



**A STAGE  
STRATEGIC PLAN<sup>A</sup>  
2.27.17**

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<sup>A</sup> This report is built upon a template derived from Sustainable Strategy (Light, 2017).

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# STRATEGIC PLAN

What we *will* do next?

## EXECUTIVE SUMMARY

A Theatre Company in Chicago dreams of joining the ranks of other legendary theatres that started small and grew into prominent arts organizations.<sup>1</sup> An award-winning theatre with nearly two decades of artistic success, the organization has the potential to be more than a theatre that produces plays about history. It could *make* history. Yet, doing so requires that the organization plan strategically.

The Great Strategies Report begins by summarizing the results of the Sustainable Strategy process and outlines what the theatre is doing *now*, what they *could* do next, and what they *should* do next. Subsequently, this report articulates the strategies and goals that will launch the company forward, thus putting the aspirations of its vision within reach.

The Great Start Report analyzed this theatre's purpose, values, mission, current strategies, lines of business (LOBs), and success measures. This process proved that the organization is promising and has a clear competitive advantage. As Chicago's only theatre devoted to productions inspired by history, the nonprofit's dedicated staff is committed to exceptional productions that engage and unite curious Chicago theatregoers. Yet passion cannot sustain a business and the report revealed that the theatre's lack of human and capital resources affect its overall effectiveness.

Using six tools to ideate and four methods to evaluate, the Great Ideas Report generated three great strategy ideas for the organization: a festival around a historical holiday; performing matinees for Chicago Public School (CPS) student audiences; and building a new home. These resonated with the theatre because they promote the its new vision to be a preeminent Chicago arts organization, and are likely to attract national attention. Furthermore, they are pragmatic enough to achieve and idealistic enough to incentivize action.

The final narrative, The Great Strategies Report, reviewed the theatre's purpose, mission, LOBs, capital structure, and vision in order to illuminate its foundation and future direction. Next, we fleshed out the strategies identified in the Great Ideas Report and evaluated them against the external and internal environment. Consequently, it was determined that student matinees and a new facility would propel this organization forward—thereby paving the way to make the theatre a preeminent arts organization.

## PURPOSE

The heartbeat of any living thing sustains its existence. An organization is no different and its purpose is the heart that informs all other elements. In brief, purpose is the first step to strategy building.<sup>2</sup> To discover the organization's purpose, we examined the theatre's organizational values and defined the elements of its mission.

## Values

Values are virtually useless without associated actions to clarify them.<sup>3</sup> Although the organization being evaluated formally states its values in its strategic plan, the organization has not defined the actions that will embody them. In the chart below, I have linked the theatre's stated values with actions that are reinforcing:

Values	Collaborative	Exceptional	Fiscally Responsible	Respectful	Intimate
Actions	<ul style="list-style-type: none"> <li>• Cooperative</li> <li>• Inspiring</li> <li>• Team players</li> <li>• Creative</li> <li>• Partners to the community</li> </ul>	<ul style="list-style-type: none"> <li>• Demanding of excellence</li> <li>• Innovative</li> <li>• Results-driven</li> <li>• Customer-centric</li> </ul>	<ul style="list-style-type: none"> <li>• Effective managers of resources</li> <li>• Informed decision-makers</li> </ul>	<ul style="list-style-type: none"> <li>• Embracing of diversity <i>(people and ideas)</i></li> <li>• Effective listeners</li> <li>• Transparent</li> <li>• Fair</li> </ul>	<ul style="list-style-type: none"> <li>• Links that connect art and audiences</li> <li>• Personal with those we serve</li> </ul>

## Mission

The theatre's current mission is broad and lacks focus. A strong mission should address three key elements: **(1.) Who your organization serves;** **(2.) What transformation occurs in your clients' lives;** and **(3) How your organization is different from its rivals.**<sup>4</sup> Answering these queries constructed a new simplified mission statement:

*A place that creates better understanding  
for curious Chicago theatregoers  
and unites audiences through history*

The targeted mission provides a stronger rationale for the organization's existence. For more information on the new mission, see the Great Start Report.

## STRATEGY

For the theatre to consider its future, it must understand where it currently stands.<sup>5</sup> To establish an organization's starting point, they must examine current LOBs and capital structure.

## Lines of Business

If purpose is the heartbeat of strategy, LOBs are the lifeblood that bring the organization to life.<sup>6</sup> The chart below identifies the theatre's LOBs, the corresponding customer, and the transformation for that constituent:

Lines of Business	Customer	Transformation
Annual Season	Chicago theatregoers	Gain knowledge and self-awareness
Subscription	Avid Chicago theatregoers	Never miss a show; Guarantee your experience
Young Audience Program	Patrons under the age of 35	Experience great theatre at a great price
New Work Reading Series	Chicago theatregoers interested in new work	See it first
Scholar Program	Thoughtful theatregoers	See more; go behind the scenes
Student Programming	CPS students	Confident and competent learners
Company Artists	Core family of artists	Perform more; create the theatre's future
Research (Dramaturgy)	All constituents	Ensure authentic experiences
Resource Development		
Annual Fund	Individual donors	Feel generous; make history
Special Events	Individual donors	Feel generous; make history
Sponsorship	Corporate donors	Access potential customers
Foundation Support	Foundations	Fulfill mission

### Success Measures

Success measures allow the theatre to track its financial health and the number of clients served by LOBs. This information is found in the organization's most recent 990s, its annual report, and as described by staff leadership.

The chart below shows that the theatre outspent its revenue in 2013. Even so, the total margin was less than 1%. Furthermore, the organization's assets exceed its liabilities and its working capital indicates that the business could sustain its current spending for a short period. Also tracked in the chart are the LOBs and the number of clients each line served in 2013. For a more detailed analysis of the theatre's success measures, please see the Great Start Report.

Mission Success Measures (\$ in thousands)	FYE 2014	FYE 2015	FYE 2016
<b>Profit &amp; Loss:</b> Contributed Revenue \$	490	513	512
Non-contributed Revenue \$	657	835	849
Total Revenue \$	1,148	1,348	1,361
Total Expenses \$	1,055	1,270	1,372
Revenue less Expenses \$	93	78	(11)
<b>Balance Sheet:</b> Assets \$	911	1,065	1,053
Liabilities \$	346	421	420
Net Assets \$	566	644	633

<b>Capital Structure:</b> <sup>A</sup> Total Margin	0.08	0.06	(0.01)
Current Ratio	2.1	2.1	2.1
Working Capital	391	482	480
Operating Reserves	335	395	380
<b>Lines of Business</b>	<b>FYE 2011</b>	<b>FYE 2012</b>	<b>FYE 2013</b>
Total Clients #			59,211
Annual Season of 4 Plays: Total Clients #			19,000
Subscribers: Total Clients #			5,000
Young Audiences Program: Total Clients #			6,500
New Work Reading Series: Total Clients #			800
Student Programming: Total Clients #			750
Scholar Program: Total Clients #			400
Company Artists: Total Clients #			40
Research (Dramaturgy): Total Clients #			25,600
Annual Fund: Total Clients #			800
Special Events: Total Clients #			300
Corporate Sponsorship: Total Clients #			4
Foundations: Total Clients #			17
Government: Total Clients #			1

## VISION

### Statement

To paint a picture of the *best* future, leaders must consider what is achievable based on what holds the organization back and what takes it forward.<sup>7</sup> Brainstorming around these issues identified that the theatre in Chicago aspires to be:

A preeminent Chicago arts organization  
and nationally recognized leader

This sentiment should become a “guidepost showing the way”<sup>8</sup> and direct the organization’s current and future efforts. For more information on the brainstorming

<sup>A</sup> **Total Margin:** "This is the bottom line . . . the one [measure] that tough, no-nonsense managers of all stripes supposedly focus on single-mindedly" (McLaughlin, 2009, p. 83). Formula = Revenue minus Expenses [line 19] divided by Revenue [line 12]

**Current Ratio:** "The most widely recognized measure of liquidity . . . the ratio should be at least 1" (McLaughlin, 2009, p. 75). Formula = Current Assets (lines 1-9) divided by Current Liabilities (lines 17 to 19)

**Working Capital:** "Determines how long a charity could sustain its level of spending using its net available assets, or working capital, as reported on its most recently filed Form 990" ("Glossary," 2010). Formula = Unrestricted plus Temporarily Restricted Net Assets

**Operating Reserves:** A more conservative view of working capital because you use unrestricted net assets and exclude land, building, and equipment, and temporarily restricted assets (Blackwood & Pollak, 2009, p. 9). Formula = Unrestricted Net Assets minus land, building, and equipment plus mortgages and notes

process and the construction of the vision statement, please refer to the Great Ideas Report.

## Strategies

### Underway

	Better Space for Staff	Insightful Productions	Sustainable Growth
People	Employees	Educated Chicago theatregoers	All stakeholders
Product	Boost morale by creating a better workplace	Increase knowledge through deep cultural experiences	Strengthen all facets of the organization
Place	Onsite at the theatre	At our theatre	At our facility and around the city
Price (Client)	N/A	Competition based	N/A
Price (Startup)	Low	Medium	Medium
Proposition	Support productivity	Deliver entertaining ways to revisit history	Maintain the theatre's place among great Chicago venues
Plan	Underway	Underway	Underway

### New

	Student Matinees	New Facility
People	Students	Funders (Individuals, corporations, and foundations)
Product	Amplify teacher lesson plans through live storytelling	Making history through a worthwhile investment
Place	At our theatre during school hours	On Chicago's north side
Price (Client)	Competition based	Economic value
Price (Startup)	Medium	Very High
Proposition	Uniquely aligning with CPS history curriculum	A space worthy of the theatre's artistry
Plan	<ul style="list-style-type: none"> <li>• Develop a corporate sponsorship and foundation strategy (By 6/1/2015)</li> <li>• Formalize group sales practices (By 9/1/2015)</li> <li>• Create marketing materials for teacher mailings and eblasts (By 1/15/2016)</li> <li>• Build a larger network of CPS teachers and referrals (By 4/1/2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Hire a consultant to ensure success (By 6/1/2015)</li> <li>• Develop major gift, corporate, foundation, and planned giving strategy (By 8/1/2015)</li> <li>• Develop communication plans and marketing materials (By 11/1/2015)</li> <li>• Celebrate donors and keep stakeholders updated on progress (At least twice per year during campaign life - approx. 3 years)</li> </ul>

## REPORTS

### GREAT START

What *are* we doing now?

A theatre company in Chicago yearns to flourish. Yet to do so, the organization's business practices must be as exceptional as the art it produces.

First, strategy building should establish a competitive advantage.<sup>9</sup> To do so, Michael E. Porter suggests that organizations establish a unique position, tailor activities to strategy, choose what *not* to do, and find fit across activities.<sup>10</sup> According to Henry Mintzberg, Bruce Ahlstrand, and Joseph Lampel, competitive advantage is gained when an organization decides how to plan its course of action, position its products, establish a pattern (or not), choose a perspective, and ploy to leverage power.<sup>11</sup>

The Great Start Report synthesizes elements that Porter, Mintzberg, and many other strategic planners endorse to ensure that proper planning is results-driven.<sup>12</sup> In doing so, the theatre being evaluated can determine its purpose, values, mission, current strategy, lines of business (LOBs), and success measures. Consequently, the organization can pinpoint what it's doing now in order to consider what it could and should do next.

### Purpose

The heartbeat of any living thing sustains its existence. An organization is no different and the purpose is the heart that informs all other elements. In brief, purpose is the first step to strategy building.<sup>13</sup> To discover the theatre's purpose, we analyze the values and mission.

### Values

Values are virtually useless without associated actions to clarify them.<sup>14</sup> Although the organization being evaluated formally states its values in its 2011-2014 strategic plan, the organization has not defined the actions that will embody them. In the chart below, I have linked the theatre's stated values with actions that are reinforcing:

Values	Collaborative	Exceptional	Fiscally Responsible	Respectful	Intimate
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## Mission

Before the theatre can consider the future, it must understand why its service matters.<sup>15</sup> This vital step is the bedrock of strategy building and ensures sound decision-making about activities, governance, and management structure.

### Three Elements

The mission should address three key elements: **(1.) Who your organization serves;** **(2.) What transformation occurs your clients' lives;** and **(3) How your organization is different from its rivals.**<sup>16</sup> The theatre's current mission is broad and lacks focus. However, answering 'who, what, and how' will provide better rationale for the theatre's existence, resulting in a more targeted mission.

**Who?** The Theatre's current mission fails to identify any customer. Although all stakeholders served via programs or outreach are valuable, the mission should identify the *primary* customer.<sup>17</sup> Because the performing arts organization dedicates itself first to producing plays, its primary customer is its audience. Generally, this audience is well-versed in Chicago's theatre offerings and is interested in new work inspired by history or the plays in the American canon that have defined it. Simply put, **the theatre's primary customers are curious Chicago theatregoers.**

**What transformation?** Answering what change happens in lives of our primary constituents insures that focus lies outside of the organization.<sup>18</sup> Therefore, the impact for theatregoers should extend beyond the performance. The venue presents theatrical stories about events that have shaped our global community, while also giving individuals greater self-awareness of his or her place in time. More succinctly, **the theatre's audiences more fully understand themselves and their collective past.**

**How Better?** The third element of mission is to identify what edge the theatre has over competitors, its competitive advantage.<sup>19</sup> To establish the organization's unique and valuable position, I used the 'Four Questions' method prescribed by Michael Hitt, Duane Ireland, and Robert Hoskisson to list the organization's greatest resources, capabilities, core competencies, and competitive advantages.

The theatre's aspirations and values, as well as its ability to learn and market itself, are its highest indicators. Yet the organization's strategic abilities, managing processes, and technology assets are quite weak—therefore, greatly inhibiting the strengths it possesses. For example, the organization has a vision statement in place that describes its aspirations, but doesn't have a systematic strategy to achieve it. The organization's small staff lacks the resources to operate fully at a high level. An overworked staff (albeit passionate) paired with outdated technology, makes it difficult for the theatre to operate efficiently. As a result, most tasks are accomplished, but with only a rudimentary process in place.

### **Four Questions**

In order to magnify your strengths and mitigate your weaknesses, you must know what they are. To do so, Hitt, Ireland, and Hoskisson ask 'Four Questions' that reveal the organization's greatest resources, capabilities, core competencies, and competitive advantages. Subsequently, organizations can evaluate assets and strengths in order to discover its unique and valuable position.<sup>20</sup>

**What Resources?** In the heart of a bustling Chicago neighborhood—amid restaurants, bars, and cafes—the theatre is easily accessible by foot, car, bike, or public transportation. The venue attracts both neighborhood locals and Chicago theatregoers from around the city, making its location a key tangible asset. The theatre's employees are another strong tangible resource. More than administratively strong, most employees also serve the theatre in an artistic capacity in the form of directors, actors, dramaturges, season planners, producers, and teaching artists.

These multi-faceted employees are the lynchpin that has secured another resource—the theatre's reputation. An award-winning theatre and an incubator for new work, the organization's reputation is an intangible resource able to attract new patrons.

**What Capabilities?** Even though the theatre does not have a physical box office or recommended ticketing and donor tracking technology, the organization effectively manages events and customers. Furthermore, even with a small staff, the theatre prioritizes customer service to ensure positive experiences and return visits.

**What Core Competencies?** To identify the theatre's core competencies, it must test the activities that define the organization against how valuable, rare, costly to imitate, and non-substitutable they are. Considering its resources and capabilities, the theatre's largest strength is its artistic staff that drives the organization's core activities: the plays it produces, its commitment to Chicago actors, its dedication to engage audiences, and the undertaking to bring drama-based strategies into the classroom.

Following is a qualitative case for the strength for each core competency:

	Exceptional Theatre Inspired By Shared History	Works with Chicago Actors	Engages Audiences	Develops Art in Schools Programs
Valuable	Yes, unites audiences; increases self-awareness	Yes, champions Chicago talent	Yes, pre- and post-show activities spark dialogue	Yes, fosters learning
Rare	Yes, only theatre in Chicago devoted to this undertaking	No, many theatres only work with local artists	Somewhat, but immersive theatre is becoming more popular	No, many theatres offer art in classroom opportunities
Costly to Imitate	Somewhat, any theatre can produce plays about history	No, any theatre can use local artists	Yes, requires human and financial resources	No, most likely funding is available
Non-substitutable	Yes, the mission requires that the theatre only do plays inspired by history	Yes, company members become integrated within the organization and must be local	Yes, engagement efforts have become part of its reputation	Yes, interacting with the next generation is a stated goal in the strategic plan

**What competitive advantages?** We can now answer the third element of mission: how better? As evident in the chart above, the core competency that passes the test and is therefore the company's competitive advantage is being **Chicago's only theatre company devoted to producing exceptional productions inspired by our shared history.**

### Mission Statement

After identifying the theatre's primary customer, the transformation for that customer, and the competitive advantage, we can assemble the pieces to form a new mission.

	Old Mission	New Mission
Who	Unclear	Curious Chicago theatregoers
What transformation	engage, enlighten, and entertain	Who better understand themselves and their collective past
How better than rivals	Unclear	Chicago's only theatre company that unites curious theatregoers with exceptional productions inspired by our shared history

Simplified Mission
<p>Better Understanding For curious Chicago theatregoers United by history</p>

We recommend the new mission in the chart above because it clarifies the elements of the mission. For internal use, we also recommend the simplified version because it is so easy to remember.

### Current Strategy

Current strategy isn't just about the future; it's about understanding where you are today.<sup>21</sup> To establish the theatre's starting point, we analyzed its Lines of Business (LOBs) and we reviewed its success measures.

### Lines of Business

If purpose is the heartbeat of strategy, LOBs bring the organization to life.<sup>22</sup> Furthermore, each LOB must pass the customer transformation test and should be viewed as "ends, not means."<sup>23</sup> The chart below identifies the theatre's LOBs, the corresponding customer, and the transformation made in the constituent.

Lines of Business	Customer	Transformation
Annual Season	Chicago theatregoers	Gain knowledge and self-awareness
Subscribers	Avid Chicago theatregoers	Never miss a show; Guarantee your experience
Young Audience Program	Patrons under the age of 35	Experience great theatre at a great price
New Work Reading Series	Chicago theatregoers interested in new work	See it first
Scholar Program	Thoughtful theatregoers	See more; go behind the scenes
Student Programming	CPS students	Confident and competent learners
Company Artists	Core family of artists	Perform more; Create the theatre's future
Research (Dramaturgy)	All constituents	Ensure authentic experiences
Resource Development Annual Fund	Individual donors	Feel generous; make history
Special Events	Individual donors	Feel generous; make history
Sponsorship	Corporate donors	Access potential customers
Foundation Support	Foundations	Fulfill mission

## Success Measures

Success Measures allow the theatre to track its financial well-being and the people served by LOBs. This information is found in the organization's most recent 990s, its annual report, and as described by staff leadership.

The chart below shows that the theatre had more expenses in 2013 than total revenue. Despite this minimal debt, the organization has maintained its healthy ratio, working capital, and operating reserves. Also tracked in the chart are the LOBs and the number of clients each line serves. In addition to the hard data found in 990s, the theatre's leadership confirms that all programs have seen growth, with subscriptions most rapidly growing from year-to-year.<sup>24</sup> As the organization continues to track success, it is recommend that qualitative analysis (return patrons, resolved customer issues, etc.) also be tracked.

<b>Mission Success Measures (\$ in thousands)</b>	FYE 2011	FYE 2012	FYE 2013
<b>Profit &amp; Loss:</b> Contributed Revenue \$	490	513	512
Non-contributed Revenue \$	657	835	849
Total Revenue \$	1,148	1,348	1,361
Total Expenses \$	1,055	1,270	1,372
Revenue less Expenses \$	93	78	(11)
<b>Balance Sheet:</b> Assets \$	911	1,065	1,053
Liabilities \$	346	421	420
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<b>Capital Structure:</b> Total Margin	0.08	0.06	(0.01)
Current Ratio	2.1	2.1	2.1
Working Capital	391	482	480
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<b>Lines of Business</b>	FYE 2011	FYE 2012	FYE 2013
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Annual Season of 4 Plays: Total Clients #			19,000
Subscribers: Total Clients #			5,000
Young Audience Program: Total Clients #			6,500

<sup>A</sup> **Total Margin:** "This is the bottom line . . . the one [measure] that tough, no-nonsense managers of all stripes supposedly focus on single-mindedly" (McLaughlin, 2009, p. 83). Formula = Revenue minus Expenses [line 19] divided by Revenue [line 12]

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**Operating Reserves:** A more conservative view of working capital because you use unrestricted net assets and exclude land, building, and equipment, and temporarily restricted assets (Blackwood & Pollak, 2009, p. 9). Formula = Unrestricted Net Assets minus land, building, and equipment plus mortgages and notes

<b>Lines of Business</b>	<b>FYE 2011</b>	<b>FYE 2012</b>	<b>FYE 2013</b>
New Work Reading Series: Total Clients #			800
Student Programming: Total Clients #			750
Scholar Program: Total Clients #			400
Company Artists: Total Clients #			40
Research (Dramaturgy): Total Clients #			25,600
Annual Fund: Total Clients #			800
Special Events: Total Clients #			300
Corporate Sponsorship: Total Clients #			4
Foundations: Total Clients #			17
Government: Total Clients #			1

### **Great Start Summary**

Already thinking about tomorrow, the organization has big dreams of becoming a prominent Chicago theatre. As an award-winning theatre with two decades of artistic success, the organization just might get there. In any case, it can now firmly establish where it is *today* by examining this report's insight on purpose, values, mission, and current strategies.

## GREAT IDEAS

What *could* we do next?

Warren Bennis proclaims that the “single defining quality of leaders is the capacity to create and realize a vision.”<sup>25</sup> Indeed, superior leaders are often synonymous with great visionaries, as in the case of Walt Disney and Winston Churchill. Further proving vision’s validity, research confirms that 88 percent of executives use vision to guide their firms.<sup>26</sup> Therefore, this report seeks to empower a theatre company in Chicago with a strategic process that enables the organization to articulate its vision.

### Vision Statement

To paint a picture of the *best* future, leaders must consider what is achievable based on what holds the organization back and what propels it forward.<sup>27</sup> Brainstorming around these issues will identify the theatre’s driving forces. Subsequently, a vision statement will generate, as well as several other ideas that might be advantageous strategies.<sup>28</sup>

### Ideate

The first step to determine the theatre’s vision is ideation. Because this process is so vital, we used five tools to develop a myriad of options that the organization collected and prioritized: Stakeholders, BOBs, Great Questions, Stop Fix, and SPOT.

### Stakeholders

The theatre must consider internal and external stakeholders as part of the strategic process. This encourages commitment and interest; objective positions; foundations for future work; and open dialogue.<sup>29</sup> Once established, strategic planners should identify the goals and power of each group.<sup>30</sup> We summarize the theatre’s stakeholders below:

### Analysis

Stakeholder	Principal Goals	Interest	Power
Theatre Patrons: 25,000 in the Chicago metropolitan area	Experience excellent and enlightening theatre	Mid	High
Staff: 13 nonprofit employees	Valuable work experience and financial compensation	Mid	High
Company Artists: 40 actors, artisans, and directors	Enhanced artistic experience and stake in the organization	High	Low
Funders: foundation, corporate, government and individual donors	Return on investment	High	High
Board: 21 Chicago-area members	Ensure proper governing of theatre	Mid	High
CPS Students: 500	Become better students using drama-based strategies	Mid	Low
Partners: space rental	Generate a portion of revenue from the theatre’s audience	Low	Low

## Management

To prioritize its communication strategy with stakeholders, Bryson's power versus interest grid will allow the theatre to understand its constituents and the level at which information must be managed.<sup>31</sup> To do so, we inserted the stakeholders into the tool below:

High  Power  Low	Keep Satisfied • theatre patrons; staff; board	Manage Closely • funders
	Monitor • CPS students	Keep Informed • company artists; space-rental partner
Low		High
		Interest

Although the analysis shows that funders have the highest interest and power, the theatre recognizes the need to give equal voice to the patrons it serves. In addition to talking with constituents to gain their opinions, the organization also took to social media to understand customer preferences better.

Predominately, self-identified veteran theatregoers (the theatre's primary customer), echoed sentiments like, "not a bad seat in the house,"<sup>32</sup> "unbelievable theatre,"<sup>33</sup> and "best small theatre in Chicago."<sup>34</sup> A standout post claimed that the theatre "engages every brain cell and sends you away thinking."<sup>35</sup> Even so, disappointed customers remarked about scarce parking, bad box office experiences, and trouble finding the theatre, thus giving the organization some ideas about what they can fix.

## Possible Ideas

Based on the ideation around stakeholders, we generated the following ideas:

Stakeholders Great Ideas	
External Stakeholders	Internal Stakeholders
<ul style="list-style-type: none"> <li>• Implement a box office and make exterior look more like a theatre (to ease patron confusion)</li> <li>• Provide annual reports to funders</li> <li>• Invite major funders to opening performances and rehearsals</li> </ul>	<ul style="list-style-type: none"> <li>• Increase administrative space</li> <li>• Search for new hires with diverse backgrounds</li> <li>• Invest in staff human resource benefits</li> </ul>

## BOBs

Investigating the best of the best (BOBs) in your industry reveals your competitor's strengths and stimulates ideas for your own organization.<sup>36</sup> We could have examine numerous theatres, but the trick is choosing ones that truly excel at similar things that your business is trying to accomplish and that are financially strong.

## Analysis

The example below compares the A Stage to two other theatres that are financially excellent<sup>37</sup> and committed to linking art and audiences.<sup>38</sup>

Best of the Best		
A Stage	BOB 1	BOB 2
	Lines of Business	
Annual Season of 4 Plays	Annual Season of 8-9 Plays	Annual Season of 8-9 Plays
Subscribers	Subscribers	Subscribers
Young Audience Program	Student Subscriptions	Young Professionals Group
New Work Reading Series	New Work Readings	LGBT Group
Student Programming	General Theatre Studies	Young Playwright Exchange
Scholar Program	Audience Discussions	Post-Show Discussions
Company Artists	The Artistic Collective	Acting Company
Research (Dramaturgy)	Creative Partners	Conservatory
Annual Fund	Annual Fund	Annual Fund
Special Events	Special Events	Special Events
Sponsorship	Sponsorship	Sponsorship
Foundation Support	Foundation Support	Foundation Support
	Planned Giving	Planned Giving
	Adult Writing Workshop	Capital Giving
	Youth Arts Council	Student Matinees (At theatre and touring to schools)
	Young Critics	Young Performers Studio
	Commissions of New Work	Theatre Camp
	Playwrights Unit	Slam Poets
	Theatre Festival	STEM and arts integration
	Presenting successful work from other theatres (From U.S. and abroad)	Workshops and Residencies
	Access Performances	Access Performances
		Rentals
	Financials	
Revenue: 1,360,995	23,291,558	15,388,217
Expenses: 1,371,786	23,107,444	15,338,000
Net Revenue: (10,791)	184,114	49,417
Net Assets: 632,951	38,715,519	43,375,356

<i>We have, but they don't</i>	<i>They have, but we don't</i>	<i>They have, but we don't</i>
<ul style="list-style-type: none"> <li>Chicago's only theatre devoted to work inspired by history</li> </ul>	<ul style="list-style-type: none"> <li>One of the nation's largest and oldest nonprofit theatres</li> <li>National and international recognition</li> </ul>	<ul style="list-style-type: none"> <li>One of the nation's most successful regional theatres</li> <li>Revenue generating education programs</li> </ul>

### Possible Ideas

Comparing the theatre to its BOBs illuminated several additional LOBs, which the organization could replicate or revise to fit its needs. Imperatively, both BOBs have twice as many annual productions supplementing their earned income. Additionally, both BOBs have built security, as evident by their net assets. Granted, both BOBs are older and established, but the theatre will safeguard its efforts by building an endowment.

Furthermore, the majority of the BOBs being compared have low-cost, low-staff LOBs like programs for patrons under 35 or community blogs. Each BOB also is dedicated to education initiatives. Finally, each BOB has one or two high-risk, high-reward programs like a festival or conservatory. Considering all this, the theatre found the following:

BOBs Great Ideas	
<ul style="list-style-type: none"> <li>Increase season of work</li> <li>Raise endowment funds</li> <li>Create a festival</li> </ul>	<ul style="list-style-type: none"> <li>Have teachers, students, subscribers and donors write entries for a monthly blog</li> <li>Start a theatre camp</li> </ul>

### Stop Fix

As discussed in the Great Start Report, choosing what *not* to do is essential to strategy.<sup>39</sup> Therefore, it is crucial to consider what to stop or fix. In building an ideal portfolio of LOBs, the theatre should strive for attractive programs with a strong position. These robust programs should support mission-critical programs that are less attractive.<sup>40</sup> In the table below, the MacMillan Product Matrix<sup>41</sup> analyzes the organization's current portfolio in terms of attractiveness, alternative coverage, and competitive position.

Program Attractiveness				
High			Low	
<ul style="list-style-type: none"> <li>• Annual Season</li> <li>• Subscription</li> <li>• Fundraising</li> </ul>			<ul style="list-style-type: none"> <li>• Lobby Displays</li> <li>• Research</li> <li>• Company Artists</li> </ul>	
Alternative Coverage				
High		Low		
<i>Aggressive Competition</i>		<i>Aggressive Growth</i>		<i>Build Up Best Competitor</i>
<ul style="list-style-type: none"> <li>• Annual Season</li> <li>• Subscription</li> <li>• Fundraising</li> </ul>		<ul style="list-style-type: none"> <li>• Lobby Displays</li> <li>• Research</li> </ul>		<ul style="list-style-type: none"> <li>• Company Artists</li> </ul>
<i>Aggressive Divestment</i>		<i>Build Strength or Sell Out</i>		<i>Orderly Divestment</i>
<ul style="list-style-type: none"> <li>• Annual Season</li> <li>• Subscription</li> <li>• Fundraising</li> </ul>		<ul style="list-style-type: none"> <li>• Programming for audiences under 35</li> <li>• Scholar Sessions</li> </ul>		<ul style="list-style-type: none"> <li>• New Work Reading Series</li> </ul>
<i>Foreign Aid or Joint Venture</i>				
<ul style="list-style-type: none"> <li>• Annual Season</li> <li>• Subscription</li> <li>• Fundraising</li> </ul>				

Using the MacMillan Product Matrix, we found LOBs to cut and build up:

Stop Fix Great Ideas	
<ul style="list-style-type: none"> <li>• Cut new work reading series</li> <li>• Ramp up education programs</li> <li>• Increase program of work to increase subscriptions</li> <li>• Improve strategies for scholar events</li> </ul>	<ul style="list-style-type: none"> <li>• Report dramaturgical research and audience impact findings to funders</li> <li>• Invite teachers and students to performances that feature scholars</li> <li>• Ramp up programming for audiences under 35</li> </ul>

### Great Questions

Another tool for the theatre's ideation is the Ansoff matrix,<sup>42</sup> which stimulates ideas by considering opportunities around the table's four quadrants. Additionally, it's helpful to think about the quadrants in the form of questions. Joseph Schumpeter suggests considering what your organization can create, improve, reach, tap, and establish.<sup>43</sup>

	Current products	New products
Current Markets	Market Penetration <ul style="list-style-type: none"> <li>• Increase annual productions</li> <li>• Expand education programs</li> <li>• Apply for more funding/sponsorship</li> <li>• Expand young audience programming</li> </ul>	Product Development <ul style="list-style-type: none"> <li>• Festival around historical holidays</li> <li>• Student matinees</li> <li>• Digital study guides and playbills</li> <li>• Resource center for further study</li> </ul>
	New Markets	Market Development <ul style="list-style-type: none"> <li>• Build a larger theatre in a new neighborhood</li> </ul>

When looking at the results of the Ansoff Matrix, it's clear that the ideas generated in market penetration are low hanging-fruit. However, market development and product development are the "sweet SPOT" of our ideation.<sup>44</sup> This is because the ideas in this quadrant are much easier than diversification, but still allow the theatre to branch out. We examined the ideas in all four quadrants:

Great Questions Great Ideas	
<ul style="list-style-type: none"> <li>• Expand current programming (productions and education services)</li> <li>• A festival around a historical holiday</li> <li>• Partner with other social/health causes</li> </ul>	<ul style="list-style-type: none"> <li>• Perform student matinees</li> <li>• Screen films inspired by history</li> <li>• Build a larger theatre in a new area</li> </ul>

## SPOT

### SPOT CLASSIC

The classic approach advocated by General Electric approach to vision begins with analyzing your internal strengths and problems, and external opportunities and threats.<sup>45</sup> The theatre used the Organizational Capacity Assessment Tool (OCAT)<sup>46</sup> to analyze the organization's strengths and problems. Nine raters found the following:

OCAT Summary Results		Avg.	Consensus	High/Low
1	Aspirations	2.6	--	Moderate
2	Strategy	2.5	--	Basic
2.3	Logic model	2.0	High	Low
3	Leadership, Staff, and Volunteers	2.8	NA	Moderate
3.6	CEO external recognition	3.8	High	High
3.18	Board contribution to the organization	2.2	High	Low
3.25	Board operations	3.5	High	High
3.29	Diversity of staff skills and experience	3.7	High	High

OCAT Summary Results		Avg.	Consensus	High/Low
3.39	Talent management plan	1.8	High	Low
4	Funding	2.6	--	Moderate
4.1	Fundraising skills	2.1	High	Low
4.3	Strategic funder base	3.3	High	High
4.4	Sustainable funder base	3.3	High	High
4.6	Financial management systems	2.1	High	Low
5	Values	2.8	--	Moderate
5.5	Orientation toward external stakeholders	3.8	High	High
5.7	Organizational impact	3.6	High	High
6	Learning and Innovation	2.9	--	Moderate
6.6	Monitoring of landscape	3.3	High	High
7	Marketing and Communication	2.8	--	Moderate
8	Managing Processes	2.8	--	Moderate
8.6	Financial controls	3.5	High	High
8.9	Insurance	4.0	High	High
8.10	Backup systems	3.4	High	High
8.11	Disaster preparedness	2.1	High	Low
9	Organization, Infrastructure, and Technology	2.5	--	Basic
9.3	Cross-functional coordination	2.1	High	Low
9.6	Information technology (IT)	1.9	High	Low

In the table above, the two categories that merit attention overall are strategy and organization, infrastructure and technology in addition to many specific issues that the agency can delegate to departments.

The OCAT and Four Questions from the discussion of competitive advantage in the Great Start Report uncovered the following strengths and problems:

	Strengths	Weaknesses
Internal	<ul style="list-style-type: none"> <li>• Chicago's only theatre dedicated to plays inspired by shared history</li> <li>• Artistically driven administrators</li> <li>• Brings art and culture to CPS classrooms</li> <li>• Works with talented performers</li> <li>• Award-winning theatre</li> <li>• Easily accessible (public transportation, restaurants, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity doesn't meet demand</li> <li>• Staff is spread too thin (worry of burnout)</li> <li>• Not enough foundation/corporate support</li> <li>• Lack of diversity (staff, performers, audience)</li> <li>• Programs are underdeveloped because of lack of resources (money and staff)</li> </ul>

External factors influence the industry at large. Using a PEST (political, economic, sociocultural, and technological) analysis,<sup>47</sup> the theatre identified following:

	Opportunities	Threats
External	<ul style="list-style-type: none"> <li>• Resurgence in subscription/membership models (e.g. Netflix, Hulu)</li> <li>• Economic recovery</li> <li>• Majority groups shifting</li> <li>• New restaurants/cafes</li> <li>• Real Estate available</li> <li>• New citywide cultural plan</li> </ul>	<ul style="list-style-type: none"> <li>• Funding for arts in schools</li> <li>• Competition among Chicago cultural offerings (funding/leisure dollars)</li> <li>• Entertainment easily accessible (home/digital platforms)</li> <li>• Increase in nonprofits</li> <li>• Divide between storefront theatres and institutions</li> </ul>

### Possible Ideas

Because the theatre should build on its strengths, address its weaknesses, take advantage of opportunities and minimize threats, the organization has brainstormed the following ideas because of the SPOT process:

SPOT Classic Great Ideas	
<ul style="list-style-type: none"> <li>• Add more shows to meet demand</li> <li>• Increase available seating</li> <li>• Expand student programs</li> <li>• Leverage reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Market subscriptions more</li> <li>• Partner with universities and city colleges to find interns, actors, volunteers (to relieve full-time staff)</li> </ul>

### SPOT BAM

Using the final ideation tool, the BAM process<sup>48</sup> (brainstorming, affinity grouping, and multi-voting) generated even more possible solutions for the things that hold the theatre back and enhancements for the ones that propel it forward.

SPOT BAM Great Ideas		
Ideas (Affinity Grouped)	Group Name	Voting
Increase administration space; make exterior look more like a theatre; generate a larger audience by having more seats to sell; increase season of work; add more shows to meet demand; increase available seating; implement a box office; obtain a liquor license; create a resource center for students/life-long learners; expand current programming; build a larger theatre in a new area; gain new donors through a capital campaign	A New Home	19
Go after a Regional Tony Award; increase advertising; strengthen branding; advertise Jeff Awards; promote strength of artistic staff; leverage reputation as the only theatre devoted to plays inspired by history; tour productions; report dramaturgical research and audience impact findings to funders	Strengthen Reputation	17
Create a festival of plays around a historical holiday; partner with other social/health causes; begin an annual playwriting competition	Extraordinary Events	15

SPOT BAM Great Ideas		
Ideas (Affinity Grouped)	Group Name	Voting
Search for new hires with diverse backgrounds; cut new work reading series; Increase program of work to increase subscriptions; identify additional funding opportunities; raise endowment funds; provide annual reports to funders; invite major funders to opening performances and rehearsals; ask bigger theatres for advice; partner with other storefront theatres on events to lessen financial burdens	Get in the Black	15
Cut unnecessary programs; implement staff incentives; create a structured volunteer program; hire additional interns; invest in HR, develop employee reviews	Prevent Staff Burnout	10
Partner with universities and city colleges to find interns, actors, volunteers; look at information on website to ensure it promotes equality; align season of work with diversity initiatives	Focus on Diversity	9
Have enough seats to accommodate growing audience; market subscriptions more; have teachers, students, subscribers and donors write entries for a monthly blog; survey audiences to find out their likes and dislikes	Gain Customer Loyalty	7
Late night historical satire; history trivia nights; screen movies inspired by historical events; develop a young professionals board; implement student matinees; start a theatre camp	Engage the Next Generation	6
Expand student programs; implement student matinees; develop teacher workshops; invite teachers and students to performances that feature scholars	Program Development	6
Update website; increase use of videos; drive patrons to social media; create digital study guides and playbills	Strengthen Digital Assets	4

The BAM process generated nearly 70 ideas, which we organized into 10 affinity groups. What remains at the conclusion of our ideation is that the theatre is most interested in extraordinary events, strengthening its reputation, and securing a new and bigger home.

### Statement

Based on all of our brainstorming, we can see a pattern and a vision that feels right for the theatre. The organization wants to be **“a preeminent Chicago arts organization and nationally recognized leader.”** This sentiment should become a “guidepost showing the way”<sup>49</sup> and direct the theatre’s efforts as it narrows down the hundreds of ideas.

### Vision Ideas

#### Collect

Now that we have used the six tools to ideate, the next step is to collect the credible ideas from that process. The chart below lists 28 achievable, yet idealistic suggestions:

All Ideas	
<ul style="list-style-type: none"> <li>• A new venue</li> <li>• Advertise subscriptions</li> <li>• Ask bigger theatres for advice</li> <li>• Become part of the citywide cultural plan</li> <li>• Cut new work reading series</li> <li>• Cut unnecessary LOBs</li> <li>• Festival around historical holiday</li> <li>• History trivia nights</li> <li>• Identify low-cost, low-staff LOBs</li> <li>• Identify PR opportunities and capitalize on being the only theatre solely dedicated to presenting plays inspired by shared history</li> <li>• Implement staff incentives</li> <li>• Improve strategies for scholar and young audience programming</li> <li>• Increase season offerings</li> <li>• Late night historical satire</li> <li>• Partner with other causes</li> </ul>	<ul style="list-style-type: none"> <li>• Partner with universities and city colleges (to recruit staff, volunteers, interns, and performers)</li> <li>• Apply for more funding</li> <li>• Patron/student blog</li> <li>• Revamp education program</li> <li>• Seek additional sponsorships</li> <li>• Set up a resource center for patrons to visit the theatre outside of scheduled performances to encourage further learning</li> <li>• Start a theatre camp</li> <li>• Start an administration volunteer program</li> <li>• Strengthen reputation</li> <li>• Student matinees</li> <li>• Tour productions</li> <li>• Update box office and ticketing system</li> <li>• Update website</li> </ul>

## Evaluate

It turns out that decisions made quickly can be as valuable as decisions made cautiously and deliberately.<sup>50</sup> Therefore, intuition is the first step in evaluating the credible ideas generated in the collection process that led to 12 great ideas to consider.

## First Cut

First Cut	
<ul style="list-style-type: none"> <li>• A new venue</li> <li>• Festival around historical holiday</li> <li>• Increase season offerings</li> <li>• Strengthen reputation</li> <li>• Cut unnecessary LOBs</li> <li>• Partner with other causes</li> </ul>	<ul style="list-style-type: none"> <li>• Student matinees</li> <li>• Start an administration volunteer program</li> <li>• Become part of the citywide cultural plan</li> <li>• Identify PR opportunities</li> <li>• Late night historical satire</li> <li>• Obtain more funding</li> </ul>

## Contenders

The Contenders process puts our top 12 ideas into the Payoff Matrix.<sup>51</sup> The four quadrants in the chart below separate ideas based on big or small pay-off and easy or tough to implement. As a result, the theatre chose six contenders (bolded and italicized in the chart below). These ideas represent a mix of easy and hard to do, but all with a big pay-off.

	Hard to Do	Easy to Do
Big Pay-off	<ul style="list-style-type: none"> <li>• <b>A new venue</b></li> <li>• <b>Festival around historical holiday</b></li> <li>• <b>Increase season offerings</b></li> <li>• Strengthen reputation</li> <li>• Partner with other causes</li> <li>• Obtain more funding</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cut unnecessary LOBs</b></li> <li>• <b>Student matinees</b></li> <li>• <b>Start an administration volunteer program</b></li> <li>• Identify PR opportunities</li> </ul>
Little Pay-off	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Late night historical satire</li> <li>• Work with the city to become part of the citywide cultural plan</li> </ul>

### Finalists

To select six finalists, the theatre narrowed down the contenders and selected only ones expected to deliver a big pay-off. Reaching beyond intuition, the organization used the Weighted Decision Matrix<sup>52</sup> to measure the finalists:

Criteria	W T	Finalists					
		A New Home	Student Matinees	Increase PR	Cut LOBs	Admin. Volunteer Program	Historical Holiday Festival
Plays to competitive advantage	5	20	15	15	25	5	25
Brings vision statement to life	5	25	25	25	5	10	25
Mission fit	4	4	20	4	12	4	20
Profitable	3	15	9	12	15	15	15
Fundable	4	20	20	4	4	4	20
Achievable	3	12	12	12	15	12	12
Total		96	101	72	76	50	117

### Great Ideas Summary

We used six tools to ideate and four methods to evaluate to find three great ideas:

**A festival around a historical holiday** – the theatre imagines an outdoor summer festival on July 4<sup>th</sup> weekend. The organization is excited about exploring this because of the potential outreach to new audiences and PR opportunities.

**Perform student matinees** – Student matinees would simply remount a production from the theatre’s season and allow the organization to have a greater impact with Chicago Public School (CPS) history students.

**Build a new and better home** – This strategy would better serve its growing audience and provide a platform more appropriate for the theatre’s vision.

These ideas promote the theatre’s new vision to become a preeminent Chicago arts organization and are likely to attract national attention. Furthermore, they are pragmatic

enough to achieve and idealistic enough to incentivize action. It is the hope of this report that these strategies will propel the organization forward in order to seize its aspirations

## GREAT STRATEGIES

### What *should* we do next?

A theatre company in Chicago aspires to become a preeminent Chicago institution. To do so, the organization must begin by implementing strategies that allow the company to grow dramatically. The Great Ideas Report brainstormed dozens of ideas. Of those, three strategies were determined to fit the theatre's mission and reinforce its vision. The Great Strategies process builds these strategies and evaluates if they are fundable, competitively advantageous, and achievable.

### Build

Describing the 6 P's (people, product, place, price, proposition, and plan) will allow the theatre to articulate the proposed strategies and outline their essential elements and benefits.<sup>53</sup> This process will prepare the organization to pitch the strategies to external stakeholders.<sup>54</sup>

### Underway

The theatre's current strategic plan strives to develop a better environment for employees, create unique and insightful productions, and generate sustainable growth.

	Better Space for Staff	Insightful Productions	Sustainable Growth
People	Employees	Educated Chicago theatregoers	All stakeholders
Product	Boost morale by creating a better workplace	Increase knowledge through deep cultural experiences	Strengthen all facets of the organization
Price Client	N/A	Competition based	N/A
Price Agency	Low	Medium	Medium
Proposition	Support productivity	Deliver entertaining ways to revisit history	Maintain the theatre's place among great Chicago venues
Plan	Underway	Underway	Underway

The theatre should only pursue strategies that link to the primary customer.<sup>55</sup> Furthermore, operational strategies (internal strategies) like building a better environment for employees or creating sustainable growth must reach beyond operational effectiveness and create a unique and valuable position.<sup>56</sup> Organizations must ask what will support the vision.

The new strategies for the theatre support its coveted future, and potentially create a competitively unique and valuable position:

**New**

	Festival	Student Matinees	New Facility
People	Families and culture-seekers	Students	Funders (Individuals, corporations, and foundations)
Product	Access to culture by taking performances outdoors	Amplify teacher lesson plans through live storytelling	Making history through a worthwhile investment
Price Client Price Agency	Economic value	Competition based	Economic value
	High	Moderate	Very High
Proposition	Low-cost and highly accessible	Uniquely aligning with CPS history curriculum	A space worthy of the theatre's artistry
Plan	<ul style="list-style-type: none"> <li>• Partner with Chicago Park District and Department of Cultural Affairs (By 1/1/2019)</li> <li>• Conduct site visits to determine location (By 4/1/2019)</li> <li>• Establish creative team to curate productions, events, and programming (By 3/1/2020)</li> <li>• Create outreach team to build new family audience (By 3/1/2021)</li> <li>• Publicize through paid and free media outlets (By 4/1/2021)</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a corporate sponsorship and foundation strategy (By 6/1/2015)</li> <li>• Formalize group sales practices (By 9/1/2015)</li> <li>• Create marketing materials for teacher mailings and eblasts (By 1/15/2016)</li> <li>• Build a larger network of CPS teachers and referrals (By 4/1/2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Hire a consultant to ensure success (By 6/1/2015)</li> <li>• Develop major gift, corporate, foundation, and planned giving strategy (By 8/1/2015)</li> <li>• Develop communication plans and marketing materials (By 11/1/2015)</li> <li>• Celebrate donors and keep stakeholders updated on progress (At least twice per year during campaign life - approx. 3 years)</li> </ul>

By creating a summer festival, the theatre can penetrate the market by serving its current customer (curious theatregoers) and develop a new market of family audiences and culture-seekers. The proposition of a low-cost and highly accessible event creates a high value that will interest many customers. Therefore, the strategy offers the organization the visibility needed to become a preeminent Chicago arts center.

Because the theatre's education initiatives underway work one-on-one or in small groups, the organization makes a big impact—but only for a small number of students. By giving learners the opportunity to come to the venue for student matinees, the theatre can round out its education programming and expand its reach. By investing in the next generation, the organization is more apt to become the national arts leader it aspires to be.

Creating a new facility is the organization's only internal strategy, but will have the greatest impact for its theatregoers. A capital campaign that also raises endowment funds will engage individual donors, corporations, and foundations in order to provide a much-needed new space with funds that will sustain the organization as it expands into the future. In essence, the strategy will create a space worthy of the theatre's artistic ambitions.

### **Test**

Studying the external environment uncovers the opportunities and threats that help or hinder the success of new strategies.<sup>57</sup> The theatre's primary threat is competition among cultural offerings. Although rivalry among theatres is mild, there are 300 theatres in Chicago competing for leisure dollars.<sup>58</sup> Furthermore, with the onset of the city's cultural plan, offerings throughout Chicago are on the rise.<sup>59</sup>

### **Industry Environment**

An industry is "a group of firms producing products that are close substitutes."<sup>60</sup> Therefore, rather than examining the theatre industry at large, the theatre should only test industries offering similar services as the proposed strategies. Furthermore, it is only necessary to evaluate the strategies impacted by the external environment (a festival and student matinees). Consequently, the industries to test are summer festivals offering live entertainment and field trip opportunities for CPS students.

In addition to defining the industry, Susan Oster recommends researching, evaluating relations among participants, and identifying funding group power to establish the likelihood of success.<sup>61</sup> Upon researching the festival industry, we found hundreds of family events, but only a fraction offer live entertainment in the summer.<sup>62</sup> Field trip options are not as plentiful. However, notable Chicago institutions host the bulk of recommended activities,<sup>63</sup> which may make the market difficult to enter.

The Department of Cultural Affairs and Park District have created a systemized entry into the summer festival market. This structure also prevents too many organizations from scheduling events in the same area at the same time,<sup>64</sup> thereby making relations among festival participants moderate. The relations in the field trip industry also appear moderate, as organizations offering this service often have a different primary customer—and therefore a separate principal revenue generator.

Funding group power is also moderate for festivals and student matinees, as both strategies are likely to attract a diverse group of funders. For example, a music festival for families has 13 festival sponsors<sup>65</sup> and another theatre in Chicago has 10 education program sponsors,<sup>66</sup> indicating these initiatives are attractive and highly fundable. We summarize the findings from the industry research in the table below with the caveat that the New Facility does not have the relevant characteristics for examination because it is essentially an internal strategy:

	Festival	Student Matinees	Facility
Industry Description	Summer festivals for families with live entertainment	Field trips for CPS students	N/A
Participant Relations	Moderate	Moderate	N/A
Stakeholder Influence	Weak	Weak	N/A
<b>Fit to Strategy</b>	Somewhat Attractive	Attractive	N/A

Because the festival market is so dense, it is only somewhat attractive. Field trips, however, are more attractive as there are fewer opportunities for history students.

### Competitor Environment

Competitors are the agencies that offer similar products to similar customers.<sup>67</sup> In addition to identifying the theatre's rivals, it is valuable to know their LOBs, competitive advantages, and the likely response when the organization implements the new strategies:

	Festival	Student Matinees	Facility
Competitor Description	Organization that hosts an annual three-day music event the second weekend in July. This family-friendly festival features 60 music acts that range from indie rock, international acts, teachers, and students. <sup>68</sup>	Another theatre in Chicago is the primary competitor for student matinees. This rival has more than 20 years of experience producing student matinees, serves more than 40,000 students annually, and is the go-to field trip for more than 2,500 English and Drama teachers. <sup>69</sup>	NA
Comparison	The theatre festival is a theatrically driven festival that will occur only on July 4 <sup>th</sup> weekend.	We will have a significantly smaller network and primarily present works with history classes tied directly to the classroom curriculum.	NA
Likely Response	Not likely to respond. Their festival is music-centered and on a different weekend.	Not likely to respond. Their network is massive and catered to English and Drama students	NA
<b>Fit to Strategy</b>	Attractive	Attractive	NA

As summarized in the chart above, the competitive environment is not an imminent threat to the theatre. Therefore, both a festival and student matinees remain attractive.

## Internal Environment

In addition to determining the external environment, the theatre must consider its internal abilities. By adapting Clara Miller's Iron Triangle, the organization can analyze mission drift, organizational capacity, capital structure, and risk orientation to evaluate if it can carry out the proposed strategies, while maintaining its current initiatives.<sup>70</sup>

### Mission

The theatre exemplifies a purpose-centered organization, as there is a clear connection between productions (the primary revenue generator) and the organization's educational programs and research initiatives. Therefore, any new LOBs (in this case a festival and student matinees) should also relate and not cause mission drift. To evaluate, the organization revisited the MacMillan Product Matrix<sup>71</sup> and tested the new strategies in terms of program attractiveness, alternative coverage, and competitive position.

A festival for the theatre is highly attractive (aligns with the mission), has high alternative coverage (many competitors), and a strong competitive position (uniquely linked to a historical holiday), making it mostly attractive. Should the organization pursue this strategy, it will have to compete aggressively to ensure the strategy's success.

The market for student matinees is competitive, but the strategy aligns with the theatre's mission. The organization also has a unique position as an arts organization focused on history teachers—therefore, making matinees very attractive. Furthermore, the Great Ideas Report identified a need for aggressive growth for the theatre's education programs, which would be satisfied with the conception of student matinees.

### Capacity

Clara Miller defines organizational capacity as "the ability of an organization to simply operate its business."<sup>72</sup> To determine if the theatre can execute its new strategies, the organization must identify any lack of resources that would prevent success. To evaluate, the theatre reviewed the takeaways from the SVP Organizational Capacity Assessment Tool,<sup>73</sup> Four Questions,<sup>74</sup> and the SPOT analysis from the Great Start and Great Ideas Reports.

Previous reports found that the theatre has great marketing and administrative skills, as well as a strong artistic vision that would support a festival. Yet, with resources already spread thin (human and capital), the assets necessary to curate a successful festival don't seem to exist, making this strategy unattractive.

Student Matinees, however, would require very few resources, as the theatre would simply remount an existing production. The assets necessary are a company of actors available during school hours, staff to book reservations, and staff to greet schools upon arrival and departure. As resources needed are minimal, this strategy is attractive.

Finally, the theatre's current facility is its weakest asset. Patrons find it difficult to locate, seating is limited and does not meet the needs of a growing audience, and it fails to support the theatre's vision. The organization's unique position affords theatregoers with a space to relive historical moments that have defined our past. Therefore, the venue needs a space that will play to its biggest strength: producing exceptional theatre.

By investing staff resources (time and effort) into a capital campaign, the theatre will develop deeper relationships with current supporters and gain new funders in the process. A campaign will draw upon human resources that are already spread thin, but the payoff of raising money for a new venue and simultaneously establishing an endowment will strengthen all resources in the long run. As a result, this strategy is attractive.

### **Capital**

Understanding the theatre's capital structure will illuminate the overall health of the organization.<sup>75</sup> To evaluate, the theatre should refer to the success measures chart in the Great Start Report (and summarized on pages 4-5 of this workbook). Although, the organization needs to build its operating reserves, the theatre is fit to maintain its current initiatives and to pursue its less expensive strategies: student matinees and creating a new facility.

### **Risk**

Albert Einstein said, "A ship is always safe at shore, but that is not what it's built for."<sup>76</sup> Yet decision makers must establish the best time to invest in risk-taking initiatives. According to the theatre's general manager, the organization is currently taking few risks, as they recently decided to allocate most resources into the production budget to stay competitive with other midsize theatres.

Additionally, the theatre reviewed its SPOT analysis and SVP Capacity Assessment. The organization has a growing list of funders, but obtaining enough contributed income has been challenging. Because every strategy proposed relies on funding, the theatre must determine which ones are *most* fundable.

Finally, the theatre used the Trussel Financial Vulnerability Quick Test, to see if net assets have dropped significantly over the past three years.<sup>77</sup> The organization's assets dipped in 2013, but since 2011 have risen nearly 12%—therefore passing the test with flying colors.

Based on various tools, the theatre is risk averse. However, it can afford to make a small investment and it is recommend 15 percent of operating reserves (\$57,000) be invested in fundraising initiatives to support student matinees and a new facility.

## Summary

In sum, the theatre tested its strategies against the organization's internal environment around mission, capacity, financial health, and risk orientation. In almost all categories, the theatre decided that the festival was unattractive. However, student matinees and a new facility became priorities as reflected in the table below:

	Festival	Student Matinees	New Facility
Mission	Mostly Attractive	Very Attractive	N/A
Capacity	Unattractive	Attractive	Attractive
Capital	Unattractive	Attractive	Attractive
Risk	Unattractive	Attractive	Attractive
<b>Fit to Strategy</b>	Unattractive	Attractive	Attractive

## Decide

Analyzing all three environments – industry, competitor, and internal – we discovered that a festival and student matinees are attractive strategies to pursue. However, because the festival market is so saturated, student matinees are slightly more attractive:

	Festival	Student Matinees	New facility
Industry Environment	Somewhat Attractive	Attractive	N/A
Competitor Environment	Attractive	Attractive	N/A
Internal Environment	Unattractive	Attractive	Attractive
<b>Fit to Strategy</b>	Mostly Attractive	Attractive	N/A

Finally, we used the Change or Die Checklist,<sup>78</sup> which asks eight questions for the theatre to consider. Like the MacMillan Matrix,<sup>79</sup> it helps decision makers choose what *not* to do.<sup>80</sup>

	Festival	Student Matinees	New Facility
Is the practice better than what you are doing now?	No, but would create visibility	Yes, it would expand programs	Yes, a facility is greatly needed
Is it really worth the time, disruption, and money?	No, lack of staff and capital resources	Yes, strategy is easy to implement	Yes
Is it best to make only symbolic changes instead of core changes?	No, core changes are more important	No, the theatre is committed to new initiatives	No, this core change would be positive
Is doing it good for you, but bad for the company?	Yes, the cost of a festival would likely exceed revenue	No, the expanded reach would benefit the organization	No, a new building would benefit all activities

	Festival	Student Matinees	New Facility
Do you have enough power to make it happen?	No, resources spread too thin	Yes	Maybe, dependence on funders is very high
Are people already overwhelmed by too many changes?	Yes	No, it would not require huge staff resources	Maybe, but a new facility is expected to boost morale
Will people be able to learn and update as it unfolds?	Maybe, staff is smart, but overworked	Yes, staff would learn how to interact with students	Yes, clear planning would take place prior to launching
Will you be able to pull the plug?	Yes	Yes	No
<b>Fit to Strategy</b>	<b>Unattractive</b>	<b>Attractive</b>	<b>Attractive</b>

The analysis concludes that the theatre should pursue two of the three strategies initially proposed: student matinees and a new facility. However, this does not mean that a festival isn't a great idea—now is simply not the time to pursue it. When the theatre has additional staff and resources, a festival would be a mission-driven idea to reevaluate.

### Great Strategies Summary

By completing the Great Strategies process, the theatre has prioritized student matinees and building a new facility. These two strategies will propel the organization forward as it strives to realize its vision to become a preeminent Chicago arts organization and nationally recognized leader. Furthermore, this report has created goals for each strategy in order to build an action plan that will give the theatre the momentum to start moving toward the future it seeks.

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<sup>78</sup> (Pfeffer & Sutton, 2006, pp. 160-185)

<sup>79</sup> (MacMillan, 1983)

<sup>80</sup> (Porter, 1996, p. 69)