

# Can a tent change an industry and help transform your strategic thinking?

Every few years, Cirque du Soleil pitches its tent in Baltimore, most recently showcasing its newest production, “Totem.” Those who have not had the opportunity to witness a Cirque performance still may have seen its distinctive yellow and blue tent just off the I-95 interchange by the Fort McHenry Tunnel. The extravagant, well-apportioned tent has become a Cirque trademark in an era when the big-top tent shows once epitomized by Ringling Bros. and Barnum & Bailey Circus have retreated to the confines of indoor structures like First Mariner Arena.

The tent and perhaps even the locations of the two circuses’ events send a strong signal about the direction of these two organizations—Cirque as an avant-garde company and Ringling Bros. as a nostalgic ode to the past. Over the last few years, Cirque has staked its ground in the up-and-coming neighborhoods of Harbor East, which some would argue is the new downtown, and in Westport, Baltimore’s untapped waterfront. Conversely, Ringling Bros. performs in the much-maligned First Mariner Arena, located in the less-than-bustling old downtown.

So why does Cirque du Soleil’s tent represent the growth of one company and the possible death knell for Ringling Bros? Let’s take a brief stroll down history lane. For more than a century, Ringling Bros. and Barnum & Bailey wowed audiences. They created a unique experience based on animal acts, talent ranging from the ringmaster to



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the freak show, a huge tent, low ticket prices, and concessions replete with popcorn and expensive gadgets for kids. This business cruised along for years, entertaining millions, but finally began to face serious challenges from other entertainment options—movies, television, the burgeoning multitude of live sporting events, and even zoos where people could see exotic animals any time. Ringling Bros., once masters at creating a unique mass experience, allowed its product to become a commoditized mass experience, serving up the same freaks, ringmasters and tiger tricks as generations gone by.

Enter Cirque du Soleil, debuting in 1984 with a small troupe of street performers, and fast-forward 25 years. What

you find today is a company with more than 1,200 artists from 50 countries, 100 million customers, and performances on five continents. So how did Cirque establish a new circus paradigm and so successfully compete for the discretionary income of consumers in not only the circus arena but also the broader entertainment world? First the answer, then the formula, a formula you might apply to your business.

The answer is simple: Cirque realized that the value proposition of the traditional circus had gone askew. People no longer placed the same value on the trite Ringling Bros. formula, once considered a rite of passage: performing animals, slapstick humor, the constant din of concession hawkers, the march to

the local arena, all a static format relatively unchanged in 100 years. So Cirque created a new experience, one identified by its unique venues, a dynamic format with some 25 themed shows, supremely gifted *human* artists, music and dance, all with jaw-dropping execution.

What's the formula? One way to analyze it is through the "Four Actions Framework" described by W. Chan Kim and Renee Mauborgne, authors of the best-selling book *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. We have found this to be an invaluable tool in strategic planning that can be applied to both your business and to the industry. The four actions are:

*Reduce:* Which factors should be reduced well below industry standards?

*Eliminate:* Which of the factors that the industry takes for granted should

be eliminated?

*Create:* Which factors that the industry has never offered should be created?

*Raise:* Which factors should be raised well above the industry's standard?

In Cirque's case, their first goal was to *not* be defined as a traditional circus. They realized that Ringling's downfall was actually prompted by its blind adherence to the past—the animals, the freaks, the toys. Cirque, therefore, reduced the dependence on star-power performers and death-defying stunts, and eliminated the role of animals, while dramatically refining the visual experience and theming its shows as if they were running on Broadway. Cirque also realized that a more mature, sophisticated offering in a refined setting would be very attractive to adults, and would warrant a premium price. In other words, Cirque eliminated

historical industry attributes that no longer added value, reduced reliance on those that were oversold, enhanced aspects that promoted more selective audience segmentation, and introduced novel value drivers.

So ask yourself this question: Does my business strategy represent Cirque du Soleil or Ringling Bros. and Barnum & Bailey Circus? While Ringling struggles with relevance in a brave new world, Cirque has defined a new value proposition. Can you? ■

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