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Balancing Revenue and Mission in the Seattle Repertory Theatre's Leo K. Theater

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Cultural Infrastructure and Facilities

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Abstract

At what point does revenue intersect with mission fulfillment? In 1996, the Seattle Repertory Theatre, one of the country's leading producers of regional theater and new works, expanded their home at Seattle Center to include a second intimate, proscenium style theater. Its purpose was to engage audiences in its mission of commissioning and presenting the work of new American playwrights. The Rep's main stage, the Bagley Wright Theater seated 842. The Leo K. Theater seated 282 and, since its inception, has operated at a loss despite programming that aligned with Seattle Rep's mission, vision, and values (Seattle Rep, n.d.). This paper asks the question: at what point does mission fulfillment justify capital expansion, regardless of revenue generation? Additionally, can a regional theater with this model for operating a second stage achieve both goals?

Balancing Revenue and Mission in the Seattle Repertory Theatre's Leo K. Theater

The regional theater movement in America was born in part from a desire for theaters devoted to plays that spoke to social issues of the time. Regional theater artists of the 1920s and 1930s moved away from emulating Broadway productions; quite simply, many could not afford it. The Little Theater Movement created spaces for playwrights and directors to workshop their new ideas and plays without the pressure of achieving monumental income goals. Regional theaters would, from the inception of this movement, become centers of community engagement and artistic innovation within the regional spaces they occupied (Chansky, 2005). Local residents could enjoy high quality plays and even world premieres without having to take a trip to New York City, Chicago, or Los Angeles.

The Seattle Repertory Theatre began to weave its own fabric of theatrical innovation in 1963. The Playhouse, the Rep's first home was built for the 1962 World's Fair, the Century 21 Exposition, which sought to establish the city as a premier cultural destination. This required a performance venue where special celebrity guests and actors could appear during the fair (Becker, 2006). The World's Fair Commission, made up of state and city government and business leaders, recognized the long-term value of a regional performance venue (Stein, 2000). Visiting actor Hal Halbrook is said to have suggested that the city needed a repertory theater (Becker, 2006).

The Rep's popularity and quality of programming outgrew the Seattle Playhouse space and the theater's board of directors and management began to plan for the construction of a bigger theater. In 1981, ground broke for the Bagley Wright Theater, named for Seattle arts philanthropist and Rep Board President Bagley Wright, who tapped ten friends' deep pockets to help fund the construction ("Forty years of culture," 2008). The 842-seat theater with a

proscenium stage required an enormous investment of time and money to pull off (Seattle Rep, n.d.). The Rep's project manager for the Bagley Wright design was then Technical Director Robert Scales. He recalled that, when the initial cost estimate for construction came in at double the budget, their thinking shifted to "Forget all the frills; let's get some structure and square footage, no fancy finishes" (Seattle Repertory Theatre, 2013a). The compromise was to trim front-of-house space in favor of a more expansive backstage and wings. But it was worth it. When the theater opened in 1983, its size and scope could accommodate more people and elevate the production values of the shows. Artistic Director Daniel Sullivan was appointed in 1981. Managing Director Benjamin Moore assumed his post in 1986. The new theater literally gave them more room to program, to align their visions with the Rep's mission. And yet, there seemed to be something missing.

In 1978, the Rep had received a grant to initiate a plays-in-progress program. The first production was a staged reading of Arthur Miller's "The American Clock," directed by Sullivan. Developing new work became a cornerstone of his tenure as Artistic Director. His collaborations with nationally known playwrights raised the Rep's profile (Seattle Repertory Theatre, 2013a). In 1990, the Seattle Rep won the Oscar of theater prizes: a Tony Award for best regional theater (Berson, 2012). All the while, Sullivan yearned for a smaller space that promoted his vision of new works in process.

It took over a decade to achieve Sullivan's vision: the Leo K. Theater, named for Leo Kreielsheimer whose estate, the Kreielsheimer Foundation provided the major gift to seed the project's design and construction. According to Moore, the fundraising took a decade due to "the board being exhausted by the construction of the Bagley" (personal communication, March 11,

2021). Interminable meetings with the board were needed to explain the importance of a smaller stage to the theater's mission.

“Any artistic director wants a second stage,” said Moore. “Dan was so revered in the community and with the board, the project became colloquially named ‘The Dan Sullivan Theatre’” (B. Moore, personal communication, March 11, 2021). Sullivan used his national connections to his advantage, recruiting acclaimed playwright Wendy Wasserstein to publicly advocate to the board for the value of a space devoted to new work. The Board voted in favor and plans proceeded.

The problem with the smaller space was identified early on: large audiences supported lavish productions in the Bagley Wright. The Leo K. with one-third the seats, was always going to be a financial risk. This was made clear in a pro forma analysis by Moore, the Board, and their architects. The Board, Sullivan, and Moore concluded that they would need to raise enough bridge funding to support the first three years of operations in the Leo K (B. Moore, personal communication, March 11, 2021). A smaller venue that showcased new works could not grow a subscriber base as quickly as the Bagley Wright could. Experimental works might be a hit or a miss. While fulfilling Sullivan's vision and advancing the Rep's mission of cultivating new and emerging voices in the American theater, they couldn't be counted on to break even.

Construction of the Leo K. was completed in 1996. The Board, having learned from the construction of the Bagley Wright, raised a three-year bridge fund to ensure the Leo K.'s operation through its inaugural years. However Sullivan and Moore soon noticed that some Leo K. shows were selling out while the Bagley Wright had less-than-full houses. One theater was too small, the other was too big.

Building and launching two theaters took a toll on Sullivan. Moore recalled a meeting during the development of the Leo K. when Sullivan came to him, defeated. He wanted to resign. He felt that all his energy as Artistic Director was going into a space that might never see the light of day due to the delays in construction and the constant need for board buy-in. Moore commented that it felt like every year he and Sullivan had to have a “Leo K. Education meeting” to convince the board once more that this theater was important to the Rep’s mission. Moore talked Sullivan off the ledge, telling him how important it was that they remain a team and that he see it through to the end, which Sullivan did. *The Cider House Rules*, a two-part adaptation of the bestselling novel christened the Leo K. as its first show. But the first season in the new theater would be Sullivan’s last at the Rep (Berson, 2012).

Sharon Ott, Sullivan’s successor as Artistic Director, was tasked with making the Leo K. fulfil its promise. Ott believed that, despite the intimacy of the space, the production values must be at the same level as in the Bagley Wright. This proved to be a drain on resources, running up production costs in a space in which it was already a challenge to break even. When the bridge funding was exhausted, revenue from shows in the Bagley Wright was expected to subsidize the productions in the Leo K. The Leo K.’s programming began to shift from Sullivan’s vision. Choosing plays to fit the Leo K. proved challenging. Shows with five or six cast members were expensive to produce and hard to design for the smaller stage; while cheaper, one and two-person shows did not have the same audience appeal, putting ticket revenue at risk.

By the 2000s, the Leo K. was hurting the Rep financially. From 2003 to 2006, only two plays per season were staged in the Leo K. because of the need to save money and reduce risk. In 1999, the Seattle Rep quietly began to establish an endowment. Although fundraising slowed in the aftermath of 9/11 and the dot-com bust, \$15 million was eventually raised. Moore stated that

“This new income stream joined earned and contributed income to create a more stable revenue model [for the theater].” Moore and Ott regarded the endowment as one of their most important accomplishments (Seattle Repertory Theatre, 2013b).

Braden Abraham joined the Seattle Rep as an intern in 2002, during Ott’s tenure. He held several positions on the artistic staff while honing his skills as a director. During this time, the Rep’s leadership remained committed to new work and, as Associate Artistic Director, Abraham had a role in developing and premiering a number of new plays (Seattle Rep, n.d.). In 2014, he and Jeffrey Herrmann assumed the roles of Artistic and Managing Director respectively. They saw the Leo K. as an opportunity.

The Leo K. would no longer be treated as a separate entity. The season of plays in both theaters would be packaged as a single subscription with integrated marketing, subscriber communications, and donor opportunities. Abraham programmed the Leo K. with plays for small to mid-size casts; new works but also plays that had successful track records; works that would appeal to both the Rep’s base and the diverse new audiences they were trying to attract. Abraham’s artistic programming combined with Herrmann’s administrative acumen produced growth in subscribers and the donor base.

When the COVID-19 pandemic hit in March of 2020, the Rep’s plans were disrupted by the governor’s order for businesses to shut down and employees to work from home. Production on *The Importance of Being Earnest* was put on pause. Performances of August Wilson’s *Jitney* were halted mid-run. The four seasons from 2016 to 2020 had been the highest grossing seasons in the life of the Leo K. But even before the pandemic, challenges centered around the marketing and branding of the Leo K. in and outside of the Seattle Rep.

“[Seattle Rep] has not done a good job of branding the Leo K. to donors,” commented Herrmann. “We have also been back and forth on what a separate subscription model for the Leo K. looks like versus selling the two theaters as a whole” (J. Herrmann, personal communication, March 11, 2021). Union agreements were reevaluated. Renting the Leo K. to third-party organizations was challenging due to union contracts limiting who could work in the space. Aftershocks of the coronavirus pandemic began to reshape thinking on all aspects of running a theater, by all the stakeholders including unions. These potential changes could provide some flexibility for the Leo K. going forward.

When this research was conducted in 2021, the Campaign for Seattle Rep was underway. The \$17.5 million capital campaign devoted to building out the Rep’s artistic capacity and organizational structure, and giving the theaters a “face lift” was expected to contribute to the future viability of the Leo K. The hope was that the Leo K. would return to its original intent: growing audiences through new work. Seats were to be transferred from the Bagley Wright to the Leo K. to increase capacity in the latter. The added seats would give literal space for more people to connect directly to and with the cutting-edge new works the Rep would continue to commission. Adding seats and ticket revenue would make Leo K. productions less reliant on the Bagley Wright’s capacity while still fulfilling the space’s original intent to elevate new and emerging voices of American theater. The next chapter of the Leo K. would be a benchmark in its ability to sustain itself financially and fulfill its mission.

Method Note:

This case study was developed by Jackson Cooper, MFA 2022 for Seattle University's MFA in Arts Leadership course Cultural Infrastructure and Facilities taught by faculty Katie Oman.

Interviews were conducted with Benjamin Moore, Managing Director of the Seattle Repertory Theatre from 1985-2014; and Jeffrey Herrmann, Moore's successor as Managing Director.

Primary research was conducted during Spring Quarter, 2021. Susan Kunimatsu provided additional research and editing. Citations and references may not conform to APA standards.

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