

Growing and surviving in times of turmoil: Observations from the case of the Pardès rimonim Theatre Company⁵

Christine SINAPI et Edwin JUNO-DELGADO

Professeurs au Groupe ESC Dijon Bourgogne

Abstract:

The cultural sector in France has historically been heavily supported by (and dependent upon) public funding. Yet, the economic crisis has pushed the French government into considering cuts in public finance for culture. Sustainability of the performing arts is thus in question.

This paper focuses on financial sustainability criteria and solutions for theatre companies. An exploratory case study method is developed. This case analysis consists in a combined legal and financial diagnosis, in the context of a French theatre company : Pardès rimonim, experiencing rapid growth at the start of the European economic crisis (2008-2009). Three main risks can be identified towards financial sustainability: working capital financing (especially when public funding represents a significant part of the revenue); coverage of fixed costs (vs. artistic costs); and access to managerial skills (especially legal, administration, accounting, communication). Consequently, several financial recommendations should be considered: firstly, profit targeting which is to be calculated according to growth rate and balance sheet structure and then retained as reserves; secondly, shared managerial costs which may be in the form of co-operation amongst companies. These exploratory findings call for further research regarding artistic co-operatives. They also suggest policy recommendations regarding taxation incentives of theatre companies in France. This research constitutes an interesting basis for both practitioners and pedagogy.

Key words:

Performing arts, sustainable growth rate, theatre, economic crisis, financial diagnosis.

⁵ A preliminary version of this paper was presented at the 3rd ENCATC Research Session held in London, United Kingdom on the 12th of September, 2012.