



Report to: Development Services Committee

Meeting Date: September 25, 2017

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**SUBJECT:** Flato Markham Theatre Strategic Plan 2017-2021  
**PREPARED BY:** Eric Lariviere, Theatre Manager | Ext. 7546

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**RECOMMENDATION:**

- 1) THAT the report and presentation titled Flato Markham Theatre Strategic Plan 2017-2021 be received and approved;
- 2) AND THAT the new brand identity/logo design be approved;
- 3) AND THAT Staff be authorized and directed to do all things necessary to give effect to these resolutions.

**EXECUTIVE SUMMARY:**

**Building Markham's Cultural Future Together**

Success, vision, and leadership lead to extraordinary results building communities. The 2017-2021 Strategic Plan of the Flato Markham Theatre proposes a bold vision for the future of live arts in Markham. Through the leadership of the City of Markham, through the opportunities of meaningful partnerships, and through unprecedented community engagement, the new strategic plan proposes to position the City as a major centre and destination for cultural innovation and diversity.

Based on its first strategic plan (2011-2015), the theatre produced exceptional results in the delivery of cultural services and programs to a wide variety of communities in Markham. With 340 days booked annually, over 350 events and 130,000 people attending and participating, the Theatre is operating at close to full capacity. Its business soared by 80% (2010-2015) while the direct cost to the taxpayers is in the order of \$1.62 per capita (2016).

The Theatre has established itself as the leading performing arts venue in the region for the performing arts sector. Inspired by the visionaries who, in the late 1970s, started the process that would result in the construction of the Markham Theatre, the new 2017-2021 Strategic Plan and brand review are driven by the incredibly rapid growth of the population, and by a city at the leading edge of diversity and technology. The new strategy is led by three critical strategic pillars.

- #1 Explore the opportunity of building a new theatre complex to add capacity and increase competitiveness
- #2 Create an industry leading program and organization that champions the diversity and innovation of Markham
- #3 Establish a sustainable business plan for the Theatre

Integral to the new Theatre strategic plan, a brand review is recommended. The brand review will focus on 3 important goals: 1. Review the Theatre brand identity and

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strengthen its marketing position; 2. Improve the marketing channels and database; and 3. Identify opportunities to reinforce existing partnerships and build new ones for growing the Theatre's business operation and cultural programs. As a first step, a new logo identity is recommended for immediate adoption as part of this report.

**PURPOSE:**

The purpose of this report is to obtain Council's support and approval for the new Flato Markham Theatre Strategic Plan, 2017-2021, and adoption of a new logo.

**The New Flato Markham Theatre Strategic Plan, 2017-2021**

The purpose of the Strategic Plan is to identify strategies and goals, which will strengthen and support the development of the Flato Markham Theatre over the next five years.

These strategies aim to produce the following outcomes:

- The feasibility of a new theatre complex
- A sustainable staffing model
- A programming philosophy and policy to reflect the intentions and current programming practice of the Diamond Series and Discovery programs
- A revised rental policy that aligns with the current use and future needs
- A diversity strategy for programming and staffing
- Establish a Charitable Foundation in support of key programming initiatives
- An expanded development/fundraising plan including the establishment of a foundation and an endowment in support of the Discovery programs to expand Every Child, Every Year program.
- A brand review leading to the creation of a new logo, a new style guide, and the development of an outstanding new website.

**BACKGROUND:**

Since its opening over 30 years ago, the Flato Markham Theatre has established itself as a major performing arts facility in York Region and the Greater Toronto Area (GTA). Its programming and utilization have expanded and evolved to meet the growing and changing needs of the demographics of the area. The Theatre is currently operating at close to full capacity with over 340 use days.

**Outcomes of The Markham Flato Theatre Strategic Plan, 2011-2015**

The Theatre's first strategic plan (2011-2015) was developed to guide the operational and program activities of the Theatre, which produced exceptional results in the delivery of cultural services and programs to address the diverse communities in the Markham area.

**Theatre's Services: the rental business**

The Theatre's rental business has been operating at capacity since 2013. For example, to obtain a date at the Theatre, a reservation must take place one year in advance. Much of the significant growth occurred between 2009 and 2011. The maximum number of use

days for the Theatre (i.e., rentals plus program performance dates based on the measure of over 340 days per year) was reached in 2012. This growth has become the levelling point and growth has plateaued for the Theatre in the last 5 years.

### **Theatre's Professional Entertainment Series (PES) Programs**

The PES programs have evolved and became an important initiative for the Theatre in meeting the changing needs of the community. The Theatre has developed its programs to increase the number of performances as well as broadening the diversity of creative activities. As a result, two important dynamic performing arts program categories were established: The *Diamond Series* and the *Discovery programs*.

The *Diamond Series* was created in 2012 and has become the most diverse and varied world-class program in the GTA in its category. Today, Canadian, and International artists regularly take the stage with over 60 performances annually organized by genres in distinct programs i.e. Special Attractions (e.g. Russian National Ballet Theatre, Shanghai Acrobats, Jose Feliciano), World Stage (e.g. Rhythm of the Dance, Yamato Drummers of Japan, Zakir Hussain) Great Canadian Performers (e.g. Jim Cuddy, Natalie MacMaster, Roch Voisine), Totally Classical (e.g. The Canadian Brass, Emmanuel Ax, Sarah Chang), All That Jazz (e.g. Chucho Valdez, Preservation Hall Jazz Band, Emilie-Claire Barlow), Fabulous footwork (e.g. Toronto Dance Theatre, the Hong Kong Ballet, Paul Taylor Dance Company), Nostalgia (e.g. Lighthouse, Classic Album Live, Brass Transit) and Family Fun (e.g. Peking Acrobats, Splash'n Boots, Outerbridge Illusion). These programs have been incredibly effective in attracting and building diverse audiences from Markham and from around the region.

*Created in 2010, Discovery* is another program category that has been instrumental in helping the Theatre build new audiences, outreach to diverse communities, and generate meaningful engagement for youth and people from all walks of life. Under *Discovery*, through *School Matinees*, the Theatre introduces GTA students from all grades to world class performances. Through the *Every Child Every Year* program, the Theatre gives exclusive and free access to Markham's elementary students – Grade 1 to 3 – to programs connected with school curriculum in music, dance, and theatre (English and French). The *Drama and Performing Arts Camps* is another program under *Discovery*, and through which the Theatre delivers meaningful learning experience to children from 4 to 14 years old. Those programs soared from 130 participants in 2009 to over 1,000 participants in 2017, with a waiting list of over 750 for the summer of 2017.

*Discovery* also includes unique initiatives with community outreach activities, pre-and post-performance artists talks, Informances, workshops, masterclasses, and lecture demonstrations in public spaces (e.g. Community centres, shopping malls, and libraries). Most recently, the Theatre hosted a week-long residency by the prestigious Shanghai Dance Theatre.

### **Financial performance**

The past seven years have seen significant business growth and improvement in the Flato Markham Theatre's financial performance. The Theatre revenues increased by 80% while expenses increased by only 54%. During the same period, the overhead increased only

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by 25%. Areas where earned revenues have grown include: increase in Theatre rental by 55%, ticket sales for the Diamond Series and registrations for Discovery programs by 86%, and contributed income (fundraising) has soared by 224%. Financially the Theatre is providing significant value to the City at a very low cost to tax payers. In 2016, it cost Markham's tax payers \$1.62 per capita to support the operation and programs of the Theatre.

With its first strategic plan (2011-2015), the Theatre has strengthened its position as the leading performing arts centre and as a popular cultural destination in York Region, attracting audiences from diverse backgrounds and age groups.

### **OPTIONS/ DISCUSSION:**

The City of Markham recognizes the benefits of developing community infrastructure including community centres, libraries, parks, along with their related programs. Equally important are the benefits of building and operating cultural institutions, performance facilities and programs to drive a robust creative arts industry and ecosystem.

#### **The Flato Markham Theatre operates on a stable financial basis.**

The Theatre is in use 340 days annually, with 115 event uses programed by the Flato Markham Theatre including the Diamond Series and the Discovery programs. Events and productions provided by the community equalled 225 days of use: including 114 days of use by commercial renters and 111 by community renters. Available days dropped from 65 to 25 over the past 5 years. The use of the Theatre has stabilized at 1/3 commercial rentals, 1/3 community rentals, and 1/3 by the presenting and education program of the Theatre.

The Theatre's year end financial statements for 2016 show revenues of \$2,464,189 and expenses of \$3,030,108 for a net cost of \$565,919. The theatre has consistently maintained the originally targeted level of net costs for programming and its overall operation of 25% of total operating budget.

The Theatre's future success will be based on serving opportunities arising from the significant population growth and increased demand for cultural programs.

#### **Key opportunities include:**

##### **Leader in diversity and innovation!**

By 2031, the population of Markham is expected to reach 421,600. The Flato Markham Theatre needs to capitalize on Markham's strong brand as the *High-Tech Capital of Canada* and *Canada's most diverse city* to lead as a cultural institution in the region and Canada. This can be done through developing and implementing innovative performing programs and services as well as building new infrastructure. For example, developing a new state of the art Theatre and cultural complex, commissioning new performing and

creative works, and hosting national and international touring opportunities, would elevate the status of the City of Markham as a cultural leader nationally and globally.

**Partnerships:** Partnerships are one of the key cornerstones of the Theatre's success. Currently, over 100 corporate and community partners contribute in various capacities (i.e. financial support, in-kind services, programs – valued at near \$1M) to the success of the Theatre. These partners include: Flato Developments Inc., Allstate Insurance of Canada, Weins Canada, Minken Employment Lawyers, Kylemore Communities, Remington, IBM, Metroland, Asian Television Network, Hilton Toronto/Markham Suites Conference Centre & SPA, the Sheraton Parkway Toronto North, and many more. The growth of the business sector, the rapid emergence of the high tech industries, and the development of the new York University Markham campus, are examples of exciting partnership opportunities with the business and academic sectors that the Theatre can leverage to grow its business operation and cultural programs.

**A cultural destination:** The Theatre's vision aligning with the City's strategic focus "Destination Markham" provides a strategic cultural role for the Theatre to help shape the competitive positioning of the Theatre to achieve its future goals. Still in its formative stage of development, the Destination Markham strategy is intended to promote greater awareness of Markham as a preferred location to visit, work, invest, study, live, celebrate, and engage in sports and cultural entertainment activities. While it is important to identify the potential opportunities that the Theatre can benefit from, it is also equally important to examine the emerging key challenges relating to cultural infrastructure and resources that are seen as major barriers to the City's capacity to efficiently serve its fast growing and diverse population in its delivery of vibrant performing arts services and programs.

According to the Remington Group, one of the city's largest land owners and the lead developer of Downtown Markham (Markham Centre), "with globally competitive companies, new infrastructure, attractive amenities, convenient transportation links, and exploding population, and a highly-educated workforce, Downtown Markham will be the leading shopping and entertainment address in the Greater Toronto Area by 2015." The Flato Markham Theatre is proud to be part of Markham's vibrant downtown.

**Key challenges include:**

**Current infrastructure:** The existing theatre is now over 30 years old and lacks the capacity and necessary amenities to fully serve the performing arts sector, and to deliver a truly first-class audience experience. For instance, with only one auditorium of 527 seats, and one rehearsal hall, the capacity of the Theatre is limited in meeting the growing demand of the market and the community. For comparison among similar sized facilities and municipalities, by seats per capita, Markham is the lowest:

<u>Municipality</u>	<u>Seats per Capita</u>
Kingston	0.0070 seats
Burlington	0.0053 seats
Richmond Hill	0.0032 seats
Brampton	0.0030 seats

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Oakville	0.0026 seats
Markham	0.0017 seats

A negative impact of the limited capacity is seen in the restricted growth of the Theatre's business operation. Theatre Programs are limited to certain categories of artistic productions and entertainment, and have not helped in attracting more lucrative, additional commercial promoters and renters. Another negative impact is the lack of a fly tower that limits the Theatre's technical capability to host certain type of performances including leading contemporary artists, Broadway touring shows, and major international multimedia productions.

**Current staffing level:** The use of the Theatre has reached its maximum capacity. The key challenges identified as current and future threats to the economic and program vitality of the Theatre include the lack of physical capacity and infrastructure, and the lack of staff resources in supporting the development of the programs to respond to the growing demand of the community.

The ability to sustain the current level of activity, let alone grow the program and meet the increased demands of the Theatre use, has been (and will continue to be) challenged by the shortage of staff. All staff have multiple functions and responsibilities that utilize their full capacity. As well, budgetary support from the City is insufficient to support the ambitions of the Theatre to grow its audiences to include those from diverse communities in Markham, and the ability to do so would require increased revenue potential and staff resources to focus on programming and marketing. Staffing level comparisons with other GTA venues, and additional rationale are found in Appendix A (the consultant Interkom report starting on page 56).

### **The Development of a new Flato Markham Theatre Strategic Plan for 2017-2021**

The development of the Flato Markham Theatre strategic plan started in 2016 and was carried out over the course of 6 months. This process included a review of the City's key documents: Building Markham's Future Together 2015-2019 Strategic Plan, the City of Markham Culture Policy & Plan 2012, the New Official Plan 2014, Markham 2020, the City's Economic Strategy, Markham Diversity Action Plan, Integrated Leisure Master Plan, and Markham's Green Print Sustainability Plan and the Markham Theatre Strategic Plan 2011-2015.

The strategy development process also included consultations in the forms of surveys and interviews with both internal and external stakeholders. Rental clients and patrons (audiences) were consulted as well as, confidential conversations with Markham Council, key City staff, Flato Markham Theatre staff, the Theatre Advisory Board and various community partners. The conversations focused on feedback regarding Theatre's ability to meet community expectations and the future needs.

Key insights from those conversations with stakeholders and rental clients reveal that:

- Stakeholders are unanimous in giving positive feedback on the current operation.
- The strategy of the Theatre should align with “creating an engaged, diverse, and thriving City – pillar of the new Markham strategic plan.
- The Theatre is important for the community and should continue to increasingly connect with and serve its cultural community and its diverse and growing population, align with innovation.
- There is a need for a cultural property allowing for large scale, major productions, attracting more audiences, and at the same time, acknowledgement of the challenges in funding such a project, and making it sustainable.

### **Customers’ Perceptions of the Flato Markham Theatre**

Audience survey responses indicate a high level of satisfaction with the performances presented by the Theatre. The Flato Markham Theatre is perceived as a major asset to the community and is recognized by Council and Senior City staff as a successful organization that provides excellent return on municipal investment.

At the same time, there is the perception that the Theatre is at a crossroads in its ability to meet the needs of the community. As the population of Markham has increased from approximately 60,000 to over 350,000 over the life span of the Theatre, the number of use days has reached the practical maximum days available. Organizations that wish to use the Theatre have been turned away due to lack of available rental dates. As current users have priority to book dates for future years, new groups are unable to access the Theatre and find their ability to grow their organizations and audiences limited as a consequence. In addition, the growth of diverse populations within Markham has reshaped the demographics of the City to the point where Markham is recognized as the most diverse community in Canada.

The Theatre’s ability to grow new audiences within these diverse communities is recognized as a major challenge and opportunity.

#### ***Testimonial rental client:***

*“... people can't stop talking about the professionalism, the talent, and the quality of the production... a huge part of that is all the hard work you guys put in to make us all look really super awesome! You turn us from a high school play into the "Multi-media Educational Experience" that we claim to be! :) ...”*

#### ***Testimonial patrons:***

*“I buy many tickets as Christmas presents for my family because they deserve the best. Attending Markham Theatre has become a part of our family's traditions. Our trips to the theatre are wonderful family memories.”*

*“In the past 7 years, we have seen a dramatic improvement in the quality of performances at the Theatre. There is greater variety now & the quality is excellent.”*

*"The Hiromi performance I attended last week was outstanding. It was definitely worth the drive from Waterloo!"*

***Testimonial parents:***

*"... my husband and I were very impressed on the whole program*

*specifically how your team can motive/train all these kids with different backgrounds to perform after only two weeks of time. Also, the skills, discipline and knowledge that your team instilled will benefit our kids for the rest of their live..."*

## **THE NEW FLATO THEATRE STRATEGY 2017-2021: STRATEGIC GOALS AND OBJECTIVES**

Throughout the strategic planning process, a task force from the Theatre Advisory Board was created and engaged directly with the consultant. The eighteen (18) members of the Advisory Board strongly support and endorse the proposed strategic goals and objectives:

The following Resolution was adopted unanimously by the Advisory Board:

***Be it resolved that the Flato Markham Theatre Advisory Board strongly supports and endorses the strategic goals and objectives set out in the 2017-2021 Strategic Plan and Brand Review, and recommends that they be approved and adopted by Council.***

From the new Theatre strategy document, the following three strategic pillars are identified to be critical the leading the new strategy:

### **GOAL #1:**

#### **EXPLORE THE FEASIBILITY OF DEVELOPING A NEW THEATRE COMPLEX**

##### **i) Study the feasibility of a new Performing Arts Facility.**

Municipalities plan for cultural facilities based on the projected needs of the community twenty years into the future. With the necessary planning horizons and fundraising needs, a five-year planning process is generally the minimum necessary to develop feasibility studies, plan, implement capital campaigns, and develop building plans, etc. Added to that is a two-year construction time frame. At the end of that 20-year planning horizon, the population of Markham will likely be approaching half a million people. Currently, the Flato Markham Theatre cannot meet the needs of the present-day market, let alone what that market will be in twenty years. It would be prudent for the City to start the planning process now for those future needs.

### **GOAL #2:**

#### **CREATE AN INDUSTRY LEADING PROGRAM AND ORGANIZATION THAT CHAMPIONS THE DIVERSITY AND INNOVATION OF MARKHAM**



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**i) Develop a comprehensive diversity plan, aligned with Markham's diversity plan.**

Markham is recognized as Canada's most diverse City with visible minorities being over 72% of the population. The Flato Markham Theatre, like many of the regional theatres in the GTA, is somewhat dependent on the non-visible minority as both audiences and staff. The long-term success of the Theatre will depend on building relationships and audiences within Markham's diverse communities.

**ii) Develop a five-year plan to expand the Discovery Programs.**

A key strategy that the Flato Markham Theatre has developed to build arts awareness in diverse communities in Markham, *Discovery* has primarily focused on youth, who reflect the future diversity in the community.

**iii) Integrate technology and innovation into Theatre programming.**

Markham is recognized as a leading innovation city with many head offices of the country's leading technology companies. Technology is playing a major role in the performing arts, as arts producing companies use it in new and innovative ways. Partnerships with York University could play a leading role in this development – fostering synergies between the Theatre, the high-tech community, and York University to catapult Markham and its performing arts facility at the forefront of new trends.

**GOAL #3:**

**BUILDING A SUSTAINABLE INFRASTRUCTURE**

**i) Create a sustainable staffing model.**

The long-term success and growth of the Flato Markham Theatre is dependent on a skilled and committed staff and a sustainable staffing model. The Theatre's days-of-use are at a maximum and the future ability of the current staff to meet current demand and growth remains uncertain in the long term. Several management positions have multiple roles, where the level of expertise in one of the roles may not be adequate to support the current and/or future growth. There is also the need for a succession plan to maintain the smooth transition of staff in the future.

**ii) Establish a programming policy for a sustainable professional entertainment series.**

While the programming (Diamond Series and Discovery) is at a high level, there needs to be a clearly articulated programming policy endorsed by the Advisory Board and the City. A Programming policy will help clarify programming decisions and solidify ongoing support for the programs, and establish direction for the future.

**iii) Strengthen relationship with the community and develop a rental policy.**

The number of use days for the Flato Markham Theatre is realistically at a maximum. Any ongoing expansion of programming will probably require a corresponding reduction of theatre use in other areas. In order to make the best decisions on theatre access, a revised theatre rental policy is necessary. The future

success will depend on the success, growth and quality of community based organizations.

**iv) Establish a charitable foundation.**

An arms-length Charitable Foundation will be more successful in raising funds, as many individuals and corporations are reluctant to donate directly to a municipality that they feel is supported through property taxes. Many granting organizations and government agencies will not fund City organizations, but will fund an arms-length Foundation. A Foundation can also establish and manage endowment funds in support of programming priorities and hire fundraising staff or fundraising consultant.

**v) Develop a brand identity that accurately reflects the current theatre reality and its future development.**

As part of the brand review, we recommend the development of a stand-alone website and the creation of a new logo, and a new style guide that will pull together the print elements and the digital presence of the Theatre (see details next section).

**vi) Develop an effective communications strategy directed at Council, City administration, and Theatre stakeholders.**

The Flato Markham Theatre has over 30 years of successful operation. However, a comprehensive communications strategy needs to be developed and implemented in order to more effectively communicate to City Council, senior City Administrators, patrons, donors, and sponsors of the operational success that the Theatre has experienced and more clearly articulate the impact (culturally, socially and economically) that the Flato Markham Theatre has on the community.

*Complete Strategic Plan 2017-2021: see Appendix A*

*Strategic Plan implementation timeline: see Appendix B*

## **FLATO MARKHAM THEATRE – BRAND REVIEW:**

Integral to the new Theatre strategic plan is a brand review exercise that the commissioned consultants have carried out based on a research process with the Theatre's stakeholders including current patrons and rental clients to understand how they perceive the current brand, services, communications, and brand interactions.

The reach of the theatre needs to be enhanced through efforts to connect with a broader and more diverse segment of the community. The overall goals of the brand review are to:

- Review the Theatre brand identity and strengthen its marketing position;
- Improve the marketing channels and database; and
- Identify opportunities to reinforce existing partnerships and build new ones for growing the Theatre's business operation and cultural programs.

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The brand review exercise recommended the creation of a new logo and a new style guide that aims to execute a coordinated and seamless marketing and branding approach for both the print elements and digital presence of the Flato Markham Theatre.

One of the key components and as a first step of the review is the recommendation of a new brand logo.

### **Purpose for a New Identity**

The current brand logo for the Flato Markham Theatre has been in use for 7 years and has primarily followed a set of graphic standards that have been executed by the current graphic design company that has been on board for several years. No formal brand guidelines exist for the Flato Markham Theatre. The new logo will assist to increase awareness and to enhance the brand identity of the Theatre to allow for a broader audience reach that will generate greater public excitement for upcoming performing seasons. In addition, a new identity also offers an opportunity to celebrate the continued naming commitment of Flato Developments.



### **New Identity Rationale:**

The logo design positions the entirety of the new identity within a square space. This offset square upward positioning is illustrative of the progress and leadership that the venue offers to the arts sector in the Toronto area. Having part of the text moving towards the border of the square emphasizes the Flato Markham Theatre's connection to the entire community.

The choice of the color, red, aligns with both the City of Markham and Flato Developments current corporate identities.

*For additional version of new identity: See Appendix C*

## **FINANCIAL CONSIDERATIONS**

As part of the planning process for the 2018 capital budget, staff will bring a request to fund the development of a feasibility study for a new Theatre complex and for the establishment of a charitable foundation.

## **HUMAN RESOURCES CONSIDERATIONS**

Strategic goal #3 “Building a sustainable infrastructure” will require reviewing the current staffing model, taking into consideration the proposed organizational chart – see Addenda of consultant report.

## **ALIGNMENT WITH STRATEGIC PRIORITIES:**

The Flato Markham Theatre Strategic Plan aligns with the City’s 2015-2019 Strategic Plan “Building Markham’s Future Together”, Markham Diversity Action Plan, the Integrated Leisure Master Plan, the Culture Plan and Markham 2020, the City’s Economic Strategy.

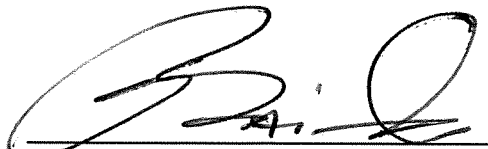
## **BUSINESS UNITS CONSULTED AND AFFECTED:**

City of Markham officials (Mayor, Councilors, Commissioners), senior City staff, and Flato Markham Theatre advisory board and staff.

## **RECOMMENDED BY:**



Stephen Chait, Director  
Economic Growth, Culture & Entrepreneurship



Jim Baird, Commissioner  
Development Services

## **ATTACHMENTS:**

Appendix A: Strategic Plan 2017-2021  
Appendix B: Strategic Plan Timelines  
Appendix C: Brand review – Logo