

# Academy of Music Theatre Business Plan



Academy of Music Theatre  
274 Main Street  
Northampton, Massachusetts. 01060  
Business Office: (413) 584-9032  
Box Office: (413) 584-8435  
[www.academyofmusictheatre.com/](http://www.academyofmusictheatre.com/)  
[academyofmusic@yahoo.com](mailto:academyofmusic@yahoo.com)

# Table of Contents

---

1.	Executive Summary .....	1
1.1.	Objectives.....	1
1.2.	Mission.....	1
1.3.	Keys to Success.....	1
2.	Organization History .....	2
2.1.	Legal Entity.....	2
2.2.	The Recent Past.....	2
2.2.1.	2000 – 2005 Financial History .....	3
3.	Services .....	5
3.1.	Presentation of Live Events .....	5
3.1.1.	Annual Gala Fundraisers and other Academy Presentations.....	5
3.1.2.	Academy Arts Presentations.....	6
3.2.	Increased Rental Use.....	7
3.2.1.	Supporting Services .....	7
3.3.	Continued Regular Film Showings .....	7
4.	Market Analysis Summary .....	7
4.1.	Market Profile .....	8
4.2.	Market Segmentation .....	9
4.3.	Target Market Strategy .....	10
4.4.	Alternate Service Providers and Barriers to Entry.....	10
5.	Strategy and Implementation Summary .....	11
5.1.	SWOT Analysis .....	11
5.1.1.	Strengths .....	11
5.1.2.	Weaknesses.....	11
5.1.3.	Opportunities .....	12
5.1.4.	Threats .....	12
5.1.5.	Substantial Progress.....	13
5.2.	Competitive Advantage.....	13
5.3.	Marketing Strategy.....	13
5.3.1.	Programmed Events: Live Performances and Film Series .....	14
5.3.2.	Performance Rentals and Other Use.....	14
5.3.3.	First Run Art Films.....	15
5.3.4.	Website Marketing Strategy .....	15
5.4.	Financial Plan.....	15
5.4.1.	Important Assumptions.....	15
5.4.2.	Funding Required for Management Transition.....	15
5.4.3.	5 Year Revenue & Expense Projections: The Budget .....	16
5.4.4.	Fundraising .....	22
5.4.5.	Other Concerns .....	23
5.4.6.	Grants.....	24
5.4.6.1.	The Capitol Campaign: Historic Improvement .....	24
5.4.7.	Financial Summary .....	25
5.5.	Milestones .....	25
6.	Management Summary.....	25
6.1	Management.....	26
6.2	Board of Directors.....	26

This document compiled and reviewed from various existing documents by Mark Dean, arts management consultant, Northampton MA, for Andrew Crystal, President, Academy of Music Theatre Board of directors, summer 2005

*Funding for this business plan provided by a City of Northampton Community Development Block Grant*

## 1. Executive Summary

The Northampton Academy of Music Theatre is an historic, renovated 19<sup>th</sup> century opera house, poised to make important changes in its programming, mission, and management structure as it adapts to the needs of a new century. For the most recent 30 years of its history, the Academy of Music Theatre has presented first run art films in its 800 seat single screen auditorium, a central contribution to the cultural life of Northampton. The art film business alone has not provided sufficient revenue streams to keep the Academy of Music Theatre solvent, and it has struggled with various debt issues over the years. Searching for an answer to the business and programming challenges facing the performing arts in the 21<sup>st</sup> Century, in 2001 the Academy of Music Theatre Board of Directors, with funding from the Massachusetts Cultural Facilities Project, hired Janis Barlow and Associates: Research, Planning, and Management Consultancy Group specializing in theatre to create a business plan for the Academy of Music Theatre. The plan, prepared with the input of Dulcie Gilmore & Associates of Indiana, called for a renewed and major emphasis on live performance presentation, an expansion of the budget within a three to five year transition from the current single income film ticket source, to diversified presentation and theatre rental income (as well as continued film presentation), a significant increase in unearned/contributed income, and the hiring of an Executive Director and support staff to enable such an expanded vision. The consultants recommended that in order for the Academy of Music Theatre to reach operational stability as a presenting, rental theatre, and film presenting business, the budget would have to grow to an annual minimum of around \$650,000. Through discussions and research with regional Executive Directors of comparable venues, this target budget number turned out to be on the economical side, at one-half the budget amount of the next smallest area presenting theatre<sup>1</sup>. Northampton and the Pioneer Valley are rich in culture, art, business and entrepreneurial activity, and the Academy of Music Theatre is ready to embark on this next phase of its theatrical life. This business plan contains the structure for making this recommended transition.

### 1.1. Objectives

This plan concentrates on the transition from a predominantly first run art film house, to a high profile film and live presentation institution, over the next three to five years. The Academy and its Board will raise start-up funds for a two year salary guarantee for an incoming Executive Director, who will oversee this transition. This Executive Director will be hired this fall, and in place by the beginning of the next calendar year. The Academy seeks to increase its operating budget, the percentage of contributed versus earned income, and to proactively discover and promote exciting live performance rental and presenting opportunities in an entrepreneurial spirit that will transform and grow the Academy as a building, as an institution, and as a collection of dedicated managers and presenters in the center of one of the most vibrant arts communities in the country.

### 1.2. Mission

The mission of the Academy of Music Theatre is to enrich greater Northampton's quality of life by offering first class performing arts and film presentations in a historic theatre of national significance. The Academy of Music Theatre seeks the use of the venue for social, educational, and professional events, as well as a broad and diverse audience through its programming and outreach efforts.

### 1.3. Keys to Success

- A beautiful historic landmark in the center of Northampton

---

<sup>1</sup> Throughout the collation and preparation of this Business Plan document from existing sources of information (most notably the Janice Barlow and Dulcie Gilmore reports of spring 2001), Mark Dean visited and discussed live performance theatre management with the directors of the Mahaiwe Center for the Performing Arts in Great Barrington, MA, the Colonial Theatre in Keene, N.H., the Music Hall Theatre in Portsmouth, N.H., and the University of Massachusetts Fine Arts Center. The smallest of these regionally comparable venues is the Colonial Theatre, which has an annual operating budget of \$1,300,000.

# Academy of Music Theatre Business Plan

---

- A long and distinguished history of excellence in art film programming
- Dedicated and experienced fundraisers and arts administrators from across the city
- A soon to be hired Executive Director to lead the transition to live programming, heightened rental focus, and continued excellence in film programming.
- The town of Northampton selected #1 in *Best Small Arts Towns in America*, by John Villani

## 2. Organization History



The Academy of Music Theatre in Northampton is one of the architectural jewels of Western Massachusetts, with a long tradition of presenting local and international talent, both onstage and on screen. The newly renovated 115 year old theatre is an historic treasure with the capacity to offer drama, dance, music, and film to Northampton's diverse audience as well as to the Pioneer Valley area.

Built in 1890 by Edward H. R. Lyman, the theatre was deeded to the City of Northampton in 1892 and was the first municipally owned theatre in the country. Many great performers have graced the stage at the Academy, including Sarah Bernhardt, Ethel Barrymore, Lillian Gish, Mae West, Boris Karloff, Basil Rathbone, John Philip Sousa, Jeannette MacDonald, George M. Cohan, Mae West, and Ruth Gordon. From 1912 to 1919 the Academy was the home of the Northampton Players, a municipally supported theatre company that changed their live offerings every week as was paid for out of a line item in the city budget. William Powell, who went on to star in the "Thin Man" films was one of the most well known Northampton Players. The trap door that was cut in the stage for Harry Houdini's disappearing act is still there, and the Tiffany windows in the Lobby were a gift from Mr. Tiffany to Mr. Lyman. After a period of decline in the 1950's and 1960's the theatre was condemned, but was revived in 1971 by Managing Director Duane Robinson, who organized an effort to get the theatre back in shape, renovated the stage, and began programming a mix of first run films and live theatrical events. Over the past twenty years the Academy has become the home to the Northampton Arts Council's 4 Sundays in February series, the Pioneer Valley Ballet, the Commonwealth Opera, the Young at Heart Chorus, the Northampton Film Festival, and to the many events of the Massachusetts International Festival of the Arts.<sup>2</sup>



### 2.1. Legal Entity

The Academy of Music Theatre is a 501 (C) 3 non-profit, operating in the city of Northampton, MA. It has been led for the past 30 years by Managing Director Duane Robinson, who reports to a governing 11 member Board of Directors.

### 2.2. The Recent Past

The Academy of Music Theatre has traditionally focused on presenting first run art films, with some theatrical rentals to community groups. The Academy has also done some modest live programming of its own, but without substantial financial success. In recent years it has become apparent that it is not possible

---

<sup>2</sup> Information courtesy of Bob Cilman, from current Academy of Music Theatre grant applications, pending.

# Academy of Music Theatre Business Plan

---

to survive in the film business as a single screen cinema; multiplexes are here to stay. Compounding the art film market issues, the Academy must compete with another local first run independent art film house, the Pleasant Street Theatre. The development of a new three screen cinema in Amherst with similar programming presents additional competition.

In recent years the film industry in general has produced less income than expected across the market. To quote a June 26, 2005 article in the Boston Globe by Ty Burr,

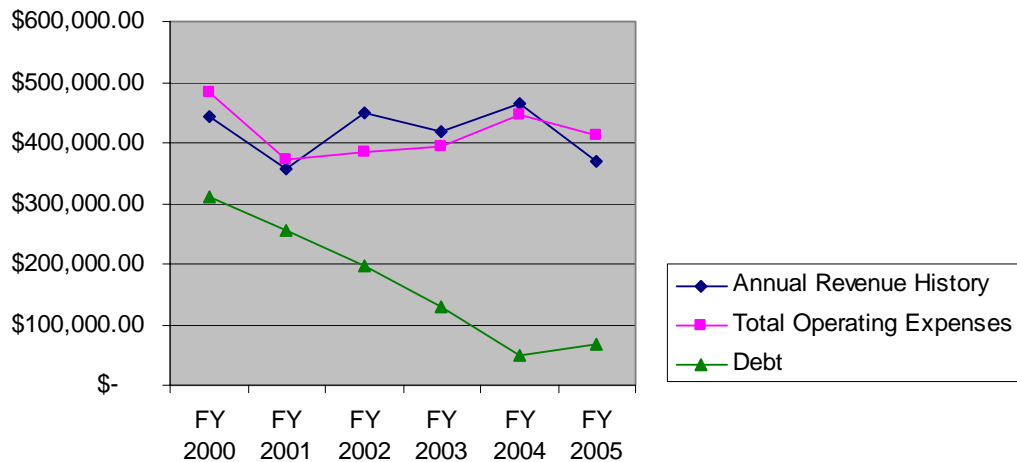
“Movie theatres are enduring their worst slump in two decades.... Summer box office is down 10 percent from 2004, and the year as a whole is down 7 percent.... Grosses have been dropping for three years now, and worse, adjusted for inflation, it becomes clear that attendance is down even further, anywhere from 8 to 10 percent.... Results of an AP-America Online poll support 73 percent of respondents saying they prefer to watch movies at home.... While box office has been sagging, DVD sales have increased 676 percent since 2000.”

These difficulties and others have caused the Academy of Music Theatre to run at a deficit; the Academy Managing Director and Board are actively working to erase that debt, by pursuing other natural sources of revenue diversification, including expanded live performances, both presented and in collaboration with local arts organizations, as well as increasing the Academy's fundraised portion of income, critical to the fiscal health of any non-profit operation.

## 2.2.1. 2000 – 2005 Financial History

The following graphs and tables give summary and detail information for the ups and downs of the Academy of Music's most recent 5 year fiscal history:

<b>Academy of Music Fiscal History</b>	<b>Income/Expense</b>					<i>10/12/2005</i>
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Annual Revenue History	\$443,315.00	\$355,883.00	\$447,832.00	\$418,188.00	\$463,699.00	\$368,265.03
Total Operating Expenses	\$483,144.00	\$371,815.00	\$385,576.00	\$392,716.00	\$447,535.00	\$411,756.00
Net Ordinary Income	(\$39,829.00)	(\$15,932.00)	\$62,256.00	\$25,472.00	\$16,164.00	(\$43,490.97)
Debt	\$311,246.00	\$256,621.00	\$195,523.00	\$128,425.00	\$49,857.00	\$67,000.00



# Academy of Music Theatre Business Plan

		Income/Expense				9/23/2005
		FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Revenue</b>						
<i>Earned Income:</i>						
	Defered/Misc Income					\$ (10,854.12)
1	Admissions	\$ 245,955.00	\$ 298,328.00	\$ 292,425.00	\$ 302,055.00	\$ 230,023.00
2	Rentals	\$ 26,699.00	\$ 27,681.00	\$ 28,413.00	\$ 22,321.00	\$ 22,726.10
3	Sales/Concessions	\$ 34,250.00	\$ 39,726.00	\$ 46,616.00	\$ 48,775.00	\$ 36,246.09
4	On-Screen Advertising Revenue				\$ 7,381.00	\$ 18,023.14
5	Academy Arts Income				\$ 11,003.00	\$ 10,175.93
6	Subtotal, earned income	\$ 306,904.00	\$ 365,735.00	\$ 385,661.00	\$ 391,535.00	\$ 306,340.14
<i>Donated / Grant Income:</i>						
7	Donations / Fundraising / Memberships	\$ 48,979.00	\$ 82,097.00	\$ 32,527.00	\$ 37,164.00	\$ 41,126.52
8	1-time Gifts / Conversions				\$ 35,000.00	\$ 20,796.37
9	Subtotal, fundraising	\$ 48,979.00	\$ 82,097.00	\$ 32,527.00	\$ 72,164.00	\$ 61,924.89
10	<b>Total Revenue</b>	<b>\$ 355,883.00</b>	<b>\$ 447,832.00</b>	<b>\$ 418,188.00</b>	<b>\$ 463,699.00</b>	<b>\$ 368,265.03</b>
<b>Expenses</b>						
<i>Salaries</i>						
11	Management Sal (FT/bft, prorated 1st yr)	\$ 144,662.00	\$ 141,837.00	\$ 141,995.00	\$ 144,535.00	\$ 154,648.03
12	Payroll Services	\$ 2,570.00	\$ 2,699.00	\$ 2,908.00	\$ 3,163.00	\$ 3,266.90
13	Subtotal: Salaries	\$ 147,232.00	\$ 144,536.00	\$ 144,903.00	\$ 147,698.00	\$ 157,914.93
<i>Presenting Expense</i>						
14	Film Costs, Booking, Transportation	\$ 135,142.00	\$ 150,703.00	\$ 147,231.00	\$ 178,922.00	\$ 127,070.84
15	Advertising, film	\$ 19,749.00	\$ 19,777.00	\$ 22,274.00	\$ 32,752.00	\$ 26,449.86
16	Subtotal: Presenting Expense	\$ 154,891.00	\$ 170,480.00	\$ 169,505.00	\$ 211,674.00	\$ 153,520.70
<i>General Operating</i>						
17	Telephone	\$ 3,328.00	\$ 4,196.00	\$ 4,630.00	\$ 4,047.00	\$ 3,907.81
18	Utilities; Oil, Electric	\$ 21,189.00	\$ 19,903.00	\$ 22,241.00	\$ 23,505.00	\$ 32,726.82
19	Insurance	\$ 5,556.00	\$ 9,298.00	\$ 10,696.00	\$ 11,592.00	\$ 12,388.68
20	Maintenance & Repairs (& Ren)	\$ 8,501.00	\$ 4,234.00	\$ 7,904.00	\$ 13,467.00	\$ 11,692.92
21	Office Supplies	\$ 2,793.00	\$ 4,109.00	\$ 1,071.00	\$ 1,994.00	\$ 4,149.84
22	Contracted Services / Academy Arts Staff Support					\$ 1,240.19
23	Dues/Subsc/Prof Memberships	\$ 1,040.00	\$ 1,439.00	\$ 1,621.00	\$ 1,715.00	\$ 729.00
24	Contingency/Repl Res/Misc Exp	\$ 4,566.00	\$ 4,512.00	\$ 6,816.00	\$ 8,863.00	\$ 8,590.87
25	Subtotal: General Operating, Staff Support	\$ 46,973.00	\$ 47,691.00	\$ 54,978.00	\$ 65,183.00	\$ 75,426.23
26	1-time exp: New Marquee					
27	<b>Total Operating Expenses</b>	<b>\$ 349,096.00</b>	<b>\$ 362,707.00</b>	<b>\$ 369,387.00</b>	<b>\$ 424,555.00</b>	<b>\$ 386,861.86</b>
28	<b>Balance</b>	<b>\$ 6,787.00</b>	<b>\$ 85,125.00</b>	<b>\$ 48,801.00</b>	<b>\$ 39,144.00</b>	<b>\$ (18,596.83)</b>
29	Depreciation Expense		\$ 22,869.00	\$ 23,329.00	\$ 22,980.00	\$ 24,895.00
30	Net Expenses		\$ 371,815.00	\$ 385,576.00	\$ 392,716.00	\$ 411,756.86
31	Debt:		\$ 256,621.00	\$ 195,523.00	\$ 56,157.00	\$ 67,000.00
32	<b>Net Ordinary Income</b>	<b>\$ (15,932.00)</b>	<b>\$ 62,256.00</b>	<b>\$ 25,472.00</b>	<b>\$ 16,164.00</b>	<b>\$ (43,491.83)</b>

## 3. Services

Northampton's Academy of Music Theatre is poised to become the foremost cultural center between Boston and the Berkshires, and to provide to the citizens of Northampton and the surrounding area a unique blend of film and performing arts programming in a building of historic significance. The newly renovated 115 year old theatre is an historic treasure with the capacity to offer drama, dance, music and film to Northampton's diverse audience as well as to the Pioneer Valley area. Its 800 seat capacity, full-fly stage and huge screen are unique in the region. Its mission is to enrich greater Northampton's quality of life by offering first class performing arts and encouraging the use of the venue for social, educational, and professional events.

In the next few months the Academy of Music Theatre will hire an Executive Director who will take the lead in booking the theatre with a full schedule of performing arts and film. The aim is to fill the calendar with daytime and evening events that are designed to provide a diverse and creative mix of performing arts to meet the needs of the community. The right mix of presented, produced, and rental events, based on the experience of comparable historic theatres in New England is the goal. "The Academy of Music Theatre presents..." events such as local, national and international artists that can be paired with pre-show lectures and post-show question & answer sessions. "The Academy of Music Theatre produces..." its own events focusing on regional talent such as the upcoming presented Springfield Symphony Orchestra matinee this October. And "The Academy of Music Theatre rents..." to local arts organizations such as the Pioneer Valley ballet for its annual Nutcracker performances, to local businesses for their meetings, and to regional promoters to bring unique live performance events to Northampton.

### 3.1. Presentation of Live Events

The Academy of Music Theatre is planning an exciting event to usher in a new era, one which will bring many more live events of a diverse nature to the Academy and greater Northampton Community.

#### 3.1.1. Annual Gala Fundraisers and other Academy Presentations

On October 16, 2005 the Academy of Music Theatre will present a Gala fundraising event with the Springfield Symphony, its first appearance at the Academy of Music Theatre, featuring Maestro Kevin Rhodes, and special guest soloist Christopher O'Riley. This presentation is designed as a fundraising event with the goal of generating \$30,000 to help the Academy facilitate its transition to a first class performing arts venue. It will be the first presentation among many in future years to help draw local residents and tourist audiences to this downtown historic venue.

*The ACADEMY OF MUSIC Presents...*  
**The Springfield Symphony Orchestra**  
*A side of the Academy you have never seen before!*

**Sunday,**  
**October 16, 2005**  
3pm, Tickets \$15-100

Academy of Music  
Northampton, MA  
[www.artisttec.com/academy](http://www.artisttec.com/academy)

*Program:*  
Die Fledermaus Overture  
Rachmaninoff Piano Concerto No. 3  
Brahms Symphony No. 1

*Soloist:*  
Christopher O'Riley, piano

*Kevin Rhodes*  
Music Director

# Academy of Music Theatre Business Plan

---

Other performers who have been professionally presented at the Academy of Music Theatre in recent years include

- The Hartford Ballet
- La Scala Orchestra
- The Pittsburgh Symphony
- Emmy Lou Harris
- Carlos Montoya
- Leon Redbone
- Chris Williamson
- Taj Mahal,
- Buddy Rich
- Leo Kottke
- Pat Methany
- Blackstone the Magician



## 3.1.2. Academy Arts Presentations<sup>3</sup>

Bob Cilman, the Director of the Northampton Arts Council, was an Academy of Music Theatre Board member when he offered to produce two special events in January 2003. A new entity called Academy Arts was created that allowed the Northampton Arts Council and the Academy of Music Theatre to produce original programming together to benefit both organizations. A program coordinator, Diane Porcella, was hired. The programming was a mix of special events designed to attract the widest possible audience in the Pioneer Valley, including:

- an all day film festival of Japanese animation, called *Anime 1*
- a sing-along to the films “The Wizard of Oz” and “Hair” (separate audiences)
- a Woody Guthrie sing-along led by the Nields
- *Anime Festivals 2-4*
- *KidsBestFest* – The Best of the Children’s International Film Festivals
- An April Fools Stage and Screen Extravaganza featuring a live drag show and the film “Some Like It Hot”
- Northampton’s 350<sup>th</sup> Celebration, Academy Arts presentation of the film “Who’s Afraid of Virginia Wolf” (made locally on the Smith College Campus), that followed a live reading exchange by local author Cathi Hanauer and Daniel Jones, the editors of “The Bitch in the House” and “The Bastard on the Couch.”
- a film premiere about local legendary performer Roger Salloom, “America’s Best Unknown Songwriter”, with the filmmaker flown in for a question and answer session with Roger Salloom with the audience after the film
- The Young at Heart Chorus and the Drunk Stuntmen live onstage in a show called “Back to Back”, after the two groups recently returned from a joint European tour of Belgium and Holland
- Varla Jean, America’s premiere drag queen

Academy Arts programming is in its second year, and will repeat some thematic events:

- a sing-along to “Willy Wonka and the Chocolate Factory” and “Cabaret”
- the second year of *KidsBestFest*
- the second annual Anime Festival

Future project possibilities include:

- Que Pasa Kielbasa (a salsa/polka extravaganza)
- a tribute to Ray Charles by area musicians

---

<sup>3</sup> Academy Arts information courtesy of Bob Cilman and Diane Porcella, taken from current grant applications in support of Academy of Music Theatre operating and programming grants, pending.

---

# Academy of Music Theatre Business Plan

---

- a lunch hour documentary series
- a Latin Film series and music festival
- a hip hop show
- a “Battle of the Bands” for western Massachusetts high school bands
- a series of classic rock films over five nights called “Rocktober”, including everything from Dylan’s “Don’t Look Back” to the Talking Heads “Stop Making Sense” and the Sex Pistols “The Filth and the Fury”
- Internationally renowned actor Vincent Dowling presenting the Miniature Theatre Founder’s production of Arthur Miller’s “The Price”

## **3.2. Increased Rental Use**

More rental use will be aggressively targeted; the Academy will encourage local dance and theatre companies to use the theatre as their residence space. Partnerships with the 5 College system, tour bus companies, business conferences, and local schools are other avenues to pursue. Educational programs appealing to people of all ages such as a children's theatre camp or film school for teens can be explored. With the support of our culturally rich community, our neighbor Smith College, and the City of Northampton, the Academy of Music Theatre will extend its past glory into a new millennium.

### **3.2.1. Supporting Services**

In transitioning from a predominantly film screen business, the Academy will become known as a service oriented facility, adapting its support to accommodate the individual needs of its broad spectrum of possible use. Anticipated support services and products include Box Office services, possible valet parking for selected cultural events, increased focus on concessions sales and product development of logo-bearing T-shirts, tote bags, & mugs; a year-round beer and wine license, and advertising possibilities on-screen and an in-house program.

## **3.3. Continued Regular Film Showings**

Trademark art and independent films will continue to fill the Academy of Music Theatre’s schedule when not in use for live performances offerings or rentals. Membership type promotions may feature strip tickets to films. Film series around themes of local interest, possibly paired with some performance aspect or lecture are anticipated. Film times and subjects appealing to children and to seniors will keep the house filled during the day. The Academy of Music Theatre’s longtime film booker is George Mansur, who books films for over 45 screens throughout the country, and has one of the best reputations in the business.

Other possibilities include showing films daily at the Academy of Music Theatre during school vacation week. Recently Academy Arts presented foreign language children’s films, with the subtitled films being read aloud by professionals like local Equity actress Cate Damon of New Century Theatre. These films and many others come from all over the world, and fill a market not addressed by what kids are used to seeing at the Cineplex. Film series tickets will be affordable to attract the largest possible audience, young and old.

## **4. Market Analysis Summary**

Northampton is a community with a population of approximately 30,000, and a nationally known tourist destination for its village character, restaurants, shops, and arts activities. There is a high migration rate to Northampton largely due to the influence of the Five College population on the area, including the University of Massachusetts, Amherst, Smith, Hampshire, and Mount Holyoke Colleges. The older Northampton population is predominantly Irish, Italian, Polish, and Yankee. In the past forty years there has been an influx of Puerto Ricans and Cambodians. Northampton is a tolerant and politically liberal community where a sizeable lesbian population thrives. The general population in the immediate areas of Hampden, Hampshire, and Franklin Counties is approximately 650,000.

# Academy of Music Theatre Business Plan

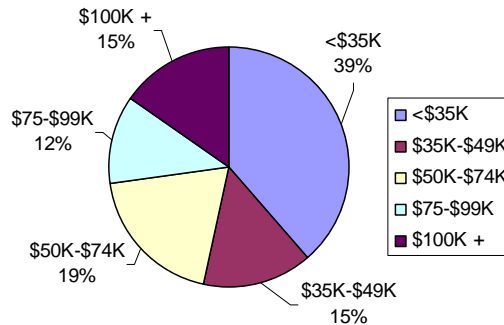
For a town of its population size, Northampton has an enormous amount of arts activity, and was selected as the Best Small Arts Town in America in a book by John Villani, as well as being voted among the top 100 places to live by Money Magazine in 2005. Northampton is home to an opera company, ballet company, an internationally known Young at Heart Chorus, many theatre and dance companies, and a large number of visual and craft artists.<sup>4</sup>

## 4.1. Market Profile

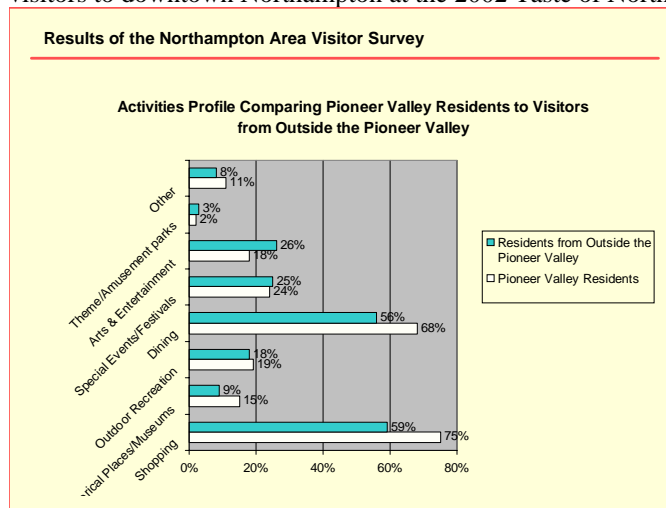
The overall market profile forecasts a positive outlook for the Academy of Music Theatre and its live performance services as it relates to potential arts patrons. Northampton and Surrounding Area Demographics and distinguishing characteristics are<sup>5</sup>:

- Population within 5 mile radius: 49,166, with a median age of 40
- Population within 15 mile radius: 404,480, with a median age of 36
- 90.4% White, 9.6% minority population within 5 miles, and 77.3% White, and 26.7% minority population within 15 miles
- 54.7 % Female, 45.3% male within a 5 miles radius, with 52.4% Female and 47.6% male within a 15 mile radius.
- Approximately 1/3 of the population in has an income between \$35,000 and \$74,999, or 36.2% within a 5 miles radius, and 34.2% within 15 miles.
- The number of people who live within walking distance of downtown is high - 41% of Northampton's population lives within 1 mile of downtown.

**2005 Household Income, 15 Mile Radius**



For further specifics of buyers in the local arts market, the Northampton Chamber of Commerce conducted a survey of 3,000 visitors to downtown Northampton at the 2002 Taste of Northampton Festival:



<sup>4</sup> Bob Cilman, ongoing Academy Arts grant applications

<sup>5</sup> On-demand reports and maps from Business Analyst Online, [www.esribis.com](http://www.esribis.com).

# Academy of Music Theatre Business Plan

**Results: 2002 Northampton Area Visitor Survey**

	Visitor from the Pioneer Valley	Visitor who lives outside the Pioneer Valley	Visitors to the State of Massachusetts
<b>Age</b>	Under 25 (27%) 45 – 54 (23%)	45 – 54 (31%) 35 – 44 (19%)	Not collected
<b>Income</b>	25,000 to 50,000 (34%) under \$25,000 (27%)	Over \$100,000 (28%) 25,000 to 50,000 (28%)	\$50,000 – 74,999 (20%) 30,000 – 49,999 (19.4%)
<b>Primary Purpose of visit (top 3)</b>	Shopping and leisure (24%) Dining (22%) Special Event (11%)	Visit Friends and relatives (25%) Shopping and leisure (18%) College related visit (12%)	Visit Friends/Relatives (41.8%) Entertainment 17.3% Personal 12.1%
<b>Activities during visit (top 3)</b>	Shopping (59%) Dining (56%) Arts & Entertainment (26%)	Shopping (75%) Dining (68%) Special Event/Festivals (24%)	Shopping 28.8% Historical Places/Museums 17.8% Beaches 9.5%
<b>Gender</b>	Female	Female (73%)	Not collected
<b>Residence</b>	From Northampton or Hampshire County	MA (32%) CT (24%) NY (11.5%)	MA 20% NY 15.3% CT 14.8%

Over half those polled were overnight visitors, usually in hotels. Between 5% and 9% of the 3,000 visitors surveyed (150-270) came to Northampton specifically to attend an arts or entertainment event, and 18% to 26% (540-780) eventually attended an arts or entertainment event while in town. The numbers demonstrate both in resident demographics and in tourist visits from outside the region, there is a substantial market for arts events, as well as an income ranges to generally support live performance ticket prices.

## 4.2. Market Segmentation

The market segment for ticket purchasers for Academy presentations, as well as contributed income for Academy annual membership fund drives is:<sup>6</sup>

- sophisticated and college educated
- Over 60% female
- Ages 35-55 (primary)
- Seeking high quality performing arts and film experiences
- Parents seeking arts exposure for children
- Require a high level of service

Within both a 5 and 15 mile radius of the Academy of Music Theatre, approx. 35%, or one-third, of the population within the above age range has an income of \$35,000-\$49,999, and 49%, or one-half, have an income between \$50,000 and \$74,999<sup>7</sup>. This target demographic has the income to support an Academy of Music Theatre live performance mission, and the life experience to expect live performance cultural events of the highest level. Additionally, the unique character of the Five Colleges in the area contribute to a substantially high rate of educational attainment in Hampshire County (with 57% women), where almost 40% of the population overall has a bachelor or graduate degree, and an additional 28% have some college; Northampton's rate of educational attainment is even higher, with almost half the population, or 46% possessing a bachelor or graduate degree.<sup>8</sup>

An additional target population are renter-users of the Academy of Music Theatre, who fall into the following categories:

- Promoters and presenters of quality entertainment

<sup>6</sup> Janice Barlow & Assoc., and Dulcie Gilmore Reports, May 2001

<sup>7</sup> On-demand reports and maps from Business Analyst Online, [www.esribis.com](http://www.esribis.com).

<sup>8</sup> United States Census Data for Hampshire County and Northampton, 2000

---

# Academy of Music Theatre Business Plan

---

- Community and professional arts organizations
- Special events (parties, meetings)

## 4.3. Target Market Strategy

The Academy will be marketed as a historical site, and a key component of a thriving downtown Northampton. Building on the strength of current film programming, a marketing focus will be on the cultural benefits of attending a wide range of live performance events at the Academy of Music Theatre, and of renting its spaces for a variety of uses. Through a diverse range of programs, fresh experiences for frequent and returning patrons will help build market share and a unique market niche in a vibrant and competitive Northampton performance arena. Value added to the community and the citizens of Northampton from an Academy of Music Theatre focused on live performances as well as film include:

- Presentations of diverse live programs
- Encouragement of community usage for meetings and performances
- Establishing a docent program to give architectural tours
- Continued restoration of a theatre of national significance
- Continued modernization of technical equipment for state of the art productions

### 4.3.1. Product Pricing

Ticket Pricing for Academy Live Presentations: Purchase criteria will be linked to the appeal and exclusivity of the engagement, the Academy's reputation for quality events, and a high level of service. Ticket prices will be competitive with other facilities, estimated \$25 per ticket on average. Events will be eventually bundled into subscription and special event series (discounted for multiple buys), as well as group sale discounts.

Rental pricing for outside events – daily and weekly current rates:

	<i>Non-Profit Rate</i>	<i>For Profit Rate</i>
• Fridays:	\$1,500	\$1,750
• Saturdays:	\$1,800	\$2,250
• Sundays through Thursdays:	\$850	\$1,000
• Matinee, day-only Rate, no eve. perf.	\$550	750

Labor & other direct costs will be charged to the tenant.

Film Pricing: will be competitive, and determined by Market conditions

## 4.4. Alternate Service Providers and Barriers to Entry

Barriers to live presentation market entry include control of product by complementary facilities, fixed seating capacity (unit of sale) limits on gross potential, and technical facilities that are inadequate for some productions. The Academy of Music Theatre operates in a vibrant Pioneer Valley arts and entertainment industry market. Other arts presenters in the valley include Iron Horse Entertainment Group, the University of Massachusetts Fine Arts Center Presenting Series, Smith College's John M. Greene Hall, and various other college and independently produced arts events. The Academy of Music Theatre will differentiate itself from these other arts and entertainment providers by its programming and access contributions to the community, its non-profit status, and its over 100 year old historical landmark building. The Iron Horse Entertainment Group (IHEG) operates the Iron Horse Night Club (250 seats), Pearl Street Night Club (400 seats), and the Calvin Theatre (1,300 seats). The IHEG is responsible for bringing many nationally and internationally known performers to our community, and is a for-profit business. The Academy of Music Theatre does not need or intend to compete with IHEG's signature of programmed presenting, but is rather positioned as a municipally owned non-profit presenter. Academy Arts and the Academy of Music Theatre

have created programs that engage different populations and market segments in Northampton, and have focused on involving those populations with all aspects of event planning.<sup>9</sup>

## 5. Strategy and Implementation Summary

As the Academy of Music Theatre transitions from a film house to a regional arts center under second generation executive leadership, it will build on its strengths and name recognition from previous decades, expanding fundraising and contributed income, adding new executive leadership, and enlarging its branded public image, service offerings, presentations, and rental use.

### 5.1. SWOT Analysis<sup>10</sup>

In anticipation of reorganization and diversification of its programming and funding base, A SWOT analysis was conducted by the Academy of Music Theatre Board of Directors with Janice Barlow Associates as part of its overall organizational retreat in 2001, and reflects the Academy's historical structure as it moves into this business transition:

#### 5.1.1. Strengths

Programs:

- Diversity of programming
- Presentations that reflect the community
- Creative vision
- Core of regular renters
- Wholesome public entertainment
- community accessibility
- Combination of film and live programming
- Potential as a multi-use facility

Resources:

- City owned facility
- Historical significance of the building, beautiful building/architecture, unique
- Great, central location
- Good acoustics, 750 out of 800 great seats
- Community support
- Strong political support
- Recent & successful state sponsored renovation grants

Organization:

- Loyalty
- Collegial atmosphere
- Dedicated staff
- Long time, experienced film director
- Arts council affiliation and joint Academy Arts programming
- Inclusive planning and outreach
- 501 (c)(3) non-profit status

#### 5.1.2. Weaknesses

Programs:

- First run art films aren't always successful
- Lack of movie turnover

---

<sup>9</sup> Bob Cilman, ongoing Academy Arts grant applications

<sup>10</sup> Janice Barlow & Assoc., and Dulcie Gilmore Reports, May 2001

---

# Academy of Music Theatre Business Plan

---

- Previously non-integrated programming
- Not sufficiently exploiting live performance potential (sound, acoustics)
- No self-presenting entity
- Limited artistic vision
- Limited availability for programming outside of first run art film
- Lots of competition from other arts and media

## Resources:

- City has no \$\$ to support the organization
- Currently not enough contributed support or diversity of revenue streams
- Not enough staff
- Lack of endowment
- One auditorium / screen
- Generally poor state of arts funding in the United States

## Organization:

- Historically no fundraising mechanism, the general difficulty of fundraising in this community
- No current audience development
- General parking access issues
- Issues getting information from the office, other than film times
- Not able to take credit cards in payment, lack of an effective box office structure outside of evening film ticket sales
- Lack of clear organizational structure: who is in charge of what?
- Current lack of collaboration with other groups, not enough communication and involvement between organization and community
- Lack of leadership
- Lack of public awareness of management / structural challenges

### 5.1.3. Opportunities

- Access to grants: programmatic, general operating, and historical / technical renovation
- Strong arts-going community, knowledgeable, educated audience potential
- More profitable rental opportunities
- Audience expansion outside the immediate area, tourism, Five Colleges potential
- Affordable, desirable venue, attractive for artists
- Create an identity as a premiere venue, hip
- Location in a high traffic, central area, located at bus stop
- Community commitment potential, local business feel a stake in the theatre's success, lots of organizations to reach out to and work with, community wants Academy to succeed
- Fundraising potential of community, willing donors, loyal donors and patrons
- Smith College as a continuing partner
- High tech opportunities
- Political "feel good" entity
- Currently accomplished major renovations
- Strategic planning process
- Good local banks
- Supportive state legislature
- Hampshire County as a tourist draw and regional magnet, with 80+ restaurants, pedestrian scale location, off beat shopping environment

### 5.1.4. Threats

- Competing facilities, re: programming, marketing, and fundraising

# Academy of Music Theatre Business Plan

- Market saturation, Calvin and commercial entertainment, 12 Cineplex movie screens in Hadley
- Public misperception of what Academy does, low public profile
- Government funding cuts in the arts, Boston draws off state funds, the low status of the arts nationally
- Relatively small population base, limited audience for films, not willing to pay a lot for tickets, dwindling film audience
- Contracts with film distributors limiting, % of their gross ticket sales take
- Weather
- The Coolidge Bridge as obstacle
- No significant corporate base, relative lack of industry
- Lack of community awareness about Academy finances
- Limited collaboration with other groups
- Continuing debt
- No regional ownership

## 5.1.5. Substantial Progress

Since meeting in retreat four years ago, the Board of Directors have made substantial progress towards the recommendations presented by the consultants:

- The Board of Trustees in 2001 was only 5 persons, which has been expanded to a vibrant and experienced 11 member Board of Directors
- Overall debt at the Academy of Music Theatre had grown to over \$300,000, which has since been reduced to approximately \$67,000, with plans to pay that down within three years
- An executive Director will be hired as per recommendation, for the fall / winter 2005/6
- Presentation and live theatre rentals are currently being aggressively pursued until the new Executive Director is in place

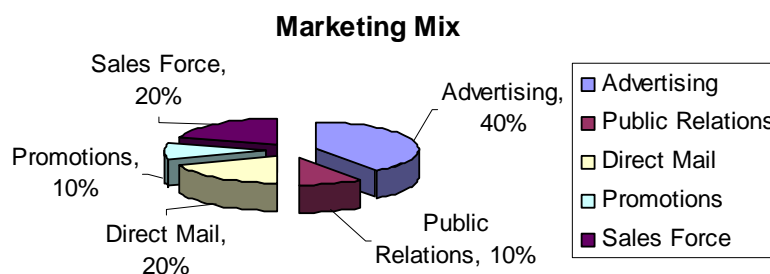
## 5.2. Competitive Advantage

The Academy of Music Theatre is located in the heart of downtown, with ample restaurant choices, in a safe and appealing environment. The theatre architecture is elegant and inviting, as well as historically important and unique; the Academy of Music Theatre has the ability to position itself as a tourist destination, and can create not for profit alliances and partnerships with complementary organizations.

## 5.3. Marketing Strategy

Marketing strategy is divided into three areas, covering the Academy of Music Theatre's basic revenue streams. A heightened focus will be given to expanding the Academy of Music Theatre's live performance and rentals brand image by developing a season calendar, brochure advertising, membership discounts and benefits, and ticket discounts in partnership with complimentary local businesses such as restaurants.

Generally, sales efforts will be broken down as follows<sup>11</sup>:



<sup>11</sup> Janice Barlow & Assoc., and Dulcie Gilmore Reports, May 2001

## 5.3.1. Programmed Events: Live Performances and Film Series

Marketing for Academy of Music Theatre presentations, whether live or themed art film programming, will be aggressively oriented towards creating an image and public awareness of the Academy of Music Theatre as a program originator, with unique offerings ideally suited to segments of the local community traditionally underserved by the region's commercial presenters. In the fall of 2005 the Academy of Music Theatre will focus on re-branding and repositioning its image in the public eye as a destination for live performances and rentals, as well as film.

The Academy of Music Theatre will continue its proven track record of innovative marketing of community arts events with Academy Arts, which involves targeting program specific populations, such as high school student *Anime* fans who collectively chose the programming for the *Anime* Film Festivals, or the students who were solicited to write reviews for the program guide for KidsBestFest – The Best of the International Festival of Children's Films. For the latter program, creative collaborations were engaged with a complimentary organization, the Eric Carle Museum of Picture Book Art. Such marketing approaches not only yield higher ticket sales and program attendance, but also pay off with a wealth of publicity and media coverage, in these cases with cover or lead stories in all three major Pioneer Valley news outlets, the Valley Advocate, the Daily Hampshire Gazette, and the Springfield Republican, as well as WRSI radio and WGBY TV.

Significant outreach efforts are part of overall marketing, for these programs including tickets to Enlace de Familias in Holyoke, the Children's Aid and Family Services of Hampshire County in Northampton, Family Services of Pioneer Valley in Easthampton, the Anti-Displacement Project of Springfield, and Big Brothers Big Sisters of Hampshire County.<sup>12</sup>

## 5.3.2. Performance Rentals and Other Use

The Academy will target for rental opportunities organizations like the excellent producers below who already have experience using the Academy of Music Theatre:

- The Massachusetts International Festival of the Arts (MIFA)
- Commonwealth Opera Company
- Pioneer Valley Symphony
- Pioneer Valley Ballet
- The Northampton Film Festival
- The Young at Heart Chorus
- Callboard Dance Theatre Group
- Easthampton Junior Miss Program

Additionally, the Academy of Music Theatre will build on this existing base of users, reaching out to new possible live performance rental presenters such as:

- Popular concert promoters, such as Mass Concerts, John Peters producing
- Quality local professional theatre, such as Miniature Theatre, and New Century Theatre
- Creative Corporate training users, such as DramaWorks Interactive, Inc.

Daytime rentals and schools use will also be emphasized, and will serve as community outreach initiatives as well as income generators. Rentals will also be promoted to non-arts and corporate users, and special functions and parties, as well as more traditional artistic organizations.

---

<sup>12</sup> Bob Cilman, ongoing Academy Arts grant applications

### 5.3.3. First Run Art Films

First run art films will continue to be marketed building on thirty years experience as a prime exhibitor, and branded as a leading venue in the area. Advertising focus and special promotional plans will be linked to specific offerings.

### 5.3.4. Website Marketing Strategy

The Academy of Music Theatre website [www.academyofmusictheatre.com/](http://www.academyofmusictheatre.com/) will be developed into an example of the creativity, style, and entrepreneurial spirit the new Academy management will bring to the marketing and outreach of Academy products. The website will have strategic directional links on all pages to lead to the performance calendar, sales, rental contracts, membership and sponsorship opportunities, whether on-line or on-site.

## 5.4. Financial Plan

In the next three to five years, the Academy of Music Theatre will focus a major effort to shift current primary dependence on earned income and film ticket revenue, to a healthier balance of contributed income, produced events, and live performance rental income. As the ups and downs of the last five years show, diversification of revenue streams and expansion of live performances is key to the Academy's future success.

### 5.4.1. Important Assumptions

The five year financial growth plan follows the recommendations of the Dulcie Gilmore Associates Business Plan Transition report of March 30, 2001, and Janice Barlow & Associates Report on Business Planning Process Final Report of May 1, 2001. This assumes that the Academy of Music Theatre must reach a target operating budget in excess of \$600,000 annually in order to remain a viable producer, presenter, and rental theatre in its market. Comparable research with the regional presenting venues the Colonial Theatre in Keene, and the Music Hall in Portsmouth N.H., the Mahaiwe Performing Arts center in Great Barrington, Ma, and the University of Massachusetts Fine Arts Center confirm this finding. Budget comparison to these venues demonstrates the proposed buildup of the Academy of Music Theatre's operating budget is approximately half that of the smallest of the venues reviewed, and a minimum base for future sustained stability and growth. As Dulcie Gilmore & Associates quote 19<sup>th</sup> century architect and city planner Daniel Burnham in their report,

“Make no little plans, they have no magic to stir men's blood.  
Make big plans, aim high in hope and work.”

### 5.4.2. Funding Required for Management Transition

- AMOUNT: \$100,000 (2 year salary guarantee for incoming Executive Director)
- AMOUNT: \$50,000 (necessary new Marquee costs to replace old Marquee that had to be taken down; the new Marquee will further redefine and help re-brand the Academy of Music Theatre's regional image as a tourist destination for high quality live performance events)
- TOTAL FUNDS REQUIRED: \$150,000

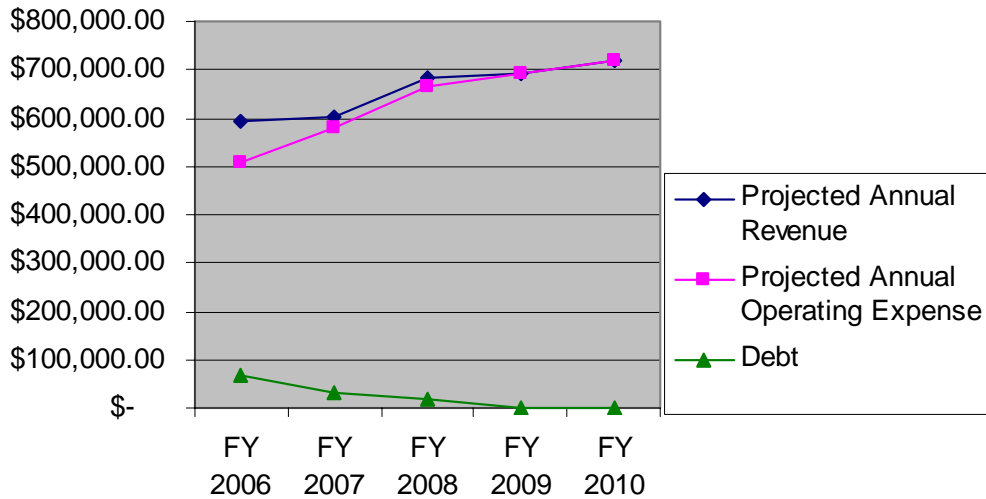
This sum is to be raised in contributions through a combination of local business, arts angels, and low interest loans by the Academy Board in a campaign throughout the fall of 2005, and anchored by the Springfield Symphony Gala event.

# Academy of Music Theatre Business Plan

## 5.4.3. 5 Year Revenue & Expense Projections: The Budget <sup>13</sup>

The Academy of Music Theatre will engage in aggressive fundraising, program development, and services expansion, adding key staff to support these efforts. The following graphs and tables give summary and detail information for the projected 5 year forecast of future expenses against growth in earned and contributed revenue as follows:

Academy of Music Summary 5 Year Projected Balance Sheet	Income/Expense <span style="float: right;">10/12/2005</span>				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Projected Annual Revenue	\$593,437.42	\$600,150.00	\$681,649.86	\$692,639.35	\$719,361.32
Projected Annual Operating Expense	\$507,087.42	\$581,590.00	\$664,369.86	\$692,639.35	\$719,361.32
Net Ordinary Income	\$86,350.00	\$18,560.00	\$17,280.00	\$0.00	\$0.00
Debt	\$67,000.00	\$32,000.00	\$16,000.00	\$0.00	\$0.00

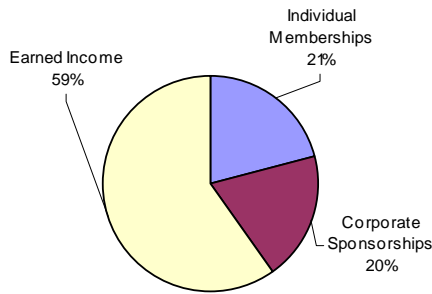


<sup>13</sup> All Academy of Music Theatre budgetary and financial analysis assembled and reviewed by Mark Dean for Academy of Music Theatre Board President Andrew Crystal, and in conversation with and Academy of Music Theatre Board Vice President Gail Yacuzzo and General Manager Duane Robinson.

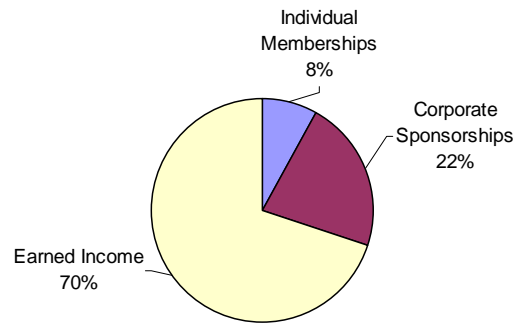
# Academy of Music Theatre Business Plan

**Comparative Revenue Balance:** The Academy of Music Theatre receives no funds from the City of Northampton; it raises all of its operating funds through ticket sales for the films and cultural events it presents, facility rentals, concessions sales, Academy Arts fundraising events, on-screen advertising, and donations and sponsorships. The Academy of Music Theatre projects annual revenues commensurate with its own history as a leading art film presenter, measuring the distribution of sources against regionally accepted norms, as based on research of comparable New England venues<sup>14</sup>:

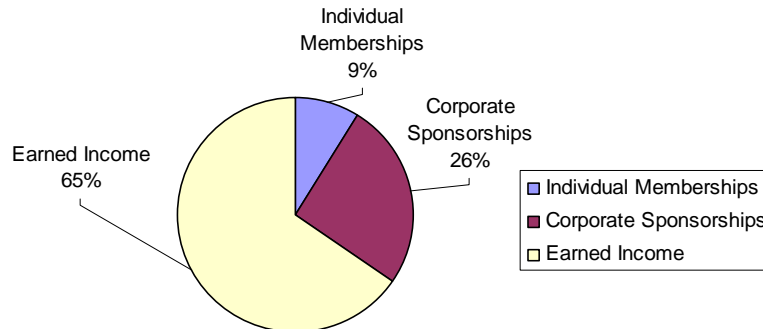
**Music Hall Theatre, Portsmouth, N.H.**  
Approx. revenue FY 2005 (\$1.75M budget)



**Colonial Theatre, Keene, N.H.**  
Approx. revenue FY 2005 (\$1.3M budget)



**Academy of Music Theatre Projected Revenue, FY 2006 (approx. \$600K Budget)**



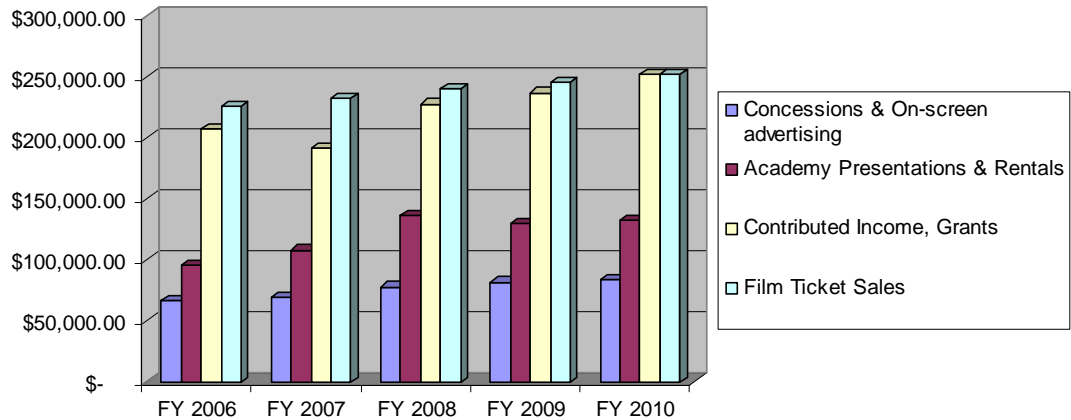
<sup>14</sup> Colonial Theatre and Music Hall financial data compiled through website analysis, industry comparable salary rates, and conversations with the Executive Directors of those venues.

# Academy of Music Theatre Business Plan

---

**Revenue Forecasts:** Over the next five years, the Academy of Music Theatre projects that film & on-screen advertising revenues will decline slightly overall as more event days shift to performing arts, which increase to between 5 and 7 core season producing events within three years. Contributed income rises sharply, along with increased rental and concessions income.

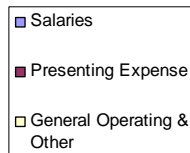
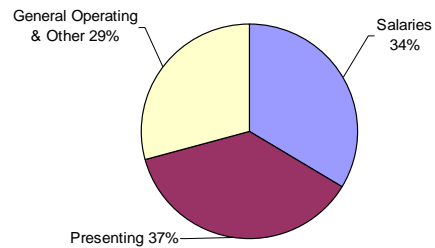
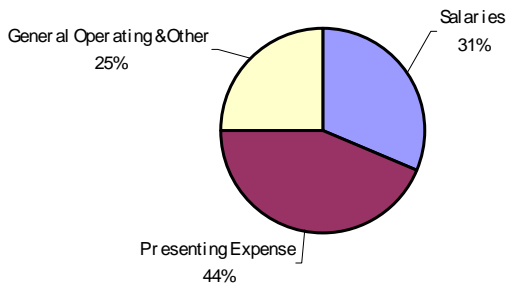
**Academy of Music Theatre 5 Year Revenue Forecast**



**Comparative Expense Balance:** In growing revenues, services, and presentations, as well as adding experienced executive oversight for this growth transitional phase, The Academy of Music Theatre will increase its expenditures for salaries, maintain film presenting expenses, and modestly increase programming funds; these expenditure levels also distribute comparably with similar regional venues:

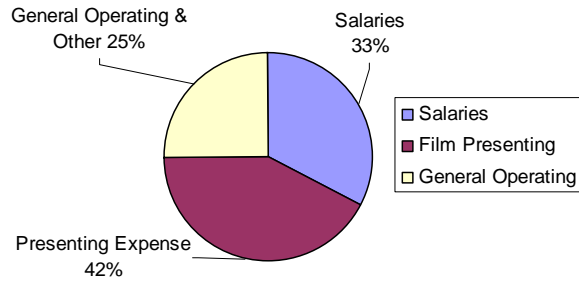
**Music Hall, Portsmouth, N.H.**  
Approx. expenses FY 2005

**Colonial Theatre, Keene, N.H.**  
Approx. expenses FY 2005



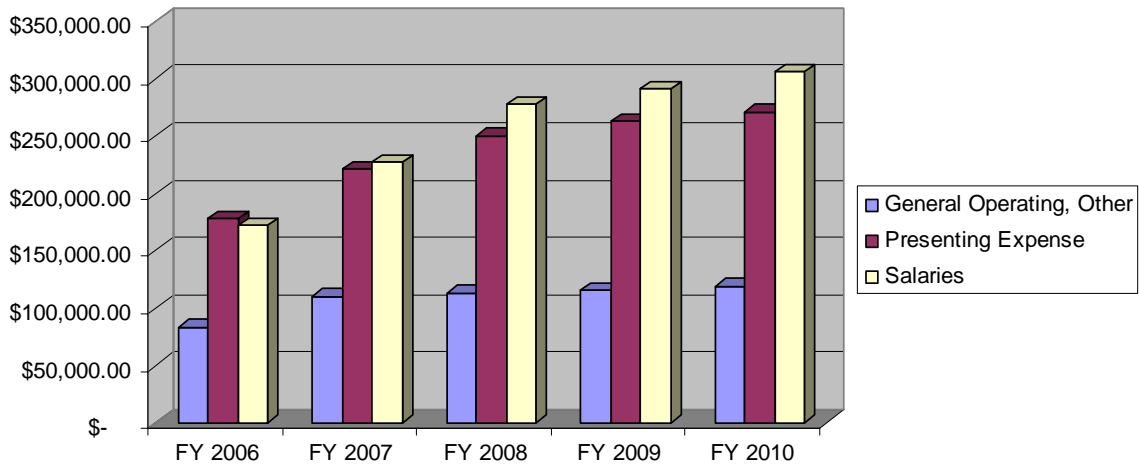
# Academy of Music Theatre Business Plan

## Academy of Music Theatre projected expenses FY 2006



**Expense Forecasts:** Over the next five years the Academy of Music Theatre plans to gradually increase presenting expenses, and to support the programming that makes possible with a three year plan to raise management positions from one currently, to a total of three.

## Academy of Music Theatre 5 Year Expense Forecast



# Academy of Music Theatre Business Plan

**Academy of Music Theatre 5 Year Line Item Budget Forecast:** The following budget pages forecasts a buildup of revenue, programs, staff and other support structures in an initial three year period, followed by 5% annual growth.

Academy of Music Projected Balance Sheet: 5 Year Growth		Income/Expense					9/23/2005
		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	
		Avg 25 rentals, 2 prod.	Avg 28 rentals, 3 prod.	Avg 32 rentals, 5 prod.	Avg 35 + rentals, 5-7 prod., approx. standard growth at 5% per year	Avg 35 + rentals, 5-7 prod., approx. standard growth at 5% per year	
Revenue	NOTES						
<i>Earned Income:</i>							
1 Admissions		\$ 225,000.00	\$ 232,000.00	\$ 240,000.00	\$ 245,000.00	\$ 252,000.00	
2 Rentals		\$ 40,137.42	\$ 42,150.00	\$ 46,149.86	\$ 48,439.35	\$ 50,881.32	
3 Sales/Concessions		\$ 50,000.00	\$ 52,000.00	\$ 60,000.00	\$ 63,000.00	\$ 65,000.00	
4 On-Screen Advertising Revenue		\$ 16,500.00	\$ 17,000.00	\$ 18,000.00	\$ 18,900.00	\$ 19,000.00	
5 Academy Arts Income		\$ 15,000.00	\$ 16,000.00	\$ 20,000.00	\$ 7,300.00	\$ 4,000.00	
6 Produced Events (tax sales & event spons)		\$ 40,000.00	\$ 50,000.00	\$ 70,000.00	\$ 73,500.00	\$ 77,175.00	
7		\$ 386,637.42	\$ 408,150.00	\$ 454,149.86	\$ 456,139.35	\$ 468,036.32	
	Subtotal, earned income						
8 Grants		\$ 3,800.00	\$ 14,000.00	\$ 25,000.00	\$ 26,250.00	\$ 27,562.50	
9 Donations / Fundraising / Memberships		\$ 53,000.00	\$ 77,000.00	\$ 105,000.00	\$ 110,250.00	\$ 115,762.50	
10 Corporate sponsorship		\$ 30,000.00	\$ 50,000.00	\$ 97,500.00	\$ 100,000.00	\$ 108,000.00	
11 1-time start-up & carryover: 2 yrs ED sal, marq, (fundraised)		\$ 120,000.00	\$ 50,000.00	\$ 97,500.00	\$ 100,000.00	\$ 108,000.00	
12		\$ 203,000.00	\$ 177,000.00	\$ 202,500.00	\$ 210,250.00	\$ 223,762.50	
13	Subtotal, fundraising	\$ 593,437.42	\$ 600,150.00	\$ 681,649.86	\$ 692,639.35	\$ 719,361.32	
<b>Total Revenue</b>							
		\$ 818,437.42	\$ 838,150.00	\$ 935,699.86	\$ 938,678.70	\$ 987,397.64	
<i>Expenses</i>							
<i>Salaries</i>							
14 Management Sal (FT/bt, prorate 1st yr)		\$ 57,500.00	\$ 92,000.00	\$ 125,000.00	\$ 131,250.00	\$ 137,812.50	
15 PT, hrvy		\$ 84,700.00	\$ 82,500.00	\$ 97,600.00	\$ 102,480.00	\$ 107,604.00	
16 Subtotal Salaries		\$ 142,200.00	\$ 184,500.00	\$ 222,600.00	\$ 233,730.00	\$ 245,416.50	
17 Fringe/Taxes		\$ 14,375.00	\$ 23,000.00	\$ 31,250.00	\$ 32,812.50	\$ 34,453.13	
18 SS, Med match (8.6%)		\$ 12,243.42	\$ 15,885.45	\$ 19,165.86	\$ 20,124.15	\$ 21,130.36	
19 Payroll Services		\$ 3,513.00	\$ 4,000.00	\$ 4,500.00	\$ 4,725.00	\$ 4,961.25	
20	Subtotal, Salaries	\$ 172,331.42	\$ 227,385.45	\$ 277,515.86	\$ 291,391.65	\$ 305,961.24	
<i>Presenting Expense</i>							
21 Film Costs		\$ 77,812.00	\$ 93,600.00	\$ 96,000.00	\$ 100,800.00	\$ 100,800.00	
22 On-Screen Advertising Expense		\$ 2,173.00	\$ 4,374.55	\$ 5,000.00	\$ 5,250.00	\$ 5,512.50	
23 Film Transportation		\$ 1,494.00	\$ 2,000.00	\$ 2,000.00	\$ 2,100.00	\$ 2,205.00	
24 Booking		\$ 10,400.00	\$ 13,000.00	\$ 15,000.00	\$ 15,750.00	\$ 16,537.50	
25 Advertising, film		\$ 35,068.00	\$ 35,250.00	\$ 27,250.00	\$ 28,612.50	\$ 30,043.12	
26 Supplies / Concessions		\$ 9,196.00	\$ 14,000.00	\$ 16,000.00	\$ 16,800.00	\$ 17,640.00	
27 Produced Events: Artist Fees		\$ 25,800.00	\$ 35,000.00	\$ 45,000.00	\$ 47,250.00	\$ 49,612.50	
28 Produced Events: Prod, FOH, adv		\$ 16,400.00	\$ 24,000.00	\$ 44,000.00	\$ 46,200.00	\$ 48,510.00	
29	Subtotal, producing:	\$ 42,000.00	\$ 59,000.00	\$ 89,000.00	\$ 93,450.00	\$ 98,122.50	
30	Subtotal, Presenting Expense	\$ 178,143.00	\$ 221,224.55	\$ 250,250.00	\$ 262,762.50	\$ 270,860.62	

# Academy of Music Theatre Business Plan

<i>General Operating</i>										
31 Telephone	\$	3,585.00	\$	8,000.00	\$	10,000.00	\$	10,500.00	\$	11,025.00
32 Utilities: Oil, Electric	\$	45,000.00	\$	45,000.00	\$	40,000.00	\$	42,000.00	\$	44,100.00
33 Insurance	\$	14,000.00	\$	14,000.00	\$	14,374.00	\$	15,092.70	\$	15,847.34
34 Maintenance & Repairs (& Ren)	\$	10,000.00	\$	12,000.00	\$	12,000.00	\$	12,600.00	\$	13,230.00
35 Office Supplies	\$	5,000.00	\$	8,000.00	\$	9,000.00	\$	9,450.00	\$	9,826.50
36 Contracted Services / Academy Arts	\$	1,194.00	\$	6,000.00	\$	6,000.00	\$	2,500.00	\$	1,000.00
<i>Staff Support</i>										
37 Dues/Subscr/Prof Memberships	\$	651.00	\$	1,500.00	\$	1,750.00	\$	1,837.50	\$	1,929.38
38 Consulting	\$	1,750.00	\$	6,000.00	\$	7,000.00	\$	7,350.00	\$	7,717.50
39 Travel	\$		\$	1,500.00	\$	2,000.00	\$	2,100.00	\$	2,205.00
40 Staff Development	\$		\$	2,000.00	\$	3,500.00	\$	3,675.00	\$	3,858.75
41 Contingency/Repl Res/Misc Exp	\$	2,453.00	\$	6,000.00	\$	8,000.00	\$	8,400.00	\$	8,820.00
42	\$	83,633.00	\$	110,000.00	\$	113,624.00	\$	115,505.20	\$	119,559.46
43 1-time exp: New Marquee	\$	50,000.00								
44 <b>Total Operating Expenses</b>	\$	<b>484,107.42</b>	\$	<b>558,610.00</b>	\$	<b>641,389.86</b>	\$	<b>659,659.35</b>	\$	<b>696,381.32</b>
<i>General Operating, Staff Support</i>										
45 <b>Balance prior to Debt Service</b>	\$	<b>109,330.00</b>	\$	<b>41,540.00</b>	\$	<b>40,260.00</b>	\$	<b>22,980.00</b>	\$	<b>22,980.00</b>
46 Depreciation Expense	\$	22,980.00	\$	22,980.00	\$	22,980.00	\$	22,980.00	\$	22,980.00
47 Net Expenses	\$	507,087.42	\$	581,590.00	\$	664,369.86	\$	692,639.35	\$	719,361.32
<i>Fund Raising Expense</i>										
48 Debt:	\$	67,000.00	\$	32,000.00	\$	16,000.00	\$	16,000.00	\$	16,000.00
49 Debt: Payment:	\$	35,000.00	\$	16,000.00	\$	16,000.00	\$	16,000.00	\$	16,000.00
50 Less: Debt Service Interest (@ 8%):	\$	1,350.00	\$	2,560.00	\$	1,280.00	\$	1,280.00	\$	1,280.00
51 <b>Net Debt Payments:</b>	\$	<b>36,350.00</b>	\$	<b>18,560.00</b>	\$	<b>17,280.00</b>	\$	<b>17,280.00</b>	\$	<b>17,280.00</b>
52 Net Debt Carried Forward:	\$	32,000.00	\$	16,000.00	\$	-	\$	-	\$	-
53 <b>Annual Outflows</b>	\$	<b>543,437.42</b>	\$	<b>600,150.00</b>	\$	<b>681,649.86</b>	\$	<b>692,639.35</b>	\$	<b>719,361.32</b>
54 <b>Net Ordinary Income</b>	\$	<b>50,000.00</b>	\$	<b>0.00</b>	\$	<b>0.00</b>	\$	<b>0.00</b>	\$	<b>0.00</b>

## 5.4.4. Fundraising

Academy of Music Theatre fundraising is a key to its financial health, and to its central existence as a vibrant downtown cultural anchor. The Academy will regularly reach out to the business community and key individuals for sponsorship opportunities, networking individually and through the Northampton Chamber of Commerce. A blended fundraising campaign will encompass raising moneys for

- Capital reserves
- Deficit reduction
- Operating transition
- Programming endowment
- Facilities Upgrades

Among the ideas for communicating the core value of the Academy of Music Theatre's presence and programming are a PowerPoint presentation on the history of the Academy over the course of the century, as well as grant writing to obtain funding for a public television documentary feature focusing on the future vision of the Academy of Music Theatre, and suitable for airing on local channel 57, similar to a film made recently about Mount Tom.

On October 16, 2005 the Academy of Music Theatre will present the Springfield Symphony Orchestra, the first time the orchestra has performed in its space, in a major fundraising event. The Academy aims to raise \$30,000 in sponsorships, under the following categories:

*Platinum Sponsor*                      \$5,000

- 12 Conductor's Circle Seats
- Full-page ad in program concert
- Verbal acknowledgement prior to the performance
- Opportunity to display promotional materials in the lobby prior to the performance
- Logo acknowledgement in all print and radio advertising
- Logo acknowledgement on all posters and other marketing materials (including a direct mail piece to approximately 3,000 households in Northampton)
- Logo acknowledgement on the website.



*Gold Sponsor*                              \$2,500

- Conductor's Circle seats
- ½ page ad in concert program
- Verbal acknowledgement prior to the performance
- Logo acknowledgement on poster and direct mail piece
- Logo acknowledgement on website

*Silver Sponsor*                              \$1,500

- 2 Conductor's Circle seats
- ¼ page ad in concert program
- Logo acknowledgement on poster and direct mail piece
- Logo acknowledgement on website<sup>15</sup>

---

<sup>15</sup> Categories designed for the Academy of Music Theatre by of Kara Noble, Noble Productions.

# Academy of Music Theatre Business Plan

In addition to sponsorship and arts angel's capital fundraising ongoing throughout the fall, the Academy of Music Theatre continues an innovative program of individual membership. The Academy will grow this program in the coming years as it ramps up its unearned revenue projections from this source.



The form features a decorative border and a central illustration of the Academy of Music Theatre building. The text is as follows:

We've Saved You The Best Seats In The House!

**BECOME A MEMBER OF THE ACADEMY OF MUSIC THEATRE**

The Academy of Music has been called "The People's Theatre". It was deeded to Northampton in 1892 by Mr. Edward H. R. Lyman and belongs to you, the citizens of this community. Since it does not receive city funding, it needs your support, to thrive; to expand it's offerings and improve its facilities.

Please consider becoming an active supporter of the Academy of Music, a non-profit theatre, by becoming a member. Enjoy the benefits, and proudly call the Academy your own.

*This year, The Academy of Music is giving back to those who give!*

**Membership Benefits Include:**

- Members' lounge**  
A place to meet and Socialize before the film.
- Lower balcony seating**  
Exclusive use with the best sight-lines in the house.
- Members' coat racks**  
A nice touch, in both the lounge and in the balcony. (Imagine not sitting on your wet parka!)
- Special offers**  
We'll add more member benefits throughout the year.

**Member benefits are valid for Academy film screenings only.**

**MEMBERSHIP APPLICATION**  
Please mail your application and \$100 check to:  
Academy of Music, 274 Main St., Northampton, MA 01060

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone #: \_\_\_\_\_  
C-Card #: \_\_\_\_\_  
Exp. date: \_\_\_\_\_ Circle type: Visa MC Discover

Make checks payable to the Academy of Music Theatre



**Academy Arts Fundraising:** The final substantial piece of fundraising is the Academy Arts partnership that the Academy has developed with Bob Cilman and the Northampton Arts Council, to produce innovative programming and fundraising events. The Arts Council has produced fundraising events at the Academy for years, and has raised over \$100,000 for stage improvements and a handicapped bathroom, but this is the first time the two organizations have joined together for formal, ongoing joint efforts, with a shared support staff person. There is great local support from the community for the type of programming being created by Academy Arts. In its first year Academy Arts raised \$28,000 in net profits, providing \$14,000 for the Arts Council, and for the Academy of Music Theatre, each.

## 5.4.5. Other Concerns

As referred to earlier, in recent years first run art films have produced less income than expected across the industry. As stated, the Academy of Music Theatre currently has an estimated film industry debt of \$67,000. This debt is in the form of accounts payable to film distributors that has caused some films to be unavailable to the Academy, and goodwill efforts to erase it, combined with regular, semi-annual payments against the balance should result in improved film distributor business relations and access to the highest quality films.

Issue: Outstanding invoices to film suppliers threaten delivery of film presentations  
Action: Approach lending institution for low interest loans to reduce accounts payable

# Academy of Music Theatre Business Plan

---

While diversifying revenue sources in order to remain viable in ultimately a necessary long-term strategy, the increased costs of presenting live professional shows in the Northampton market is a recognized risk.

Issue: Booking live attractions exposes the Academy to greater risk

Action: Hire an experienced CEO / Programmer with a proven track record and knowledge of mid-size market

## 5.4.6. Grants

Increasing grant income is also a priority of a financially healthy Academy of Music Theatre. Such revenues enable the Academy to properly keep up and strengthen its historic facility, widen the reach of its presented programs, and stabilize its staff and operating infrastructure. Currently, the Academy has the following grant requests pending:

GRANT	AMOUNT REQUESTED
National Endowment for the Arts -- KidsBestFest, 2005 (program)	\$8,000
Massachusetts Cultural Council -- operating grant	\$15,000
Federal Save America's Treasures Matching Grant -- renovation grant	\$475,000
Northampton Arts Council -- Springfield Symphony (program)	\$1,900 (awarded)

### 5.4.6.1. The Capitol Campaign: Historic Improvement

**Accomplished:** Recently the Academy completed a \$2 million building renovation with funds advocated for the Academy of Music Theatre by State Senators Stan Rosenberg and Bill Nagle, and granted from the state of Massachusetts that allowed the Academy to repair its roof, exterior masonry, the pin rail system that allows for scenery to fly in and out, and the wooden roof truss system. A new electrical and air conditioning system was installed, along with a fire alarm and fire sprinkler system. All of the asbestos and oil tanks have been removed from the theatre; a new front entry has been created, including new stairs and a handicapped accessible ramp that allows unimpeded access from the exterior of the building into the lobby and orchestra seating area. Once inside the building, there is a handicapped accessible bathroom just off the lobby and spaces on the main floor for wheelchairs. All of these improvements meet with the Massachusetts Barrier Board and the Americans With Disabilities Act standards. The Academy is physically in the best shape it's ever been in.

**The Future:** If funded, the Federal Save America's Treasures Matching Grant will enable a major capitol campaign to match the grant award and address phase two of the Academy of Music Theatre's renovation plans, including:

ITEM	AMOUNT
Redesigned, relocated, and expanded concessions area:	\$35,000
New theatre seats (880), @ \$225 per seat:	\$180,000
New theatre Marquee and informational signage:	\$75,000
New center, right, left cinema speakers	\$20,000
Replace carpet in lobby, orchestra, balcony	\$50,000
New emergency and exit lighting system	\$52,000
New air conditioning system	\$115,000
Electrical upgrades: new panel boards, wiring devices, interior and exterior systems and associated wiring	\$225,000
Thrust stage (extension of existing stage), including design	\$45,000
Interior finishes restoration: plaster, wainscoting, paint	\$40,000
Architectural and engineer gin fees:	\$70,000
Total	\$907,000

## 5.4.7. Financial Summary

According to business consultant Ira Blumenthal, successful organizations and people are marked by the ability to embrace change, rather than simply ignore or react to it. In our changing business environment, organizations must constantly strive to let go of the “status quo” mentality that limits them to doing things the way they’ve always been done; as the adage goes:

“Change is inevitable; growth is optional.”

The Academy of Music Theatre chooses not to let the slow drain of complete dependence on a declining film industry slowly close its doors over the next few years. By proactively expanding its programs and impact in the community, as well as the diversified revenue streams that accompanies such activity, the Northampton Academy of Music Theatre embraces the changes of the 21st century, while preserving the essence of what made it, and the city of Northampton great in the first place.

## 5.5. Milestones

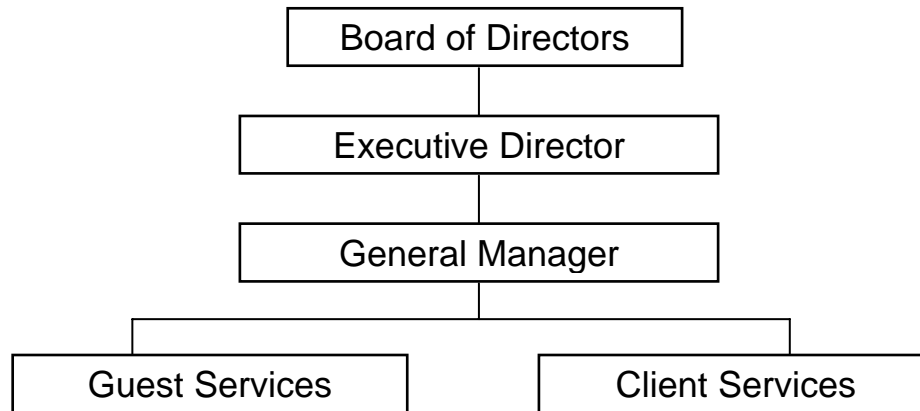
Milestone	Financial Target	Timeline
Re-brand and reposition the Academy of Music Theatre as a destination for live performance and theatre rentals, as well as film showings	In-kind	Winter, 2006
Attract and increase quality live performance rentals from local and regional non-profit and for profit users	5-10 rentals targeted this period	Winter 2006
Present Springfield Symphony Gala fundraiser, raise \$30,000 in seed funds for transitional business plan	\$30,000	Oct. 16, 2005
Ongoing initial fundraising for transition, including 2 year salary guarantee for incoming Executive Director	\$120,000	Fall 2005
Hire new Executive Director	\$50,000 annually	By the end of the 2005 calendar year
<b>Total Fundraising Goals</b>	<b>\$150,000</b>	<b>Dec. 31, 2005</b>

## 6. Management Summary

The Academy of Music Theatre is currently transitioning from a predominant focus on first run art film programming, to a more diverse mix of film, live presentations, rentals, and connected support services. General Manager Duane Robinson has worked tirelessly over the last 35 years to program first run art films and allow the building to survive and make it available to the community. Current management, while well versed in film presenting, lacks expertise and staff capacity to dedicate to community relations, marketing, and fundraising. In the transition from a film exhibitor/ to a more proactive programming scenario and rental facility, an overall Executive Director will be hired.

# Academy of Music Theatre Business Plan

---



## 6.1 Management

The current General Manager, Duane Robinson, will continue to focus on facilities management and film programming, while a newly hired Executive Director will oversee strategic planning, the development of the presenting program, taking the lead in booking the theatre with a full schedule of performing arts. The Executive Director will also focus on board development, community relations, marketing and fundraising. The advertisement for the new Executive Director is currently running, interviews will be conducted in late summer / early fall, and the Board hopes to have the position filled and actively leading the Academy by the end of the calendar year.

## 6.2 Board of Directors

The Academy of Music Theatre has an active 11 member Board of Directors, a major change that has occurred over the past five years, prior to which there was a more limited 5 member Board of Trustees. Carol Christ, President of Smith College, and Mary Claire Higgins, Mayor of Northampton are members of the board as a result of their professional positions and play very active roles in Academy affairs. The board also includes Gail Yacuzzo, co-owner of the Eastside Grill.

### **Board of Directors**

Andrew Crystal, President  
Catherine West, CPA, MBA, Treasurer  
Clare Higgins, Mayor of Northampton  
Paul Lieberman  
Paul S. Weinberg, Esq.

Gail Yacuzzo, Vice President  
Carol Christ, president, Smith College  
Susan G. Fentin, Esq.  
Alan Nathanson Sharpe, Esq.  
Elizabeth Stone, President, Arts Council

**Andrew J. Crystal, President:** Mr. Crystal is employed as Vice President by O'Connell Development Group Inc., of Holyoke, Massachusetts. Prior to his current position, Mr. Crystal was Development Manager and Design and Construction Manager for the firm. Notable projects developed under his direct management are The Village Commons in South Hadley, Applewood at Amherst Senior Living Facility, and most recently, the Basketball Hall of Fame in Springfield. Mr. Crystal holds a Bachelor of Science Degree in Environmental Science from Marlboro College and a Masters Degree in Business Administration from the University of Connecticut. Mr. Crystal was also a member of the Northampton Planning Board from 1987 to 2003, serving as its Chair from 1990 to 1998. He was the City's Commissioner on the Pioneer Valley Planning Commission, serving on its Executive Committee, from 1991 to 1997.

**Gail Yacuzzo, Vice President:** Ms. Yacuzzo has owned and operated the Eastside Grill Restaurant for the past twenty years. She and her husband Dan founded the Hospitality Association which produced the first three years of the Taste of Northampton. Gail Yacuzzo is past president of the trustees of the Academy of Music, past president of Friends of Children, and served on the board of the Massachusetts Restaurant Association for five years.

## Academy of Music Theatre Business Plan

---

She is currently the vice president of the board of trustees of the Academy of Music, vice president of the board of directors of the Childs Association and an enthusiastic Chamber of Commerce volunteer. Ms. Yacuzzo graduated from Boston University with a B.S. in developmental psychology.

Catherine H. West, CPA, MBA, Treasurer: Cathy West was born, raised and is still living in Florence, MA, and received a Bachelor of Business Administration and a Master of Business Administration from the Isenberg School of Management, University of Massachusetts, Amherst. She was the 2004 Young Alum of the UMass, Amherst Accounting Department. Cathy joined Meyers Brothers Kalicka, PC in 2002. Prior to that, Cathy spent 5 years with Arthur Andersen LLP. Cathy specializes in the taxation of public and privately held commercial companies, partnerships, individuals and exempt organizations. In addition to tax compliance, her engagement experience includes delivering accounting, auditing and business advisory services to public and private clients, including filings with the Securities and Exchange Commission. She is the Co-President of the Northampton Chapter of Dollars for Scholars, and she teaches Taxation and Accounting courses for the Isenberg School of Management at the University of Massachusetts. Cathy has helped to establish a business school/training center in Ghana, Africa, in partnership with the University of Massachusetts, Amherst.