

Small firms earn raves on resurgent Broadway

Theatrical boom spawns new players; cost-cutting makes competition perilous

BY STEVE GARMHAUSEN

IN ITS THREE YEARS OF LIFE, Daedalus Design & Production Inc. has more than doubled its studio space, moved up the food chain to handle projects as big as \$100,000 a pop, and grown its payroll to as many as 15 people at a time.

What's its secret? Good leadership, for sure. But Daedalus is also in one of the city's hottest businesses: making sets for live theater.

"We're getting better clients than we were two years ago," says James Robertson, president of the Greenpoint, Brooklyn-based company, which gets 70% of its revenues from off-Broadway productions. "It's a lot of work, but it's fun."

Daedalus is one of scores of small businesses that are cashing in on the long-running strength of live theater. Record turnouts and revenues on the Great White Way—and a huge proliferation of smaller venues throughout the city—have nourished longstanding businesses that cater to live theater. At the same time, the theatrical industry's success has provided rich soil for new ones to sprout.

The rub is that as Broadway in particular has become more of a hard-nosed business, show producers have upped the pressure on their suppliers to hold down their costs or forfeit their contracts.

"It has become more about financial problem-solving than creative problem-solving," says Jared Aswegan, owner of

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PROPPED UP: Gretchen Shugart, James Robertson, Eugene Carr and Amy Willstatter (from left) have all experienced a dramatic rise in business.

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Small firms earn raves on resurgent B'way



PRODUCTION VALUES: Broadway hit musical 'Wicked' provided a big payday.

Established co-stars

BUSY BROADWAY BOX OFFICES have also been good for a host of longtime suppliers to the industry. One of those is 25-year-old **Scharff Weisberg**, based in Manhattan. In the past year, it handled sound and lighting for such big productions as *Wicked* and *Good Vibrations*. The company counts on live theater for almost a quarter of its \$25 million in annual revenues.

With help from the theater, in the last five years, Scharff Weisberg has increased its payroll by two-thirds.

Jerard Studio, a set design and animation firm in Red Hook, Brooklyn, is another Broadway success story. Since being tapped to provide pigeon puppets and other props for *The Producers* a few years ago, the studio's live theater work has doubled despite its handicap of being a union shop in a market where more business is flowing to cheaper, nonunion firms. Today, theater work accounts for half of the studio's business.

Likewise, the strength of live theater has helped 18-year-old **SpotCo** evolve from a graphic design studio into a full-service ad agency specializing in Broadway. In recent months, SpotCo has worked on such shows as *A Raisin in the Sun* and *Avenue Q*.

"We've grown a lot," says Chief Executive Drew Hodges, who says that in the last five years his billings have soared by nearly 300%. "We're working on more and more shows."

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costume maker Barbara Matera.

Nonetheless, the sheer numbers of new productions and venues have sent a ripple of prosperity racing through the city. In the industrial areas of southern Brooklyn alone, for example, the amount of set production and acoustics shops has doubled to 12 since 1997, according to the Southwest Brooklyn Industrial Development Corp.

Elsewhere in the city, new kinds of businesses, from electronic ticket sellers to cross-marketing specialists, have sprung up.

"Theaters have been filled for the last 10 years," says Drew Hodges, chief executive of Broadway ad firm SpotCo Advertising. "The total pie has grown for everybody."

With the exception of a downward blip following the terrorist attack of Sept. 11, Broadway grosses have increased every season since 1991-92. More than 57 million people attended shows over the past five complete seasons, about 9% more than the previous five-year period, according to the League of American Theatres and Producers.

Off the charts

Attendance statistics for off-Broadway theaters—generally categorized as those with fewer than 500 seats—don't exist. But online ticket seller TheaterMania.com Inc. currently lists nearly 600 non-Broadway productions in the city,

triple the number of five years ago.

The explosive growth of live theater all across the city has attracted an increasing number of entrepreneurs, from traditional carpenters to new-economy types. Among them is Gretchen Shugart. Five years ago, the former investment banker joined the then-struggling TheaterMania.com, which had been founded months earlier to offer easily accessible online listings, and to give shows an affordable alternative to broadcast or print ads.

Originally, the Manhattan-based enterprise consisted of just its two founders, who wrote online reviews, took in ads and posted listings. Three years later, they branched into e-commerce, adding online ticket sales.

"We saw the opportunity and we built on it," says Ms. Shugart, the company's chief executive.

Today, TheaterMania.com gets 1 million hits per month from fans buying tickets or just reading reviews and feature stories. Revenues from online ads and ticket sales were more than \$5 million in 2004. This year, it is on pace to double that total as it continues to keep a tight lid on costs in order to stay competitive.

Eugene Carr, former executive director of the American Symphony Orchestra, is another entrepreneur who has done well by marrying live theater with the Web. In 2001, even as dot-coms were crashing all around him, he founded Patron Technology, a Manhattan-based Internet marketing firm that uses e-mail to court theatergoers and other arts patrons.

The firm lets arts managers build e-mail address lists, create high-quality e-mail alerts and advertisements and, better yet, track the results of those efforts in great detail. In the process, Patron offers to cut down on paperwork and save theater owners big bucks by reducing the need for printed brochures, which cost as much as \$1.20 a piece to produce and distribute.

At first, most potential clients were skeptical. "Their typical response was, 'But e-mail is only for teenagers, and my audience is old,'" says Mr. Carr. "In the intervening years, the skepticism has given way."

Patron recently helped The New Victory Theater convert 73% of its subscription renewals from paper to the Web, saving not just on paper but also on postage and processing.

The formula is working: Patron has grown to seven employees and its revenues are approaching \$1 million, with live theater kicking in about a quarter of the gross.

Plugging away

The bright lights of Broadway have also drawn Amy Willstatter. Four years ago, she founded Bridge to Hollywood/Bridge to Broadway to forge marketing partnerships between theater producers hungry for extra income and consumer product makers eager for another plug.

Recently, Ms. Willstatter struck gold by bringing together *Thoroughly Modern Millie* and the makers of Michelob Ultra. Emboldened by that success, Ms. Willstatter is looking to hire her first employee.

Taking to the Stage

NEW PLAYERS

Company: Bridge to Hollywood/Bridge to Broadway
Number of employees: 1
Field: Marketing
As seen recently in: *Thoroughly Modern Millie*

Company: Daedalus Design & Production
Number of employees: Up to 15
Field: Set maker
As seen recently in: *Putnam County Spelling Bee*

Company: Patron Technology
Number of employees: 7
Field: Internet marketing firm
As seen recently in: *Work for The New Victory Theater*

Company: TheaterMania.com
Number of employees: 20
Field: Online ticket sales/ads
As seen recently in: Currently lists 640 shows

VETERANS

Company: Barbara Matera
Number of employees: Up to 70
Field: Costume maker
As seen recently in: *Spamalot*

Company: Jerard Studio
Number of employees: Up to 12
Field: Set design/animation
As seen recently in: *The Producers*

Company: Scharff Weisberg
Number of employees: 100
Field: Sound and lighting
As seen recently in: *Good Vibrations*

Company: SpotCo Advertising
Number of employees: 45
Field: Broadway ad firm
As seen recently in: *Brooklyn*

also edging stageward. In an era when manufacturers continue to flee town and its high costs, live theater has been a godsend for many carpenters, costume makers and others, such as set maker Daedalus.

In its new 10,000-square-foot digs, Daedalus has completed work for clients such as the Theatre for a New Audience. Most recently, Second Stage Theatre commissioned Daedalus to make a 25-foot by 45-foot set for *Putnam County Spelling Bee*, designed to look like a skewed-perspective gymnasium. Mr. Robertson describes revenues for his firm as running under \$1 million.

He also says that making money in a business where producers are increasingly mindful of their bottom lines is tough. Typically, he says, "We get a \$30,000 budget and are asked to build a \$45,000 set."

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