



ARON THEATRE CO-OPERATIVE

Legacy Leadership Lab Case Study

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Aron Theatre Co-operative



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The purpose of this exercise is to demonstrate the challenges and opportunities of conversion through succession as experienced from the perspective of key stakeholders. The cases represent a range of perspectives on successions through conversions, as well as the range of points along an enterprise's life cycle. This includes explorations of the conversion from the seller's perspective and the buyer's perspective, as well as of sustaining the converted business post-succession.

Introductory Statement

Aron Theatre is a non-profit community-based co-operative in Campbellford, Ontario. After a successful conversion in the early 2010s, the theatre continues to benefit from broad community-based involvement and funding that support its management, operations, and capital investments. Campbellford, however, struggles with the common problems associated with rural Ontario. The broad community involvement that sustains Aron Theatre now needs to be transferred to the new generation of Campbellford residents to support the community-based model.

Background

Aron Theatre is a non-profit co-operative that is owned and managed by the local community members. The theatre is in Campbellford, Ontario, a small rural town two hours outside of Toronto, Ontario. The town struggles with many of the same issues facing rural areas across southeastern Ontario. There is an overall lack of economic diversity relying primarily on seasonal tourism and retirees (Ferguson, 2015). Campbellford also faces an aging population and an outmigration of youth, both of which contribute to a decline in local businesses.

Up until 2009, the theatre was privately owned. The owner was looking to retire but could not find a viable buyer which put the business at risk of closing (Northumberland News, 2009). Aron Theatre was an anchor in the community supporting both the tourist economy and the local arts and culture. Residents were worried that without the theatre, the town would lose an essential piece of its character (Kinch, 2012). This issue was not unique to Campbellford. At the time, as many as fifteen to twenty thousand small-town theatres were closing or had already forced across North America (Goldman, 2019). These theatres could not handle broad socio-economic trends of rural areas, the increasing technology demands to run new movies and the overall shift away from the movie theatre experience. However, the Aron Theatre was saved due to the fast and sustained actions taken by the local community.

The idea for a co-operative came from a local with previous experience in co-operative conversions (Blackwell, 2015). The idea was pitched to the community at a public meeting and immediately 130 people signed on to be members. A community development corporation was set up in partnership with

the Campbellford Community Foundation to secure a \$20 000 federal grant to develop a business plan (Goldman, 2019). The business plan and incorporation were finished in about a year and it took another 8 months to raise the \$215 000 in capital needed to purchase the theatre. \$110 000 was sold in Aron bonds, with \$50 000 bought by the community foundation and the rest from community members. The previous owner took out a first and second mortgage amounting to \$75 000. As of 2019, both mortgages have been paid back as well as some Aron bonds.

Aron Theatre is now a non-share co-operative with each member receiving one vote (Goldman, 2019). A board of directors and several committees handle the management and long-term planning of the business, and operations are supported by both volunteers and a few employees; while most volunteers are retirees, there are around 600 individuals and families that support either through memberships or involvement in events (SEOntario, 2015). The theatre runs a modest surplus generating enough revenue to cover operations through ticket and concession sales, memberships and sponsorships, and advertising (Ferguson et al., 2015). Most capital improvements are funded by grants; to upgrade its digital technology to show current releases, the theatre secured funding from the province, municipality, and community foundation (Kinch, 2012).

The future of Aron Theatre depends largely on its ability to sustain itself financially while providing social, cultural, and economic benefits to the community. The co-operative transition did not solve the issues that Campbellford struggles with as a rural small town. The conversion and continued support of Aron Theatre rely so heavily on the community. These issues may become more worrisome when considering the older demographic of volunteers and the general trend of youth outmigration from rural Ontario. The personal connection that many community members feel to the theatre which creates this groundswell of support, may not be as strong in the future. If Aron Theatre continues to rely on its community-based model it must decide how best to expand and sustain the connection and support for the organization for a new generation of community members.

Key Considerations

1. Aron Theatre relies heavily on community volunteers and many of those volunteers are retirees.
2. The theatre is producing a modest profit but has to rely primarily on grants for capital improvements
3. The organization has recently brought on a youth representative but attracting the younger demographic has still been challenging
4. Aron Theatre continues to be a major pillar in Campbellford as the community struggles with many issues common in rural Ontario

Current Situation

Since its conversion to a co-operative, Aron Theatre has continued to grow its membership and revenues. This revenue covers operations, but the theatre still relies on community funding and volunteering to sustain itself. Aron Theatre is an important social, cultural, and economic pillar in the community. As Campbellford adjusts to the changing realities of rural Ontario, the theatre needs to ensure the new generation of residents is ready to support the community-based model.

OPTION A

How should Aron Theatre recruit a new generation of Campbellford residents to care about and be involved in the co-operative? How best can it sustain and grow its membership and recruit a new generation of members?

OPTION B

Currently, Aron Theatre is looking to upgrade its concession stand. How should Aron Theatre handle future capital investments? Should the theatre continue to rely on grants?

OPTION C

What programs or services can Aron Theatre offer to grow its social and cultural impact in the community? How best should they market this impact to the community?

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