

SEVEN

ASSESSMENT OF THE ROYAL LYCEUM THEATRE COMPANY

Having recorded the progress of the Royal Lyceum Theatre Company from 1965 to 2000 – especially through the organisation for the second limited company from 1977 – it is not the purpose of this chapter to discuss the minutiae of this chronicle. Instead, the following evaluation highlights some of the striking management issues arising from that detailed story, discussing their characteristics over time. This will demonstrate, above all, how the new profession of arts administration has debased the repertory ideal. After discussing the play-choices, the reduced influence of artists and the declining autonomy of the company will be demonstrated through discussion of five key factors. These are an analysis of finances, the record of corporate sponsorship, the external pressures arising from a new business culture in government and the arts funding bodies, the allied Royal Lyceum experience of partnerships and co-productions and, finally, the unsuccessful pursuit of profit-making activities such as a restaurant.

Unlike the progenitor repertory companies that were stamped with a single-minded, undoubting artistic purpose that coped well with the congenital insecurities of the theatre business, the overshadowing factor in the life of the Royal Lyceum Theatre Company has been constant ambiguity about its theatrical mission and position in the Edinburgh and Scottish theatre environment. Although the search for institutional identity has been a preoccupation of all companies since the repertory movement began, it seems exceptionally acute in this company that was founded by local government fiat. Since 1965, a succession of seven chairpersons, six artistic directors and five general managers has coped with these uncertainties in different ways, but the accompanying infighting over policy, play selection and subsidy – let alone the personal peccadilloes, buck passing and conflicts of interests of the protagonists – has undermined their accomplishments, from the outset. Through this particular management drama – that contains as many revelations about the leaders' personalities and behaviour as some of the more excessive plots of the company's play choices – Chapter Six has demonstrated how difficult it has been for the non-profit company coalition of strong-minded theatre-makers, 'independent' chairmen, the councillor 'influenced' board and the Scottish Arts Council to cope with each other. By 2000, the century-old institutional frameworks that were set up by the repertory founders to support the art of the theatre may be seen, in this company at least, as feckless, rudderless, abused and dilapidated.

Compared with the panache and achievements of the Edinburgh Civic Theatre Trust, the off-stage progress of the second company amounts to one fiasco after another. It has been in an untenable position, nearly always struggling to avoid financial collapse whilst, latterly, seeking redemption through misjudged business procedures. I will explain why, after 1985, the Royal Lyceum shrunk from what it and the progenitor repertories had done best financially: the application of the lion's share of resources to the artists. From then, the hookworm of administration consumed the company, but the board of directors, local authority and the Scottish Arts Council showed few signs of disparagement. Of course, I do not claim that the plays on stage are an unfailing disappointment. The second company's four experienced artistic directors, like their two predecessors, continued to conceive seasons with high ideals, sincerity, passion, persistence, enthusiasm and commitment to serious theatrical purpose, inevitably with different imaginations, abilities, ambitions and entrepreneurial outlooks but, sadly, with all too frequently frustrated expectations and interference.

The plays and the public

In 1993, according to a Policy Studies Institute report, 19 per cent of Scots adults attended plays, being around 146,300 people, of whom 8 per cent went to theatre more than once a year.¹ Although playgoers are more numerous than operagoers and balletomanes, this small drama audience is much divided in tastes and expectations, and it is unavoidable that attempts by the Royal Lyceum to stage something for everyone result in some people, including the board members, being displeased for some of the time. The company is especially liable to criticism because of the comparative security it can offer to only a few actors in a hazardous profession and because of the prominence of its position for other Scottish theatre companies. The company with the largest drama subsidy in Scotland is a tall poppy that invites the most negative comments. The first form this criticism takes is, as with all arts subsidies, that the people who go to theatre only constitute a small fraction of the people who pay for it through their taxation. However, the majority are now reputed to approve of subsidy even if they do not go to the theatre. The other form that this criticism takes is from seasoned theatregoers and the theatre profession: the charge of conservatism in programming.

The need for caution in criticising play-choices is obvious, but when looked at retrospectively the three years of Stephen MacDonald's artistic direction were the most

enterprising in the second company, especially at the Little Lyceum Theatre where his new policy of exchanging artists with the main stage looked set to become a powerful magnet for directors and actors; moreover, the number of new plays, adaptations and translations produced was the highest concentration in the company's entire progress. However, his efforts to give foundation to the new company echoed Tom Fleming's misfortunes in 1966, whilst choices by Leslie Lawton veered towards tried-successes from the London profit-seeking theatre and musicals. Thereafter, the seasons of Ian Wooldridge and Kenny Ireland take more account than Lawton of Scottish plays and adaptations, though no period in the second company seems to have emulated the sustained, comprehensive achievements and upbeat excitements of Clive Perry and his team of associate directors. In fairness, any expectation for new plays should, after the closure of the Little Lyceum, be weighed against the work of the specialist Traverse Theatre, where the greater intimacy and open staging are as confrontational as their plays' subject matter often is. With its selection of new plays well suited to a smaller theatre and a dissentient audience, the Traverse became the height of fashion for new writing, enjoying a high degree of audience excitement. To a similar extent, selection at the Royal Lyceum has been inhibited by the innovations of the Edinburgh International Festival as well as by the periodic complaints of those theatregoers who have fumed in their droves whenever the Royal Lyceum company attempts a 'dangerous' play, even when tested elsewhere. Edinburgh theatregoers, such as those who complained about *Comedians* and *An Experienced Woman Gives Advice*, have often vowed never to go near the company again. Given that the balancing act is a frightening – and thankless – exercise for any artistic director, the small number of new plays presented by the second company after Stephen MacDonald's departure is therefore no surprise:

BOX 7.1 CHRONOLOGY OF NEW WRITING AT THE ROYAL LYCEUM THEATRE COMPANY, EDINBURGH: PLAYWRIGHTS WHOSE WORK HAS BEEN PREMIERED, NEW TRANSLATIONS AND ADAPTATIONS, 1977-2000	
1977-1978	<i>These Were My Means</i> (Jim Tyrell), <i>A Fistful of East End</i> (Howard Purdie), <i>Play Donkey</i> (Stewart Conn).
1978-1979	<i>Mary</i> (Ian Brown), <i>Navigator in the Seventh Circle</i> (Leonard Maguire), <i>The Brink</i> (Atholl Hay), <i>All Ayre and Fire</i> (Stephen MacDonald and the company). New translations/adaptations: <i>A Mackintosh Experience</i> (John Cairney, et al., after Charles Rennie Mackintosh), <i>Kipling's Jungle Book</i> (Stephen MacDonald, after Rudyard Kipling), <i>Billy Budd</i> (Stewart Conn and Stephen MacDonald, after Herman Melville).
1979-1980	<i>The Peter Pan Man</i> (Jon Plowman). New translations/adaptations: <i>An Enemy of the People</i> (Henrik Ibsen, trans. Tom Gallacher), <i>Crime and Punishment</i> (F.D. Dostoyevsky, adapt. Alan Brown).

1980-1981	<i>Blackfriars Wynd</i> (Donald Campbell), <i>The Quartet</i> (Ronald Mavor). New translation: <i>A Doll's House</i> (Henrik Ibsen, 1879, trans. Tom Gallacher).
1981-1982	<i>Herman</i> (Stewart Conn).
1982-1983	No new plays, adaptations or translations.
1983-1984	<i>Time Present</i> (Tom Gallacher).
1984-1985	No new plays. New translations/adaptations: <i>The Master Builder</i> (Henrik Ibsen, trans. Lindsay Galloway), <i>Confessions of a Justified Sinner</i> (James Hogg, adapt. Stuart Paterson).
1985-1986	No new plays. New adaptation: <i>Treasure Island</i> (Laurie Ventry, after R.L.Stevenson)
1986-1987	<i>Mr Government</i> (Stuart Paterson), <i>The Grand Edinburgh Fire Balloon</i> (Andrew Dallmeyer), <i>Words Beyond Words</i> and <i>Monologues</i> (Tom McGrath, et al). New translations/adaptation: <i>Tartuffe</i> (Liz Lochhead, after Jean-Baptiste Poquelin Molière).
1987-1988	<i>Beauty and the Beast</i> (Stuart Paterson).
1988-1989	<i>Pursuits</i> (Tom McGrath), <i>Mary Queen of Scots Got Her Head Chopped Off</i> (Liz Lochhead, co-production with Communicado Theatre), <i>A Wee Home from Home</i> (Frank McConnell), <i>Cubist Blues</i> (David Kane), <i>By the Pool</i> (Stewart Conn), <i>Words Beyond Words</i> (workshop programme, Tom McGrath, et al).
1989-1990	<i>Cinderella</i> (Stuart Paterson). New translations/adaptations: <i>Le Bourgeois Gentilhomme</i> (Jean-Baptiste Poquelin Molière, trans. Hector Macmillan), <i>The Cherry Orchard</i> (Anton Chekhov, version by Stuart Paterson, from trans. Steven and Alla Main), <i>The House of Bernarda Alba</i> (Federico Garcia Lorca, trans. John Clifford).
1990-1991	No new plays, adaptations or translations.
1991-1992	<i>Shinda, The Magic Ape</i> (Stuart Paterson).
1992-1993	No new plays, adaptations or translations.
1993-1994	No new plays, adaptations or translations.
1994-1995	No new plays. New adaptations: <i>Mongrel's Heart</i> (Michael Bulgakov, adapt. <i>The Heart of a Dog</i> , Stephen Mulrine). <i>Kidnapped</i> (Tom McGrath, after R.L.Stevenson).
1995-1996	<i>The Gowk Storm</i> (Colin MacDonald, after Nancy Brysson Morrison).
1996-1997	<i>Montrose</i> (Robert Forrest).
1997-1998	<i>Hansel and Gretel</i> (Stuart Paterson).
1998-1999	<i>Clay Bull</i> (Stewart Conn), <i>Britannia Rules</i> (Liz Lochhead). New translations/adaptations: <i>A Stranger Came Ashore</i> (Fiona McGarry, after Molly Hunter, for Edinburgh International Children's Festival), <i>Life is a Dream</i> (Pedro de la Barca Calderón, trans. John Clifford, for EIF).
1999-2000	<i>Stiff!</i> (Forbes Masson, co-production with Diva Productions and Tron Theatre).
2000-2001	No new plays. New translations/adaptations: <i>Three Sisters</i> (Anton Chekhov, adapt. Liz Lochhead), <i>Phaedra</i> (Edwin Morgan, after Jean Racine).

The fortunes of Scottish playwrights have also been tied to the special position of the longstanding associate literary director, held by Tom McGrath for fifteen years, during which time he has had seven plays staged by the company. Employed via an annually

renewed Scottish Arts Council subsidy – that must set a record for continuity of ‘project’ grants – the post has been virtually autonomous of the incumbent artistic director. It was set up also to act as a literary adviser to playwrights throughout Scotland, reading their plays, criticising, organising showcases and rehearsed readings whilst coordinating company commissions. He has also given advice to the directorate and, by default, acted as writer-in-residence. Nevertheless, although brilliant playwrights do not emerge at predetermined intervals, the commissioning practices of the first company achieved more on stage; in Chapter Five it was noted that these were often awarded simultaneously to as many as eleven dramatists, thereby decreasing the hit-or-miss tendency of this process. For the most part, the second company restricted these commissions to one at a time, thereby reducing the likelihood of single commissions reaching the point where a firm decision is made to produce. It seems abnormal for the Scottish Arts Council drama department – which otherwise now rushes from one temporal grant scheme to the next – not to have withdrawn this grant, or at least allow other, equally gifted playwrights to hold the sinecure from time to time, or to entrust it to the Traverse Theatre.

The emphases of play selection since 1977 are fairly clear. The company has produced 21 productions of plays by William Shakespeare in 23 years (although because it is guided by schools’ preferences for those plays studied by students, only twelve plays from the canon have been selected overall). Four plays by Bernard Shaw, five by Seán O’Casey, eight productions of Henrik Ibsen, five of Anton Chekhov, seven plays by Molière, nine of Noël Coward, eight plays by Alan Ayckbourn, four by Tennessee Williams, four by Harold Pinter and three by Bertolt Brecht have been staged. Of course, there is a danger for such statistics about the span of Royal Lyceum playwrights to take on a life of their own: an unintentional equation of more with better. Absence of other important playwrights could be pinpointed, but this might be malevolent. For instance, the neglect of playwrights such as Samuel Beckett (only one production so far), or Sam Shepard (no productions) might be attributed to the box-office demands of the capacious auditorium and the theatre’s proscenium arch design. Of course, in the early years the company could afford to select plays with medium- or large-casts; the need to find small-cast plays is a recent response to the financial constraints imposed by the large administrative staffs. Nevertheless, there seems little inclination to rediscover lesser known classical plays or draw on foreign drama, apart from what has been put on the theatrical map by other companies. Even so, one of the attractive deeds of choosing plays premiered elsewhere has been a commitment to larger-cast family theatre at Christmas. Pantomime and children’s theatre was often avoided in the pre-1945 companies, but today the company’s choice of Stuart Paterson’s re-workings of legendary fairy tales has been a healthy reaction to what passes for

traditional pantomimes presented by the big touring houses. Four of his family plays were premiered by the Royal Lyceum and, because all other Scottish and many English repertories are also impassioned about this Scottish playwright, his prodigious output not only makes him the most performed British playwright at Christmas, but probably also year round, albeit after the playwrights Alan Ayckbourn and John Godber.

Of course, what the company chooses to stage is always subject to what the audience will want to see, but the ambition of the first repertories was to impose a company and policy on the audience, and not allow the audience to call the shots. Subsidy and new marketing techniques have not freed the company from these concerns. Perhaps the pursuit of subsidy has bred conformity, inducing a sense of responsibility about spending public money wisely and creating a fear about being seen to lose it. The Royal Lyceum might be said now to provide a purely self-perpetuating public service – one that continues to exist, simply because it was once begun. Even with the largest repertory theatre attendance in Scotland – attracting many more people than the Citizens' Theatre in much more populous Glasgow² – it risks reinforcing the audiences it serves in the comparatively narrow model that the Royal Lyceum offers as one of several Edinburgh theatres.

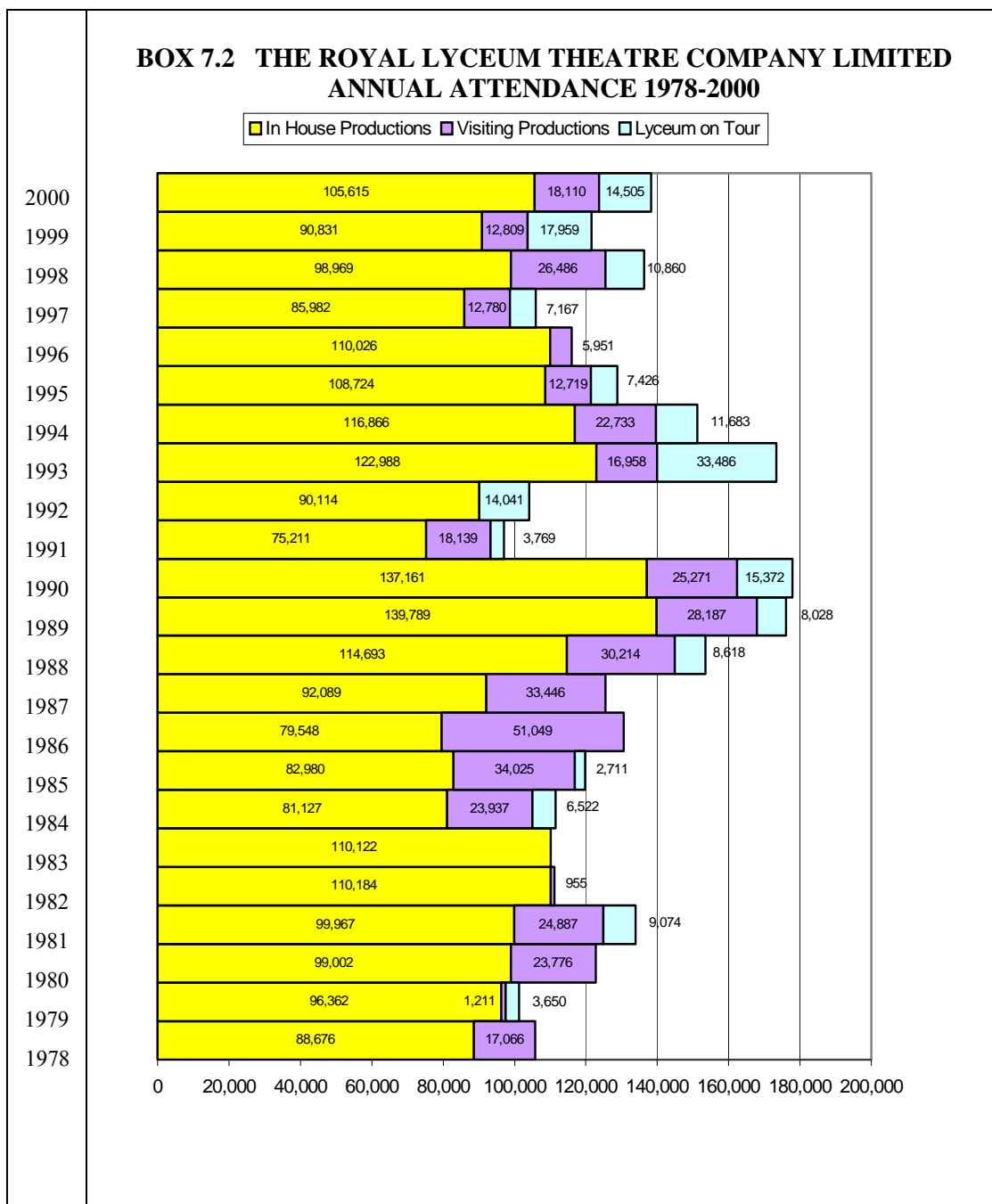
The subscriber system epitomises the tension between the company's responsibility to form as well as to reflect the public taste. On the one hand, subscribers are an essential bedrock of the audience. They peaked at 5,000 theatregoers in 1989. Thus, even with its vicissitudes, the scheme has flourished overall at Edinburgh; a sure accomplishment that was grounded in Granville Barker's scheme that was first tested at Glasgow Repertory Theatre in 1909 and which reached its peak in British theatre at the Birmingham Repertory Theatre in 1984 (under Clive Perry) with 6,000 subscribers. It must be a great concern to the Royal Lyceum that subscription should continue to prosper; not least because it helps the company to carefully plan and estimate production budgets at least a year ahead, as well as banking a sizeable proportion of the year's box-office receipts in advance of performances, thereby earning bank interest or reducing overdraft charges. On the other hand, it can also prohibit the decision-making that might respond better to the lucky moment of scheduling a hit-play ahead of other theatres which compete for repertory rights, or constrain a prompt decision to align play-choice with the unforeseen availability of a noteworthy actor. Many other repertories have either avoided subscription or, when their output of self-made productions was higher, bypassed the need to plan so far ahead by scheduling two six-month subscription series in each year. On balance, although it is a cost-effective way of selling seats, it could be argued that the scheme has institutionalised well-worn habits and audience expectations. Hence, subscription influences a middle way

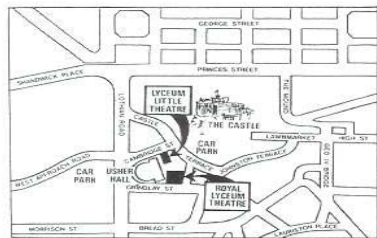
in play selection, leading, as in some other repertories, to an increase in the number of staged adaptations from novels, such as *Confessions of a Justified Sinner* (1984), *Dracula* (1985), *Hiawatha* (1991), *To Kill a Mockingbird* (1994), *The Gowk Storm* (1995), *The Strange Case of Dr Jekyll and Mr Hyde* (1997) and *Rebecca* (1997). At the Royal Lyceum, most adaptations have been staged first at other theatres, but they conciliate subscribers who recognise a famous title.

Comparisons of subscribing and non-subscribing patrons show that, in terms of background most subscribers at the Royal Lyceum have high incomes and are employed in professional and managerial work or are retired.³ In their theatrical preferences, these theatregoers place ‘comedies’, ‘farces’ and other well known plays first, but casual theatregoers – who tend to be younger people – might be likelier to attend serious and less known plays than for the enjoyment and relaxation sought by the subscribers. It seems evident that the Edinburgh public, now having the disproportionate advantage of a city overbuilt with theatres, is given the kind of plays it thinks it wants to see. Apart from the other ‘building based’ producing theatres – the Traverse Theatre and Theatre Workshop – the Edinburgh theatres are wary about seeking to expand or challenge that influential established taste. Thus, the Royal Lyceum Theatre Company repertoire has included plays such as *The Winslow Boy* (1982), *Arsenic and Old Lace* (1992), *Gaslight* (1994) and *The Importance of Being Ernest* (1991 and 1996) that are staples of the amateur theatre. These plays have undoubtedly helped to keep the company unmatched in Scottish repertory attendance (Box 7.2).

The opportunity for the public, whether subscribers or casual attendees, to see these middle ground plays remains an important policy for the Royal Lyceum. Sometimes play selection has been driven by the artistic director’s desire to cast certain actors in lead roles, such as when Julie Covington played Lady Macbeth in 1986 or when Jimmy Logan starred in the 1991 revival of *Comedians*. ‘Museum’ theatre, providing it is well done, plainly has an indispensable place, because a play written 400 years ago – or twenty – will often be new to succeeding generations of theatregoers. Of course, what matters more is the quality of the production – how *all* plays are cast, directed and designed – but, in their selection at least, the Royal Lyceum play choices resemble more the eclectics of the 1937 Alexandra Theatre than those of the then *recherché* Birmingham Repertory Theatre. Today, the boundary between ‘serious’ drama and the middle ground is less sacrosanct for most repertories than at any time since their founding – and at Edinburgh it is also blurred by the frequency of ‘serious’ touring plays presented by profit-seeking managements at the King’s Theatre. The challenge for the Royal Lyceum is therefore to ensure that its

selections, casting and designs are distinctive, exciting and surprising. Otherwise – even with the adjuncts of what is now one of the most comfortable and attractively renovated theatres in Britain – the public may reckon the company to be no different to or ‘better’ than a touring house.





Royal Lyceum
Theatre Company
at the
Royal Lyceum Theatre
and
Lyceum Little Theatre

Spring Season - 1979



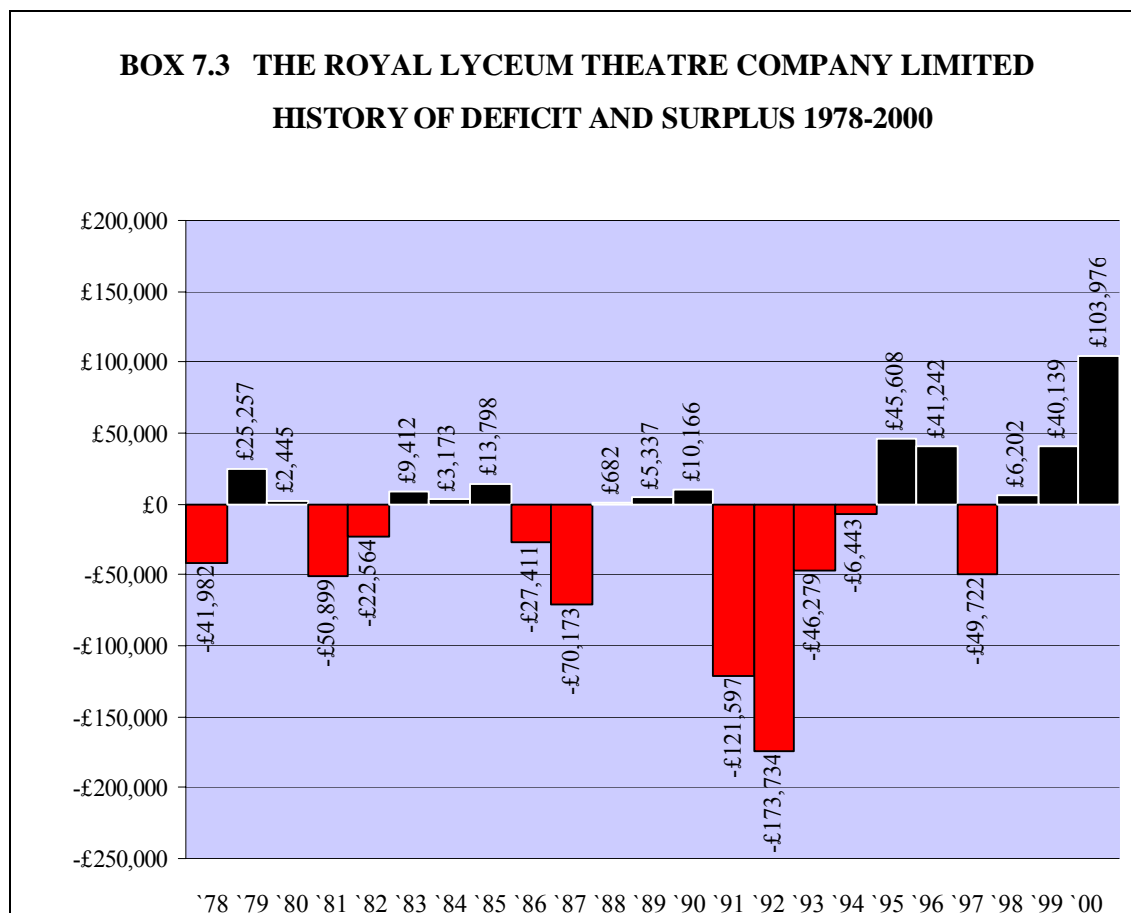
19. The Royal Lyceum Theatre Company: Spring Season 1979

Twenty enthusiastic actors shown on the front cover of the season brochure

**Instability, the company's finances in perspective, 1977-2000
and the impact of arts administration**

For this study, the measurement of the Royal Lyceum's contribution in providing high-quality productions is not only a qualitative matter, even if the company might prefer to be judged primarily by the plays and how they were staged, rather than by the balance sheet. A dilemma has been the question of keeping the 'museum' company stylish amongst those drama critics and Scottish Arts Council cognoscenti who would nudge the management into more risky choices and other decisions, but who do so from the special advantage of not having to shoulder the weight of the board and an artistic director's financial accountability. These obligations began almost immediately, with the miscalculated loss of £22,000 (£104,750) from the revival of *The Servant O' Twa Maisters* at the Assembly Hall putting the company in a fearful mess soon after opening, as well as sapping outsiders' confidence in the new board and management. It set a standard for extremes unknown before and did not assist in framing realistic financial projections in the aftermath. When the theatre had to close during more refurbishment in 1990, a second unscheduled setback associated with staging artistically ambitious productions outwith the building occurred: a loss of £107,000 (£130,500). Although these two disasters left the company shaken – as buildings' repairs often do – it seems irresponsible for the board not to have learned from these experiences. A more cautious approach would be to cease production during buildings' closure, reach rapprochement with the funding bodies on temporary reduction in revenue grant and heed the evidence that theatregoers' support for the Royal Lyceum is intimately identified with the building.

Given the frequent state of corporate amnesia, it may not be so surprising that the second company's record is, in most financial as well as artistic aspects, far more erratic than its predecessor was. Partly, this can be traced through a new cycle of undulating larger deficits and small surpluses. Whilst they underline the continuing uncertainty of the business – and the lack of working capital for set-up costs, let alone any cash reserves to buffer the future operation – the cumulative sums are proportionately larger than before, peaking at £432,676 (£488,923) in 1992. By 2000, when the deficit carried forward reduced to £242,790, the losses were 11 per cent of turnover and continued to constrain selection to those plays with fewer actors than hitherto. Although this year's result was a marked improvement on the financial nadir of 1994 – with little doubt that the years of Kenny Ireland's artistic direction have been accompanied by a period of upturn in the bottom line – a healthy balance sheet with working capital at the outset might be the foundation for long-term stability:

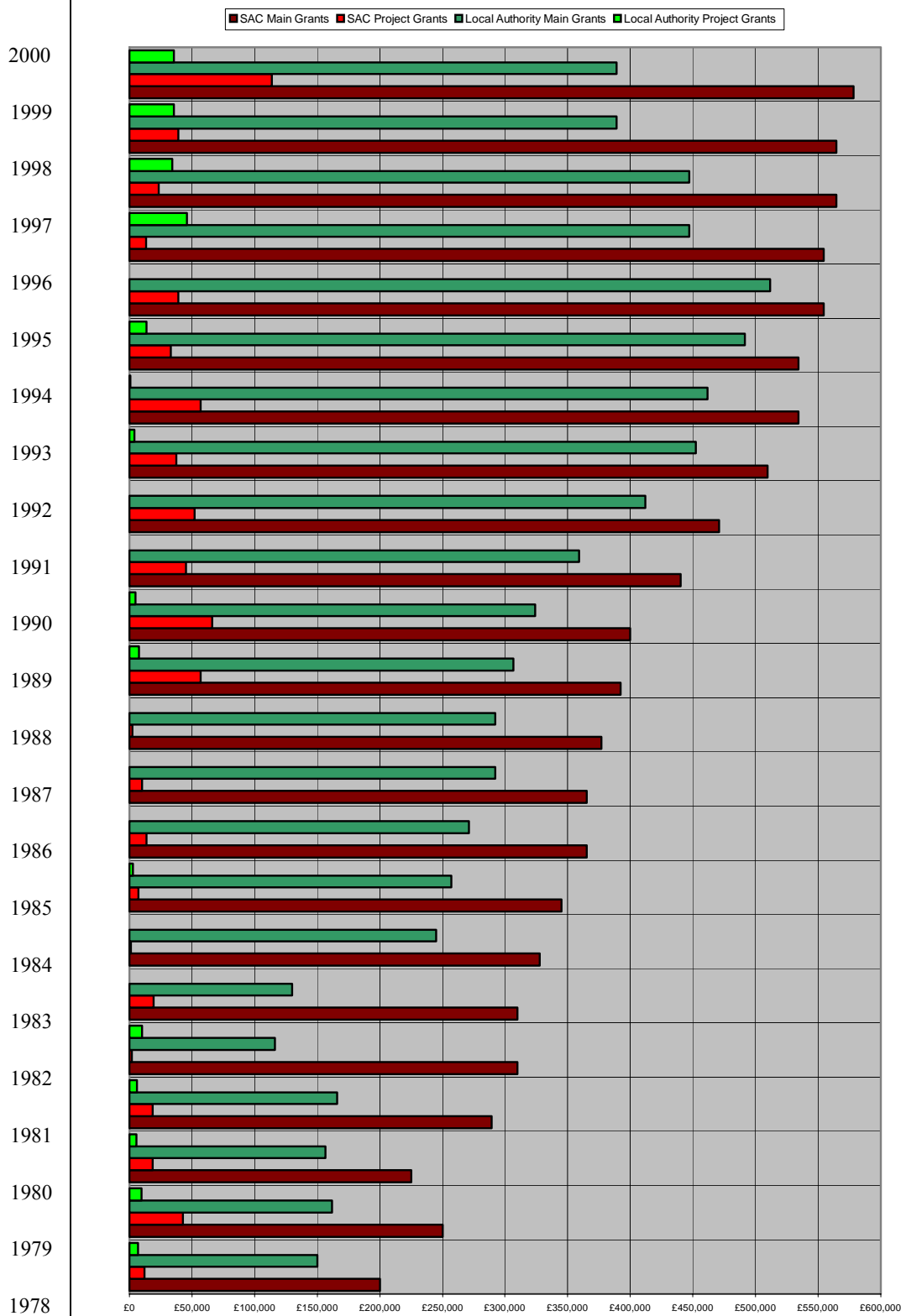


It was observed in Chapter Three that when repertories were founded in Glasgow and Liverpool, their boards appealed for working capital but the endowments habitually fell short of requirements or were used up in the opening seasons. When William Archer and Harley Granville Barker made their first estimates for a National Theatre in 1907, the intention was for it to be self-sufficient, subsidised by the interest and dividends earned from a 'Guarantee Fund' to 'assure, for a certain period at any rate, the solvency of the institution'.⁴ As noted in Chapter Three, they called for an endowment – that would remain unspent – of £150,000 (£8,727,000), financed by one hundred donations of £1,500. Likewise, at the *end* of the Gaiety Theatre adventure, Annie Horniman appealed unsuccessfully to the Manchester public for an endowment of £40,000 (£872,400) to guarantee the operation against loss. These sums excluded theatre construction and freeholds, the costs of which were another matter, but although they were unattainable then, the notion of government endowment as a substitute for annual subsidies might not be such a pipedream now, when compared with the amounts of some of the huge post-1995 National Lottery grants to buildings. At the Royal Lyceum, an endowment of £20,000,000, that might realise an annual income of £1,000,000, could substitute for the brouhaha of dealing with the funding bodies as well as ease its annual losses.

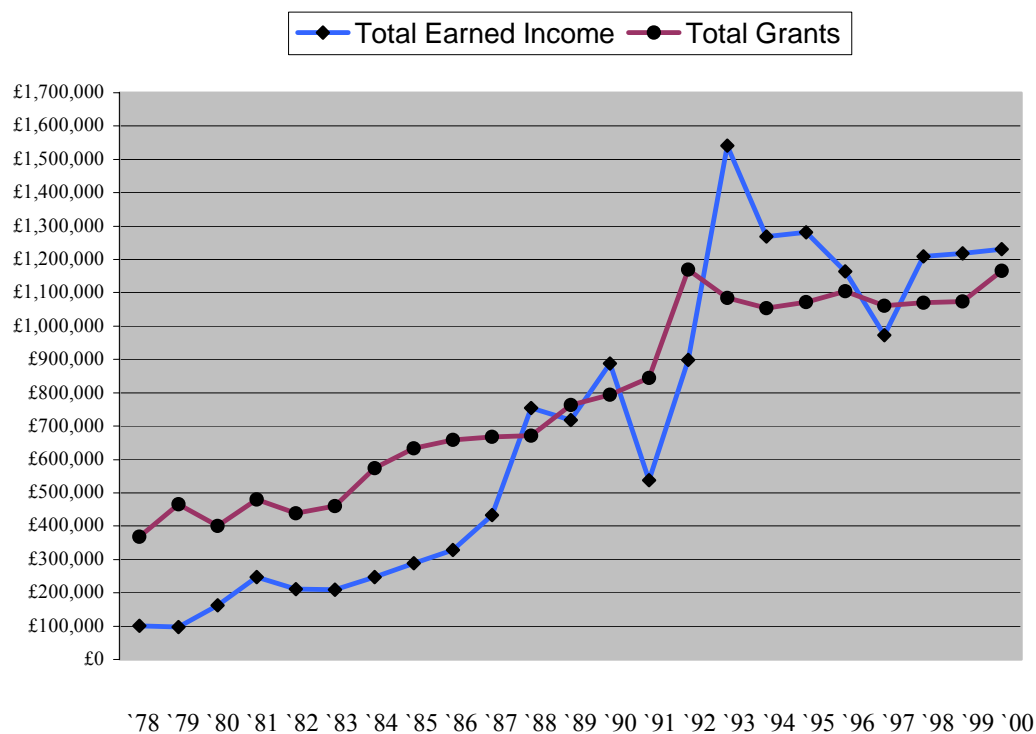
In passing, it is relevant to note that the Archer–Granville Barker endowment model for repertory theatre *has* been realised, but in the United States of America. Of course, that country has a stronger culture of philanthropy, buttressed by superior tax incentives for donations and these substitute in large measure for fixed annual government grants, in preference to matching grants to the level of private donations. That system has a great deal to recommend it, not only in helping a company to increase the level of individual and corporate contributions, but also to encourage it to pay more attention to the wishes of theatregoers than those of the funding bodies. But, more importantly for the Royal Lyceum, a 2001 survey of 145 non-profit repertory theatres in the United States found that most had the security of owning their theatre freeholds, valued on average at \$7,103,448 (£4,972,414) and, crucially, endowments of \$3,600,000 (£2,520,000). Endowments have enabled them to accumulate reserves averaging \$10,200,000 (£7,140,000) per company, the interest of which is put towards production and operating costs.⁵ Although the income profiles of United States' theatre companies are not exactly comparable to the Royal Lyceum, their expenditure allocations – even taking into account sharper and costlier fundraising methods – are applicable to this study, and use of these yardsticks will be made shortly.

Meanwhile, for the first ten years to 1987, the second Royal Lyceum company, like its predecessor, continued to receive proportionately large subsidies that outpaced box-office and other earned income. With the exception of two years when the total subsidy was reduced (in 1980 and 1982) grant income also rose steadily, with box-office receipts and other earned income trailing the combined contributions of the Scottish Arts Council and local government. Nevertheless, the relative sums received from the local authority and the state (Box 7.4) continued to favour the Scottish Arts Council as the senior external stakeholder, especially with their more extensive project grants. Even so, after 1996 it would have been frustrating for the management to contend with the seesaw of modest boosts in state subsidy that were accompanied by unexpected reductions in local authority support. In 1988, the winds of change that were catalogued in Chapter Six meant that for the first time since 1965, earned income exceeded total subsidy. During this period of management by Ian Wooldridge and Roger Spence, the company achieved year-end surpluses for the three years to 1990. However, thereafter, in the years before and immediately after the rebuilding of the fly tower and construction of the plate glass foyer, more marked fluctuations in the ratio of subsidy to earned income occurred. These were accompanied by reduced numbers of productions and perilously large deficits, leading to seven out of the eight years to 2000 when earned income was greater than subsidy (Box 7.5).

**BOX 7.4 THE ROYAL LYCEUM THEATRE COMPANY LIMITED
THE RELATIVE SUBSIDIES FROM SCOTTISH ARTS COUNCIL
AND THE LOCAL AUTHORITIES, 1978-2000**



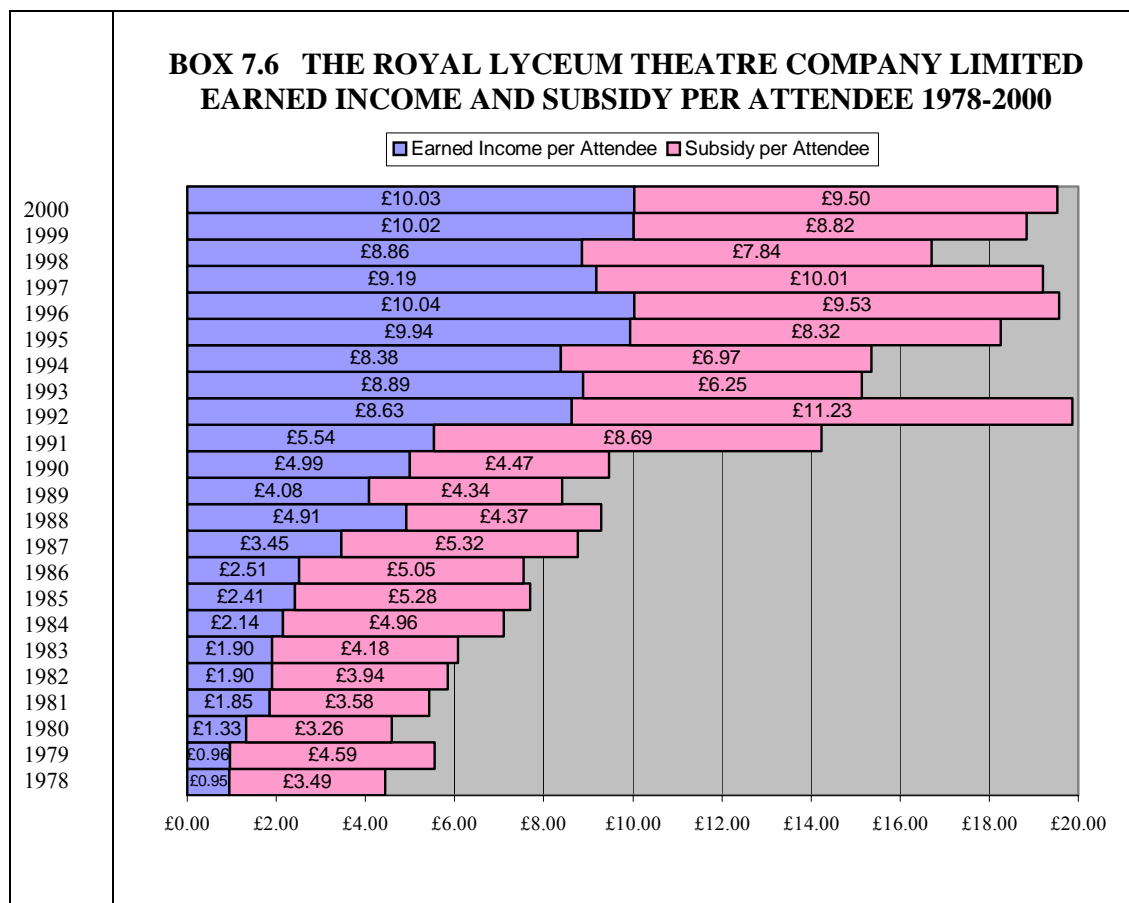
**BOX 7.5 THE ROYAL LYCEUM THEATRE COMPANY LIMITED
EARNED INCOME AND GRANTS: 31 March 1978 – 31 March 2000**



The company's foundation in 1965 coincided with the first comprehensive investigation into the economic condition of arts organisations: although this was researched in the United States, the work of William J. Baumol and William G. Bowen launched a new discipline of 'cultural economics' and which is germane to this overview of Royal Lyceum finances.⁶ They concluded that theatres were caught in a perpetual cost-revenue squeeze, caused by a tendency for the costs of productions to grow more rapidly than the income obtained from them. Unlike the rest of the economy, there were few possibilities in live performance for increasing productivity because, for drama, approximately the same number of hours has always been needed to present a play without sacrificing quality. They called this the 'cost-disease' and, later, their work was applied in Britain to underscore economic justification for government subsidies. They found that a relatively slow growth rate of income in theatre, opera, music and ballet was caused by fierce competition between these artforms and other entertainment and, especially, by theatres' commitment to keep ticket prices low in order to reach as wide an audience as possible.

For the Royal Lyceum, the effect of subsidy on ticket prices is shown in Box 7.6. From the perspective of theatregoers, this shows how subsidy has worked, latterly, as a stimulus to raise higher box office income. Unlike the progenitor companies that charged the same

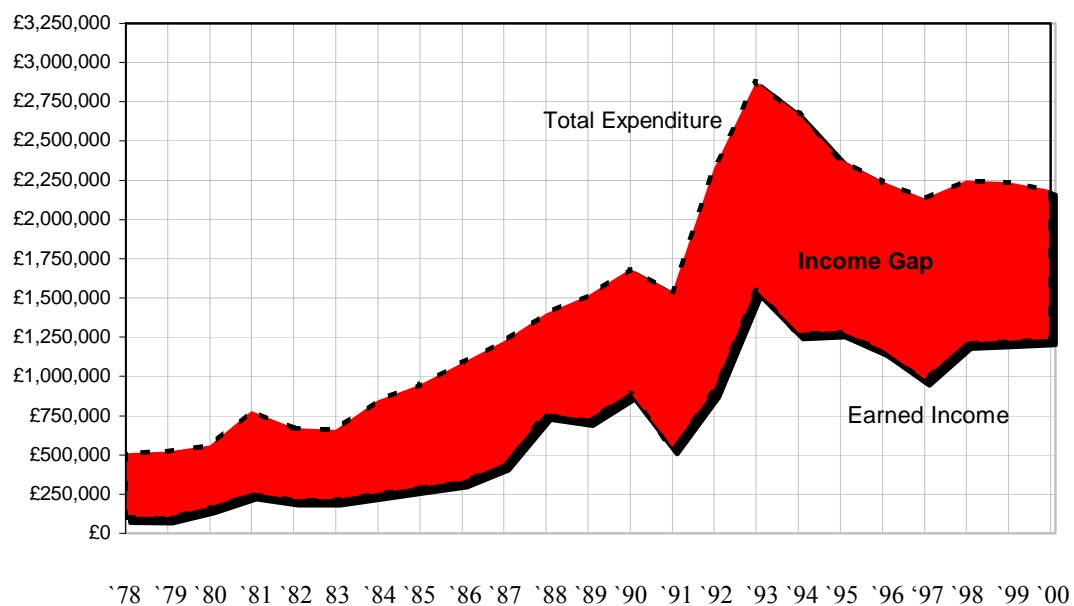
prices as touring houses, the average prices paid at the Royal Lyceum Theatre Company are now considerably less than those levied for plays at the King's Theatre, for instance. Despite the company's complex range of prices and concessions, it has mirrored Baumol and Bowen's observations by striving to keep the cost of theatregoing within reach of everybody, which it has also done by continuing to offer transport subsidies to coach parties from outwith Edinburgh, many years after the scheme was discontinued in England.



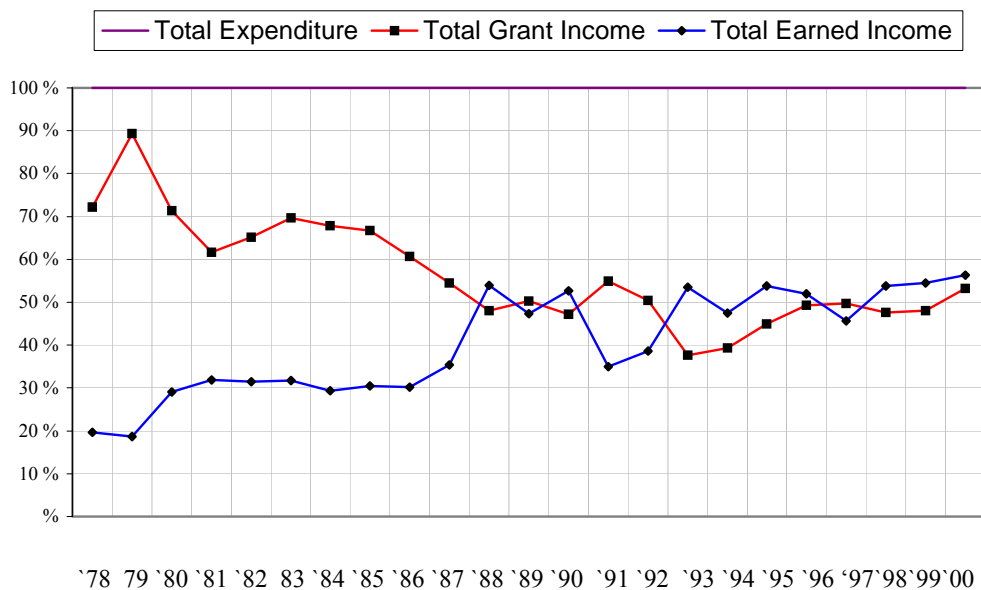
In Chapter Five, the statistical methodology used by Baumol and Bowen was applied to the history of total expenditure and total earned income for the Edinburgh Civic Theatre Trust (Box 5.11). This showed a pronounced 'income gap' only after the 1975 expansion. Echoing these formats for the next 22 years,⁷ it is apparent that, even when bearing in mind the cost of inflation and ticket price increases, the relationship between costs and income has remained approximate to what it was at the time of transition from the first to the second company. No more significant expansion occurred in the second company. However, whereas Baumol and Bowen's hypothesis predicted that the effects of the cost-revenue squeeze would become progressively worse and that the 'income gap' would enlarge, Box 7.7 confirms that for the second company an overall parallelism between increases in earned income and expenditure continued to 2000. Nevertheless, unlike the

uniformity of the years from 1965 when subsidy covered approximately 60 per cent of expenditure, in the second company this declined as a proportion of costs, from 72- to 53 per cent. In the same way, earned income varied over these years as a proportion of total expenditure, from 20-to 56 per cent (Box 7.8).

**BOX 7.7 THE ROYAL LYCEUM THEATRE COMPANY LIMITED
TOTAL EXPENDITURE, EARNED INCOME
AND THE NEED FOR SUBSIDY, 1978-2000**



**BOX 7.8 THE ROYAL LYCEUM THEATRE COMPANY LIMITED
EARNED INCOME AND GRANT INCOME AS PERCENTAGE OF TOTAL
EXPENDITURE, 1978-2000**

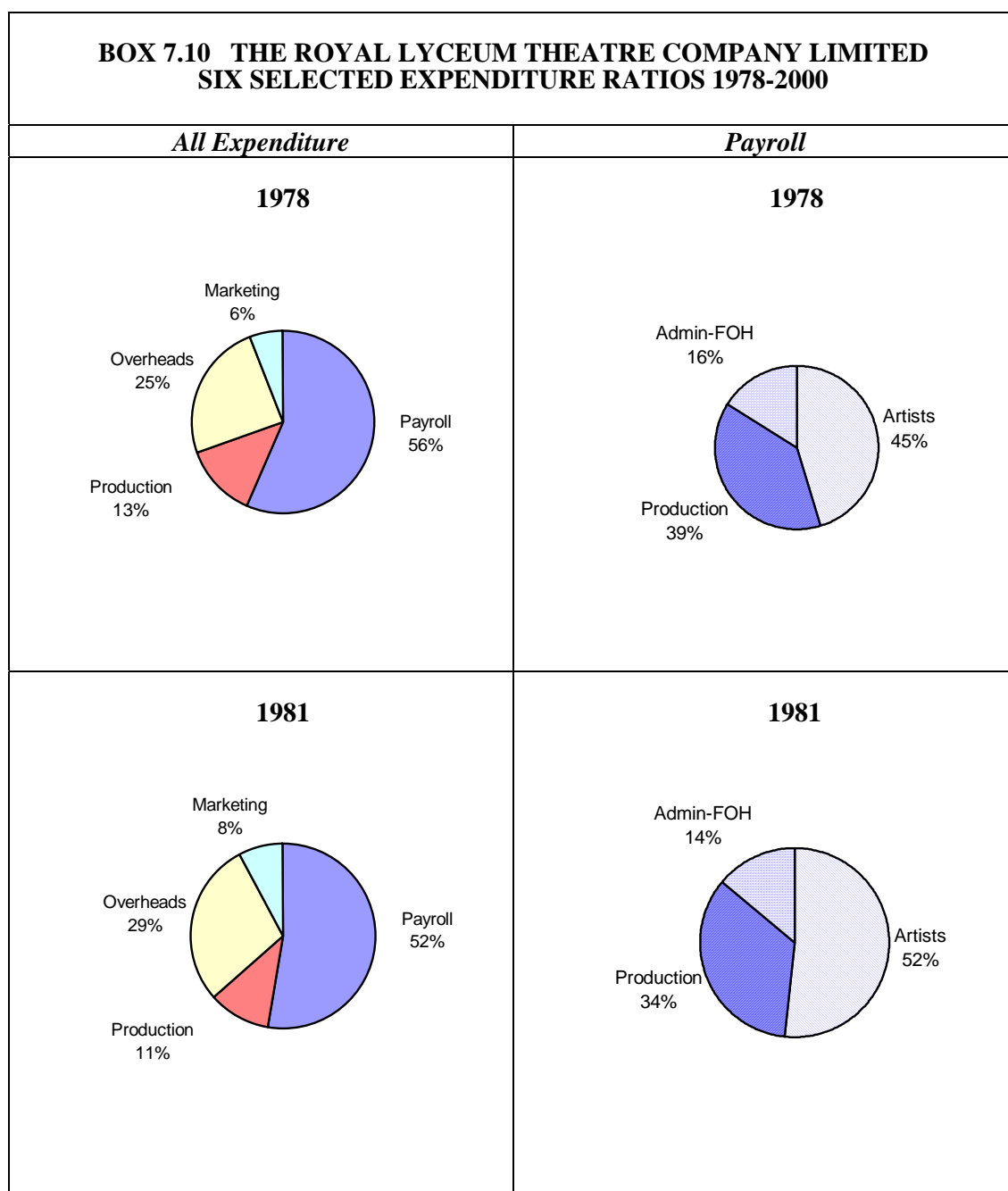


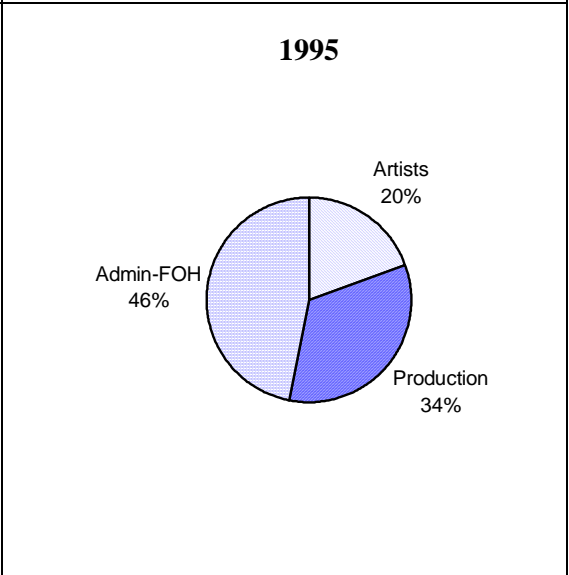
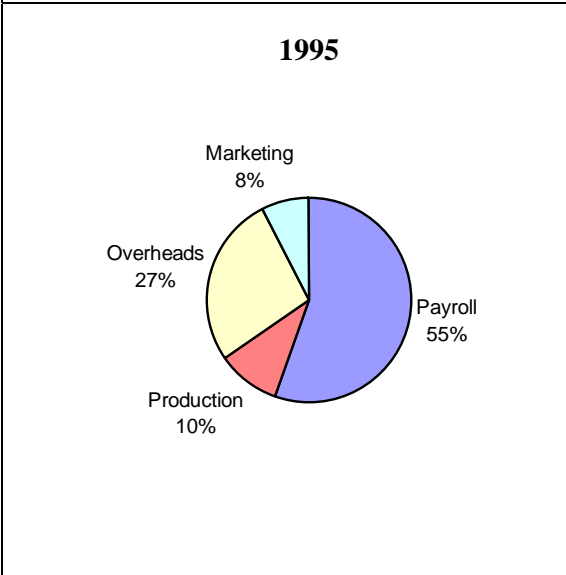
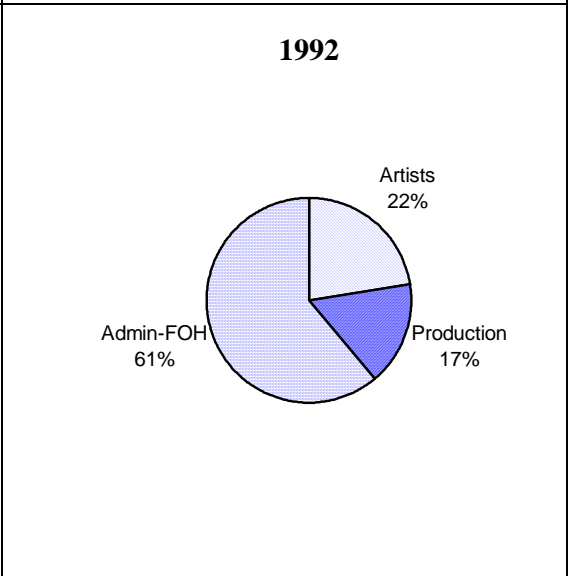
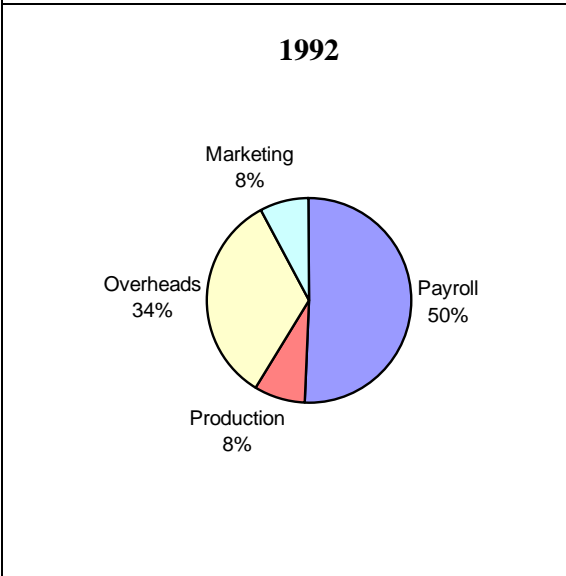
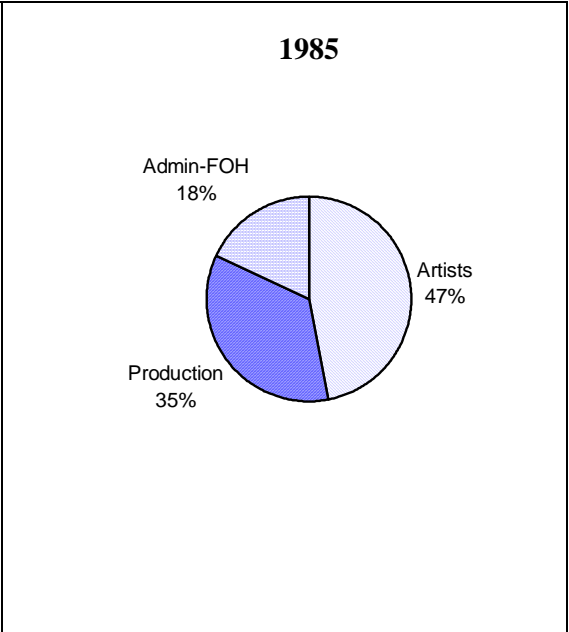
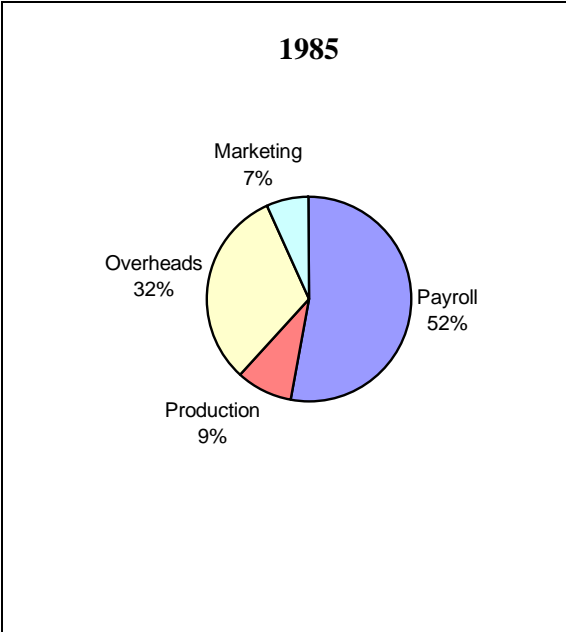
Given the overall increases in the combination of subsidy and the average ticket yields (Box 7.6), it could be inferred that the company should have performed better financially but, as has been shown, the years from 1977 have been mired by insuperable cumulative debts. These deficits must therefore be associated, in the main, with bad income budgeting and poor control of expenditure. Normally a theatre management faced with a deficit might be expected to see if there are any obvious areas of duplication and waste that could be expunged from its business practices, in order to deliver efficiency gains. Therefore, turning to the now familiar framework for analysing expenditure, a comparison of six sample years for the second company reveals that the Royal Lyceum response to these financial dangers was in fact the opposite of administrative frugality:

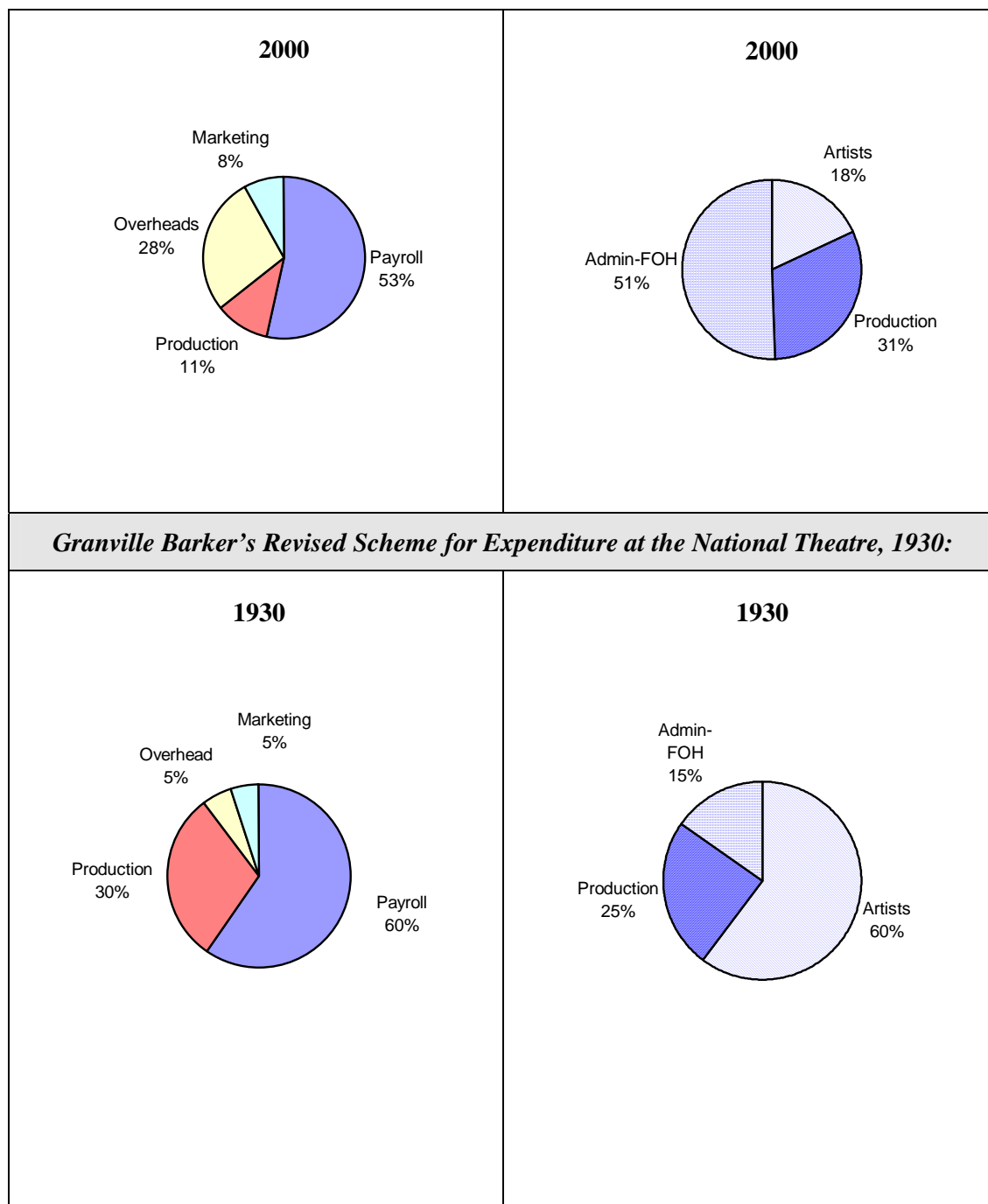
BOX 7.9 THE ROYAL LYCEUM THEATRE COMPANY LIMITED SIX SELECTED SCHEDULES OF EXPENDITURE 1978-2000						
<i>Administration and Overheads: Colour Coded</i>						
	1978	1981	1985	1992	1995	2000
	£	£	£	£	£	£
<i>Payroll</i>						
Actors & Musicians	130,372	212,160	224,489	202,000	224,973	225,392
Production Staff	111,027	140,245	167,172	149,177	385,399	392,122
Administration	46,205	57,250	85,976	550,823	538,628	634,669
Total Payroll	287,604	409,655	477,637	902,000	1,149,000	1,252,183
% Payroll spent on Administration	16%	14%	18%	61%	46%	51%
Production Costs	66,921	83,267	78,682	145,000	205,000	255,338
Overheads	126,322	224,421	288,092	603,000	565,000	654,256
Marketing	29,875	61,149	59,389	137,000	157,000	187,980
Total Expenditure	510,722	778,492	903,800	1,787,000	2,076,000	2,349,757
% Total Costs spent on Overheads	25%	29%	32%	34%	27%	28%
<i>Source: Management and annual accounts for the Company, 31 March 1978, 1981, 1985, 1992, 1995 and 2000</i>						

Until 1985, it continued to spend money in the same proportions as the progenitor repertories and the Edinburgh Civic Theatre Trust: the sums spent on artists and production costs predominated, with administration wages held down to no more than 18 per cent of payroll costs. These eight years included the highest number of shows staged annually in

the second company, when the Little Lyceum was in full swing for five years, as well as Leslie Lawton's tenure which included large-cast musicals. After then, an overwhelming deviation occurred. The proportions spent on overheads increased gradually, but those for administration staff transcended the artists and production so that, in 1992, 61 per cent of the payroll was spent on administration staff. Even though this year included the hiatus of vacating the building for refurbishment and the poorly attended company performances in other Edinburgh locales, the proportion of wages spent on these employees in the 1990s continued to outrun the sums spent on actors, musicians and production staff. Representation of these changes is spotlighted in these pie charts, which may now be compared with Granville Barker's benchmark for evaluating proportionalities used in Chapter Three:







The detailed survey reveals that the subject of this new bureaucracy was canvassed specifically by the full board only on one occasion, when general manager Nikki Axford declared in 1995 that the company was:

...Unable to achieve income without more administrative staff... [we are] all being stretched to the limit with no spare capacity to develop additional events, conferences, guided tours, sales initiatives and wedding receptions.⁸

Then, chairman Richard Findlay acknowledged that fixed costs were escalating (during a decade when inflation was largely defeated) but, despite his wanting to take prompt action

to realign the theatre's priorities, there were no further evaluations of the employment of administrative staff. Only occasionally was the workability of the new profit-seeking activities recorded in the minutes. Moreover, other board members seem to have denied the signals that something was wrong. Doubtless, the management and the finance committee dealt with it in some detail but, even though the board is legally responsible as company directors, it would be wrong to pinpoint them (or any of the protagonists) for particular aberration. In the non-profit system, it is convenient to shift the responsibility between stakeholders because, with the exception of the employees (who have no directly elected representation or attendance at board level in this company), there is no personal financial imperative to cement their union. Thus, the company preferred to pass the onus to the funding bodies, arguing that a 'major uplift in grants' would safeguard the overheads.

At the Royal Lyceum Theatre Company, this tilt away from the employment of artists towards administrators occurred ten years later than in many other companies. However, set against the financial profiles of other repertories, it is more forceful in Edinburgh, and is, overall, now more corrosive in the Scottish theatre companies than in England.⁹ Chapter Six showed that after Scottish Arts Council's allotment of grants to new touring companies and projects, the competitive nature of their grant processes became a major preoccupation of the Royal Lyceum board and management in the 1980s. The company spent a great deal more time developing, maintaining and smoothing relationships with the funding authorities. The yearly funding cycle, though partly moderated by triennial Scottish Arts Council revenue subsidy from 1988, required so much more energy, making forward planning difficult whilst increasing the possibility that external policies, funding opportunities and decisions shaped the play-list whilst undermining the autonomy of the board and senior managers in actually running the company. The result was such a downhill situation for actors' employment that where a complement of 25 actors was hired for the 24 productions staged in 1977-1978, by 1996-1997 only an average of five were cast in only seven productions.

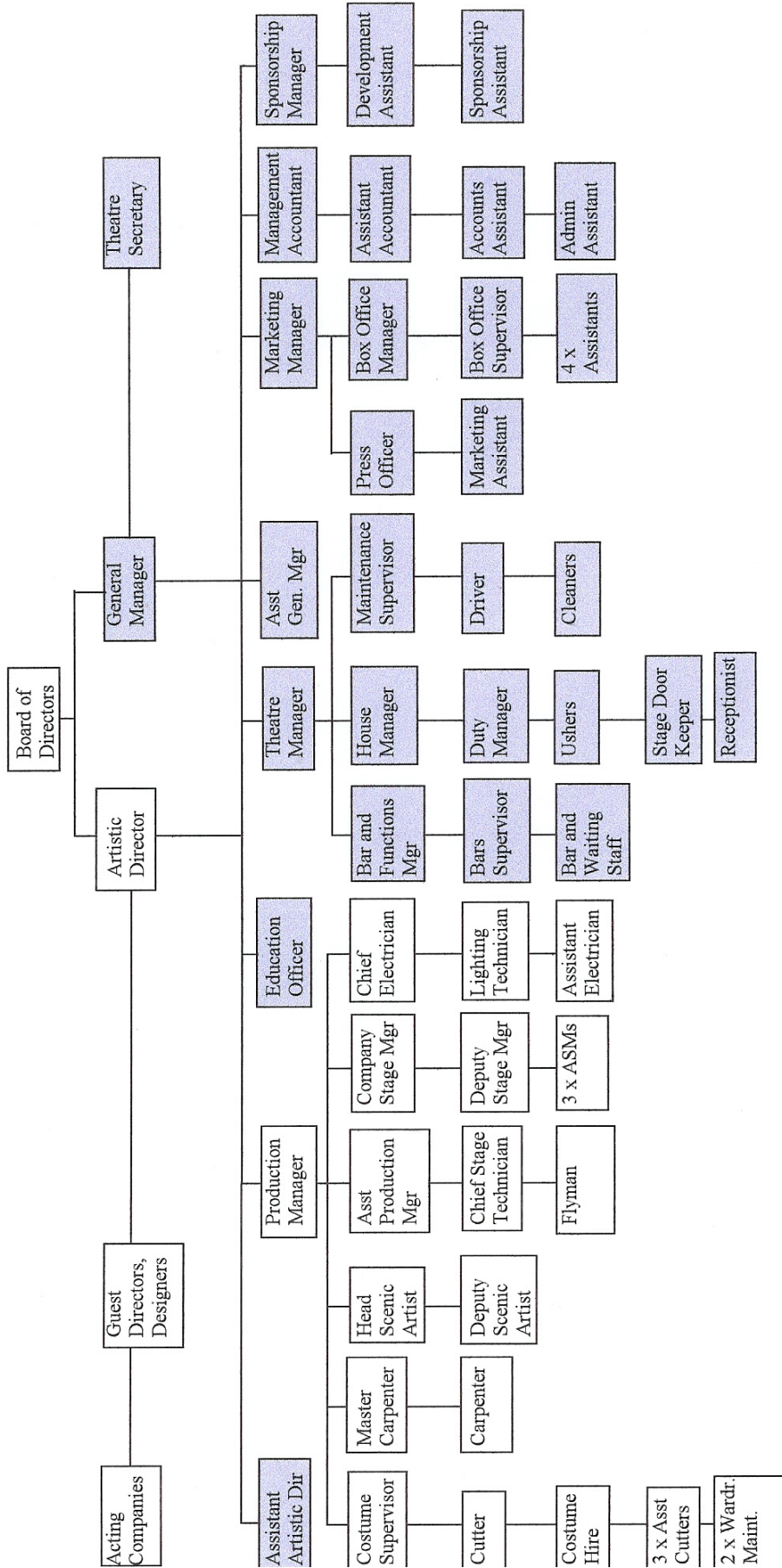
For this theatre, the new demands for accountability are an important explanation of the incline towards bureaucratic structure but, from the perspective of *overall* long-term increases in earned income and the limping increases of revenue grants, matched by the parallelism of expenditure, relations with the funding authorities are not the sole reason for its difficulties. Their demands triggered the lower standing of artists but, simultaneously, the board and senior management's grip on the organisation degenerated. Whereas in the first company in 1971 the small leadership of director, general manager, director of productions and director of theatre-in-education were accomplished all-rounders who

worked as a management team of four (Chapter Five, Box 5.6), the response after 1985 was to increase the size of the senior management team to ten. This produced no concomitant increase in the number of productions and attendances. The once-svelte, supportive and shipshape organisation became, in middle age, a confused millstone with a myriad of managers assigned full-time to support new activities that had little to do with the core business of the theatre and who, furthermore, were individually paid on average 34 per cent more than the weekly rewards to artists and production staff.¹⁰ Although the company's total overhead and marketing costs themselves did not increase markedly as a proportion of expenditure,¹¹ its productivity was dragged down by the number of rigid 'business units' comprising assistants to the new administrators. This is shown in the *actual* Staff Organisation Chart for 1995 (Box 7.11).

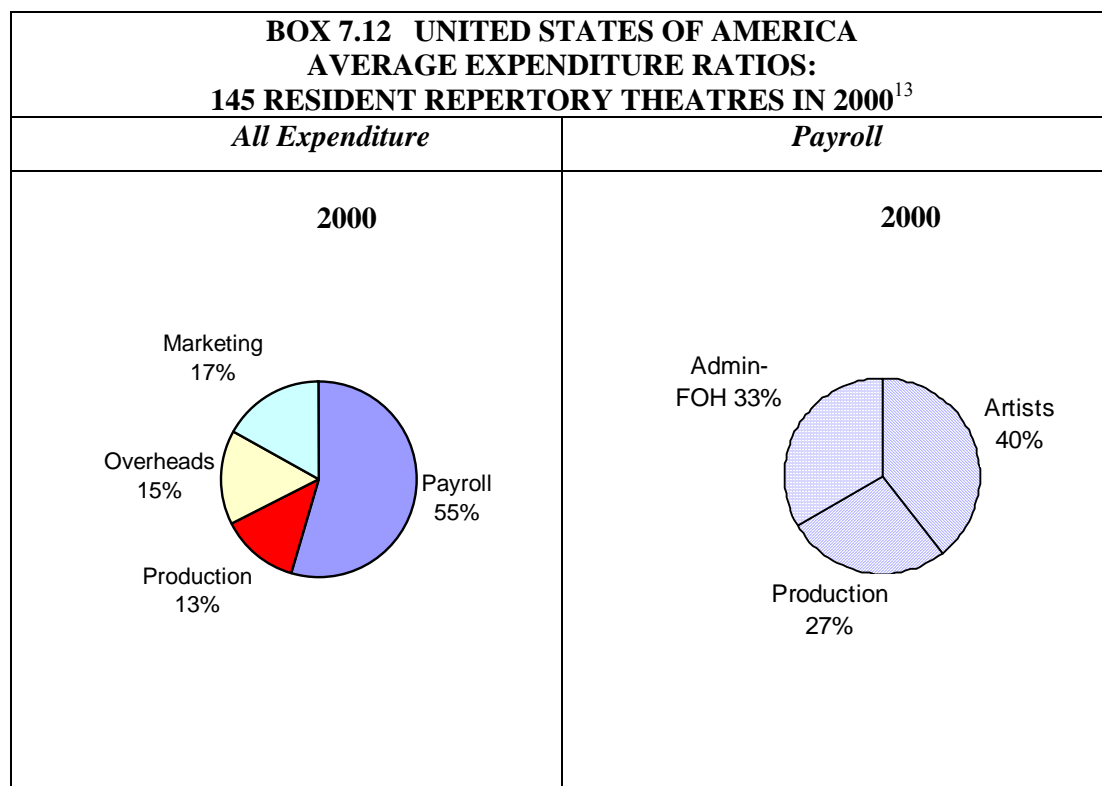
These clerical, fundraising, marketing, sales and publicity sidekicks often had overstated titles, giving the funding bodies an impression that their duties were an essential requirement of theatrical management, and that their work was justified by the extent to which they helped the artists to make the productions and share them with more theatregoers. However, in practice it was as if 'Parkinson's Law' had overrun the theatre, with administrators' work expanding to fill the time for its completion.¹² By 2000 – when renewed attempts were made to tackle the overall problems by the attachment of a management consultant via a Scottish Arts Council programme for management change (the costs of which were paid by their 'advancement' grant) – the company was still reeling from the effects of this new administrative bias. Then, 51 per cent of all payroll expenditure was lavished on these people and only 18 per cent bestowed on artists. In response to many of the ensuing financial difficulties, as well as opportunities to obtain new project-grant subsidies, these new administrators were often the first to be hired and, unlike actors, were the last to be fired.

There is no particular evidence in the company records to suggest that the funding authorities alone inspired this increased number of backroom jobs, and in any case the Scottish Arts Council is a soft target for any repertory company or critic. Perhaps the management sensed that they had to flatter the funding body by imitating the larger bureaucracies of the Scottish 'national' companies but, in doing so, the board of directors (that lost its last link to the foundational year when vice-chairman Donald Gorrie retired in 1997) did not remember the artistic orientation of its bygone organisation. Instead, the board gave surreptitious approval, through the annual budget, to the triumph of arts administration.

BOX 7.12 THE ROYAL LYCEUM THEATRE COMPANY LIMITED: STAFF ORGANISATION CHART, 1995



Because a similar shift towards management culture occurred in other arts organisations, it might be supposed that *all* repertory theatres have become different kinds of institutions, no longer linked to the destiny of their founding artistic principles and the repertory ideal by virtue of their primordial role as art theatres. When the Royal Lyceum Theatre Company co-production of *Life is a Dream* toured to the Brooklyn Academy of Music in 1999 as part of their ‘New European Theatres’ festival, company administrators accompanied the New York performances in order to cement a union with their counterpart theatres and thereby assist the revitalisation of the Edinburgh company. They returned to Scotland to offer the board excited observations on fundraising in United States’ theatres – where an analogous repertory movement had begun in 1915 with the founding of the Cleveland Playhouse, Ohio. Notwithstanding what they admired about the United States’ theatre-making processes or the differences in most theatres’ self-ownership, large endowments or the potential for the Royal Lyceum to emulate their production sponsorship and individual giving schemes, they might also have enthused their colleagues and the board about the better relationship of artists to overall expenditure allocations. For in United States’ repertory, the annual survey previously referred to shows a different ball game altogether. Even in the country with the biggest entrepreneurial and business culture, there is less ambivalence towards the theatres’ artistic function, with the same labour intensity showing over double the equivalent proportion of Edinburgh’s expenditure reaching those people who actually create the work on stage:



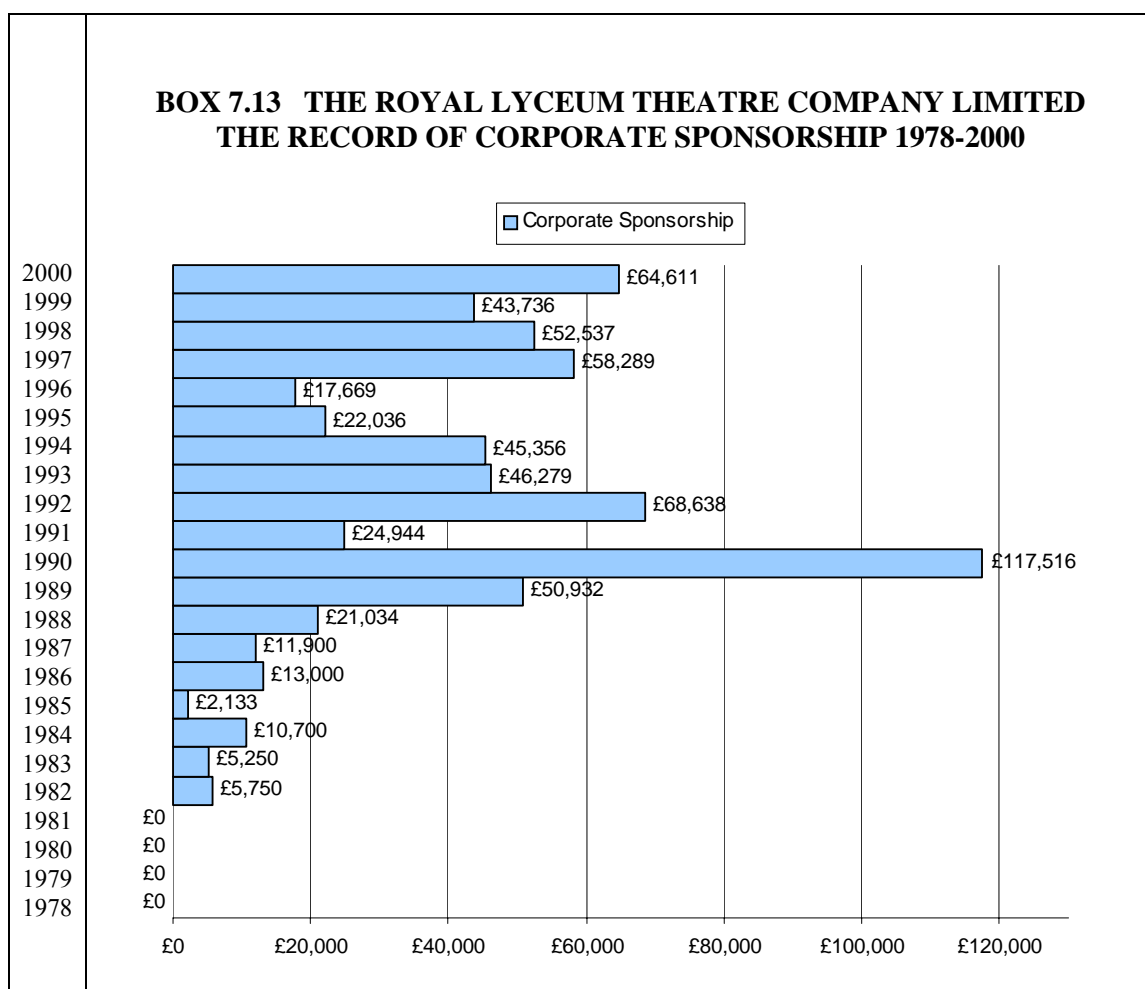
The influence of corporate sponsorship

Because of the unpredictability of subsidy, it was understandable that the new Royal Lyceum administrators should spend time and energy on appeals to the private sector, as well as latterly admiring the enterprise of North American repertory. Nevertheless, the pursuit of the private sector money is, in addition to the board of directors' lack of good husbandry and the funding bodies' inattention to the longer-term consequences of their demands for accountability, a third explanation for why the company seems, in the 1990s, to have passed beyond its prudent and careful management phase.

The potential sources of business money were threefold. Firstly, donations from individuals, secondly grants from trusts and foundations and, thirdly and more significantly, support from industry in the form of sponsorship. The income might be for operations and productions, or towards the capital costs of refurbishing the theatre and large items of equipment. For operations, the first company received only £1,702 from donations in twelve years (Chapter Five, Box 5.8) but, like all repertories, the Royal Lyceum received unmeasured assistance-in-kind, such as discounts on the purchases of materials, services and, not least, the underrated personal time contributed by the voluntary board members. Philanthropy was not really an innovation for non-profit repertory – industrial patronage having been observed in the construction of the Usher Hall and, for repertory, at the Liverpool Playhouse as long ago as 1912 – but all the same, from the mid-1970s, government and arts councils' reawakened it as a groundbreaking invention. It would need specific initiatives from the private sector, particularly to overcome the absence of an effective mediator who could help bridge what had become a void between the arts and industry. Therefore, in 1975, the government founded the Association for Business Sponsorship of the Arts. At first, this body campaigned straightforwardly for donations and, from 1984, matched them pound-for-pound with extra government subsidy, provided the business was a first-time sponsor.

For the company, the Association's 'Business Sponsorship Incentive Scheme' gave it extra incentive to seek the corporate pound. As a rule, this money has been found only for short-term support of productions and education programmes that needed extra funds over and above that needed to equal recurrent expenditure, such as when the Royal Bank of Scotland underwrote the Royal Lyceum's 1996 Scotland-wide tour of *Pygmalion* for £30,000. For operations, the share of the company's income from business grew dramatically from nothing in 1981, to 7 per cent (£117,516) in 1990 and then, after six

years' decline, recovered only to 3 per cent (£64,611) in 2000. Business subvention has usually been a commercial transaction, with high visibility required by the sponsor, which their marketing departments use to advantage as a form of specialised advertising. Whether corporate giving is motivated more by a desire to influence public opinion than by social responsibility, it is usually associated with a firm's advertising expenditures and they want their names associated with non-controversial, high-quality productions. Thus, any drama company may be handicapped because plays are likelier to be offensive than the less threatening repertoire and prestige of Scottish Opera, Scottish Ballet or the national orchestras, more of whose audiences tend to be wealthier. Corporate sponsors also want to be associated with theatres with stable finances and a consistent press record of well-regarded productions coupled with an absence of media controversy. Without these credentials, and what seems from Chapter Six to be a lack of overt enthusiasm from the artistic directors, the Royal Lyceum has had to settle for short-term and small sponsorships, the amounts of which, where applicable, include government matching grants:



It is intriguing to observe that the Glasgow Citizens' Theatre eschewed corporate sponsorship of productions until 1999, perhaps because their repertory-as-public service ethic resembled more strongly the BBC, where no businesses can advertise or sponsor programmes. Nevertheless, even the Citizens', in rethinking its relationship with the state, now believes this position is unrealistic and outdated, and in 1999 it received Scottish Arts Council National Lottery 'advancement' subsidy, mainly to set-up a private sector funding campaign.¹⁴ All repertory theatres have now succumbed to business associations, usually prompted by the Scottish Arts Council's belief that resistance is precious, even though competition for money is intense. It is especially so in Edinburgh where, in 2000, private sector income for the International Festival – that sold 400,817 tickets against the Royal Lyceum's ticket sales of 122,677 – amounted to 28 per cent (£1,702,980) of all income.¹⁵

There is no queue of firms anxiously waiting to sponsor Royal Lyceum productions. Although the company might have the advantage of location in a city where several British businesses have their headquarters, these firms often prefer to donate to highly visible capital appeals and to sport. For instance, between 1991 and 1994 when the Traverse raised £700,000 for its new theatres and the Empire Theatre Trust raised £4,200,000 from the private sector towards the restitution of a bingo hall as a variety theatre, these years coincided with the sharp descent of sponsorship of the Royal Lyceum Theatre.

After 1996, when the National Lottery began, one of its first decisions was to finance arts buildings, and so the rivalry for private sector income was even more high-pressured. Lottery capital grants were not lump-sum in nature, but took the form of matching grants for private sector donations that were, at first, one-quarter 'partnership funding' to be secured for three-quarters' National Lottery money pledged. This meant that the effect of the large new sums available for theatre refurbishment was to increase the demand on private sector assistance.

For this company, as with other arts organisations, the strenuous and sophisticated solicitation of private sector income raised the stakes for the profession of arts administration. The responsibility of the board, with its homespun but whole-hearted fundraising committees, the efforts of general manager Roger Spence and a part-time consultant, yielded to the employment of well-paid, full-time fundraisers. They were known by the polysemous titles of 'development manager', 'external affairs director' and 'events co-ordinator' and a large part of their job has been to approach the same individuals, businesses and philanthropic trusts as every other arts organisation. By 2000,

when the company had no experienced general manager – nor even the compensation of an artistic director as practised in the overall business of theatre management as Clive Perry and Stephen MacDonald – these fundraisers represented a powerful new grouping within the Lyceum, with their own priorities and limited allegiance to the artistic purpose and processes of the theatre. Unlike other Royal Lyceum staffs, they justify themselves by longer-term targets than the artistic director's yearly planning cycle of play selection and the urgent decision-making required of him and the production team to produce plays in quick succession. Inevitably, the specialist demands assistants, and whereas in 1996 the Royal Lyceum employed one fundraiser, by 2000 there was a department of three full-time people, even though their costs undoubtedly exceeded the £64,611 raised.

Other costs of fundraising are an important proportion of this expenditure, over and above the specialists' wages. Because sponsorship income was shown gross in formal company accounts, I have been unable to quantify the exact expenditure entwined with receipts. A sponsor is usually 'sold' a package that offers conspicuous display of the backer's logo in press advertising, brochures, posters, programme editorial, a negotiated number of complimentary tickets, additional seats at discounted prices and the use of hospitality suites for entertaining, seducing clients and rewarding employees.¹⁶ It might be argued that the profile given to the sponsoring businesses was out of proportion to the net sums earned by the theatre company. Indeed, theatregoers might easily think, when reading the publicity material, that the sponsor had contributed the lion's share of production costs, whereas in reality the box office receipts and subsidies from local government and the Scottish Arts Council have always contributed the most. These processes had the effect of relegating public perception of the importance of the individual theatregoer as well as public subsidy. In 1983, the Scottish Arts Council response – soon followed by local government – was the new grant condition of requiring a theatre to strikingly and similarly acknowledge subsidy as if that was a business sponsorship, by displaying their insignia on publicity material. Thus, a subtle note of gratitude for public subsidy yielded to 'logo-culture' and the impression – if not confirmation – that the company was no longer the principal architect of its destiny.¹⁷

These observations do not deny the importance of sponsorship for the arts, but the net benefits must be questionable for the Royal Lyceum and, perhaps, some other repertory companies. For them, sponsorship is a component of the sad need to present the *appearance* of businesslike efficiency, creating an overstated success story in order to convince the Scottish Arts Council that this theatre's earned income is greater than ever

and that its new management, like that of the Scottish Opera and Scottish Ballet, is cast in the mould of solid industrial leadership.

The impact of new business culture on the Royal Lyceum Theatre

The wider sphere of business sponsorship has come down on the Royal Lyceum significantly, in other matters of management and in particular the way in which this company is organised by its battalion of administrators today. In order to attract corporate money and deal with the arts funding system and government, the board of directors and its managers have needed, as noted, to present themselves in the same punctilious manner as the funding bodies, even though most repertory theatres had previously conducted themselves as efficient theatrical businesses. To an extent, the new arts administrators and some of the many new courses in the subject promulgated these ill-matching management fixations, even though it would be wrong to point to individual blame. By 1998, courses had snowballed to 39 British higher and further education academies offering 57 qualifications in the new discipline.¹⁸ They must have matched the number of courses to prospective employment, but the explosion of job opportunities was very different from the needs identified when management training and education was instigated by the repertory managers in the 1960s.¹⁹ The growth of these courses contributed to making the new business culture a focus of the entire subsidised performing arts, and is another explanation for the financial embarrassments at the Royal Lyceum; for though few formally trained managers were employed by the company, they might find influential employment at the Scottish Arts Council and the recreation department of the local authority. There, the orderly nine-to-five working environment might be, to them, more congenial than their observations of the chaotic unpredictability of working longer-hours with ‘temperamental artists’; by attending the company’s board meetings and seeing the productions, they could merely observe the coalition at work.

During the 1980s, the Royal Lyceum and almost every non-profit theatre company retreated from their ideals of repertory-as-public service. Of course, similar relegations occurred in other professions such as public service broadcasting, health, education and the rest of the public sector, where the rise of business culture is likewise rooted in the election of the Conservative government in 1979. From then, successive Conservative governments to 1997, followed by the landslide elections of Labour in 1997 and 2001 and, in Scotland, a

Labour-Liberal Democrat coalition in the new Scottish Parliament from 1999, have all been characterised by an attenuating mission to reduce the upper hand of the state. For over twenty years, governments have sought increased efficiency through rational-led management, privatisations and pared expenditure on public utilities. Often, they set up profit-seeking public companies or quasi-autonomous government organisations to manage them.²⁰

A feature of governments' new business culture was research commissioned by the arts councils from economic analysts. Unlike Baumol and Bowen and other cultural economists who, at first, concentrated on the internal economics of arts organisations,²¹ the funding bodies did their utmost to demonstrate to government that the economic dimension to the theatre existed beyond the business of an individual company. Pragmatically, this stress on a company's economic *impact* was important as a new discourse about the value of the arts, so that unenthusiastic politicians would take them seriously. After 1979, unless something made absolute sense in economic terms, it might carry no weight in government decision-making because, even with 35 years' central government funding to the Arts Council of Great Britain, there was no accepted way of talking to politicians about the cultural value of theatre. Fearing government perceptions about self-indulgence in the arts – fuelled by media depictions of theatre folk as 'luvvies' – the arts councils and many local authorities adopted the subject of economic impact in the 1980s. They gave research commissions to economic analysts such as John Myerscough (1941-).²²

These investigations led the arts councils to disproportionate emphasis on any one company's potential to contribute, via 'multiplier effects', to regional development, cultural tourism, exports, urban regeneration, social policy, health improvement, crime reduction, regional identity, corporate relocation to a culturally active city and other 'life-enhancing' activities.²³ Many of these issues were tangential to the art of the theatre and the creative contribution to education and life-long learning that the repertory companies had made since the beginning of the movement. The *new* issues were often straight external economic impact questions about the flow of money around a theatre, but now every company wanted to be seen as a 'wealth generator' for its city and hinterland, inducing 'off-site' employment in restaurants, hotels, public transport and trade suppliers. In the case of tourism, the big repertories simply latched on to the *raison d'être* of London's West End and the festival companies at Pitlochry, Stratford upon Avon and Chichester. However, in Edinburgh, the Royal Lyceum was bound to be a lightweight when compared with those festival repertories, let alone the larger 'visitor attractions' such as the

Edinburgh International Festival and the Scottish national museums and art galleries. It was the entirety of a city's arts scene that might have economic impact. The subject was meaningful to one repertory theatre only if the company dominated its local arts scene; in the case of the Royal Lyceum, the volume share of total Edinburgh theatregoing is always low. For instance, in 1995 when it sold 128,869 tickets, this was only a share of 8.6 per cent, against 1,488,094 tickets sold in total across all Edinburgh theatres.²⁴

In their eagerness to satisfy the government, the arts councils over-indulged their paymasters by using arguments of economic impact to call for increased government allocations that did not reach the repertories in the way that big increments had accompanied the Royal Lyceum Theatre Company's formation in 1965 and its expansion in 1975. Instead, in order for the arts to be seen by government as 'productive', the arts councils became 'development agencies', no longer satisfied with grant-giving alone but preferring direct influence as a prime-mover in the instigation of theatre policy. Thus, they put most new money into brand new arts organisations. The result was that the theatre industry became over-crowded with a proliferation of discontinuous new touring companies and festivals, all with their own infrastructures, financial difficulties and new administrators. In this situation the repertory theatre system, which related more in the 1960s to the welfare state and similar altruistic notions of community and educational purpose than those of the marketplace, was bound to be insecure about its purpose and could do little to weather the storm. Repertories now felt quarantined from the public sector, unloved by the arts councils and government. Ironically, ridding their once-cherished isolation from the private sector and the profit-seeking theatre became a pragmatic virtue. Perceiving the undermining of the repertory movement's ambitions because of these new attitudes and new companies that even questioned its existence, the prevailing artistic consciousness and vigour that characterised the first Royal Lyceum non-profit company almost passed out of the company and its stakeholders' recollections, by 2000. Debates about the art and purpose of the theatre may still be read in drama criticism and be heard when actors congregate in the bar or at theatre conferences. Even the actors on-stage at post-performance discussions are apt to waylay the debate into demoralised invective about subsidy and the favoured employment of administrators, fundraisers, marketing staffs and their acolytes. What informs most of the work off-stage – by further example, the matters recorded in the Royal Lyceum minute books – is almost total attention to the politics of subsidy, business planning and making grant applications.

Corporate sponsorship symbolised the doorway through which this new world rampaged the Royal Lyceum's 'charitable' organisation to turn it into a 'small business'. No longer confident of its artistic mission to serve the community, the Royal Lyceum – like other subsidised companies – was now a manufacturer of 'products' and 'commodities' as one of the 'cultural industries' that were themselves part of the 'leisure market'. Even public subsidy was now an 'investment', but without acknowledgment of the real meaning of that word – that is, of business assets that would produce a financial return. Theatre management in non-profit repertories might not be, after all, so very theatrical. In 1999, when the Association for Business Sponsorship of the Arts was indecorously renamed Arts & Business, its concern was as much with the internal governance of arts organisations as with financial assistance. Their 1998-1999 annual report contained this extract from a roaring new mission statement, typeset in unashamedly colossal 28pt:

Our army of 1,000 business executives are giving the arts a massive skills boost. [*their emphasis*]. Skills Bank volunteers target their expertise on arts management projects, while the Board Bank is a pool of motivated business supporters.²⁵

These gestures might be magnanimous, but they are to bolster administration, not to improve the lot of artists and theatregoers. In practice, they are often insensitive to the distinctions that separate theatre artists from business. People trained in the formal management of businesses with long-time horizons might ponder the higher variability of theatre performance with its intensive, temporary targets and less formal processes.

Hence, in 1994 when the Royal Lyceum acquired business help in the form of a life-saving pledge of £50,000 (£56,500) from the wealthy publican Norman Springford (who was then appointed to the board), his perceptions of the company's organisation were those of wasteful guesswork. He mistook the innate uncertainty of the theatre as a reformable inefficiency, wanting to design watertight new systems to reduce his sense of the management's randomness. Like many business persons, he may also have been suspicious of the ostensible freedom and individualism of the artistic director, who might appear to Springford to be exempt from the disciplines of financial competence and pin-stripe convention that characterised his more organisational world. To him, the theatre company would contradict his business instincts because it employed artists as the source of its work whereas, if Springford was typical of business persons, he might regard employees as merely a tool for manufacturing products. Although it was to be expected that he would want the artistic director to concentrate on the selection of popular plays and the increase of box-office income, in preference to making expenditure cuts, as a business person he could not instruct artists and the theatre management how to follow his blueprint for

reform. He failed to realise that the output of the Royal Lyceum lay in the creative process itself, owing as much to playwrights, composers, actors, designers, dramaturges and musicians as to the audience. People distinguished in another business are not necessarily useful to the theatre: Springford panicked in the crisis, leaving the board at an awkward turning point, paying only £12,000 (£13,560) of his donation, probably because he did not really support the purpose of the company. His behaviour would have bewildered the company even more because he was a former theatre proprietor of the Edinburgh Playhouse, a touring theatre.

For the Royal Lyceum, sensitive volunteer directors with time and knowledge to share their business experience have always been difficult to find, as when (in 1979) chairman Ludovic Kennedy announced his search for a ‘tycoon’. Twenty years later, the Springford adventure did not deter chairman Michael Shea from resuming the elusive quest for ‘seriously rich’ board members. Had such moneyed directors or business persons with wealthy contacts been appointed, they would be an asset: not understanding the theatre’s purpose and more complicated mission would make them a liability. In these respects, the enigma for the Royal Lyceum was the same in 2000 as Edward Gordon Craig’s 1921 oratorical dialogue between a manager and an artist of the theatre:

MANAGER. The theatre sounds terribly risky.

ARTIST. It is; terribly risky – for you. That is my point; that is the artist’s everlasting point. He thinks; you risk. If you begin thinking everything is lost. Leave that to your stage-manager – to me. You shall have no other risk but me. Risk me, and you stand the chance of gaining all.

MANAGER. You terrify me. I think you must be mad...

ARTIST. Whatever you do gamble like a gentleman; risk enormously; do not incessantly change your mind – and don’t apologise for your method of play!

MANAGER. Upon my word, you are an original being!

ARTIST. I am. I thought that was why you came to me. All artists are ‘original’ to business men and all business men are ‘original’ to artists: both can truthfully be called eccentrics. That is as it should be, the securest foundation for a successful union. The mistake is to try and understand how the other works. Each should remain ignorant of the others methods...

MANAGER. Yes – but to return to practical matters—

ARTIST. I had never departed from them.²⁶

In almost every record of the board meetings from 1979, there is the same sense of misconstruction between the business world and the authority of the artistic director and his team. Perhaps the exciting years of the first company’s achievement and a preference for the once trusting government support were uppermost in the ebullitions of artistic director Kenny Ireland, who had been a young Royal Lyceum director in its formative

years. When responding to a journalist's questions about the company's readiness to associate with a proposed Scottish national theatre, his protective tone let slip the siege mentality to which an artistic director was now prone:

We have not only kept our house in order.... There is no question of us being profligate. Theatres in Scotland could teach business a thing or two about how to make a pound go further.²⁷

This appears to be at loggerheads with the outstretched hand of Arts & Business' new mission but, as so often, what the management express to the media and or at peer group conferences differs from the inside order, at this theatre. From the 1980s, the same complications of art versus business weakened the relationships between the artistic director and the general manager. The appointment of Leslie Lawton as artistic director in 1979 pointed to the abrupt departure of Andrew Porter. After constructive work with his preferred manager Ruari McNeill and the strong partnership of Ian Wooldridge and Roger Spence, the arrival of Kenny Ireland – and what seems to be a highly selective, arbitrary and coercive management style – occasioned the detrition of administrative teamwork, with the expulsion of Spence, then Nikki Axford (as well as eight years of execrable personnel management). Without speculating on the psychological behaviour of those involved (that might or might not be different in the rehearsal room), these frequent stand-offs have been a corrosive blight on this company, more discreditable than the patron-directorate troubles at the Abbey Theatre at the outset of repertory management. At Edinburgh, they look like substitutions for the board fall-outs with Tom Fleming and Stephen MacDonald, with a progressively weak-kneed board of directors blenching from intervention.

The company records show several signs that, from 1990, artistic directors and general managers misunderstood their relationship to one another. Until then, Charles Tripp, Andrew Porter, Ruari McNeill and Roger Spence offered well-grounded technical theatre knowledge and were sensitive to the purpose of the company, whilst keeping a certain distance from artistic choice. Conversely, the artistic directors, being well informed and perceptive about issues in theatre management, cooperated fully with them. These teams understood the fabled maxim that all artistic questions in the theatre are about money, and that all money questions are artistic ones. Further, the manager recognised that directing plays was a sophisticated art and the artistic director recognised that management was an equally creative responsibility. Although this approach might lead to an uneasy truce at times, each person was effective. Once in harness, neither artistic director nor general manager overwhelmed the other and, in any case, a mediating chairman would sort out any

stand-offs, diluting the tensions or keeping them away from the board of directors and the Scottish Arts Council. Productive teamwork was the order of the day, with each incumbent accepting that the other had an inventive process to their task: administration and artistic direction had to be tackled with the same degree of resourcefulness. Respecting the similarities of imaginative processes inherent in their duties, the leaders, like William Armstrong and Maud Carpenter at Liverpool Playhouse, overlooked any possible affectations in the their colleague, for the good of the Royal Lyceum Theatre Company. However, complications in the balance of the jobs at Edinburgh arose from the instances where one or the other was more seasoned in the tasks or when one or the other was more charismatic in their authority. Thus, Roger Spence's promotion to managing director in 1990, although sanctioned by the board because of his extra duties in project management for the theatre's refurbishments, bisected the executive and thereafter he was 'first among equals'. During his term – that coincided with the escalation in administration personnel – the records point to a decline in the traditional authority of the artistic director, with Wooldridge infrequently recorded in minutes and scarcely ever offering the board of directors the articulated written reports tabled by his predecessors. Indeed, this conduct is symptomatic of the surrender of an artistic director's legitimacy to the profession of arts administration: for the response of many theatre-makers today is to fight shy of the new rules and procedures, preferring to be freelance directors.²⁸

Just how much the company's accomplishments rested on the capabilities of either the artistic director or the manager is usually revealed in the months following the departure of one of the kingpins. Naturally, the conditions for teamwork must be remade – preferably shored up by the durations of their employment contracts running neck and neck – but, latterly, these have proved unwholesome to all concerned. For instance, after Roger Spence left, the short-spell of Nikki Axford's appointment failed to remedy the current artistic director's incapacity for cooperation and, again, the chairman – who really ought to act decisively in a crisis – fudged his obligation as umpire. With disagreements in the hands of lawyers and the whole board (as well as being observed by the press), the directors promoted Kenny Ireland to 'chief executive'. They subordinated the activities of general manager between two unhardened administrators who, probably, did not have to like the artistic director-chief executive as much as all previous general managers had to strike a partnership based on mutual esteem. The frequently debated question of whether a repertory theatre should be managed by a chief executive, an artistic director, a managing director, a general manager or an administrator is an unanswerable argument. Habits change; often with less impact on results than expected, but at the Royal Lyceum it is only

reasonable if the people are good enough and willing to work in active partnership and make their case together. Internal evidence suggests Ireland's disinclination to emulate the homogeneous and familial management style of his predecessors. This is attested not only by poor staff relations but also by an indisposition towards the once closely associated staff directors and designers. In turn, the repertory ideal of longer-term residencies and stability has yielded to a system of engaging freelance artists and consultants, wherein the artistic director and the associate literary director, Tom McGrath, were, in 2000, the *only* theatre-makers domiciled in a fugacious Royal Lyceum.

The notion of a chief executive in repertory, that Kenny Ireland (and many others) erroneously negotiated, is a misapplication from business culture.²⁹ Like many ersatz borrowings from new business culture, this facsimile of corporate parlance can serve to symbolise how the repertory movement is prostrated by business language at the start of the twenty-first century. Companies have been blindfolded into allowing their worth to be devalued by the language used by the new profession of arts administration, especially in the agencies of funding and corporate sponsorship. They imitate the business world by their use of inadequate corporate lexicon, debasing the heritable language and voice of the theatre that is its greatest asset. This use of managerial terminology might be unobjectionable if it is confined to the privacy of communication between the company and the funding bodies. However, it has now soaked into the way in which this company speaks to the audience and media.

The Company's experience of partnerships and co-productions

If the new administrators and their pursuit of corporate sponsorship, new economic arguments for subsidy and liaison with the business world has been a sprat to catch a mackerel, then the company's experience of working with other theatre producers has also been a tempting idea, at first. Encouraged by the Scottish Arts Council who, because of the new business culture now regard partnerships as in the in-thing,³⁰ the Royal Lyceum has shared in the responsibility for the health of the Scottish theatre and subsidised arts as a whole, especially the smaller and uninitiated touring companies, who might regard it as a big, rich and powerful theatre. The provision of basic management and co-ordination services to Communicado Theatre (between 1986 and 1994) was well conceived, making the smaller organisation lean and, at the same time, improving the image of the Royal Lyceum by hosting a 'research and development' company. It gave Communicado access to engagements at the Royal Lyceum Theatre, other large theatres and on the festival circuit, as well as a production workshop, accounting and publicity expertise. This enabled expansion at a time when it would have been laborious and costly for the younger, imaginative company to grow independently. This collaboration, which was initiated by Roger Spence, worked well because it was evolutionary, with artistic director Ian Wooldridge welcoming Gerry Mulgrew as an associate director of the parent theatre. Kenny Ireland continued the affiliation and, after collaborations on reviving the renowned productions of *Cyrano de Bergerac* and *Thérèse Raquin*, the eventual return to Communicado independence probably followed a natural organisational life cycle for the sheltered company: its liquidation in 1999 was a separate matter. The partnership was attractive and, measured against the strain of other affiliations, such as the condescending welcome given to the unwanted amateur companies that performed in the Royal Lyceum when the King's Theatre was closed for refurbishment in 1982, it worked well because it was neither the product of local authority enforcement nor Scottish Arts Council pressure.

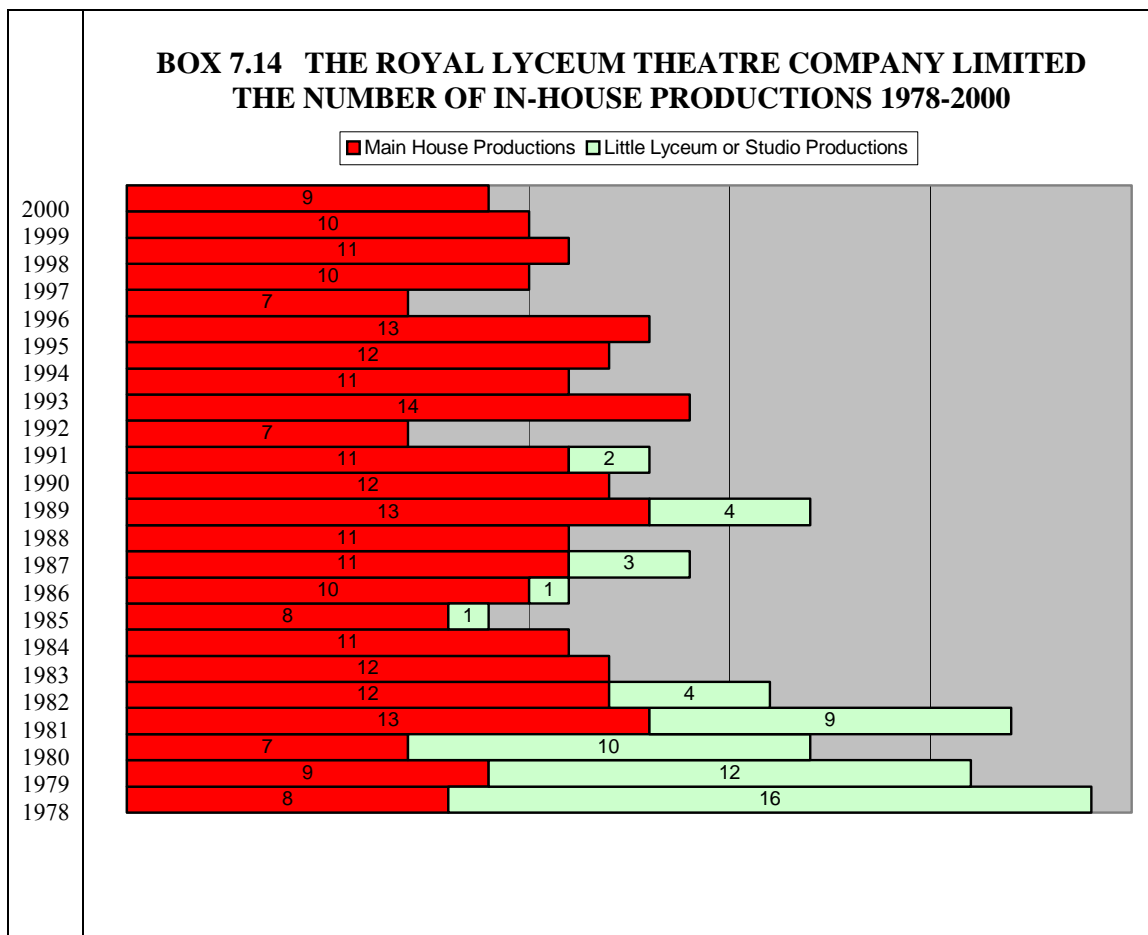
In recent times, the funding bodies have urged the repertory theatres to centralise their management, as when the City of Edinburgh Council made calls for cooperation with the adjacent Traverse Theatre in 1997. Still smarting at the Edinburgh District Council's previous decision to decline the Royal Lyceum bid to lease the Saltire Court theatres as a replacement for the Little Lyceum Theatre, these affiliations were resisted. Like the Scottish Arts Council's Orwellian attempts in 1984 to centralise the administration of *all* Scottish repertory theatres, or the enforced, higher-profile, costly and drawn out amalgamation of Scottish Opera and Scottish Ballet between 1997 and 2000 – let alone no

fewer than four investigations into a fusion between Pitlochry Festival Theatre and Perth Theatre – these partnerships have usually been occasioned by an overwhelming financial crisis or threats to reduce the companies' revenue grants. Genuine artistic benefit is missing. The companies' artistic directors and managers, after reluctant endorsement, obstruct the negotiations and implementation at every turn, making the costs of the merger process exceed the possible effect of savings for many years. They do this partly because of the threat of redundancies (that usually frighten the enormous number of administration staff) but probably also because of egotism and a concern about the impact of cooperation on artistic autonomy and competitiveness. Undoubtedly, the subject of the interaction of the two Edinburgh producing theatres will resurface as an attempt at full-blown amalgamation. Should one or the other face meltdown in future, it could be expected that the Scottish Arts Council would tag the remedy taken by stakeholders at Liverpool, where problems of overlap and duplication were thought to contribute to the liquidation and closure of the Playhouse in 1998. The once-venerable theatre was re-opened in 2000, after a merger with the financially deteriorating and more radical Everyman Theatre.³¹

Superior artistic benefit was sought in another sphere of collaboration: that of co-productions. First observed in the collaborations between Laurence Hanray and Ben Iden Payne at the Liverpool Playhouse and Manchester Gaiety Theatre in 1913, and later in the joint-efforts between four Scottish repertory theatres in 1958,³² the idea surfaced at the Royal Lyceum Theatre in 1986. Then, the headlong decline in the number of in-house productions from 24 plays in 1978 to only nine in 1985 – that arose partly from the difficulties of finding an assured replacement for the Little Lyceum Theatre – incited a drive to rivet attention on the use of the main house (Box 7.14).

A more entrepreneurial outlook, enabling the company to work with Wildcat and Mayfest to present *The Threepenny Opera* in Edinburgh and Glasgow in 1986, assisted an increase in the number of annual productions. Since then, it has collaborated twice with Forbes Masson's production company and the Tron Theatre, Glasgow on *Cinderella* and *Stiff!* Co-productions had considerable appeal for new plays, musical theatre and technically difficult productions. The concept represented an excellent opportunity for the Tron and Forbes Masson (working with his own production company) to create new musicals with the support and expertise of an established, wealthier theatre. Masson could not produce his musicals independently, for he needed a technically proficient production team and extra money to cover the expensive production costs. For the Edinburgh company, which undoubtedly had the resources to do mount the whole production in-house if it cared to, the

opportunity was innovating: unlike many other repertories, it had – with the exception of Leslie Lawton’s five year tenure as artistic director – been markedly indisposed towards musicals.



The other Royal Lyceum co-productions have been exchanges of established plays in arrangements that are more nominal with smaller repertory theatres in Perth, Dundee, Salisbury and Derby. Faced with sharply reduced budgets for the engagement of actors because of the shift to administrative expenditure in the 1990s, a solution was to share the rehearsal and production expenditure with another company, including the fees paid to creative teams of director, set, costume and lighting designers. Two repertory theatres would be equal partners to create productions with larger casts, which neither company could otherwise afford. In the circumstances, the scheme was financially responsible but was a short-term means of minimising the risk by reducing the amortised production costs over the respective seasons. Further, by reducing the average costs per performance for both companies, some pressure for higher subsidy was taken off the Scottish Arts Council, although there must have been extra costs of managing them, which were not separately identified in the Royal Lyceum accounts. Occasionally, a co-production might also be

vindicated for enabling an extra week of rehearsal and, therefore, a higher acting standard.³³ However, when taking a bird's eye view of this system, the Royal Lyceum co-productions were not especially large plays and they meant fewer new employment opportunities for actors and other creative artists, albeit a longer engagement for the cast fortunate enough to be working in the extended run of the specified co-production. In the longer-term, should the company repeat these partnerships, co-productions would have a negative impact, for in reducing the number of new productions staged in-house, they might thwart any return to resident and associated artists. This would further aggravate the artistic vitality and inhibit a revival of the repertory ideal, so that the Royal Lyceum resembles even more the policies of the touring theatres that, because of their voracious needs for weekly-changeovers of productions and the shortage of circuit productions in the 1990s, also co-produce with entrepreneurs such as festivals, London West End managers and repertory theatres.³⁴

Indeed, co-productions highlight a quandary for the Royal Lyceum in the 1990s. The chronology has verified long-standing enmities with the Edinburgh International Festival that were repaired under festival director Brian McMaster, but only to the extent of the company becoming a vassal to his ideas. As a junior accessory, the company – that is obliged to vacate their theatre under terms that have taken 36 years to negotiate – has, in effect, been a sweatshop management, hired for assistance in the casting, physical staging and administration of international collaborations that originate outwith the influence of its artistic director. Suggestions for Royal Lyceum festival productions have been made, but when the company is involved, it has never, with the exception of *Armstrong's Last Goodnight* in 1994, originated the idea. This could be because the company lacks reputation, talent and a 'brand' name but it must be an irritation. The chafing has an emotional quality, with ownership of the 'idea' being as essential part of an artistic director's determination to co-produce as to produce in the main seasons. Admittedly, this explanation is not entirely based on the organisational context of the company but on the personalities of the protagonists, yet the problem of Edinburgh International Festival relations seems to have distressed each Royal Lyceum artistic director. Correspondingly, affiliations with smaller companies seem lop-sided, with the current artistic director resisting affiliations with many of the small-scale, cutting-edge Scottish touring companies. It follows that co-productions are a convincing policy only when the strengths of each theatre company are respected and equal.

If co-productions have been necessitated by survival instincts and the constant frustration, in the 1990s, of insecurity and uncertainty about the company's position in the Edinburgh and Scottish theatre firmament, let alone its artistic directors believing that they never have enough subsidy to operate the company in a desired manner, other collaborations could be more important. At root, these are to do with the two basic modes of interplay between any people: co-operation and competition, and about how the Royal Lyceum deals with these simultaneously, as well as where it is in the institutional life cycle and how capable the management team is in dealing with the new business culture.



20. *The Royal Lyceum Theatre, Edinburgh: the refurbished auditorium, with view to the stage in 1998. The décor is for Whisky Galore (Compton Mackenzie, 1948, adapt. Paul Godfrey, 1996). A co-production with Mull Theatre, being an adaptation from a BBC Radio Repertory play with three actors.*

When compared with the late-1990s' international affiliations in the teeming and braver world of smaller Scottish drama companies, where there has been a veritable explosion of creative energy, efforts at the Royal Lyceum after the departure of Communicado seem mundane, so far. Other Scottish theatre companies, including Suspect Culture, Theatre Babel, Theatre Cryptic, Catherine Wheels and the Traverse have collaborated with overseas' theatres and festivals to tour new Scottish plays and adaptations, making a virtue out of necessity,. They are liberated by their more independent status. With little or no local government subsidy, they have smaller and more relaxed boards of directors. 23 years elapsed from the 1970-1971 Royal Lyceum tours to West Africa and the Far East, until it visited China in a co-production with Salisbury Playhouse in 1994. In any case, this

was directed and designed by residents of the partner theatre, with six Scottish actors joining an overriding English cast and creative team and was, therefore, short of being an ambassadorial opportunity for promoting Scotland. Admittedly, like most other repertories, the Royal Lyceum policy has always been to produce text-based drama and this is often an inhibiting influence on international co-productions: despite the frequency of plays performed in foreign languages at the Edinburgh International Festival, the local subscriber-audience would no doubt be disinclined to support production exchanges with non-English speaking theatres. Although the public may not regard the influence of foreign directors and other artform production styles as consequential for the Royal Lyceum, the tendency for the company has been to become comparatively insular, preferring to stage occasional new Scottish plays and adaptations with Scottish directors. Some set-offs occurred in 1997 via the artistic director's sabbatical productions of *Rigoletto* for Scottish Opera and then his 1998 engagements at the Stockholm Stadsteater and the Churchill Theatre, Bromley, which might serve to reanimate the company's future ideas. However, the extent of an international thrust has, since Tom Fleming's 1965-1966 opening season, been inappreciable in this company. Recent British developments in the re-emergence of creative producing – that could, for instance, be witnessed also by a return to choices of contemporary non-British plays other than from the United States and Ireland, the active instigation of productions with other promoters or the engagement of guest directors from abroad – will most likely be explored by the next generation of Royal Lyceum producers.³⁵

The problems of the company's profit-seeking pursuits

Growing pressures on the company to become less dependent on public subsidies are also seen in the pursuit of ancillary sources of earned income. Whilst these have always embraced conventional moneymaking activities such as costume hire, programmes, licensed bars, sweets and ice creams, the second company saw financial advantages in running a restaurant. In order to maintain the tax-exempt status of the non-profit company, this has been managed through a trading subsidiary since 1991: Lyceum Theatre Trading Limited that donates the profits to the parent charity. However, as demonstrated in the survey, this well-tried example of a parent non-profit theatre working with a profit-seeking,

proprietary company – first seen in amateur repertory at the Stockport Garrick Theatre in 1901 – has failed to meet expectations, at the Royal Lyceum Theatre.

There have been umpteen attempts to establish an attractive, well-run dining room, all of them short-lived. At first, annual profits were budgeted at £125,000 (£152,500), but only £8,000 (£9,760) was made in the first year. By 2000, when there were 1,500 cafés and restaurants in Edinburgh – as well as fierce competition from the neighbouring all-day Traverse bar and café with its fraternising ambience – the company derived little significant financial benefit and, more than once, catering has threatened to undermine the parent company rather than contribute to it. The company's aversion to their soulless restaurant is probably as great as the public who are disinclined to patronise it: a far cry from the famous and profitable food and wine offered at Terence Gray's 'haven of refreshment' at the Cambridge Festival Theatre in the 1920s, where the artistic director's devotion to speciality wine lists and play-themed menus rivalled his revolutionary stagecraft.³⁶ At Edinburgh, artistic directors and managers have shown little of Gray's flair for exploiting the marketing potential of connecting the enjoyments of eating and entertainment. Admittedly, the Royal Lyceum split-level restaurant space has neither the advantage of being neither a part of the main theatre and its histrionic atmosphere, nor is it a freestanding location with potential for architect-designed treatment. During the management of the first company, the space was utilised for administration, before the second company leased large premises opposite the theatre.

Lacking the optimistic interest of the senior management, the middle managers and the board vacillated between in-house and sub-contracted operations. Moreover, when a subcontractor inexperienced in theatre catering arrived, the lessee was invariably slow to appreciate the differences with other forms of catering. They needed to learn quickly how much demand changes from play to play and the audience attracted, having to plan menus that could be prepared rapidly to meet the pre-performance bottlenecks. The lessees needed to recognise that, during evening performances, theatre restaurants find it hard to attract diners who are not attending the play.³⁷ Despite eight changes of lessee (with loss of control over standards), three attempts to run it directly (with a need for in-house catering specialists and an active interest from senior management) and five name changes (that created a dubious public impression) it is surprising that no decision has been made to abandon catering and turn the space to other use.

Despite the failure of the Royal Lyceum restaurant, it would be wrong to dismiss the entire notion of commercial activities as inefficient and counterproductive. My estimation is that the company persists (as with sponsorship and other administrative aspects) because of the uniformity of expectation at the Scottish Arts Council. Some other theatres earn favourable catering profits, notably the enthusiastically run restaurant at Perth Theatre that tempts shoppers in via an advantageous high street location and the café at Dundee Rep that was designed as an integral part of that new theatre in 1982 and is adjacent to the University of Dundee and its student population. Because others may be successful, it seems ‘rational’ that the Royal Lyceum’s restaurant should too. The same reasoning may also be observed in the company’s quest for conference business where, after the opening of the Edinburgh International Conference Centre in 1993, the city became the twelfth most popular global destination for international conference meetings: it seemed equally worthwhile to latch on to that trade, for small meetings. However, the Royal Lyceum Theatre’s innate disposition, coupled with a staff instinct that was unfocused on the profitable use of the theatre outside performance times, meant that doing more with the building too often became a distraction from the more important core activity of the theatre. Whilst the experience of the trading subsidiary also marks a search for commercial respectability – serving as a symbol of how non-profit theatres must now be increasingly like the profit-seeking theatre system from which they originally sought liberation – it points to the difficulties faced whenever this company attempts overtly commercial activities.

Summary

This chapter has examined the progress of the Royal Lyceum Theatre Company Limited from 1977 to 2000, including comparison of some policy and organisational issues with those of the Edinburgh Civic Theatre Trust from 1965. From its rapid creation by sanction of the Edinburgh Corporation, the company was housed in a permanent, albeit rented, theatre. Its initial and continuing policy has been to build on these foundations for an interesting choice of plays and artists, for the Edinburgh audience. The first company built a reputation for reliable, ambitious and frequently exciting productions of classics, contemporary plays and new Scottish drama at the Royal Lyceum Theatre, together with high regard for its work outside the main house in educational and studio theatre programmes. A streamlined and competent management received trusting support from the funding authorities. The first company kept costs under control. However, towards the end of ten years’ stability under artistic director Clive Perry, the Royal Lyceum sought expansion through the engagement of a resident acting ensemble that might also be a

Scottish national theatre. After local government reform, a replacement non-profit company was incorporated and these development intentions were curtailed. The new company's productions, though continuing the philosophy of the first, were bedevilled by off-stage controversy, especially after the closure of the Little Lyceum Theatre which led to the confinement of shows, for the most part, to the main theatre. After the departure of artistic director Stephen MacDonald, the company's contribution to Scottish theatre has, overall, been a less interesting respectability in play-choice although this was influenced, to a large extent, by the changing infrastructure of theatre management and, latterly, by new competition from other theatres in Edinburgh.

New complications for management in the second company were signposted through a comparative analysis of the Royal Lyceum audited accounts. Firstly, a change in the balance between earned income and subsidy occurred from 1988 when, for the first time in 23 years, earned income from the box-office and ancillary sources exceeded the combined grants of the local authority and the Scottish Arts Council. Although the second company was beset throughout by the insecurity of cumulative debt that was accompanied by a decline in the number of self-produced plays, it continued to attract large numbers of patrons, underpinned by a successful subscription scheme. Then, from the mid-1980s, the scale of the productions diminished, fewer actors were employed, the deficits soared and the company was often on the verge of liquidation. Its response was to excuse the situation on a reduction in public subsidy, but grants continued to keep the cost of theatregoing within reach of everybody and, over time, their amount did not diminish: in any case, an overall parallelism between earned income and expenses continued.

This chapter proposed that, in largest measure, the difficulties at the Royal Lyceum Theatre Company were caused by the employment of too many new managers. These new administrators progressively enfeebled the status of artists after 1985; so that, by 2000, only 18 per cent of all payroll costs were spent on actors and musicians whereas previously they were the focus of policy and expenditure, receiving over half of the outlay on all employees.

Several overlapping reasons for this volte-face were proposed. These may now be described as internal, over which the Royal Lyceum had control, or external, over which they had no influence. The internal causes were, firstly, the non-profit corporate structure itself, where, in the absence of personal financial investments which would obligate directors in a commercial firm, this board of unremunerated directors often acted as

hobbyists. Most of the directors served shorter terms than their forbears in the progenitor companies, and many of the councillor-nominees lacked their colleagues' fundamental interest in the theatre. As a coalition that had to attend to the often divergent opinions of the local authority and the Scottish Arts Council, the directors were frequently unsuccessful in their first boardroom obligation to care for the theatre's resources. Seemingly, they were oblivious to the longer-term perspectives and implications of the new management trends, preferring to authorise a series of short-term actions, some of which they surely could have narrowed down to the management's fondness for excessive delegation. Secondly, this chapter suggested that the company's quest for corporate sponsorship, though well intentioned, feigned the successful schemes of the larger arts organisations such as the Edinburgh International Festival and, after the successful capital appeals for theatre refurbishments, led to trifling net returns for the operation. Thirdly, the pursuit of profitable activities such as a restaurant, though equally laudable, was often loss-making, deflecting the board and management from the real business of the theatre and prompting the employment of more managers. Notwithstanding these reasons, which shade into other causes of the rise of arts administration, the external arguments were, firstly, the pressures and insecurities arising from governments' infectious enterprise culture and, secondly, the new business stratagems which struck the funding bodies with an imbalance of management culture. This was more acute for the Scottish Arts Council that passed these hindrances to the company through demands for new accountabilities and pressures to substitute house productions with co-productions and visiting productions. The problems were aggravated by attempts to solve them.

¹ As quoted in George Darroch and Catherine Shaw, *Cultural Trends in Scotland: 1995*, London, Policy Studies Institute in association with the Scottish Arts Council, 1995, p. 35. Their evidence was from Target Group Index (TGI) data for 1993. They were similar when assessed five years later. See 'The Wider Context', *Scottish Arts Council Review of Theatres*, Glasgow, Scottish Cultural Enterprise, 2001, p.5. Despite new marketing techniques, participation in theatre does not seem to have varied significantly over time. In 1981, Scottish Arts Council reported that 24 per cent of the population attended at least one play annually.

² At Glasgow Citizens' Theatre, attendance at performances of in-house productions was, for instance 67,000 in 1996-1997 (against 110,026 at the Royal Lyceum Theatre) and 78,000 in 1995-1996 (against 108,724). See Glasgow City Council Cultural and Leisure Services, *Best Value Review of Arts and Cultural Events*, Glasgow, Glasgow City Council, May 2001, p.30.

³ Alec Jessel, *Marketing Plan for the Royal Lyceum Theatre Company*, Edinburgh, The Royal Lyceum Theatre Company Limited, 7 March 1994, p.12.

⁴ Archer, William and H. Granville Barker, *A National Theatre, Scheme & Estimates*, op.cit, p.112.

⁵ Giraud Voss and Glenn B. Voss, *Theatre Facts 2000: A Report on Practices and Performance in the American Nonprofit Theatre*, New York, Theatre Communications Group, June 2001, p.18.

⁶ William J. Baumol and William G. Bowen, *Performing Arts: The Economic Dilemma. A Study of the Problems common to Theater, Opera, Music and Dance*, Cambridge, MA, M.I.T. Press, 1966

⁷ *Ibid*, p.299.

⁸ BM, 2 November 1995, p.4.

⁹ For instance, in a comparison of expenditure between Scottish and English theatres published in 2001, only 32 per cent of expenditure went on programme costs in ten 'building-based' theatre companies in Scotland, whereas 48 per cent of resources was the equivalent in England. The non-artistic costs were 68 per cent versus 52 per cent. All these ratios are unworthy of the purpose of subsidy; not only do they compare adversely with previous practice, but the position is now markedly worse in Scottish theatre management. See *Scottish Arts Council Review of Theatres*, op.cit, 6.3.3. p.89. This report submerges the problem of the growth of administration by reading the comparisons as ammunition to argue for *more* subsidy, saying that 'these figures simply prove that unless one invests sufficient money to sustain the companies' programme of work, a disproportionate amount of money is simply required to sustain an infrastructure that lies under-utilised for significant periods of time'. Yet, on the income side, the same financial comparison showed that the Scottish theatres earned 57 per cent from the box-office and 43 per cent from grants; and that the English equivalent was 68 per cent earned income to 32 per cent in grants.

¹⁰ Calculated from Roger Spence, *Memorandum to Policy and Resources Committee: Permanent Staff Salaries List*, op.cit.

¹¹ Although the uniformity of marketing expenditure appears abnormal in the light of overhead and administrative staff increases, there was a real upturn from 1985 when, as noted in Chapter Six, the company shared in the formation a marketing consortium of Edinburgh theatres and concert halls. Income and expenditure for 'Edinburgh Arts and Entertainment Limited' circulated independently of the Royal Lyceum accounts, buttressed by project subsidies from the Scottish Arts Council and the local authority, a portion of which could be attributed to the Royal Lyceum Theatre Company. Later, in 1998, when this consortium was replaced by The Audience Business Limited, a 'sales and development award' of £250,000 was made by SAC National Lottery 'to generate new audiences' for the Edinburgh theatres and halls. Although I have not attempted a detailed financial evaluation of this extrinsic expenditure, there is no doubt that company marketing expenditure was boosted. It will be instructive to see the results of this scheme in due course.

¹² C. Northcote Parkinson, *Parkinson's Law, Or The Pursuit of Progress*, London, John Murray, 1958. Parkinson proposed that managers were motivated to employ more managers because of status enhancement and empire building. His research concerned the coincidence of an increase in managers at the Admiralty with a decrease in the total number of sailors and warships between 1914 and 1928. The findings generated much amusement, although he believed that his theory applied more to large organisations.

¹³ These ratios were extrapolated from a table of expenditure for the years 1997 to 2000 in Giraud Voss and Glenn B. Voss, *Theatre Facts 2000: A Report on Practices and Performance in the American Nonprofit Theatre*, op.cit, p.7. In 2000, expenditure in the 145 theatres averaged \$5,084,990 (£3,559,493), being payroll of \$2,762,900 (£1,934,030), production costs of \$670,808 (£469,565), overheads of \$782,627 (£547,839) and marketing costs of \$868,655 (£608,058). Payroll costs are dissected as \$1,090,285 (£763,199) spent on artists, \$754,527 (£528,169) on production staff and \$918,088 (£642,662) on administrators and front of house personnel. Notwithstanding the momentariness of an August 2001 exchange rate applied (\$1 = £0.70), as well as the need for caution inherent in overseas' comparisons, it is also interesting to observe that the Royal Lyceum Theatre Company expenditure in 2000, that totalled £2,331,297, was only 65 per cent of the average total costs of United States' repertory counterparts.

¹⁴ The Citizens' Theatre received £195,000 for 'a review of income generation and implementation of a strategy which will provide income growth and to secure the future viability of the company'. Scottish Arts Council, *Annual Report Supplement 1998-1999*, Edinburgh, Scottish Arts Council, 1999, p.9.

¹⁵ Financial Statements, *Edinburgh International Festival, Annual Review 2000*, Edinburgh, Edinburgh Festival Society, 2001, p.18.

¹⁶ For a panorama of how arts sponsorship works, see 'Funding from Industry', Anne-Marie Doulton, *The Arts Funding Guide*, London, Directory of Social Change, 1989, pp. 154-186.

¹⁷ The semiotics of the theatre's programmes not only reveal the mounting recognition given to the public funding bodies but also point to diminishing perceptions of the role of the company's board of directors. Until 1991, acknowledgement of their leadership was given separate, alphabetical line mention above the staff list. Then, they were transposed within one paragraph in smaller font, underneath the employees. By 2000, when there was no longer space because of the expanded staff, they were arranged on a new 'general information' page that urged patrons to avail themselves of drinking in the auditorium from plastic glasses. Although the rewards of directorships in non-profit repertory have continued to include the prestige of free tickets at first nights, it is doubtful that the boards of the progenitor repertories would have tolerated being accredited as marginalia.

¹⁸ Arts Training Network, *AM98 Directory. Arts management courses and programmes in higher and further education*, Falmer, University of Sussex, Arts Training South, 1998, pp. v and vi.

¹⁹ Oliver Bennett, in discussing the increase of arts administration courses and the getting of business skills, acknowledges that before formal training the standard of 'cultural administration was historically very high and at least comparable to standards in the industrial and commercial sectors'. He signposts the need for business efficiency within 'a significant shift in terminology – from arts administration to arts management'. See Oliver Bennett, *Cultural Policy and the Crisis of Legitimacy: Entrepreneurial Answers in the United Kingdom*, Warwick, Centre for the Study of Cultural Policy, School of Theatre Studies, University of Warwick, June 1996, p.15. However, in my study, I have treated nomenclature in reverse – from theatre management to arts administration – maintaining that, in the theatre at any rate, 'managers' preceded 'administrators'.

²⁰ For a study into the organisation of the arts (but not specifically theatre) as part of their 'commodification' by governments, see Clive Gray, *The Politics of the Arts in Great Britain*, Basingstoke, Macmillan, 2000.

²¹ After Baumol and Bowen, the next important international study was by the Australians C.D. Throsby and G.A. Withers, *The Economics of the Performing Arts*, Melbourne, Edward Arnold, 1979. Like Baumol and Bowen, they predicted an ever-widening gap between costs and earned income but Throsby, perhaps because he is a playwright as well as a theoretical economist, emphasised that what *really* matters in the theatre can never be reduced to figures alone. The principal cultural economist in Scotland is Sir Alan Peacock (1922-), chairman of Scottish Arts Council from 1986 to 1992 and author of *Paying The Piper: Culture, Music and Money*, Edinburgh, Edinburgh University Press, 1993. From a large bibliography on this related subject, I found two other works by Peacock relevant to this study: 'Public Financing of the Arts in England', *Fiscal Studies*, London, Institute for Fiscal Studies, June 2000, Vol. 21, No. 2, pp. 171-205 and (with others) *Calling the Tune: A critique of arts funding in Scotland*, Edinburgh, Policy Institute, 2001.

²² See, for instance, John Myerscough, *The Economic Importance of the Arts in Britain*, London, Policy Studies Institute, 1988.

²³ For an illustration of how repertory theatres embraced the subject of economic impact as an argument for government subsidy, see Giles Havergal, *Repertory Theatre: the Citizens' Theatre 1969 to 1993*, London, Royal Society of Arts Journal, Vol. CXLI, No. 5442, August-September 1993, [Lecture on the Contribution of the Performing Arts to City Regeneration, delivered 15 April 1993, Glasgow], pp.629-637. Havergal demonstrates how the good example of the Citizens' Theatre encouraged local government to develop, through economic impact arguments, a new theatrical diversity in Glasgow. The company's reputation helped in the selection of Glasgow as 1990 European City of Culture, and also as a catalyst for construction of a new concert hall, the international theatre programmes at the Tramway, drama production at the Tron Theatre and the Arches Theatre, the city-wide Mayfest and the cutting-edge performance-artists programmed at the Third Eye (now the Centre for Contemporary Arts). However, eight years after Havergal's lecture, the invigorating year-round activities in these refurbished buildings have largely vanished and Mayfest is no more. Audiences have declined, theatres are dark for many weeks (except at the touring houses, the council-managed King's Theatre and the privately owned and run Pavilion Theatre) and there is intense competition for static overall Glasgow City Council arts grants. By 2000, economic impact arguments for arts subsidy expansion seem utopian and beg reconsideration. See also John Myerscough, *The Economic Importance of the Arts in Glasgow*, London, Policy Studies Institute, 1988.

²⁴ Figure for the total volume of Edinburgh theatre patrons quoted in *Edinburgh Festival Theatre, Interim Economic Evaluation*, Glasgow, Ekos Economic Consultants, November 1995, p.8.

²⁵ Arts & Business, *Annual Report 1998-1999*, London, Arts & Business, 1999, unpaginated, p. 1.

²⁶ Edward Gordon Craig, 'A Dialogue Between a Theatrical Manager and an Artist of the Theatre', *The Theatre Advancing*, London, Constable, 1921, pp.94-95.

²⁷ Quoted in Alison Hardie, 'Quango claim mars national theatre plans', *The Scotsman*, Edinburgh, Scotsman Publications, 25 July 2001, p.5.

²⁸ It is notable that whereas resident directors Tom Fleming, Clive Perry, Peter Farago, Richard Eyre, Bill Bryden, Robert Kidd and Bill Pryde all went on to full-time posts in other companies, departing directors in the second company lost the stomach for running an institutional theatre. Stephen MacDonald (who left at the age of 46, when it might be supposed that he would easily find equivalent employment) became a successful playwright and resumed his acting career. See Joyce McMillan, 'Stephen MacDonald: A Whole New Career', *Scottish Theatre News*, Glasgow, Scottish Society of Playwrights, November 1982, Volume 21 [as numbered from SSP newsletter, Vol.6, No.4], pp.10-14. Leslie Lawton, who left at 42, prospered in London's West End where he joined the London Theatre of Comedy to direct Ray Cooney farces and Ian

Wooldridge, who left at 46, managed a boulangerie, from where he has occasionally freelanced as a teacher and director in British and North American drama schools.

²⁹ Although Kenny Ireland was the only ‘chief executive’ in a Scottish repertory theatre in 2000, others were brandished in many English repertories, including West Yorkshire Playhouse, Colchester Mercury Theatre and Northern Stage Company at Newcastle Playhouse. However, an increasing number of theatres, such as Birmingham Repertory Theatre, Bristol Old Vic, Leicester Haymarket Theatre, Merseyside Theatres Trust, the Theatre Royal York, the Ipswich Wolsey Theatre, Sheffield Theatres and the Harrogate Theatre had persons holding this rank that was one up on the artistic director. In the manager merry-go-round, now almost as quick-changing as the impermanent acting companies, these theatre managers preferred a superscriptive title, so as to exhibit giftedness in strategic leadership and political sensitivities, being forced to adopt a ‘business model’ that might also be expedient when applying for their next job.

³⁰ Partnership became a trigger word in 1986, when the Arts Council published *Partnership: Making arts money work harder*, London, Arts Council of Great Britain, 1986. For repertory in England, this cited the example of the South West Theatre Consortium, described as ‘a highly original approach to increasing theatre provision... using already existing organisations’, p.10. The funding bodies, which were now called ‘partners’ – South West Arts, Devon County Council and the Arts Council of Great Britain – assisted a series of co-productions between Plymouth Theatre Royal (usually the commissioning company) and the peripatetic Orchard Theatre Company, the Northcott Theatre, Exeter, Rent-a-Role Theatre in Education and Kneehigh Productions. Although its territorial ambitions were limited to the Celtic counties of Devon and Cornwall, the commissioning model resembles the energising plans in 2000 for a Scottish national theatre. The South West Theatre Consortium fragmented in 1990, complicated by the ordeal of obtaining play choice consensus between five artistic directors in five theatre companies.

³¹ For a study into the amalgamation of two repertory theatres, see Simon Lee, et al., *Proposals for the Re-opening of Liverpool Playhouse by merger with the Everyman Theatre: Business Plan*, Liverpool, Liverpool and Merseyside Theatres Trust, 1999.

³² In what may now be seen as a trailer to later collaborations, Dundee Repertory, Edinburgh Gateway, Glasgow Citizens’ and Perth Repertory arranged an interchange of productions so that, in the course of four weeks, a play from each theatre was seen at the other three. Extra subsidy from the Scottish Committee of the Arts Council of Great Britain was used to advertise the sequence as a national repertory theatre festival. The scheme presupposed that each company’s annual budget would be relieved of the production costs of mounting three in-house productions, less the travelling and freight expenditures involved in touring the plays. The productions were The Gateway Company in *The Penny Wedding* (Robert Kemp, 1957), Citizens’ Theatre in *The Cherry Orchard* (Anton Chekhov, 1904, trans. Elisaveta Fen, 1957), Dundee Repertory in *Crime Passionel* (Jean-Paul Sartre 1948, trans. Kitty Black, 1948) and Perth Repertory in *Caesar and Cleopatra* (Bernard Shaw, 1898). The scheme was a box-office failure but, like the South West Theatre Consortium’s desire to exchange productions, corresponds with many features of the 2000 plans for a Scottish national theatre. See Scottish Committee of the Arts Council of Great Britain, *Scottish Repertory Theatre Festival 1958*, Edinburgh, Scottish Committee of the Arts Council of Great Britain, October 1958.

³³ For clarification of the subject of co-productions, I referred to Michael Quine, ‘The Theatre System of the United Kingdom’, in H. van Maanen and S.E. Wilmer, (eds.), *Theatre Worlds in Motion: Structures, Politics and Developments in the Countries of Europe*, Amsterdam and Atlanta, Rodopi, 1998, pp. 668-720.

³⁴ The Touring Consortium, The Touring Partnership and Network Productions are examples of producing companies formed by the managers of touring houses in the 1990s to create one annual production. Sometimes they work with repertory companies, although when Kenny Ireland directed *The Crucible* for the Touring Partnership and the Churchill Theatre, Bromley in 1998, he did so independently of the Royal Lyceum; it was coincidence that the tour included the King’s Theatre, Edinburgh.

³⁵ The extent to which young theatre-makers now disregard repertory theatres is starkly revealed in Anthony Dean, (ed.), *Creative Producing: A User’s Guide*, London, Central School of Speech and Drama, 2001. Despite an emphasis on subsidised theatre, none of the fifteen inspiring case studies of the manager-as-producer concerns a repertory theatre. My impression is that these producers – who are defined collectively as ‘tomorrow’s people’ and who would once have spent their formative years as assistant managers or trainee directors in repertory – now perceive repertory as an antiquated and peripheral theatre system. Instead, they favour the freedom of action found in small companies, preferring non-bureaucratic theatres that share their flexible outlook through co-presenting their artists’ work. This can also be seen as mild repugnance for the wider profession of arts administration, because those managers who prefer not to be educated in formal arts management courses in business schools, can now take advantage of training in producing at the vocational drama schools. For instance, Central School of Speech and Drama offered, from 1999, ‘creative producing’ as part of an MA advanced theatre practice course and RSAMD simultaneously offered producing as one of three new Master of Drama degrees. As the repertory theatre system is increasingly seen as out of date, the

new courses will doubtless expand. Moreover, in the Central School study, their appeal looks even better, when managers are designated forcefully as ‘the energiser’, ‘the flexible friend’, ‘the juggler’, ‘the matchmaker’, ‘the collective’, ‘the instigator’, ‘the collaborator’, ‘the shapeshifter’, ‘the mentor’, ‘the presenter’, ‘the networker’, ‘the advocate’ and ‘the risk taker’.

³⁶ Graham Woodruff, ‘Down With the Boot-Faced’. Public Relations at the Festival Theatre, Cambridge’, *Theatre Research International*, op.cit, p.123.

³⁷ For discussion of the pros and cons of subcontracting theatre restaurants, see Lawrie Simanowitz and Sean Egan, ‘Eating Out’, *Prompt*, London, Theatrical Management Association, August 2001, Issue 25, pp. 14-15.