

Case

A non-profit theater's strategy focuses on experiences

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TimeLine Theatre was founded in April 1997 by six graduates of The Theatre School at DePaul University (three of whom remain actively involved). The founders and the people they attracted to the non-profit theater company were ambitious and deeply committed to artistic and managerial excellence and professionalism. TimeLine's specific mission is:

"TimeLine Theatre Company presents stories inspired by history that connect with today's social and political issues. Our collaborative artistic team produces provocative theatre that engages, educates, entertains, and enlightens."

Since its founding, TimeLine's finances have grown from the initial \$600 contributed by its founders and their friends to an annual operating budget in excess of \$600,000 (supplemented by the contribution of thousands of hours of volunteer work). In recent years the Company has won over three dozen Joseph Jefferson Citations (Chicago's equivalent of the Tony awards), as well as the 2006 Alford-Axelsson Award for Nonprofit Managerial Excellence. TimeLine's strategy and core values are both important factors underpinning this run of success.

TimeLine is steered by its Company, which is a small group of its artistic leaders, and its board (See box, "TimeLine's governance"). Together they systematically addressed questions of strategy a few years ago in a planning process that included retreats as well as a series of follow-up workshops, all facilitated by a strategy consultant. During the planning, the leadership group found insight for its strategy from several publications by B. Joseph Pine and James Gilmore[1] on the idea of experience as a basis for differentiation (see box, "Potent strategy ideas: experience, co-creation, and a new synthesis of the two"). When that

TimeLine's governance

At TimeLine, the two governing bodies are The Company and the Board of Directors:

The Company makes artistic decisions for TimeLine Theatre – principally the selection of plays for the coming season. The Company is charged with actively critiquing the quality and execution of the artistic work and artistic decision making. The Company meets monthly (more often when play selection is taking place) in addition to its annual two-day retreat. The Company has a voice in the hiring of the Artistic Director and the Managing Director, as well as in the election of Board members. TimeLine's Company currently has eight members.

Its Board of Directors oversees the business affairs of the theater. It has the primary role in hiring the Artistic Director and the Managing Director, as well as in the recruitment and election of Board members. The Board sets and approves the annual budget, evaluates the Artistic and Managing Directors, sets compensation, accepts the results of outside audits, and actively assists the fundraising activities of the Theatre. The current Board has fifteen members – including the Artistic Director and Managing Directors and an ex officio representative of the Company.

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Potent strategy ideas: experience, co-creation, and a new synthesis of the two

Creating value through experiences

James H. Gilmore and B. Joseph Pine II described a new framework for thinking about strategy and value creation in their 1999 book *The Experience Economy: Work Is Theatre & Every Business is a Stage* (subsequently expanded upon in their 2005 article "Customer experience places: the new offering frontier," *Strategy & Leadership* Vol. 33 No. 5). Gilmore and Pine observed that value increases along a hierarchy.

- Commodities represent the lowest value and have the least value added (for instance, coffee beans).
- Finished goods represent moderately higher value (roasted, ground and packaged coffee).
- Services add further value to goods (coffee at a diner).
- Experiences add substantially more value to the mix of underlying goods and services (coffee at a Starbucks).
- Transformational experiences represent the highest level of value for customers.

An experience based strategy endeavors to create and capture substantial value (and profits) by "staging" the provision of goods and services in ways that deliver unique and valuable experiences to customers (ideally, transformational experiences). Thus, there is more value created and delivered at The American Girl store (which makes doll buying an experience) than in the doll aisle at Wal-Mart.

Co-creating value with customers

C.K. Prahalad and Venkat Ramaswamy described another framework for strategy and value creation in their 2004 book *The Future of Competition: Co-creating Unique Value with Customers* (summarized in their 2004 article "Co-creating unique value with customers" *Strategy & Leadership* Vol. 32 No. 3). The authors observed that with ubiquitous, global access to information and the ability to network and experiment with alternative products and solutions, the relationship between companies and customers has changed permanently.

In this environment, companies can find new sources of value and gain competitive advantage by engaging with customers to co-create unique products, services and experiences responsive to individual needs and desires.

Prahalad and Ramaswamy propose four building blocks for co-creating value with customers – the DART Model.

- **Dialog** – Interactive engagement and shared learning between the company and the customer – building loyalty as well as value.
- **Access** – Providing access to information and tools that enable customers to directly engage and consider potential sources of value creation at the company.
- **Risk assessment** – Helping customers understand the risks associated with the products, services and experiences they are creating – so informed choices can be made in co-creation.
- **Transparency** – Providing (and assuming) less asymmetrical information regarding prices, costs and processes – empowering customers to be confident in the decisions they make in the co-creation process.

Finally, the authors highlight the ability of companies to combine dimensions of the DART Model to co-create value along multiple dimensions – best suited to the unique nature of the market, the customers, and the company.

The synthesis: co-creation of value through experiences

Venkat Ramaswamy has found that these two ideas are mutually reinforcing and become more powerful taken in combination (see his current article "Co-creating value through customers' experiences: the Nike case," *Strategy & Leadership* Vol. 36 No. 5) Since experience based offerings involve the customer directly, opportunities for co-creation become abundant in those settings. Further, application of the DART Model can lead directly to what Ramaswamy terms "new engagement experiences of value to the customer."

“TimeLine embraced ‘experience’ as part of its operating strategy – for performers, technicians and volunteers – and its offering strategy for audiences.”

strategic-planning process concluded, TimeLine had embraced “experience” as part of its operating strategy – for performers technicians and volunteers – and as its offering strategy for audiences.

Other innovative ideas regarding co-creation of value for product and service offerings[2] were really not on TimeLine’s radar screen as it worked on strategy. However, at subsequent meetings the Company did discuss the core values that inform everything it does. During these discussions co-creation principles were considered and identified as a critical element in how TimeLine should work with artists and technicians. Further, over time, the “co-creation” concept also guided how TimeLine engages its audience.

This case study addresses how the organization implemented both an experience-driven strategy (the conscious choice) and an ongoing commitment to co-creation of unique value through experiences (the values-based approach). By adopting both, TimeLine has achieved significant artistic and organizational growth.

The conscious choice: a strategy for creating positive experiences

Using the ideas in the Pine and Gilmore book *The Experience Economy* as a basis for its strategic conversation, TimeLine eventually adopted two primary goals that explicitly focused on creating distinctive experiences. One of those goals focused on the people creating the work on stage, the other on involving the audience.

Goal 1: artists, technicians and volunteers

“The TimeLine Environment – providing a work environment for artists, technician, staff and volunteers that embodies professionalism and that facilitates doing great work.”

The central idea behind this goal is that working at TimeLine in any capacity should be a uniquely valuable experience, one that entices talented artists, technicians and volunteers to return. Its implementation has led TimeLine to take a number of specific steps that create a positive experience for those working with the theater, such as:

1. The Company adopted an initiative to “nurture and extend a culture of respect and recognition for artists, technicians, staff and volunteers.” At the tactical level that has resulted in such actions as holding “all hands on board” first rehearsals – where the entire production team (as well as staff, Board members, and Company members) discuss the director’s vision for the play, see the designers’ ideas for sets, sound, lighting and costumes, and begin actively collaborating on the creative work as a team.
2. TimeLine has committed resources to “adopt and apply best professional practices across the entire artistic process” including, hosting post-mortem discussions with the creative teams of every production – identifying the positive practices to be captured and repeated in the future, the challenges encountered throughout the production, and the misjudgments that could be eliminated or minimized.
3. Benchmarking the practices of other successful theaters in Chicago and beyond, and adopting practices that fit TimeLine’s highly collaborative culture.
4. Devoting time at the annual Company retreat to improving critical artistic decision-making at TimeLine, including play selection and season planning.
5. TimeLine has allocated more resources each year to “improve artist pay and ensure equitable treatment for all in compensation.” That has resulted in TimeLine increasing

artist pay every year so that it now more closely parallels the pay scale within Actors Equity (the artists' union). In spring 2008, TimeLine officially approved a three-year contract with the union.

The net result of these efforts has established "The TimeLine Environment," as a milieu in which artists, technicians, theater professionals, and volunteers want to work. This operational branding is crucial to TimeLine's strategy of being able to compete with other theaters for access to great talent. Some measures of the success of instituting this working environment have been:

- TimeLine's 2005-06 season included a production of the Pulitzer-prize-winning 1959 musical *Fiorello*, about the unlikely political career of Fiorello LaGuardia (see Exhibits 1 and 2). TimeLine's collaborative approach attracted Broadway lyricist Sheldon Harnick, Tony winner for *Fiorello*, *Fiddler on the Roof* and other hit musicals. On the experience of working with TimeLine's creative team, Mr Harnick said: "When you write for the theatre, one of life's great pleasures is to see one of your creations come alive as you envisioned it. TimeLine Theatre Company's *Fiorello* has given me that pleasure . . . (E)very last bit of drama, romance and humor has been fully realized. Remarkably, TimeLine's *Fiorello* has the breadth and scope of a large production; that this has been accomplished in such a small space is nothing short of astonishing! I am one happy writer."
- TimeLine's mid-size-theater pay scale makes attracting top talent solely on the basis of money unlikely. Yet, in part because of TimeLine's reputation as an enticing place to work, one of the theater's first Actors Equity contracts went to award-winning-actor Howard Witt. Similarly, TimeLine has had the good fortune to work with a number of outstanding directors who earn considerably more when working at larger theaters. And when TimeLine needed to fill two professional staff positions it was also able to attract highly qualified candidates, largely because of the credibility of "The TimeLine Environment."

Goal 2: audience involvement

"The TimeLine Experience – creating unique and insightful artistic works and theatre going experiences that excite artists and engage growing, enthusiastic audiences"

TimeLine Theatre production of *Fiorello*. Photo by Lara Goetsch





The focus of this goal has been to continually enhance the total experience audiences get from TimeLine. However, at TimeLine it goes beyond the moment of the live performance.

1. Initiatives focused on improving the experience associated with live performances include:
 - Enhancing the resources available for creative sound design, lighting design, and costuming, thus raising the bar on production and design standards.
 - Creative use of theater space. TimeLine's employs a variety of innovative approaches to staging and seating configuration.
 - Actively seeking new artists, new works, and new actors. TimeLine has continually added new actors, new directors, and new playwrights to its extended family.
 - Selecting and producing the right works. TimeLine focuses on fulfilling its mission to present stories inspired by history that connect with today's social and political issues.
2. TimeLine has found innovative ways to enhance the audience's experience beyond the immediate impact of the live performance:
 - TimeLine uses its lobby in ways that further draw the audience into the history and the issues being exposed on the stage. Chicago Sun Times theater critic Hedy Weiss noted, "TimeLine Theatre invariably sets its lobby abuzz with elaborate, informative displays supplying crucial background information for the historically inspired plays it favors."
 - TimeLine also provides audiences with extensive background information – in print and online – to help theatergoers immerse themselves in the historic period the current play depicts.

The results of this focus on creating a distinctive theater-going experience for audiences have produced success by a number of measures. TimeLine subscriptions have grown from 107 in the 2002-03 season to over 1,200 in 2007-08. Donations from individuals have grown from roughly \$38,000 in 2002-03 to over \$140,000 in 2006-07. Total audience attendance has more than doubled over the past five years. Finally, there are the Joseph Jefferson citations – attesting to the quality of work occurring at the moment of the live performance.

TimeLine has won a dozen of its citations in just the last three years for acting, direction, and production, as well as projection design and costume design.

Making co-creation of experiences a core value

The Company revisits the topic of core values on a regular basis. At their highest level, TimeLine's core values create an environment where (1) art can happen; (2) ideas can emerge; and (3) shades of grey can be explored. The company believes that its mission – stories inspired by history that connect with today's social and political issues – is advanced by creating conversations about the issues. These conversations are the starting point of co-creating unique value.

The initial commitment to co-creation started with the founding of the Company. At the very beginning, TimeLine's founders recognized the importance of pooling diverse talents – acting, directing, design and dramaturgy – to advance the mission and the vision. Further, those founders believed a similar approach would be important for the business side of the theater as well. Thus, from the very beginning, TimeLine's leaders were committed to:

- Taking a collaborative approach to the work – among the artists, designers, and technicians involved in its creation.
- Insisting on a high level of professionalism – going about things the right way and putting absolutely the best quality on stage that was possible.
- Learning from and improving upon every production and every season.

This values-based commitment to “creating an environment where art can happen . . .” led to involving the entire artistic team in co-creation of value, though not precisely the process described by Prahalad and Ramaswamy in their book *The Future of Competition*. Instead, TimeLine adopted a specific aspect of their co-creation theory, their DART model: engage customers (audiences) in Dialog, Access, Risk Assessment and Transparency.

For the Company and the board TimeLine's use of the DART model of co-creation took a number of forms in practice.

- **Dialog.** Post-show discussion groups and a regular “Sunday Scholars Series” (open discussions led and informed by experts on the history and/or issues explored in each play).
- **Access.** To give audience members tools to increase their involvement with the history and the issues TimeLine created extensive lobby displays, offered information via the web and published *Backstory* (a magazine-style publication of historical background and interviews for every major production).

The first significant epiphany TimeLine had regarding the power of co-creation with its audiences strongly underscores the unique nature of risk and transparency in a live theater context. TimeLine produced a world premiere one-act play by Brent Neveu called *Harmless*. The play explored the considerable ambiguity associated with how best to help psychologically troubled college students. TimeLine found that its audiences (and its cast) benefited immensely from discussing the multiple levels of meaning and complexities uncovered in the play. So, TimeLine began scheduling additional post-show discussions.

These enhanced the play-going experience for audiences and artists alike by engaging everyone in dialog. And, those conversations underscored the fact that exploring difficult (perhaps irresolvable) ambiguity on stage involved enormous risk – for the actors and the

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audience. By introducing greater transparency into the artistic process, through sharing and talking about the discomfort associated with the play, the entire experience was improved. Co-creation happened, not because it was a goal or an explicit strategy, but because TimeLine valued “exploring shades of grey.”

To build on this success, TimeLine redesigned the experience space for a production in the 2007-08 season. The Company produced *Tesla's Letters*, a play set in part at the Tesla Museum in Belgrade. Rather than simply mount its traditional extensive lobby display, TimeLine turned its lobby into an extension of the Tesla Museum. Further, a cast member (the individual playing the museum curator) was on hand in the lobby – in character. Additionally, a continuous video was playing, showing the “museum director” (another cast member) demonstrating the inventions of Nikola Tesla, a subject of the play. Thus, from the moment audience members passed the box office, they were essentially inside the play. As a result, word of the sympathetic cultural experience spread through Chicago’s Balkan communities and audiences swelled.

Epilog

TimeLine Theatre Company has built an eleven-year track record of growth and success. But, as the exhibits demonstrate, the results have clearly accelerated since the Company formally embraced an experience-oriented strategy for its artists and for its audiences. Furthermore, TimeLine can point to the powerful impact co-creation has on experience. Co-creation markedly enhances the experiences the theater is committed strategically to creating.[3] In addition, it strongly reinforces and operationalizes the organizations’ mission – to present stories inspired by history that connect with today’s social and political issues.

Finally, in revisiting the strategic plan in recent months, it is clear that the entire organization – staff, Company members, and the Board of Directors – has a better understanding of the strategy. TimeLine is committed more than ever to creating distinctive experiences for everyone involved with the theater.

Notes

1. “Customer experience places: the new offering frontier” by James H. Gilmore and B. Joseph Pine II, *Strategy & Leadership*, Vol. 33 No. 5 and B. Joseph Pine, James H. Gilmore *The Experience Economy* (Harvard Business Press, 1999).
2. C.K. Prahalad and Venkat Ramaswamy, *The Future of Competition: Co-creating Unique Value with Customers* (Harvard Business Press, 2004).
3. Venkat Ramaswamy, “Co-creating value through customers’ experiences: the Nike case,” *Strategy & Leadership*, Vol. 36 No. 5.

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