



## Scenario Planning for 2021

### Summary

This is a toolkit and set of base scenarios to aid theatre organisations plan for an uncertain 2021. It is intended as an introduction to scenario planning to allow theatres to challenge assumptions embedded in their business planning and encourage a broad and pragmatic view.

### Who is this note for?

Theatre organisations at all scales who are considering how to make their business planning resilient in the face of extreme uncertainty. The scenarios are designed to be flexible to the different coronavirus restrictions in all nations of the UK.

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## Introduction

Uncertainty has been the norm throughout 2020 and theatre organisations have been adapting to change at an extraordinary pace with each new announcement and variation in restrictions. Hope is on the horizon for a return to fuller audiences in the future but the pace of change remain unknown.

In 2020 we were encouraging theatres to consider the possibility of theatres being unable to reopen until July, November, January or spring 2021 and opening with different levels of restrictions. Many of the ideas we described at that point have come to pass but not always in the order and manner we predicted.

At Theatres Trust we have noticed that many theatres are approaching planning towards a perceived “most likely” state of affairs and are then redesigning business plans as new information alters what that most likely future might be. The preparation for a “reasonable worst-case scenario”, an approach familiar to people who have been watching government briefings, is only as good as the underlying assumptions and, as has become evident, a “reasonable worst case scenario” can be revised and can get worse. Optimism for a return to the theatre is strong and we are concerned that theatres may be put in peril without a broad view of risk.

Theatres Trust has worked with theatres and producers to build a set of four scenarios that represent possible futures. We hope they will be a useful part of conversations around planning for 2021.

## What is the purpose of scenario planning?

Traditionally scenario planning or horizon scoping has been a tool for long-term strategy when plotting a course for different outcomes in 5 or more years’ time when any number of unknown variables could influence the world that organisations might find themselves in. The pace of change and level of uncertainty is so high going into 2021 that it may be a helpful tool in considering how to respond to the short term.

Even theatres with a well-developed risk-based view of the future who have a strategy in place for 2021 can use scenario planning to challenge any underlying assumptions and test their business model and risk register.

We are not proposing that organisations prepare four different business plans, budgets or models for each scenario but that organisations question what impact these scenarios may have on their planned approach and whether there are new opportunities that could be explored as a result.

## The four scenarios

The four scenarios we will introduce play out imagined possible futures from Spring 2021. While we have only considered their impact for one year, you might want to extend beyond that if useful for your planning cycle.

These four scenarios are the amalgamation of comments and suggestions from a wide pool of stakeholders. They are not predictions, they are imaginings of what we consider to be plausible possible futures. You may not want to take these off the rack but we would encourage you to engage with them and not reject any scenario outright. While there may be ideas in this that seem unlikely or unhelpful to you, consider why you have responded in that way and it may uncover hidden assumptions in your planning. We will discuss ways to extend and adapt the scenarios later on to help you make the scenarios useful to you and relevant to your theatre's context.

There is an extraordinary amount of uncertainty facing the theatre sector and it is impossible to know how any of these may play out – even what appears to be a pre-determined path can be altered by the discovery of a mutation or by a new outbreak.

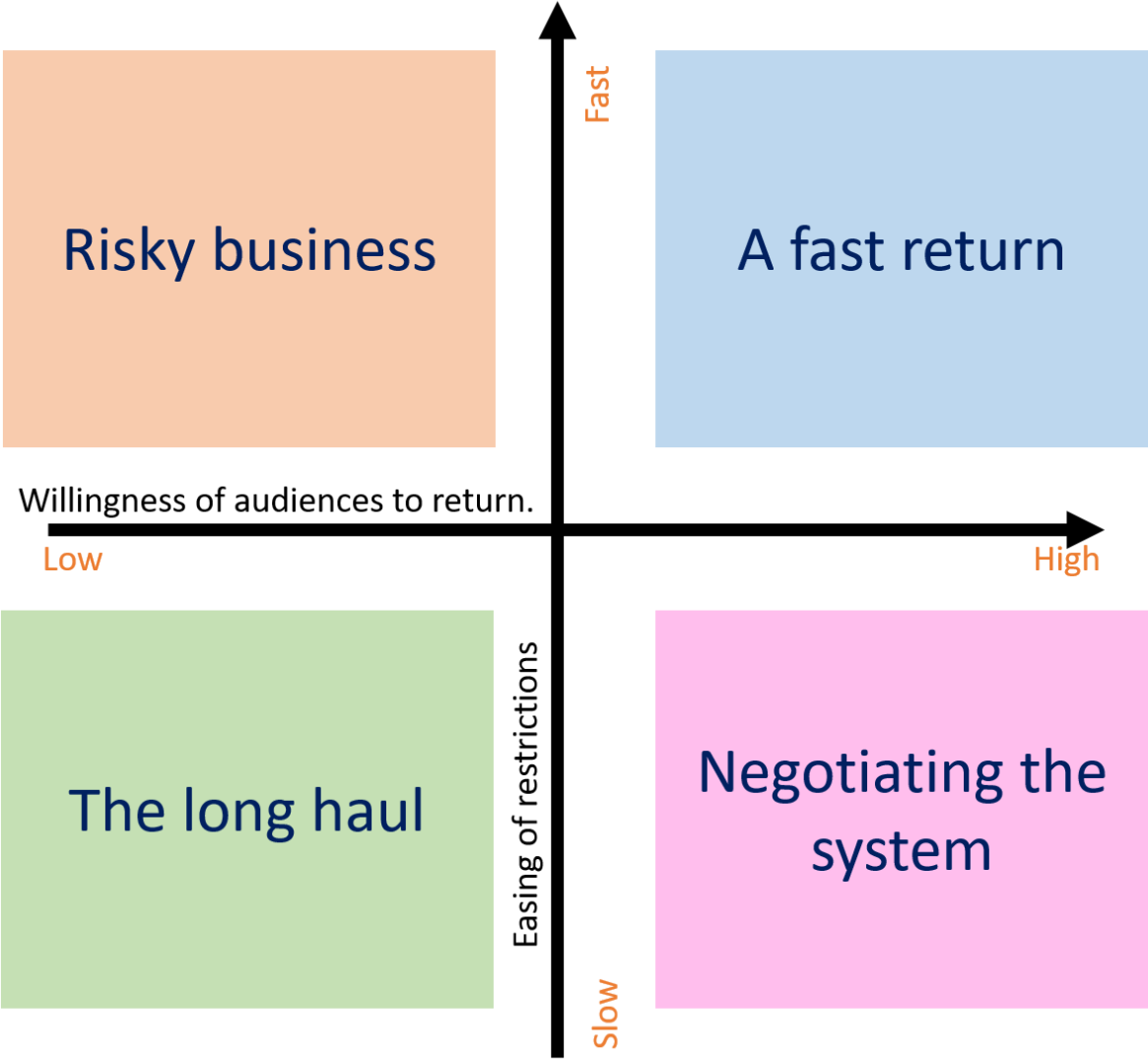
Some of the variables and unknowns we considered were:

- The continued prevalence of coronavirus
- Availability and roll out of a vaccine
- Government wage subsidy – conditions likely to change in Jan
- Government sector specific support
- Restrictions on gatherings
- Risk of future lockdowns
- Audience willingness to return
- Appetite for digital theatre content
- Economic outlook
- Impact of Brexit on international touring
- Availability of insurance
- Availability of skilled freelancers

We wanted to establish a set of scenarios that would not be rapidly obsolete by an announcement of new restrictions or new information about the coronavirus. We selected two variables: the rate of easing of government restrictions and the willingness of audiences to return. These two variables would be influenced by many of the others. This provides us with a 2x2 matrix, which is the basis for our four scenarios.

These are not independent variables – a rapid course reduction in the prevalence of the coronavirus would improve audience confidence and reduce government restrictions. We thought it was useful to separate the two as the menu of options differ whether the issue is demand or supply-side, that is struggling to sell tickets or struggling to get shows on.

We have not gone into the implications of Brexit, partially because this issue is evolving so rapidly at the time of writing but also because its impact is likely to be felt most heavily on theatres engaged in international touring and dance programming which didn't seem relevant to example theatres. You should consider different outcomes and embed them in your version of the scenarios if relevant to your theatre.



## Example theatres

We have introduced three example theatres to help you navigate the scenarios. These are imaginary theatres and are not anonymised versions of existing theatres. It is unlikely that any of these theatres will be adequate proxies for your organisation but they have been included as characters for us to place in each of the possible futures.

### Grand Theatre

A receiving house which seats 1,200 and is an established part of the touring circuit. Up until now it was presenting touring plays and musicals interspersed with TV comedians and heritage music acts.

In the last 10 years the operation has been outsourced to a trust but it maintains a strong link to the local authority and receives a small subsidy from them.

The Cultural Recovery Fund was the first time this theatre received arts council funding and some additional council funding was made available to support the security and maintenance of the building. The theatre director and building manager are the only staff not furloughed since the building closure. Some marketing/box office staff are on reduced hours. There have been a number job losses but a core team remains furloughed to allow the theatre to reopen when able.

The theatre had no content to digitise so the focus has been on rescheduling and refunding bookings. Future bookings depend heavily on producer confidence. There is a plan to refurbish the bar area to improve revenue generation but the reserves set aside from this have been reallocated.

### Playhouse

A producing theatre with 600 seats and a small studio, it is an NPO.

The number of productions entirely in-house has fallen in recent years and it is now part of a network of co-producing theatres and presents the touring work of other NPOs. It has been under pressure to reduce dependency on ACE subsidy and has started to increase earned income through events. There is increasing reliance on freelancers as the payroll for employed creative staff was reduced. The local authority is the landlord and provides a large subsidy.

The theatre was successful in both rounds of ACE funding and has developed a digital series of monologues that it has been providing for free and a programme of support for emerging creatives. While nearly everyone was furloughed initially, the emergency funding has brought back outreach and marketing teams.

### Arts Centre

A community arts centre built in the 90s which serves a medium-sized town. It has two spaces – a 400-seat auditorium and a 100-seat studio.

The local authority owns and operates the theatre and provides a small subsidy to keep it running. There is currently discussion in the council to cut the subsidy completely. The programme is mostly tribute acts and comedy with the occasional family show. The loss of this year's panto will be catastrophic.

The theatre received culture recovery funding but having seen what comparable theatres received don't think it applied for enough. Staff were reassigned by the council when the theatre was closed and there is only the theatre manager still working on the theatre.

## Risky Business

While theatres can reopen fully, audiences are not keen to sit in large rooms for long periods of time or travel long distances.

Performers are keen to perform but the big shows are slow to return due to high insurance costs and low audience numbers. The small to medium scale theatres have a busy programme of one nighters but the larger theatres remain shuttered between big performances.

There is no sector specific support as they are fully open but theatres are in extremely perilous positions with reducing reserves. Capital improvements are scaled down and delayed.

Talent development is under threat as the sector becomes more risk averse.

### Audiences

Fuller audiences are permitted but reluctant to return. The demographic of audiences may shift as older audiences are more concerned about risk.

### Finances

Reserves are slow to reflate, debt repayment may be an issue as break even is the target without much scope for surplus.

### Programme

There is an overprovision of small and medium scale shows versus demand and larger productions are rare as the business case is hard to make.

<b>Grand Theatre</b>	<b>Playhouse</b>	<b>Arts Centre</b>
The absence of available product has led to a keyholder style model, only opening for big events with a guaranteed audience. The older demographic of the usual audience are the least willing to return. Maintaining a relationship with the audience is challenging due to a sparse programme.	The board is reluctant to support new productions at this risk level so pared down designs are scheduled with a lower break even. It is challenging to recruit skilled freelancers as many have left the sector for new jobs and are not sure returning offers a secure income. The artistic director is concerned about the impact this will have on the credibility and reputation of the organisation.	One-nighters continue to be available, the theatre can only offer box office splits but the promoters are willing to take it. Some people who used to travel further afield to see shows are looking to see what the local offer is instead.

## A Fast Return

A vaccine distributed in early spring leads to a universal lifting of restrictions. The West End leads the charge for reopening with audiences hungry for theatre. The first shows to reopen get a particular boost.

There is no insurance available against future lockdowns but shows are continuing at risk so future lockdowns would be catastrophic. There is pressure on theatres that receive subsidy to drive other forms of income as local authorities and central government look to pay off large accumulated debts. Initially there is a challenge assembling a programme as there are not enough shows ready to go.

There is a feeling that a fast return to “normal” has derailed essential work on reimagining and change within the sector, and addressing systemic challenges

### Audiences

Theatres are full to bursting as audiences are keen to return and able to. Audiences with accessibility needs or who are at higher risk may be overlooked and excluded.

### Finances

There is surplus to be made but theatres are conscious of the risk of a future shutdown so reserves policies are reviewed to balance a higher level of risk.

### Programme

The reopening is faster than producers were prepared for and there is a period of time that it is difficult to secure larger shows

<b>Grand Theatre</b>	<b>Playhouse</b>	<b>Arts Centre</b>
The 2021 diary is full with rescheduled shows and weeklong bookings that have been in for a long time but the sudden return has meant that the big shows in the first 6 months are not ready and have to cancel without much prospect of finding an equivalent replacement. Those that do open are rewarded with people desperate to see big shows with their friends again	The theatre has a backlog of unstaged work which is ready to go and so the development of new work is paused. Seeing the success of theatre’s return the council look to reduce the subsidy provided to the playhouse and it must find new routes to driving revenue. Freelancers feel that theatres are more powerful than ever and feel left behind by the lack of change and support.	In the first 6 months the bigger acts that might have been the cornerstone of a programme are able to play larger houses so it takes some time to rebuild. Box office splits aren’t enough to bring in these shows for now.

## The Long Haul

Mutations and outbreaks of coronavirus leave theatres in a perpetual limbo of reopening and closing. Fuller audiences may not be possible for years to come and theatres need to reimagine the offering completely.

There is a shift towards digital content with theatres creating work unsure if it will reach live performance. There is an economic depression and monetising this work is challenging

Producing theatres consider moving to smaller premises and receiving theatres begin to close.

### Audiences

Theatres open and close with shifting restrictions and the audiences are cautious about returning.

### Finances

Organisations remain on a precipice and minimise all costs. The board considers solvency at every meeting and has calculated how long the theatre can continue to operate.

### Programme

No large scale productions are available and even smaller works are operating at low cost flexible models at the risk of the show not being able to proceed or being shifted to an online show.

<b>Grand Theatre</b>	<b>Playhouse</b>	<b>Arts Centre</b>
The building is shuttered and not able to present work. Creative organisations try to utilise the space to create digital or TV work but the costs of operating the building are onerous.	Shows are designed to be jointly digital and live so that they can continue even through a closure. While ACE and local authority subsidy continues, it is reducing as the economic downturn squeezes public spending	The arts centre is now a hall for hire, there are no dedicated theatre staff or programming, some amateur groups use it as a base but it doesn't have a public profile.



## Negotiating the System

Due to widespread disillusion about lockdown measures, amateur dramatic groups begin meeting again and small theatres begin to find loopholes to increase their audience capacity.

Due to increased scrutiny, local authority venues and larger theatres (including the West End) are still subject to restrictions with audiences at 50-60% for at least a year to come. This affects the return of large shows but the larger theatres are repurposing their programme to be able to scrape by and pushing the regulations as far as possible.

There is a small amount of additional government support for theatres to create work in innovative ways.

Theatre operators become smaller organisations, effectively hiring out their spaces to the producers of small shows to shift the risk. There is a decline in the maintenance of theatre buildings as there is less oversight over their use.

### Audiences

Theatres don't have a problem selling the tickets that they are able to as people want to return to seeing performances. Audiences make their own assessment on how safe it is to attend each theatre and demographics may shift as a result.

### Finances

Understanding the viability of each performance becomes key. Fixed costs are driven down to shift the risk to a project by project level as much as possible.

### Programme

Innovation is required to make cost effective performances that work under the restrictions.

Grand Theatre	Playhouse	Arts Centre
The capacity limits make big shows unviable and the theatre is under close scrutiny to be fully compliant with the regulations. The theatre struggles to cover its large maintenance and insurance costs.	The theatre becomes a producing hub which while still utilising its building for the occasional distanced performance, it looks at large outdoor and digital work to provide the audience with the content they crave	Restrictions and the lack of product keeps the building largely shuttered but it is hired out to local groups who are desperate to meet up and create. These groups are a little more relaxed about the rules than the theatre management would like.

## Extending and adapting these scenarios

We have designed these scenarios as a starting point to help theatres to reflect on multiple possible futures but Theatres Trust are not experts on your specific theatre's operating style or context. It is unlikely that any of them are directly applicable but we would encourage you to not reject the possible futures as implausible without challenging the assumptions underlying that decision.

You may take our proposed axes and create your own versions of these four scenarios or replace one or both of them for what seems like the most pertinent unknown for your organisation. Some receiving theatres we discussed these proposals with were more impacted by the confidence level of producers than that of audiences and wanted to replace that axis

We recommend a workshop with your senior team, perhaps using a collaborative whiteboard, using a 2x2 matrix to describe what a future might look like. You may wish to assign different staff members to approach the organisation from the perspectives of different stakeholders.

## Challenge your organisation's objectives

One way to apply these would be to consider your organisation's stated missions and any strategic goals

- How far down the path to one of these scenarios would you change the way your organisation operates?
  - What would be the trigger point after which you change staffing?
  - When would the programming policy change?
  - Have you undertaken a reverse stress test to consider whether all of your activities would remain viable at different audience levels?
- What are the opportunities that these scenarios present?
  - Unlocking new audiences?
  - Developing new strands of work?
  - Better connections to the local community?
  - Expanding your theatres civic role?
  - Focusing on a specialism?

Scenario planning is a creative activity and benefits from a broad range of perspectives. One major benefit is challenging the assumptions that influence an existing business plan. The table below is an example of a tool you might use to question how the activities and key relationships

## Further reading

This note draws on and adapts an approach described in Scenario Planning in Organizations: how to create use and assess scenarios by Thomas J Chermack

One useful source with a view of opportunities as well as risks is the Cultural Cities Recovery Report by Core Cities UK - <https://www.corecities.com/publications/how-culture-can-level-uk-after-covid>

How does this affect...	Scenario 1 – Risky Business Or _____	Scenario 2 – A Fast Return Or _____	Scenario 3 – The Long Haul Or _____	Scenario 4 – Negotiating The System Or _____
Our audience and our relationship with them?				
Our producing partners (producers, freelancers, performers) and our relationship with them?				
The financial position of the organisation and our relationship with funders				
Who we are and how we work together (Organisational culture)?				
What we do and how we are defined?				