



Raise the curtains!

Cirque du Soleil matches circus magic with the pragmatism of the business world. This combination gave birth to a business that annually grows 15 per cent and has revenues of almost US\$ 600 million. A true creativity lesson for any company.

In “Old Montreal”, the historic city centre, the two-stored buildings and the silvery dome of Bonsecours — that used to be an agricultural marketplace — face the Saint Laurent River and the old harbor. The landscape is still gray in the beginning of spring, but at wharf #5, we can see colored flags dancing to the wind over the blue-and-yellow big top. Long rows of vehicles enter the improvised parking lot at an adjacent open ground and a crowd of children, teenagers, and adults move forward on foot. Everyone is coming to watch the evening presentation of “Corteo”, the latest show from Cirque du Soleil.

The show tells the story of a clown that pictures his own funeral and remembers the crucial moments of his life. Celestial settings, with angels flying at the highest spots under the big top, are interchanged with acrobatic numbers, jugglery, and extraordinary acts such as Valentina’s, a 2’ 4” little woman who floats in the air suspended by a bouquet of translucent balloons and lands over the shoulders of a giant over 6’ 7”. At the back of the stage, musicians disguised as clowns play and sing live. There are no dialogues, only a few sentences said in Italian, but the precise combination of sounds, lighting, and physical dexterity amazes and touches the audience along the almost 3 hours of show.

Content creators

Cirque du Soleil amazes more than 7 million spectators annually, as well as teachers and students from business schools. In Harvard and Insead, for instance, they study the Cirque du Soleil case in an attempt to find out the reason for its sustained growth, especially over the last 10 years, despite the fact that the business is currently declining threatened by the competence of the electronic entertainments and the high costs of logistics, among others.

In order to understand the reason for its success, nothing better than talking to one of its creators, Michael Bolingbroke, general director of shows and responsible for strategy and profitability. Initially, he was chief of the Amsterdam office where the European tours are managed, then he went to the Las Vegas branch office, and for six months now, he has been at the headquarters in Montreal. “We are content creators”, said him in a British accent that reveals his origin. He explains the business as follows: “We manage 11 shows, some are touring and some are resident. Touring shows demand a complex logistics operation, supervised and directed by people both in Montreal and in the tour, where 80 trucks are used to transport big tops, sceneries, and clothing. Tours have a very tight schedule — he adds —. We stay for five to six weeks in each town. The tours generally end on a Sunday and ten days later, everything is set to present the show in another



Repertoire

Saltimbanco. With the purpose to “celebrate life”, includes acts with trapeziiums, ropes, and aerial pirouettes. The music incorporates tribal, classic, and modern rhythms. Premiere: 1992; on tour around Europe in 2005.

Alegría. “Baroque and operatic” in style, the emphasis is on the acrobatic acts. There are also contortionists and typical acts from street performers. Premiere: 1994; on tour around Japan in 2005.

Mystère. Defined as “an overwhelming sensory experience”, it alternates acrobatics and dances during 90 minutes. Premiere: 1994; resident in Las Vegas.

Quidam. Inspired on the idea to “transform the anonymous world into a place of hope and connection”. Quidam means “lonely passer-by, someone lost in the crowd” in Latin. Acrobats, clowns, and contortionists are the main protagonists. Premiere: 1996; on tour around Australia in 2005.

O. The name of the show plays with the sonority of the word “water” in French. The scenery is a huge pool, 16.4 feet deep, where acts in the water are alternated with acrobatics. Premiere: 1998; resident in Las Vegas.

La Nouba. The spirit is concentrated in its title, which originates from the French phrase “faire la nouba”: to party, to celebrate. It suggests a

mystic world where the acts of the “Cirques” (circus people) clash with the acts of the “Urbains” (urbanites). Premiere: 1998; resident in Orlando.

Dralion. It is the fusion of ancient Chinese circus tradition and the avant-garde approach of occidental artistic tendencies. Music is a combination of Hindu songs and Andalusian, African, and Middle-Europe rhythms. The colors in the costumes represent the four elements of nature. Premiere: 1999; on tour around Europe in 2005.

Varekai. It pays tribute to the nomadic soul, the essence of the circus tradition. Varekai means “wherever” in the Romany language of the gypsies. Premiere: 2002; on tour around the United States in 2005.

Zumanity. This adult-themed production presents a series of cabaret-style acts. Premiere: 2003; resident in Las Vegas.

Ka. Epic show where acrobatics and jugglery acts imitate typical martial arts movements. It presents puppetry, multimedia and pyrotechnics. Premiere: 2004; resident in Las Vegas.

Corteo. Its name means cortege in English; it is the most theatrical of all shows because it has a conducting medium. Besides aerial and acrobatic acts, it includes acting scenes with speeches in Italian. Premiere: April 2005 in Montreal.

location. This year, for instance, a show will start in Perth (Australia) and then will go to Singapore and Hong Kong. Besides having to pack and unpack everything into/from containers every time, we also have to deal with issues related to customs, different languages, local tax offices, currency, finance, and culture. (Please see box titled “Repertory” at page 52). From the 150 components of a touring show, only 50 are artists; the remaining are technicians, logistics people, and teachers in tours that include children. On the other side, the resident tours are presented in Las Vegas and Orlando where our company has partnerships with MGM Mirage and Disney, who are in charge of building or

preparing the buildings where the shows take place. There are already four resident shows in Las Vegas and a fifth one about The Beatles is expected to start in 2006. The entertainment media ensures that the circus has changed the look of the city. Bolingbroke, a little more cautious, says that 13 years ago when they arrived in town with “Mystère”, they found out that it was an ideal market for high quality spectacles. “Given the acceptance of the show, we created “O”, which started five years later. Soon came “Zumanity” and “Ka”. We have been successful with all of them because we keep high levels of artistic quality and production.”

Reinventing the circus

The market that Bolingbroke refers to is a “blue ocean”, according to the theory of Chan Kim and Renée Mauborgne. In their book titled *Blue Ocean Strategy*, these two teachers of Insead, the French school of business, describe the strategies of more than 100 companies and come to the conclusion that they are sailing in a world divided into two oceans: in the red one, companies strive for market share in existing industries, where boundaries and rules are well defined. In the blue one, instead of struggling for customers against their opponents, companies generate demand by opening new industries. Having studied the Cirque du Soleil case, Kim and Mauborgne explain that they have “reinvented” the circus business because, even though they maintain a few typical elements (such as the big top, the clowns, and the acrobatics numbers), others have been left aside (like acts involving animals) and there is great emphasis on music, clothing, and sceneries. The fact that they don’t use animals during the shows enables them to reduce costs related to animal care, as well as to avoid criticism from animal rights defenders and allocate resources to increase customer value. As a result of this strategy, the company has attracted a non-circus audience, implemented a business model that is hard to copy, and managed to be recognized as a long-lasting brand.

Kim and Mauborgne consider that in order to understand the creation of a blue ocean it is necessary to analyze the strategic thinking that guides it. To identify the decisions and actions that caused change of direction and explain the path taken is simple when done retrospectively. However, in the very beginning, when all is yet to be written and there are no milestones, what are the criteria to define strategies? More than accurate calculations and formulas, the early stages of Cirque du Soleil revealed anecdotes, passion, and desires, such as the desire to travel along the world of Guy Laliberté, one of its founders. Laliberté doesn’t come from a family of artists. The son of an executive and a nurse quit secondary school in his native town, Quebec, to travel to Europe. He then learned the fire-breathing technique and traveled along the old continent as a street performer. When he went back to Canada, he got in touch with acrobats and actors from the Baie-Saint-Paul village and formed Le Club des Talons Hauts (the high-heels club, in reference to the stilts used in some acts) to perform in public squares.

Two years later, more precisely in 1984, the group had a unique opportunity. Canada was commemorating 450 years of its discovery and Quebec’s government decided to hire an itinerant performer company to take the celebration to several distinct locations in that area. Laliberté and Daniel Gauthier (another member of the Le Club des Talons Haut) proposed to the local authorities to present a show that would combine street performers and circus acts. And the Cirque du Soleil was born, presenting its first tour under a blue-and-yellow big top with capacity for 800 spectators.

Traveling around the world

Presentations at Quebec were followed by tours in other Canadian states. In 1987, it was the United States turn and then Europe and Asia. It was necessary to enlarge the big top so it would have capacity for 2,500 people. “One of the keys to our success lies on the

fact that our founders realized from the very beginning that creating a spectacle was as important as raising money to produce and promote other shows”, said marketing director Mario D’Amico, an elegant and warm descendant of Italian immigrants. And he adds: “Artistic companies often fail because they live on government subsidy. Laliberté, in exchange, was determined to found a company where art and business could coexist”. D’Amico, who joined Cirque du Soleil six years ago, had large experience from working as marketing responsible for airlines, financial institutions, and soft drink companies. When comparing experiences, he affirms that the main difference is that his function is focused on positioning, promoting, and setting the price of a “product”, but he has no influence on its development. This task, i.e. the idealization of each new spectacle, is accomplished by teams of professionals, under the supervision of the creation department. Obviously, some people from the marketing sector attend the informative meetings during the gestation process in order to understand the theme and the inspiring ideas of the show, “because once it’s taken shape, we have to find it a name and prepare promotional brochures and material”, said D’Amico. And when you ask him about the fundamental characteristic of the shows, he answers that they have lots of opera, ballet, and classical music, meaning that they transport the audience to other worlds. “During two hours and a half —he explains—, our audience forgets about daily worries and is connected to a universe of dreams and fantasy.”

For this reason, people are willing to pay prices similar to an opera presentation or a Broadway musical. In Montreal, for instance, tickets for “Corteo” range from US\$ 40 and US\$ 80, while the “Tapis Rouge” service, which includes beverages and canapés before the show and during the interval on a secondary tent, costs US\$ 200.

The main mission of D’Amico’s department is to attract people who have never been to a Cirque du Soleil spectacle before. “We are sure that if they go see one show, they will be back when we return to their city with a new offer”, he affirms. In fact, 70 per cent of the audience for a particular show has been to a previous show before. For this reason, they don’t need to develop huge massive publicity campaigns. The promotion and public relation processes usually target specific audiences.

When they found out that spectators wished to know more about characters and artists, the company created the “Cirque Club”: a place on the Internet where you can buy tickets in advance, among other things. “Members of the club make questions about our history and our spectacles on the discussion forums”, says D’Amico. “We usually don’t answer the questions ourselves. Another member who knows about the life and work of the protagonists does this. I would love to say that this close relation with our public is due to marketing work, but this is not true. Actually, it is a result of the shows.”

The creative sparkle

The spectacles have a gestation period of two to three years. Guy Laliberté and Giles Ste Croix, leader of the creation department, are responsible for the kick-off, providing the general guidelines. Additionally, they nominate the show director and the creation director, who will in turn select the rest of the team: 10 to 12 people, including costume designer, scenery designer, sound and light technicians, music composer, and choreographer. All of them, including the show director are independent professionals that are hired for each spectacle. The only exception to this is the creation director, who belongs to the company and acts as a link between the independent cell and the employees in charge of costume production and sceneries assembly, among other tasks. After the premiere of the show, the cell is dissolved and an artistic director from the company takes on.

For “Corteo”, the show director was Daniele Finzi Pasca from Switzerland, founder of the clown company Teatro Sunil, and the creation director was Line Tremblay, who has been working at the circus since its foundation. The rest of the team was an exotic blend of

talents from several nationalities, including Jean Rabasse from Algeria, designer of the sceneries with large experience on his specialty area (he was nominated for an Oscar with Vatel, and took part in Asterix, Delicatessen, and The Dreamers), the English Jonathan Denis, responsible for the sound, and the Uruguayan Hugo Gargiulo, who trains the actors.

The greatest challenge of creating this show, according to Tremblay, was blend the theatrical experience of the director with the emphasis that Cirque du Soleil gives to acrobatic numbers.” We had to combine the best of Daniele with the best of ourselves—he explains—, in order to respect the assumption of constant renewal.

Casting is a vital role to the creation task of a show, as well as to the tasks that follow. The 40 members involved on this task must find replacement for 150 artists annually (rotation rate is around 20 per cent annually) and search for the protagonists of the next show. Besides, some acts are created for people with specific kills and therefore they have to travel the world to find artists that fit to the role. Valentina, the Ukrainian acrobat that plays in “Corteo”, for instance, was found working at a Lilliputian circus in tour around Israel.

Overcoming limits

“What defines us, and also limits us at the same time, is the fact that we only produce one or two shows a year”, said Michael Bolingbroke. “There is so much energy and concentration involved, so many creative and artistic resources needed to produce a show that it is just not possible, at least in the medium term, to face several shows simultaneously”, he explained.

However, company managers have found a way to compensate for this restriction. How? Extending the life cycles of the shows. After the premiere in Montreal and after a couple of months of daily routines, they start a tour around Canada and then they travel along the United States for two or three years. Afterwards, the show goes to Europe and Asia. “Saltimbanco”, the oldest one, was created in 1992 and there are no plans to discontinue it, neither there are plans to cancel any of the other 10 shows that compose the company’s repertoire. “Certainly, they will all continue up to the end of this decade”, says Bolingbroke, who will be visiting Brazil and Argentina to study feasibility for a tour in 2006 in both countries. Each time Cirque du Soleil goes to a foreign country, it establishes a partnership with a local entertainment company. “First, we select our associate and then together we identify locations where we could install the big top—says he. We discuss how to promote the show, we look for sponsors and we analyze several aspects of the logistics in order to evaluate the commercial feasibility of the project. We also study the country’s culture to make sure its habitants will enjoy our show. Finally, we pick up a date.” The type of commercial association with the local company varies. In places that have already been visited, they often sign a service agreement. On the other hand, for the new markets, they prefer to share risks and revenues.

Side businesses

While most part of the company revenues comes from ticket sales—total revenue in 2004 was US\$ 500 million—, a significant amount of 25 per cent comes from funds raising by the sponsors and, above all, from secondary businesses: CD and DVD sales, TV program shows, and content creation for third parties. The last one includes, for instance, a partnership with cruiser company Celebrity that bets on enhancing its customers’ experience. Besides designing a cocktail bar that will be constructed in several ships to sell exotic beverages and food, people from Cirque du Soleil will also offer a show full of marine landscapes and fantastic characters, such as the “Wave Correspondent” who passes notes inside bottles along to passengers. According to Bolingbroke, the deal with Celebrity launches a market that will expand to content generation at clubs, restaurants, and hotels.

Delicate balance

Guy Laliberté, who maintains a strict low profile, has always been distinguished by matching art and business according to his company vision. “The artistic part is unorganized and dysfunctional. The business part, however, is ordered. I believe that only a few companies manage to obtain such balance”, says D’Amico. In his opinion, this curious combination is the personal stamp of Laliberté, who not only is chief executive officer but also plays an active role in creating the spectacles. “Guy has two aspects: one is relaxed and the other is quite demanding. He seeks for both characteristics when he recruits executives”, adds the marketing director. For this reason, the company has developed over the years a culture that perpetuates its founder personality, characterized by tension between business and art. “If the business aspects had been given excessive importance, we would have lost our essence; if creation had grown at the expense of the business part, we would have lost money —explains D’Amico—. Ultimately, it is about keeping balance.”

Following the clown’s footsteps

The heart that keeps the system functioning beats at the “International Centre”, where 1,600 of the 3,000 employees are based: from top executives and administrative personnel to carpenters, physical and artistic trainers, tailors and shoemakers.

Located 30 minutes away from Montreal by car, the building has 75,000 square meters, from which 32,000 square meters are covered area, and its construction represented an investment of 60 million Canadian dollars (around US\$ 50 million). It has two different modules that were built in phases. The first one was finished in 1997 and houses the training studios: huge spaces with hangar-like dimensions where there are only trapeziums, a pool full of foam cubes and ropes that fall from the ceiling.

When we visited them at the end of April, around 50 young people, divided into groups, were performing warming-up exercises at 9:00 a.m. to the rhythm of electronic music. They are around 20 years of age and receive general training, but they don’t know whom they will be replacing or if they will be part of a new show.

By noon, the cafeteria is full of athletes, actors, technicians, trainers, and administrative employees, all dressed informally. You can only identify the artists and gymnasts by their dancing outfits or because they speak in one of the 25 different languages that can be heard at the company headquarters, where you have people from 40 countries.

In the new area, finished in 2001, informality also prevails. There you have the offices of the executives, ateliers for costume and sceneries production, and other functions that are never delegated to third parties. By the way, they are so obsessed with quality that, in order to ensure color uniformity year after year, the company buys blank canvas and then stamp or hand-paint them.

Production is divided into three sectors, shoes, costumes, and sombreros, because each has unique requirements. Over 300 artisans work on the ateliers and produce 20,000 pieces annually. The shoes atelier, for instance, has produced 4,000 pairs since its opening in 1998. The racks inside the costumes atelier are full of costumes, each labeled to indicate the correspondent show and character. Excluding the newly hired employees, there are no permanent artists at the International Centre —they are either on tour or fixed in Orlando or Las Vegas—, but their heads have been immortalized in gypsum molds at the sombreros atelier.

When seen from the outside, Cirque du Soleil’s headquarters are similar to a typical building of offices. There are no signboards or flags. Only a bronze sculpture of a clown’s big shoe, lonely and modest, represents the two essential characteristics of the circus: to entertain and to walk.