

June/July 2005  
**BUSINESS**  
**CIRQUE DU SOLEIL**

WORDS BY CHRISTIAN SYLT



# REINVENTING THE CIRCUS

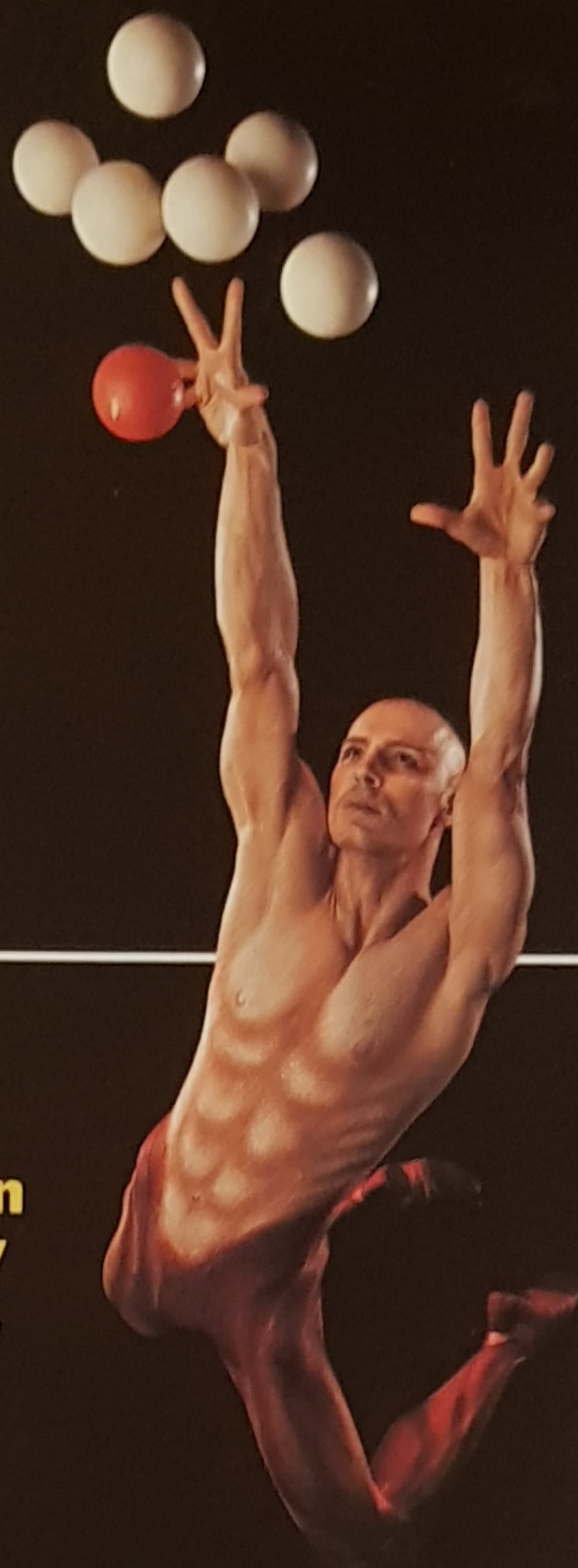


Saltimbanco



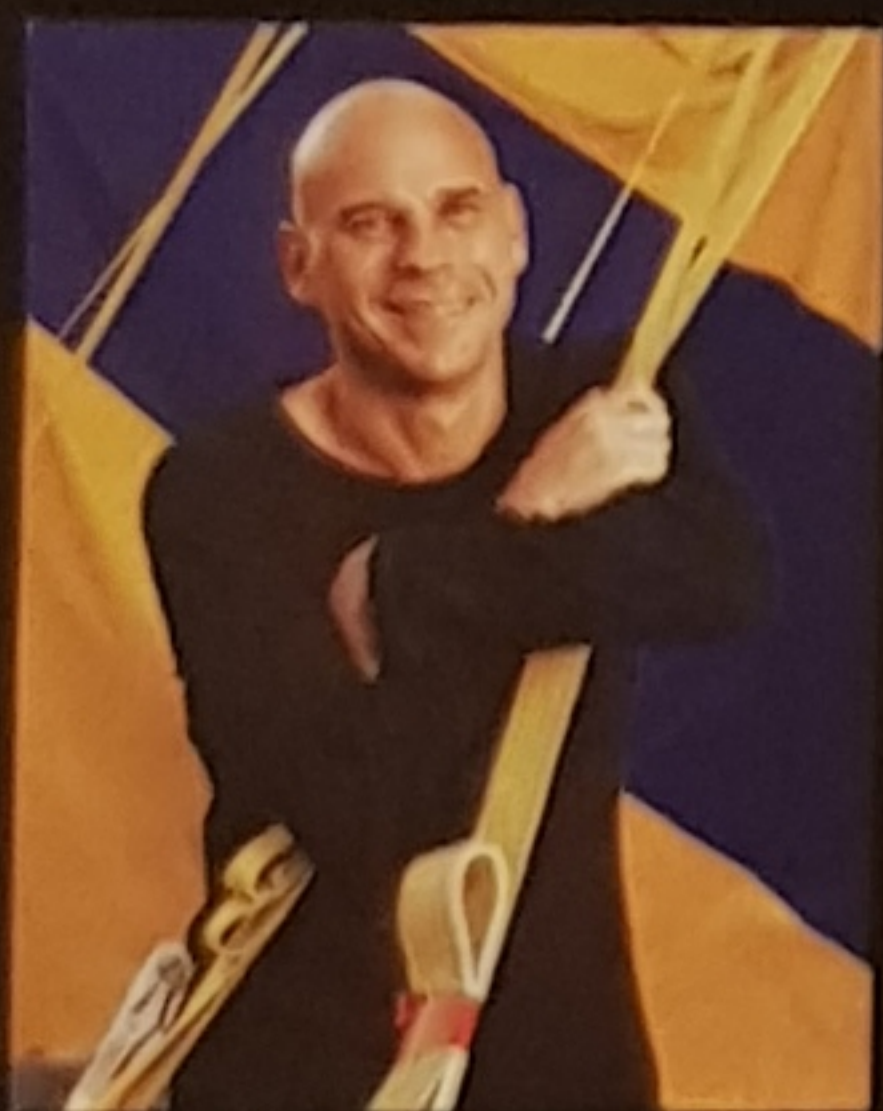


KA



Dralion

**Cirque du Soleil has been breathing new life into one of the oldest forms of entertainment since it was set up in 1984. But it's the business acumen of the circus company's founder Guy Laliberté that keeps the genre fresh.**



Guy Laliberté

**CIRQUE DU SOLEIL** is a real-life rags-to-riches tale. In 1973, its founder Guy Laliberté left home armed with an accordion and a backpack. He had a vision of creating a surreal high-tech circus without animals, and eleven years later he set up Cirque du Soleil—a company which now has six touring shows, permanent theaters in Las Vegas and Orlando and revenues approaching \$1 billion.

In April, Laliberté premiered *Corteo*, his latest extravaganza, but he says it will be the last touring show Cirque will launch. Curbing one of the company's key revenue streams may seem a strange move, but Laliberté is far from clowning around.

"We made a business and artistic decision not to multiply our shows," explains Laliberté. "We find that it solidifies the opinion people have of the brand, because there's a rarity created by the fact that we don't multiply like that."

Laliberté doesn't talk in the measured tones of classic CEOs. He prefers a turbo-charged stream of consciousness—hands gesticulating and face lit up with enthusiasm. Dressed in crazily colored jeans and a T-shirt, Laliberté looks more like a street entertainer than a boardroom bigwig.

He doesn't even call himself chief executive, but rather the "guide" who orients and artistically directs the company. He likens his situation to that of a taxi driver he came across in Scotland who had put a karaoke in the back of his cab. "Is he a taxi driver or entertainer?" asks Laliberté. "I think he's both."

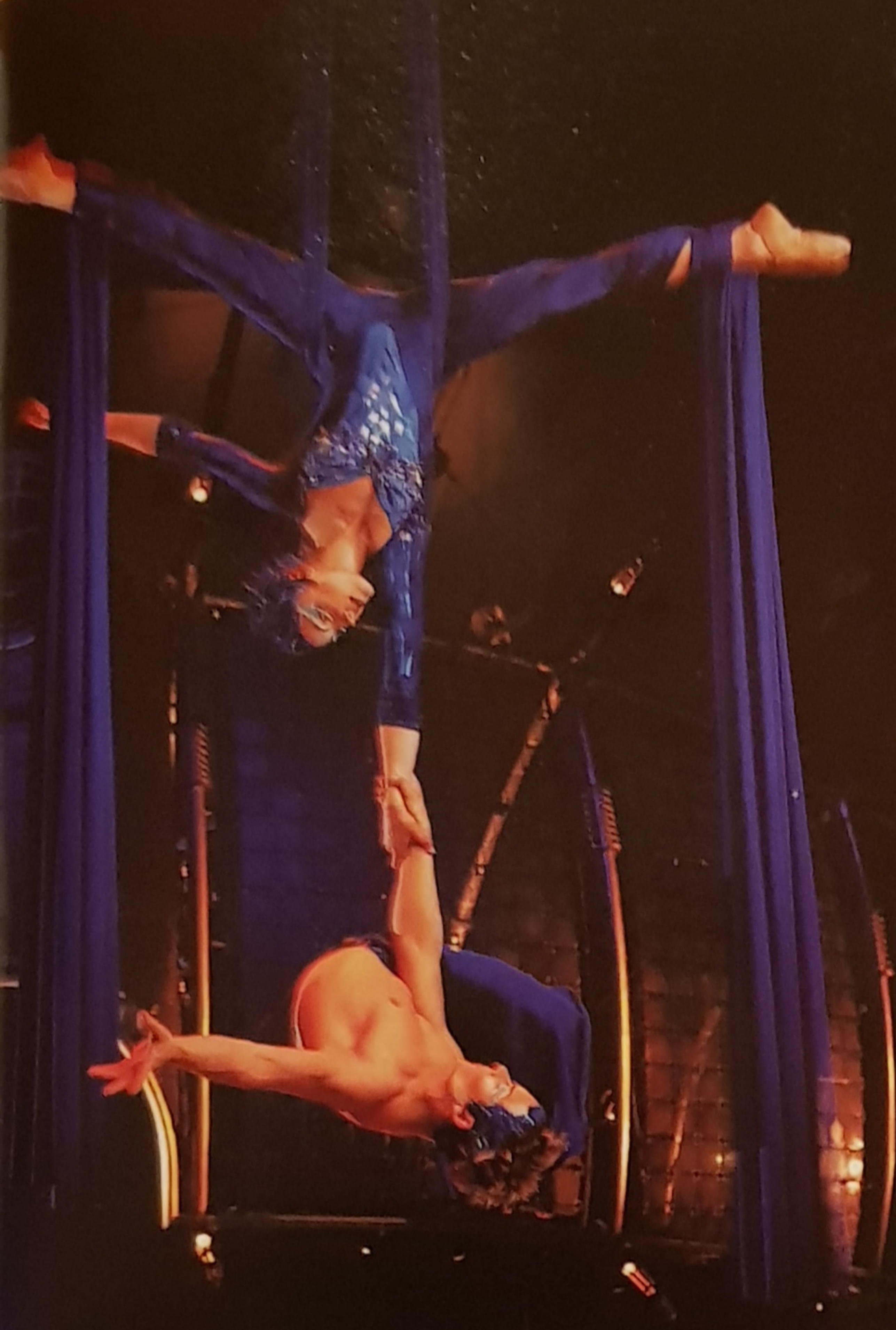
Laliberté is no clown and Cirque is no ordinary circus. Spectators won't find any sawdust strewn across the stage. Cirque's high-tech performances place a heavy emphasis on world-class contortion, acrobatics and juggling. But it is originality that separates them from their competitors.

"I love surrealism," Laliberté says of the dominant drive behind his shows, which have appropriately bizarre brand names, dramatic lighting, striking stages and surreal characters. In *Varekai*, Cirque's tour playing in Baltimore and East Rutherford during June, one of the central characters is the limping angel, who contorts on crutches and starts a spasmodic dance. *Corteo*'s protagonists play in a mysterious area between heaven and earth. But stunts are the stars of Cirque's shows, and rarity is the key here too.

Laliberté has created his own acts rather than hiring guest artists with their own routines. This allows Cirque's show content to remain constant throughout its lifetime rather than being at the mercy of traveling troupes. Cirque's performers effortlessly carry out each act while giving the impression that they are near misses.

The originality of its acts gives the company kudos, since its performances can't be replicated elsewhere. And Cirque's control over its creative output doesn't stop there. For example, 80% of the fabric used in the show's colorful costumes is bought white, then dyed in the company's workshops so that exact replacements are available throughout the show's life. And plaster busts are made of each performer's head, so precisely fitting masks can be made.

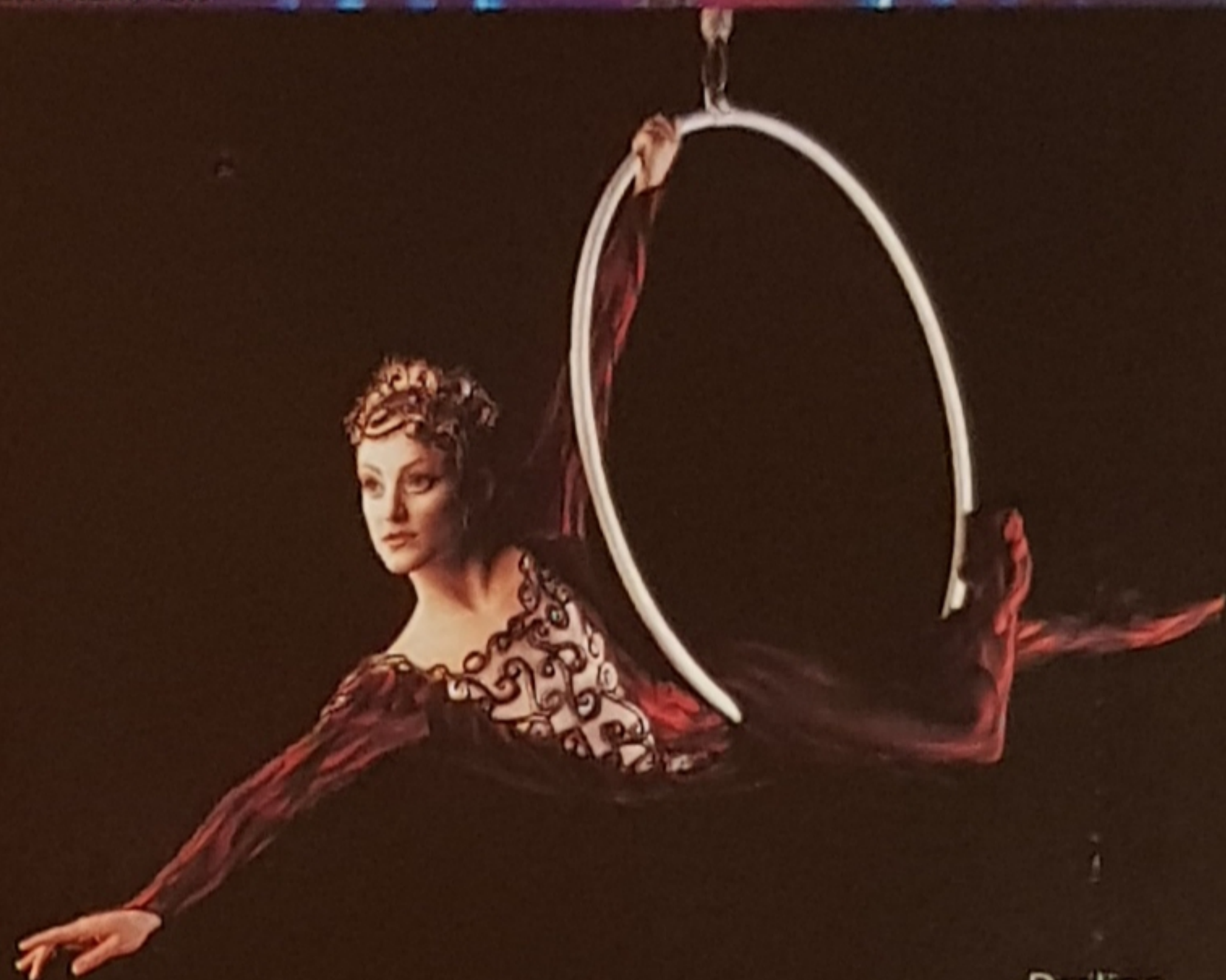




Dralion



Saltimbanco



Dralion

The logistics of a Cirque tour are daunting. The shows stay in a city for an average of a month, and each two-and-a-half hour spectacle takes place in a 2,500-seat big-top that costs \$13 million. Getting the production to opening night requires the transportation of up to 80 performers, 20 technicians, 800 tons of equipment, 70 containers and four generators. Each tour requires over 1,000 costumes, tended to by five traveling staff, and Cirque even has its own pastry chef on the road. All in all, it takes eight days to set up Cirque's self-sufficient village and three days to dismantle it. It's no surprise that taking the whole thing up and down costs \$5 million alone.

Cirque began with a troupe of 73 performers touring Canada and playing to 270,000 people a year. Since then, it has transformed into a company with over 3,000 employees including over 600 performers who will play to seven million people in 2005. And with an average historical sell out of 90% across its shows, Cirque generates around \$100 million annually from each. As Cirque's owner, this makes Laliberté a comfortable billionaire.

One of the secrets to its continued success is location. Tours are always staged in centrally located sites, and the permanent shows are associated with tourist destinations. The strength of Cirque's brand also means it can establish good product recognition while spending little on marketing, and Laliberté has identified growth markets for taking tours to Moscow, St Petersburg and Prague as well as others in Asia, Korea and Japan. Europe, which Cirque only began touring in 1995, is still largely untapped, though Laliberté has a strategy to best conquer the market.

"Sometimes we stay too long in a city and get a little weaker in the last week or two, so we readjust the times and number of shows next time so that the door closes on the nose of somebody at the end," he explains. Despite Cirque's size, Laliberté is still aware of the bottom



**There are five or six big cities in the world where we wish to have a permanent show in 10 years.**



line: "The audience decides if you live or die." Cirque's cast is crucial to this and Laliberté spends eight months a year scouting for new stars.

Touring takes its toll on the performers, who represent over 40 nationalities. Shows are often staged twice daily and at least 360 times a year. Laliberté says that the turnover of traveling employees is quite high, since they return home or have children. However, the permanent-venue shows balance this out since length of staff service is longer, allowing up to 470 performances each year. And, as Laliberté says, they "permit things we cannot do with tour shows."

Seeing the rotating 100-foot-high stage in the martial arts-themed *KÁ*, Cirque's newest Las Vegas show, is worth the \$110 average ticket price alone. Audiences gasp as it sets the scene for a two-deck royal barge to revolve on a calm sea while another boat rocks wildly and sinks, seemingly sending a woman plunging underwater, only to be saved at the last moment. And that's before the stage transforms into a sheer cliff and then an icy mountain.

*KÁ* cost \$150 million to create—more than all current Broadway productions combined. But because the hotel's owner, MGM Mirage, picked up the \$135 million cost of preparing the 1,951-seat theater,





Drallion



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Saltimbanco



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Cirque only had to foot the remaining production costs. Expenses and profits on the performances are split 50-50 between Cirque and MGM. In total, analysts estimate that Cirque's profit margin is around 20%, and much of it is ploughed right back into the company as a massive 40% of profits are spent on research and development.

Although there will be no new tours, expect to see more permanent venues popping up soon. A \$140 million Las Vegas production based on The Beatles is set to open in 2006, and two years later, Cirque's first permanent theater outside North America will open at the Tokyo Disney Resort in Japan. Like the US ventures, \$115 million of the construction costs for Tokyo's 2,000-seat theater will be coming from the local Oriental Land Company, with Cirque providing the remaining \$25 million.

Cirque's chief operating officer Daniel Lamarre says that London and Paris are also earmarked for permanent venues and adds, "There are certainly five or six big cities in the world where we wish to have a permanent show in 10 years." These projects, alone, should keep sales revenue growing at its current rate of around 15-20%.

The strength of Cirque's success rests on Laliberté's shoulders, and that's the way he wants it to stay. "If everything is a failure, the last thing I want is for people to be left with the impression that it was not my fault. If I am to live or die with that responsibility, I want to assume it 100% and I don't want to put Cirque in a position where it could be affected by other people's creative decisions," he says.

Consequently, Laliberté turned down the opportunity to float Cirque. "If you go public, everything changes," he says. "All my life I've been able to say yes or no. That means I've never had to compromise my artistic standards, and that's very important to me."

The circus is in Laliberté's blood. He's only 46 but is so concerned about Cirque's legacy that he is already searching for his successor. Once the heir is found, the long grooming process will begin.

"I don't want to wait until I'm 60 years old in order to prepare the people who will replace me," he says. But the level of Laliberté's commitment and enthusiasm makes him a tough act to follow. Only time will tell whether one of his three young children will share their father's unique characteristics.

"I think the reason for (Cirque's) success is the fact that Guy is uncompromising in his standards of excellence," says Alan Feldman, senior vice president of public affairs at MGM Mirage. He adds, "He's been able to create a company of people who share that commitment, who are completely willing to take big risks artistically (and) financially. How many companies are willing to do that?"

Laliberté's commitment has been his guiding light and he won't let anything dilute it. "There are three ways of being committed to a project," he says. "The first one is for me to have 110% involvement, which is having the courage and determination to go over and above what is considered a good project. Then you could play it safe, go at the 100% level, so it's still a good project, but more conservative. Then there's what I call the chicken way, which is going only by the financial rules."

For now, it's impossible to imagine Laliberté giving up, and he's setting himself a suitably impressive goal. "Hopefully we'll see the day when all of the world's six billion citizens will wear a red clown's nose at the same time and be united in laughter," he says. Until then, Cirque seems set to continue growing.

**KA**  
Photography: Tomas Muscionico  
Costumes: Marie-Chantale Vaillancourt

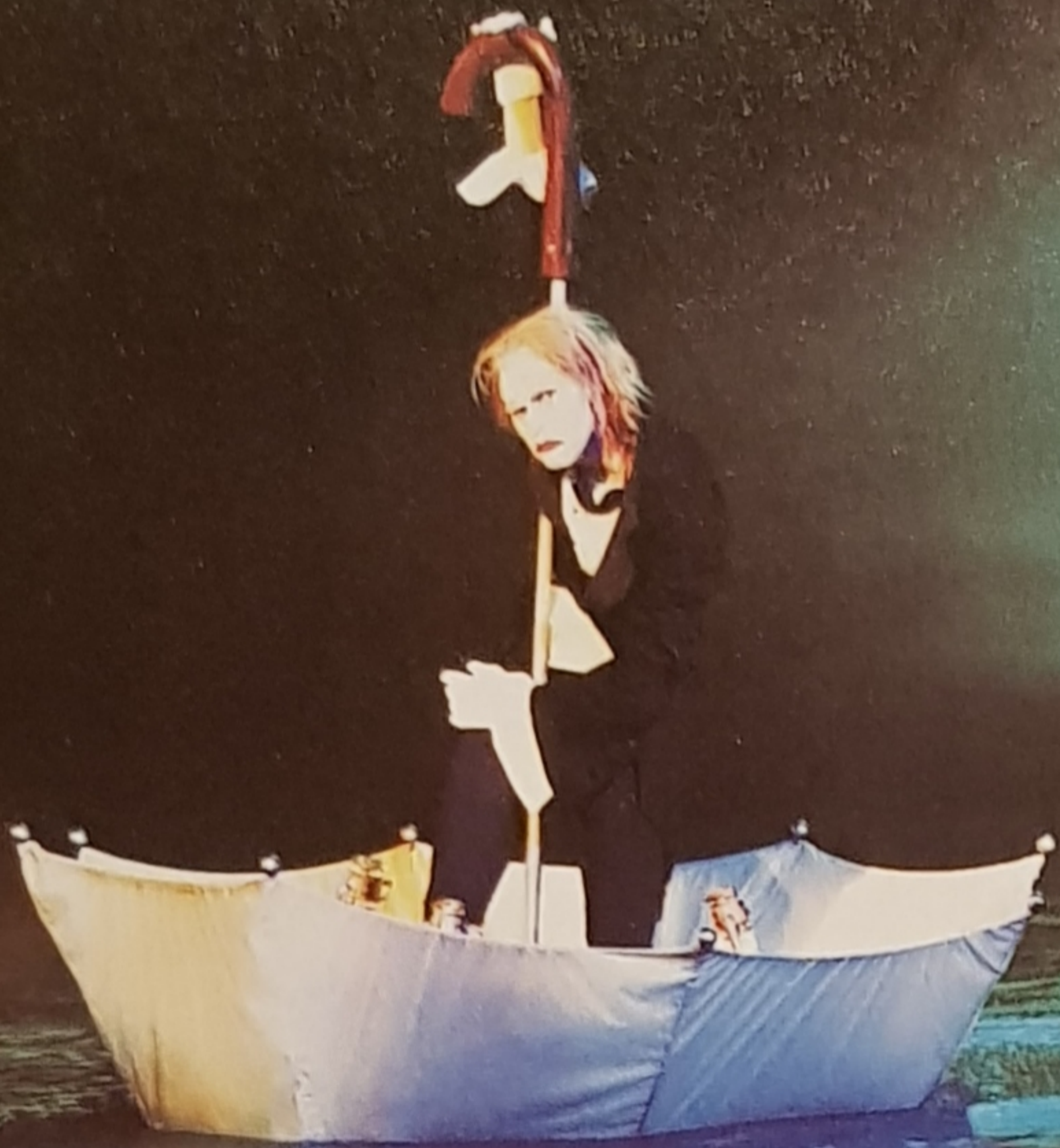
**Corteo**  
Photography: Benoît Camirand  
Costumes: Dominique Lemieux

**Saltimbanco**  
Photography: Al Seib  
Costumes: Dominique Lemieux

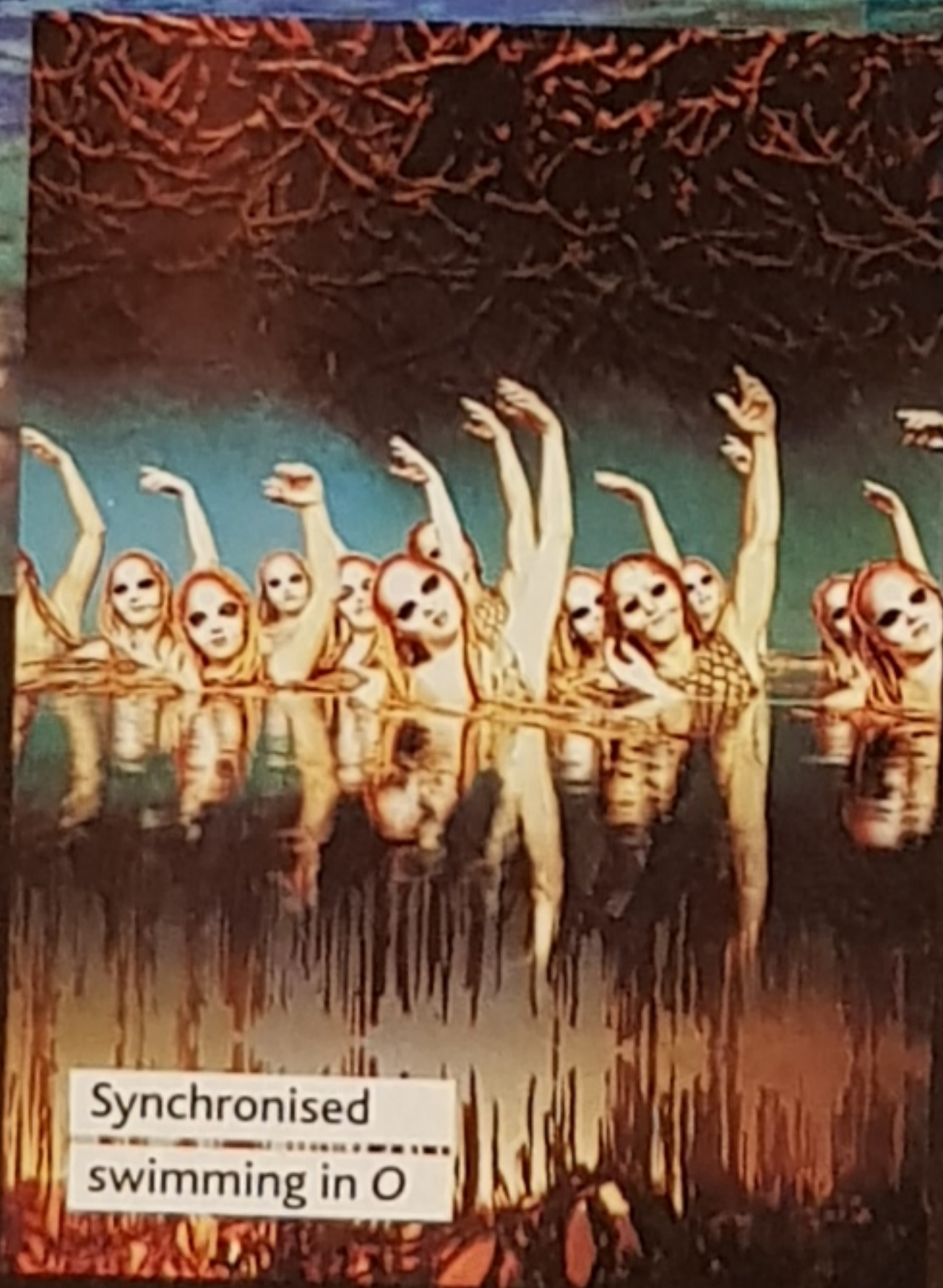
**Drallion**  
Photography: Al Seib  
Costumes: François Barbeau



The brolly takes  
centre-stage



Spectacular  
swinging in O



Synchronised  
swimming in O

the road. All in all, it takes eight days to set up its self-sufficient village and three days to dismantle it. Re-staging costs alone are £2.4 million, but all of its six tours and six permanent shows in Las Vegas and Florida turn a profit.

This global empire was set up 23 years ago by Canadian Guy Laliberté. He gained an appreciation for street theatre after travelling around Europe as a performer when he was 18, and even today, doesn't like to describe himself as the boss: "We're treasure hunters and I'm the guide." And Laliberté certainly knows how to put on a show – seeing the rotating stage in the martial arts-themed KA, Cirque's flagship permanent show in Las Vegas, is worth the £56 ticket price alone. At one stomach-churning moment it becomes vertical, changing from a beach to a cliff and sending sand cascading into the abyss. Acrobats ascend the cliff untethered, scaling to the top with the aid of pegs hidden in the deck. It rotates 360 degrees, the pegs are retracted, the acrobats fall 70 feet into the safety net out of sight below and everyone tries not to scream.

“ Seeing the stage in KA, the Las Vegas show, is worth the £56 ticket alone ”

In line with the left-field performances, the shows have suitably odd names like *Dralion*, *La Nouba*, *Quidam*, *Varekai* and *O*, but surrealism isn't simply a highbrow hook to lure in punters. There is a high degree of interpretation since none of the shows use spoken language. This means there are no cultural

barriers to cross, something that has enabled Cirque to perform in over 100 cities since it began in 1984. Each show is distinctly different, designed from scratch and woven around an offbeat theme. *Alegria*, currently touring Spain and France, was inspired by the passing down of traditions, whereas *Mystère*, Cirque's first Vegas show, looks at the origins of the universe. Its climax sees a giant snail inflated to symbolise the pace of life in the grand scheme of things. Characters have outrageous outfits such as a man dressed as a baby, a silent ringmaster with no head sporting an umbrella and an acrobat with a tail dressed in blue pyjamas.

But true to its roots, the most extraordinary thing is the acrobatics. Every stunt looks like it is about ▶