Blue Man Group: Creativity, Life and Surviving an Economic Meltdown

*Sometimes when we look at where Blue Man Group has gone; we just sort of scratch our heads. And we think about how we started, basically just the three of us saying, “Why don’t we get bald and blue and do stuff?”*

- Chris Wink, co-founder with friends Matt Goldman and Phil Stanton

Monday evening on July 7, 2008, Chris, Matt and Phil were slumped around a conference table littered with leftover sushi boxes, and sales and financial reports. Their CFO had just left the room. It was clear they were in a red ink-black ink situation; they could go under. It was frightening to think about, after twenty years of living and breathing Blue Man. What would happen to the Blue Man community, their coworkers and friends? What about the Blue School? What about them and their own families? The issues they were worried about extended well beyond the Blue Man Group enterprise, but the business was where they needed to focus their attention right now. Without the ability to forecast and tremendous uncertainty in the economy, they would have to assume the worst and make some dramatic changes.

The Blue Men made their formal debut in 1988 by staging a “funeral for the 80s” in New York City’s Central Park. The bald and blue character and his antics evolved as Chris, Matt and Phil (aka CMP) began playing hip venues, and did their first full length performance. They offered up an interactive audience experience that combined theatre, drumming, art, science and vaudeville, and appealed to a wide range of ages and cultural groups. Critics described it as “ground breaking,” “hilarious,” “visually stunning,” and “musically powerful.”

In 1991, Blue Man Group opened at the Astor Place Theatre. That same year, they won the Village Voice Obie Award, the Lucille Lortel Award, and the Critics Choice Award – Off Broadway’s triple slam. They had begun a journey they never could have foretold, opening shows in Boston, Chicago, Las Vegas, and Orlando; taking their theatrical show to audiences internationally; making albums

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1 This case is complemented by a DVD entitled Blue Man Group: Creativity, Life and Business (810704). It includes interviews with CMP, live footage from Blue Man performances, and a profile of the Blue School via interviews and in-school footage.

2 www.bluemancasting.com/blueman_history.php (last accessed 5/17/2010); see Exhibit 1 for a fuller description of a performance.

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Senior Lecturer Bhaskar Chakravorti and Research Associate Shirley M. Spence prepared this case. Some company data has been disguised. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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and staging rock concerts. An estimated 17 million people had enjoyed their shows by mid-2008, paying $43 to $131 for the experience. Along the way, CMP became husbands and fathers, and launched an educational venture called the Blue School that embodied their spirit of creativity and collaboration. And they loved it all.

By 2008, Blue Man Group sales had climbed to approximately $90 million, and employees numbered approximately 580. CMP had become known as much as the heads of a performance arts empire as creative geniuses. The three co-founders bought out their original producer early on to gain creative control, but over the years had been involved in numerous production partnerships and other collaborations. They were far from done, however, working on a growth strategy aimed at expanding beyond live productions to become the global leader in “multigenerational entertainment that’s smart and cool,” with a long list of exciting projects.

Blue Man life seemed good, but CMP had been feeling a growing sense of unease the first few months of 2008. Matt explained:

In the fourth quarter of 2007, we started to see significant behavioral shifts in ticket buying patterns nationally. There was no drop off in sales, but the advance window was much smaller – week of or even day of performance. We had 16 years of data and had never seen anything like that. We got together and said “The recession’s started.” We said that in the organization, and they said “You’re crazy.” No one official was using the “R” word; what made us the experts? During the first half of 2008, buying trends were mixed by city. Vegas would be down and others through the roof. It was all over the place, totally unreadable. But the week of July 1, all five shows were down for the first time. That was the tipping point.

Before They Were Blue

In 1987, Chris, Phil and Matt found themselves in their mid-20s, sharing an apartment in New York City, each quite different but all in search of a creative outlet. Matt had once read that life was a succession of hitting plateaus right when you needed to meet a person or form a relationship to move to the next level. “That was our experience,” he said. Phil was the relative newcomer to the group; Matt and Chris had a history that extended back to high school.

Matt was born into a fourth-generation New York City family, his mother a writer and teacher, and his father a documentary film maker. He attended public elementary school, which he described

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4 See Exhibit 2 for a Blue Man chronology

5 Blue Man Group financial information has been disguised to preserve confidentiality. See Exhibit 3 for revenue data.
as “a big institution with no soul,” and then the Fieldston High School, a private institution. He recalled his high school years:

I was lucky to get in to Fieldston at all. My test scores were so-so; I later found out I was borderline dyslexic. But the application included a section asking you to select and write about one of several pictures. I picked an Egyptian pottery photo, and wrote a news article about its discovery and how it changed Egyptian history. That was the game ender - they loved it – and, for me, it was an early reinforcer of the power of creativity.

My father traveled in Europe and took my mother, brother and me along. There was no hesitation about pulling me out of school. Travel was a significant part of my upbringing, and I feel it was richer than school for me. Seeing different cultures, art and architecture was an absolute perspective changer.

Out of the 100 students in seventh grade, only 10 were new that year, including Chris and me. We naturally gravitated to each other because of that plus neither of us fit the profile of the typical Fieldstoner, from a wealthy, high society, business family with Ivy League pedigrees. Chris’ father was a teacher and Chris had attended an experimental elementary school within Teachers College at Columbia University. The school emphasized creative writing and scientific exploration, which he loved, but it didn’t really teach the basic skills like spelling or essay writing.

We had some special moments in high school, like when I was able to help Chris plot a win against the mile run record holder at a big track meet. It was the first time we realized how profoundly powerful our partnership could be. We were very, very different but somehow there was a trust, a willingness to try things the other person suggested. Our families were always thinking we’d do something together, even at age 17 and 18, but we didn’t plan to.

Chris went on to Wesleyan University in Middletown, Connecticut where he majored in American studies with a concentration in art history and pop culture, studied drumming, and had a radio show. As graduation approached, he found himself increasingly pressured to get a job and make money; “that was horrible,” he recalled. After graduating in 1984, he returned to New York City to write about American trends for a Japanese magazine during the day, and play drums with post-punk bands at night. In the fall of 1985, he began working at a catering company called Glorious Food.

Matt went on to Clark University, a small liberal arts school in Worcester, Massachusetts. He was attracted to it because it was within 4 hours from New York City, had few academic requirements and a high percentage of self designed majors, and was Division 3 in sports, so he could play soccer. It also offered a 5 year program culminating in an MBA, which appealed to him as a “stamp of approval, a diploma important to give me an edge in the journey to do my own thing.” He explained:

I’d been working since I was 13 years old, as a dog walker/plant waterer/babysitter for my building, showing Super8 cartoons at kids’ parties, getting paid lots of cash working in those electronic stores that always seemed to be going out of business and eventually were shut down by the Mayor. That was the start of my entrepreneurial juices flowing. I didn’t think that after college I wanted to work for someone else.

Matt majored in economics for his undergraduate work, not so much to be an economist or business person but as a lens for studying global society and cultural history. Marketing was his concentration for his MBA studies, which included a one semester internship at Polar Beverages developing recommendations for adapting to anticipated bottle bill legislation. He integrated that work into his thesis on the one year effect of bottle bill legislation on the soft drink in Massachusetts. He observed:

My Clark adviser said early on that the key was to make sure my internship was helping solve a real life problem, and my consulting there was a chapter of my thesis. All of my work should do double or triple duty, with focus and intentionality. When I talk about what an MBA gave me, it’s hard to explain, but I use that at Blue Man. Four creative projects can seem unrelated but if you can make the work overlap and relate, you get four times the mileage.

After graduation, Matt joined a start up software production house called Omni Resources, partly because “I didn’t know anything about it. I didn’t even use a computer.” His role was to bring together technology, distribution and other aspects of the business into a product development process. The company began to create a niche in the publishing industry, with clients like Grolier and Bantam and a “New York vibe” that was comfortable for Matt. But he especially appreciated the opportunity to “be entrepreneurial without the risk, being right there with the owners, making it all happen, seeing how it grew.”

By 1996, the company had grown to 150 employees and was flourishing. Matt continued to enjoy his work but living in a small town outside of Worcester, where Omni was headquartered, was losing its charm. He knew he had been out of New York City too long. Rather than changing jobs, he persuaded Omni to let him work out of its office there. Chris immediately invited him to move in with him. Matt was reluctant initially but he soon relented and moved in with Chris and his apartment-mate, Phil.

Phil was born in Texas and moved to Savannah, Georgia at the age of eight, where he attended public school. He recalled his childhood and youth, and their impact on him:

My father was a Pentecostal minister. The evangelical style of worship made a lasting impression on me; it was a demonstrative style of worship that celebrated the power of coming together as a community of people. My father also was a builder, doing the architectural design for homes we built, building five churches, and designing twelve others. So I was always around carpentry and construction, and had a tinkering mentality. That was reinforced by a high school job at a hardware store for industrial builders, where I learned about things like PVC pipe, and nuts and bolts. I also grew up surrounded by music, playing instruments and singing in church. My mother played the accordion and the piano.
After high school, Phil attended the Evangel College of Arts and Science in Springfield, Missouri. Despite – or because of – being rather shy, he was attracted to theater and studied voice. He graduated in 1983 with a dual major in religious studies and theater arts. He decided his future was in acting but that he wasn’t ready for New York or Los Angeles, and would return to Savannah for a year or two first. In 1986, he headed for New York to study acting and begin auditioning. To pay the bills, he took on a job at Glorious Food, and met Chris on his first assignment.

The Blue Man

Chris, Matt and Phil enjoyed a great “chemistry” and shared much of their free time together. The late ’80s in New York City seemed a bleak time to them: a recession, Reagonomics, the destructiveness of punk rock, and experiential theatre with angry monologues. They began hosting weekly Sunday morning salons for friends and friends of friends. The only requirement was that they bring something exciting to the table – maybe a conversation heard on the subway, a song, or something they’d written.

Separately, the three began exploring the idea of a bold and blue character. It became their passion and social life. Instead of being out at the bars on a Saturday night, they would be home mixing paint or making an instrument for drumming out of some PVC pipes found on a back street. They decided their ability to catch things in their mouth at long distances, developed from having hors d’oeuvres tossed to them by the chef while working at Glorious Food, might be unique and interesting. Matt observed:

We were trying to figure out our discipline. We weren’t really painters or actors or anything like that. We each brought very different interests and skill sets. Chris had his drumming, and buried himself into art books for weeks on end, and studied alchemy. Phil had army engineering experience, and owned a catalogue of every tool known to man. Through the salon piece, we stumbled across a quote from Brancusi that said that being an artist was not about being hit by a lightning bolt but about have clear intent and passion. That helped me especially, as someone who got an MBA and felt creative. I remember a 2 am conversation with Chris where we said: “We can make this happen!”

Often asked about Blue Man’s origins, they had declared it unknowable and would say “the Blue Man found us.” Early on, they had an epiphany when a friend and performance artist offered some feedback on one of their skits: “I didn’t like the part where you smashed the Jell-O-O on the chair. I don’t think Blue Man would do that.” They realized that the Blue Man was the whole point, the organizing sensibility. They needed to serve the Blue Man, not use him as a prop or gimmick. He was the heart of the show, and what ultimately would become the Blue Man brand.

It was the Blue Men, CMP observed, who became the celebrities; they were just themselves. That had benefits; they didn’t have to be suave 24/7, and they could use the New York subway without being recognized. The Blue Men were a unit but they didn’t always agree. On stage, that was the

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7 Constantin Brancusi (1976-1959) was a Romanian born sculptor

8 Ten years later though they did remember a drawing of a bald man Chris had done in the first grade.

“third man” phenomena where, for example, one blue man started dancing to his own beat. Off stage, that meant that decision making – which had to be unanimous - might require long discussion before consensus or agreement to disagree. Fundamentally, though, they were a threesome:

*It was an interesting choice from the beginning. Instead of “here’s what I did” or “I’m the Blue Man in the middle,” it just felt better to be part of an entity. That’s not part of the western ego and culture; it’s more Japanese really. It feels natural and healthy.*

There were many long discussions about possible attributes of the Blue Man. They knew he would be deadpan but still have many different sides. They used their instincts and drew on other characters and archetypes to develop a six-sided view of the Blue Man. Coworkers could see parts of CMP there as well. Chris described the model:

*The attributes we saw in the Blue Man are sides we all have and use to get through the day. There is the scientist, the side of us looking for the how and why, observing, analyzing and problem solving. There is the hero, working toward a goal; putting on a suit and bringing home the bacon qualifies. And sometimes we are a group member, part of a tribe with a mindset, sensitivities, mores, and rules for living and working together.*

*Diametric to these sides are the shaman, the innocent and the trickster. The shaman is the opposite of the scientist, visceral, instinctive, subjective, looking to synthesize rather than analyze. The innocent is the opposite of the hero, the Forrest Gump living entirely in the present. And the trickster is the side that crosses the boundaries of the group, breaking the rules, deviating from the norm, telling the punch line to the joke.*

*We initially intended the model to help us play the Blue Man character. We also needed a way to explain him to others, especially as people other than ourselves began to play the character. We came to find it useful in the creative process too. If we were stuck, we’d ask ourselves which mode we were in. And then we’d switch to another one and have a different lens to use, to gain a new insight or spark a new idea.*

**In the Beginning**

The Blue Men would stroll the East Village streets, observing and experimenting. They noticed the long line of people waiting to get into an exclusive night club and set up their own red velvet cordon across the street. Anyone was welcome; the admission fee was dancing as hard as you could for one minute. They began playing short pieces at hip venues for the downtown art crowd. In 1989, they did their first full length performance. Then in the summer of 1991, they were invited to perform at a Lincoln Center fundraiser. Matt recalled: “It got a buzz going. We sold out 200 seats fast and got a standing ovation. It was crazy for us.”

They decided to open their own show. The “buzz” enabled them to attract the attention of a producer who subsequently brought in a second investor. The original production would have a three year option; the clock started ticking in November 1991. Before the end of the year, they had
found a theatre off Broadway,\footnote{The Astor Place Theater was located in a building owned by a friend. They had a rent to buy arrangement for the theater and apartments on the upper floors.} assembled a small crew, and were ready to open. They kept putting off naming the show until Playbill said it was going to press in an hour and needed a title. They were in a room with lots of tubes so they named it “Tubes.” They recalled:

*It was scary because we were undercapitalized and the theater was only half full. We were scrambling. There was pressure every single day. The Jell-O in the show was costing $880 to make so the producers told us to drop it. But Jean-Claude Nedelec, the owner of Glorious Food, said he wanted us to succeed and came through for us with free Jell-O. But we did get TV appearances with Kathy and Regis, and on the Tonight Show. After six months, in one week, we were sold out for six weeks in advance. It turned on a dime. We went from being a nonprofit to a for-profit.*

The Blue Men went from six to eight shows a week. Chris, Matt and Phil had never missed a performance but at their producer’s insistence did have one understudy. After 1, 285 consecutive shows, Phil injured his hand and the understudy, who had never really rehearsed the show, went on. It worked and they realized that what Penn\footnote{Penn Jillette was half of Penn and Teller, an award winning performing arts duo featuring magic and macabre humor.} had exclaimed when he first saw Blue Man – “You can clone yourselves!” – was indeed true. “It was a catalytic event,” Matt said, because it showed them they could oversee the show without being in it.\footnote{Rob Walker, *The Business of Blue Man*, (longer version of article in March 2003 of Fortune Small Business), http://www.robwalker.net/contents/as_blueman.html (last accessed 1/27/2010)}

Three years into the show, they reached a critical point in Blue Man Group’s evolution. A long time staffer explained:

*The producer wanted to lock in the show and rerun it. That’s the typical Broadway model where Joe creator gets someone to put up the money, they produce it, do shows in New York for a few years, replicate and tour it around the world until it sputters out, and ten years later do a revival. It’s almost like a licensing franchise with all sorts of controls, written or not. The pluses are it’s a well oiled machine; everyone makes money and is happy. The minuses are you go to Germany and see the same Beauty and the Beast, quality control may go to hell, and you can’t rewrite it.*

*Chris, Matt and Phil didn’t want that. They knew it would be the death knell for the Blue Men. The project felt different, not cookie cutter, more of an experience than a show. They told the producer “give us control and we’ll pay you, or we close down.” They could have decided the show was done and maybe made more money by now. Instead we keep tweaking the shows to keep some level of currency. In 1991, virtual reality was a big deal; by 1995, it was gone. People say “you’ve only written two shows in twenty years” but really we’ve written five years of material.*

Patrick Willingham, also of Astor Place days and now Blue Man Group’s President and COO, added:
We’ve always said that Blue Man is an interesting blend of sensibilities of nonprofit and commercial theater. The majority of theater is nonprofit – regional, community or college companies – with lots of passion but little business know how. For-profit theater is less than 50% in terms of bodies but 80-90% in terms of income generation. That includes Broadway and off-Broadway, and commercial theater like Disney or Live Nations. The issues that Blue Man experiences as an ongoing entity are different from those of standard commercial theater: more focused on brand building and organization development than how to maximize investment return and make sure the actors don’t gain weight.

Theatrical management itself is a lot like business unit management, with a set product. The general partner/producer opens the show expecting a short life span. A licensing agreement with a stop clause usually based on revenues per week is established with a theater, who handles the box office. The company manager oversees performers, production crews and sometimes front of house (e.g., merchandising) and operations (e.g., cleaning). At weekly settlements, sales are tallied, and discounts and theatrical expenses are deducted. The theater then remits the remaining box office expenses to the production, and production expenses are deducted, hopefully leaving a profit.

Blue Man also took a different approach with its performers than traditional theater. Most theater jobs were on a contract basis and subject to union rules. A performer would sign on for a set period of time and, at the end, be evaluated and perhaps re-contracted, if the show was still running. At Blue Man, performers (and other employees) were hired on a long term, open ended basis, with a significant investment in their selection, training and ongoing development. Not only was the steady paycheck appreciated but, as one performer put it, “Blue Man was smart about keeping us happy as actors, and that got our loyalty.”

In the midst of Blue Man’s explosive beginnings, there was romance. Blue Man performances were highly interactive, with frequent forays into the audience and a segment called “Feast” where a female audience member was invited to join the Blue Men on stage for a segment. One evening in 1993, Jen Graffam and Chris bonded after she performed in the Feast. She subsequently signed on for an internship as a stagehand while at college studying art.

Phil meanwhile was experiencing a different sort of romantic journey. Jennifer Lamberts was working in a Broadway revival of Guys and Dolls when her mother invited her to a Blue Man performance. According to Phil, Jennifer developed a crush on him that she shared with her fellow cast members. Their publicist contacted Blue Man’s company manager to deliver a note from Jennifer. Phil explained:

13 Each theatrical project typically is set up as a LLC (limited liability corporation). By 2008, Blue Man Group consisted of approximately 20 LLCs.

14 The theater industry was heavily unionized with different unions for different job categories (company managers, actors, stagehands, etc.). Blue Man did not have a union presence, and had experienced some labor controversies in the mid-2000s in Toronto and Las Vegas.
For our first live date, I invited her to a big show put on the Broadway community where Blue Man was doing a five minute spoof. Actually, I asked to help us with choreography. When she showed up, there I was in drag in six inch heels a la Beyonce. It was a fun kind of meeting, and we clicked.

The Journey Beyond

CMP had received but resisted a number of offers for product endorsements and a bigger theater on Broadway. Instead, in 1995, they decided to open a second show in Boston at the Charles Playhouse. They found a production partner, and cast three Blue Men. But they forgot that in New York, everyone had been there from the beginning and CMP were always on hand. With no script and no musical score for the new 60-person crew in Boston, there were problems. CMP purchased discount packs of 100 shuttle tickets each for themselves and their creative team, and were constantly back and forth doing damage control. Creative head Michael Quinn recalled: “It got really tense. We were all working so hard, and really cared.”

Finally CMP locked themselves away with a tape recorder to produce what became the Blue Man Manual, a 132-page story of the show from the perspective of the Blue Man – a “why to” rather than a “how to” - that served as a much needed template for the character and production. One reader of the manual commented:

*It’s a fascinating document, thick with references to everything from Being There to George Bernard Shaw to Robert Motherwell to the caves of Lascaux. Some explanations were straightforward – “The Blue Man are not aliens” – and others are more subtle, as when the trio’s harmonic “three as one” relationship is described in terms of “blesh,” a mix of blend and mesh borrowed from Theodore Sturgeon’s science fiction novel More Than Human.*  

CMP fed on excitement; when one thing was done, there was a letdown and they wondered what to do next. If going to Boston had been a big decision, an even bigger one was to go to Chicago early in 1996. CMP chose the Briar Street Theater, with 625 seats compared to the Astor’s 300 and the Charles’ 525. They launched this venture without financial backers or a producer, and had to open a week early and charge for dress rehearsal, to avoid losing money. Traditionally reliant on word of mouth and media coverage for marketing, they developed a tongue in cheek series of TV and ad spots. Shows began to fill up.  

This third show, however, “threw them into a different paradigm” as an organization. Blue Man grew to 270 people from 170 when Chicago opened plus there was there was the matter of geographic distance. For the first time, CMP no longer knew everyone by face and name. They decided they had to treat the company as seriously as the shows. If early on, art and business had been viewed as “either-or,” they were now both recognized as essential.  

CMP engaged a management consultant for a weeklong retreat to talk about the company, and establish some basic business principles and practices. They recalled his prediction that it would take seven years for the organization to fully mature. Patrick Willingham was hired to help on the business side. They also recruited Jeni Ardizzone-West for her HR expertise. Concerned about

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helping new people understand what it meant to be part of Blue Man, they developed a vision and set of values. One employee commented on the exercise:

\textit{CMP laid out all the things that were important to them - like artistic integrity, collaboration, communication and mutual respect – and said “we want to hold employees accountable to these.”}

Organization development – especially maintaining Blue Man’s special culture as the company added shows and built its creative, marketing and business staff – remained a priority. But there was some skepticism, one long timer recalled:

\textit{We’d have seminars on things like communicating as managers. The artists would be silently fuming. They prided themselves on having made it all up, and batted 1,000; they didn’t this. They’d say: “This stuff’s expensive. You paid this dude?”}

In another nod to Blue Man romance, Chris and Jen were married in 1997, and Matt made his own creative way to the altar. In 1992, he climbed onto Renee Rolleri’s armrest at a Blue Man show in New York; she jumped in surprise. Five years later, Renee was back at Astor Place Theater on a blizzard-y evening with her roommate. Matt was downstairs in a meeting but came up to check out the crowd just as she was summoned to the stage for the Feast. When they pulled off her ski hat and she jumped in surprise, he recognized her. He spoke to her in the lobby afterwards. They were married a year later. Phil meanwhile was not far behind; he and Jennifer were married in 1998.

Over the years, CMP had been experimenting with music: “We tried two or three times to make an album but it wasn’t satisfying so we held off.” Finally the circumstances – including the purchase of their own recording studio – seemed right, and their debut album “Audio” was released in December 1999 on Virgin Records. With their third show up and running, they also had acquired some space for a sort of R&D lab where they found themselves building bigger and bigger props and sets. So while they had previously been leery of larger scale venues, they were feeling more confident when Las Vegas called. But it was not an automatic “yes.”

The Vegas show would be performed in the 1,200 seat Luxor Theatre and would represent a very different structure from their previous ventures, a multi-year partnership with deal terms to be revisited periodically. In addition to financial terms, Blue Man and Luxor production and business responsibilities would need to be defined. And there was the creative issue:

\textit{It raised the same questions as when we left the art scene to go to Broadway: Were we selling out? Could we maintain our integrity? What we said then was that it was still the same work. But this was Vegas! There was some internal strife; some people thought it was all about money and business. The ultimate decision was to just make it work, and let it change Vegas rather than let Vegas change us. We got some validation, later, from a Time Magazine article with the tagline “Blue Man Group arrives and Vegas gets a little bit hipper.”}\(^{16}\)

The production stage manager for the Vegas show, recalled the opening:

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\(^{16}\) “Theater: Pipe Dreams on the Strip,” Richard Zoglin, Time Magazine (July 24, 2000)
http://www.time.com/time/magazine/0,9263,7601000724,00.html (last accessed 2/27/2010)
CMP closed the other shows for one night and flew everyone to Vegas to see it. There had been some skepticism about going mainstream, with more expensive tickets and a glitzier show. And concern about losing the characters in that big a space. But people came to see the quality. Plus it was a huge party for all 500 plus of us, recognition of our hard work. People would say: “My company shut down the show, flew me out, housed me, and showed me a good time. What an amazing place to work.”

Intel had approached Blue Man a number of times about an endorsement, and each time received a polite but firm “no.” But then they said “what would it take?” That gave CMP pause, especially when Vegas had opened and the theater was only half full, and the New York show was still relatively unknown. Intel advertising could provide them with national exposure. But it was “one of the most gut wrenching decisions” they ever made. Matt described what happened:

_We discussed doing some TV spots, but company was split on whether or not to do it. Eventually we told ourselves “if the spots are very, very good or better, we’ll be happy; if they’re not, we’ll regret it for the rest of our lives.” We had to trust ourselves to do something of quality. And we set some terms with Intel: the spots had to say “Blue Man Group;” and we had to be actively involved with the ad agency in development, have sign off on the choice of director, do the music, and have control over production. We developed three series of 30 second TV spots where the Blue Men interact with the Intel logo. Intel supported the spots with one of the biggest ad buys in history, and aired them during NBA and major league baseball play offs, and the Academy and Grammy Awards shows._

Music dominated the next few years of the journey. Audio won a 2001 Grammy nomination and the Blue Men were invited to perform as back up for Madonna and U2. CMP politely declined, feeling they would be totally subsumed, which led to an offer to collaborate with avant-garde musician Moby. Audio went on to become certified Gold in 2002, and the Blue Man Group released its first rock and roll album – “The Complex” – in 2003 in collaboration with a number of music artists. That album was the foundation for The Complex Rock Tour, which toured over 70 cities across North America that summer and was issued on a DVD, which went Platinum.

But Blue Man Group remained committed to its core work – theatrical performances – and reached another milestone with the opening of its first international show in Berlin in May 2004. Matt observed that it was not the traditional move of starting with London but the Berlin Wall had just come down and it felt like the right place to be. The stage manager for the opening offered her perspective:

_There was a lot of learning involved. It was a totally different market; we wondered if they’d “get” the Blue Man. We adapted the show. There were workers councils and international rules and partners and it was very far away; we wondered if would have artistic control. Now it’s monitored by Blue Man artistic direction. Technical rehearsals took six weeks; that’s long and expensive. We can do it in 15 days now. The guys were committed and spent a lot of time on the project, and had personal milestones too; Chris and Matt both had new babies._

2006 also marked a turning point in Blue Man Group’s organic evolution. Where they had never looked beyond 24 to 36 months, CMP decided it was time for a longer-term, strategic approach to growth. They embarked on a year-long Balanced Scorecard initiative that involved extensive employee discussions, and yielded a set of broad directions that were captured on a poster and
distributed companywide. It began with a declaration of Blue Man’s mission: “to create exciting work that inspires creativity and connects people with their primal exuberance. (And we want to have a good time doing it.)”

A vision statement set the stage for growth by calling for expansion of Blue Man’s theatrical productions, and diversification into new areas. It was expected that, in ten years, new ventures would comprise more than half of Blue Man’s business. A strategy map, and a broad set of initiatives for building capabilities and advancing work already on the drawing board were outlined. Finally, six core values defining “how we work” were presented: healthy relationships and mutual respect, creativity, quality and artistic integrity, well-being, multiple perspectives, and learning and development.

On the home front, Chris’ and Matt’s children were now two years old, and the two families had formed a play group. Always interested in education, they were increasing passionate about providing their children with the educational experience they wish they had had. It would reflect the Blue Man gestalt, of course, but also be based on the latest research in human development, social cognition, neuroscience, and learning theory. And…it would be fun for the whole family! The ultimate goal was to serve as an educational laboratory for the world.

They started from scratch and opened in 2007, as the Blue Man Creativity Center for Children, with a roomful of preschoolers in a building just blocks from Astor Place. The plan was to add a classroom each year up to fifth grade. Renee served as chairman and Jen as vice chairman. CMP and Jennifer Stanton were co-founders, and Matt served as treasurer. As a nonprofit, it technically was not part of Blue Man but it was highly visible as a high priority for CMP – their assistant estimated that they spent a third of their time on Blue School related activities – and some of their co-workers happily volunteered their time as well. It also represented a possible foray into edutainment.

In the meanwhile, CMP also had been busy with the opening of five more international shows, including Tokyo; a second live concert tour (Megas tar); and the opening of a show in Florida in partnership with Universal Orlando. They also had initiated a strategic planning process to take the broad directions established in 2006 to the next level. Once again discussions focused on long term growth and diversification, possibilities for expanding the Blue Man brand not just vertically (i.e., productions with the Blue Man characters) but also horizontally (e.g., a children’s TV show or videogame). CMP reflected:

*Intellectually, we know we want to grow, and we know how: by becoming the global leader in multigenerational entertainment that’s smart and cool. Blue Man has, we think, gone beyond being famous like a sports star to being a real brand. But so far we haven’t parlayed that beyond live productions. Part of the reason is that we move carefully and selectively in response to opportunities. We also like to do everything ourselves. That has helped us stay true to ourselves and not dilute the quality of our work, but it also has kept us from branching out in a big way; a blessing and a curse.

So the dilemma is: can we make the leap without destroying the Blue Man brand in the process? There are risks involved, but we kind of have to give it a go because just making shows and hoping people will keep coming won’t do it long term. It seems like the whole entertainment industry is heading for a convergence where once separate things are far more intertwined. And we’re ready for something new; that’s where are creative juices are pulling us.*
The latest version of Blue Man’s strategy chart called for “building brand economic value by generating robust growth in profit from diverse sources over a period of years; and making the leap from creators and producers of live shows to builders of a multichannel brand.” It defined strategic objectives, and listed several major initiatives for the 2009-2010 period. It also identified some new approaches to work that would be required in the areas of project management, partnering, culture and overhead control. (See Exhibit 4 for details)

As Blue Man’s success and ambitions grew, so had its organization. The first employees moved from job to job as Blue Man evolved at breakneck speed, and were joined by new crews as shows were added. Blue Man Productions was incorporated as the parent company when CMP broke from their original producer, but remained “empty” for some time. Support for Boston and Chicago — artistic, HR, finance and marketing — was added but sourced from and paid out of Astor Place until 1998-99, when payrolls were split. Blue Man Productions’ responsibilities ultimately encompassed theatrical shows (negotiations, support, monitoring), musical ventures, business development, marketing and PR, creative development, and general management. Patrick had these observations about “corporate:”

*The downside is that there is a tendency to build overhead. There had been some initial creep but with new growth initiatives, there was a tendency to put existing people on them and bring in new people to take their places. The first spurt was in 2006. By the end of the year, Blue Man Production had grown by a third to a half. By 2008, we were at 150; we hired 50 people in one six month period.*

*More people need more space. CMP originally worked out of the Astor Theatre, which we bought in 1999. Now we owned two office floors and rented another one at 599 Broadway, and rented some auxiliary office space at 411 Lafayette. We also owned a recording studio on Clinton Street and a workshop for creative on 3rd Street, and rented space for casting and training at 412 Broadway; one dream project was to create a space where we could combine all of those. We also rented a number of apartments used as “crash pads” for visiting staff.*

CMP’s roles in company activities also had been evolving over time but most people would agree with this summary by a co-worker: “It’s Matt’s company, Chris’ idea and Phil’s aesthetic. It was well known that their decisions had to be unanimous. The result, Patrick quipped, was “a three headed hydra.” He explained:

*They each have different ways of absorbing information and making decisions: Matt is rational and loves numbers; Chris is emotional and goes with his instincts, what CMP call being an “audience of one”; Phil listens a lot and speaks less, though he often brings balance to the threesome. What they do have in common is a humanistic approach, and a love for process. They can discuss an issue for hours, and have an aversion to making a decision when more process is possible.*

*The interesting thing is how they can be very self-contained, as leaders. They have each area covered according to their interests and expertise. The stage — including the performance and production elements - is Phil. The creative, the ideas are Chris. The business is Matt. If one leader needs something, he turns to the others. There’s no instinctive need to look outside their partnership.*
The problem is that we won’t be able to grow like we want to that way. It’s too slow. The issue is poignant and serious in creative, but really is a broader issue of control and collaboration. It’s not just whether we can we entrust others to write a script, create a show, or develop new concepts. It’s also about whether we can hire a business manager and say “go forth and make deals, create business.”

An organization development initiative underway in 2008 was designed to help address some of those issues by looking at the parent company organization and governance structure. So far, areas of responsibility had been defined in a “circle chart” (see Exhibit 5), and a restructuring of Blue Man Productions begun to implement it. (See Exhibit 6) An Advisory Board with four or five external members was under consideration, to complement an Internal Advisory Board. Two committees below the Founder/Leadership Team level also had been proposed: an Executive Committee and a Creative Vision Committee.

Life as a Blue Man

Early on in Blue Man’s days, CMP were watching a PBS special on Joseph Campbell with Bill Moyers. What they took away from it was that all myths were about “following your bliss.” If you got off your path, you would grow old and die. There was a basic sense of happiness on the path, and that was doing work you loved. It was just what they needed to hear at that moment, and especially resonated with Chris:

After college, all I could think about was getting a job, because I was told that was what I was supposed to do. But that’s inauthentic because you’re trying to create yourself to fit the market. No one pointed at me and said “artist.” The moment I started doing this work was when I stopped manipulating myself with no worries of money or fame. I was successful the day I started doing this, period. I think achievement is over rated; it’s not a source of happiness. What we did as Blue Man was go out and do what we loved with no reasonable expectation of making a living at it. But somehow we got paid and are able to do something deeply connected to who we are.

Some people think you can only do that kind of thing when you’re young. I’ll agree that youth is when you have the most capital – nothing to lose – but you don’t lose it all as you mature. I have a brother with a family and a job who managed to produce an album. It’s about escape velocity. If you don’t have enough power, time or energy, you’re just shooting rockets up. So maybe you team up. You’re older, you know people; use your networks, be smart. On Sunday, instead of football, take your expertise and wisdom and apply it. And, on a personal note, I do have to point out that I was still working full-time the first two years of Blue Man; I had to pay New York rent.

For Matt, being a Blue Man was about leading a creative life: “Being an entrepreneur, writer, actor, producer, community member, and leader – they’re all hats we wear that fall under that.” He likened Blue Man to looking at life through a filter or a lens. They tried to bring everything to Blue Man, from watching a movie, visiting a museum, reading a book, a casual interaction with someone or something. His professional and personal lives were completely integrated “mostly for best, sometimes for worst.” He elaborated:
We live near the theater so it feels like we have 300 guests almost every night. My wife is chair of Blue School and my kid goes there, and not for free. I’m meeting people all the time through Blue Man, and become close with many of them.

I travel more than the other guys but my travel time varies greatly. It was passive for six months, then 30-40% of my time for six. If there are two shows in the same year, I can be gone as many as 12 weeks in six month stretches. One of the most positive aspects is getting to bring my family for extended periods to places like Tokyo or Amsterdam, and being able to fold into the fabric of the local culture.

Renee made these observations about the integration of personal and professional life in the Blue Man family:

Blue Man is creative, always changing, always on to a new project. Our first year of marriage, they opened Chicago and Las Vegas. Matt was there for months. It was huge investment and I knew life would change. I’ve learned to be adaptable but I’ve also realized that I don’t have to shift my entire focus even though it may impact Matt’s focus. At the beginning, whenever something changed at Blue Man, I felt impacted. I find it helps to know what my priorities are and build the rest around it. My main priority is family.

It’s hectic though. Matt has a lot on his plate, and sometimes big stuff would happen and I would not hear about it immediately. When we finally got an hour together alone, it was often late and we were tired. So we started having date nights every Friday. Logistically, I can create a schedule but it’s only good for three weeks; I try to remain flexible beyond that. It does help to have almost everything and everyone in one place. We live near the theater and just blocks from the Blue School and Blue Man offices. Jen and Chris live in the same building; our kids are running back and forth for play dates all the time. Jen and Phil aren’t far away, here in downtown Manhattan, and we have family right outside of town we can count on for support.

More than one Blue Man co-worker observed that CMP “ate, lived and breathed” Blue Man. One of them, Performance Director Michael Dahlen, reflected on their Blue Man success, and its impact on their lives:

Looking back, we were all just interested in being creative, not running a big business. In many ways I think the success of Blue Man as a business was unforeseeable. It’s funny to remember that we gave the Boston production one year tops when it opened. CMP have been successful financially; we all have. But they’ve decided to have their own company, and must be working a hundred hours a week. At times I’ve wondered about their lives – them, their wives, their kids – and wonder where they get the energy, and how long it will last.

Chris offered this response:

We’re obviously possessed by Blue Man. It’s a flow state. But even in that, if it was at the expense of family or life experience, it wouldn’t feel like balance. What helps is a few weeks off in the summer
with family at the beach. And we take two weeks at Christmas and two more for school breaks. Matt loves to travel and will just take off to Bali. We’re lucky because we own our own business and can do that, though we don’t really do it.

July 2008

When sales figures starting behaving fitfully, CMP first wondered whether “people were getting tired of us.” They checked the consumer data they collected regularly, and they found continued high ratings. They also routinely shared consumer data with two industry colleagues; those results didn’t signal a problem either. But Matt had been anxiously watching economic data as well as sales reports. Layoffs and unemployment were increasing, and there was a contraction in consumer spending.

No one was surprised that the Vegas show fell first and hardest. A trip to Las Vegas to lose money was not a top household priority these days, and there was a backlash against corporate spending. Conventions had all but evaporated when Obama chose to make an example of the “extravagance of Las Vegas” in one of his speeches. The press was rife with stories of gloom and doom in the desert. With the other shows no longer able to offset Vegas losses, it was hard not to panic.

Having faced the fact that the future of Blue Man was in jeopardy, CMP began to consider their options. Matt commented:

_We had been healthy but we weren’t unlike an airline, with fixed costs – rent on the theater, equipment and staff – whether the seats were 60% or 100% full. And Blue Man Production was all overhead. Without the ability to forecast, we decided to flip and say: how inexpensively can we run the shows while still being safe and offering good quality? We’d also have to get Blue Man Productions down while retaining our core competencies of making and producing new work, and producing and marketing all our work._

_I was convinced we were facing the worst economic meltdown since the Great Depression. I actually said that at a company meeting and people freaked; our management team was very upset with me. I was trying to get people to think differently. I felt we had to brace ourselves for the worst. I honestly believed it was true._

A week’s worth of effort by the Leadership Team yielded a first cut at identifying revenue generating initiatives, and expenses and savings for the short, mid and longer term. (See Exhibit 7) The harsh reality, it became clear, was that a significant portion of the savings would have to come from human resources. The plan called for cutting 75 positions at Blue Man Productions, half of the current staff, by the end of summer. It was a sobering moment for CMP:

_These were people whose college loans we’d paid, whose weddings we’d attended, who had been our friends for 15 to 17 years. It threatened the fiber of our being, almost required rewriting history. Maybe we weren’t really a community; you don’t treat brothers and sisters that way. It was especially traumatic because it was all happening so fast. The whole thing was a loss of innocence for us, and we almost lost it for a minute._

This was, CMP realized, just the beginning of this part of the journey. They turned back to the immediate problems: How to break the news of the layoffs to the individuals and the company?
to adjust to their departure? What other actions to take to ensure that “the show goes on?” They also had to think one step beyond the immediate crisis, to ensure more security for the future. If they survived, how could they preserve the options to expand into new areas – perhaps musical instruments, educational entertainment, narrative films, products that would appeal to adults who wanted to feel like kids again – and monetize the brand in a way that felt “right” to Blue man? Chris worried: “It seems hard for companies to expand and monetize without losing something essential.”
Exhibit 1  Las Vegas Performance Review

Blue Man Group: Blue, but not the blues

Show is loud, spirited, colorful and full of surprises

In the new Vegas, “blue” is synonymous with a curious trio of wordless humanoid aliens, whose playfully ingenious long-running show is nearing four years at the Venetian.

Exuberantly messy and thunderously noisy, Blue Man Group is a rarity amid on-Strip entertainments, hitting the sweet spot for grown-ups and kids alike.

Before the show begins, it’s amusing to watch the people seated in the first five rows as they wiggle into the clear plastic ponchos provided for them (it’s also funny to sit behind them with their comically pointy hoods). Announcements to the audience begin scrolling, stock-ticker style, and the increasingly silly instructions get everyone in a chummy mood.

Heads coated in cobalt blue greasepaint, clad in anonymous black jumpsuits, the Blue Men materialize, pounding out a pulse quickening percussive overture on kettledrums. Then they start slopping primary-colored paint onto the uplit drums, creating geyserlike eruptions of red, yellow and blue. It’s a sensational splash of sound and vision.

Many classic silent artists come to mind when watching the Blue Man Group. Laurel & Hardy, for instance. Teletubbies. WALL-E.

Making gender, race and age indeterminate and inconsequential, their origin and blue complexion are never explained (I thought of Hindu deities, tree frogs, blue jays and Smurfs). Although they remain largely expressionless, they convey curiosity and wonder; although earless, they respond to sounds from the audience: applause, hoots, laughter.

Those aspiring to a career as a Blue Man should hone a peculiarly particular skill set: Requirements include a good sense of rhythm and movement, a gift for mime and improv, a taste for Cap’n Crunch and Twinkies, and a knack for catching popcorn and gum balls in your mouth.

Spawned in New York’s East Village arts scene of the late 1980s, the Blue Man Group has evolved into an international franchise, with a current world tour and resident shows in seven cities, including Berlin and Tokyo.

Like a science fair project with a blockbuster budget, Blue Man Group’s show is performance art, minimalist music and experimental theater made fun and accessible. Clearly the much-loved brainchild of smart, slyly subversive minds, the show references physics and metaphysics, but it’s never hard work for the audience. The onstage antics are mostly nonverbal — even preverbal. This Blue doesn’t get too deep.

Everything about this show is surprising, and I’ll keep it that way. But a few scenarios and set pieces stood out amid the wild blue goings-on: A rhapsody of amplified chewing and crunching provoked squeals of laughter from the kids in the crowd. And when the group clambered over and through the crowd, audience surfing from seat to seat, they settled, hilariously, on a subject (was it because she was wearing a peacock-blue dress?), who was brought onstage for an extended sequence of fine dining, Blue Man-style.
Exhibit 1 (continued) Las Vegas Performance Review

Did I mention that Blue Man Group is loud? Suspended above the cartoonishly industrial set, backed by snaking coils and snarls of white tubes, a Day-Glo painted, seven-person band — with four more drummers! — rocks out on a cheery hybrid of Devo and Kraftwerk.

And before I forget, resign yourself to being involved in the act, no matter where you’re sitting (late arrivals receive extra-special treatment.) No matter how much you say you hate audience interaction, the hilariously exuberant finale — part ecstatic techno-rave and part preschool birthday party — will leave you grinning well after you’ve left the theater.

Exhibit 2  Blue Man Group Timeline

Source: Company information.
Exhibit 3  Blue Man Group Revenue Highlights (disguised)

Revenue Sources (% of Total)

![Pie chart showing revenue sources]

- Domestic shows
- International
- Conferences
- Merchandise
- Touring
- Records/Publishing

Entertainment Revenue Trends

![Line graph showing revenue trends]

Source: Company Information.
# Exhibit 4  Blue Man Strategy Chart (Q4 2007)

**Blue Man Group**

**Purpose**
*Why we are here*

Our purpose is to inspire wonder, creativity and positive social interactions.

**Vision**
*Where we are going*

Become the global leader in the space of “multigenerational entertainment that’s smart and cool.”

---

## Building Our Strategy:

<table>
<thead>
<tr>
<th>Strategic Objectives (Our Goals)</th>
<th>Strategic Initiatives (to achieve the objectives)</th>
<th>How we will work differently</th>
<th>Criteria and Filters (criteria used to determine priorities &amp; initiatives)</th>
</tr>
</thead>
</table>
| Establish a whole new level of global media penetration by creating content driven media initiatives that generate new customers. | TIM Q3 2009  
Discovery Q4 2010  
Projects  
IMAX Movie Q1 2011  
Kids TV Show Q4 2012 | Institutionalize a project management system; that enables us to:  
- Firmly root all projects in well-crafted business plans, that focus on ROI and effective financial reporting and tracking to help set priorities and maintain disciplined focus.  
- Operate with a decision framework and formal Board review processes that help us make decisions and track what is truly “mission critical”  
- Be disciplined about the opportunities we respond to so that we ensure we keep our bandwidth focused on fulfilling long-term, high return projects or goals.  
- Develop effective work teams charged with clear goals, armed with the appropriate resources, empowered with a balance of autonomy and integration, and held accountable for the creative and financial results.  
- Partner intelligently with industry leaders and world-class artists who help expand our financial, creative, production, marketing and strategic resources as we move into new business lines and entertainment forms.  
- Systematically focus our operating culture on quality, accountability, and financial results without compromising collegiality  
- Keep our overhead down by maintaining a small versatile core workforce and expand as needed by hiring additional talent on a per project basis or by outsourcing work. | Return on Investment (ROI)  
Generates New Customers  
Does Not Cannibalize Live Productions  
Generates Profit  
Supports & Upholds Brand Attributes  
Is Game Changing  
Resources and Capacity to Deliver Quality  
Fit Our Core Competencies |
| Ensure live productions remain fresh, profitable and open indefinitely.  
- Update & transform existing live shows  
- Expand live productions and show material to new markets  
- Create fresh and innovative marketing | NCL Q2 2010  
National Q3 2010  
Plugged-In Tour  
Refresh Q3 2010  
Rewired Shows  
Plugged-In Q1 2011  
Asia Tour  
Transform Q2 2012  
Vegas Show (50%-100% new)  
MegaStar 3.0 Q3 2012  
Plugged In International | |
| Build the brand by extending into multiple new brand channels.  
- Expand the Blue Man character into new areas  
- Develop non-Blue Man character projects | The Ride Q1 2011  
Video Game Q2 2011  
Mindblast Merch | |
| Ensure the Blue School evolves as a self-sustaining entity, and expands as a model and resource for transforming education. | Create Q2 2010  
Gain Content  
Future Facility Q3 2011 | |

Source: Company.
Exhibit 5  Blue Man “Circle Chart”

Blue Man Productions, Inc.

Create
Chris Wink/CCO
- Creative Services & Innovation
  - Production
    - Lighting, Sound, Music, Video, Costume Shop and Scene Shop
- Creative Directors
  - Music and Sound, Video, Character Development, Advertising, R&D
- Creative Content Producers and Project Management
- Freelance:
  - Writers, Illustrators, Additional Designers

Resources
- Organizational Development
- Internal Communications
- Human Resources
- Administration & Operations (Travel and Housing)
- IT
- Facilities
- Finance
- Blue Man Creativity Center

Producing & Business Development
Matt Goldman/CEO
- Patrick Willingham/President & COO
- Harriet Yellin/CFO
- Executive Producing
- Business Development
- Marketing, Sales, and Press
  - Design Services
  - Business Affairs/Legal
  - Blue Man Records

Live Productions
Phil Stanton/CAO
- General Management
  - North American Theatrical Productions & International
  - Vegas Managing Director, RGMs, and Assoc. General Manager
- Producing
  - Executive Producers and Producers for Rewired tours and sit downs, Megastar tour, Special Appearances, and all other new live productions worldwide
- Direction
  - Directors, Performing Directors, Music Directors, Casting and Training
- Production
  - Production Management, Costume Shop, Scenic Shop, Assoc. Designers, etc.
- Specific Functional Support from other Circles includes: Human Resources, Finance, Marketing, Sales, and Press

Source: Company.
Exhibit 6  Blue Man Group Organization Structure and Staffing (July 2008)

Blue Man Productions
(staffing details disguised)

Source: Company information.
Exhibit 6 (continued)

**Domestic Productions (staffing details disguised)**

<table>
<thead>
<tr>
<th>Facility</th>
<th>New York</th>
<th>Boston</th>
<th>Chicago</th>
<th>Las Vegas</th>
<th>Orlando</th>
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<tbody>
<tr>
<td></td>
<td>Actor Place Theater</td>
<td>Charles Playhouse</td>
<td>Briar Street Theater</td>
<td>Venetian Theatre</td>
<td>Universal Orlando Resort</td>
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<tr>
<td></td>
<td>300 seats</td>
<td>325 seats</td>
<td>636 seats</td>
<td>1200 seats</td>
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<td>Structure</td>
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<td>General partner</td>
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<td>Own/4 wall deal</td>
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</tr>
<tr>
<td></td>
<td>Operations manager</td>
<td>Company manager</td>
<td>Company manager</td>
<td>Front of house manager</td>
<td>Production manager</td>
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<td></td>
<td>- house</td>
<td>- merchandising</td>
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<td>- front of house</td>
<td>- Technical</td>
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<tr>
<td></td>
<td>- cleaning</td>
<td>- sales</td>
<td>- sales</td>
<td>- retail</td>
<td>- Purchasing/</td>
</tr>
<tr>
<td></td>
<td>- marketing</td>
<td>- marketing consultant</td>
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<td>- front of house</td>
<td>- receiving/ PA</td>
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<td></td>
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<tr>
<td></td>
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<td>- retail</td>
</tr>
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<td></td>
<td>- front of house</td>
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<tr>
<td>Staffing</td>
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<td></td>
<td>- 30 fulltime</td>
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<td>- 25 fulltime</td>
<td>- 70 fulltime</td>
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<tr>
<td></td>
<td>- 57 part time</td>
<td>- 33 part time</td>
<td>- 62 part time</td>
<td>- 118 part time</td>
<td>- 21 part time</td>
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Source: Company information.
### Exhibit 7  Leadership Team ROI Exercise (July 2008)

**Revenue Generating Initiatives**

<table>
<thead>
<tr>
<th>Name</th>
<th>Short 2008-2009</th>
<th>Mid 2009-2010</th>
<th>Long 2011 +</th>
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</thead>
<tbody>
<tr>
<td>Custom Based Web execution</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Outsource Mkt &amp; GM Capability</td>
<td>R</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>Video Game</td>
<td></td>
<td>FD</td>
<td>R</td>
</tr>
<tr>
<td>TTT</td>
<td>E</td>
<td>FD</td>
<td>R</td>
</tr>
<tr>
<td>MasterCard Sponsorship &amp; Advertising</td>
<td>R/M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea Sit-down</td>
<td>E</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>Puppet-Club</td>
<td>E</td>
<td>E</td>
<td>R</td>
</tr>
<tr>
<td>3D Interstitials</td>
<td>M</td>
<td></td>
<td></td>
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<tr>
<td>Global Sit-down</td>
<td></td>
<td>FD/R</td>
<td></td>
</tr>
<tr>
<td>Vegas 3.0</td>
<td>E</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>Megastar</td>
<td></td>
<td>FD/R</td>
<td>FD/R</td>
</tr>
<tr>
<td>The Ride</td>
<td>E</td>
<td>E/RO</td>
<td>R</td>
</tr>
<tr>
<td>SpA – Marketing Leverage</td>
<td>M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental of Production Facilities (LOHO, 3rd St)</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Super SpA</td>
<td></td>
<td>E</td>
<td>R</td>
</tr>
<tr>
<td>Blue Studio</td>
<td>E</td>
<td>FD</td>
<td></td>
</tr>
</tbody>
</table>
Exhibit 7 (continued)

Expenses & Savings

<table>
<thead>
<tr>
<th>Name</th>
<th>Short 2008-2009</th>
<th>Mid 2009-2010</th>
<th>Long 2011 +</th>
</tr>
</thead>
<tbody>
<tr>
<td>General R &amp; D</td>
<td>E</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>75 BMP Employees</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>6th Floor Sublet</td>
<td>S/R?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Hold</td>
<td>S</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operation Efficiencies</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>Assets, Scheduling, Notes, # of travelers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flight class</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What to outsource?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Shop, HR Benefits, Design Services, Press Dept, Casting, Facilities, IT)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BMCC</td>
<td>E</td>
<td>E</td>
<td>BE</td>
</tr>
<tr>
<td>Comp Freezes</td>
<td>S</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Freezes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Development initiatives, summits, Green, Wellness</td>
<td>S</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend

- E—Expense Internal
- S—Savings
- R—Revenue
- RO—Royalty
- F—Funded Development
- BE—Break even
- Strategic Initiatives
- M/P Mktg/Promotion
- Drive Show sales

Jan- Jun 09 500 K + or 6 figure issues

Source: Company.