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EXHIBITION PLACE

INFORMATION ONLY

January 15, 2008

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **Reorganization Update**

Summary:

At its meeting of January 27, 2006, the Board approved of the reorganization of the operating structure of Exhibition Place to change the management and control of the trade and consumer show business from an external company (Acturus-SMG) to internal management. In combination with this direction, at its meeting of June 9, 2006, the Board also approved of entering into a marketing alliance with SMG which agreement allowed the continuity of the services of Ms. Arlene Campbell in the senior executive role of General Manager at Exhibition Place as well as the promotion of Exhibition Place and Direct Energy Centre within SMG's marketing materials and through its corporate sales missions.

Some of the major objectives of this reorganization which were achieved were as follows:

- Merger of duplicate departments which performed similar function (ie 2 finance divisions)
- More efficient deployment of staff
- Reduction in the number of inter-company transactions between Direct Energy Centre and Exhibition Place program
- Financial savings of at least \$550,000.00 without a decrease in effectiveness
- "One voice" approach for clients and tenants
- More cohesive marketing objective for Exhibition Place and the Direct Energy Centre

From my perspective the reorganization has been very successful. Not only were the changes effective and seamless for our customers, they were accomplished in a year that was one of our busiest with the opening of BMO Field and the celebration of the FIFA World Cup. It would have been impossible to achieve these results without the commitment and dedication displayed by all staff at all levels. Everyone at Exhibition Place saw this change as an opportunity to work together and many of the staff took on the challenge of suggesting new ways of doing and improving business and being part of the change.

Recommendation:

It is recommended that the Board receive this report for its information.

Financial Impact:

There are no financial implications to this report.

Decision History:

Date of Meeting	Action Taken
January 27, 2006	Board approved changing the management structure of NTC from private sector model to direct management structure commencing January 1, 2007; and directed staff to report to the Finance & Audit Committee on a proposed organizational structure on or before April 30, 2006, along with a transition plan
April 20, 2006	Board received a number of actions undertaken and approved that the GM & CEO report any administrative matters to a reference group composed of the Chair, Vice-Chair and CNEA President
June 9, 2006	Board received an update on the process related to the change in management of the NTC and approved a marketing alliance agreement with SMG
June 19, 2006	Finance & Audit Committee received for information a proposed organization plan and transition schedule
July 17, 2006	Board approved a pay plan for sales personnel

Issue Background:

The reorganization of Exhibition Place to move the management of the trade and consumer show business back in-house after 10 years of private-sector management was a major new direction. Certainly some of the "unknowns" arising from this significant step are the response of staff; the response of the individual and long-standing clients; and the response of the marketplace. Following the Board direction, senior staff put in place a plan to deal with all these issues through meetings and communications with staff and clients to quickly give them an understanding of next steps. By the end of 2006, led by Mr. Douglas, Director of HR, the new reorganized chart/structure was in place with revised job descriptions and wage levels and all personnel engaged. The new organizational structure established new consolidated departments led by Arlene Campbell, GM – Sales & Event, Hardat Persaud, CFO – Finance Department and Mark Goss, GM – Operations which joined the Corporate Secretariat led by Fatima Scagnol, CNEA Program led by David Bednar and the HR & Security Department led by Sandy Douglas.

With respect to the marketplace, a transition strategy was developed in consultation with SMG pursuant to our marketing alliance agreement.

While a major part of the reorganization has been accomplished there are still some transitions that will occur in 2008.

Comments:

As indicated above some of the major objectives of this reorganization were as follows:

Merger of Duplicate Departments

The Direct Energy Centre and Exhibition Place stood as two distinct programs and as a result there were duplicate services within both programs with two finance, operations, IT and marketing areas. While each of the duplicate areas were fully occupied, there was duplication at the management level and also some inefficiencies were created because each of the areas was separate rather than one team. Because many of the services being delivered to the clients required that the duplicate areas each do a piece of the services, staff had to spend more time just communicating issues back and forth. For example, while Direct Energy Centre staff would be speaking to the client about the level of cleaning, it was the Exhibition Place operations division that had to engage the cleaners to send to the Direct Energy Centre to be supervised.

The reorganization not only has brought the different services together under one management but has moved staff (as much as possible) so that they are all working from the same location. In 2008, there are still some relocations that have to take place (between Facility and Operations staff) but generally this part of the reorganization is complete.

Deployment of Staff

The integration of like services has allowed for a more effective deployment of staff which is a very key issue in any organization within the City where increases in permanent staffing are reluctantly approved by Council. Again, using the cleaning example – because both the DEC and the Exhibition Place programs had to be involved in the planning for cleaning services, neither area had sufficient staff for the day-to-day supervision of the cleaners. Supervision is certainly a key part of a service with operations 24/7 and which are mostly comprised of unskilled workers. With the reorganization, Mr. Ron Mills, Director of Facility Services has the goal of ensuring that all cleaning crews are supervised. Supervision is key not only to the provision of quality services but to ensure that work is done in a safe and efficient manner. Likewise, there was one person directing the unionized trades for Exhibition Place and another for Direct Energy Centre. While staff tried to work cooperatively, it was impossible not to be giving conflicting messages to unionized staff. The oversight of the physical plant is now with Mr. Mark Goss.

Inter-company Transactions

As a result of the terms of the agreement with Acturus/SMG it was necessary to develop business processes which involved an enormous number of both personnel and paper transactions between the programs. Many of these inter-company transactions continued in 2007 because the 2007 operating budget that had been approved by City Council was pre-reorganization and both accounting and reporting to the City had to be in the form of the approved operating budget submitted. However, the 2008 operating budget approved by the Board has merged the budget to one service which will eliminate many of the transactions and related administrative tasks. In 2008, with the introduction of a new financial system to replace the two older ones presently being used will add to the effectiveness of the Finance Department.

Financial Savings

As with most reorganizations, this one was also predicated on financial savings estimated at \$550,000 which has been fully achieved and surpassed as noted in the unaudited financial results included on this agenda for the combined programs of Direct Energy Centre Program and Exhibition Place Program. As importantly, this financial savings has been achieved while at the same time as providing a higher level of professional service.

"One Voice" Approach

One of the growth areas over the last few years at Exhibition Place was the number of permanent tenants on the site. The negotiation of leases and tenant issues was managed by Exhibition Place. However, in the new structure, Mr. Jeff Gay, Director, Events Management has the responsibility of managing not only all events that occur on the grounds but all tenant issues. This allows for much better coordination and communication across the grounds which is essential in order to effectively balance the number of event days and visitors to the grounds which has and will likely continue to increase dramatically in the next few years. It was certainly essential to have this coordination in place this summer with the FIFA World Cup and the Grand Prix happening at the same time along with the activities of our tenants.

Cohesive Marketing Objective

Prior to reorganization, the Direct Energy Centre delivered a substantial sales and marketing effort. However, Exhibition Place only had marketing as an "add-on" to site redevelopment. The reorganization has allowed for the developed of a much more cohesive message. While not diminishing the marketing direction and success for the Direct Energy Centre, Ms. Laura Purdy, Director of Sales and Marketing has been able to add to the offer and sales mission the added features of the Exhibition Place as a festival site. This new message has been very positive as it emphasizes the uniqueness of our site that really cannot be replicated anywhere in Canada and Ms. Purdy and her staff have surpassed the 2007 sales targets set.

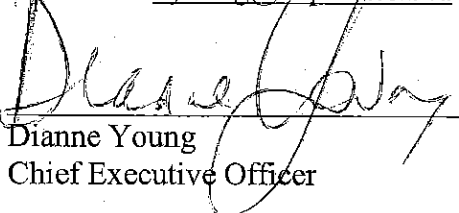
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