



2013 文化領袖論壇

藝術與創業精神：成功條件及要訣  
**ARTS ENTREPRENEURSHIP**  
• WHAT IT TAKES & HOW IT WORKS •

27-29.5.2013

Co-presented by Hong Kong Arts Administrators Association and West Kowloon Cultural District Authority

## The Prince's Conundrum: The Development of a Creative Enterprise

Established in 2009, Shanghai Zhang Jun Kunqu Art Center is a pioneer of arts institutions in China named after a reputed actor – Zhang Jun, otherwise known as the "Prince of *Kunqu*". The institution is committed to reviving the venerable art of *Kunqu* in today's art market, through the explorations of new ways for its production, communications and operation. From the latest garden version of *Peony Pavilion* to the modern episode of *Palace of Eternal Youth*, there have been strategic new attempts, behind which is the ultimate dream of the "Prince of *Kunqu*" Zhang Jun: creating a brand new position for *Kunqu* in the contemporary arts market, and establishing new standards for future private arts institutions to come.

### Entering the Marketplace: Personal vs Market Maturity

Giving up the senior position of Deputy Director and leaving the well-known Shanghai Kunqu Opera Troupe was a tough decision for an artist like Zhang Jun, who aspires to make *Kunqu* his lifelong career. Zhang will never forget that day on September 22, 2009, when he first established the Shanghai Zhang Jun Kunqu Art Center, thereby opening up a new path for private *xiqu* establishments in China. Whether it was for Zhang's personal commitment to *Kunqu* practice and reflections, or for the evolution in the Chinese cultural system and the macro performing arts environment as a whole, 2009

was definitely a remarkable year abound with opportunities and changes.

In addition to having been an apprentice to the renowned performers Cai Zhengren, Yue Meiti and Zhou Zhigang, Zhang is also a disciple of Master Yu Zhenfei, and a top-class performer who has received many prizes and titles including the Meihua (Plum Flower) Award, China's national top performing award. . In contrast to his peers who grew up in the same artistic environment, Zhang possesses sharper market instincts. He started to practise to market *Kunqu* since his early days at the Shanghai Kunqu Opera Troupe. In October 2003, the *Zhang Jun Visual Arts Kunqu Episode - Interrupted Dream for 600 Years* debuted at the Shanghai Grand Theatre. The incorporation of multimedia and modern technologies in the performance aroused enormous interest and sparked hot topics. "That special production was completely self-financed. All the major preparations, such as performing team selection, payroll for performers, ticket sales, and marketing promotions, were completely handled by me," says Zhang. From today's perspective, the scale of that show was not exceptionally large, However, the unique aspects of its commercialization were rare in the *xiqu* sector at that time and marked a very important first step for Zhang's development in the marketplace.

After that, Zhang's market exploration started to spread like wildfire. In 2004, he launched the "Qixi" unplugged version of *Palace of Eternal Youth*, a classic play that

recounts the everlasting love story of Emperor Tang Xuanzong and his favourite consort Lady Yang Guifei. The performance successfully revived and popularized *Kunqu* opera as a fashionable choice for the Shanghainese on *Qixi Festival*, or sometimes called "Chinese Valentine's Day". In 2006, the "Prince of Kunqu" performed *Beside the Plum Blossom* together with Chinese-American pop singer Leehom Wang in a harmonious blending of traditional *Kunqu* and pop music. Then, in 2008, Zhang co-operated with famous Belgium pianist Jean-Francois Maljean in a performance where they demonstrated a new crossover between *Kunqu* opera and jazz. All these generated a wealth of experience and confidence for Zhang in his market-driven *Kunqu* operation. He continued to feel an urgent impulse for creativity and breakthrough, but also a keener awareness of the conflicts between the environment and his own identity at the same time.

As Zhang relates, "In 2009, the Mainland Chinese government reinforced its cultural reforms. We noticed that many organizations were being turned into enterprises, and fragmented small arts units were consolidated to form larger performing arts companies and corporations. I can see a maturity in the overall market environment." From macro policies to micro environment aspects, things have been subtly changing to create a promising future for the performing arts market. The 2010 Shanghai Expo also brought many vibrant opportunities and a large volume of audience to the performing arts in Shanghai. "I know that it's the right time. If I am willing to give up all the great benefits from the state-run opera troupe to free myself sufficiently to operate a private arts group, the surrounding driving force and favorable conditions are there to provide support." Some people recommended that Zhang stay at the Shanghai Kunqu Opera Troupe and set up an art workshop instead. He refused, noting, "My personality told me that if I wanted everything, I might end up with nothing." So he brought nothing but his 20 years of skills and persistence in the arts to the launching of his own venture.

## Enterprise Prototypes: Asset-Light strategy and Differentiation strategy

"When we first started our business, we strove to build an operation with a sound structure and good marketing capacities." Irrespective of its small scale in the beginning, the Zhang Jun Kunqu Art Center has been run within a well structured corporate framework.

First of all came the consolidation of the management team. Poor management is a typical problem amongst traditional arts organizations. Therefore Zhang Jun Kunqu Art Center made it a top priority to strengthen the management team. "In fact," Zhang notes, "since the performance of *Interrupted Dream for 600 Years* in 2003, I have started to put a great deal of effort into forming the team. Co-workers come and go like ocean tides. But after a continuous filtering process, a more mature operation team was finally formed." Zhang adds, "Right from the beginning, I was very certain that the soul of our Art Center is definitely myself and my artistic contribution as the brand. Therefore, I keep myself focused on artistic creation while my professional management team handles all other operational issues."

The second hurdle was to build the performing team. The whole industry is aware that the high entry requirements for xiqu performances pose a major concern for any artists wishing to leave their own troupes; those who did risk becoming like birds abandoning their flock and putting their own artistic lives on the line. Actors Xiao Ya, Wang Peiyu, and Zhao Zhigang are examples. "One of the biggest challenges for us is not having our own troupe." Zhang was keenly aware of this pitfall and was thus well prepared for it. On the day his Art Center was open, he signed a strategic cooperation agreement with the Shanghai Theatre Academy. "The Academy provides us with performers, directors, and choreographers....a so-called one-stop system consisting of production, education, and research that fully supports our operation and my artistic creations." He also notes, "This is an essential preparation and also the first step in achieving team building."

The next step is talent development. As Zhang observes, "I am 30 years younger than my master and 20 years older than my peers of the next generation in the apprenticeship. Developing operatic talent is a long-term process. It is the key to the future success of the *Kunqu* market, so whether it is for my own sake or for the benefit of the industry, I have to join forces with others to support development of talent right from the outset." In September 2011, the 18 students started their *Kunqu* training in the Chinese Opera School under the Shanghai Theatre Academy as the Academy agreed to train talents for Zhang's Art Center. They are called the "Kun Sixth Class" and are also currently the youngest professional *Kunqu* students in China. After their graduation, all of them will work at Zhang Jun Kunqu Art Center and their terms of service will meet the salary standards of the national troupes.

The third task was to secure capital. Other than applying for some government subsidies, Zhang Jun made use of his fame to raise the capital and ultimately established the Shanghai Cultural Development Foundation Zhang Jun Kunqu Arts Fund. On the same day on which the Zhang Jun Kunqu Art Center opened, the Foundation had its opening as well and received a donation of one million yuan from the Zendai Group. The foundation later issued co-branded debit cards featuring a *Kunqu* theme with the Shanghai Branch of the Industrial and Commercial Bank of China. All card holders agreed to donate one yuan per month to the Foundation. "The funds will be used for arts education and not for personal spending. They will all be contributed to the Academy for *Kunqu* training. All fund sources and expenditures and financial reports will be closely monitored by the Foundation to ensure that the money is used properly."

Fourthly came the need for project support. An arts center cannot survive without performances. On the day on which Zhang Jun Kunqu Art Center opened, a mutual agreement was also forged with the Modern Drama Valley Committee. Their initial cooperation dated back to July that year with a trial run of the *Huayatong* version of *Peony Pavilion* for media and trade partners, where the performance was staged in an exquisitely-decorated courtyard for a small audience of 30, reviving the popular practice among the upper echelons of the Ming Dynasty

to host *Kunqu* performances in their private gardens. The show has generated an outpouring of positive responses and wide-ranging awareness. It also became the solid foundation for launching their very first tailor-made commercial theatre project in Shanghai.

Zhang covered a lot of bases in the preparation for the centre to ensure its development will stay on the right track. But the most important aspects is having a clear business goal and correct marketing positioning.

The practice of adopting a light-asset strategy is based on Zhang's understanding of the functions of arts institutions. As he observes, "The key functions of an art troupe are artistic creation and production. The performance production line is like the upper and lower streams of a river. We have to work on the source, which is also the core of the creative business – by creating an artistic product. For subsequent steps, we rely on our professional team as well as on outside resources." Until now, there are only 6 staff members in the Art Center to take care of the daily office administration, project management, production management and technical support. Marketing and actual production roles are handled by outsourced experts. Revenue from the performances will be shared among all the project teams. As Zhang remarks, "It is ideal for the knowledge of the outsourced experts not to be restricted to *Kunqu*; they can provide suggestions and solutions from a different angle. We have vertically integrated the upper and lower streams and continuously fine-tuning their cooperation. We create our products not just to sell them, but also to operate them according to our own standards and procedures. The outside partners will have to agree with this and execute accordingly."

The light-asset strategy is also reflected in the size of their performing team. At Zhang's Art Center, there are only two performers under permanent contract. On the one hand, the performing team will be supported by the Shanghai Theatre Academy based on the initial agreement signed. On the other hand, they are seeking partnerships with other professional *Kunqu* groups. Given his statement "I do not have my own artists, which means that all artists in China can work for us," it is clear that Zhang's belief has not changed a bit since he left the Shanghai Kunqu Opera Troupe.

In order to stand out from the market, product differentiation is definitely an ideal starting point for any smart enterprise. At Zhang Jun Kunqu Art Center, the concept of product differentiation has been widely adopted in its art creation. "At this point, all *Kunqu* performances in Shanghai and even in China adhere to a standard format. I have therefore abandoned what the Shanghai Kunqu Opera Troupe is doing. Not only do we deliver performances according to the pulse and rhythm of the market, but we also seek to explore a brand-new *Kunqu* performance style. After all, artistic creation is the core value of differentiation." Along the lines of this concept of his company, the garden version of *Peony Pavilion* was born.

## ***Peony Pavilion to Palace of Eternal Youth: From producing to innovation***

The garden version of *Peony Pavilion* was already under the spotlight even before the Art Center was opened. "I feel that we were lucky," says Zhang, as he recalls the process of this special production. "Everything just happened naturally. All the conditions required for a performance such as the creation team, financial support, and performing venue just fitted together naturally and merely by chance."

The idea of a garden version of *Peony Pavilion* came in the beginning of 2009 when Zhang had been invited by his composer-friend Tan Dun to visit the Shanghai Qingpu Kezhi Garden. Kezhi Garden is located on Xijing Street in the northern part of Zhujiajiao. Built in 1912 (the first year of the republic government), it is the largest example of manor house architecture in town. Its tranquil ambience and beautiful scenery never fail to inspire artists to generate new ideas. Tan suggested the introduction of a *Kunqu* performance into this lovely paradise, and Zhang immediately latched onto the idea, given that he is always on the outlook for new formats for his *Kunqu* opera. It was also a coincidence that Lu Qianlin, the Managing Director of Zhujiajiao Development Company Limited, shared the same idea. Over the years, Lu had been seeking to bring renowned artists to Zhujiajiao in order to lift the cultural appeal of

the region. It is for this specific reason that he not only offered use of the Kezhi Garden free of charge for the *Kunqu* performances, but also provided sponsorship for artistic creations.

With all the conerstones in place, creative developments forged ahead at full speed. These included team formation, Zhang's starring role, Tan Dun's music, and choreography by Huang Doudou along with the Shanghai Theatre Academy team. The core idea of the garden version of *Peony Pavilion* is the concept of "nature". Apart from some minor adjustments, the garden has retained its original settings, allowing *Kunqu* to be performed on the site as if it had "grown" there. At the same time, the marketing team started on marketing and promotions. On June 5, 2010, the garden version of *Peony Pavilion* made its debut at the Kezhi Garden. "We had planned for 60 performances during the Shanghai Expo so that we were able to make full use of the atmosphere and exposure. Irrespective of the high quality of Shanghai *Kunqu* audiences in comparison with those in other cities, I am quite sure that to sell 1,000 tickets is really a high target to achieve. In order to launch an effective promotion within a short period of time, we gave away tickets to the first 30 shows as a promotion strategy. "There were three shows per week, on Friday, Saturday and Sunday. Saturday was true struggle, while Friday and Sunday were mainly used for showcasing, and I tried very hard to bring everyone I know to the show." The unique ideas of the garden version of *Peony Pavilion* met with instant recognition, and after a while ticket sales began to pick up. Half of the tickets were sold for all 60 shows in the 2010 premiere, allowing them to reach their break-even financially. When the show was re-run during the following two years, attendance rose to 60% and 80% respectively.

During the subsequent three years, the garden version of *Peony Pavilion* has not only allowed Zhang Jun Kunqu Art Center to accumulate many rewarding experiences vis-à-vis artistic innovation and marketing operations, but it has also created brand awareness and drawn increasingly larger *Kunqu* audiences. "We have even recorded details of the weather, wind direction, and the performance details of each show. We have also collected audience feedback through questionnaires and managed the

information on Weibo. After 100 performances in 3 years, we have created a brand new audience pool. 98% of our audience had never watched *Kunqu*, and are not our traditional *Kunqu* devotees. Such results have been extremely encouraging."

In addition, an even more comforting fact was that although the garden is located in a tourist area, most of the audience members came specifically to see the show, and not passersbys. "We had 200 audience members for each performance, which was not a large number; however, only 10% of them had come to Zhujiajiao as tourists and just happened to take in the show while they were there. The remaining 90% had come solely for the purpose of seeing the show, and some of them had even rushed in and out by taxi." In fact, strict quality control has guaranteed the standards and style of the performance. Moreover, the show took the advantage of the pleasant environment of the Kezhi Garden, but it has never been allowed to be turned into a tourism product. Interestingly, Zhang's insistence on this point has in fact added to the attraction of Zhujiajiao for outsiders.

Meanwhile, the brand appeal has also helped Zhang to explore international performance opportunities for the Art Center. In 2012, the garden version of *Peony Pavilion* was successfully staged in the Astor Court of the Metropolitan Museum in New York. As he recalls, "I visited the museum one year ahead and brought back photos and drawings of the venue. I spent six months digesting the information and planning all the design details including audience seating, sound and lighting delivery, stage movements, etc. In addition, we used a large venue in Shanghai to create our mock-up. I took exact measurements of the Astor Court, marked the locations, and reblocked the show to suit the venue. Then it took us three days to build the stage and consolidate the entire performance on the actual site." In reality, the reason for Zhang to leave Zhujiajiao and use a new performing venue was not because of the tour. In fact, he believes that every garden has its own life, and that it has been his mission to merge the life of *Peony Pavilion* and the life of that garden into a single whole. It is in that way that artistic creation is produced. This year, the garden version of *Peony Pavilion* will be unveiled in

France and Germany, and plans are afoot to perform in England next year. "From the business point of view, these overseas performances will not bring us additional revenue. Although we need to absorb the costs, we are still happy to do it." As Zhang sums it up, "The world tour will bring us incremental influence and exposure that we could never achieve in Zhujiajiao."

The initial success of this large-scale project has been encouraging for Zhang. With increasing confidence, he is seriously engaged in planning his next approach to upgrade his projects into businesses – exploring the creation of the intellectual property for the garden version of *Peony Pavilion*. As he notes, "There is only one Zhang Jun, and I am the one who has performed in all 100 shows. If I have to continue the performances in the same pattern, we will only produce on the scale of one single workshop and will never reach an enterprise scale." He adds, "Looking back on other private arts institutions in the past, their successes were always restricted by their production scale. They would usually rely heavily on the passion of one core member, and when that person left, the show could not continue any more, which ultimately led to the closing of the institutions."

In view of this, the Zhang Jun Kunqu Art Center signed an agreement with Jiangsu Provincial Performing Arts Group for 100 stage performances in Kunshan Tinling Garden in Jiangsu, creating a second performance venue for the garden version of *Peony Pavilion*. He notes, "We did four shows last year and we are planning to perform 20 more this year. Meanwhile, we continue to communicate with other cities." It is indeed a long and tiring process to "plant" shows throughout China, but Zhang nonetheless persistently adheres to the idea. "If there are 10 to 20 cities showing the garden version of *Peony Pavilion* in one evening, the enterprise model will be achieved. Only if we can achieve an enterprise scale in our Art Center will we be able to allocate more resources for future development." More excitingly, the idea of building a real indoor garden as a stage for this *Kunqu* show has already nested in Zhang's mind. He says, "From the corporate management perspective, we have to ensure the depth, thoroughness, and perfectness of the product. If the musical *Mamma Mia!* can be successfully performed in

15 languages, then why can't I follow my own path? This is my vision of product development."

If we consider the success of the garden version of *Peony Pavilion* to be an achievement in terms of production, then with the forthcoming new version of *Palace of Eternal Youth*, is about scale.

*Palace of Eternal Youth* is a traditional *Kunqu* repertoire, and it is also Zhang's favorite play. "I am really passionate about it. I insist in devoting time to doing research, analysis, and planning of my ideal team in order to deliver it in a more creative fashion. If we believe that the garden version of *Peony Pavilion* is a play associated with the concept of "back to nature", then *Palace of Eternal Youth* can embrace modern technologies with stylish touches and visual effects to bring an innovative theatrical experience for our audiences."

This time, Zhang has found co-operation with Crystal Digital Technology Co., Ltd., which was the visual effect specialist for the opening ceremonies for 2008 Beijing Olympic Games and the 2010 Shanghai Expo. "The script and the music of the play are traditional but the entire visual experience can be most up-to-date, for it is the concept of a *Kunqu* Show." If we believe that the purpose of artistic creation is to open up a new path for contemporary performing arts, then the production of the new version of *Palace of Eternal Youth* will lead to a profound revolution in the Art Center. "The new version of *Palace of Eternal Youth* push the centre into a fully business driven enterprise. The garden version of *Peony Pavilion* is a performance project funded by different sponsors who do not expect monetary returns. But now, the new version of *Palace of Eternal Youth* is a joint venture among our Art Center, the Zendai Group and Crystal Digital Technology Co., Ltd. Without a doubt, this is a brand-new operating model for *Kunqu* opera." Under the directive of this concept, Zhang Jun *Kunqu* Art Center is seeking to establish a joint venture company with the Zendai Group. "From the operational perspective, it will become our subsidiary. The new version of *Palace of Eternal Youth* will be the first performance project of this joint venture company. Through this joint venture model, both parties will have to share all the risks and profits, and that will motivate them both to achieve the highest performance." It is hoped that this will be a feasible

solution permitting cooperation in other projects aimed at forming more joint ventures with even more interested parties from different industries for their investments in the future.

## The Dream: New Structures of Creative Enterprises

From the garden version of *Peony Pavilion* to the new version of *Palace of Eternal Youth*, Zhang Jun has brought traditional *Kunqu* opera to the modern performing scene in the commercial marketplace, and whether it be the performing style or the operating model, the exploration will be a long journey.

First of all, there must be focus on professional training. In the first half of 2011, Zhang's Art Center began to recruit *xiqu* professionals. Outstanding candidates were shortlisted from among a few thousand applicants hailing from all over China. Only 15 actors and 3 band students were sent to attend training at the Shanghai Theatre Academy for the next 6-10 years as entrusted and assigned by the Zhang Jun *Kunqu* Art Center. Ultimately these 18 well-trained students will subsequently be contracted as professional artists of the Art Center. They will constitute the first group of artists studying in the Academy under a consignment scheme of a private organization. In the next step, the Art Center will explore other methods including joining in mutual efforts to teach classes or even set up a *Kunqu* school, in order to train up and supply professionals constantly.

Secondly, emphasis is being placed on audience education. Audience surveys only began at *Peony Pavilion*. Data were obtained regarding the sources of audiences, the source of show information, their interest level in *Kunqu*, post-show feedback, etc. and a database has been built up for analysis and maintenance. As Zhang observes, "Nowadays, many people are purchasing tickets through Taobao.com, so we are planning to develop our own website to be more comprehensive. Through our official online platform, we will be able to provide ticketing, and this will also help us to understand our audience more." With the increasing size of audiences, Zhang plans to employ outside experts to

manage their database, and to develop more communications and interactive channels with audiences. And most importantly, he plans to develop a more solid customer base via online educational programmes.

Thirdly, the key to success is the practice of team management. Currently, the performances by the Art Center are subject to a procurement process associated with the performers from other arts institutions on project basis. Zhang does not want to repeat the past mistakes of other institutions. He has never intended to build a complicated giant company like the national troupes, but instead forming a co-operative company and attracting the best xiqu professionals to join.

Fourthly, managing intellectual property is crucial. Focusing on the creative products as the core business means that intellectual property development and management will be essential for the Art Center. Zhang is expecting to establish a company in a joint venture for this. The Art Center will work on core artistic creations while the expert team will handle the actual operations and implementation.

Above all, following numerous trials and experiments in the area of professional training, audience education, forming troupes, and managing intellectual property, the Zhang Jun Kunqu Art Center is looking forward to establishing a new model for private xiqu arts institutions in China. As Zhang clearly sums up the situation, "An enterprise can be defined by its 3 layers, firstly product, secondly branding, and thirdly quality control. Every arts institution should have its own major creator; however, it should not dissolve or close down merely because of the creator's departure or of a decline in artistic creativity. Therefore, my current goal is to perfect the operation model of arts institutions that ensures a sustainable future for artistic creation."