



Ice guy finishes first

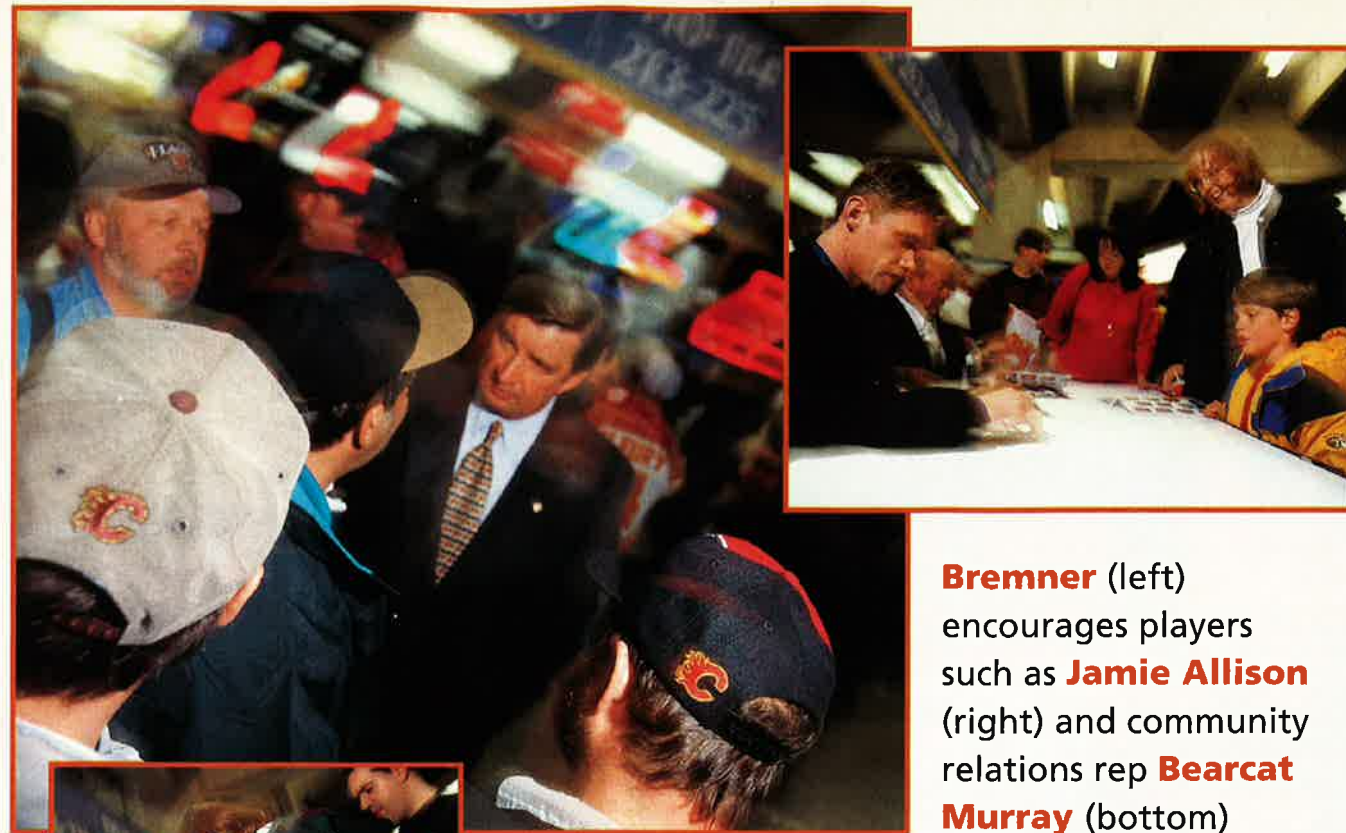
Ron Bremner is the kind of CEO **who glories** in getting yelled at and in picking debris off washroom floors. Nothing, in short, is too **good for his customers.** That may explain why his **Calgary Flames** are making money while other **NHL teams** are losing millions

BY PETER VERBURG

Ron Bremner likes to spend his Saturday mornings getting yelled at by disgruntled customers. On this particular occasion in January, the president and CEO of the Calgary Flames/Canadian Airlines Saddledome is in his office, talking on the phone with a former season ticketholder. "Boy, you sound awfully mad at me," Bremner tells the fan, who is complaining about the need for renovations in the Flames' home arena, the Saddledome. "You sure make some good points," he empathizes, be-

Win or lose, it's a draw: "The Flames may not win every night, but we're selling people on the fact that they can come out and have a lot of fun," says CEO Ron Bremner

telEvolution



Bremner (left) encourages players such as **Jamie Allison** (right) and community relations rep **Bearcat Murray** (bottom) "to build emotional equity with the fans"

urday. "What I'm trying to do here is build emotional equity with the fans," he explains. "This is about letting them know we are approachable. We may not win every game, but we want to do the best for them. That fella just went from a naysayer to a guy who's going to work for us."

This people-pleasing philosophy is at the heart of Bremner's innovative approach to running a small-market NHL franchise. If you can't afford to offer fans a Paul Kariya or an Eric Lindros, the theory goes, you must give them some other reason to buy tickets. Bremner, a former broadcasting executive, is doing just that by turning customer service into an obsession and transforming a night out at the game into a total entertainment experience. As a result, Calgary is the only small-market club in Canada operating in the black. The Vancouver Canucks, the Edmonton Oilers and the Ottawa Senators are reportedly losing buckets of money this year. Yet the Flames expect to break even, even though they are one step from the basement of the Western Conference.

Until recently, professional hockey clubs didn't have to give much thought to customer service. They simply had to put together a winning team and watch the fans pour in. During the '80s, the heyday of the Flames, when the team boasted players such as Al MacInnis and Doug Gilmour, home game tickets were a hot commodity. In 1990, the year after Cal-

gary won the Stanley Cup, there were 7,000 people on a waiting list to buy season tickets. "People were selling the right to buy season tickets on the black market," says Bremner. "They were selling season ticket futures."

When hockey salaries took off in the early '90s, it suddenly became much more difficult for cash-poor teams such as Edmonton and Calgary to retain star players. One of the biggest problems these teams face is that players are paid in US dollars, but revenue—from tickets, advertising and concessions—is in Canadian currency. So for most of this decade, the exchange rate has been hobbling Canada's teams. In 1994, Calgary took steps to generate more revenue. The team's owners obtained control of the Saddledome in exchange for putting up \$35 million for renovations. Club seating and corporate naming rights to the building to Canadian Airlines Corp., and Chrysler Canada Ltd. took on sponsorship of the arena's premium club. The league even padded the bottom line with a revenue-sharing deal to help Canadian teams. But season ticket sales, a key source of revenue, continued to erode, dropping to about 13,000

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fore explaining why the club can't afford the renovations. "But here's what I want to assure you. We are committed to you as a fan." Bremner gives his phone number to the fan. "Anytime you have an idea that's going to make us a better organization, I want you to call me."

The fan already has a suggestion. He would like to earn free passes by convincing his friends to buy tickets. Bremner senses an opportunity. "If I can work out a deal where you can get tickets to a few games, would you go out and sell some for me?"

"Yeah, I'd certainly do that," comes the eager reply.

"Would you do me the pleasure of having a coffee with me in my office next week so we can talk about it?" Bremner asks.

"That would be great."

"Well then, you come in for coffee and go to work for the Flames. Okay, partner?"

Another satisfied customer hangs up the phone. Bremner then makes at least a dozen more calls, just as he does every Sat-

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in 1995 from more than 18,000 in 1989.

To some extent, the loss could be endured. The club's ownership group includes a veritable who's who of Calgary oilmen, including Daryl (Doc) Seaman, a director of Bow Valley Energy Ltd., and Harley Hotchkiss, president of Spartan Resources Ltd. and chair of the NHL Board of Governors. Together, the team's nine shareholders have \$95 million of equity in the Flames; their objective is to get a pre-tax return of 3% to 5%—much less than they expect from their own companies. As Bremner puts it: "With the brains they've got, these guys could be making a hell of a lot more manufacturing widgets in South Africa. But they believe a hockey franchise is good for Calgary."

As much as they might wish to support NHL hockey in Calgary, the Flame's owners certainly don't want to throw their money out the window. So, in 1995, they began looking for a president who could halt the erosion in season ticket sales and effect the kind of changes necessary to make the franchise profitable. "We wanted to bring a professional, service-oriented approach to the business of hockey, moving it from purely a sport into an entertainment business," says Calgary entrepreneur Murray Edwards, who chairs the ownership group. The owners wanted someone with a fresh perspective—which meant looking beyond the usual suspects. Usually, the job of president goes to former coaches or players, such as Ken Dryden of the Toronto Maple Leafs or Glen Sather of the Edmonton Oilers.

If the owners were looking for a radically different kind of president, they found one in Bremner. Although he hasn't played competitive hockey since high school, Bremner certainly knows about marketing. In fact, he got his start selling ads for a Toronto radio station in the early '70s. Then in 1974, he went to

work for the Frank Griffiths broadcasting empire in Vancouver, selling ads for two of its radio stations. By 1990, he had worked his way up to president and general manager of the two Vancouver stations. That same year, their parent company, WIC Western International Communications Ltd., asked Bremner to take the helm of its flagship TV station, BCTV. After almost six years in that position, Bremner got a call from Buffy Fillipell, an executive recruiter in Cleveland who specializes in acquiring management officials for sports teams.

Bremner agreed to commence talks with the owners and, after a few months,

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they made him an offer. At first, Bremner wasn't sure he wanted to leave his job at WIC, but after 10 days of soul-searching, he decided to take up the challenge. In August 1996, he moved to Calgary.

In Vancouver, Bremner had been an avid Canucks fan. How long did it take him to become a diehard Flames supporter? "As long as it took to get my first paycheck," he says.

The switch in loyalties is unmistakable. At a January game between the Flames and the Canucks, Bremner vaulted out of his seat with a loud shriek when the Flames scored their first goal in the second period to tie the game. Calgary put on a spirited performance, eventually beating Vancouver 5 to 2. The victory, and Calgary's place ahead of Vancouver in the standings, served to illustrate an important point—namely, that paying millions of dollars for marquee players is not always a winning strategy. Calgary's payroll

of US\$17 million is equivalent to the combined salaries of Vancouver's top five players. (Vancouver's total payroll is US\$37 million.)

Off the ice, Bremner has led the Flames through a "cultural revolution," according to Edwards. "Ron has provided us with leadership in terms of developing the kind of organization and culture that we think is important to be a winning team."

Strolling through the bowels of the Saddledome, where preparations for an evening game between the Flames and the Canucks are in full swing, a cheerful Bremner greets many of his employees by

name. He asks a kitchen worker how her daughter is doing. He speaks a few words in Mandarin to a woman preparing salads. These displays of cordiality generate a warm response. "He has an amazing ability to relate to people," says Peter Hanlon, the club's director of communications.

There is a purpose behind Bremner's one-on-one style. "We have two teams—a team on the ice and a team off the ice," he says. "We need Theo Fleury to have a big game on the ice, but we also need Ed in the parking lot to have a big game. Every area needs to be at the top of its form every night. If somebody comes into this place and we win 5 to 2, but they have a warm beer, a cold hot dog and they get rude treatment by the usher, they're probably not coming back."

Bremner goes to extraordinary lengths to gauge the performance of his off-ice team. At each home game, a group of MBA students from the University of Calgary



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wanders through the arena to survey fans about issues such as the food selection and cleanliness. The next day, Bremner receives a full report. If he finds an area of concern, he brings it up in the next management meeting. "A lot of companies will hire research companies to get this kind of information," he says. "We get it for free and the students get experience."

As soon as the siren sounds to end the first period, Bremner gets up from his seat in the stands, stretches and sets off on his customary tour of the Saddledome. As he makes his way through the concession area, he stops constantly to pick up bits of

"There are **no small-market teams**, just small-minded teams," insists Bremner. "**Fans want to see effort**. They want to see the players busting their butts"

litter. He even ducks into the men's wash-room to clean up used paper towels that were dumped on the floor. It's hard to imagine Sather doing that. "I want our people to understand that keeping this place clean is everybody's responsibility," says Bremner. "I don't give a sh— about this president stuff."

When Bremner isn't picking up garbage, he's chatting with fans or handing out free food vouchers to kids wearing Flames T-shirts or caps. Even when the game is over, the dialogue continues. Fans fill out comment cards, which they leave at the arena or mail in later. Bremner collects these cards for his Saturday routine. If one of the fans has a complaint, he tries to rectify the situation by phone, then follows up with a personal letter. He also has his staff invite a small number of season ticketholders to a series of breakfast meetings held throughout the year. At one such meeting in January, 15 fans were treated to croissants, a Flames cap and an opportunity to tell Bremner what they liked or disliked about his operation. Some said the music was too loud; others wanted it louder. Bremner simply wrote down their concerns and empathized with each one. Steve Solomon, the NHL's chief operating officer, attended that breakfast meeting and was blown away by what he saw. "What Calgary is doing in getting feedback is very unique in this league," he says. "Other clubs could benefit from this kind of session."

Spending time with fans is important to Bremner, but he never loses sight of his

main objective—developing new revenue streams. Under Bremner's stewardship, the club has increased its advertising income by making every flat surface in the concourse available for ads. And while most arenas have just one concession operator, the Saddledome now has several, including Wendy's and Tim Hortons.

Some of Bremner's solutions are even more innovative. Last year, for example, the club acquired the successful Calgary Hitmen of the Western Hockey League for \$1 million—an alliance that provides cross-marketing opportunities. The club has also set up two "party suites" it rents for \$2,500 apiece to groups of regular fans.

According to Bremner, these party suites are booked for the remainder of this season. "If we get 30 people in each suite, times 40 games, that's 2,400 people who have come to a game and had a hell of a good time," he says. "Now maybe we can get those people excited about picking up their own season tickets." The wheels turn some more. "Then we can try to sell five hats to a suite every night. At \$20 a hat, that's \$100 a suite, times 80 suites—\$8,000. Multiply that by 40 games, there's another \$300,000, which is maybe the left leg of a third-line forward. That's the way I have to think. I'm buying body parts here."

So far, Bremner's revenue-generating schemes have given him enough arms and legs to keep the Flames from getting doused in red ink. Season ticket sales are at 13,000 and the club earned \$60 million to \$70 million from all sources last year. Granted, that total includes a US\$2.5-million injection from the league's Canadian Assistance Plan, but the Oilers and Senators are receiving the same subsidy and they continue to hemorrhage badly.

"There are no small-market teams," concludes Bremner. "Just small-minded teams. The message we keep getting back is that fans want to see effort. They want to see the players busting their butts. We're selling people on the fact that we may not win every night, but that they can come out here and have a lot of fun." This fan-first philosophy might not produce double-digit returns, but if copied elsewhere, it could help save hockey in small-market Canada.



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