

Risky Business: The Art of Managing Creative Ventures

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Introduction

In order to examine the risks involved in the development of creative goods and services, the article presents a historical case study of a recent and highly controversial British theatre production: *Jerry Springer the Opera*. By using historical analysis and drawing on management theory, this paper explores key content and process elements which contributed to the production's development, highlighting various risks faced by the lead creative and commercial entrepreneurs and their attempts to manage these risks over time. On an individual level, the case also reveals complex dynamics between the primary entrepreneurs and secondary project champions. On an organizational level, the production's trajectory illustrates the development of a small, subsidised and entrepreneurial venture into a large-scale and commercially viable one.

As such, this case aims to shed light on the developmental process of creative ventures with wider implications for a theoretical understanding of the management of risky projects. I conclude with some comments regarding future research and aim to stimulate discussion regarding the application of these findings to other creative industry projects within the British context and more widely.

The case presented here is based on publicly available archival material including 2,271 press articles on *Jerry Springer the Opera* published in English language newspapers from 2001 to 2005 as well as in-depth interviews with industry

practitioners involved in the production. The newswire search and case-based methods were used to extract the data and construct the historical narrative (also detailed in Dempster, “Managing Uncertainty”) are consistent with prior creative industry studies (e.g. Fee; Jones).

Background Literature Review

Classical theories of entrepreneurship stress that the principle role of the entrepreneur is to bear risk for the chance of a profit (e.g. Knight; Drucker). According to Knight’s famous distinction, as opposed to pure uncertainty, risk is associated with a specific probability of success/failure and as such can be measured (Knight). The implication is that this ability to ‘measure’ risk can in turn contribute to the entrepreneur’s ability to manage it. An alternative view of entrepreneurship stresses the entrepreneur’s role in the process of innovation (e.g. Schumpeter; Leibenstein). Interestingly, in the context of creative industries there are distinct complementarities between these divergent views of the entrepreneur precisely because creative industry entrepreneurs have both economic and artistic concerns. For the process of this paper the creative entrepreneur is therefore defined as *the primary risk bearer whose underlying aim is to innovate*. The case-study that follows illustrates in detail the symbiotic relationship between the need for creative innovation from the artistic perspective with the desire for economic gain from the commercial perspective.

A key challenge facing creative entrepreneurs is that they generally operate in environments with very high levels of demand uncertainty (Caves). This has resulted in very difficult to predict outcomes for creative goods and a persistent allusion to the infamous “nobody knows” property (Caves; De Vany). In fact, research into the film industry has attempted to disentangle levels of uncertainty (Miller and Shamsie) and sources of variance (Faulkner and Anderson). Nonetheless, specific drivers of consumer demand uncertainty have only recently been explored in the context of the theatre industry (Dempster, “Managing Uncertainty”).

While demand uncertainty is a major source of risk for creative entrepreneurs it is not the only one. The development of creative products e.g. a theatrical production, is also highly uncertain because it depends not only upon the existence and quality of each individual input (for example the scriptwriter, actor, musician, technician, producer and so on) but also on the co-ordination between them all and over time.

Furthermore, the success of each production is determined not only by internal dynamics but also by external events. Relatedly, Modern Portfolio Theory (e.g. Markowitz) concerned with the diversification of risks to investors, makes the distinction between *unsystematic* (e.g. company specific) risk which are random factors that cancel each other out as the size of the portfolio increases, and *systematic* (e.g. such as macro-economic) factors that affect all firms in a particular market in the same way and therefore would not cancel each other out even if the size of the portfolio of investments was increased. Therefore, while *unsystematic* risk can be managed, *systematic* (or market) risk remains in all portfolios.

Although in the case of just *one* production, a creative entrepreneur does not have the opportunity to eliminate their risks simply by increasing the size of the overall portfolio, they can still, for example, assess and distinguish between unsystematic risks (often internal) and systematic risks (often external). Internal risks may then be *managed* by the entrepreneur (who has some power over these components), while external risks may be *mitigated*. Interestingly, in the case presented here it can be argued that the creative entrepreneurs developed an innovative strategy for managing the unsystematic (diversifiable) risks by splitting the project up into a number of distinct investment stages (Dempster, “Managing Uncertainty”) with progress on a subsequent stage depending on success at the previous one.

The concept of a production strategy which evolves over a series of distinct stages is not dissimilar to strategies of staged investments employed in other highly risky projects, such as those involving significant research and development. For example, academic studies of staged-financing between entrepreneurs and venture capitalists suggest that it has been used to manage risks related to monitoring of employees by

the VC's (Gompers); diminishing the hold-up problem (Neher); overcoming the entrepreneurs commitment problem (Admanti and Perry); and mitigating moral hazard (Wang and Zhou). Relatedly, the case presented here illustrates with a real-life example of how staged investments can facilitate the development of a venture in a creative industry which might not otherwise be commercially viable, considering the use of a staged investment strategy by the creative entrepreneurs as a form of risk reduction and uncertainty mitigation.

History

The first act of *Jerry Springer the Opera* is set during a live filming of the American television talk show Jerry Springer which features invited guests revealing their secrets to Jerry, fellow guests and the audience. At the end of the first act an attack is made on Jerry's life and he finds himself descending into hell. Act two is set in what resembles Hell, as the character of Jerry Springer is asked by the Devil to mediate a conversation with God. The studio guests from act one return as biblical figures and participate in the debate.

The dramatic history of the British production of *Jerry Springer the Opera* (henceforth JSTO) can be broadly divided into five main stages that represent specific investments and are defined by the venue:

1. *The Battersea Arts Centre* in London's theatre fringe
2. *The Assembly Rooms* at the Edinburgh Fringe Festival
3. *The Lyttleton* at the British National Theatre
4. *The Cambridge Theatre* in London's West End
5. BBC television broadcast and subsequent regional tour.

Stage 1: The Battersea Art Centre

The production began life as *How to write an Opera about Jerry Springer* on the **8th February 2001** when writer, musician and comedian Richard Thomas sat at the piano with four singers performing a twenty minute version to an audience of seven as part of Battersea Arts Centre¹ (henceforth BAC) experimental ‘scratch nights’. Under a “pay what you can” ticket scheme, performers and writers are given the opportunity to experiment and receive feedback directly from a live studio audience. The initial show was financed by Richard Thomas himself and advertised by a flyer that read “Have an idea. Think it’s a shit idea. Despair. Do it anyway” (*The Independent* 20 August 2001). In what became part of the shows’ mythology, Thomas offered a can of beer to everyone in the audience who came up with a good idea and four days later the show was selling out (*The Scotsman* 11 April 2003).

Rapidly building on the audience’s feedback, Thomas recruited comedian Stewart Lee in **May 2001** to write the libretto and co-direct, completing the core creative team which would provide the underlying vision for the duration of the project.

Following the success of its first staging, Tom Morris, the then Artistic Director of BAC commissioned an extended version to run for five nights as part of BAC’s experimental Opera Festival *The Works* (21 August to 2 September 2001). Richard Thomas’s agent, Jon Thoday also became involved at this early stage. As the founder and managing director of the theatrical management company *Avalon* which specialises in the representation and production of comedians in the UK, Thoday provided some initial seed capital and oversaw the show’s development from this early stage. The partnership between Thomas and Lee on the creative side and Thoday on the commercial side was central to the production’s evolution. Thomas explained that “the purpose of these shows [at BAC] is to try and raise money to stage it on a *Lion King*-size budget” admitting that at this stage “the work will be, to an extent unfinished” (*Page Six.com* 2 August 2001). As part of its development, the production was re-written and extended to include an embryonic second act.

¹ [Http://www.bac.org.uk](http://www.bac.org.uk).

Word of mouth was so enthusiastic that the show sold out virtually without being advertised. In August the production was spotted and previewed not only by trendy internet papers, but also by several of London dailies such as *The Evening Standard* and by early September it had made the critics list of both *The Independent* and *The Sunday Times* (2 September 2001). Interestingly, it was also covered by a number of papers in the U.S. including *The New York Post's* online version *Page Six.com* (2 August 2001) and *The Detroit News* (10 October 2001). Almost without exception, the reviewers were impressed by the innovative coupling of such a low-brow subject (an American daytime chat show) with a high-brow art-form (opera) (*The Independent on Sunday* 19 August 2001).

As well as the positive reviews, the fledgling production was given a boost by the attendance of a number of London's 'educated tastes', not least of which was Nicholas Hytner, the then future artistic director of the National Theatre, who had been spotted enjoying it. Both the financial support of Avalon's Jon Thoday and Nicholas Hytner's public endorsement at such an early stage would prove pivotal in the production's development. In an interview with *The Sunday Times* on 7 October 2001, Hytner was explicitly quoted as saying "We should do all sorts of musical theatre" singling out JSTO as the kind of progressive new musical theatre that should be staged at places like the National (*The Sunday Times* 7 October 2001). Such tangible and open promotion by one of London's leading theatre practitioners played an important role in attracting publicity and attention.

When JSTO returned to BAC for a full three weeks run from **5th to 23rd February 2002**, the show sold out. This time the production received extensive and largely positive reviews in all the major UK newspapers. Although it had evolved into a full-length musical with a full first and second act, the creative team still described "the current run as a work in progress [which] is an attempt to develop the idea further and see if there is the backing for a possible West End run" (*The Guardian* 9 February 2002). This early developmental stage was seen as key to the production's future success and backed by Thoday financing the creative team of Thomas and Lee who had noticeably big plans for the future. Even though this latest incarnation was still

being described as “aiming to put more flesh on the bones,” it was nonetheless deemed “a must-see” by *The Sunday Times* (10 February 2002).

Stage 2. The Assembly Rooms, Edinburgh Fringe Festival

Following a frenzied period of rewriting and re-casting, JSTO followed the well-trodden path of much British experimental theatre to the *Edinburgh Fringe Festival*, the largest performing arts festival in Europe. The production now had two full acts, a total cast of 21, a larger ensemble of 10 chorus singers, and a live band. The success of JSTO at BAC contributed to making JSTO the ‘Hot-ticket’ show at Edinburgh, where it again sold out. According to *The List* (Edinburgh’s main theatre guide) the “extra buzz” surrounding the show was “generated because of the way it’s been put together by Lee and Thomas [who] have slowly built this tribute to telly’s king of dysfunctional relationships from tentative concert performances to try-out first act, all the time getting audience feedback and pointers about which way to head next.” Lee explained how the show had “evolved in a weird, Labour Party-style public partnership with its financial supporters” (*The List Festival Guide* 1 August 2002). Indeed the self-confessed symbiotic relationship between the creative and commercial members of the core team characterised the production.

The function of Edinburgh (stage 2) was therefore other than pure profit. The sizable investment of £300,000 made by Jon Thoday, was seen as necessary to develop the production into one with West End potential (*The Independent* 29 September 2003). This investment, considered ‘a small fortune’, was intended to showcase the production rather than make a profit since the ticket price multiplied by the number of seats in the *Assembly Rooms* venue meant costs could not possibly be recouped with box office receipts even if the show sold out every night (*The List* 1 August 2001).

This stage was also seen as an important training ground and opportunity for exposure to the target audience. “It’s good doing it here because the Assembly [Rooms] is quite like the West End in a way,” explained Lee (*The List* 1 August 2001). JSTO was

exposed to a wider critical spectrum than previously, which was another important test. “It’s written and sung to an incredibly professional level and that really throws people because they think they’re going to get some sketch show burlesque of American talk shows,” Lee explained (*The List* 1 August 2001).

The production’s success can in part be attributed to the way in which it introduced both radical and incremental innovations. While many shows have either incremental or radical forms of innovation – few have a mix of both which made JSTO distinctive but comparable to other acclaimed productions (Dempster, “Learning from Theatreland”). The show mixed traditional themes (that an audience and critics could relate to) with a radically novel framing and treatment of those themes (which challenged the audience and excited the critics). Radical innovation included Richard Thomas’ experiments of setting swearwords to classical operatic music and the free mixing of high- and low-brow cultural references in a blatant disregard for established boundaries. Incremental innovation included the development of the musical theatre genre to a subject and style with more currency and potentially younger-audience appeal. In a challenge to conventional counterparts, Richards Thomas explained how “One night I was watching the [Jerry Springer] show, and I realized there were eight people screaming at each other, a chorus baying for blood, and I thought – that’s opera” (*The Independent* 27 August 2001).

On the **24th August 2002**, half way through the first act a wave of whispers swept through the auditorium as people realised that the *real* Jerry Springer was seated in the audience. Springer was greeted warmly by a round of applause in the interval following which he stood up, took a bow and playfully replied ... “its not true!”... (*The Observer* 25 August 2002). In a full-length feature in *The Observer* the following day, Springer was quoted as pronouncing the show “wonderful”, “great” and “many-layered.” He added, “I hope the show comes to America” and “I only wish I had thought of it first. I don’t object to anything in it. The whole show is tongue-in-cheek, so what’s the problem?” (*The Observer* 25 August 2002). Jerry Springer’s active endorsement of the production removed the rumoured threat of legal action which had overshadowed the production and threatened its long-term commercial viability.

Springer's decision not to get involved therefore represented the resolution of the major external uncertainty and removed a major barrier to the show's development. The production left Edinburgh having generated a significant amount of publicity for itself. It was singled out by critics as a production that was 'going places' and won the coveted *Best New Musical Award*.

Stage 3. The Lyttelton Theatre, British National Theatre

On the **5th December 2001**, Nicholas Hytner, the incoming artistic director of the British National Theatre in London, made the dramatic announcement that he would open his directorship and the National's season with JSTO. The significance of this decision can only be fully understood within the greater context of the British theatre industry at the time, the role of the National, and the effect that such an event had on the industry as a whole.

Hytner's decision to open the season with a piece of new writing, which had been described by the relatively liberal Edinburgh press as "outrageous" and "subversive," was a radical departure for an institution that was seen as the bastion of 'High Art' and establishment in British Theatre. A show inspired by "trailer-trash T.V." whose subject matter included "weird sexual practices and lap dancing" was hardly in tune with the staple fare offered at the National and consumed by its regular patrons prior to Hytner's arrival. The juxtaposition of JSTO with the gentle American musicals on offer under the previous directorship of Trevor Nunn, could not have been more stark. As such, the announcement was interpreted as a bold statement of intent to break with the past regime. "As a first choice it sends an unmistakable message that the years ahead are likely not only to be risky and exciting but revolutionary in a way that Sir Trevor Nunn's were not" (*The Guardian* 5 December 2002). In what seemed an instant, Hytner gained himself the enviable reputation as the new *enfant terrible* of British theatre. It also put the National back on the map of 'trendy' London and redefined it as an institution not only willing to compete with, but also promote, the more radical and innovative products of the industry.

Facilitated by a sponsorship deal with Travelex, the National offered £10 tickets in an attempt to encourage first-time buyers, young audiences and boldly target a new market niche. As such the National was actively re-defining itself and its target audience “as the mass-market youth”. The inexpensive tickets were particularly notable at a time when the rest of the West End was becoming more expensive (*Daily Telegraph* 5 July 2003).

The National’s decision to stage a piece of new writing also had profound repercussion on the fringe sector of the theatre industry. A direct beneficiary was BAC which, following Hynter’s announcement, received unprecedented press coverage further bolstering its reputation as an “innovation powerhouse”. The impact on theatre entrepreneurs in general should also be noted. JSTO was heralded as the kind of ‘rags to riches’ story that exemplified success for creative entrepreneurs, arguably providing inspiration for others in the industry.

Furthermore Hytner’s decision provided tangible proof that there could be cooperation between the commercial and subsidised sectors of the theatre industry – whose relationship had historically been characterised by mutual ill-feeling and distrust (Cogo-Fawcett). On a personal level, the National provided invaluable training to the core creative team. “The two-year journey to the South Bank has been a learning curve,” admitted Stewart Lee who had “a newfound respect of commercial theatre” (*The Scotsman* 11 April 2003).

When JSTO opened at the National’s *Lyttelton Theatre* on **9th April 2003**, it was greeted with an almost synchronised exclamation of approval by the reviewing press. *The Times* praised it as “gloriously spot-on.” *The Mirror* declared “For originality I have no hesitation in declaring Jerry Springer The Opera to be the greatest production on earth ... and in hell” (30 April 2003). *The Independent* noted the “heartening statement of intent by the Hytner regime. And what better place for a ‘chick with a dick’ than in an opera with balls?” (30 April 2003). *The Herald* again noted the remarkable selection and promotion by Hytner: “It’s the stuff of dreams” (1 May

2003). The show gained remarkable 4-5 stars in all the major UK newspapers known (internationally) for their notoriously tough critics (*The Guardian* 6 May 2003).

When box office figures were released on **24th September 2003** it became clear that JSTO had been a major financial success for the National Theatre. By the end of the run, box office takings were a reported £1.8million (*The Independent* 29 September 2003) with the season attracting houses of between 80 and 90%. According to research based on the use of credit cards, 46% of those who had seen JSTO, some 300,000 people had been first-time bookers opening a huge potential consumer market for future productions (*Financial Times* 25 September 2003; *The Guardian* 25 September 2003). Nonetheless, at this stage, box office takings went predominately to recoup the National's development and production costs rather than to the core entrepreneurs. JSTO's last performance at the National was on **30th September 2003** after which the creative entrepreneurs had negotiated it would transfer to the West End.

Stage 4. Cambridge Theatre, London West End

By the time that JSTO opened at the Cambridge Theatre on **11th November 2003**, it was well known in theatre circles. The first month of the £3 million production was reportedly nearly sold out, with theatres in Germany, Scandinavia and Broadway "clamouring" for a run (*The Independent* 29 September 2003). At this stage JSTO played for the first time in a much larger venue of over 1,000, charging commercial ticket prices. It was also at this stage that the core entrepreneurs, Richard Thomas, Stewart Lee, and Jon Thoday hoped to make back their investment and eventually profit. With West End production costs in the region of £2.5-3million, Thoday brought in another experience theatre producer, Allan McKeown, as the show's co-producer and largest single investor after Thoday. However, before making a profit the show would first need to make enough to cover weekly running costs and recoup other expenses.

In spite of the production's critical acclaim and financial success to date, its future was far from certain considering the (theatre) industry rule of thumb which suggested that seven out of nine West End productions lose money (*The Independent* 29 September 2003). As a production with high running costs (all weekly expenditures including payment to cast, crew and the Cambridge theatre), JSTO depended on a relatively lengthy run and *steady* ticket sales contributing to the critical need for *ongoing* success.

The transfer to the West End took only ten days – the faster the show was putting 'bums on seats' (as the industry expression goes), the faster investors might see a profit and the producers might capitalise on the market buzz following the National's sell-out run.

The West End opening came complete with the usual fanfare as London glitterati mingled with stars and reporters and the show was attended by Jerry Springer himself (*The Guardian* 12 November 2003). Following the opening, some reviews remained positively upbeat: "Seeing it for the second time, I remain convinced that this is a musical with a touch of genius about it" (*The Daily Telegraph* 11 November 2003). Many, however, were conspicuously more critical. "OK – it's a terrific show," another reviewer admitted, "But, just because it's been hyped, may I point out its limitations?" (*Financial Times* 12 November 2003).

For the first time, a number of commentators questioned how this profanity laden, sacrilegious show would be received by the mass market. "It's hard not to wonder who this show – essentially an operatic re-enactment of Springer's televised fisticuff sessions, first in his Chicago studio, then in hell – is aimed at?" one critic questioned (*The Guardian* 12 November 2003). It was also noted that the higher ticket prices could potentially exclude precisely the consumers JSTO had attracted to date (*The Guardian* 13 November 2003). Clearly the radical show would not appeal to everyone. "I wouldn't recommend taking your own mum to this opera," warned one critic, "the language alone is strong enough to turn her hair white ... and she may be more than mildly shocked by such sights as a 'chick with a dick', a large man who is turned on

by wearing nappies, and a chorus line dressed in Ku Klux Klan hoods” (*The Independent* 6 November 2003).

A few reviews were outwardly hostile. *The Independent* stated that in spite of the “near-universal praise for Richard Thomas and Stewart Lee’s show” and “built up expectations”, he was “left cold” and questioned “Where was the devastating satire? I was numb from being beaten over the head with the same joke.” (*The Independent* 13 November 2003). Similarly, the *Daily Telegraph* warned that a colleague “felt as though he needed a bath after watching this foul-mouthed musical satire on the lowest dregs of confessional television” (11 November 2003). By the time the show reached the commercial arena of the West End, the press reaction was highly mixed.

In spite of coinciding with a general down-turn in the West End and receiving mixed reviews, it was at this stage (2003/2004) that JSTO won a string of important industry awards, including the *Evening Standard Theatre Award* for Best Musical decided upon by a panel of judges and public nomination, a *Critic’s Circle Theatre Award* and four *Laurence Olivier Awards*. On **27th April 2004**, Thoday’s production company Avalon was confident enough to announce the show’s West End run was open-ended with plans to open on Broadway in October 2005 and screen JSTO on 100 U.S. television stations and in more than 20 countries in the not-too-distant future (*Reuters* 27 April 2004).

External Context

The opening of JSTO at the Cambridge Theatre should also be considered in the context of wider external economic and social context. The attacks on the World Trade Centre in New York on 11th September 2001 not only had devastating effects on nearby Broadway, but sent ripples throughout the tourism industry globally. These were also acutely felt by the London theatre industry which relied in part on cash-rich American tourists and large group-booking from tour agencies for a regular income. By end-2003, when JSTO opened at The Cambridge Theatre, the West End had

suffered a serious and protracted economic downturn blamed on a combination of 9/11, the agricultural Foot & Mouth crisis which decimated the British countryside in 2001-2002, and in 2004 the impending war in Iraq.

London's West End itself also came under attack. Michael White, a producer of almost 40 years' blamed the down-turn on "greedy theatres, tramps sleeping in theatre doorways, rip-off ticket prices, the lack of a buzz about theatre ... but most of all the poor quality of what's on stage." Similarly, *The Guardian's* theatre critic Michael Billington, argued that the West End was suffering a "neon sickness", and that slap-happy productions undermine its collective reputation for quality. Charles Spencer of *The Daily Telegraph* joked that he'd been trying to decide which was the bigger problem, "the rubbish on the West End's streets or the rubbish on its stages" (*The Guardian* 22 October 2003). Veteran producer Duncan Weldon also reportedly believed the increasing number of poor-quality shows was damaging the West End's image.

In such an environmentally unfriendly context, the improbable transfer of a radical fringe show to the West End was seen as a significant achievement and by 2004 JSTO was credited with helping revive the West End. At the same time that JSTO risked offending members of the public, by refusing to conform to common West End musical formats, the show seemed to breathe life into a failing industry. It also provided some healthy competition in a marketplace dominated by a few powerful incumbents such as Andrew Lloyd Webber's Really Useful Theatre Group which owned 30% of West End theatres and offered Webber productions in many of them. The juxtaposition of JSTO's success was particularly poignant as several classic Webber musicals closed, transferred to smaller venues and his new show *Woman in White*, which opened on 14th September 2004, was savaged by the press. "The West End has reached the end of an era. *Les Miserables* headed for the exit just as a musical about a talk-show host containing 8,283 swearwords made a grand entrance" triumphantly reported *The Times* (15 November 2003). JSTO's opening was romantically heralded in the press as the dawning of a brighter era in which British

theatre would be artistically braver and bolder than both its predecessors and its Broadway counterparts.

Internal Events

As JSTO was winning awards, being heralded as having helped to revive the West End, and announcing ambitious plans for overseas transfer, a storm was brewing backstage. The problems dated from a claim published by the (tabloid) *Daily Mail* in **January 2004** that the musical was “losing money hand over fist” at a rate of £40,000 a week. There was a great deal of speculation at the time and subsequently as to what source could have fed such a line to the tabloid paper – a source which the paper clearly trusted to have the insider knowledge of JSTO’s situation and running finances and possibly an industry competitor.

The furious producers responded by presenting their accounts in **March 2004**. After this the paper printed an admission that it had been “wide of the mark” and the show was in fact making a “healthy profit”. In spite of the *Daily Mail*’s written retraction, John Thoday decided to take legal action against the newspaper because he argued that the episode had resulted in cancellation of group bookings from tour operators and agents and a “loss of confidence” by the theatre-going public who read the papers (*The Guardian* 26 October 2004). The direct loss of income for the production was estimated at £400,000 (*The Independent* 25 October) for which Thoday filed for damages. Nonetheless, the legal action also resulted in immediate and substantial costs which jeopardized the production. Thoday admitted that “we’ve been spending a lot of money on a court case that we should have been spending on marketing.” (*The Independent* 25 October). Thoday estimated that legal fees could run as much as \$500,000 or more than \$900,000 while “The marketing budget for a show like Jerry Springer would be between £1 million and £1.5 million a year”. Furthermore, once the court case was initiated, *Avalon* seemed locked in up to completion. “If we were to

settle with them”, Thoday believed “we’d have to pay their legal costs, so we don’t have any choice but to go to court” (*The New York Times* 27 October 2004).

The crisis came to a head when on **25th October 2004**, Allan McKeown publicly disassociated himself with the litigation announcing that the decision had not been taken with his approval and Thoday and his company Avalon should bear all costs rather than the production. “(Neither) Allan McKeown nor the production of *Jerry Springer The Opera* are a party to, nor do they endorse, the action that (co-producer) Avalon Promotions has brought against the Daily Mail,” McKeown announced in a public statement.

In fact, relations between the two producers had reportedly soured as early as July when the show was recast after which McKeown acknowledged he had not been active in the management of the show, nor supported it financially, since the original cast departed (*Daily Variety* 25 October 2005). The producers also fundamentally disagreed over the capitalization of the Broadway production, originally planned for the fall of 2005. Thoday wanted to spend \$11 to 13 million reflecting London’s successes. However, in light of the recent West End run, which had made less than expected returns to that date, McKeown wanted the Broadway production to be capitalized at a much smaller \$7 million. To bring down weekly running costs, McKeown also recommended a cast of 10 in New York, down from 33 in the London company and reiterated that he wanted JSTO to come to America but on a much smaller scale. “For it to be successful there you would need to cut it to 90 minutes and have no interval. It should do really well here but it won’t do well if you’re expecting 1,500 people a night,” McKeown explained (*The Times* 30 October 2004).

With McKeown, the major US-based backer alienated by the disagreement, JSTO’s U.S. transfer was severely jeopardised. By **25th October** the show was in serious trouble and Jon Thoday announced that it could be forced to close that very same day because of the legal disputes and infighting. He announced they had until lunchtime to inform the Cambridge Theatre, where it has been running for just over a year, whether

JSTO could renew its contract. During frantic negotiations in London and New York Thoday struggled to save the show (*The Guardian* 26 October 2004).

By the **30th October 2004**, JSTO had been temporarily saved after negotiations with the production team and contractors to slash costs including the sacrifice of royalties for a month by the creative team (*The Times* 30 October 2004). “The show is not dead yet,” Thoday announced triumphantly in the statement, “We have told Andrew Lloyd Webber’s theatre company Really Useful Theatres² that the show will not be closing. We are determined not to allow anyone to kill the show.” Nonetheless, Thoday warned the show remained on a “knife edge” and that “a final decision... [would] not be taken until the show’s case with the Daily Mail is heard on 13th December 2004” (*The Independent* 30 October 2004). The legal action was eventually settled out of court.

JSTO’s turbulent history – characterised by bitter infighting, painful lawsuits, reputed conspiracies and last-minute rescue attempts seemed more dramatic than an episode of its namesake show ... and the story was not over yet.

Stage 5. BBC Broadcast and Beyond

In late 2004 the British Broadcasting Corporation (BBC)³ announced that a live uncut version of JSTO would be aired on national television in early January 2005. Clearly, a television broadcast would bring JSTO to a much larger and more heterogeneous audience than ever before or is possible in live theatre. On the other hand, there was a risk that a television audience would not engage with the production in the same way that a theatre audience had. However it represented a major marketing/publicity opportunity from which the creative entrepreneurs hoped to benefit. The station’s controller Roly Keating was quoted, provocatively, stating that the show would “push back the boundaries of taste and decency,” and added “There will be warnings but we don’t intend to cut it. Our audience will expect it to be broadcast uncut.” (*Daily Mail* 3 December 2004).

² Also owner of the Cambridge Theatre.

³ The UK’s state-owned and part publicly funded broadcasting network.

The television broadcast brought *JSTO* to the attention of the infamous British tabloid press, a rather less benign chorus than the ‘high-brow’ reviewers who had followed *JSTO* previously. *The News of the World* criticised the BBC for broadcasting a production which it described as “a cult musical known for sex, swearing and violence” (21 November 2004), in spite of the fact that the paper regularly featured half-naked women in its pages. Another tabloid, the *Daily Mail* accused *JSTO* of being “the most expletive-strewn programme in TV history” with the headline “BBC to Air Springer Musical and all its 8,000 Obscenities” (6 January 2005) while the *Daily Star* ran the similarly provocative headline “It’s An Effing Record.”

The broadcast also attracted several other fervent opponents including the highly conservative television viewers group *Mediawatch-UK* and right-wing Christian groups *Christian Voice* and *The Christian Institute*. In an interview, Colin Hart, Director of *The Christian Institute*, said: “I think this is the most offensive and spiteful show ever broadcast by the BBC. There may be many shows running in West End theatres that I find offensive, but I am not paying for them to be pumped into my living room.”⁴

At the time, the treatment of religious themes in theatre was being avidly discussed following the closure of the play *Behzti* on 19th December 2004, which was perceived as blasphemous by the Sikh community. The Birmingham Repertory Theatre eventually backed down after a night of public disorder and rioting and withdrew the show, but then came in for widespread criticism from the theatre world for sacrificing artistic expression by capitulating to minority views.

Christian Voice lobbied against the production of *JSTO* in the same way that members of the Sikh community had protested against *Behzti*. Christian campaigners argued that unlike other religious groups, Christians in general put up with blasphemous and sacrilegious treatment of their religion far too often, from the ridiculing images in Monty Python’s *The Life of Brian* to most recently *Jerry Springer the Opera* (*Daily Mail* 22 December 2004). A particularly controversial scene was one in which Jesus

⁴ [Http://www.christian.org.uk/pressreleases/2005/january_19_2005.htm](http://www.christian.org.uk/pressreleases/2005/january_19_2005.htm).

confides he is “a bit gay” (*The Times* 24 December 2004). Following the BBC’s announcement, December 2004 was characterised by a vitriolic debate in the press with scores of major and minor political, religious and cultural figures coming out on both sides of the argument. On the **6th January 2005**, solicitors for *Christian Voice* wrote to the chairman of the BBC, Michael Grade, threatening legal action if the programme went ahead. They claimed that broadcasting the show was not only offensive, but it would “constitute a criminal offence of blasphemy” and be in breach of the BBC’s Royal Charter as a public service (*Daily Mail* 7 January 2005). Similarly, the conservative lobby group *Mediawatch-UK* announced that it had been inundated with e-mails and telephone calls from licence fee-payers protesting “the continuous stream of obscene and profane language, as well as the debauched behaviour that characterised Mr Springer’s shows,” which they argued “is unacceptable and will alienate a large number of viewers” (*The Independent* 5 January 2005).

In opposition to the lobby groups, the BBC argued that a T.V. screening of a production with multiple awards provided access to many more people than could possibly see it in the theatre. “It is a serious work. People who can’t get to London to see it at the theatre can now see it in their own home. It will transmit well after the 9 o’clock watershed and carry appropriate warnings,” the BBC argued (*Reuters News* 5 January 2005). The BBC’s decision to commission the screen version of a West End show was also part of their social mission to “introduce a new generation of viewers to opera” (*The Independent* 5 January 2005). Whilst reiterating that “of course we take comments and complaints seriously”, they also dismissed the large number of complaints against the production because “there is evidence that most of these are from an organised lobby encouraged to contact us,” and many of which “would appear to be misinformed on the content of the show” (*The Independent* 5 January 2005).

Other observers were outraged by the scale and ferocity of the opposition and rallied in defence of JSTO and the BBC’s decision. For example, *The National Secular Society* urged the BBC to stand firm against “religious bullies”, saying the campaign against JSTO was an “organised attack ... the latest of a series of attempts by religious interests to control what we can see or say in this country” (*The Daily Telegraph* 7

January 2005). Similarly *The Independent* published a scathing article asserting: “The days when the entire British viewing public could be scandalised by a rogue swearword on television are, thankfully, over. The handful of irate voices calling for the BBC to pull Jerry Springer The Opera from its schedules tomorrow night belong to a different age...” (*The Independent* 9 January 2005).

However, the opposition lobby groups refused to be silenced and on the **7th and 8th January 2005**, *Christian Voice* organised street vigils in protest against the screening which took place outside the London BBC premises and around the country.⁵ In a dramatic gesture that echoed scenes in JSTO itself, protesters set fire to their television licences (*Reuters News* 7 January 2005). Much more sinister were the warnings of ‘bloodshed’ and abusive and threatening telephone calls received by BBC bosses and their families, including Mark Thompson and Roly Keating. After which senior BBC executives were given security guards and their phones monitored for their protection (*Daily Mail* 8 January 2005; *Reuters News* 8 January 2005).

The number of press articles both for and against the decision to screen JSTO was overwhelming, and the furore surrounding it mounted daily up to the event itself. The fact that the BBC received a record number of complaints (near 55,000 at a final counting) attracted international (media) attention. According to the *Daily Mail* “The TV watchdog Ofcom has already received 5,500 complaints – three times as many as it received over Martin Scorsese’s *The Last Temptation of Christ*, which sparked 1,554 complaints when it was shown on TV in 1995” (7 January 2005). *Reuters News* reported Ofcom complaints were closer to 7,000 (7 January 2005).

Following JSTO’s screening at 10 p.m. on Saturday, **8th January 2005**, the debate did not die away. As much as two months later, the BBC’s Director General, Mark Thompson, still felt the need to defend his decision in *The Times* which published a full length feature entitled “Why I stand by my decision to broadcast Jerry Springer,” where Thompson raised concerns that a small lobby group could use the internet to raise disproportionate alarm and incite fury. He also implicated the tabloid press for

⁵ [Http://www.christianvoice.org.uk/springer12.html](http://www.christianvoice.org.uk/springer12.html).

inflation and sensationalism and warned against the growing power of “extremist” religious groups (*The Times* 8 March 2005).

Far from fading away, the debate on the BBC’s decision to screen JSTO rumbled on in 2005. Like many avant-garde creative products, this production stimulated discussion of wider issues including the influence of the press, the power of minorities groups, religious sensitivities and ultimately the role of art in society. In October 2006 these debates resurfaced with renewed force during the worldwide controversy surrounding the publication by a Danish Newspaper of cartoons depicting the Prophet Muhammad. Perceived as offensive by some Muslim groups, the cartoons sparked street protests and rioting. It was widely noted that the controversy surrounding this publication paralleled that of the JSTO screening nearly two years earlier.

The backlash of complaints, albeit dramatic, was not initially taken very seriously by the JSTO production and creative team. Stewart Lee joked that to arrive at its 8,000 count, the *Daily Mail* must have multiplied the number of swearwords by the number of people on stage: “My show has 7,549 fewer swearwords than people say, but who’s counting?” (*The Daily Telegraph* 7 January 2005). However, what started as a joke, quickly escalated into a situation with potentially serious consequences. On **27th February 2005**, Thoday announced that a financial backer of the New York run had pulled out as a result of developments in the UK. “At the moment it’s off ... because of the furore” (*Independent On Sunday* 27 February 2005). Rumours also began to circulate that the national tour was in jeopardy because of the opposition lobby and negative media frenzy. *Christian Voice* published a letter on their website in December 2004 that had been sent to regional theatres which threatened “Should any regional theatre stage ‘Jerry Springer the Opera’ this autumn, we shall be looking to prosecute them as well.” By **15th March 2005** JSTO’s producers announced that “pressure from radical Christians has caused 11 regional theatres to pull out of showing Jerry Springer-The Opera” (*The Times* 16 March 2005).

In spite of their vocal and visible protests, the precise effect of the anti-JSTO lobby is debatable. Rows of “empty seats” had been reported for some time by JSTO audience

members (*Observer Review Pages* 11 July 2004). By mid-March 2005 it was becoming increasingly clear that JSTO was far from the financial success that had been expected. For example, Dennis Hall, chief executive of Southampton's *Mayflower* theatre, stated that his decision to turn down JSTO was not based on the controversy surrounding it but because he "did not believe it would be commercially viable at the box office" explaining that as a financial proposition JSTO simply did not match up to the competition (*Newsquest Media Group Newspapers* 19 March 2005). In a highly competitive industry, JSTO's ability to attract *mass* market audiences, both in the West End and at the regional level was questionable. In a final bid to broaden JSTO's appeal, Thoday announced JSTO would be screened at MipTV in Cannes⁶ (*Independent On Sunday* 10 April 2005) with transfers negotiated to other English-speaking countries as well as adaptations abroad as "a way of perpetuating the show and generating a bit of revenue for the [UK regional] tour when it happens" (*Independent On Sunday* 10 April 2005). Amid ongoing controversy, JSTO closed at the Cambridge on the **19 February 2005**.

The decision to broadcast JSTO on television therefore had some radical and unforeseen consequences. It attracted massive media attention and a record (for a musical) audience of 2.6 million viewers – a far greater number of people than could ever have seen it in the confines of a theatre. It also received a record number of complaints – some 50,000 at a final counting and sparked a heated and protracted debate. From the creative entrepreneurs' perspective, apart from the publicity, the benefits were less clear since the publicity did not clearly translate in tangible financial returns in the form of theatre tickets sales and a lengthy run.

Conclusion: Risks and Opportunities

The case presented here shows how creative industry entrepreneurs in the British context must constantly balance artistic aspirations with commercial realities to

⁶ The world's largest television marketplace.

achieve ongoing success. On the *artistic level*, JSTO was characterised by a creative continuity which informed key decisions and direction at important junctures and was provided by a profoundly entrepreneurial core creative team, Richard Thomas and Stuart Lee. As well as guiding the production's evolution, the core creative team facilitated the development of the creative product allowing it to metamorphasize from a small, subsidised show into a large commercial production. The creative entrepreneurs personally bore some financial and substantial reputational risk especially as their *future* success was closely tied to the success of their *present* venture, as is characteristic in the industry (Caves).

At the *commercial level* the production was financially backed and tirelessly backed by Jon Thoday of the agency Avalon Promotions. Thoday acted as the prime economic risk-bearer and was central in facilitating the production's growth over the course of its turbulent lifetime. To encourage its survival through the early stages, Thoday teamed-up with various allies across organizations and over time. The ability of Thoday to share risks with various project 'champions' at each stage of this production's life cycle was an important strategic solution to flexibly managing risk over time.

From an internal perspective, the primary entrepreneurs had to manage a complex network of relationships. As well as balancing the creative and commercial aims of members of the core team, this included a number of secondary champions who played a critical role in promoting JSTO, contributed financially, and perhaps most importantly, also took on significant reputational risks associated with a radical piece of new writing. On the one hand, the positive reputational effects for JSTO of being associated with innovative (in the case of BAC) and venerable (in the case of the National Theatre and the BBC), institutions cannot be underestimated. On the other hand, in the case of Tom Morris, Artistic Director of BAC and Nicholas Hytner, Artistic Director of the National, their personal risk-taking translated into real returns in terms of reputational (and financial) gain for themselves and their organizations. Following an organised protest by opponents, the gains were less clear for the BBC and reputational risks born by the stations controller Roly Keating and BBC's Director

General Mark Thompson which were arguably costly. At the final stage of commercialisation this included Allan McKeown, a major financial backer who would contribute to developing the production to West End scale and again who took on large financial and reputational risk with questionable reward. In all cases these secondary champions helped the creative entrepreneurs spread their creative and commercial risks across players and over time there-by facilitating the growth and development of the production as a whole.

As well as managing their own production, the creative entrepreneurs of JSTO had to be conscious of their external environment. Unforeseeable events internationally triggered a global recession in tourism which the British, and especially London theatre, also weathered. At a sensitive time, and with a controversial and innovative production which challenged established norms and “pushed back boundaries”⁷, the creative entrepreneurs could expect a reaction from the outside world. In spite of their defiance to JSTO’s opponents, the creative entrepreneur’s sensitivity to external considerations was evident in, for example, the constant dialogue that Thomas and Lee had with the press in first explaining and subsequently defending their artistic vision.

Emerging from the financially protected world of (predominately subsidised) fringe theatre, the creative entrepreneurs also had to evolve to manage the highly competitive and concentrated nature of the West End theatre industry once they became new entrants alongside existing and established industry players. Interestingly, JSTO went through a large number of developmental stages before it was launched as a fully-fledged show in the West End catering for the theatre-equivalent of a mass-market audience. The multi-staged nature of the JSTO production process was both noted by the public and heralded as one of the main reasons for its meteoric rise from Fringe to West End (Dempster, “Managing Uncertainty”). However, in spite of significant public and critical acclaim, JSTO’s earlier successes did not immediately translate to mass commercial market success. External events and the reaction of members of the television viewing public were unanticipated and in many ways eclipsed the

⁷ As Roly Keating was quoted describing JSTO.

production's creative achievements. The production continues to tour the UK with performances (currently) booked into 2007⁸ in an attempt to capitalise on its prior success and rather infamous reputation.

The history of the production of JSTO exemplifies how internal and external uncertainties can interact in complex and unpredictable ways, translating into risks and opportunities for the creative entrepreneur which ultimately buffer and shape the production and its progress. The case also illustrates how, relevant risks must be anticipated, managed and mitigated by the creative entrepreneurs, if their creative and commercial aims are to translate into real and sustainable gains. Using historical analyses, the case shows how the creative entrepreneurs involved in this production intuitively managed their risks over time and a number of strategies they employed. Future research should consider how risks in the creative industries might be identified, assessed and managed *a priori*, thereby facilitating the development of creative products, goods and services, and contributing to the success of creative entrepreneurs both in terms of art and commerce.

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⁸ [Http://www.jerryspringertheopera.com/jerry_opera.html](http://www.jerryspringertheopera.com/jerry_opera.html).

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