
OPÉRA DE MONTRÉAL:

2006-2016: Assessment of a Successful Restructuring

Collaboratively prepared by the Opéra de Montréal's administration and Serge Poisson-de Haro, Associate Professor in the Department of Management and professor at the Carmelle and Rémi Marcoux Chair in Arts Management, HEC Montréal

A BRIEF LOOK BACK AT THE SITUATION IN 2006²:

- An accumulated deficit of \$2 million CAD on a budget of \$8 million at the end of the 2005-2006 season
- Subscribers numbered about 7,000 at the end of the same season (versus 12,000 in 1994-1995)
- Cancellation of the 2005-2006 season's main production: Oedipus Rex, to be directed by François Girard
- Attendance rate of 72%
- The institution's very survival was at stake...

INITIAL PHASE IN 2006-2007: ENSURING SURVIVAL WITH THE "MONTREAL DESERVES ITS OPERA COMPANY" RECOVERY PLAN, AND ELIMINATION OF THE DEFICIT IN 2007-2008³

- Recovery efforts carried out in collaboration with the new chairman of the board, Alexandre Taillefer
- Decrease in operating expenses as of 2006 (number of employees dropped from 26 to 12, elimination of the box office proper except during the subscription period, rental of freed-up space)
- More accessible programming, with 4 productions
- Association with Opera Australia
- Reviewed governance: number of administrators reduced to 7 active members
- Launch of the Governors' Circle (the mission of the 25 members is to build up the endowment fund from \$1 million to a target \$12 million over the years)
- Attendance rate of 82% (2006-2007) and 81% (2007-2008, with a sold out production of Madama Butterfly), and a sharp increase in under-30 subscribers (going from 919 to 1,315 subscribers in 2007-2008)
- Deficit reduced to under \$700,000 CAD in 2006-2007, and zero deficit in 2007-2008

PHASE TO ENSURE LONG-TERM SUSTAINABILITY:

OBJECTIVES:

- Ensure financial sustainability and increase revenue
- Assert the Opéra de Montréal's artistic relevance and originality in Montreal's competitive sphere
- Attract customers and build their loyalty
 - Maintain the current subscriber base
 - Emphasize recruiting customers of age 30 and under
- Increase awareness
 - Geo: Montreal Urban Community
 - Brand image: distinction with other forms of high culture, such as the OSM, OM, and Les Grands Ballets
- Revise the governance structure and prepare for succession
 - Maximize private funding (fundraising)
 - Prepare successors for key positions within the organization

ACTIONS :

- Diversification of programming starting in 2009: one French work, major repertoire, and contemporary works / new works (Starmania, Dead Man Walking, Porgy & Bess, Silent Night, Les feluettes)
- Readjustment of the offer (number of performances) to meet market demand (attendance rate)
 - 2008: alternating between 5 and 4 operas per season
- Multiplication of the public performances and social partnerships
- Relationship marketing strategy:
 - 2011: Strengthening of e-commerce
 - Via the Opéra de Montréal website and mobile app
 - 2013: Dynamic pricing
 - Management of ticket inventory and price fluctuations based on demand, allowing for \$50,000 in additional profit
 - 2014: Implementation of a CRM system (database management)
- Consolidation du réseau de coproducteurs : Opera Australia, Pacific Opera Victoria, etc. dès 2006
- Rejuvenation:
 - 2007: repositioning of the brand image
 - 2010: establishment of a committee of young professionals
 - 2012: creation of a network of campus ambassadors
- Atelier lyrique integrated into the Opéra de Montréal in 2010
- Creation of the private corporation ODM Inc. to diversify funding in 2012
- New philanthropic vision and creation of the endowment fund in 2009

RESULTS:

- Decrease in the performance offer: alternating between 5 and 4 operas per season with a reduced number of performances (dropping from 6 to 4)
 - Number of performances
 - 2006 : 22
 - 2008 : 22
 - 2012 : 16
 - 2015 : 17
- Increase in paid attendance, hitting a peak of 82%
 - 2006 : 72 %
 - 2008 : 81 %
 - 2012 : 81 %
 - 2015 : 82 %

- Enhanced value of the offer, with an increase in the average ticket price, hitting a peak of \$74.10 (\$63.83 in 2006)
- Younger clientele, with those 30 and under representing 28% of the total
 - Steady growth since 2006, to 28% of clientele
 - Increase of average ticket price since 2006 (\$21 to \$34 in 2015)
- E-commerce represents 76% of box office revenue
 - 2006 : 22 %
 - 2015 : 76 %
- Own-source revenue generally upheld
 - Increase in donations
 - 2006 : \$390k
 - 2008 : \$370k
 - 2012 : \$417k
 - 2015 : \$470k
 - Increase in sponsorships
 - 2006 : \$130k
 - 2008 : \$355k
 - 2012 : \$166k
 - 2015 : \$235k
 - Decline in the set rental market
 - 2006 : \$340k
 - 2008 : \$378k
 - 2012 : \$291k
 - 2015 : \$25k
- OPUS Award for Event of the Year for Dead Man Walking
- ODM Inc. has allowed the Opéra de Montréal to benefit from additional tax credits, necessary to the funding of the non-profit organization (additional revenue of \$100,000)
- Atelier lyrique moved within the Opéra de Montréal's offices, giving the young artists greater access to artistic and stage resources
- Increase in the number of collaborations between the Atelier lyrique and professional organizations (Violons du Roy, McGill Chamber Orchestra, Laval and Longueuil symphony orchestras, Sinfonia de Lanaudière, Société d'art vocal de Montréal, COC Ensemble)
- Without any real launch of a major fundraising campaign for the Opéra de Montréal's endowment fund, matching through the Mécénat Placements Culture program and Canadian Heritage allowed for the creation of additional own-source revenue
 - Portfolio value
 - 2006 : \$930k
 - 2008 : \$1M
 - 2012 : \$4,2M
 - 2015 : \$7,2M
 - Interest revenue reinvested in operations
 - 2006 : \$0
 - 2008 : \$50k
 - 2012 : \$150k
 - 2015 : \$300k

¹ Author of Opéra de Montréal: *An Inspiring Turnaround*, *International Journal of Arts Management*, Vol. 12, No. 1, Fall 2009.

² Source: François Normandin and Serge Poisson de Haro, L'Opéra de Montréal : un redressement exemplaire, *Revue Internationale de cas en gestion*, Vol. 8, No. 4, December 2010. Please note that this teaching case is also available in English in the same issue of the *International Journal of Case Studies in Management*.

³ Idem