Cirque du Soleil

Joining the circus can be a smart business decision

One of the more unusual debut entries in *Forbes* magazine's annual list of the world's richest people in 2004 was a trained fire-eater and juggler by the name of Guy Laliberté.

A founding member of the Cirque du Soleil theater group, Laliberté steered the company from near-bankruptcy in its infancy to become a billion-dollar international corporation—and along the way outmaneuvered his original partners to become its sole owner.

Laliberté grew up in Montreal, the son of an Alcan aluminum executive and a nurse. He has said his childhood was completely normal, yet he evidently had wanderlust, organizing a school trip to Louisiana at sixteen, reportedly leaving a note for his mother that quoted Kahlil Gibran's *The Prophet*: "Your children are not your children. They are the sons and daughters of Life's call to Life."

At eighteen he headed off again, this time to Europe, where he spent his first night in London on a bench at a corner of Hyde Park. He lived on the streets for a year in the company of other buskers, learning to juggle, breath fire, and engage passersby with sleight-of-hand.

By 1979, in his early twenties, he was back in Canada, working as a theater producer at a youth center in Baie-St-Paul, a small town northeast of Quebec City. It was there in 1979 Laliberté met Gilles St. Croix, a fellow youth worker and stilt walker. With another theatrical type, Daniel Gauthier, they started a ragtag troupe called

Club des Talons Hauts (the High Heels Club) to tour the region's summer festivals in 1982. Then, in 1984, the provincial government announced it was offering cultural grants to celebrate the 450th anniversary of the discovery of Canada by Europeans. Laliberté and his partners received funding to tour with an avant-garde show they named Cirque du Soleil. While ostensibly a circus, it had no animals and little of the hokiness of traditional companies; rather, it took street entertainment and turned it into a slick, ironic, acrobatic show aimed at adults.

Cirque toured eleven cities in eleven weeks, charging $2 for adults and $1 for children. It was a sell-out. Their success encouraged them to take the show further afield, to English-speaking Toronto, where they were billed as the "Sun Circus." Unfortunately, something was lost in the translation, with members of the audience demanding their money back when Cirque's animal-free, artistic performance did not live up to their expectations of a "real" circus. Worse was to come when they took the show south to Niagara Falls to cash in on the thousands of tourists who visited daily; it turned out the tourists wanted to see the falls, not clowns, and Cirque ended up playing to fifteen people a night.

The troupe struggled on until 1987, when Laliberté saw an opportunity for one more shot at the big time. The Quebec delegation in Los Angeles convinced one of the organizers of the highbrow Los Angeles Arts Festival to see the show in Quebec City; the organizer saw it four times, then gave Cirque top billing at the Los Angeles Festival's opening night. It was a risky move by the organizers to open with a circus, riskier still for Laliberté, who agreed to do the show for no upfront fee—just the promise of an audience filled with celebrities and the box office takings, if there were any. He claims the company did not even have the gas money to return home when they arrived in Los Angeles. According to one newspaper report, a local entrepreneur even offered $1 million to buy the circus, which Laliberté flatly turned down. They were invited to

appear on the *Johnny Carson Show* and stories began to appear in the national press. (Cirque, which soon began charging rather more than traditional circuses, was eventually even parodied on *The Simpsons*, as "that $80 circus.")

The first Los Angeles season was eventually profitable—Cirque ended its season with more than $40,000 in the bank—and in 1986 Laliberté had another brain wave: instead of running one troupe all year, closing down periodically to plan new shows, he suggested they start a second company that would operate in parallel, so there was always money coming in. Many of the original performers opposed the idea, arguing it compromised their artistic integrity, but Laliberté won out. "The idea was to create a self-feeding circle," he said.

By 1988, Cirque was drawing close to $10 million in corporate sponsorship. In 1991, it struck a $6 million deal with the Japanese television network Fuji to perform one hundred shows in eight Japanese cities. Then, in 1992, it found a permanent home in Las Vegas with a show called Mystère, which had a guaranteed run of ten years. Cirque expanded to offer several touring shows and shows at permanent sites, including one at Disney World in Orlando, Florida, with a show called La Nouba, a deal in which Disney provided a $52 million theater, Cirque performed the show 450 times a year, and split the profits from tickets costing $100 with Disney.

As you would expect, money and success—or, rather, what to do about them—became a major source of conflict among Cirque's original founders. Run by a threesome comprising Laliberté, Gauthier, and Normand Latourelle, there was a showdown over taking the company public in 1989, resulting in Latourelle's departure and Laliberté and Gauthier taking over as a partnership, keeping the company in private hands. They were to remain close for the next eleven years. In 2001, though, Laliberté bought out Gauthier for a reported $483 million to become Cirque's sole owner and a billionaire in his own right, ranked 548 on the *Forbes* list of the world's richest people in 2005 with $1.2 billion.

Laliberté spends part of the year at Cirque's high-tech headquarters in Montreal, and the rest on the road between the various shows and the company's other offices in Amsterdam, Singapore, and Melbourne, traveling with his girlfriend, three children, and two cousins who work as nannies. Laliberté may not have been, according to Gauthier, the business brain, but he has yet to trip up.

NOTES

"The idea was to create . . ." McCarroll, Jo. "Business Lord of the Rings," *Sunday Star Times*, 1.21.01, p. 9.

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Rollerblade

Live your product

The story of Rollerblade, the company that pioneered one of the world's most popular sports, is an object lesson in how entrepreneurs can trip up with even the most successful ventures.

Rollerblade began when Scott Olson, a young hockey enthusiast from Minneapolis, started looking for a way to train in the off season. Olson lived across the road from an ice rink and had fallen in love with the sport, becoming an all-state goalie in high school and eventually landing a professional contract with a minor league