices and procedures. Sadly, these epithets ignore what they all know: all professional, semi-professional and amateur productions have important roles to play in civil society.

The stigmas of *community/not-for-profit* (read by some as amateur, low quality, high sincerity but low in entertainment value) and *commercial* (read by some as populist and greedy producers not really interested in the community) are destructive and inappropriate. Those considering themselves in the “arts” community can be pompous, self-righteous and precious. Those considering themselves “commercial” can be pompous, self-righteous and aggressive.

Unfortunately, this stigmatization has had serious unforeseen consequences, serious financial and operational impacts that have seriously handicapped Sony's operational and financial states.

The roots of the problem are embedded in local culture, attitudes and insecurity. The Centre is constricted by the structural, policy, practice and procedural manifestations of these unhelpful beliefs and attitudes. Toronto's cultural industry players are actually bigger and better than that and need a serious “strike party” (a post-final performance tradition) to apologise to and forgive each other.

THE PROGRAM CONTRIBUTION CONTINUUM

Both types of activities are on a continuum and each has an important role to play. Neither is better nor more important than the other. They are synergistic, interconnected and mutually supporting.

Fortunately, in the past decade low production cost reality television has done a great deal to make this continuum visible to the public and to people in the business, and--most importantly--to break down the silos, enabling again participation in a single event by professionals and amateurs. Live stage *pro-am* presentations have taken this up to great advantage. Opera and symphonies have practiced such collaborations for hundreds of years throughout the world.

What is the continuum and why is it important? It has multiple deployments and dimensions.

Children grow to become venerated practitioners with worldwide reputations, or semi-professionals and teachers.

Practitioners and amateurs take their communication skills, their team experience, their intense ability to comprehend all sides of important issues into other industry sectors and public service. Audience members, some of whom also have these qualities, do the same to a lesser extent.

These skills make our innovators, entrepreneurs, corporations, enterprises and people more skilled, more effective, more productive and more competitive, to their advantage and ours.

By its very nature theatre is inherently social and dynamic, therefore regenerative. It is both community-building and renewing.

Audiences and practitioners move through fuzzy edged sub-sets of these continua, including community and commercial. The sweet spot for each may be the same as that of the other, may overlap or may be different. Consequently, stigmatizing any performance sub-set makes no sense and is destructive to the interests of our City, society and citizens, particularly in one as multi-culturally rich as ours.

Post-Massey Commission in the 1950s, limited government funding necessitated parameters and application criteria that benefitted some but not others. Given the nation's general lack of depth in the arts in terms of numbers and quality, such support generally adhered to the young and was "democratized" at the expense of quality, mid-career, senior and "professional" practitioners.

At the other end, support was provided to selected organizations such as the COC, NAC, and NBC. The mid-ground was and is far less supported. It is this area that needs investment, in order to assist those migrating through the earlier stages to be able to become self-supporting professionals on the world stage. Governments, foundations, donors and existing assets need now to address this as an industrial imperative.

The Olympic *Own the Podium* initiative has shown the way. Being successful is hard; staying successful is harder. Independent civic theatres have important roles to play in this championing process.

PARTICIPATORY TECHNOLOGIES

Participatory technologies have brought about a dramatic shift in how people consume culture, interact with each other and with performance. Flash mob performance is but one example. Audience expectations and audience participation--especially among youth audiences--has changed dramatically as technology has enabled people to participate and enjoy performance together often without the consumption of long form. These technologies offer new ways to communicate, coordinate, aggregate and share. These shifts have created an environment where stakeholders expect to engage in conversation and co-create, or at least co-curate, with cultural organizations while demanding a high degree of transparency from those organizations. Also the blurred line between professional and amateur (the "pro-am movement") has seen a proliferation of cultural participation and amateur

creation. These new forms of participation vs. passive participation are increasingly challenging the legitimacy of the traditional model—a healthy “up your game” force for renewal.

THE PROGRAMMING CONTINUUM

Programming is both sourced and presented across broad dynamic continua. To be successful and healthy the Centre, as with all theatres, must engage in those continua that flow through them, both on the stage and in the audience. The numerous continua include the following types:

- Creators, presenters, performers and audiences
- Age, talent, experience, training, education
- Child, amateur, semi-professional, professional, prodigy
- Learning-performing/presenting
- Music, dance, theatre, opera, opera-in-concert, spoken word, lectures, recital
- Acoustical, amplified, orchestra in pit, orchestra on stage, broadcast
- Not-for-profit, commercial, rental, present.

An excellent example of continua at work include performances of dance, music, theatre and opera comprised of mixed groups of amateur, semi-professional and professionals. The professionals are often imported, as Canadian professionals are imported to perform in other countries. Other examples include mentoring and master classes given by one level of expertise to the levels below.

Such continua can provide some inexpensive programming with large local interest because of the local performers. They also provide ladders enabling amateurs to learn, become more expert and climb to their natural peak. That might enable them to become as recognised as Oscar Peterson, Isabel Bayrakdarian, Len Cariou, Sandra Oh, Russell Peters, Jason Priestly, or Michael J. Fox. Shows with names such as these and many others, sell tickets.

What is the Centre doing to participate in and generate this flow? Not as much as it should do.

MARKETS

The range of Toronto markets, all of them underserved by the Centre, include:

- GTHA general interest market
- Core Toronto condo market close to the Centre numbering 10s of thousands
- Community programming – not being served at all
- Tourism – both culturally motivated and general tourist
- Conventions
- Educational market spectrum - not being served at all.

The corporate rental market is being increasingly served by the Centre.

Until recently no initiatives were taken in recent years to leverage forthcoming Toronto events: WORLDPRIDE 2014, Pan/Parapan Am Games 2015, and the Canada Sesquicentennial 2017.

Following the Part 1 report, Centre staff has begun to explore psyte cluster analysis in terms of matching programming to specific demographic groups which can then be marketed more cost effectively. In part that matching will be informed by commissioned psyte cluster analysis by CCI/Environics to locate audiences for past events by postal codes and audience demographics.

GTA SEATS AND COMPETITION

By statements and deeds the City of Toronto has effectively chosen to subsidize the commercial theatre of Mirvish Productions, Roy Thompson Hall and Massey Hall.

In recent years, there has been talk of an oversupply of seats in the GTA. Some of that talk acknowledges the downturn in American tourists since 9/11 and the subsequent implementation of passport requirements and the economic downturn in 2008. Few mention the consequence of the lack of active, astute, market-focused programming in and marketing by Toronto theatres, not only the 3 municipal theatres but also others such as the Elgin and Winter Gardens.

Some point to the demise of DanCap, or the oscillating fortunes of Canadian Stage. When asked, particularly in the context of the prospective re-launch of the Centre, the management and ownership of the major Toronto venue players, the Mirvish organization and RTH/Massey Hall wring their hands and talk about too many seats. Others point to the announced tearing down of the Princes of Wales Theatre but fail to point out that as a real estate development that property is likely to be far more profitable to the owners than it is as a theatre and the Mirvish organization taking on replacement theatre capacity.

As a result, by statements and deeds, the City of Toronto has effectively chosen to subsidize the commercial theatre of the Mirvish organization, Roy Thompson Hall, and Massey Hall. By inhibiting, handicapping and under-supporting its own theatres, by cutting their budgets the City has cut the operating costs (programming and marketing) of these other theatres. By rendering its own theatres far less capable of programming and marketing effectively, the City has reduced the number of theatre attendees--shrinking the pie instead of growing it--resulting in a self-fulfilling prophecy. The subsidization occurs because Mirvish/RTH can bid lower for shows from a surplus of available shows and they can reduce their marketing costs to promote the shows in a market where there is no equivalent product as competition. These savings flow directly to their bottom line, increasing their profitability at the expense of providing Torontonians and visitors with more performance options. This has resulted in simultaneously under-serving the citizens of Toronto and increasing the cost of operating its theatres.

Given the high degree of indirect and direct control that City staff and Councillors have in the operations of the theatres, these results point either to their lack of theatre expertise or other equally harmful explanations.

COMPETITION VS. CO-OPERATION – THE NEGATIVE CONSEQUENCES

Programming and marketing costs are higher than necessary, roughly 15% and 50% respectively. Effectively there is also a smaller inventory of programs for the Centre than necessary. Why?

The reason is that there is very little effective co-operation between the Centre and both the other two City theatres and the other theatres in the region.

Competition is good—no? In this case, no it is not. The key proof is that regional theatres are successfully co-operating. The CCI Ontario Presenting Network is an excellent case of such effective co-operation. It uses hard data, analysis, rational thought, discussion, negotiation and common sense to bring theatres together to make very cost effective program buying and marketing arrangements. You may recall that it was CCI/Environics who did the psyte cluster analysis that was such an important part of the market analysis that CAM Group did for Part 1.

Two fundamental factors in these considerations are population and distance. There are 6+ million active and semi-active theatre goers living in the GTHA and its surroundings, from Niagara to Kitchener-Waterloo to Barrie and to Oshawa. This is roughly within the commuter belt. The effective median drawing power of most productions is to ticket buyers within 45 minutes of any theatre. Of course there are also ticket buyers well beyond that distance. But 45 minutes is approximately the median time that people will travel to see most shows.

At the moment the Centre and its siblings negotiate individually for shows. There are some practical realities for that given the varied theatre sizes but there are also many situations where the shows can effectively perform in theatres within a wide range of seat inventory.

A simple example will illustrate such multi-theatre co-operation. For example, a designated representative for theatres in Hamilton, Kitchener-Waterloo, Barrie, North Toronto, Oshawa and downtown Toronto make an offer to a popular musical group, a comic, or a travelling spun-off reality dance show. The offer is that the GTHA theatre consortium will book the show for a week, 8 performances. The offer is for 15%-20% below what the show would make if it sold each of the theatres separately.

The show accepts the offer. Why? The major advantages are that first, it's a bird in the hand not 3 booked shows in widely separated cities and 3-4 non-performance, non-revenue nights. For the sake of illustration the revenue picture, at a single performance asking fee of \$10,000 per night, may be \$65,000 for 8 performances after the discount instead of the \$30,000 that they would have got for 3 shows. Furthermore, by staying in the same Toronto hotel for a week and commuting to their performances, none of which is more than 90 minutes away, they significantly cut travel costs for their equipment, crew, musicians and cast. Also, instead of leaving for the next city immediately after a night's performance--as they may have done for months-- everyone gets a very attractive travel break. They get to sleep-in, sightsee, do their laundry, rehearse their next show, play a celebrity golf tournament, appear at a corporate event, or teach a local class.

Making such arrangements, all the participating theatres get shows at less cost hence less risk, greater revenue, reduced marketing costs and greater profitability. Some or all of the theatres together can make a far more cost-effective media buy to sell their shows, and even buy more expensive media than they could otherwise afford. Having the performers in Toronto the theatre partnership also gets to place them on talk radio and television to promote the performances, something almost impossible to do when a show is only in town for one performance. For the same reason, the theatres also get to host events for donors with celebrities or even add on highly profitable corporate events.

A version of this is to agree to bring the same show in on consecutive years but to alternate theatres in the second year, for example to the Centre in year one and then to the TCA in year two, or vice versa.

How does the Centre participate? It can participate as any other theatre. It gets the act for a lower fee and it also participates in more cost-effective media buys and promotion to geographically and psyte cluster specific local postal codes. The central Centre also provides an effective benefit in that its date enables some people in Oshawa or Oakville to attend a performance of a loved show who couldn't attend the night that the show was in their city, and vice versa.

One end result of this regional co-operation is that the theatres working together will generate greater individual theatre and collective theatres total attendance, less risk and greater profitability at each of their venues than they could do on their own. By working together they make the pie bigger. The two most important ways that they have done this is by taking the production to the audience's neighbourhoods, less than 45 minutes away, and realising economics of scale in their collaborative marketing.

That is but one example of the benefits of collaboration in addition to competition. There are many others. Another concerns local, community originated productions. Toronto has a wealth of talent across the art forms and cultural spectrums. When such groups gel into theatre worthy productions with assistance from top rank professionals and theatres they could be presented in multiple GTHA theatres. This would be a tremendous benefit conferred by the City theatres on the community, not just the performers and production talent. In this regard the theatres are always in the right place at the right time. However, the buildings can't do this job; only the professionals in them can-if they are properly mandated, developed, resourced and supported. Currently, the professionals at the Centre, willing and more than capable of performing this important civic engagement, are prevented from doing so.

The Centre and other Toronto theatres don't participate in such collaborative arrangements at the moment. There are a number of reasons. First, as the result of lack of analysis and planning each view the others as dangerous competitors particularly the Centre, which has 5 times the seats of most regional theatres and historically has been a ferocious bidder and competitor. Psyte cluster analysis, a more effective ticketing and transaction data collecting system would greatly enable developing such co-operation.

These are a few examples of the greater cooperation and partnering enabled by psyte cluster analysis. It enables defusing the competitive distrust that otherwise exists and enables data based programming and marketing to make theatres more profitable and to reduce risk.

PROGRAM SUPPLY – COMMERCIAL OR COMMUNITY

Audiences seldom distinguish between performances or productions according to whether or not they were produced by commercial or not-for-profit producers. However, these distinctions have been harmful to the Centre and consequently to the City of Toronto for reasons explained elsewhere.

The recent market analysis shows that there is an ample supply of musical, theatrical and second tier Broadway product for Toronto's stages. In fact there is much quality product which is not coming to Toronto in the following categories:

- Touring shows – your bus and truck shows
- Partnering in touring productions (regional and extra-regional partnering e.g. NAC, PACs)

Local productions are not making it to the Centre's stage which is frequently empty. The Centre is not participating in the development of local productions to enable them to be successful on its stage. If an act can manage that stage and large house it can probably manage any theatre or arena in the world.

Contemporary dance is a particular category that has become vastly under-served in recent years. See the section on the [National Arts Centre](#) at page 68.

Psyte cluster analysis can make programming more cost-effective and enable greater program buying cooperation between regional venues which will increase the availability of talent and productions.

ONE EXAMPLE OF INCREASED PROGRAMMING AT THE SONY CENTRE

At our request, the Sony Centre Programming Director, Mark Hammond, and his assistant provided the growth projections based on a properly staffed and funded Centre. These projections did not take into account consolidation of the theatres and was produced before we received PAC benchmark data.

The Sony Centre On Its Own - Projected Rate of Growth If Properly Staffed & Funded							
	Dance	Children	Variety	Orchestra	Concert	Rentals	Corporate
Companies							
2012 Actual	2	0	6	0	5	28	11
Year 3	3	3	8	3	3	0	0
Year 5	4	3	10	3	6	0	0
Year 10	5	3	11	3	11	0	0
Performances							
2012 Actual	5	0	15	0	7	67	19
Year 3	7	18	16	7	4	65	35
Year 5	9	21	18	7	8	64	39
Year 10	11	21	18	7	14	74	49
Total Ticket Inventory							
2012 Actual	15,941	-	51,021	-	22,227	207,744	N/A
Year 3	22,337	57,438	51,056	22,337	12,500	207,415	N/A
Year 5	28,719	67,011	57,438	22,337	25,000	204,224	N/A
Year 10	35,101	67,011	70,202	22,337	21,875	236,134	N/A
Projected Ticket Sales							
2012 Actual	11,093	-	34,145	-	14,880	158,707	N/A
Year 3	11,875	37,593	36,188	16,250	10,000	137,500	N/A
Year 5	16,908	43,337	40,688	16,250	20,000	134,688	N/A
Year 10	20,625	47,445	50,031	17,344	34,688	161,875	N/A

Source: Sony Centre Director of Programming

NO EDUCATIONAL PROGRAMMING – A COSTLY DEFICIT

There is no educational programming, either in the Centre or in the other two City theatres.

Why is that noteworthy? Multifaceted educational programming, which we will define below, is a hugely important vehicle for generating large quantities of revenue and funds via donations, sponsorships, and ticket sales across the entire spectrum of events held in the Centre, today and for many decades to come. F&B and merchandise income from that group would be important.

Furthermore, educational programmers can source inexpensive educational and other programming and become partners of the Centre.

Educational programming comes in different forms for different audiences. Some of it can be implemented almost immediately, such as pre-performance talks for free or for fee or for donor audiences. Contract experts can provide, develop and present inexpensive programs very quickly. Other educational programming developed by partner educational institutions takes many months depending upon when the theatre starts relative to the academic years. More detail is on page 77.

Take a look at what can be done in educational programming identified on the National Arts Centre web site. Be prepared to be impressed.

PROGRAM DEVELOPMENT & MIGRATION TO LARGE STAGE & SELF-SUSTAINABILITY

In Toronto there is a gap between the amateur/small venue non- or semi-professional events and larger venue events. This is negatively impacting on the Centre, the TCA and the St. Lawrence Centre's ability to source productions from Toronto for Toronto. Such acts, if available would then be tourable to other Canadian and international cities.

These less experienced acts, undercapitalised production companies and presenters are not able to make the leap to self-sustainability.

Historically the Canadian market place funding sources such as the Canada Council, the Ontario Arts Council and the Toronto Arts Council have funded the young and the new junior acts/talent/ but not supported talent from there on, allowing them to languish or find their own way.

As part of the broader mentoring pyramid, more needs to be done to facilitate volume of productions. That includes mechanisms such as:

- Find financing for production companies
- Spec venue costs
- Package productions and tours

To their credit, Mirvish Productions have done such development.

In the funding of the performance industry in Canada, as well as in the visual arts but less so for music, there is structural inadequacy in that part of the spectrum that helps move quality, smaller, experienced groups with intermittent performances and no infrastructure per se into permanence and self-sufficiency. Such groups could become important renters, resident companies or partners of the Centre.

Even under the existing operating model the City provided support to both the theatres and performance companies by funding the costs of the production via grants or not charging them full costs for use of their facilities. Toronto chose to fund the COC and the NBC thereby allowing the Centre to charge full rentals. In this way the City chose to fund the COC/NBC directly and the Centre indirectly. There was no risk to the Centre. The City knew what it was doing; it was paying for social goods. In other words, the Centre would take its surpluses or contribution margin from its tenants' shows and use those surpluses to offset any losses on other shows. When they see such support, granting agencies such as the Canada Council, are more predisposed to make grants to such applicants.

While it is not directly part of the CAMG mandate, we suggest that there is a need for increased City funding of performance companies and that such funding would also benefit the Centre.

FESTIVALS ACROSS MULTIPLE THEATRES

Some existing festivals, producers and performance companies simply need assistance to go bigger. Other festivals need nourishing and seed money from a variety of source as well as mentoring and venues and support services such as marketing and ticketing. Some are ethno-centric with growing general audiences. Others are centred around other nuclei such as hip-hop, rap, jazz etc.

Festivals can be built year round working with multiple-venues, including the Centre, StLC and TCA, and performance companies and sponsors. Examples of major such festivals include Luminato, Caribbean Carnival, and Pride. Other such possible festivals include:

- Summertime mini-Festivals at St. LC and SC
- Classical and pops orchestra (light classical)
- Just for Laughs (comedy – already using this venue)
- Fall for Dance (at incubation stage)
- Jazz Festival (end June)

MARKETING & SALES

The Centre marketing operation has done well given that it has insufficient product and budget. Furthermore, much of the rental product is responsible for its own marketing thereby reducing the Centre's ability to generate ticketing fees, sponsorship revenue, donations and even basic data about the ticket buyers. That invaluable data could be used to promote and make future sales to other events.

The insufficient volume works against brand identification, momentum building and word of mouth which would help generate both initial and repeat sales. Furthermore, low event volume prevents the Centre from cost effective promotion of the events that it does have that it can promote. For example, filling the hall with the optimum number of events would cut the media buy in half per event. Buying on behalf of a group of theatres would make the marketing costs even more effective. These theatres could offer multi-event, multi-theatre package deals within genres and cross genres. Partners could be any theatres within the GTA. At the moment these techniques are not being used.

In the past, the Centre has had limited ability to target its promotion to the most probable ticket buyers of a particular type of event. As for selling highly cost effective packages or memberships, forget it; there is not enough product.

The Part I market analysis drew to the attention of the Centre staff the use of psyte cluster analysis. Marketing has followed up by initiating discussions with CCI/Environics and having them do more analysis of the data from the Centre, the other two theatres and in a magnanimous, collegial gesture Canadian Stage and LiveNation provided their data.

In addition to enabling more cost effective programming choices and much more cost effective marketing, psyte cluster analysis is also a means to generate greater cooperation with regional theatres. Other theatres in the region are already cooperating. Psyte cluster analysis of their respective data would determine the degree to which they compete with one another and therefore indicate how they could effectively cooperate. There are numerous examples of how such cooperation would play out.

SONY CENTRE RATES – APPROPRIATE?

Currently the Centre prices all events according to a standard a minimum facility cost with variable costs, including stage labour costs, on top of that.

For a straight rental facility, a take-it-or-leave-it one-size-fits-all approach might be appropriate unless there were lower-cost competitive options for renters. Certainly the competition has benefitted by spreading both the truth and lies about the Centre’s high costs.

However, if the Centre were expected to be competitive over the medium and longer term or if there are additional expectations of a municipally owned facility, such as local program development, then other pricing models should be implemented and greater latitude given to management to optimise the facility across a broad range of objectives.

One has to ask the question “is it smart to charge all renters and events the same base rate for the facility?” Other theatres do not. There are compelling overriding reasons for not charging the same rate to all. In some circumstances charging what the market can bear is appropriate to charge theatrical or corporate renters. For others it is important to have the flexibility to charge below market, all the way down to zero. There would still be income from ticket sales, F&B, sponsorship, and donations. Reasons for discounting the base building cost are:

- An investment in developing presentations that have a good chance of building audiences, hence future business that can be charged at a full rate
- An investment in a co-presenting arrangement for a specific production
- For a social good such as for charity, NFP, local festival or City of Toronto events
- An investment in a local festival that might need an additional theatre and which might involve the adjacent Berczy Park and St. Lawrence Centre. Think of a diaspora festival (41 participating countries) for the Pan/Parapan Am Games as an example.
- A presenter that can’t afford the base cost to book an otherwise dark night for which the Centre would generate NO income. Variable costs would be covered and ancillary revenues generated.
- An event for which the Centre might be able to find revenue from donors, sponsors and granting agencies.

These reasons apply to events that range across the continuum of possible users of the Centre and its services.

UNENHANCED EVENTS

The Centre is not taking in hand the total “theatre going experience” to ensure that the ticket buyers have a wonderful, memorable evening experience to make them forget their work day, forget their drive to and from the theatre and make a mental note to have that experience again soon, to buy more tickets to more events at the Centre and to bring their friends and colleagues.

Attending the theatre is an expensive proposition, whether valued in terms of money or time. If they need to drive from the suburbs they will spend as much time in their car to and from the theatre as they will in their theatre seats. It dilutes the experience. If they have been at the office downtown, they have 1.5 to 2 hours to fill from the time they leave the office until the curtain goes up.

Weekday evenings people leave the office tired and hungry, preoccupied with their work day. They need food, drink, relaxation, entertainment or an interesting lecture to enable them to connect positively with whomever will be attending the performance and to become receptive to the performance. Now, for the most part, attendees are on their own. The Centre does provide some pre-show lectures.

If they drive a significant distance to the theatre they need good reasons to arrive early—food, drink, Wi-Fi, entertainment, a good parking spot etc. The Centre could provide some of those inducements, perhaps as part of a package. These are perceived as quasi-concierge services.

These enhanced services pump up the perceived value, even for those that don’t take advantage of the services—this time. The enhanced services put consumers in a positive frame of mind, either adding sufficient value to persuade them to buy tickets in the first place, or making them feel that they have received their money’s worth.

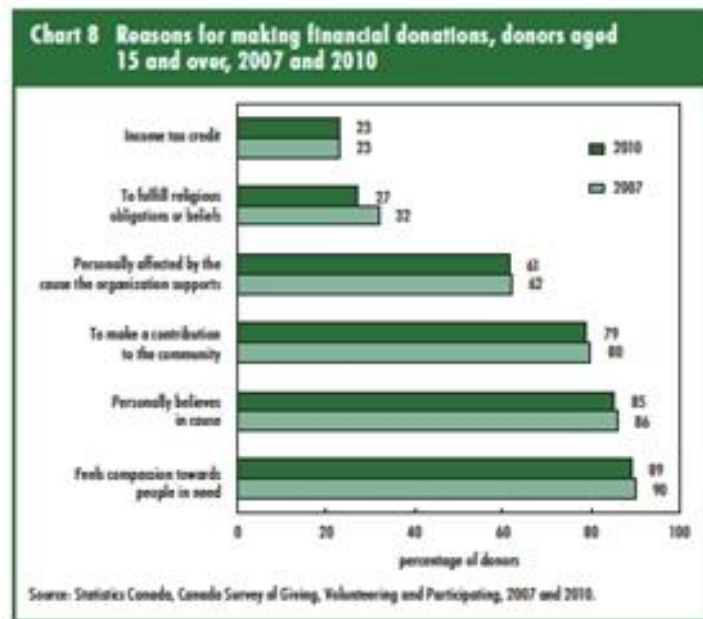
FUNDRAISING & DEVELOPMENT – CURRENTLY ZERO INCOME

The operational model under which the Centre operates prevents it from generating Contributed Revenue in an amount that would be nearly equal to the **total** revenue that the Centre generated in 2012. That would be 30% of its mature annual revenue, coming from private donors, foundations and government granting agencies. Currently it generates less than \$10,000, effectively zero. This is the fault of the operating model, not the Centre staff.

Canadian Stage generates 30% this way as do municipal theatres throughout North America and Europe. The COC and the NBC raise huge capital and operating donations.

Most performing arts institutions in Toronto raise most of their unearned revenue through individual donations compared to corporate donations (e.g. COC, Tafelmusik and Opera Atelier) making this the largest financial growth potential area for civic theatre programming and projects. RTH senior management has let it be known that they have raised \$30 million for the forthcoming renovation of Massey Hall. The National Arts Centre and other Ottawa based cultural institutions raise the lion share of their monies from Toronto.

Currently the Centre almost exclusively receives Contribution Revenue from sponsors not donors. receives approximately \$482,500 in 2013 of which approximately \$150,000 comes from two retailers, total of \$125,000 comes from 4 banks, and \$170,000 comes from 3 broadcast interests.



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The Centre has attracted sponsors for the following reason:

- **Reach** – The arts consumer is a lucrative, targeted large audience – more eyeballs=higher sponsorship fee
- **Diversity** – Multi-cultural niche focus
- **Marketing** – inclusion in Sony Centre’s large marketing campaigns for specific shows
- **Community Engagement** – opportunity to offer affordable tickets to youth or free tickets to at-risk communities

We have not been able to identify any unique, inherent Toronto disability that prevents the City from properly constituting its theatres to enable them to be less dependent upon on municipal funding.

Donors will not donate to governments. In order to attract corporate donations that could be applied to programs, program development, education and other operations and eventually to capital needs of the facilities, an independent foundation would need to be incorporated with a separate board of directors and a Centre focused mandate.

In order to generate money from these sources, the theatre needs the following:

- An appropriate enterprise model including a charitable foundation that is able to write receipts for charitable donations
- Greater program volume – there is a predictable ratio
- Educational and community engagement programming - there is a predictable ratio
- Dedicated professional staff – at the moment there is one 3/5 FTE doing sponsorship and trying to do development

It is important to note that there is a direct and measureable correlation between increasing the type and volume of programming and increasing the quantity of income from these multiple sources who would be buying and investing in the community's quality of life, intellectual and social development of its citizens, particularly children. These all have measureable positive impacts on the economy and health of the community.

Some years ago, professionals began calling the overarching activity Development, rather than donations or fundraising, for an important reason. It is not charity. Development is directed at both the community and the institutional delivery mechanism. Development is integrated into theatre operations and is inextricably linked to the wellbeing of both the community and the theatre. At the moment the Toronto municipal combination of funding and theatrical operating model looks suspiciously like charity, funding of the needy and impoverished, with no expectation of the recipients making much of a contribution to society. In this regard, Toronto is beginning to stand out because it lags far behind other major global cities.

Types of grants accessed by other organizations but not by the Centre nor, presumably, TCA/StLC:

- Canada Council – international touring (if part of 3 city tour) **
- Canada Council – presenter travel grants
- Department of Canadian Heritage – Canadian Presenters
- Ontario Arts Council – community arts/ festivals (if local involvement)
- Ontario Tourism Marketing Partnership Corporation (OTMPC) – particularly aiming at border state markets
- Ministry of Tourism and Culture
- Tourism Toronto (Sony Centre already has had limited success).

Types of donations managed by other organizations:

- Individual (one time/annual)
- Planned
- Corporate
- Memberships
- Galas/fundraisers.

TRANSACTION SYSTEM – TICKETING SYSTEM

The Centre is not capitalising on the revenue, programming, data mining and marketing potential of a modern, fully featured, in-house transaction system formerly called a ticketing system. Due to the changing nature of the market place, the consumers, and the technologies, the industry is shifting away from the term ticketing to the term transaction and changing to systems that support a multiplicity of transactions, known and future unknown.

The Centre, as does TCA, currently uses TicketMaster (TM) as its ticketing system for which TM generates significant revenues for itself.

For this study, Reilly O'Connor, the CEO of LiveNation, the owner of TicketMaster, has been generous with his time and insights and very co-operative providing postal code information on shows at TCA and elsewhere for psyte cluster analysis by CCI/Enviroics. However, daily access to this data is not routinely provided.

StLC and its main tenant Canadian Stage each have their own ticketing systems. StLC is not happy with its system. The Canadian Stage system, Audience View, is particularly well featured. It is provided by a globally operating Canadian technology company headquartered in Toronto.

BENEFITS OF AN IN-HOUSE TRANSACTION SYSTEM

The benefits to operating an in-house transaction system are multidimensional and are currently unavailable to the Sony Centre:

- Capturing ticket surcharge revenues that are now going to TM
- Capturing ticket buyer data to be used, with or without psyte cluster analysis, to enhance programming and to realise greater effectiveness and efficiencies in marketing and sales
- Soliciting donations and implementing fundraising campaigns
- Providing sponsors with other platform on which to place advertising or interactive advertising-the sales web site, special offer emails, the tickets themselves
- Ticketing website can offer multi-media samples of acts
- Selling memberships and packages
- Selling special events
- Using social media for marketing, generating impulse buys and offering rush tickets to people in the immediate area, whether in the condos, offices, bars and restaurants or walking the street
- Polling to determine interest in specific acts
- The call centre can be used for out-bound calling campaigns to generate memberships, to sell ticket packages or combined packages with local restaurants, or for a fundraising campaign
- Generating revenue and community benefits by offering the system to Toronto events and to community, NFP and small commercial operations

- Creating ticket packages across multiple venues
- With other venues, creating more efficient advertising and promotion vehicles and campaigns
- Etc.

If the system were to be used by the three theatres and even non-theatre client organizations across Toronto, the capital, set-up and operating costs would be reduced whether calculated on a per ticket or per theatre basis.

It should be noted that many rentals by touring shows may have tour deals with TM. However, an allocation of total tickets for sale by the Centre is possible given the Centre's greater knowledge of the Toronto market and its more efficient marketing and sales capability in the market. These capabilities may also be sold to the renter because it is more effective and efficient than the broad market promotion that they can afford.

ISSUES

There are a number of resolvable issues and decisions to be taken prior to implementation and during roll out:

- Exiting the current contract with Ticket Master
- Pick a transaction system to replace the ticketing system. Centre staff have reviewed candidates
- Hours of service - 24/7 or restricted?
- Requires 15 minute ticket sales volumes of at least 3,000 tickets via combined web and phone sales
- Policies concerning sales revenues with respect to release of funds to event organizers. Are funds to be held in escrow until event settlement or can all or some of the funds be released earlier to facilitate the NFP organizations?
- Sony acquiring its own system or partnering with another organization for their system?

CORPORATE SALES

Most corporate rentals are for events which are other forms of "community" theatre, such as annual meetings, product launches, training seminars or conferences—all of which use aspects of theatre.

Corporate rentals are opportunities to generate good revenue from the hard and ancillary assets such as F&B, fill dark nights, sell tickets to coming events, generate sponsor and donor interest. The Centre could be taking better advantage of these events via sales packages and offers; in venue signage, handouts and electronic (e.g. WiFi registration) offerings. Such rentals should be pursued vigorously but be considered secondary to performance use of the stages and enjoyment of the performance experience which are the theatres' foundational purposes.

OPERATIONAL INFRASTRUCTURE

The current state of the operational infrastructure puts revenue in jeopardy. The definition of “good repair” in the phrase State of Good Repair (SOGR) appears to be questionable—it is in good repair if it hasn’t failed yet!

Rent, ticket, sponsorship rebates, union labour guaranteed minimums and payment of guaranteed show minimums are existing high risk realities due to the remaining ancient (50 year old) operational infrastructure. The mean time to failure of each of the systems is unknown but past their best-by dates.

It is inevitable that potential renters will not rent because the risk of a performance being sabotaged by equipment failure is too high. The Centre’s risk factor is also something that competitors can use against the Centre.

The list of failure probable systems includes:

- Stage fly lines
- Lighting system
- Sound system
- Escalators
- HVAC

Since 1996 the Centre has funded all capital work but the only capital work that was undertaken from 1996-2008 was to keep the building operational and in compliance. The CRF (Capital Replacement Fund) revenue from the ticket surcharge is taken by the City to pay for renovation loan interest. It should be noted that the City, which has benefitted from the Centre by 10s of millions of dollars, forced the Centre to take out a renovation loan for which the City charges interest. Whatever is left over from the CRIF (net of interest payments) is used for chattel purchase and replacement.

Because of the City controlled budget, many of the original mechanical systems and equipment, service and office areas and theatrical equipment was not upgraded or replaced during the renovations. It is this aging, fallible, old technology that has put the Centre at risk of losing bookings or paying penalties for bookings and performances cancelled due to Centre equipment failure.

It is hard to understand the bad business decisions that allowed this equipment to deteriorate to this degree and why it was not upgraded by applying some of the CRIF funds or proceeds from the condo tower air rights sale. It is like having a face lift but not eating right, exercising, going to the dentist or having a regular colonoscopy.

The total cost for upgrading all of these elements (SOGR and chattels) is estimated at \$14-16 million, some of which might be spent over 10 years. Ideal, the Centre should commission a comprehensive building audit and reserve fund study by a firm specializing in such work to produce a capital budget reflective of the Centre’s current and future needs. Its main current need is to remove the risk to the Centre and bring it up to modern standards. It would seem reasonable to conclude that whatever

“valid” reasons existed to siphon off funds from the Centre instead of keeping the Centre competitive, risk free and in good repair, in view of all the parties stating the desire to make the Centre successful, that those siphoned funds should now be returned to the Centre and spent to bring it back to modern standards.

If the Centre had a foundation, some if not all of future capital upgrades could be funded by a capital campaign.

THE BRAND

The bad news is that the Centre has a barely present ghost brand, except within niche ethnic markets. The Centre does not have a useable brand across the market. Many are unaware that the Centre has reopened. For many it is still the O’Keefe Centre.

The good news is that an inappropriate brand does not need to be overcome and a strong new brand can be built once a new programming mandate is being implemented.

6. ANALYSIS OF EXISTING BUSINESS REALITIES – EXTERNAL TO THE SONY CENTRE

This section identifies external realities which are significant matters upon which the Centre could capitalise.

RETHINKING THE CULTURAL MODEL

The RFP made no reference to the essence of the theatre business. Culture, performance, is the essence of the business.

Nor did the RFP mention the broader business environment as a dynamic, broad, changing competitive market. Nor did it mention the cultural competition, other than theatres, for the community's attention, time and dollars. Nor did it mention the importance of that essence to the socio-political import of culture to Toronto and to the theatre business.

This may be a good thing. This omission might indicate that we, our community, have now reached a point that we get "it", therefore it is no longer necessary to state "it". On the other hand, the omission might indicate that we don't get it and therefore it is necessary that we deal with it briefly in this report.

In either case not mentioning the essence of the Centre's business in the RFP is an oversight that needs rectifying. Both the diligent public stewards and the cultural community will notice its omission and will want to make certain that culture and business get equal billing on the marquee of this report.

For the most part this report addresses the Centre as a Toronto industrial business asset because that is what the RFP called for. It does not address the industrial and business aspects of the multi-billion cultural industries.

Briefly, we do need to address the inter-relationship between societal cultural changes and the business of the Centre. First, we deconstruct the essence of culture itself in the adjacent box using Roget's Thesaurus. Note that it does not mention the delivery mechanisms of craft, brush, performance, instrumentation, written word or theatre.

Categories of Culture

- Class four: **Intellect: exercise of the mind**
 - Formation of ideas
 - 5 Results of reasoning
 - Knowledge** 490
 - Communication of ideas
 - 2 Modes of communication
 - Teaching** 534
 - Learning** 536
- Class five: **Volition: the exercise of the will**
 - 2 Prospective volition
 - Subservience to ends
 - Improvement** 654
- Class six: **Emotion, religion and morality**
 - 2 Personal emotion
 - Discriminative:
 - Good taste** 846

Source: Roget's Thesaurus

SHIFTING CULTURAL MODELS : PROFESSIONALS INTERACTING WITH SOCIETY

This section addresses the Centre from the perspective of those who inherently “get” culture, its import as social glue, its utilitarian value. They will be important vocal champions of measures to resurrect the Centre and return it to the social importance expected of it when it was created.

The Toronto of 2013 is vastly different than the Toronto of 1960. Torontonians visiting the culturally rich Montreal in 1960 experienced culture shock; and vice versa. Since then the influx of the global diasporas brought to Toronto the human assets bearing cultural richness and talents as well as cultural demands and needs. The cultural fusions taking place in the school yards, restaurant kitchens and increasing number of festivals has literally changed the brains of our young people making them junkies for the exotic, the new. Engaging with, living in and fusing 85 different cultures in a school yard has wired their brains to such high levels of creativity and innovation that make them very important to our industries and our economy in the fast changing times in which we live. It can be argued easily that Toronto is not investing its theatre assets in leveraging that natural advantage.

Many institutions—libraries and museums—have changed with the times. Whereas libraries used to be just about books and contemplation, they are now about information. Whereas museums used to be just about works of art, objects or artifact they are now about the experience, about engagement. The Metro libraries, the McMichael, ROM and AGO are local examples. The times have also been a-changing for many, many community owned theatres changing into performance complexes—just not yet in Toronto. But Toronto is finally ready.

In Toronto there is greater wealth, more corporate, physical and human cultural assets, and widely diverse immigrants bringing their own cultures, cultural needs and cultural expectations and demands. Furthermore, the *same-olds* are dying off, being replaced by a new generation of very diverse immigrants.

Many are highly educated and cultured. Many bring and earn wealth. They need and demand both their original culture and ours. The less that our governments engage them in our shared culture, the less that they are engaged in our communities, the Canadian-born second generation even more so. Isolated ethnic groups have less of a vested interest, an investment in our community as a whole. Cultural venues and engagement programs are one of the main means of integrating immigrants into our society. European countries like Germany (the Turkish *gastarbeiter*), France, the Netherlands and England are learning this the hard way through civil and religious strife.

Theatre is not fluff, although in the past members of the arts communities did a poor job of describing theatre in terms of social value, community needs and even return on investment. To a certain extent it is understandable. Most people active in theatre are there because they love it. Fortunately, today’s executives and consumers are more knowledgeable and articulate about such values.

Performance is craft applied to ideas. Performance art forms differ in their respective appeal to our senses through their varying use of voice, music, dance, colour and form. Performance can originate in

ritual. It appeals to emotions, the spirit, the intellect and things innate in us that respond to truth, beauty, and simplicity-however we each uniquely define them. It can be low or high art. It can be ordinary or excellent. There are no guarantees.

Today's broadly consumed performances use participatory technologies that have brought about a dramatic shift in how people interact with each other and consume culture. Audience expectations and audience participation has changed dramatically as technology has enabled people to enjoy the arts without the consumption of long form works in a central location especially among youth audiences. These technologies offer new ways to communicate, coordinate, aggregate and share. These shifts have created an environment where stakeholders expect to engage in conversation and co-create, or at least co-curate, with cultural organizations while demanding a high degree of transparency from those organizations. Also the blurred line between professional and amateur (the "pro-am movement") has seen a proliferation of cultural participation and amateur creation. These new forms invite active participation instead of just passive consumption and thereby are increasingly challenging the legitimacy of the traditional model.

TARGETS OF OPPORTUNITY

The Sony Centre does not have sufficient operating funds or staff to capitalise effectively on major opportunities even though the City of Toronto designated the three Toronto theatres, including the Sony Centre, as "*official City of Toronto entertainment venues*" for the Pan/Parapan Am Games 2015.

For example, the Centre could and should capitalise on three major imminent opportunities for programs and programming, funding, donations and audiences. They are:

- WorldPride 2014 June 20-29, 2014
- Pan/Parapan Am Games 2015
- Canada's Sesquicentennial Celebrations 2017

The potential in these three events provides the Centre with a tremendous opportunity to rebuild both its programming and its services infrastructure, launchable in 2014, and upon which to go forward through 2015 and beyond.

Being able to organise to capitalise extensively on WORLDPRIDE 2014 June 20-29, 2014, which is less than a year away, would be a bit of a stretch. However, fishing where the fish are might turn up some good, hostable WORLDPRIDE events.

PAN AMERICAN & PARAPAN AMERICAN GAMES, TORONTO JULY/AUGUST 2015

July 3, 2013 the City of Toronto Executive Committee adopted resolution [EX33.13](#) which was taken to Council July 16, 2013. Two sections of that resolution, 9 and 10, refer to the theatres, including the Centre. They read:

9. City Council designate the three Civic theatres - St Lawrence Centre for the Arts, Toronto Centre for the Performing Arts and the Sony Centre as official City of Toronto entertainment venues as part of the Host City Show Case for the 2015 Pan/ Parapan Am Games.

10. City Council direct that the City promote programming in the Civic theatres during the 2015 Games, and investigate use of the theatres' sponsorship, donations, marketing, ticketing and programming resources.

One other section is also of particular program interest:

8. City Council request the Mayor to establish a Toronto Pan/Parapan Am Games reference group, consisting of 5 Members of Council, to provide advice to the Mayor and leadership on outreach and engagement with the South and Central American and Caribbean Communities.

This will be a tremendous opportunity for the Centre and other Toronto theatres with respect to selling tickets and services. Approximately 250,000 additional visitors will come to Toronto in a 35 day summer period when Ontario will host the Pan American and Parapan American Games, two very large multi-sport, multi-nation events. In the run up to these events, Toronto will host thousands of construction, supplier and training personnel.

During Games 2013, Toronto could be home to exceptional performance from all 41 countries participating in the Pan/Parapan Am Games 2015. No one can doubt that there is greater depth in diaspora talent from those 41 countries in Toronto than there has ever been in any other host city. The Centre and the other Toronto theatres could benefit significantly by becoming involved in unleashing that talent on their stages and in their vicinity, particularly since in July and August the theatres are usually less active and usually the StLC is closed.

TO2015

- Pan American Games - July 10–26, 2015
- Parapan American Games -August 7-14, 2015
- 250,000 visitors
- 10,000 athletes and officials
- 17,000 volunteers
- 41 nations

Together the staff of the Centre and the St. Lawrence Centre have begun to explore possibilities. The proximity of the games to the theatres is opportune. The theatres are close to the Athlete's Village Donlands site and between the waterfront games and the major hotels.

Available for these games is the new programmable space being created in Berczy Park which is across Front Street from and adjacent to both the Sony and the St. Lawrence Centres. The park will receive a \$15 million renovation by the City as the result of the initiative sponsored by the St. Lawrence Market Neighbourhood BIA and 8-80 Cities, designers from renown Danish firm, Gehl Architects. The Centre programs in this space would draw large crowds, re-familiarise them with the Centre and enable the Centre to sell tickets to events within the Centre both during the games and after. It is also an opportunity to use social media to market to these proximate crowds and portable technology apps to sell tickets.

The Centre would be an excellent venue for entertainment and events. It could have art exhibits, an international marketplace, speakers, youth workshops and entertainment going on all at the same time, in one venue. Or it could combine the two venues, close down Scott Street and turn the area into the (NAME OF SPONSOR) Entertainment Centre for the Games.

Some events will be held in the GTHA. This presents opportunities for the Centre to sell services and to partner with other theatres with respect to obtaining productions and entertainers to service those theatres and their markets outside the core during that period.

Furthermore, the Centre's new mandate, if such exists, and its programming resources and its new service offerings would enable Centre programmers to engage the youth and citizens of Toronto in the TO2015 Games who might otherwise not be able to participate.

The Centre's senior management has already begun exploratory discussions concerning the Pan/Parapan Am Games 2015.

The Canadian Sport Tourism Alliance (CSTA) provides economic impact assessment reports and analytical tools for sports tourism such as the proprietary Sport Tourism Economic Assessment Model (STEAM).

Pan/Parapan Am Games TO2015

"Approximately 250,000 people are expected to attend Pan Am events in Toronto..." said Terry Mundell, President and CEO of the GTHA. "Hotels in Toronto have committed 23,000 rooms per night for the peak Games period in 2015."

David Whitaker, President and CEO of Tourism Toronto, TORONTO, ONTARIO, [October 22, 2009](#)

THE NATIONAL ARTS CENTRE

The National Arts Centre (NAC) has been seeking a Toronto presence for several years in the same way that other Ottawa based cultural organisations have been doing. Recently the National Gallery of Canada came to an arrangement with the Museum of Contemporary Canadian Art (MOCCA) on Queen St. West.

The NAC has a wide range of programming much of which it is mandated to present across the country. It has a resident orchestra under the baton of Pinchus Zukerman, a highly regarded dance program and French and English theatre companies. It also has extensive educational programming which was created primarily to present outside of Ottawa.

For some time, the NAC and the St. Lawrence Centre were in discussions. As part of the stakeholder analysis and testing the will of a number of such organizations to partner, CAM Group phoned Peter Herrndorf, CEO of the NAC. The wide ranging discussion resulted in a series of productive exploratory discussions between senior programming staff of the NAC and the Centre, in which CAM G's Project Lead participated as an observer. Those exploratory discussions were continued by the Centre's Director of Programming over the summer. If an appropriate agreement can be struck and approved by the respective organizations, programming under the agreement could be in the Centre as early as 2014. This programming would provide income opportunities across the board, filling otherwise dark nights. Down the road, the NAC could become a venue for programming developed in Toronto.

A formal relationship with the NAC could quickly add substance to the ghostly Centre brand. The NAC has expressed interest in finding opportunities during the Pan/Parapan Am Games.

RENT OUT NEW REHEARSAL HALL

Canadian Stage does not currently have a rehearsal hall and would like to build a few. The Centre will have a full size one shortly with, with flexible seating lighting and sound. This would be the perfect place for Canadian Stage to incubate new works and develop new shows without having to build new space. It would also be very useful for educational and community programming.

This will be an ideal location to rent/share with others in addition to corporate rentals.

RFP PART 3 – STRATEGIC OPTIONS

7. BUSINESS & STRATEGIC OPTIONS – RECOMMENDATIONS FOR THE CENTRE

Our recommendations range from fundamental changes to fixing specific operating issues.

All changes can be started now even if that amounts to pre-implementation preparation. Some recommendations are primarily operational and can be implemented immediately. Some require discussion with key stakeholders or potential partners. We suggest that those which require greater consideration be prepared for September meetings of operational stakeholders—including senior staff and members of the involved Boards. At about the same time, meetings need to be held with key municipal representatives and community representatives. In all cases, it is important to seize the past year’s momentum and implement all selected options as quickly as possible. The reasons are presented below at *Implement Quickly*, page 94. They take into account best community service, due diligence, best practices, and performance monitoring.

Before considering and then selecting near and long term options it is important for all to realise that, after its past 5 years, the Centre is, effectively, a start-up and requires approximately the same degree of front-end effort that start-ups require. The good news is that funds exist to bring the Centre to maturity.

Some recommendations are presented subsequently in greater detail. The range of options available to the Board range from continuing as is, by making numerous operating enhancements, through to more fundamental changes to the operating model which would require City approval.

THREE CATEGORY SUMMARY OF CHANGE OPTIONS

Applying “band-aids” to the symptoms would ultimately be the most expensive option, for the Centre and the City, since by the current operating model they would require the most municipal involvement to already demonstrated negative ends. The City is just as captive of the damaging model as is the Centre. Furthermore, some would be of temporary benefit and others would be of limited effectiveness as the existing operating model would inevitably drag the Centre back to its current condition.

Again, the problems are largely the consequence of not changing with the times, the markets, the industry, the opportunities and the resources. The problems are all fixable with the application of a vision, stakeholder good will, appropriate resources, effort and patience.

The greatest potential impediment to change however would be the lack of willingness or ability by some to focus on the over-riding objectives rather than on their traditional attitudes and practices, fear of change or turf loss. A process of discernment by all parties, individually and collectively, is required.

LEAST EFFORT & LEAST RESULTS

The RFP recognised that “same old” does not cut it.

Analysis of the existing operating model confirms that to continue as is guarantees continuation of that state which the City and the Board have already rejected.

There is little by way of gradual changes that can be done effectively.

However, the Centre can lay off costs in two ways by:

- Selling programming, marketing and fundraising services to other theatres and City event operations, or
- Consolidating various operations with other theatres. In this regard, sharing a new transaction (ticketing) system, or persuading Canadian Stage to share its system could cut costs and generate some new income, and make marketing more effective.

Except for the transaction system, this approach will yield no discernible improvement to the theatres. It is hard to get something for next to nothing.

Upsides: fast implementation, slow results mostly visible internally

Downsides: underlying pathology would not be fixed, ultimately leading to similar results as those to date; the operating choke point would still be the City/Board governance.

SOME EFFORT & SOME IMPROVEMENTS

The Centre has been starved—not nourished for growth, productivity or success. Therefore, the City should:

- Purchases community programming development services from the Centre
- Purchase/invest significantly in programming and marketing through the Centre
- Authorise/direct the Centre to partner for program development and presentation
- Create a separate foundation dedicated to the Centre
- Enable the Centre to acquire a transaction system and for the Centre to sell it and other services to other theatres.

Upsides: some fast and some longer term results

Downsides: underlying pathology would not be fixed, ultimately leading to similar results as those to date; the operating choke point would still be the City/Board governance.

MOST EFFORT & BEST RESULTS

In order for the Centre, a start-up, to deliver the returns to Toronto that are expected of municipally owned theatres worldwide, will require financial investment from the City and contributions from donors. This would be more readily forthcoming from the City if one can also indicate that the City as a whole will benefit and not just those attending the theatres at Front and Scott. It would also be more forthcoming if it was made clear from the start that the Centre would begin soliciting donors and would seek to achieve in 5-10 years a financial model that annually would cover operations perhaps in the ratio of: tickets 50%, sponsorship/grants/donations 35%, City 15%. As was the case with the COC and the NBC, any municipal grants to performance companies that performed in the Centre would indirectly support the Centre. Therefore, the City and the Centre should assume and execute their respective responsibilities with respect to:

- Changing the operating model by incorporating an independent NFP theatre operating entity using templates from comparable performing arts centres
- To aggressively seek grants and donations, incorporate a separate but related foundation using templates from comparable performing arts centres
- Provide both re-launch and rolling multi-year funding to the NFP operating theatre entity
- Take steps with respect to setting up appropriate and effective governance, operations and monitoring performance through the use of industry benchmarks
- Staff appropriately according to PAC industry best practices
- Implement broad programming, add community and educational programming, and improve marketing using leading edge technology such as transaction systems and psyte cluster analysis
- Partner extensively with theatres and others for programming and educational institutions for educational programming
- Lay off costs and realise greater efficiencies by sharing/partnering/consolidating resources with other theatres and municipal events and activities. This includes programming, marketing, transaction systems, educational programming and fundraising.

Some of this can be implemented immediately but the rest might take 6 months. In any case, a highly publicised re-launch in the fall of 2014 is possible.

UPDATE THE BUSINESS OPERATING MODEL

As has been demonstrated above, for the health of the enterprise, its efficiency and effectiveness in delivering on its municipal mandate most or all of the following steps need to be taken.

The Key Recommendation is to modernise the operating model as has been done both in other areas even in Toronto (museums and libraries) and in cities world-wide. Doing so is the fastest, least contentious, least costly, least problematic means of fixing the symptoms, which are even more significant than previously identified.

ESTABLISH CORPORATE GOVERNANCE APPROPRIATE TO SUCH A THEATRE ENTERPRISE

Successful models abound in North America and Europe. Select the best practices from those templates then tweak, customize and optimise the selected features for the Centre.

These changes should be made whether or not the following recommendations are adopted.

INCORPORATE A NEW INDEPENDENT NOT FOR PROFIT THEATRE ENTERPRISE

As was analysed above, for the efficiency, effectiveness and health of the enterprise in delivering on its municipal mandate this step needs to be taken.

Ample models exist at Performing Arts Centres (PACs) across North America and Europe.

Such a dedicated, focused enterprise would be definitively appropriate for the Centre and could also easily be set up to accommodate, immediately or in the future, any other theatre or activity appropriate to such a mandate.

Such a step will immediately remove the misperception that the Centre is a “commercial” theatre. Removal of this epithet, coupled with independence, will immediately make the Centre eligible for funding from exiting federal, provincial and municipal granting agencies. Furthermore, it would make it more eligible, through the corporate mechanism recommended below, for private donations.

ESTABLISH NEW FINANCIAL RELATIONSHIP & REPORTING STRUCTURE THAT WOULD BE APPROPRIATE TO THE BUSINESS OF SUCH AN ENTERPRISE

Form follows function. The reporting to the Board and to the City needs to be changed and greatly reduced in order to conform to reflect an industry appropriate operating model.

If the Centre does not become an independent not-for-profit corporation then:

- Use the theatre benchmarking for guidance
- Clean up the balance sheet, remove all debt
- Allow the new enterprise to retain earnings, as recommended by the Mayor’s Task Force

If the Centre is to be made an independent not-for-profit corporation with a related NFP foundation, then both need to be incorporated with appropriate multi-year financing and absolutely no debt, manufactured or otherwise.

For both enterprise options, the City needs to commit to financing for the 10 year re-launch and a rolling 5 year financing commitment. Both will be offset both by the approximately \$100 million in revenue already received by the City as a result of the Centre’s operations and by increased revenues received daily from greatly increased theatre activity.

BENCHMARKING

Start using industry benchmarking services to properly configure the reporting structure and to monitor performance against internal (Q, FY) and industry comparable theatres.

IMPLEMENTATION TEAMS

As with any such fundamental enterprise change, such as the result of a bankruptcy or merger, the key stakeholders in the new entity need to establish a small team with the comprehensive authority to immediately implement the new Centre, or Theatres Toronto. A concomitant staff implementation committee should be constituted as well.

Those who do not sign on completely as evidenced by their words and deeds should be removed from the process and any authority that they have that could impede the process should be transferred to those 100% behind implementing the selected change.

The tests to be applied to individuals and their offices once the Board chooses the future of the Centre are:

- What is to be gained by the status quo or delaying implementation?
- Are you committed to the future selected for the Centre?
- What steps are you taking immediately to achieve that future?

If they answer with any reticence or lack of willingness to be on board then they should relinquish any role in the process or authority over it.

WITHDRAWAL

Unfortunately for the individuals involved, when organizations undergo fundamental change those involved may suffer shock, anger, fear and withdrawal. Mergers, acquisitions and major downsizing are such events. The operational stakeholders have all declared that fundamental change to the theatres is required, but confronted with the reality some may resist due to a combination of old habits and emotions.

The foundation necessary for change is to acknowledge personally and institutionally what everyone appears to recognise intellectually. That is that nothing is to be gained and everything is to be lost by not letting go of the past. Those involved need to be helped to focus on the specific superior model for the future and encouraged to celebrate the passing of frustration, accusations and acrimony.

To facilitate this, implementation needs to include a form of withdrawal counselling to the key stakeholders in the theatres and in the City. Staff of the theatres will need to be told clearly that they are important to the successful re-launch of the theatres into a glorious new future.

The second step is to be certain that each and every person is both committed and engaged in effecting the appropriate change.

Without achieving this new fundamental mental state, the probability of achieving the desired new state for Torontonians and their theatres will be greatly diminished.

REINVIGORATE THE MISSION/MANDATE

While it is possible to cut and paste the mission and mandate from the impressive statements in the documents of other PACs, it would be extremely useful to reignite local community engagement with the Centre to seek stakeholder and public input to such an exercise. This would attract and bring out many potential generators of programming across ethnicities, performance categories and GTA communities. Seriously crowd sourcing input to the mission and mandate could also generate significant programming, festivals, and partnerships as well as re-brand/launch the Centre and generate increased revenues including ticket sales and Contributed Revenues.

Some of the specific related matters that the Centre should consider are:

- Consider a revised mission and mandate, an authentic and robust rationale, to reposition the Centre within Toronto's cultural landscape and become a more deeply integral member of the city's public life
- Investigate taking on a more ambitious role in local community building, urban regeneration, tourism, health and well-being within the City of Toronto

SHIFT ORGANIZATIONAL CULTURE FROM AUTOCRATIC & BUREAUCRATIC DRIVEN TO CREATIVE & ENTREPRENEURIAL

The Centre is first and foremost a creative organization; it must demonstrate creative leadership with excellence in programming and community engagement, but it is also a business organization, actively involved in marketing, sponsorship, fundraising, rentals and catering services. These are business activities which have to be entrepreneurial. The Centre must develop an infrastructure that supports its unique identity as a creative and entrepreneurial organization.

PROGRAMMING – OVERVIEW

Specifically, for reasons explained above, the Centre staff should be encouraged to program above and beyond what it is currently programming to include:

- Begin to source, develop and facilitate Community Programming
- Begin to create, source, facilitate and present Educational Programming
- Create, source, facilitate and present a broad range of mass appeal programming
- Program multiple venues in order to reduce cost and risk and to develop programs that can migrate up to larger facilities
- Seek partners in order to source a greater volume of programs at zero, or lower cost and risk.

Note that all programs are *for* the community but some must also originate *from* the community.

ONE EXAMPLE OF INCREASED PROGRAMMING AT THE SONY CENTRE

At our request, the Sony Centre Programming Director, Mark Hammond, and his assistant provided the growth projections based on a properly staffed and funded Centre. These projections did not take into account consolidation of the theatres and was produced before we received PAC benchmark data.

The Sony Centre On Its Own - Projected Rate of Growth If Properly Staffed & Funded							
	Dance	Children	Variety	Orchestra	Concert	Rentals	Corporate
Companies							
2012 Actual	2	0	6	0	5	28	11
Year 3	3	3	8	3	3	0	0
Year 5	4	3	10	3	6	0	0
Year 10	5	3	11	3	11	0	0
Performances							
2012 Actual	5	0	15	0	7	67	19
Year 3	7	18	16	7	4	65	35
Year 5	9	21	18	7	8	64	39
Year 10	11	21	18	7	14	74	49
Total Ticket Inventory							
2012 Actual	15,941	-	51,021	-	22,227	207,744	N/A
Year 3	22,337	57,438	51,056	22,337	12,500	207,415	N/A
Year 5	28,719	67,011	57,438	22,337	25,000	204,224	N/A
Year 10	35,101	67,011	70,202	22,337	21,875	236,134	N/A
Projected Ticket Sales							
2012 Actual	11,093	-	34,145	-	14,880	158,707	N/A
Year 3	11,875	37,593	36,188	16,250	10,000	137,500	N/A
Year 5	16,908	43,337	40,688	16,250	20,000	134,688	N/A
Year 10	20,625	47,445	50,031	17,344	34,688	161,875	N/A

KILL THE COMMERCIAL THEATRE DESIGNATION

Kill the commercial theatre designation. Make it a public execution.

The Centre and the City must uproot the attitude and appropriately change/heal the structural, policy, practical and procedural manifestations. They must be done together: statement and deed.

This is not recommending that the Centre not program popular, successful, profit making or Broadway style shows. It only suggests killing the commercial theatre designation as the only and defining content descriptor, replacing it instead with a descriptor that connotes a broad spectrum of programming.

BALANCED PROGRAM MIX

The Centre must and can develop a compelling creative program with a balanced program mix including individual programs which are a varying combination of financially beneficial, high artistic impact and community engagement programming.

Individuals attending performing arts events are seeking an aesthetic, intellectual, emotional, entertaining or social experience or some combination of these experiences. The desired and satisfying experience will vary from segment to segment and individually which underlies the complexity of selecting a program mix which has artistic merit, is congruent with mission, competencies and constraints and can serve the needs and interests of the broader Toronto community. The instrumental values of educational benefit, helping youth at risk, encouraging economic development must be combined with excellent artistic work and programming.

While the core programming should be developed by the Director, the Centre senior management team needs to work as a team to develop an appropriate program mix and to seek clarity about the community and audiences the Centre serves. Developing an evaluation model to assess the three pillars of financially beneficial, high artistic impact and community engagement will enable the Centre to rebuild a rich, broad program which can appeal across the community and market.

The programming needs to extend beyond the footprint of the theatre and also needs to embrace and integrate all art and even craft forms as appropriate.

COMPETITION & CO-OPERATION

Direct the Centre to both compete and co-operate with other venues and exhibitors to increase more cost effective access to programming and reduce marketing costs.

DEVELOP A COMMUNITY ENGAGEMENT PROGRAM WITH EDUCATION & COMMUNITY PROGRAMMING TARGETED TO YOUTH & GENERAL PUBLIC

As part of a broader audience-building strategy, this market enables the Centre to affirm its public dimension and build a sustainable future by developing audience and leveraging partnerships. Also as a public subsidized theatre, the Centre should define its educational role as core to its service to the Toronto public. This public dimension should be clearly stated in the mandate and mission.

While a general thrust of all programming, the Centre's non-presence requires active and visible thrust to engagement in the following areas:

- Marketing
- Fundraising
- Programming
- Customer service

Using:

- Co-op/intern programs
- Programs for the disadvantage
- Programs for the disabled

Partnering with:

- Educational institutions
- Theatre unions
- Social workers and police

PROGRAMMING - EDUCATIONAL

The Centre must implement educational programming immediately. Any cultural organization that does not have educational programming is not credible.

The economic, developmental and social impact of performance is major. Exposure to and participation in the arts works with our brain's neuroplasticity to changes its physiology thereby making it more innovative and creative. The earlier that we are exposed, the better that it is for individuals, our society and future sales. Educational programs at the Centre will compensate for deficits in formal education.

While all programming has educational value, formal educational programs are both a major contribution to the community and a major reason why individuals, philanthropists, granting bodies and corporations donate, sponsor and buy services from PACs and other cultural industry organizations.

SONY CENTRE SCHOOL FOR THE PERFORMING ARTS

Focus on Youth (formal programming)

Market:

Youth and Educators, all grade levels from JK through to OAC including ESL and Special Needs

School Boards and private schools within a 40km radius:

There are currently ten major school boards in the Greater Toronto Area – Peel District School Board, Dufferin-Peel Catholic District School Board, Toronto District School Board, Toronto Catholic District School Board, Durham District School Board, Durham Catholic District School Board, York Region District School Board, York Region Catholic School Board, Conseil Scolaire de District Catholique, Conseil scolaire de district du Centre Sud Ouest) and numerous private schools.

Serving a population of over **1.4M students**, there exist tremendous opportunities for audience development.

SCHOOL RESOURCES, LESSON PLANS AND PROJECTS

Objective:

The objectives of theatre based school programs are to support, teach and promote theatre arts including dance, music, theatre and storytelling within the formal education system. This interdisciplinary curriculum will engage students in diverse topics in the disciplines of performing arts, history, visual arts, language arts and connect directly with the Ontario Ministry of Education curriculum expectations and outcomes. The primary component of a theatre based school program is a matinee performance with interactivity encouraging discussion, performance activities and creative writing. School programs can also be enhanced with outreach and in school programming. A variety of visual, musical, kinesthetic, and linguistic activities will address the multiple ways in which students learn and provide new lenses for exploring historical and current events, mythological stories and artistic traditions.

This curriculum would include four themes:

- Music History
- The Tradition of Storytelling
- The World of Dance
- The Influence of Theatre

Each theme would include beginner/introductory, intermediate and advanced levels for elementary, middle and high school standards and customized for specific performances.

ARTS MENTOR PROGRAM

Objective:

Provide youth, particularly those in Toronto communities with the least access to artistic experiences and methods of expression, the opportunity to work alongside a professional artist for an extended period of time on a group art project. Professional and/or retired artists work with students to develop an idea, investigate different ways of carrying it out, and create a finished work or performance, which is presented to the public. Examples include a performance piece, documentary video, play, mural etc.

TEACHER TRAINING

Teacher Resources and Professional Development

Objective:

The objective of the Centre Teacher Training program would be to support the teaching of performing arts in the formal education community. Through teacher preview evenings, one day workshops, or longer in-depth training and resources, K–12 teachers are immersed in the teaching of theatre, music and dance history with programming around specific performances, while learning specific ways to incorporate the performing arts into their classroom teaching. Training and workshops may include a performance, hands-on activities and lectures, tours, or small-group discussions with the Centre staff and performing artists.

PARTENSHIPS / COLLEGE AND UNIVERSITY PROGRAMMING

The Centre needs to engage in active, ongoing collaborative efforts with a wide spectrum of organizations and individuals who can contribute to the expansion of the Centre’s public dimension.

In a context of diminishing resources the Centre has much to gain and leverage by collaborating with individuals, institutions, and organization in public service and public education.

Develop partnership/collaboration with post-secondary institutions with theatre related programs such as Ryerson University Theatre Arts Program for program development including theatre labs and in-process public presentations.

Ryerson, just up the street from the Centre, has expressed firm interest in using the Centre for such programs and for other uses. Other potential post-secondary partners with theatre related programs include neighbouring George Brown College and York University.

SONY CENTRE HALL (LEARNING CENTRE)

Ensure accessible, affordable space for the education and local communities, from schools to smaller and amateur music, theatre/dance companies.

As a designated space for community and school programming it would be open daily and weekly to ensure ongoing activity and engagement with the Centre.

MARKET FOR ADULT / PUBLIC PROGRAMS

The Greater Toronto Area has a highly educated population with lifelong learning as an ongoing need of the adult population. Reframing the presentation of theatre to include programming, lectures and social opportunities will build audience and develop and enhance the theatres' public dimension.

Examples of types of such programs are:

- Workshops / Classes
- Reading Series with Canadian actors from theatre, film, TV, radio, music, pop culture and web
- Lectures, play readings, creative writing, dance classes etc.

PROGRAMMING - COMMUNITY PROGRAMS

It is imperative that the Centre launch and promote develop, nurture and present beyond its physical footprint.

As well as the major opportunities inherent in WorldPride 2014, the 2015 Pan/Parapan Am games and the Canadian Sesquicentennial celebrations are opportunities within and without the footprint using opportunities to develop or build on such as:

- Youth / Public Programs
- Camps – Summer / March Break / Workshops

CONTRIBUTED REVENUE (DEVELOPMENT) – CREATE INDEPENDENT FOUNDATION

Immediately incorporate and set up an independent not for profit foundation to generate in the order of \$5 to \$12 million per year of Contributed revenue for the Centre.

The foundation's mandate would be "tied" to the theatre(s).

The independent but dedicated new foundation must have its own Board and champions.

Build rigorous fundraising processes and infrastructure:

- Individual donors through membership programs, major gifts and planned giving
- Grants through municipal, provincial and federal governments
- Corporate money through corporate philanthropy and sponsorships

It is important to note that while the revenue comes from grants, donations or gifts that every dollar is earned by a hard working team comprised of Board and staff members and is required to yield measureable benefits just like any other investment or purchase.

MARKETING

The renewed mandate and operating model will both require and enable exceptional marketing.

PSYTE CLUSTER ANALYSIS

Use psyte cluster analysis for programming, marketing, and fundraising.

As was demonstrated in our Part 1 Marketing Report, psyte cluster, demographic, analysis provides invaluable information to program appropriately for target audiences. Those audiences are defined precisely by many variables including their postal code, media used, what they consume, what they chose for entertainment and their disposable income. Furthermore, it enables cost efficient partnering, marketing, media buying, sponsorship selling, donation sourcing, and performance measuring.

ENHANCE THE THEATRE ATTENDING EXPERIENCE & VALUE PROPOSITION

Use the many ways to give customers a greater value proposition than just the production they are attending.

For example, bonus customers through membership programs, giving them advanced buying privileges, day-of discount tickets, pre-show lectures or entertainment or reception invitations, and so on.

SET A RE-LAUNCH DATE & PROGRAM DRAMATICALLY REFLECTING THE NEW MANDATE

Immediately set an achievable re-launch date and related schedule. The fall of 2014 is achievable for the Centre and for all theatres. This is not necessarily the time to re-brand. The re-launch should:

- Demonstrate the entire range of programming
- Go well beyond the physical footprint
- Engage partners in the planning and execution
- Do it big in order to bust through the clutter

Such deadlines:

- Motivate
- Focus
- Make effort efficient and effective, screening out the irrelevant, the unnecessary, impediments and the non-cooperating.

As part of the planning:

- Discuss with the title sponsor, Sony Canada. They may go bigger. See the next section.
- Find a broadcast partner.

SONY CANADA

It is very important ethically and practically to engage Sony Canada in discussions at an early stage. Sony, a Japanese company, practices and expects high social and business standards as manifest by their products. The recent problems at the Sony Centre must have caused considerable concern to Sony Canada. Discussions are required regardless of the Centre's future. However, either a re-launch or amalgamation provides the Centre with both opportunities and risk. For example, Sony Canada may be very interested in participating significantly in the re-launch. On the other hand, if not properly benefitted, they may be considering getting out of their sponsorship agreement. This is not necessarily a bad thing as the current situation enables both compensating for Sony's departure and the opportunity to find an even more appropriate title sponsor.

Amalgamation would provide a special challenge for the Centre and the other theatres and for Sony Canada. Under what name or names do the theatres operate: present and market? Under what name would the foundation operate that provides Contributed Revenue to the three theatres and perhaps funds programming companies to feed the theatres' programming needs? Would Sony Canada remain happy just with its name on the building if some of the multi-theatre promotion was under the name "theatres Toronto" or some such? Sony Canada needs to be part of the discussion from the beginning.

Sony Canada might be interested in stepping up to become the "title" sponsor for all three theatres. Clearly the St. Lawrence Centre has an historical name many consider worth preserving. Furthermore, the two non-Sony theatres have made it clear that they do not want to be taken over by the "Sony Centre".

The amalgamated theatres' title will force itself onto the agenda. In any case, it is worth discussing in order to identify and deal with the issues, sooner rather than later. It ought to be discussed, at least briefly, with the various stakeholders, including the City. Sony Canada might not be interested in stepping up. However, if Sony isn't but another corporation is, how would Sony view that? Is a 3-theatre corporate title sponsor appropriate at all? Perhaps not in the short term at least.

In any case, these early big ticket corporate sponsor discussions may be a prospecting bonanza in terms of triggering long-dormant sponsor discussions with major corporations about other sponsor and donation opportunities including the high visibility launch, the new educational programming, the new community program development, and segments of the season programs such as theatre, dance, comedy, and spectacle. These corporate leaders and leading corporations may also be interested in participating in the new foundation including working towards future capital campaigns. Carpe diem.

IDENTIFY & REBUILD THE BRAND

The new enterprise and the re-launch discussions will inevitably impact the brand, whether deliberate or not. While it is not required to be part of the re-launch discussions, at the appropriate time re-brand the Centre

Many think of branding as just, or primarily, names or graphics. It is not. The brand comes from the essence of the enterprise. The essence is that which is perceived by the market. Management attempts to manifest certain qualities and shape perceptions but it is the public that makes the final determination. The carefully chosen name and graphics simply becomes short-hand for the brand essence.

Until the Centre decides what it wants to be, which of these recommendations it wants to and can implement, it would be wasting time and money to prematurely attempt to re-brand.

On the other hand, if the Board and staff keep in mind the eventual need to find a clear essence that may become a brand, then they may find it easier to focus and to decide which recommendations to implement. This is not to suggest that clarity and simplicity are required immediately. This is theatre. It is by nature best when it is dynamic and, therefore, exuberance trumps neat. Out of this rich, roiling stone soup will come the essence--in its own sweet time.

UPGRADE THE OPERATING INFRASTRUCTURE – THE PHYSICAL PLANT

De-risking certain failure-ready pieces of the physical plant will increase the Centres rentability and reduce the financial risk due to catastrophic failure of key operating components. Failure to upgrade the infrastructure undermines all other recommendations. Not all physical plant was upgraded in 2008-9.

Future upgrades could be funded, at least in part, by a dedicated endowment fund set up via a capital campaign conducted by the new foundation.

RENTALS

Rentals, both theatrical and non-theatrical, should remain important sources of lower risk income. Neither is ever risk free. See above at [Upgrade the Operating Infrastructure](#).

PRICING - THEATRE RENTAL MINIMUMS

Optimise the Centre's performance according to re-launch objectives and, subsequently, to on-going operational objectives. To do so:

- End the practice of always pricing each rental according to fixed costs--allocated overhead.
- Authorise and require theatre management to price the venue and its services to build a successful business and to respond to its new mandate. This process should balance the short term and medium term objectives to optimise both Fiscal Year and long term performance.
- Create appropriate guidelines, policies and practices using industry best practices as a guide.

CONTINUE CORPORATE RENTALS

As appropriate:

- Vigorously continue corporate rentals but not at the expense of the theatre's primary mandate
- Offer to sell the Centre's corporate rental services to the other two theatres.

LAY OFF COSTS - LEVERAGE UNDEREMPLOYED ASSETS

Leverage the resources that the Centre has that the other two theatres and others do not have.

SELL MARKETING, PROGRAMMING & FUND RAISING SERVICES

The Centre should sell its programming, marketing, fundraising, educational programming and corporate sales services to other theatres or events and make them available in support of the City's Toronto Special Events. This will generate revenue, enable partnerships and thereby make those assets more effective.

At the moment, the three theatres operate in silos. They behave more as competitors than as cooperative colleagues and partners. This is expensive for all of them. Furthermore, it prevents them from leveraging tremendous opportunities by combining their resources.

There is an opportunity for the Centre to sell services to Toronto Special Events which is a unit of the City of Toronto's [Economic Development & Culture](#) division. They produce innovative and accessible [events](#) to enrich the quality of life for residents and attract world-wide tourist audiences. Through the [Event Support Unit](#) Toronto Special Events also offers event consulting services for external event producers. We understand that there has been little coordination between these organizations on an ongoing basis.

TRANSACTION (TICKETING) SYSTEM

As described above, a consolidated transaction operation could sell tickets for all theatres and other events in Toronto and facilitate data mining thereby both enabling programming and making marketing expenditures far more efficient and effective.

- For the significant reasons suggested above at page 59, the 3 theatres should consider consolidating transaction (ticketing+) services around an in-house system.

Furthermore, the ticketing services should be provided, on a fee or non-fee basis, to other organisations, festivals and events across Toronto. Not charging fees to qualifying entities is a powerful means of yielding many other shared benefits ranging from simultaneously promoting other events and classes, to opt-in memberships that yield demographic information and build focused mailing lists for future events, to making donations available to a range of appropriately set up organizations.

PARTNERING

Partnering is a logical additional option when discussing selling/sharing of resources.

- The Centre should take advantage of multiple forms of partnering for single or multiple events for the purpose of lowering costs, including programming and marketing costs.

Program partnering with other theatres is a commonly used legitimate means of providing both inbound and outbound (locally originated) programming. It is frequently used to attract programming at lower cost and for risk mitigation.

USE OTHER THEATRES

Programming effectively and efficiently can be described as juggling varying sizes of square pegs and round holes.

- The Centre should consider entering into agreements with other facilities whereby the programmers can use each other's facility under favourable terms for the mutual benefit of the respective theatres.

Programmers must constantly travel to festivals, conferences, trade shows and foreign venues to check out promising programs and companies. Excellent companies and programs work best in appropriately sized theatres. The programmers know this and have an expert sense of what the ticket sales would be for any given act in a given theatre in their market. It would be far more cost effective if the travelling programmers had the flexibility to be able to put any given programs in the most appropriately sized and located theatre. It makes even greater financial sense if they could program a particular subscription package, dance for example, over multiple venues enabling the most cost effective and artistic placement of each particular dance company. This is a major advantage for PACs.

During recent discussions with the NAC about programming supply, it became apparent that programming could be available, as early as autumn 2013 and that such programming would be available not just for the Centre but also for smaller venues such as those at the St. Lawrence Centre. The Centre could package programs across multiple theatres. For example, for years modern dance has been a dramatically under-serviced market in Toronto. These niche programs can be quite valuable provided presentation costs are kept low, and donations and grants are kept high.

Such use of other venues can be done with unrelated theatres by partnering, quid pro quo, and reciprocal agreements. Dark nights in smaller houses do not generate revenue for the house or income for the hourly staff. An event that does generate such incomes and activities that may bring new audiences members to that theatre are usually welcome. Presenting a performance in a small theatre in a market one year can lead to presenting them more profitably the next year in a larger theatre.

8. MULTI-THEATRE STONE SOUP OPTIONS INCLUDING MERGING

Proposition: The Centre should enter into talks with the StLC and TCA concerning a range of formal cooperative, partnering and even more substantial options up to, and including, merging.

Up to this point, the report describes unilateral actions that can be taken by the Centre and its stakeholders. This section addresses the much more open process that takes place when equals sit down to consider pooling their resources and their efforts. This is akin to the fable about Making Stone Soup. It proposes making the TCA, StLC and the Centre greater than the sum of their parts. The physical plant remains the same but the personnel and services broaden responsibilities to and beyond the three footprints.

In order to prepare yourself mentally to consider these options, it is suggested that you park aside your current theatre-specific responsibilities for the time being then take the mindset of having the same responsibilities—but for all 3 theatres.

Fortunately, the three theatres have the same sympathetic owner. The other two central parties are the Boards and staff of those theatres. All other interested parties either are unaffected or come out better.

CO-OPERATE, PARTNER OR MERGE?

We have presented the main menu options as *à la carte* but all in or *prix fixe* must also be considered.

As one contemplates co-operating or partnering on more and more services, one reaches a point where one must ask the question, “Does the Board of any specific theatre any longer have effective control of that theatre?” If the answer is “no” is that not the time to merge?

The main co-operation options for discussion are:

- Programming
- Marketing
- Transaction system
- Fundraising/Foundation

Not directly part of this part of the discussion, but fundamental to success of these options, are:

- Resourcing – capitalisation, staffing, re-launch
- Corporate independence

RELEVANT OPERATIONAL REALITIES

It is worth revisiting the key theatre realities with your new mindset:

- Apart, all three theatres are greatly **underutilised**.
- Important programming in both the TCA and StLC currently serve **market niches**, from and to the community.
 - These need to be not only preserved but supported even better for revenue, market, social, industrial and cultural reasons.
- Only the Centre has **programming, marketing** and **development** staff.
 - Together these departments account for 70% of all earned income for PACs.
 - The StLC and TCA theatres need **programming staff** in order to increase the volume of performance, both locally originated and imported.
 - With a more robust mandate, ALL the theatres would share niche-specific programming and program development staff which perhaps none of the theatres could justify on their own.
 - Only the Centre has senior **marketing** expertise, important in assisting in acquiring the right productions for each of the 6 theatres, in promoting and selling the performances cost effectively.
 - With the programming base of the six theatres, media buying costs could be cut in half, very attractive flexible ticket purchasing packages could be offered.
 - Development staff account for \$7-10 million of contributed annual earnings for PACs.
- Each of the three complexes makes use of old generation ticketing systems instead of transaction systems. TCA and the Centre use Ticketmaster thereby losing important revenue. StLC has an in-house system which I would like to replace. Its major tenant, Canadian Stage, has its own ticketing system, the in-house Audience View transaction system, which the StLC and the Centre would like to acquire because in addition to providing all of the features that Ticketmaster does, it also facilitates in-house social media use for making instantaneous ticket offerings, enhanced package up-selling, membership selling and delivering benefits, and includes data mining. A shared system would be far less expensive to buy and operate as well as be vastly more effective. Furthermore, the system could be used to service many other community organizations and events.
- The combined 7,528 seats are spread across 6 theatres ranging from 200 to 3,191 seats. They include a multi-purpose, flexible black box at TCA and first class concert halls as well as major proscenium stages.
 - With a more robust mandate the programming staff would be able to place local and imported performances in the most appropriate theatre or theatres and migrate them

Theatres	
<i>Sony Centre</i>	3191
<i>St. Lawrence Centre</i>	
Bluma Appel	876
Jane Mallett	498
<i>Toronto Centre for the Arts</i>	
Main Stage	1727
George Weston	
Recital Hall	1036
Black box	200

to larger/better theatres when relevant which might include in the same time period thereby taking advantage of more efficient marketing.

- The Centre & StLC are co-located, placing 3 stages on Front St. and 3 TCA stages on Yonge St. 12 km away in North Toronto.
 - This is a market advantage not a disadvantage. They are positioned to access important different demographics.
- All 3 complexes have production staff and union stage labour.
 - In the short term the non-unionised production staff could be shared.

OPTIONS A LA CARTE

Stripped to their essentials, the options are:

- Sell services to each other
 - The Centre would sell its programming, marketing and fundraising services to the other two theatres which don't have them
 - StLC and TCA would rent their stages to the Centre's programming staff
- Either add and sell, or partner, in adding educational and programming services
- Create a foundation and share in the benefits
 - Note that this is not possible if the theatres are not made independent or if the foundation is not resourced appropriately with staff and operating funds
- Either add and sell, or partner, in acquiring a transaction (ticketing/marketing/fundraising) system
- Merge

BENEFITS

Separate the theatres are more vulnerable to the vagaries of both the marketplace and the municipal choke-point.

The fundamental market realities do not provide any reasons for not amalgamating the 3 organizations, the 6 theatres plus several ancillary venues in the 3 locations. The beneficial opportunities for both programming from and to the market and for operating efficiencies far exceed any operating concerns.

By merging, the "theatres Toronto" benefits in numerous ways including strengthening programming. For example, any given show might stand a 50% chance of breaking even at the Centre, a 75% chance at the TCA but a 150% chance at the Bluma Appel. Other considerations include which theatre has an otherwise dark night at the right time. A dark night still costs the Centre \$35,000. Reducing that net cost to \$15,000 by presenting an act that doesn't sell out this year still sounds like a bargain.

The programmers and "theatres Toronto" would enjoy a consolidated programming budget, pooling the revenue, enabling programmers to place any given program in the most appropriate (artistically and financially) available theatre and thereby providing a more robust portfolio revenue cushion.

The merger could confidently ride on the backs of numerous previous mergers. Such mergers of theatres have been done before many times in many cities to considerable positive affect. The PACs provide solid templates for the successful and rapid implementation of “theatres Toronto” and its foundation. Performing arts centres (PACs) are a single corporate entity programming a mix of multiple stages and other venues, hiring senior expertise in programming, marketing, and fundraising and spreading the non-show operating costs over many more square feet, productions, performances and tickets. They are more effective and efficient than stand-alone theatres.

It will be obvious to all that a merger would realise cost savings to be applied elsewhere. Switching from the multiplicity of ticketing systems to a single transaction system is such an example.

DOWNSIDERS

Incremental co-operation and partnering will yield incremental gains.

While amalgamation could be done without creating an independent NFP theatre operation and an independent foundation, non-independence would threaten and risk the significant financial and other benefits that amalgamation offers. Non-independence would keep in place the existing choke point, with predictable, *Ground Hog Day* consequences—the continued absence of Contribution Revenue, for example.

While there may be a temptation to initially amalgamate just the StLC and the Centre neighbours, there is nothing to be lost and much to be gained by including the TCA in those discussions from the beginning. Ultimately the TCA may decide in favour of operational partnering, such as supplying stage space to the amalgamated theatre entities but hold back from joining the amalgamated entity. TCA could also buy ticketing and marketing services. TCA would not be able to take part in development. Such a half measure would be clunky but it could be made to work.

ISSUES

There would appear to be very few diminishing concerns about merging. It is probable that those few still concerned can be answered successfully.

Some members of the Boards of the other two theatres have expressed obvious concern that merger negotiations would result in the Centre taking over the other two theatres. They understand that such was attempted somewhat aggressively within the past few years. However, ongoing management departures at the Centre will reduce that concern. Furthermore, StLC and TCA don't have programming, marketing and fundraising operations to “take over”. A partner/merger would add these services to those theatres.

There has been some concern expressed, particularly by a few connected to TCA, that their community programming services, will suffer. Why might they think so? Currently they have neither programming staff nor marketing staff to support it. The proposed present and future realities would not seem to

warrant that concern; in fact, to the contrary. The new enterprise would substantially increase community programming.

Each theatre's historical programming reality is the result of subtraction. There is no shortage of dark nights to be lit up in all 6 theatres. No one has suggested removing any existing renter or performance company from any stage. On the contrary; all personnel see the advantage of doing more to retain existing programming, building on it and adding to it. The existing and future programming and marketing personnel will work every bit as hard for all 6 theatres as they now do for 1. There will be more programs, more tickets sold, more revenue generated per programming and marketing staff than is possible now. If "theatres Toronto" is resourced appropriately, far more community programming will be developed across the City.

There has been concern expressed by some that the municipal owner, the City might agree to merge the theatres but not agree to appropriate corporate independence, resourcing and reconfiguring. Then the benefits of partnering or merging will be noticed internally but only slightly externally. This risk may be over stated since all stakeholders and interested parties recognise the substantial needs and have committed to making constructive changes to re-launch "theatres Toronto" successfully. Furthermore, this risk has been considerably reduced since the government, community, cultural, social and financial benefits are so clear. A properly re-launched "theatres Toronto" will not cost taxpayers anything, will leverage economic benefits and will put more programs on stage and more satisfied voters in seats.

TIMING

This option has a relatively low cost of implementation, primarily administrative in nature, and a very high return on that investment. The timing is good. The shrinking staff mix is significantly complementary and non-redundant. Furthermore, there is too few staff.

The StLC and TCA have received their consultants' reports. Many of their findings and recommendations are similar to those in this report, in part because they have been partially dependent on the market study done by the CAM Group, in part because they are suffering substantially similar problems, in part because as three theatres with a common owner, the options available to them come from the same inventory.

The consultants' reports for the other two theatres effectively endorsed such a proposition while introducing numerous caveats. The City of Toronto, at the level of Councillor and General Manager of Economic Development and Culture, is aware of these reports and is reviewing them with interest. No doubt the Centre will be asked to participate in discussions on this subject.

IMPLEMENTATION

The new organizational structure and the benefits to be gained can be identified in a few hours by a meeting of senior management from all three theatres. The implementation plan could be finalised shortly thereafter. Operational implementation could begin immediately, initially informally through cooperation.

We estimate that the options, including merging, could be fully completed by the fall of 2014.

9. RECOMMENDATIONS AT LARGE

Engage the City and other stakeholders in a process of defining and implementing means to create a healthier programming continuum including facilitating, investing and mentoring those semi-professionals who want and are able to move into self-supporting professional status.

SUPPORT THE SONY CENTRE BY FUNDING PERFORMANCE COMPANIES

The Board should encourage the City of Toronto and its agencies to fund more performance companies and when supplying funding, even now, to encourage/direct that the recipients discuss with the Centre management about using the Centre and the other municipal theatres. Even though the particular performance company might not yet be ready to perform on a stage and in a house as large as those of the Centre, such discussions may yield unexpected other opportunities and benefits for both, immediately or in the future.

10. NEXT STEPS

Now where does all of this leave you? The key next steps would seem to be:

- Decisions by the Centre Board of Directors including passing motions implementing selected items
- CAM Group Completes Part 4
- Consult stakeholders
- Modification of the Centre’s 2014 Budget
- Implement changes

IMPLEMENT QUICKLY

In order to seize the momentum for change and capitalise on the lack of obvious resistance, it is imperative to move quickly. Many of the recommendations do not need study additional to the due diligence which the experienced senior management would apply. Others can be assembled quickly.

“YOU CAN’T GET THERE FROM HERE”

You are at this critical juncture because the Centre’s history has proven that the existing operating model, administrative infrastructure and methodology cannot get the Centre to your chosen destination.

Therefore, what is a responsible approach that would be the fastest, least expensive, least painful approach with the greatest chance of success?

- Choose the future guided by the PAC models—use a template customized to local conditions
- Start there, where you want the Centre to be, where numerous others have successfully gone before
- Backfill—administratively paper the new and wind up the old.

No important due diligence nor oversight need be lost.

Such a step would galvanize the re-launch.

IMMEDIATE – BOARD RESOLUTIONS

In order to facilitate the development of concepts and planning, the Board should indicate its approval and its requirements of various parties that they advance the Centre’s operations and planning.

By motion the Board could initiate the following activities to be implemented immediately and reports to be brought to the next Board meeting:

- The Board should authorise a Strategic Planning Committee to schedule a 1-2 day meeting prior to the next Board meeting to develop proposals for implementation and a related revised Centre 2014 budget reflecting the changes. Fiscal 2014 budgeting is under way and will need appropriate modification.
- Authorise staff and selected Board members to initiate exploratory discussions with the other theatre bodies and the City concerning opportunities to work together up to and including mergers
- Authorise and direct staff to price and offer services to other theatres and City departments, agencies and clients
- Authorise staff to begin to create a dedicated foundation with information on comparable foundations associated with other theatres and proposals concerning mandate, governance and legal and accounting requirements
- Authorise staff to create a plan and budgets for community and educational programming
- Take steps to have the Centre staff and the City stop any reference to the Centre as a “commercial theatre” and request that City staff to support, lobby on behalf of and carry forward **all** Centre applications to any funding bodies
- Authorise staff to begin to consider programming for Games 2015 and Canadian Sesquicentennial 2017
- Authorise staff to advance discussions with the NAC and others concerning exploring programming partnerships
- Authorise staff to cost and plan educational programming and seek out part time and full time programming staff and to explore partnerships as required
- Request that staff make no long term contractual commitments-specifically ticketing systems-that would inhibit the Centre’s ability to implement a new operating model
- Request staff to make appropriate budget changes to take the Board and to the City
- Authorise the Chairman to arrange for the Centre to contract additional resources to facilitate plan, prepare and facilitate implementation as required.

Staff should seek information and assistance from the City Budget and Finance offices and the EDC if and when required.

THE IMPENDING DISCOURSE

The tipping point appears to have been reached in 2012 although it had been rising in awareness for years. All stakeholders have stated that they are committed to constructive change.

The three consultants' reports have brought together all of the history, data and prospective future. The three primary groups—the theatres, the City and the citizens of Toronto--will now discuss and discern the future, facilitated by the media and cultural interest groups.

The stakeholders have a much stronger, positive story to tell than was expected and have a surprisingly promising future to reveal. The factors that strongly assist the stakeholders in coalescing all the interested parties around a constructive outcome to be implemented together are:

- The Centre has enormous unrealised potential. It is performing at only 40% of both its historical level and that of comparable PACs measured by attendance and budget/revenue.
- Yet, contrary to wide-spread belief, the theatres are not money sucking black holes. Audited financial statements show that the Centre continues to be operationally cash positive. In fact, the City has received from the Centre an astounding net combined capital and operating income of \$20.3 million since 1980. In total the City has received something short of \$100 million in income since 1960 as a direct result of the Centre. The other theatres may present similarly.
- The City is already committed to using some of those revenues to buy services and invest in the theatres in the order of \$8 million per year, paid for out of funds that the City has already received from the theatres.
- The additional, up-front launch costs provided by the City for the first five years would be well covered by funds the City has already received from the Centre and the other theatres and, going forward, the daily funds received by the City from theatre attendees. Returning to maturity, the theatres would reduce their need for City investment and theatre services purchasing. Those funds could then be invested directly in program development.
- Amalgamation of theatres would reduce operating costs per show presented, per attendee and would generate greater efficiencies and greater ticketing, ancillary and contributed revenues.
- The City and Boards of Directors and operating staff can rest confident in making the major immediate operational and governance changes knowing that:
 - The new operating model and essential policies, practices and procedures for the Centre or the amalgamated “theatres Toronto” are available “off the shelf”. Many strong PAC models exist which can be tweaked moderately to local conditions.
 - Theatre industry benchmarking services exist to measure performance during implementation and operations
 - Modern marketing and transaction technologies exist to leverage revenues more cost effectively
 - The new operating entity and related foundation could generate approximately \$10 million in contributed revenue from new sources.

- The programming mandate would be much richer, broader, and deeper including developing community and educational programming by partnering with presenters, performance organizations, educational institutions and even other theatre in and outside the region.
- Amalgamation and re-reorganization can be concluded within 9 months. Official re-launch could be slated for the fall of 2014. Full “young” maturity could be achieved between 2018 and 2020.
- The Centre and the other theatres, when brought to maturity, would be providing direct services to approximately 1 million attendees (an additional 700,000) annually and for the first time 10,000+ school children per year across the City. Those numbers could likely be achievable by 2017. By comparison, the National Arts Centre annually serves 70,000 students across the country.
- The conservative economic multiplier effect for Toronto would be an additional \$20-30 million annually.

Those are our findings, recommendations and a glimpse of an exciting and reasonably achievable future.

To put this report into the context of the essence of this enterprise, the plot of a story consists of five parts: exposition, rising action, climax, falling action, and revelation. This report and related ongoing activity by the Board and other stakeholders has now transitioned from the falling action into ongoing revelation.

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Additional with Part 4 Report

11. APPENDICES

LEGISLATIVE MANDATE OF THE SONY CENTRE FOR THE PERFORMING ARTS

January 17, 2013

City of Toronto Act, 2006

Section 411 of the *City of Toronto Act, 2006* continues the Sony Centre for the Performing Arts located at One Front Street East, formerly known as the Hummingbird Centre for the Performing Arts and previously known as the O'Keefe Centre:

411. (1) The Board of Directors of the Hummingbird Centre for the Performing Arts is continued as a city board and its purposes are the operation, management and maintenance of the Centre as a theatre and auditorium and as a centre for meetings, receptions and displays.

Metropolitan Toronto By-laws 177-81 and 153-83

This by-law of the former Municipality of Metropolitan Toronto provides that the Board of Directors of the Hummingbird Centre for the Performing Arts "in carrying out its objectives with respect to the operation and management of [the Centre] is authorized:

- (a) to provide theatrical facilities and services of every kind for:
 - (i) amusement, entertainment and exhibition;
 - (ii) receptions, meetings and displays;
 - (iii) educational and cultural activities; and
 - (iv) the performing arts, including dramatic, theatrical, musical and artistic works;
- (b) to promote the development of its facilities as a centre for amusement, entertainment and exhibition;
- (c) to promote or present meetings, receptions or displays;
- (d) to promote or present educational and cultural activities; and
- (e) to promote, produce or present the performing arts, including theatrical, dramatic, musical and artistic works.
- (f) to establish and operate an endowment fund for the purposes of financing capital improvements and extraordinary programme opportunities.

RFP PART I - MARKET ANALYSIS

Sony Centre for the Performing Arts
Toronto Centre for the Performing Arts
St. Lawrence Centre for the Arts

The consultant to perform an analysis of the items below and prepare a separate report on these items:

- a. Conduct consultation with the senior officer of each Centre on their specific performance spaces, capabilities, current and historical usage, and expected future potential
- b. Conduct consultations with industry organizations such as the Toronto Alliance for the Performing Arts, the Professional Association of Canadian Theatres, Canadian Arts Presenting Association, and include North American benchmark information for municipal theatres
- c. Provide an analysis of the economic environment, including tourism sector, particularly as it relates to the market for the performing spaces in these performing arts Centres.
- d. Provide an analysis of the current and future market in the Greater Toronto Area for maximizing Centre utilization with an emphasis on theatrical, concert and other potential use such as corporate events

And for each individual performing arts theatrical space noted below within the Centres perform:

- a. an analysis of market growth or decline and projected rates of either
 - b. an analysis of current performing arts product available for these theatres and market opportunities for other products or services
 - c. an analysis of Industry cost structures and factors that either enhance or detract from sustainable net revenue generation and future growth
 - d. an analysis of current audience demographics as provided by each Centre's management and market trends
 - e. an analysis of the market potential for risk presentations as a generator of business opportunities at the Toronto Centre for the Arts and an assessment of the degree of risk
 - f. discrete analysis for each theatrical space for market segmentation, audience demographics, programming product supply, cost and servicing factors, competition, hospitality potential, tourism demographics, ethnic community engagement, education outreach, and presentation partnerships
- Sony Centre – one space -- full proscenium soft seat theatre [3191 seats]
 - Toronto Centre – 3 spaces – full proscenium soft seat theatre [1727 seats] – George Weston Recital [1036 seats] – Studio [200 seats]
 - St. Lawrence Centre – 2 spaces – full proscenium Bluma Appel [868 seats] – thrust theatre Jane Mallet [497 seats]

RFP PART 2 - BUSINESS ANALYSIS QUESTIONS ANSWERED

Perform an analysis of the business of the Sony Centre with a primary goal of eliminating the financial support required from the City of Toronto as an operating grant. This analysis will include but not be limited to the following:

- a. Conduct consultations with stakeholders including regular users, the local Business Improvement Area, businesses, members of City Council and the Board, and key staff of the three theatres*
- b. Analyze performing arts programming at the Sony Centre over a suitable time frame*
- c. Review operational performance of the Sony Centre over a suitable time frame*
- d. Identify all publicly usable spaces and provide evaluation of opportunities for additional revenue*
- e. Review existing audience database and related strategies and recommend best practices in terms of marketing and promotion*
- f. Review internal cost experience by product and overall administrative cost centres and recommend methods to manage profit and loss on bookings/presentations and other profit centres such as food & beverage, front of house*
- g. Identify cost drivers that affect the financial performance of the Sony Centre*
- h. Identify recommendations in terms of achievable cost savings such as and not limited to contracting in/out services*
- i. Make recommendations of potential areas for shared services among the civic theatres that would deliver cost savings*
- j. Examine the long term capital of the Sony Centre and funding sources, method of reporting and accounting for reserves and amortization (e.g., the loan to the City)*
- k. Identify the current business lines (product/service) and evaluate recommendations in terms their draw on existing or needed resources*
- l. Identify profitable and less profitable product/services*
- m. Identify significant barriers to growth*
- n. Provide comparative benchmark information from comparable facilities in other markets and examination of best practices*
- o. Comparison with innovative practices in competitive markets, for example sports and hospitality, and the use of innovative social media and other technologies*
- p. Determine the potential for change in business mix, booking philosophy or related opportunities to increase profitable usage of the theatre*
- q. Identify issues with current strategies and business plans*
- r. Brief the Committee on challenges and opportunities and the proposed direction regarding development of business and strategic options and, if required, also brief the Board.*

RFP PART 3 - BUSINESS AND STRATEGIC OPTIONS ANSWERED

Develop options for the future of the Sony Centre for consideration by the Committee and the Board. The options should draw on the analysis of the business and opportunities for change including improving financial performance. The outline of options will include but not be limited to the following:

- a. All options should have as their prime criteria the ability of the Sony Centre to achieve operating and capital financial self-sufficiency as quickly as possible*
- b. Identify options for the facility as a theatre, or other business or revenue generating options, including refinement of the current business model, proposed new business models, proposed changes in strategic direction, or a combination of these opportunities*
- c. business or revenue generating options within the facility based on: refinement to the current business model, proposed new business models, proposed changes in strategic direction, or a combination of these opportunities, in addition to use of the facility as a theatre*
- d. Outline the business models and strategies in sufficient detail to clearly communicate the options and their business cases*
- e. Provide a comparative review including a summary of the advantages and risks of each option*
- f. Provide a clear outline of proposed changes to the current business model and strategy required under each option:
 - 1. the mission and objectives for the Sony Centre*
 - 2. how the options maximize the strength of the Sony Centre*
 - 3. how programming will be affected*
 - 4. how the approach to cost drivers changes*
 - 5. how the management structure will be affected*
 - 6. potential areas for reorganization*
 - 7. provide recommendations for methodologies or tools to assist the board and management in cascading the strategic plan to operating divisions and integrating the Centre's compensation and performance evaluation system to the strategic plan*
 - 8. evaluate and recommend potential areas for collaboration among the civic theatres such as shared services [administration, marketing, accounting, human resources, etc] that will deliver cost savings**
- g. Identify how the changes will benefit Toronto and the City, including the strength of the cultural sector*
- h. Demonstrate the feasibility through benchmark examples of other successful operating examples and established industry metrics including sources*
- i. Identify substantive impediments to the goal of the strategic plan for the Sony Centre that exist due to its governance model, legal organizational structure, management structure , or any other substantive item of note*
- j. Brief the Committee on the business and strategic options and obtain feedback and direction on the preferred option for which a business plan will be developed and, if required, also brief the Board*

RFP PART 4 - SONY CENTRE STRATEGIC PLAN AND 5 YEAR BUSINESS MODEL --TO BE COMPLETED

Based on the preferred option(s) identified by the Sony Centre Board, develop a long-term strategic plan and at least a five year business plan. A full draft plan with confidential business details and information will be developed for presentation to the Committee and the Board, prior to finalization of the confidential plan for the Sony Centre. In addition, a summary plan suitable for public distribution will be developed. Separate advice will also be provided regarding plan implementation including a Human Resources strategy and internal and external communications strategies.

Major Project Deliverables

1. A business analysis and outline of challenges and opportunities identified for the Sony Centre.
2. Coordinating and conducting stakeholder consultations; attendance at and facilitation of Working Group meetings.
3. A market comparison with one of Montreal, Ottawa, Calgary or Vancouver and with a major English-speaking American Market (e.g. New York, Chicago, San Francisco, Boston).
4. A separate report on the market for performing arts and other entertainment venues and the economic environment including the tourism sector that can be made available to the two other theatres and the City of Toronto.
5. Development of options and a comparative review in sufficient detail to clearly communicate the options and business cases.
6. A draft long-term strategic plan and at least a **five year business plan** including financial forecasts.
7. A final confidential Business and Strategic Plan,
 - a. a corresponding summary plan suitable for public distribution, and
 - b. advice to the Board on implementation and communication strategies.
8. A bibliography of all sources and data used to produce the reports.
9. Attendance at presentations/briefings for the Committee and Board as required.
10. Attendance at presentations/briefings for the City Manager or his designate, and possibly to the Executive Committee of Toronto City Council.

OPINION LEADERS, STAKEHOLDERS & INFO SOURCES – PARTIAL LIST

- Sony Board of Directors
- Sony Centre – senior management
- Councillor Gary Crawford, Ward 36
- Councillor Pam McConnell, Ward 28 (Sony Centre), on Boards of the StLC and CanStage
- St Lawrence Centre –Jim Roe, CEO + marketing staff
- Toronto Centre for the Arts –Pim Schotanus, CEO + sales (Ticketmaster)
- Canadian Stage – Sue Hutchinson, Managing Director
- David Mirvish & Brian Sewell
- RTH/Massey – Charlie Cutts & Jessie Kumagai
- Live Nation – Riley O’Connor, Chairman
- Luminato – Janice Price, CEO
- CCI/Environics – Warren Garrett, CEO; Judy Harquail
- Ontario Ministry of Tourism, Culture & Sport - Alex Athanassakos, Manager, Tourism Research Unit
- Statistics Canada
- Mayor’s Task Force – Arts & Theatres, Peter Steinmetz
- Theatre Aquarius Hamilton
- City of Markham
- Richmond Hill Centre for the Performing Arts, Michael Grit, General Manager
- NRG Productions (Casino Niagara +)
- Dayton Theatre, Dayton, Ohio
- TAPA
- PACT
- CAPACOA
- ArtsBuild Etc
- Toronto City Events, Toronto Board of Trade, Tourism Ontario
- Meeting Planners International
- ISIS
- Décor & More
- Eclectic Events International
- Toronto Special Events Ltd.
- Eatertainment
- Audience View, Mark Fowlie, Co-Founder & CEO; Marlene Andersen, VP Arts & Entertainment; Jeff Koets VP Marketing
- Various others
- Canadian Stage, Mathew Jocelyn, Artistic & General Director
- Canadian Stage, Sue Hutchison

PERFORMING ARTS CENTRES

NATIONAL ARTS CENTRE, OTTAWA, ONTARIO

The Centre is the only multidisciplinary, bilingual, performing arts centre in North America, and one of the largest in the world. As one of the largest performing arts facilities in Canada - 1,158,000 sq ft, the NAC works with thousands of artists from across Canada and around the world, and collaborates with dozens of other arts organizations across the country. The NAC's repertoire includes classical music, English theatre, French theatre, dance, variety, and community programming. The NAC also supports programs for young and emerging artists and programs for youth and the education community. The NAC is also a co-producer of the [Canada Dance Festival](#) and venue for the [Ottawa International Animated Film Festival](#).

The [National Arts Centre Orchestra](#) resides at the Centre and is considered one of the world's leading classical-size orchestras. Since 1999 [Pinchas Zukerman](#), a conductor, violinist, violist, and teacher, has been the orchestra's Music Director. The Artistic Director of English Theatre is Peter Hinton; the Artistic Director of French Theatre is [Wajdi Mouawad](#); Cathy Levy is the Artistic Producer Dance; Heather Moore is Producer and Executive Director of the Scene Festivals; Simone Deneau is Producer, Variety and Community Programming.

NAC MANDATE

The National Arts Centre Corporation was established by an Act of the Parliament of Canada in 1966. The National Arts Centre (NAC) opened its doors in 1969. The NAC's mandate is to play a leadership role in fostering artistic excellence in all of the performing arts disciplines. Specifically, it is charged with the following responsibilities:

- To operate and maintain the National Arts Centre
- To develop the performing arts in the National Capital Region
- To assist the Canada Council in the development of the performing arts elsewhere in Canada

NAC MISSION

Focusing on artistic excellence, diversity, and youth, the National Arts Centre has played an important role in the development of almost all Canadian artists.

To develop and promote the performing arts by:

- Establishing the NAC as the pre-eminent showcase for the performing arts
- Acting as a catalyst for the performing arts nationally
- Nurturing and supporting artists and arts organizations in communities across the country

The NAC has four stages:

- **Southam Hall**, with 2,323 seats, is the largest stage and is home to the [National Arts Centre Orchestra](#) and the [Ottawa Symphony Orchestra](#), [Opera Lyra Ottawa](#), as well as ballet and other major visiting shows and productions.
- **The Theatre**, with 897 seats, is mostly used for theatre and dance events. It has been home to the English-language and French-language theatre companies.
- **Studio**, with 300 seats, is a theatre venue suited for performances requiring a more intimate space.
- **The Fourth Stage**, with 150 seats, opened in 2001 and is home to a wide variety of community programming.

PLACE DES ARTS, MONTREAL, QUEBEC

Place des Arts is the major [performing arts centre](#) in [Montreal](#). Located in the eastern part of the city's downtown, in an area now known as the [Quartier des Spectacles](#), the complex is home to the [Montreal Symphony Orchestra](#), [Les Grands Ballets Canadiens](#), and the [Opéra de Montréal](#). The Centre was an initiative of Mayor Jean Drapeau to expand the downtown core eastward from the concentration of business and financial activity in the centre-west part of downtown. The *Corporation George-Étienne-Cartier*, named in honour of [George-Étienne Cartier](#), a [Father of Confederation](#) and opera lover, was set up to build it, and the first part of the complex (including the Salle Wilfrid-Pelletier) was inaugurated on September 21, 1963. The other theatres were added progressively. The [Musée d'art contemporain de Montréal](#) was added to the complex on May 28, 1992.

MISSION

As a public organization serving all Quebecers, the Society of Place des Arts is devoted to showcasing the performing arts. It manages five performance halls in Montreal, as well as the Fernand-Lindsay Amphitheatre in Joliette. It is also responsible for programming the House Symphony for organizations requesting use, apart from the 240 days each year it is reserved for the Montreal Symphony Orchestra.

Place des Arts is home to major artistic organizations, striving to increase accessibility to various forms of the performing arts, and to promote Canada's artistic and cultural life.

To fulfill its mission the Society hosts, produces and co-produces artistic works from Québec and abroad, organizer, public awareness and audience-building activities; provides specific services and Specialized Technical equipment to artistic organisms and producers, and lastly, enters into performance agreements with various partners.

The Place des Arts includes six stages / halls:

- [Montreal Symphony House](#) – 2110 seats
- [Salle Wilfrid-Pelletier](#) – 2960 seats
- [Théâtre Maisonneuve](#) – 1441 seats
- Théâtre Jean-Duceppe
- Studio-théâtre – 124 seats
- Cinquième sale – 286-413 seats

Construction of the Cinquieme sale for the [Montreal Symphony Orchestra](#) was recently completed in 2011 at a cost of [C\\$105 million](#) and seats approximately 1,900 spectators. Place des arts theatres stage [opera](#), [symphony](#), [ballet](#) and other [dance](#), [chamber music](#), [choral music](#), [theatre](#), [film](#) presentation, and various other presentations and ceremonies. In addition to the theatres, the complex hosts the [Musée d'art contemporain de Montréal](#), a museum of [contemporary art](#), as well as rehearsal halls, shops, services, and a large, popular esplanade decorated with original fountains and water cascades. All of the facilities are connected by an underground mall, also linked to [Place-des-Arts metro station](#) and [Université du Québec à Montréal](#) (UQAM) to the north and the [Complexe Desjardins](#) to the south as part of the [Underground City](#).

CIVIC THEATRES GROUP, VANCOUVER, BRITISH COLUMBIA

The Orpheum, Annex, Queen Elizabeth Theatre, Plaza and the Vancouver Playhouse are part of Vancouver's Civic Theatres group of live performance venues:

- The **Orpheum** - theatre and music venue with a capacity for 2600 seats. The Orpheum is located on Granville Street near Smithe Street in Vancouver's downtown core
- The **Orpheum Annex** - Located at 823 Seymour Street next to The Orpheum, The Annex presents cabarets, dance and music. The space converts from a flat-floor to a standard theatre with 193 seats.
- The **Queen Elizabeth** - 2,765 seats and located in downtown Vancouver and includes an art gallery curated by Emily Carr University
- **Queen Elizabeth Plaza** - Outside the Queen Elizabeth Theatre, the QE Plaza presents outdoor performances and festivals.
- **Queen Elizabeth Salons** - Located downtown between the Queen Elizabeth Theatre and the Vancouver Playhouse, the Salons are used for pre and post show receptions, events and programs.
- **Playhouse** - 668 seats, as a more intimate theatre also located in downtown Vancouver. The Playhouse hosts dance, chamber music, film events, and theatrical productions.

Following the renovation and renewal of Vancouver’s Civic Theatres and the implementation of Vancouver’s Culture Plan, the City is currently undertaking a comprehensive review of all Civic Theatre operations with a Strategic Plan initiated in 2012 and in development throughout 2013.

The theatres are currently governed by the Board of the Vancouver Civic Theatres, whose terms of reference are as follows:

- Encourages theatre use by certain forms of entertainment and types of organizations
- Analyzes and recommends theatre policies or methods used elsewhere
- Works with other facilities and concessions to operate the theatres
- Creates an annual budget of the Vancouver Civic Theatres
- Determines theatre facilities rental fees
- Brings theatre-related matters that need action by City Council to Council

LINCOLN CENTRE FOR THE PERFORMING ARTS, NEW YORK, NEW YORK

LCPA mandate indicates it serves three primary roles: *world’s leading presenter of superb artistic programming, national leader in arts education and community relations and manager of the Lincoln centre campus*. As the world's largest presenter of performing arts offering some 5,000 programs, initiatives and events annually, its programs include American Songbook, Great Performers, Lincoln Center Festival, Lincoln Center Out of Doors, Midsummer Night Swing, the [Mostly Mozart Festival](#), and the [Emmy Award](#)–winning [Live from Lincoln Center](#).

A commitment to local and global community outreach and education is also a central component of their mission. They service nearly three quarters of a million people with their community and education program initiatives.

The center has 29 indoor and outdoor performance facilities including:

- [Alice Tully Hall](#): 1,095-seat concert hall located within the [Juilliard School](#) building; the home stage of [The Chamber Music Society of Lincoln Center](#).
- [Avery Fisher Hall](#) (formerly Philharmonic Hall): 2,738 seat symphony hall; the home stage of the [New York Philharmonic](#)
- [Metropolitan Opera House](#): 3,900 seat opera house; the home stage of the [Metropolitan Opera](#)
- [David H. Koch Theater](#) (formerly New York State Theater): 2,713 seat theater; constructed to be the home of the [New York City Ballet](#), it is also the former home of the [New York City Opera](#) and the Music Theater of Lincoln Center companies
- [Vivian Beaumont Theater](#): 1,080 seat [Broadway](#)-style theater; operated since 1985 as the main stage of Lincoln Center Theater; previously occupied by The Repertory Theater of Lincoln Center (1965–1973) and The New York Shakespeare Festival (1973–1977)
- Mitzi E. Newhouse Theater (originally known as the Forum): 299-seat theater; operated by Lincoln Center Theater for its [Off-Broadway](#)-style productions.
- Claire Tow Theater: 131 seat theater operated by Lincoln Center Theater to house its more experimental productions.
- The [Walter Reade Theater](#): 268 seat movie theater; used by the [Film Society of Lincoln Center](#); features a raised dais used for post-screening filmmaker discussions
- [Elinor Bunin Munroe Film Center](#)

- Bruno Walter Auditorium at the [New York Public Library for the Performing Arts](#)
- The David Rubenstein Atrium: a facility on [Broadway](#) between [62nd](#) and [63rd Streets](#); includes a public visitors' and discount-ticketing facility with amenities that include free performances and a café
- The Clark Studio Theater: 120 seat dance theater; a part of the facilities of the [Lincoln Center Institute](#) for the Arts in Education
- [Damrosch Park](#): an outdoor amphitheater with a bowl-style stage known as the Guggenheim Band Shell; used for free Lincoln Center Out of Doors presentations
- Daniel and Joanna S. Rose Rehearsal Studio
- Josie Robertson Plaza: the center's central plaza, featuring its iconic fountain; the three main buildings (Metropolitan Opera House, Avery Fisher Hall, and David H. Koch Theater) face onto this plaza; used as an outdoor venue during Lincoln Center Out of Doors presentations
- [Juilliard School](#): a facility housing the school of the same name: building also incorporates [Morse Recital Hall](#), [Paul Recital Hall](#), the [Juilliard Drama Theater](#) and the [Peter J. Sharp Theater](#)
- [Stanley H. Kaplan Penthouse](#): a nightclub-style venue; used for intimate concerts, "Meet the Artist" and Great Performers events, lectures, and other events where a small, intimate space is preferred; was also used for jazz performances prior to the construction of the new Jazz at Lincoln Center facilities
- [Jazz at Lincoln Center](#): while a part of the center, it is located separately in the Frederick P. Rose Hall complex within the [Time Warner Center](#) at [Columbus Circle](#). It consists of the following performance and related facilities:
- [The Allen Room](#): 508 seat amphitheater with 50-foot (15-metre) glass wall overlooking [Central Park](#); as of August 2011, this space also became the recording studio for [Anderson](#), a [daytime-television talk show](#) hosted by [Anderson Cooper](#)
- [Dizzy's Club Coca-Cola](#): a nightclub-style venue that allows jazz to be performed in its traditional venue
- [Rose Theater](#): 1,094 seat concert hall designed for jazz performances
- [Irene Diamond](#) Education Center: a rehearsal, recording and classroom facility

NEW JERSEY PERFORMING ARTS CENTRE (NJPAC), NEWARK, NEW JERSEY

The **New Jersey Performing Arts Center (NJPAC)**, in downtown [Newark](#), is one of the largest performing arts centers in the United States.

NJPAC has been an important component in revitalization of New Jersey's largest city. Located just west of the [Passaic River](#) waterfront, the Center lies in the heart of the city's cultural district around [Military Park](#) and Washington Park that also includes the [Newark Museum](#), [New Jersey Historical Society](#), and the [Newark Public Library](#). The [Prudential Center](#) is just to the south.

Home to the Grammy Award-winning [New Jersey Symphony Orchestra](#) (NJSO), more than 6 million visitors (including more than one million children) have visited the center since it opened in October 1997 on the site of the former Military Park Hotel.

NJPAC has one of the largest arts education programs offered by a performing arts center in the nation. The program includes arts training classes, scholarships, in-school residencies, professional development, and family and children's programming, allowing students, teachers and families to interact with professional artists and explore the various genres of music, theater, dance, poetry and more

The State of [New Jersey](#) decided to build a world class performing arts center in 1986, when then [Governor of New Jersey Thomas Kean](#) appointed a committee to decide the location and the needs of New Jersey's performing arts organization. They chose Newark over other cities because of the density of the surrounding areas, proximity to [New York City](#), highway and rail access to the site, and a location inside a city in need of revitalization. The last reason was considered especially important. A major goal of NJPAC was to help revitalize the city, bringing people back into blighted areas and provide jobs for local rock bands

NJPAC includes the following theatres and facilities:

- **Prudential Hall**, 2,800 seats arranged in four horseshoe-shaped tiers, with boxes & orchestra seating
- **Victoria Theatre**, 514 seat smaller theater
- **The Chase Room**, is home to center's cabaret performance series, bi-annual hip hop festival, and spoken word series
- **Horizon Theater**, 88 seat black box theater

KENNEDY CENTRE FOR THE PERFORMING ARTS, WASHINGTON, WASHINGTON D.C.

The Kennedy Centre is governed by the National Cultural Center Act and includes four basic components: it authorized the Center's construction, spelled out an artistic mandate to present a wide variety of both classical and contemporary performances, specified an educational mission for the Center, and stated that the Center was to be an independent facility, self-sustaining and privately funded.

The Kennedy Center includes 5 theatres with the three main theaters being the Concert Hall, Opera House, Eisenhower Theater and two smaller community stages - the Family and Terrace:

- **Concert Hall:** 2,465 seats, the Concert Hall is located on the south side of the Center, and has a seating arrangement more similar to that used in many European halls such as [Musikverein](#) in Vienna. The Concert Hall is the largest performance space in the Kennedy Center and is the home of the [National Symphony Orchestra](#).
- **Eisenhower:** 1,164 seats, the Eisenhower Theater, on the north side, is named for President Dwight D. Eisenhower, who signed into law the National Cultural Center Act on September 2, 1958. It primarily hosts plays and musicals, smaller-scale operas, ballet and contemporary dance. The theater contains an orchestra pit for up to 35 musicians that is convertible to a forestage or additional seating space
- **Opera:** 2,300 seats, the Opera House, in the middle, is the major opera, ballet, and large-scale musical venue of the Center. It is the home of the [Washington National Opera](#) and the annual [Kennedy Center Honours](#).
- **Family:** 324 seats, the Family Theater was opened on December 9, 2005, it replaces what was once the [American Film Institute](#) Film Theater located off the Hall of States. The new Family Theater provides a home for world-class family theater performances for the nation's youth and continues the Kennedy Center's \$125 million commitment to performing arts education for adults and children alike
- **Terrace:** 513 seats, was constructed on the roof terrace level in the late 1970s as a Bicentennial gift from the people of Japan to the United States. It is used for intimate performances of chamber music, ballet and contemporary dance, and theater.

Other performance venues include:

- **The Theater Lab:** 399 seats for the current 23-year run of the whodunit, [Shear Madness](#).
- **The Millennium Stage.** Part of the concept of "Performing Arts for Everyone" launched by then-Chairman James Johnson in the winter of 1997, the Millennium Stage provides free performances every evening at 6:00 pm on two specially created stages at either end of the Grand Foyer. A broad range of art forms are featured on the Millennium Stage. These include performing artists and groups from all 50 states and an Artist-in-Residence program featuring artists performing several evenings in a month. Every show on the Millennium Stage is available as a simulcast of the live show at 6:00 pm as well, and is archived for later viewing via the Kennedy Center's website. "Performing Arts for Everyone" was designed to introduce the Kennedy Center and its programs to a far wider audience than ever before by providing a performance open to the public and free of charge 365 days a year. In addition, "Performing Arts for Everyone" initiatives include low- and no-cost tickets available to performances on every stage of the Kennedy Center, and several outreach programs designed to increase access to the Center's tickets and performances.

- **The KC Jazz Club.** On March 12, 2003 the space formerly known as the Education Resource Center was officially designated the Terrace Gallery. It is now home to the Kennedy Center [Jazz Club](#).

THE BARBICAN CENTRE, LONDON, ENGLAND

The **Barbican Centre** is a [performing arts centre](#) in the [City of London](#), England, and is the largest of its type in Europe. The Centre hosts [classical](#) and [contemporary music](#) concerts, theatre performances, film screenings and [art exhibitions](#). It also houses a library, [three](#) restaurants, and a [conservatory](#). The [London Symphony Orchestra](#) and the [BBC Symphony Orchestra](#) are based in the Barbican Centre's concert hall.

The Barbican Centre is owned, funded, and managed by the [City of London Corporation](#), the third-largest arts funder in the United Kingdom. It was built as the city's gift to the nation at a cost of £161 million (equivalent to £400 million in 2007), and opened by Queen [Elizabeth II](#) on 3 March 1982

- **Barbican Hall:** capacity 1,949; home of the London Symphony Orchestra and the BBC Symphony Orchestra.
- **Barbican Theatre:** capacity 1,166
- **The Pit:** flexible 200-seat theatre venue
- **Barbican Art [Gallery](#)** and the free new-commission gallery The Curve
- **Barbican Film** – 3 cinema screens with [seating capacity](#) of 288, 156 and 156
- Informal performance spaces
- Restaurants: 3
- Conference halls: 7
- Trade exhibition halls: 2

The second-floor library is one of the five [City of London libraries](#). It is one of the largest public libraries in London and has a separate arts library, a large music library and a children's library which regularly conducts free events.

WHAT IS PRESENTING?

Arts presenters select the artistic programming for public presentation in their community based on an artistic vision. They purchase performances and other artistic activities created by professional artists, groups and companies; and they are responsible for paying a guaranteed fee to the producer for each presentation. They provide the venue and supply the technical and promotional support. Presenters may also organize audience development and/or outreach in support of their artistic programming. They have a thorough knowledge of the audiences in their communities, of the professional arts community and of the various networks that support both the artists and the presenters.

Source: Canadian Heritage

CAPACOA

TORONTO SPECIAL EVENTS (TSE) PRODUCED EVENTS

Toronto Special Events (TSE) is a full-service Section of the City of Toronto's Economic Development & Culture division.

- [Canada Day](#)

Celebrate Canada's 146th birthday at Mel Lastman Square

Monday, July 1, 2013

- [Summerlicious](#)

Toronto's city-wide Prix Fixe restaurant promotion

July 5 - July 21, 2013

- [Sunday Serenades](#)

The best in swing, big band and jazz at Mel Lastman Square

July 7 – Aug 18, 2013

- [Fresh Wednesdays](#)

Noon-hour concerts and the Farmers' Market at Nathan Phillips Square

July 10 – August 28, 2013

- [Tasty Thursdays](#)

Live music and food from the grill at Nathan Phillips Square

July 11 - August 29, 2013

- [Scotiabank Nuit Blanche](#)

Toronto's free all-night contemporary art event

Saturday, October 5, 2013

- [Cavalcade of Lights](#)

Glittering holiday lights, music and fireworks at Nathan Phillips Square

Saturday, November 30, 2013

- [Winterlicious](#)

City-wide prix fixe restaurant promotion and culinary events

January 31 - February 13, 2014

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SONY CENTRE

CULTURE
asset
management

Executive Summary

This Executive Summary is primarily for the 2014 transition year portion of report Part 4 to the Sony Centre by the Cultural Assets Management Group.

Mission

Since its creation in 1960, the Sony Centre's mission is to engage Torontonians and visitors through performance and related activities as performing arts spaces and expert professionals have done since humanity first gathered in communities.

Vision

The Centre intends to engage Torontonians and visitors in significantly more programming types than in recent years and greater number of performances by several magnitudes. This will be a continuation of efforts begun since the spring and summer of 2013. The additional volume will revitalise the Centre's marketing, sponsorship generation and multiple revenue centres.

As other community cultural institutions have done in recent decades, the Sony Centre will modernize and enrich its services to, and engagement with, citizens and visitors across the greater Toronto area and beyond. For guidance in its evolution, the Centre will look to the evolved performing arts centre model (PAC) as manifest by many PACs across North America and the world. In 2014, the Sony Centre will effectively transition to a performing arts centre model (PAC) whether it calls itself that or not.

As appropriate, the Centre is and will compete, co-operate and partner with other theatres and related organizations in the GTA and beyond.

The Centre along with the St. Lawrence Centre and the Toronto Centre for the Arts, are already exploring sharing resources in order to be more effective and efficient. The Boards and staff of the theatres will work together both directly, and through a Theatres Working Group which will explore cooperation and partnering options up to and including amalgamation.

Operating Model & Governance Structure

As widely recognised, the failure of the existing operating and governance models require that they be replaced with proven substitutes or suffer serious continuing underperformance. The target operating model for the Sony Centre must be the performing arts centre model in place in many major cities around the world. As PACs do, the Centre PAC must operate as an independent not for profit operation and will be supported by a dedicated not-for-profit Toronto Theatres Foundation (TTF). This will enable the Centre's expert professional staff to fully implement their plans.

Programming

The Centre will provide a full spectrum program portfolio. See complete Part 4 report. The portfolio will be managed to provide a broad program mix which, overall, will meet the following objectives:

- Engagement
- Entertainment and artistic merit
- Broad and niche
- Stimulating, regenerating and educating all patrons, performers and other participants.

The mix will include, but not be limited to the following programming:

- Broad appeal including theatre, dance, comedy, children’s programming, variety, orchestral, concert, festivals, and Broadway style programming
- Niche programming including programming to special interests
- Educational programming directly and by partnering with educational institutions.
- Community programming (e.g. youth, school break camps, mentoring, nurturing, incubating).

Marketing & Operations

In order to better understand its audiences and to deliver both programming and marketing to them, the Centre will use all available modern technologies including social media, transaction systems and psyte cluster analysis of patrons and related markets.

Sales

The Centre will rent its stage and other rentable spaces and its technologies and staff. It will use flexible pricing in order to optimise the Centre’s financial, service, community program development objectives over its program portfolio and appropriate time periods.

Budget 2014 & Financial Return

For budget year 2014 the Sony Centre will ask for an incremental amount to cover the extra costs of programming, marketing and development as set out in the reports prepared by the Centre and attached hereto as Schedules A and B.

In return, the Centre will generate offsetting economic returns for the City and Torontonians.

Foundation

A foundation dedicated to the Centre’s PAC will be created based on the operating and governance models of other PACs. Its objective will be to provide the TPAC with 30% of its annual operating revenues within 10 years.