

This series of informative fiches aim to present, in summary, examples of practices and approaches that EU Member States and Regions have put in place in order to implement their Rural Development Programmes in the current period. These examples want to contribute to the understanding of what has worked well and less well in the delivery of the 2007-2013 RDPs and as far as possible, draw lessons in the view of future improvement of the programmes.

The Lerbäck theatre barn – conversion of an old barn into a theatre



BACKGROUND AND SCOPE OF THE PROJECT

After several years of commuting to Vimmerby over summer to work at the theatre of the tourist attraction “Astrid Lindgren’s World”, the Gille family decided to start a summer theatre back home at their old farm and former Lerbäck village Inn. The decision was taken both for family reasons and for business development purposes.

The first summer theatre started outdoors in 2004 as a way of testing the market, especially targeting children and families. A total of 5 000 people saw the family theatre play during the first season. It was a clear indication that there was an interest and market for this kind of entertainment. The following years (2004-2007) more theatre plays were produced outdoors in summertime. Due to the success of the summer theatre in 2004 a co-operation with the small local hotel in the Lerbäck village started in

winter the same year in order to enrich the leisure offer (dinner with theatre) and attract a diversified audience. As the audience grew, own funding was invested to build an outdoor summer scene with larger visitor capacity. However, the small accommodation capacity remained a limiting factor and all shows were actually over booked.

The strong demand for premises with enhanced capacity together with the risk of losing the use of the hotel (due to management change) pushed towards investing into an extension of the farm’s granary and its conversion into a theatre with restaurant facilities.

The specific objectives of the project were to:

- ◆ Ensure continuity of the business all year round through securing indoor premises for winter time and adverse weather conditions.
- ◆ Develop and diversify the business offer combining cultural and food experiences targeting both children and a more adult audience.
- ◆ Increase and develop the business staff, creating 3-4 full time jobs
- ◆ Cooperate with local farmers and other producers in order to offer high quality food products.
- ◆ Cooperate with other businesses in the area to develop Lerbäck village into a touristic destination.
- ◆ Offer services to the rural population such as a theatre vacation school for children in the area.

Keywords: Quality of life, economic diversification, business creation and development, job creation

EU Member State: Sweden

Specific Location: Lerbäck village, Askersund municipality, Örebro county

Main beneficiary: Lerbäcksteater AB

www.lerbacksteater.se

RDP Measure: Measure 312: Support for business creation and development

Funds Allocated: Total project cost: €313 358

EAFRD contribution: €40 449

National contribution: €49 438

Private contribution: €223 471

Implementation Period: November 2007 to November 2008



DEVELOPMENT AND PLANNING

The business idea and the following investment plan matured after several years of hands-on experience of running the outdoor summer theatres and performances with the Lerbäck hotel, where combination of “theatre and dinner” was tested during the winter seasons. Besides, a market analysis was performed which investigated the customers’ profile. The analysis was carried out through feedback forms distributed to all visitors with the support of two intern students who helped to design the audience questionnaire and, identify the legal requirements and permissions needed in order to run the project (e.g. permissions for food processing, selling of alcohol, safety of audience and staff, environmental impact of waste water etc.)

The business development plan developed by the theatre company had three goals: i) the extension and conversion of the old granary; ii) reaching self-sustainability of the business within two years and; iii) creating 3-4 permanent full time jobs for theatre actors. EAFRD support was demanded to invest in the granary’s extension and conversion. The project plan for the extension investment, for which support was applied for, was developed together with local constructing entrepreneurs.

A risk analysis was performed by evaluating: i) the competitors’ offer in the theatre business; ii) other family businesses and offers in the region (such as water parks, amusement parks, or other forms of alternative leisure activities); iii) the risk of being dependent on another company for part of the touristic offer (i.e. “theatre and dinner” at the hotel). As result of the risk analysis, competitors were not considered to be any major threat as the analysis showed that they were not running any summer theatres and nor targeting the same type of audience. On the other hand, overcoming the dependence from the hotel as part of the business activities was among the reasons behind the project idea itself.

The project application was presented to the regional managing authority on November 2007. The winter period was used to plan and prepare the construction works, while at the same time the shows continued at the theatre’s premises. The construction works started in April 2008. The fulfilment of the project plan and the performance of the works were constantly monitored together with the local construction company and other construction workers hired as the deadline for the completion of the project was set for October of the same year, when the premiere of the autumn plays was scheduled (this deadline was mandatory since most of the tickets were already sold).



IMPLEMENTATION OF THE PROJECT

The investments envisaged by the project plan consisted in:

- ◆ External reconstruction, including the removal and exchange of the old roof, opening of the walls for the extension construction, changing of some of the windows, straightening up the old granary building and adding extra insulation.
- ◆ Internal reconstruction including moving internal walls and adding internal insulation.
- ◆ Extension construction connected to the old granary building including also new sanitary facilities.
- ◆ Installation of a system for the treatment of the sewage water.
- ◆ Setting up a fully equipped restaurant kitchen.
- ◆ Creating new spaces (such as dressing room) and installing technical equipment in the theatre.
- ◆ Final miscellaneous including sign posting, painting etc.



Current practices across the EU27

There were no changes in the project plan itself but the total budget for the project had to be changed due to two major reasons. First of all the cost for removal and transport of the old roofing material was much higher than expected due to the content of asbestos. A specially licensed company had to be contracted and the disposal of the waste was charged by Kg of material removed. Secondly a whole new system for waste water treatment had to be installed since the dimension of the old system was not adequate to the increased number of visitors and the water use from the restaurant's kitchen. An additional private loan was undertaken in order to address the additional costs incurred.



RESULTS OF THE PROJECT IMPLEMENTATION

The direct results after the completion of the investments were the following:

- ◆ The theatre barn including the new restaurant facility was built in full function according to the original project plan.
- ◆ The number of visitors to the summer theatre plays, the dinner plays, the theatre school and other activities have surpassed all expectations, reaching about 25 000 visitors per year. On annual basis the Lerbäck theatre registers an equal amount of visitors as the ones in the nearby city of Örebro (urban centre with some 140 000 inhabitants, situated some 25 Km from Laerbäck).
- ◆ The company's goal to be self-sustainable and not-dependent from public subsidies (as instead it is the case for the majority of cultural establishments) within two years was reached at the end of the first year. The theatre could also pay the debt for the extra private loan taken within a single year.
- ◆ Eleven new jobs have been created calculated as full time equivalent, which was well beyond the expected 3-4 employees envisaged by the project plan, with a significant impact on the small rural community.
- ◆ A large number of school children are participating in the theatre school during the autumn and winter vacation periods, offering a cultural activity in a rural setting, where such kind of activities were not available at all before.
- ◆ Many local farmers and food producers are delivering local food products to the theatre restaurant.



The investments also generated additional positive externalities for the local economy, namely:

- ◆ The nearby bed and breakfast, Perolof-gården, experienced an increase in the number of overnight visitors leading to a need for them to expand their facilities. Most of the weekends in which the dinner plays are played at the nearby theatre, the Perolof gården B&B is fully booked.
- ◆ A cooperation cluster/business association in the nearby villages has been established where Lerbäck's theatre is one of the driving forces.
- ◆ Food producers from the whole region are now getting in touch with the Lerbäck theatre to deliver their specialties as a way to market the food production in the region.



LESSONS LEARNT

Factors that contributed to the success of the project

- ◆ Time devoted to analysis and planning: since the concept of offering a new experience with theatre combined with dinner both in a small setting (65 seats in the small hotel) and in bigger settings (150 seats while performing in other premises) was tested during several years, practical needs and limitations were carefully assessed.

Current practices across the EU27

- ◆ The long-time experience with similar business activities (i.e. the summer theatre at the children's theme park Astrid Lindgrens' World, with 100 employees) gave also a very solid ground for the planning and implementation of the business plan and the project investments.
- ◆ The decision to hire only local construction workers and to involve them heavily in the whole project cycle created a "family-feeling" and a pride for the local values the project generated, which eventually resulted in optimal working environment in order to meet the very strict deadline envisaged by the project plan.

Factors that impeded the success of the project

- ◆ Unforeseen additional costs related to: i) the removal of construction material with special disposal requirements (asbestos) and, ii) the replacement of a complete system for waste water treatment. Such activities also resulted in additional pressure to meet the project deadline.
- ◆ Legal constrains in relation to building a catering facility (restaurant). Being the monitoring authority issuing building permissions, the Municipality was not allowed, at the same time, to give advice in order to fulfil all legal requirements. Thanks to a good and frequent dialogue with the local authorities and the good planning this constrain was overcome without any major issues.



WHAT'S NEXT?

The project resulted in a successful and self-sustaining business in rural Lerbäck. The facilities are functioning exactly as planned and the steady demand for the tickets and number of theatre guests is the evidence that the investment funded by the EAFRD has helped to create an appreciated attraction in the area. After the project, the Lerbäck theatre company and the owners Johan and Jenny Gille have been awarded several prizes nationally and regionally as the best entrepreneur in the area.

In particular, the goal of financial self-sustainability, namely to be independent from public subsidies after the end of the EAFRD support, was fulfilled well within the envisaged timeline. The financial viability of the company is also shown by the fact that it was possible to pay back the extra loan taken to cover the unforeseen project costs already after one year. During the summer 2013 an investment was undertaken to create a new outdoor scene paid with own funds. For the first time also in 2014 the budget for advertising has been decreased since the performances during the previous season were sold out after just one public announcement, which is also a good evidence of the maturity reached by the business.



With about 11 full time employed calculated on a yearly basis, economic results have been well beyond the expectations. From autumn 2013 a full time chef has been employed for the restaurant all year round.

As far as the theatre's activities are concerned, the theatre performances have developed and been diversified into many more genres .



SUMMARY

A rural theatre company situated on a farm site received funding to develop its business through the extension and conversion of the farm granary into a theatre scene and restaurant. The business attracts all year round a diversified audience of families, young and adult visitors through outdoor and indoor activities, combining the offer of theatre plays and food. The theatre is now well established in the area, attracting to a small rural village the equivalent number of visitors of the nearest urban centre theatres. On annual basis about 11 full time jobs have been created and school children in the area are offered theatre classes during the autumn and spring vacation weeks. The offer has increased the market for local food producers as well as a nearby B&B, creating added value for the local rural economy.

Tips/lessons related to the beneficiary:

- ◆ Previous experience in similar type of business alone is not a guarantee of a successful investment project if not duly accompanied by thorough planning and a sound preparation (e.g. market analysis).
- ◆ Involving local resources in the development and realisation of a project idea which benefits the wider rural area contributes to create a sense of ownership, wins commitment from the actors involved and eventually helps to overcome unexpected difficulties.
- ◆ Timely completion of the investments – especially in situations of time pressure - is also ensured by effective and continuous monitoring of the project plan and its progress.
- ◆ A business risk analysis can confirm the validity of the project idea or indicate the best way forward in case of unexpected circumstances coming up. It helps minimising economic losses and ensures the financial sustainability of the project in the long-run.
- ◆ Unexpected project costs are not always predictable, however thorough planning can mitigate this risk. The capacity to undertake extra financial commitments (e.g. bank loans) to overcome unexpected costs should also be assessed in the business plan

Tips/lessons related to Managing Authorities and other public sector actors:

- ◆ Non-conventional and innovative business projects in rural areas (such as a rural theatre) should be encouraged, especially when they are based on good planning and market analysis.
- ◆ Investments in cultural activities can create jobs and, at the same time, create value for the local economy through encouraging existing up-stream and down-stream economic activities in more traditional sectors. Furthermore they can raise the attractiveness of the rural area as a whole.

