The Sydney Opera House: An Australian Icon

François Colbert

These two phrases accurately reflect the key objectives of the Sydney Opera House (SOH) – human resources management based on employee participation and an unwavering focus on customer service.

A genuine Australian icon, the SOH building serves as a symbol of the city and the country, much like the Eiffel Tower in Paris, Tower Bridge in London, the Coliseum in Rome and the Empire State Building in New York City. Every year approximately three million tourists visit the terraces surrounding the building. Located in the heart of downtown Sydney, beside the Royal Botanic Gardens on a strip of land that juts out into the river, the SOH is an eye-catching structure whose design has been compared to the sails of a ship.

Both a continent and a country, Australia has subtropical and tropical climates. Most of its 19 million inhabitants are descendants of British immigrants, but it also has a substantial aboriginal population that predates the arrival of the Europeans. The most densely populated regions are located along the coastlines. It takes almost five hours to fly across the continent, from Perth in the west to Brisbane in the east.

With 1.5 million inhabitants, Sydney is the largest city in Australia. A business centre, its pace of life is similar to that of other major commercial centres. The SOH plays a key role in the highly developed cultural life of the city. During the 2000 Olympic Games in Sydney, the SOH was the focus of a great deal of television coverage. An estimated 201,924 people attended the 293 events presented at the SOH in conjunction with the Games, including the fireworks display during the closing ceremonies. The SOH also received a substantial amount of media coverage during celebrations marking the dawn of the new millennium. As the focal point of festivities on this occasion, the SOH figured prominently in footage broadcast around the world.

Although the building is famous the world over, the cultural mission and activities of the SOH are not so well known. The challenge that Chief Executive Michael Lynch has set for himself is to ensure that tourists seek out the SOH for its shows as well as for its architecture. This is not to suggest that the SOH lacks an audience. It is open 363 days a year, and its resident and touring companies generally play to houses that are over 80% full. Lynch’s challenge has more to do with branding and positioning than with attendance figures. The SOH wants to be acknowledged and recognized for what it is – a performing arts centre that maintains very high artistic standards.

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The Organization

The SOH was created by an Act of the Parliament of New South Wales in 1961. It is managed by an independent corporation overseen by a board of directors whose 11 members are appointed by the NSW state Parliament based on recommendations made by the minister for the arts. The SOH must report to Parliament annually. In fall 2003, the centre will celebrate its 30th anniversary.

The organization comprises six departments: Performing Arts, Customer Relations, Development and Marketing, Facilities, Finance and Systems, and People and Strategy (Figure 1). The heads of these departments plus the Chief Executive make up the Executive Team.

Previously general manager of the Australian Arts Council, Michael Lynch has been Chief Executive of the SOH since 1998. He was already familiar with the SOH when appointed to his current position, because prior to joining the Australian Arts Council he served as general manager of the Sydney Theatre Company, which performs at the SOH approximately 45 days a year. Lynch’s mandate upon assuming the reins of this major performing arts centre was to “change the way the place operated” and to alter the public perception of the SOH.

Four companies call the SOH home: the Sydney Symphony, Opera Australia, the Australian Ballet and the Sydney Theatre Company. Although each of these companies is an autonomous organization with its own board of directors, their offices are located in the SOH complex. They are given first choice of the available performance dates when planning their seasons.

One of the first things that Michael Lynch did when he took over as Chief Executive was to meet with the directors of these four companies to suggest forming a partnership. The discussion focused on: sharing their respective business plans, examining business opportunities that could be mutually beneficial and exploring joint initiatives from which all could profit. As the centrepieces of the SOH schedule, the productions of these four companies are essential to the SOH’s vitality and image. According to Lynch, the combined strength of the partners creates a significant amount of synergy.

The SOH has five theatres: the Concert Hall (2,679 seats), the Opera Theatre (1,547 seats), the Drama Theatre (544 seats), the Studio (300 seats) and the Playhouse (398 places). Every year, 2,230 events are held at these venues (during the day or in the evening); 70% of the events involve the four resident companies, and five or six other companies perform in the theatres on a regular basis. The SOH serves as producer for approximately 25% of the events that take place within its walls, including an annual series of performances for children. Between 1.1 and 1.2 million tickets are sold for the various events. If SOH productions staged outside the centre are included, the total number of events for the 2000–2001 season rises to 2,304, with a total audience figure of 1,582,555. A full-time staff of 214 and a large number of temporary employees ensure that the SOH runs smoothly.

Its Chief Executive wants the SOH to be recognized as a centre that offers quality shows for all segments of the population. Opened in 1999, the Studio was designed with this objective in mind. The comedies and cabaret-style shows staged at this venue have indeed attracted a new audience. A survey conducted...
EXECUTIVE TEAM

DIRECTOR
PERFORMING ARTS
Judith Isherwood

DIRECTOR
CUSTOMER RELATIONS
Temp. appointment (Interim: J Horacek)

DIRECTOR
DEVELOPMENT & MARKETING
Temp. appointment (to be advised)

DIRECTOR
FACILITIES
John McWhinney

DIRECTOR
FINANCE & SYSTEMS
Lance Favelle

DIRECTOR
PEOPLE & STRATEGY
Joe Horacek

Portfolio Goal

Deliver outstanding and diverse performing arts programs for new and existing audiences and artists.

Deliver outstanding and diverse customer experiences to achieve optimal commercial return.

Promote and position the Sydney Opera House to maximise public and private support.

Provide first class venues, facilities and services that support our artistic and business aspirations.

Provide strategic advice, business services and solutions that deliver outstanding business results.

Facilitate setting of the strategic direction and drive a culture that aligns our people and strategies to realise our business aspirations.

Functions

- Production & Presentation
- Sound/AV
- Lighting
- Staging
- Presenter Services
- Sydney Opera House Presentations

- Corporate Marketing
- Brand Development & Management
- Corporate Communications
- Government & International Relations
- Development (Sponsorship, Philanthropy & Fundraising)

- Facilities Operations & Maintenance
- Site Management
- OHS
- Asset Development
- Venue Improvement
- Plan Management

- Finance
- Risk Management
- Information Technology
- Employee Services
- Business Services
- Information Management

- Strategic Planning
- Organisation Change & Learning
- Human Resource Management
- Governance

PUBLIC / CUSTOMERS / BUSINESS PARTNERS
in 1999 revealed that 33% of the Studio audience were visiting the SOH for the first time (8,600 admissions for 31 performances). The same survey indicated that audience members at the various “popular” events had family incomes of less than $45,000, that 25% of them were between the ages of 25 and 34, and that the vast majority did not purchase tickets for other, more traditional shows. Furthermore, 95% stated that “being at the Sydney Opera House made the evening more special,” indicating a high level of customer satisfaction.

Another way that the SOH is attracting new audiences and developing future ones is by programming annual series of events for children. The centre currently offers two such series: the Kids at the House Program for children aged two to 12, and the Schools Program for children aged six to 12. It plans to add a third series, the Youth Program, for those aged 15 to 25. These events encompass all forms of art, including theatre, dance, music and the visual arts, and, in addition to formal shows, they include group activities and opportunities for the children to experiment.

The SOH is first and foremost a performing arts centre. However, since there is a large amount of public space around and facing the building, the centre also hosts a broad range of outdoor activities (film festival, world music, community events), including a public market every Sunday for Australian arts and crafts (Sydney Opera House Markets). These free activities complement the centre’s mission as a performing arts presenter. The SOH also serves as the venue for gatherings and conferences (some 140 a year). Renting out space inside the centre allows the SOH to make use of its surplus capacity and is a significant source of additional income.

Linked to the downtown area by a pedestrian bridge with two levels, the lower of which is lined by a row of restaurants and shops leading to the port, the SOH is located near the boarding area for river cruiseboats, the Sydney Aquarium and other attractions; it also faces the Sydney Harbour Bridge, a major regional attraction (Figure 2). The large number of tourists drawn to the building represent a valuable potential clientele; as mentioned above, every year approximately three million people come to admire the imposing structure. To serve this clientele, the management of the Sydney Opera House s’est acquis une grande notoriété grâce à l’architecture magnifique de son bâtiment et à son emplacement dans le port de Sydney; il est même devenu le symbole d’une ville, attirant des centaines de milliers de touristes chaque année. C’est un centre de diffusion des arts de la scène très actif, dont les cinq salles et les aires intérieures et extérieures sont ouvertes au public presque 365 jours par année. Son directeur, Michael Lynch, nourrit l’ambition d’en faire un endroit où il fait bon travailler, où les employés se préoccupent du service à la clientèle. Il désire aussi développer l’image de marque du Sydney Opera House et la positionner au niveau mondial pour que le complexe ne soit pas seulement un lieu touristique, mais aussi une destination spectacles et le cadre d’événements.

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Gestion des arts, gestion des ressources humaines, image de marque, positionnement, présentateur
centre has opened a number of boutiques and restaurants over the years. Visitors can dine at the SOH and shop at a small number of select boutiques: Purely Australia Clothing, the Aboriginal Art Shop, Scribbly Graphics, Costello’s Opal Centre and two Sydney Opera House shops selling SOH merchandise and products associated with the resident companies (gifts, souvenirs, books, CDs, videos, etc.). The various restaurants operated by the centre generate annual revenues of $1.4 million. According to its 2001 annual report, the SOH’s share of the profits from the souvenir shops located in the lower foyer and the lower forecourt was $548,173 in 2001, while income from the licensing of the centre name and logo amounted to $76,280; total revenues of the SOH were $61,595,000, of which $28,687,000, or 46.7%, was in the form of grants.

In addition, people who want a glimpse behind the scenes can take a guided tour of the SOH. A number of different tours are offered, so visitors can choose the one that most corresponds to their interests. A total of 261,257 people visited the centre in 2000–2001, generating revenues of $2,816,000.

The stated objective of the SOH with regard to these various commercial activities is to generate additional income that can be used to develop shows and other artistic endeavours for which the centre must assume the production risks. Each year, approximately $5 million from these various sources of revenue is reinvested in in-house productions. Collectively, the activities of the centre are regarded as a portfolio of products, with those that generate surpluses compensating for those that involve greater commercial risks. This balance allows the organization to offer the public more varied programming and gives it the freedom to stage productions with narrower appeal. The efficiency of these business activities is served by the fact that they are overseen by the Director of Commercial Performance, who is responsible for retailing, merchandising, commercial activities, licensing, sponsorship and catering.

**Human Resources Management**

To realize his goal of making the SOH “a place that works,” Lynch wanted to move away from the traditional system of industrial relations in order to create more inclusive ways of working. He has attempted to achieve his goals using various means, including the Learning Teams Program, the Real Program and a reorganization of management structures (Lynch, 2002).

For example, during the year 1999–2000, when Learning Teams was implemented, 11 teams with a total of 89 members were formed. The team members came from various parts of the organization (executives, support staff, security personnel, secretarial staff, programming, box office, etc.) and also included representatives from the four resident companies (another aspect of the burgeoning partnership between these companies and the centre). The teams went to work and made recommendations on a broad range of issues, such as:

- improving communication and learning in the workplace
- identifying shared values
- recognizing the challenges facing the SOH and the changing focus of its business
- making the strategic partnerships work
- improving access for people with disabilities
feeding into the Strategic Building Plan from an artistic, commercial and building perspective.

This process made employees throughout the organization feel empowered to influence the way things were done and to be directly involved in the organization's development. Part of the Chief Executive's plan was to change the organizational culture.

This experience was followed by the implementation of a program designed to reinforce the leadership and organizational abilities of staff members. Named the Real Program (REAL being an acronym for Relationships, Empowerment And Leadership), it involved the formation of multidisciplinary teams made up of about a hundred employees, again representing all hierarchical levels and all departments. Their task was to propose practical solutions to numerous problems or issues identified in the course of daily activities or by the Learning Teams. All volunteers also attended training seminars designed to enhance their skills. This team involvement in the decision-making process and in the creation of a more effective organization proved to be a rewarding experience for the staff, as the boxed testimonials included here make clear. Note that the entire staff of the SOH is unionized.

Returning to Michael Lynch's management philosophy, the purpose of involving employees in the management of the organization was to have them reach their full potential and give their best to the SOH - incorporate vision and creativity into their work rather than just passively observe as the season unfolded. Lynch set out to attract the best employees by turning the SOH into a truly worker-friendly performing arts centre. His philosophy also involved making the four resident companies feel they belonged at the SOH. This is not to suggest that the administration renounced its leadership and decision-making functions; rather, it sought to give the entire organization a stake in its own destiny. The Chief Executive would create the favourable conditions and offer guidance, and the employees, using their experience and creativity, would ensure that the organization ran smoothly. The end result would be a strong team spirit and a highly effective organization.

In conjunction with these efforts to get employees more involved and to elicit their input, the structure of the organization was also modified, with the creation of five departments responsible for five sets of closely related functions. For example, Sales and Marketing assumed responsibility not only for commercial

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TESTIMONIALS

“This experience has given the workforce the opportunity to make a real input into the organization. The goals are set out and we get involved in working out how they are going to be achieved. It’s a radical change from the past, when we would just wait until we were told what to do and then we’d go and do it. It’s made the organization a better place to be.”

Con Despinidic, electrician

“I’ve learnt a lot about what other departments do through the involvement of the people on the Real Program team. For many of them it’s their first experience at working as a team, because they normally work on their own. I am used to working in a team and I know how important feedback is. It’s like playing football...the whole team wins, not just an individual.”

Jason Walton, fire and security officer

“What we have been targeting with the Real Program is a broader concept of leadership. Rather than the traditional model of leadership from top down, we’ve defined leadership in terms of everyone who has leadership responsibilities. We’re working towards establishing a common language across the organization – around shared values and understanding people – so that we’re all talking about the same thing and not going in different directions. We will be successful when everyone sees leadership as part of their role.”

Chloe Hawcroft, team leader, organization learning
activities but for all aspects of marketing and customer relations. This was particularly important given the SOH’s commitment to adopting a customer-oriented approach.

Branding and Customer Service

Consumers, both current and potential, form an idea or a mental image of an organization. Even for people who have never set foot in Australia, the name Sydney Opera House conjures up an image. Whether accurate or not, the image exists. Simplified mental representations like this allow consumers to synthesize the attributes of a product in a concise way that facilitates memorization and recall. An organization should thus seek to incorporate two distinct but complementary objectives into its branding strategy:

– ensure that its brand is among those considered by its target clientele – in other words, that it springs to mind when the consumer thinks about making a particular kind of purchase – bearing in mind that consumers can remember only a limited number of brands of any given product

– ensure that the consumer’s mental image of its product is accurate and precisely corresponds to the nature of the product.

These are the two essential requirements for the successful positioning of any brand in a market.

These two conditions can be broken down into the five qualities that form brand strength: the brand name is well known; it is perceived as offering very high quality; it is associated with an appropriate set of elements (programming, special events, etc.); the visitors are loyal (the centre is a key tourist destination); and tangible and intangible assets can be identified (architectural design, prestige, etc.) (Caldwell, 2000). Where does the SOH stand with regard to these qualities?

The SOH has almost all of these elements in place. Its name is indeed known throughout the world, thanks in part to events such as the Olympic Games and the millennium celebrations; it is also prominently featured as a symbol in tourist brochures for Sydney and Australia.

The SOH brand is undeniably strong. Two elements play a key role in establishing the quality of the SOH brand: the striking architecture that has made the structure a symbol of Australia, and the artistic excellence of its resident companies. For example, the Australian Ballet, the resident dance company, is acclaimed throughout the world (Radbourne, 2000).

Visitors are loyal to the SOH brand. Indeed, unlike loyalty regarding ordinary consumer products, which is reflected in the frequency with which people buy the same brand, loyalty to a performing arts centre corresponds not only to the number of times local residents buy tickets to the various shows but also – in the case of an institution seeking to position itself internationally – to its popularity with tourists and its ability to position itself as a must-see attraction. The three million people who visit the site and the 1.5 million audience members indicate that the SOH has been successful in both respects.

Lastly, the centre clearly has tangible assets. As noted above, the unique architecture of the building plays a key role in promoting Australia itself and attracts a great deal of attention from tourists.

The challenge that the Chief Executive has set for the SOH is terms of branding has to do with the second characteristic of a strong brand – the perceptions of potential customers with regard to the quality of its products. In the domestic market, there appears to be no doubt about quality, given the solid reputations of the Australian companies that perform at the SOH and the equally solid attendance figures (85% capacity). For Lynch, the challenge is to ensure that foreign visitors want not only see the building but also buy tickets to a show, take a guided tour or purchase SOH merchandise at one of the shops. He also wishes to ensure that the SOH is perceived as a venue that offers productions of such high quality that they more than justify a special trip. This involves clarifying the brand image, bolstering perceptions of its quality and positioning it more effectively.

In the simplest terms, positioning can be defined as “the place occupied by a product or brand in the mind of the consumer” (Colbert, Bilodeau and Rich, 2001). It is a matter of perception and does not necessarily have much
to do with reality. A typical potential customer can, either spontaneously or with some prompting, call to mind a relatively small number of events in a given city. The customer will have assessed and ranked the various brands associated with this set of events based on the appeal of their various characteristics, simultaneously comparing this ranking with a set of personal preferences. Each brand, event or tourist attraction will thus assume a “position” in the consumer’s mind, based on this set of preferences and the perceived characteristics of each of the products. The ultimate positioning corresponds to a synthesis of the characteristics of each product and its respective place in the market.

In the case of the SOH, this positioning should reflect more than just the architecture and location of the centre; it should also be based on what happens inside the building. The SOH clearly has assets that can help it build brand strength and improve its position. A number of them have already been mentioned: top-of-mind awareness, a prestigious and spectacular location, the unique architecture of the building. To fine tune the positioning of the SOH in the international marketplace and to strengthen its market position within Australia, Lynch believes, it is important to enhance international awareness of the artistic quality of the centre’s programming, adopt a more customer-oriented approach and make more effective use of computer resources. These are the goals that the SOH is currently working towards.

As part of the Learning Teams Program, the employees examined ways that customer service could be improved in order to make an SOH visit a satisfying all-round experience, not just an artistic one. As a result, physical improvements were made to various parts of the site: service areas, restaurants, reception facilities, signage and so on. Furthermore, all staff members who deal with the public received special customer-service training. Significantly, the number of customer complaints fell by 50% (from 322 to 145) during the year following implementation of the program. This exercise was also designed to encourage personnel to make visitors feel as welcome as possible. In the highly competitive culture and tourism sector, the quality of customer service can make a significant difference in terms of satisfaction and repeat purchases. The quality of customer service should be considered throughout each visit, from initial contact (via the Internet, by telephone or in person) to the visitor’s departure from the site; it is also reflected in after-sales interaction with visitors who contact the organization again. It therefore involves all staff members who come into contact with the public – at the box office and reception, in the bars and so forth. From the point of view of customers, these people represent the organization — their interaction with front-line staff is usually their only direct contact with members of the organization. It is of course still important to ensure that the quality of the productions meets audience expectations, for even the most extraordinary service cannot compensate for a substandard season. However, the Chief Executive of the SOH is more concerned about issues related to customer service, because the quality of its productions appears to be in no doubt.

In a further effort to improve customer service, for local residents as well as tourists, the centre has set up an online ticket service. At any time of the day, from anywhere in the world, a potential customer can contact the centre and make a reservation by consulting a list of available activities (www.sydneyoperahouse.com). Visitors to the SOH Web site can also take virtual tours of the interior and exterior of the building (a CD is also available), view the merchandise available in the various shops or consult the restaurant menus. The online ticket service is very popular with consumers, if sales during its first year of operation are any indication: from September 2000 to June 2001 the centre sold 29,756 tickets online, for a total value of $1,375,613, and in June 2001 online sales accounted for 10.3% of all tickets sold.

The Future

The shift towards greater employee involvement and a stronger focus on customer service is well under way at the Sydney Opera House. An employee survey conducted in the year 2000 indicates that the working atmosphere at the SOH has greatly improved, and although the changes are ongoing, the staff is
pleased with the progress that has been made thus far. A Learning Team is currently analysing the results of this survey and working towards the implementation of the employees’ recommendations.

Furthermore, for a number of years now, Australia has been making a concerted effort to create more opportunities for its aboriginal populations. In keeping with this national initiative, the SOH has developed an Indigenous Traineeship Program. Implemented in 1999, this program has made it possible to train four people currently employed by the centre – one in the box office and three in technical positions. The SOH hopes to employ at least 10 members of aboriginal communities by 2003.

With regard to the future initiatives of the SOH administration, it bears mentioning that Jørn Utzon, the building’s architect, has been hired as a consultant to work on a Statement of Design Principle to ensure the long-term integrity of his concept as changes are made to the structure and the site. This is part of a broader initiative known as the Strategic Building Plan. Designed to protect the architectural heritage of the site, this plan will also make it possible to deal with practical issues such as acoustics, lighting and accessibility for people with disabilities. For Utzon, who is employed by the architectural firm Johnson Pilton Walker, his involvement amounts to long-overdue recognition of his work. As a result of controversy regarding the costs of this ambitious project and the exacting architectural requirements, he was not involved in the actual construction of the building. Originally budgeted at $7 million, construction ultimately cost $102 million. However, since the building has become a source of national pride, many people feel it is only fair that Utzon be given recognition.

References


Note

Michael Lynch left the Sydney Opera House in the summer of 2002 for a position in England. He takes up the post of Chief Executive of London’s South Bank Centre.

APPENDIX VISION AND CORPORATE GOALS OF THE SOH

Vision
To be an internationally significant cultural landmark and centre for the performing arts renowned for imagination, leadership and excellence.

Corporate Goals
To realize its vision, the SOH has seven corporate goals:

- to be a leader in the development and presentation of the performing arts and outstanding cultural events
- to provide first-class venues, facilities and services
- to attract a larger number and broader range of visitors to the SOH, and exceed their expectations
- to be a leading, learning, innovative workplace
- to be an immaculately presented cultural landmark and architectural masterpiece
- to achieve outstanding business results
- to develop and leverage the SOH brand