

Symphony move means revenue encore for TPAC

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Despite the loss of its biggest client, the Tennessee Performing Arts Center expects to see a 20-percent boost in revenue when its fiscal year ends in June.

Center officials aren't resting on that stellar performance, however. The center is implementing a new business model that includes booking and promoting its own shows, which could increase revenue even more.

The arts center's jump in revenue came because the Nashville Symphony's move to its Schermerhorn Symphony Center building last year freed prime rental space at TPAC's biggest facility, Jackson Hall. That allowed TPAC to lease Jackson Hall for other events that pay the going rate for rental space, instead of the discount given to the symphony.

"Jackson Hall was at maximum capacity with the symphony," says Kathleen O'Brien, president and CEO of TPAC. "There wasn't much flexibility and we weren't able to bring in the blockbuster shows. Our largest clients gave us back the best possible inventory (Friday and Saturday nights) to rent to someone else. Now we can charge commercial rates."

Strong numbers for a city's arts organizations are critical to economies such as Nashville's.

"As an industry, the arts is a powerful economic engine, generating in excess of \$160 million in activity in 2003," says the Nashville Area Chamber of Commerce in its 2007 legislative agenda. The arts were cited as "a major factor for companies considering relocation and expansion" in the report.

TPAC's rental revenue is expected to increase from \$921,564 in fiscal 2006 to \$1.2 million in fiscal 2007. Much of the increase is due to the \$1.2 million net impact from the *Lion King*, a show O'Brien says would have been difficult to accommodate when the Nashville Symphony was still leasing Jackson Hall.

"Promoters weren't calling us because we never had any availability," O'Brien says. "Now we are back on their radar screen."

TPAC, which is owned by the state and managed by a nonprofit organization, gives discounted rates to the Nashville Symphony, Nashville Ballet, Nashville Opera and the Tennessee Repertory Theatre. Those organizations pay about 52 percent of the going rate for rental space.

Alan Valentine, president and CEO of the Nashville Symphony, says his organization also had a strong year.

Symphony ticket sales increased from 2.6 million in fiscal 2006 to 6.8 million this year. The symphony collected \$240,000 in rental revenue at the Schermerhorn, a new revenue source for the organization.

But even with added revenue, the symphony expects to just break even this year. Valentine says expenses increased from \$15 million in 2006 to \$23 million.

Under its new business model, TPAC will no longer partner with Live Nation, the events company that brought Broadway shows to Nashville. Instead, TPAC officials will book and promote their own shows; assuming all of the risk from ticket sales, but also gaining 100 percent of the profits.

O'Brien says TPAC is picking shows that will broaden the audience base, and has added an extra show to next year's season.

TPAC is also working with Vanderbilt University's Accelerator program to reach more customers in the 18- to 25-year-old-age range. This generation has been a target for TPAC for several years. Since 2005, TPAC has received \$150,000 in grants from the American Express Foundation to market to this group. The number of young professional memberships increased from 65 in the 2005-2006 fiscal year to 92 in the 2006-2007 fiscal year.

O'Brien says he hopes that number will continue to climb as Vanderbilt students develop a grassroots marketing campaign and identify ways for TPAC to stay relevant to young adults.

"It's new blood," O'Brien says. "Anybody who sells a service or a good has to look for their future audience."