You are a team of consultants specializing in human resources and labour relations management. Your firm of consultants enjoys a very good reputation for the quality of the services offered, especially to large-scale international companies. Having heard tell of the excellence of your services, Cirque du Soleil has approached you. After several meetings with representatives from their Human Resources Department, you have noted the following facts:

**Cirque du Soleil**

Founded in 1984 by a group of young street performers, Cirque du Soleil has been in constant evolution since its creation. The company enjoys excellent international recognition and is reputed to have reinvented circus arts. While Cirque du Soleil had sales of $1.7 million, 50 employees and 23 performers in 1984, in 2000, sales will reach $407 million and it will employ 1,370 employees and 445 performers. It will present seven shows in 2000 on three continents: North America, Europe and Asia. Also, in order to adequately manage all its personnel, it has four separate headquarters. Besides International Headquarters in Montreal, it has four other head offices: Headquarters — America, also in Montreal, Headquarters — Europe...
Cirque du Soleil has also set itself the objective of adding two or three tours within five years, which will have the effect of bringing the number of employees required to achieve such an objective to about 2,000.

Management
Cirque du Soleil has adopted a management style in its own image, that is, dynamic, vibrant and imaginative. The organic nature of how it operates allows each employee in a position that allows him or her to contribute to a common work. Cirque du Soleil firmly believes that, by appealing to everyone’s intelligence, all objectives are achievable. Also, communications are extremely open and the moral authority that certain hierarchical titles could impose is practically non-existent. And a Cirque du Soleil core value is respect for cultural diversity.

In spite of the continuous growth the company has experienced, it has always known how to ensure cohesion among employees and maintain a strong sense of belonging.

Challenges to be met
Given its growth plans, both in terms of the number of shows presented and the establishment of new commercial activities, Cirque du Soleil must apply itself to adapting its structure and, above all, to ensuring that its managers have the ability to support such development. In this respect, several managers who have grown up with Cirque du Soleil and who have thus acquired broad operating experience are having some difficulty moving to a strategic management mode. Given their extensive knowledge of how the Cirque operates, they too often remain occupied or preoccupied with operating questions, rather than investing their energy more in strategic planning.

Communications are extremely open and the moral authority that certain hierarchical titles could impose is practically non-existent.

In spite of the efforts made to reduce the inconveniences inherent in touring, problems still remain. For example, the Cirque offers the services of a tutor to child performers and to the children of performers. However, because of the costs this would entail, this service cannot be offered to all the children of its personnel. Despite the advantageous salaries, Cirque du Soleil is experiencing some difficulties in retaining its touring personnel.

Finally, it is important to note that, in the touring shows and in International Headquarters in Montreal, the presence of many people of different nationalities, speaking different languages, is a challenge. Indeed, while the presence of Quebec or Canadian performers at International Headquarters and on tours is often secondary, having several nationalities greatly influences the quality of communications. And, depending on the cultural baggage of each person, the perception of the message communicated can differ greatly. Since cultural references are very divergent, what are innocuous gestures to some have unexpected implications for others. However, despite these difficulties in perception, Cirque du Soleil has always greatly valued cultural diversity and has always emphasized the richness it brings, rather than the differences it creates. Nonetheless, the
### CASE STUDY

Cirque du Soleil has to constantly manage stereotypes and prejudices. This situation is even more palpable at International Headquarters in Montreal since the performers who work there are, for the most part, passing through, either with the aim of learning a new number, or to take up training again following an injury. Also, people of the same nationality often remain among themselves without mixing very much with other performers of different nationalities.

### YOUR MANDATE

You have been given a mandate by Le Cirque du Soleil to propose solutions to the problems raised by the facts described above.

**To do so, you must:**

1. **state your understanding of the situation at Cirque du Soleil;**
2. **precisely determine the needs of Cirque du Soleil in the short and medium term;**
3. **in light of those needs, make provisions for the obstacles envisaged;**
4. **finally, establish a plan of action by formulating possible solutions to the problems you have identified.**

You must then justify the proposed solutions, taking into account the values transmitted by Cirque du Soleil.

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### The students’ analysis

**Cirque du Soleil: Toward a Strategic Management Mode**

*By Université de Sherbrooke’s team*

Here is an analysis of the case submitted by Cirque du Soleil, as presented by the Tournament winners, the team from Université de Sherbrooke. The team members were Marie Bérard, Véronique Côté and Joëlle Gagné. It should be noted that participants had just one hour to study the case they were given.

#### Diagnostic

Cirque du Soleil enjoys international recognition. With a unique style, it is reputed to have reinvented the art of the circus. Having attained a quite exceptional level of excellence, it has experienced strong growth since it was founded in 1984.

Right now, Cirque du Soleil has an important project, which is to diversify its commercial activities. To help the company succeed with this project, we thought it important to first determine its strengths and the obstacles it faces.

Among the company’s principal strengths are cohesion among employees, a strong sense of belonging, interesting and attractive salary conditions. As well, the open, dynamic style of management, creative and well adapted to the world in which the company evolves, shows that Cirque du Soleil is an organization that embraces change and innovation. Lastly, the presence of different nationalities in its personnel creates a wonderful diversity.

But there are some obstacles that Cirque du Soleil must take into account in implementing its project. First of all, managers are currently preoccupied by questions of an operational nature. They therefore do not have the time to act on questions of a strategic nature. This problem needs to be ironed out.

The company is also experiencing a high turnover rate, due to several factors, in particular the difficult working conditions, which include many relocations and a large number of shows each week.

Another important point that needs to be worked on is the problem of communication. Its personnel includes many cultures, a wide diversity, and various languages, which complicate communications.

Also, decision making is decentralized. Cirque du Soleil in effect has four headquarters, which could lead to a lack of cohesion in decisions. This state of affairs may be a weakness, an obstacle. But it may also be a strength, since managers do not necessarily and constantly have to wait for a decision from top management before acting.

Given these various findings, it seems that Cirque du Soleil will have to meet certain challenges in order to achieve project objectives: to shift to a strategic management mode, to reduce
the present turnover rate, and to manage well the cultural diversity that is one of its strengths, and one that may become a winning condition.

**Action Plan and Action Steps**

The three-part action plan proposes various solutions that should enable Cirque du Soleil to succeed in its project to diversify commercial activities. These solutions are accompanied by action steps, since it will be important to put mechanisms in place to ensure the solutions come alive and are translated into day-to-day action.

**Shift to a strategic management mode**

Let us begin by the factor that appears the most important in project success, that is, the strategic shift, which is to persuade managers to move from an operational to a more strategic management mode.

First of all, it is important to communicate the reasons for this shift to managers, to explain how it will unfold in order to plan the change and to draw up strategies. Meetings are needed to convince managers to become more strategic and it is primordial that top management be involved in this process. For, if top management is convinced of the need for a shift to a strategic management mode, it must communicate these values so the managers, too, become assured of the importance of the change.

To help them become strategic, it will obviously be necessary to give tools to those managers whose roles are to be transformed. What this means, of course, is training to enable them to acquire the skills and thus be able to assume their new responsibilities. A good way to achieve this goal is to establish a partnership with schools of management on every continent. But it can begin first with a pilot project, to be carried out in Montréal, where international headquarters is located. After reaching an agreement with a school of management, the human resources department, top management, and resources from the school will design a program, adapted to the culture of the organization, that puts the emphasis on the development of strategic planning skills. Following that, the transfer of what has been learned will need to be measured to see if managers are putting their new knowledge into practice. To do this, perhaps individual meetings with these people or group meetings with top management could be held to validate participants’ satisfaction with the program.

Later, the roles of these managers will need to be redefined and their authorities, sphere of action, sources of information, and how they are going to be able to influence company strategy will need to be determined. If they are to plan more strategically, they will need clear direction and their responsibilities will need to be defined, which should be done jointly by human resources and top management.

Lastly, in this part of the action plan, steps taken must underscore the success of the strategic shift. The transformation will need to be recognized, achievements and improvements celebrated, so as to motivate others to persevere in this major transformation. Recognition is an essential step in this change process. This may be informal: for example, a member of top management congratulates a manager who has taken a strategic step that has given good results. This recognition may also be more official: such as a Recognition Dinner at which prizes are awarded to those who have distinguished themselves, thus creating role models for their colleagues who will want to imitate them and also be recognized.

**Planning recruitment**

In the same vein, that is, from the viewpoint of a strategic shift, let us turn to the second part of the action plan. In order to realize its project, Cirque du Soleil wants to increase its personnel considerably within the coming five years. Recruitment therefore needs to be planned in order to ensure the resources are there on time. First, an inventory needs to be drawn up of the profiles sought. We then propose establishing a databank so that future employees, who currently may not be available, can be contacted when needed. The company will thus have a bank of candidates already judged suitable. Also, recruiters and scouts will need to be met in order to explain their new mandate to them: within five years, the current workforce of 1,370 employees will rise to 2,000. Thus, they will have to recruit, in particular, numerous performers and specialized technicians.

On the other hand, a partnership could be established with schools to recruit performers and technicians, and also to help them get to know Cirque du Soleil, to inform them about the possibilities of employment in this dynamic organization, which is attractive to young people. What is called for therefore is to concretely plan success: with École du cirque, among others, to determine who are the ones who will be ready in one, two or five years, to actually participate in shows; with the École des techniques de scène, to promote Cirque du Soleil and to try to target those who have the potential to work within the organization.

Also in terms of recruitment, the new skills that will be needed will have to be planned, as well as the talents that the Cirque will need in the future, since the organization is constantly introducing new shows that require...
hiring performers from all sorts of fields. To do this, meetings need to be arranged between top management and the people responsible for the design of new shows in order to establish the profile of employees sought, as well as the needs for personnel in the coming years. Thus, hiring 100-150 new employees each year might also be foreseen, so as not to have to face a lack of resources in five years’ time.

Another step in this part of the action plan is to reduce turnover. After having recruited them, the company must know how to retain these employees. Thus, people who are ready to travel and who like travelling have to be found – that is, people with the profile of a traveller. This must be insisted on during recruitment in order to hire people for whom this aspect of the job will be a motivation. Recruitment that is targeted at young people could also be another way of reducing the turnover rate. We know that young people today, without a family to support, are often ready to travel and to take up the challenge of international mobility.

Also, to accomplish this massive recruiting, Cirque du Soleil needs to be promoted among students and workers. Students, in particular, who are leaving school and who often have fewer family obligations, are most likely to be internationally mobile. This promotion of the organization could be done through information sessions and mentoring programs. Concretely, what this means is that people from Cirque du Soleil need to visit schools to promote their positions and the culture of the organization to young students at the École du cirque or schools that teach stage-management techniques.

Lastly, it is important to monitor employee satisfaction. There are probably steps that can be taken, some simple, others that will require establishing a long-term approach. The organization thus needs to consult, through surveys, with ex-employees in particular, in order to discover what led them to leave the organization, and with current employees in order to know what measures to apply to improve their work.

**Management of diversity**

Here is the third part of the action plan, which deals with management of diversity. This diversity is an asset, but it can also become an obstacle because people find it difficult to communicate and because cultures are sometimes diametrically opposed. But, fundamentally, it is an asset and people have to be taught to respect this diversity. We propose holding a cultural exchange before the start of a tour, which will bring people together to talk to each other, to discover each other, and to work on common activities. In fact, there are many interesting ways to foster cultural exchanges, such as a cultural show, a buffet of nations where everyone is invited to taste foods from different countries, etc.

In this context, communication is primordial. For example, some people are no doubt willing to learn other languages. The organization could give them the tools to do so, by, among other things, bringing together those who want to learn the same language, procuring a training CDROM for those interested, etc. Also, employees can be helped to understand the culture of others around them by bringing, in turn, books, CDROMs, tourist videos, etc., that will enable those interested to easily find information. An Intranet is also a marvelous tool for encouraging the transmission of communication throughout the whole organization.

Finally, we have also seen that there is a problem regarding stereotypes at the headquarters in Montréal. Sponsoring new arrivals would also help them integrate better, but is important that this be on a voluntary basis.

**Conclusion**

Our aim, via these various solutions, is to put Cirque du Soleil on the road to organizational development, which will enable it to be able to act when it finds itself faced with the various situations covered in this presentation.
1. **Retention:** Retaining the people whose contributions add value to the organization

2. **Cultural integrity:** Maintaining a distinct and functional organizational culture given a multi-cultural and geographically dispersed managerial force.

3. **Strategic management:** Developing a managerial force that responds to tactical issues and problems strategically, that sees the big picture and acts on it.

Retained, the success of such interventions remains uncertain since the push-pull model of turnover underlying the intervention logic is proving sub optimal.

In the past ten years Tom Lee and Terry Mitchell of the University of Washington have developed the “unfolding model of employee turnover,” an encouraging alternative to the “push-pull” model which suggests a different intervention strategy.

We all hold relatively stable and permanent images of ourselves in relation to our work. Like white noise, these images permeate us and, like white noise, we hardly pay attention to them. On occasion however, a specific event (termed a “shock”) triggers a cognitive process in which our images are compared to the jobs we hold.

“Shocks” are objective events that may be specific to a person (such as a pay raise denied) or they may be general, affecting all employees (i.e. a merger). Shocks may be job related (e.g. a promotion denied, an attractive alternative job offer) or not (e.g. winning the lottery, the loss of a loved one). However, it is the cognitions (the thinking and comparison process) and not the shock per se that bring about the decision to stay or to leave. According to this view, focusing on the shocks (as “push-pull” suggests) is less likely to be successful than focusing on the cognitions.

Our ability to cope with shocks is severely reduced during stressful times and research has repeatedly shown that coping is more difficult when individuals are cut off from their support systems – mainly friends and family – as would be the case on tour. Turnover is greater on tour because events that occur on tour may have greater shock value than the same events occurring at home. To recognize this issue is to move forward towards a viable solution to the turnover problem that is tailored to the Cirque. Successfully dealing with turnover suggests a three-pronged approach: (a) The creation of realistic job images through the use of realistic job previews, (b) the training of local management to improve shock management and, (c) the offering of professional support services during tours.

(1) Realistic images are less likely to be violated by shocks than unrealistic images. Research confirms the importance of realistic expectations in shaping coping responses. Therefore the institution of realistic job previews before the person joins the tour is a mandatory first step in reducing turnover.

(2) Most job-related shocks involve immediate supervisors since they are the medium through which most organizational events are funneled to the individual. How supervisors handle the shock events is of critical importance in shaping how the employees’ cognitions will develop. Therefore, and as an initial step, immediate supervisors should be trained to understand turnover and instructed in the recognition and handling of shocks. This instruction should include an extensive discussion of objective and perceptual equity.

(3) Finally, consideration should be given to retaining the services of a psychologist to go on tour with the explicit mandate to provide support to all individuals, both supervisors and employees, in recognizing and
ensuring a strong corporate culture means picking the right people, educating and training them appropriately and managing them in ways that encourage strategic thinking. While there is considerable consensus on the foregoing principles, there is considerably less in defining how exactly this can be achieved in practice. In fact, of all the issues raised in the case, this is the most serious and intractable one faced by organizations today. However, the following three-pronged approach, derived from recently published R&D may prove helpful.

1. Selecting managers: Since strategic managers should be bright, selecting, hiring and promoting intelligent people is a sine qua non for the development of strategic management. Selection procedures should therefore be reviewed to ensure appropriate integration and measurement of intelligence in the selection sequence. As the past is the best predictor of the future, the selection procedures should also be reviewed to ensure assessment of the individual’s past demonstration of strategic orientation: “patterned” interview formats should be considered.

2. Training managers: Critical thinking, one of the key ingredients of strategic management can be developed, to some extent, through formal courses. These are commercially available; most are fairly similar and equally effective.

3. Managing for strategic management: The most important force for creating strategic managers is the organizational environment. Managers need to know that strategic management is valued by the organization. They need to understand what the organization means by it and to believe that they can do it. Three essential ingredients are required.

(a) Self-efficacy is the degree to which a manager believes it possible to act strategically. If we do not believe something is possible, we are unlikely to exert the effort required to achieve it. Twenty years of research demonstrate with astonishing consistency the critical importance of these beliefs in achievements of all sorts. While there are many ways to develop self-efficacy in others, modeling (showing examples) is an efficient and inexpensive method to practice.

### Reinforcing a distinct organizational culture that spans national groups without destroying diversity.

The Cirque should identify a unique and consistent ranking of where it stands on each. How important is control? What about continuous learning? However, each regional office must be free to operationalize these dimensions according to the local culture. Specifically, two classic sequential steps are indicated.

1. Senior managers of all regional components of the organization should be convened to develop, with professional guidance, a common position respecting core values.
2. Each national management should then provide, for approval by headquarters, specific plans to be locally enacted that operationalize and determine in practical terms the core behaviours and policies defining their adherence to each core corporate value for the specific culture. Local managers would be held accountable (and evaluated) for implementing these values locally.

### Strategic management

Strategic leaders are formally defined as those who have the ability, the critical thinking skills and the flexibility to anticipate, envision and work with others to initiate change that creates a sustainable future for the organization.

Are these strategic managers made or born? In our current understanding, the answer seems to be that they are born... and then they are made! That is, creating a strategic managerial force means picking the right people, educating and training them appropriately and managing them in ways that encourage strategic thinking. While there is considerable consensus on the
method. Consequently, the Cirque should identify and publicize those acts of management that exemplify strategic management. This publicity is valuable to the person whose strategic accomplishment is praised, but more importantly it shows others that it is possible. If he/she can do this so can I! As a concrete first step in this modeling process, consideration should be given to publicize management’s current development plans as immediate examples of strategic thinking. An interview in which the CEO describes how the strategic vision came to be should be conducted and disseminated throughout the enterprise.

(b) Error Management: A manager attempting strategic behaviour will make errors. These are inevitable. Most organizations do not know how to handle or profit from the errors committed by managers. Research conducted by Michael Frese in Germany has identified the role that error plays in managerial learning. Specific procedures when instituted can result in errors creating an extremely positive force in organizations. Therefore, I strongly recommend that the Cirque consider instituting one such process (unfortunately labeled “celebrating errors”) as a specific mechanism to encourage a managerial style that is more focused on improvement than on error avoidance.

(c) Performance measurement: “What is measured gets done” is a classic managerial dictum and research confirms its validity. Thus, if the organization wishes to see more strategic thinking and behaviour it must amend its performance management system to assess the strategic behaviour displayed by the manager. It is likely that the HR department already has the resources available to conduct this review. Alternatively, professional guidance is readily available from a wide variety of consultants.

Conclusion
“Nothing is more practical than a good theory” and nothing is more theoretical than a good practice. The Cirque’s case exemplifies three HR problems central to contemporary organizations: retention, cultural integrity and the development of strategic management. These problems are deceptively complex and past solutions have been disappointing. This is because past interventions are based on conceptions and understanding which have yet to integrate recent research findings. Fortunately, the theoretical developments of the last decade have produced a number of new analytical tools and concepts that suggest new tactics and practical means to resolve them. As Kurt Lewin, one of the great psychologists of the 20th century once quipped: “Nothing is more practical than a good theory!”

The strategies and tactics proposed here emerge from contemporary research and theory. However, certainty of effects when dealing with humans and with work is hardly to be expected. It is important for modern companies to appreciate that they have the responsibility not just to implement, but also to evaluate, refine and modify strategies and tactics over time. This is how our understanding of organizational life will improve over time. An appropriate corollary to Lewin’s quip might be “Nothing is more theoretical than a good practice”!

The author is currently on leave from his position as titular professor of psychology at Université de Montréal. This analysis was requested by the Ordre des conseillers en ressources humaines et en relations industrielles agréés du Québec. Requests for reprints may be addressed to the author at School of Administrative Studies, Atkinson Faculty, York University, 4700 Keele Street, Toronto, Ontario, M5J 3J7; rhaccoun@yorku.ca.