

CASE STUDY: Resources and capabilities at Cirque du Soleil²⁵

Cirque du Soleil is an internationally renowned Canadian company that provides spectacular and daring acrobatic shows by skilful, world-class performers. It began in 1984 with a small group of 20 street performance artists led by Guy Laliberté, whose mission was to reinvent the circus. By its 25th anniversary the Cirque performances had spread from a conventional 'big top' in Montreal to resident shows in multiple North American locations, including Las Vegas, New York, Chicago and Disneyworld, Orlando, and touring shows in venues around the world, such as the Royal Albert Hall in London. Cirque now employs more than 4,000 people including 1,000 artists. Over 90 million people have witnessed a Cirque show in more than 200 cities.

The innovators at Cirque have created a repertoire of over 20 different shows, the majority of which are still performed regularly. Each new show has its own theme and requires multi-million dollar development. They feature daring and difficult acrobatics accompanied by dedicated stages, music, lighting and sound effects. Touring shows can be set up and dismantled quickly for efficient transport to the next venue. Shows typically require over 50 performers plus a similar number of set and costume designers, choreographers, technicians and other support staff. They are recruited from more than 40 countries, subject to one essential requirement – that they are the best at what they do.

Cirque's artistic merit has attracted many awards and tributes. It also has a social outreach dimension, dedicating 1% of its earnings to activities in 80 communities with a particular focus on 'youth at risk'. It remains a successful private business with an estimated US\$ 810 million turnover in 2009. In addition to ticket sales it gets revenues from programme sales, commercial sponsorships and merchandising show videos and other memorabilia. Laliberté remains the dominant shareholder, with 75%. A further 20% is held by two Middle Eastern investment groups that support his plans for a new resident site in the United Arab Emirates in 2012.

Many traditional circus groups feature human and animal performances including, notably, Ringling Brothers and Barnum and Bailey in the United States, but they do not compete directly with Cirque du Soleil. Cirque is a key exponent of what is called 'contemporary circus' or 'nouveau cirque'; it integrates traditional acrobatic skills with theatrical techniques into a defined theme and characters. To a degree, the touring Chinese State Circus competes for the same audiences. There are many smaller 'nouveau cirque' enterprises around the world but without the scale or the brand presence of Cirque.

Questions

1. Identify all of Cirque du Soleil's main resources and capabilities based on the case notes and further research. Complete the analysis by (a) identifying and (b) rating its strategic assets and its distinctive capabilities.
2. From this analysis, what strategic actions would you recommend to Cirque?

Cirque treats talented performers as employees rather than superstars. Does this mean its performers are essentially replaceable?