

Chapter 29

Creating a Business Unit Within a Large Sports and Entertainment Organization's Theatre Operation: Reflections on the Change Process

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ABSTRACT

This reflective case history illustrates the change process in a USA sports and entertainment's theatre organization led by its leader in consultation with a human resource development and organizational change professional. Evidence-based organizational change and development informed by the theoretical perspectives on shop floor management and action learning guided the change process conceptualized on the belief that frontline employees should play a major role in driving change in organizations, and their learning and reflection is crucial in this process.

INTRODUCTION

After acquiring full ownership of two movie theatres and conducting an initial environmental and business scan, a large sports and entertainment organization based in the United States of America (USA) determined that much of the economic viability of the movie theatres was contingent upon the success of the theatres' concessions where guests purchase popcorn, soda, candy, and other snacks. Data showed that after subtracting film rental from gross box office sales, box office sales represented 49.8% of total revenue while concessions generated 40.5% of the two theatres' total revenue. Based on the aforemen-

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tioned data, the environmental and business scan, and the sports and entertainment organizations' experience from its other venues (e.g., major league baseball stadium, performance theatre, and multi-purpose arena), the organization decided that, in order to maximize concessions revenue potential, the theatres needed a self-contained concessions department. Each venue under the sports and entertainment organization's umbrella had a self-contained concessions department that included a concessions manager and frontline concessions leaders.

The self-contained concessions department required a significant change in the theatres' organizational structure and leadership, as the organization had no manager in place to oversee the concessions department and no day-to-day floor supervisors to directly supervise each concessions location. Structurally, the concessions department, as a potential business unit, did not have direct leadership at the frontline where all customer-employee transactions and interaction occurred. This reorganization of the theatres' concessions departments was considered unique in the movie theatre industry and caused much anxiety amongst the employees of the theatre organization.

Description of the Theatre Organization

The theatre organization consisted of two different theatre units that were separated by two downtown city blocks in a metropolitan suburb. Refurbished from a one-screen theatre house built in 1926, the first unit, referred to as T1, reopened in 1997 as an eight-screen house. The two-floor 1920's-style ornate movie house hosts one main concessions stand on the first floor and a smaller concessions stand on the second floor. The second unit, referred to as T2, opened in November 2001 and was built in a multi-tiered style like downtown theaters in New York City, USA, and Toronto, Canada. T2 has three levels with one concessions stand located on the second level and one concessions stand, along with an ice cream and coffee bar, located on the third level. The opening of T2 increased the organization's revenue by 232.5%. In addition, the theatre organization went from a staff of 50 full-time and part-time employees to a staff of approximately 200 full-time and part-time employees. Once the sports and entertainment organization determined that a self-contained concessions department was needed to ensure economic viability a concessions manager was hired to oversee the concessions operations at both theatres, and concessions procedures and policies (e.g. inventory control, food safety, cash handling, and portion control) were implemented. The sports and entertainment organization expected measurable results within 30 days of the concessions department becoming a self-contained business unit within the day-to-day theatre operations.

Our Partnership and Engagement with the Organization

I (first author) was an 11-year employee with the sports and entertainment organization and had earned credibility as a leader who could lead change in day-to-day operations. The founder of the sports and entertainment organization personally asked me to lead the newly acquired theatre organization.

The partnership between me and my co-author started to develop while I was a graduate student working with the second author, a university faculty member with 15 years of experience in international management and organizational development and change, and continued after my graduation. While working on another project, I, who at the time was a leader at the organization's major league baseball stadium, expressed great interest during meetings with my co-author in how frontline supervisor leadership can impact the sports and entertainment facility industry – arenas, stadiums, theatres, convention centres/

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