

# St James Theatre Charitable Trust

## Business Plan 2009/10

1. Executive Summary
2. Product / Service / Business Definition
3. Current Customer Profile
4. Competition
5. SWOT Analysis
6. Objectives
7. Target Market
8. Strategy & Tactics
9. Budget

### 1. Executive Summary

#### *Entertaining Wellington*

The Trust continues to achieve the mission of “Keeping the two historic theatres as viable working theatres, delivering high quality experiences (shows) to Wellingtonians and visitors and contributing to the Council's outcomes including Stronger Sense of Place, More Eventful, More Inclusive and More Actively Engaged”.

Vital to the Trust's success is the relationship with its hirers, both overseas, local and community, to attract shows to Wellington. The Trust has worked hard to develop new hirers and has had some major achievements in this area developing new genre and markets in the performing arts and events. The position of Director Programming was created in 2008 in order to maximise every opportunity to attract successful shows and events. The Trust is particularly aware of the necessary preparation for the global opportunity in marketing Wellington as the Cultural Capital of New Zealand presented by 2011.

The centenary anniversary for the St James Theatre is in 2012 and for the Opera House is in 2014.

### 2. Product/ Service / Business Definition

The theatres are available as venues for hire every day of the year. If not hired the theatres close on statutory days and over the Christmas break in order to save costs.

The theatres provide a broad range of high quality shows ranging from traditional opera, ballet, drama and musicals, both International and New Zealand, through to community, contemporary NZ music, cultural, polyfest, kapa haka, comedy, special interest groups and churches. Of particular note is the dramatic increase over the past years in the number of non traditional and community shows/events. In the early days of the Trust the vast majority of shows in both theatres were traditional theatre shows. In the Opera House, in particular, the percentage of non traditional or community group shows has grown significantly.

Marketing the venues as more accessible for the wider community continues to be a focus of the Trust. Maintaining traditional audiences as well as attracting new ones is even more important in the current economic climate.

The theatres maintain their established high level of reputation with hirers due to the skilled and dedicated technical (backstage) workforce. The Trust will continue to be a leader in the industry with regard to OSH and the application of the theatre industry's Guide to Safe Working Practices.

Food and Beverage plays a vital role in the cash flow and profitability of the Trust. The Trust will continue the focus on developing other revenue streams in 2009/2010 to support the theatres. The use of the thrust stage for AGMs, presentations and Dinners has been a great success.

Major capital projects for the year ahead include the development of Jimmy's and the ground floor foyer into a more efficient entertainment venue in order to maximise on the reputation of Courtenay Place as the party area for Wellington.

Discussions will continue with Wellington City Council concerning the long term Asset Management Plan which is being developed for both Theatres.

The core business is made up of five key areas:

- Show Business
- Food, Beverage and Other Income
- Sponsorship
- Theatre Support
- Trust and Other Assets

The following list is representative of the services currently provided:

- The St James Theatre – 1552 seats
- The St James Theatre Stage for events and dinners up to 500 pax
- St James First Floor Gallery for exhibitions, events and dinners up to 500 pax
- Hospitality Suite for events and dinners up to 150 pax
- Denis Adam Opera Suite for events and dinners up to 30 pax
- The Jimmy Café /Bar and events or dinners up to 500 pax
- The Opera House – 1350 seats
- The Opera House stage for events and dinners up to 350 pax
- The Opera House circle foyer for events and dinners up to 150 pax
- The Opera House balcony suite for events and dinners up to 30 pax
- Ticketek are the ticketing service provider for the theatres
- Car Parks for lease at both the St James and the Opera House
- Four tenancies at the Opera House

### 3. Current Customer Profile

Approximately 200,000 users per year including non performance events

73% are Wellingtonians drawn from all socio economic groups and age groups

Ballet, dance, music and concert events are the majority with comedy becoming very popular followed by theatre.

NZ European are the majority of ticket buyers (approx 58%) between the ages of 30 – 59 (approx 59%)

### 4. Competition

The Michael Fowler Centre, TSB Bank Arena and the Town Hall are the only real competition within Wellington. Nationally there is little competition however the Edge in Auckland and V Base in Christchurch offer opportunities for cross promotion along with some regional theatres and festivals.

Other theatre/venue providers in Wellington include:

- Downstage
- Circa
- BATs
- Soundings (Te Papa)
- Capital E
- San Francisco Bath House
- The Front Room
- Bar Bodega

## 5. SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<p>Strong market position and reputation            Strong relationships with hirers including major international promoters            Growing relationships with broader number and genre of promoters            Established reputation for quality            Strong technical expertise making major shows possible            Reputation for quality of service            Strong branding            Ability to deliver on time            Leadership            Ability to respond to changing conditions            Highly familiar with the industry            Complementary programming between two theatres            State of the Art Flying Systems            Broad range genre – not restricted to one            Capacity to increase production            Events, programming and shows            Jimmy Café – keep the lights on            Utilisation of Jimmy Café for non-performance events            Opera House Café space</p>	<p>Too big for regional touring            Too small for major international touring product            On the coat tails of the international touring circuit rather than a key player            International show doesn't want to come to Wellington unless willing to take the risk            Dependence on core users            Volatility of the business            Size of Wellington market            Lack of independent funding source to bring shows to Wellington            Need for Council funding to get major shows to Wellington            Population between a major city and regional centre            Spaces outside auditoria need proper development and investment to grow            Events and Conference business (sound proofing, air handling, black out, internet access, AV)            Cost of operating Cafés            No government event business without lift at Opera House</p>

<b>Opportunities</b>	<b>Threats</b>
----------------------	----------------

Opportunities	Threats
<p><i>Demographics</i> Making better use of:</p> <ul style="list-style-type: none"> <li>• population trends</li> <li>• age distribution</li> <li>• lifestyle trends</li> <li>• population's level of education</li> <li>• ethnicity of the population (increase in Asian/Pacific population, opening new markets)</li> <li>• increased use of the www and other new technologies</li> </ul> <p>Audience development</p> <p><i>Market / Competition (NZ)</i> Close relationship with The Edge, Auckland – enabling and facilitating major shows to come to NZ Close relationships with key festivals Increased Joint Ventures providing more shows, control and stability Increased Risk Shows Leveraging off other NZ events and initiatives</p> <p><i>Market / Competition (Wellington)</i> Number of players in the market Monopoly biggest stages and proscenium arch theatres Developing new audiences Opportunities to access new audiences through new media/technologies Marketing partnerships/sponsorship Leveraging off other Wellington events and initiatives Leveraging off conferences Smaller/more conference &amp; event facilities Outsourcing some of the F&amp;B operation(s)</p>	<p><i>Demographics</i> Population trends – possible reduction in interest in live theatre/traditional audience Ethnicity of the population – possible change of interest in live theatre/traditional audience</p> <p><i>Economic Downturn</i> Decline in discretionary spend Lack of sponsorship opportunities</p> <p><i>Market / Competition (NZ)</i> Auckland's positioning as Arts Centre – threatening Wellington's Arts and Culture Capital</p> <p><i>Market / Competition (Wellington)</i> Small size of the market Competition for discretionary dollar and time Number of players in the market Increased number of venues Free events (impacting leisure time) Patrons are time poor Technology and other entertainment Promoters losing money in Wellington Over-programming Loss of core hirers Competition from funded organisations</p>

## 6. Objectives

The Trust's objectives and direction are largely defined by its Trust Deed (1998) and by subsequent agreements with the Settlor, particularly in relation to the acquisition of the Opera House.

The objectives for which the St James Theatre Charitable Trust was established are:

- (a) To acquire and preserve the St James Theatre in recognition of its value to the citizens of Wellington as an historic building.
- (b) To manage, promote, refurbish and administer the St James Theatre as a venue for the live performance of cultural and artistic events so as to promote an appreciation of the arts in Wellington and to enter into management agreements and other contracts that are necessary or desirable for that purpose.
- (c) To acquire any land or other assets where the Trustees determine that such land or other assets are to be used as part of the facilities of the St James Theatre or in connection with its management and operation.
- (d) Generally to sponsor, support and promote performing arts, and the preservation of historic buildings, in Wellington, but only if the primary objects in (a) (b) and (c) above are, in the complete discretion of the Trustees, being served.
- (e) Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the other objects of the Trust set out above.

## 7. Target Market

The mission of the Trust is to provide a world class theatre experience for all Wellingtonians and visitors, as well as for local and international theatre hirers, at the St James Theatre and the Opera House and in doing so to be a major contributor to the:

*positioning Wellington as an affordable, internationally competitive City.*

In short the Trust works to achieve its logo tag line of “Entertaining Wellington” - of all ages and cultures.

## 8. Strategy

Focus on our future:

- (a) Concentrate on achieving the continued financial viability and overall success of both theatres in order to prevent the need for capital assistance from the settlor.
- (b) Continue to manage and develop the St James Theatre and the Opera House, delivering high quality experiences, events and programmes for the residents of Wellington and national and international visitors. The theatres are primarily venues for hire but as necessary will joint venture with promoters in order to “keep the lights on”. Buying shows are a big risk and will require capital from external investors but will still be looked for, and considered, by the programming team.
- (c) Proactively seek to develop new initiatives that link to its role as a key provider of performing arts venues within Wellington. Examples of this are the assistance given to Downstage and increased collaboration with the Wellington Convention Centre.
- (d) Further develop and broaden the range of programmes with an aim to reach continually wider audiences.

- (e) Develop national and international relationships that benefit the venues by partnering with other institutions such as Sadlers Wells (London), the Sydney Opera House and the Esplanade (Singapore).
- (f) Support the marketing initiatives of Positively Wellington Tourism to ensure a balanced programme of events and exhibitions that will enhance the overall visitor experience to Wellington.
- (g) With a focus on sponsorship continue to form close links and partnerships with private sector entities who are interested in the performing arts.
- (h) Work with others in the arts and heritage sector to promote opportunities for joint events and continue to form links with the wider Wellington community, including the education sector.

#### Weathering the Storm:

Promoters are less willing to bring product because of the economic situation. Straight venue hire is increasingly difficult. The Trust has 3 choices:

**Go dark** (by doing so we are not keeping to our mandate of *Entertaining Wellington* and there will be dark holes on Courtenay Place and Manners St with resulting consequences socially and commercially from an Events perspective).

**Buy Shows** (*Slava* is the last Show the Trust has contracted to buy – agreement was made in August 2008). In December 2008 the Trust made it clear that unless external funding was available buying shows has become too much of a risk.

**Joint Venture** this option carries little risk and is the method by which, in the current market, we can continue to work with promoters to bring Shows to the Theatres, keeping the lights on and making the point of difference that sells Dinners on stage etc.

**Capex** is on hold. Unless we can find external funding projects are being deferred. This does not mean that planning has stopped but we have to find the money to meet the price before progressing.

**Human Resources** the Trust is not replacing vacant positions unless it has to, there may be a freeze on salaries and management are encouraging unpaid leave/shorter working weeks where possible. Full time positions have been cut from 19 to 15 and part time positions are being offered less hours.

## 9. Budget

<b>St James Theatre Charitable Trust</b>															
<b>2009/10 Budget</b>															
	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	2010/11 Indicative Budget	2011/12 Indicative Budget
<b>Revenue</b>															
Performance revenue	38,494	44,251	38,990	145,586	78,672	63,170	-	94,918	166,317	143,395	171,425	87,520	1,072,739	1,083,466	1,137,640
Performance Recoveries	12,640	7,060	7,490	43,095	16,150	10,000	-	21,005	34,160	17,225	40,545	19,940	229,310	231,603	243,183
Event venue hire	22,800	11,800	16,550	11,300	21,500	19,500	2,300	3,500	4,100	10,100	16,500	11,300	151,250	152,763	160,401
Food & Beverage revenue (inc. corkage, commssion, recoveries)	173,251	95,538	108,616	143,046	140,055	129,930	53,557	89,804	137,110	154,867	174,780	131,769	1,532,323	1,547,647	1,625,029
Grants revenue	17,848	37,848	17,848	12,848	42,848	12,848	17,848	37,848	17,848	12,848	42,848	12,848	284,176	287,018	301,369
WCC Events Funding	-	-	-	-	200,000	-	-	-	-	-	-	-	200,000	200,000	-
Sponsorship revenue	14,167	19,167	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	100,000	101,000	106,050
Merchandise revenue	488	1,152	805	2,765	1,744	1,750	-	883	2,159	5,083	3,815	2,502	23,146	23,378	24,547
Tenancy revenue	15,444	15,444	15,444	17,444	17,444	17,444	17,444	17,444	17,444	17,444	17,444	17,444	203,326	205,359	215,627
Box Office revenue	10,393	3,818	3,748	8,668	5,849	5,845	-	5,248	13,649	16,583	11,648	7,596	93,046	93,976	98,675
Other revenue	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	114,996	116,146	121,953
Interest revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Own Shows inc. rental	552,239	-	-	-	-	-	-	-	-	-	-	-	552,239	-	-
Revenue Joint Ventures	-	-	5,620	11,240	11,240	-	-	5,770	32,280	44,694	-	11,240	122,084	158,709	166,645
<b>Total Revenue</b>	<b>867,346</b>	<b>245,661</b>	<b>231,361</b>	<b>412,242</b>	<b>551,752</b>	<b>276,736</b>	<b>107,398</b>	<b>292,669</b>	<b>441,316</b>	<b>438,489</b>	<b>495,255</b>	<b>318,409</b>	<b>4,678,635</b>	<b>4,201,064</b>	<b>4,201,117</b>
<b>Expenditure</b>															
Cost of goods sold	52,893	28,284	34,498	44,183	40,022	39,326	17,512	28,277	43,914	56,030	59,630	41,072	485,643	490,499	515,024
Payroll - fixed	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	1,261,638	1,274,254	1,312,482
Payroll - variable	56,290	52,062	54,650	82,310	59,945	58,026	34,898	61,222	86,900	71,642	88,643	64,480	771,069	778,780	802,143
Marketing	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	156,000	157,560	162,287
Operating	62,794	60,601	58,846	60,886	60,866	61,632	60,200	55,897	56,379	58,414	60,991	90,571	748,077	755,558	778,225
Property	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	528,600	533,886	549,903
Interest expense	4,413	4,363	4,313	4,262	4,211	4,160	4,108	4,056	4,004	3,951	3,898	3,845	49,584	45,000	41,000
Finance costs	708	708	708	708	708	708	708	708	708	708	708	708	8,500	8,585	8,843
Expenditure - Own Shows	453,959	-	-	-	-	-	-	-	-	-	-	-	453,959	-	-
Expenditure - Joint Ventures	-	-	1,870	3,740	3,740	-	-	1,870	14,960	19,230	-	3,740	49,150	63,895	65,812
<b>Total Expenditure (before depreciation)</b>	<b>793,244</b>	<b>308,206</b>	<b>317,072</b>	<b>358,276</b>	<b>331,679</b>	<b>326,039</b>	<b>279,613</b>	<b>314,218</b>	<b>369,051</b>	<b>372,162</b>	<b>376,058</b>	<b>366,603</b>	<b>4,512,219</b>	<b>4,108,017</b>	<b>4,235,717</b>
<b>Net Surplus (Loss) before depreciation</b>	<b>74,102</b>	<b>(62,544)</b>	<b>(85,710)</b>	<b>53,966</b>	<b>220,073</b>	<b>(49,302)</b>	<b>(172,214)</b>	<b>(21,549)</b>	<b>72,265</b>	<b>66,327</b>	<b>119,197</b>	<b>(48,195)</b>	<b>166,416</b>	<b>93,048</b>	<b>(34,600)</b>
Depreciation Operational Assets	6,603	6,781	6,961	6,975	6,989	7,042	7,096	7,110	7,123	7,176	7,296	7,309	84,462	82,000	80,000
Depreciation Infrastructural Assets	45,254	45,275	45,316	45,316	45,316	45,337	45,379	45,379	45,379	45,400	45,441	45,441	544,234	530,000	520,000
<b>St James Theatre Trust Net Surplus/(Deficit) After Depreciation</b>	<b>22,245</b>	<b>(114,600)</b>	<b>(137,988)</b>	<b>1,674</b>	<b>167,767</b>	<b>(101,681)</b>	<b>(224,689)</b>	<b>(74,038)</b>	<b>19,763</b>	<b>13,752</b>	<b>66,460</b>	<b>(100,946)</b>	<b>(462,281)</b>	<b>(518,952)</b>	<b>(634,600)</b>