

BY ALEX CORREA
PHOTOGRAPHS BY DANIEL EHRENWORTH

matinee idol

Cineplex CEO Ellis Jacob
has helped shape the Canadian
theatre industry with
an unrelenting focus on
the entertainment experience



Ellis Jacob personally greeted Keanu Reeves at the Scotiabank Theatre in Toronto for the March movie premiere of *John Wick: Chapter 4*. A week later, he was at the same location but took a moment out of his tightly packed schedule to reconnect and reminisce with Victor Valle, the general manager of a nearby Cineplex theatre. Valle can trace their relationship back to 2005, during his first year as general manager at the Yorkdale SilverCity theatre in Toronto, where Jacob would bring his mother, Tryphosa, who shared his passion for film, nearly every Saturday afternoon. →

Jacob, 70, has been CEO of Cineplex since 2003, but a movie fan for much longer than that. He's credited with successfully guiding the theatre powerhouse through company-changing mergers and the challenge of the pandemic shutdown. But the long road he navigated to solidify Cineplex's success is, like the best movies, a story of dramatic highs and lows.

After doing his CÉGEP and undergrad at McGill University in Montreal, Jacob earned his CA with KPMG and completed his MBA at York University in Toronto. He was then hired at Ford Motor Company, where he met his mentor, Gerry Kishner. Soon after, Kishner left Ford for Motorola and asked Jacob to join him. They developed a strong professional relationship there over the next seven years.

When Kishner exited—this time for Cineplex Odeon, while the company was headed by Garth Drabinsky and Myron Gottlieb—he called a reluctant Jacob, who says that, at the time, “there was too much chaos at Cineplex.” But Jacob eventually did relent in 1987, when he joined as VP of finance and corporate controller, and his career in the movie industry began—but not without a few hiccups.

“I remember coming into the office the first day,” Jacob recalls, “and I didn't have a desk. I didn't have a computer. And I didn't have a phone.” The bumpy start, along with the aforementioned chaos, actually gave Jacob something to sink his teeth into. “There was a lot happening [and] even though it was quite stressful with the leadership...I had a lot to do on the business [side] and I got to really enjoy it.”

Kishner would eventually depart Cineplex Odeon for Canadian Tire, asking Jacob to join him once more, but this time Jacob refused. “I'm not trying to be a bridesmaid. I want to be a bride,” Jacob recalls telling Kishner. Within a few years, Jacob became CFO, then CEO of Cineplex Odeon.

Jacob pushed through turbulence with Cineplex Odeon for the rest of the 1980s, but the next decade would prove even more challenging. “When the senior leadership left Cineplex in 1989, we were in a lot of trouble financially,” he recalls. By 1994, Jacob had cut the company's debt in half but was still mired in old leases and financial baggage. With an AMC Theatres expansion looming, Jacob helped orchestrate a merger with Loews in 1998, but

that would result in his exit from Cineplex. “I was with a wife and two kids saying, ‘What the heck am I going to do?’ because my job was no longer there.”

Fortunately, Jacob's history in the theatre industry and passion for creating social experiences influenced his next move. “I felt that there was this opportunity in small towns to build big city cinemas,” he says. “Everybody was kind of surprised because they all said to me, ‘The VCR! Nobody's going to go to the movies in a small

When the senior leadership team left Cineplex in 1989, the theatre company found itself in serious trouble

town.” He held firm, believing that the big urban movie theatre experience would translate well in smaller communities. So, along with Gerry Schwartz, founder and CEO of Onex Group, and other theatre executives, Jacob founded Galaxy Entertainment. Galaxy took existing small theatres and gave them a facelift, updating projection screens, adding better seating and sound, and offering fast food options—all with the goal of providing a big-city feel.

Then, in 2001, Onex announced plans to purchase a financially troubled Loews Cineplex, which had just filed for Chapter 11 bankruptcy. In 2003, Onex oversaw the merger of Loews Cineplex with the upstart Galaxy to form Cineplex Galaxy and installed Jacob as CEO once again.

“Then, in 2005, our largest competitor in Canada—Famous Players—was up for sale,” says Jacob. He recalls having to contend with the formidable Sumner Redstone—then CEO of Paramount, the parent company of Famous Players—as well as the Canadian government, which “wasn't keen” on the large market share the purchase would give Cineplex Galaxy. The purchase went ahead, though Cineplex had to divest several theatres to satisfy anti-trust concerns from the Competition Bureau of Canada.



2010

Jacob was appointed a Member of the Order of Canada

“We created this great entity, which, today, is part of the whole Canadian [movie-going] landscape,” Jacob says. “Sometimes it's circumstances that push you to do things and this is one [where] the timing worked out extremely well.”

Having led Cineplex to the pinnacle of the Canadian movie theatre industry, Jacob began focusing on expanding the customer experience both in and out of the cinema. There is currently a variety of in-person ways to experience a movie, including IMAX, UltraAVX, D-Box, 4DX, and VIP Cinemas, some of which feature larger screens and vibrating seats that replicate the movement of the onscreen action.

Beyond the theatre, Cineplex also owns family entertainment centres (FECs), including the Rec Room, Playdium, and XSCAPE, where patrons can play a variety of arcade and tabletop sports games—one of Jacob's personal passions. (“Air hockey is his game,” says Gord Nelson, CPA and CFO of Cineplex. “One of his traditions is whenever we open a Rec Room, he likes to challenge the mayor to a game of air hockey.”)

This push into other avenues of entertainment has proven fruitful as Cineplex reported a 34.9 per cent increase in amusement revenues, primarily from these FECs, in 2022. Meanwhile, box office revenues decreased by 4.5 per cent.

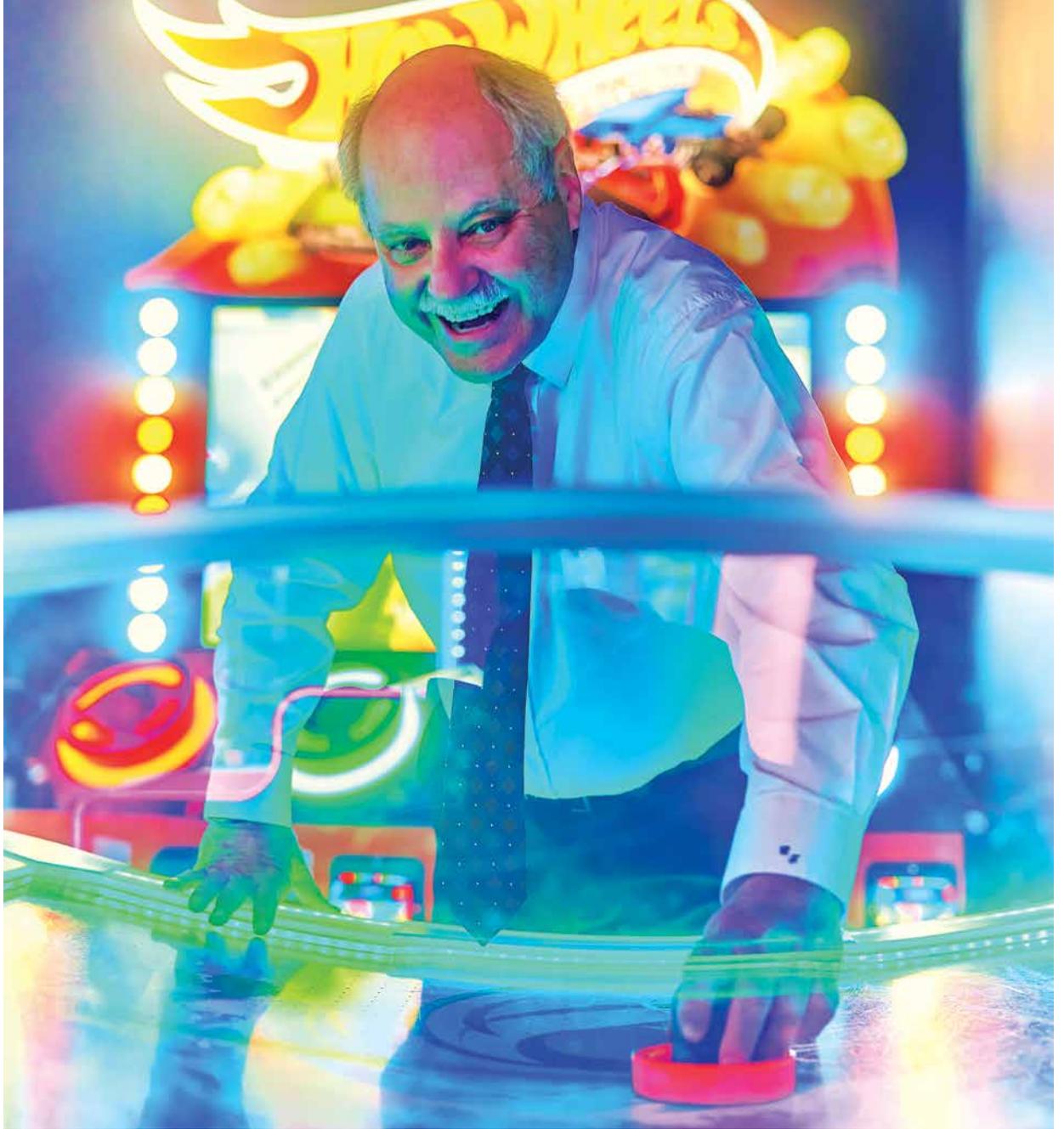
After the buyout of Famous Players, Cineplex needed to decide what to do with the handful of theatres across the country that still carried the Paramount name. Paramount Corporation wanted to completely cut ties despite Jacob's insistence that Cineplex would provide them with free marketing. While in Istanbul, Turkey, deliberating his next step, he visited a local theatre, which is his custom whenever he travels outside of Canada. He noticed that within the theatre, each auditorium was named after a different corporate sponsor. He decided that if the Istanbul theatre owner can do that

inside, why couldn't he do the same to the outside of his problematic Paramount theatres?

Jacob presented a partnership idea to the then Scotiabank CEO, Richard Waugh, who wasn't on board at first, insisting movies and banking weren't

a good combination. But in Jacob's mind, it was the perfect union of ideas, so he pointed out to Waugh how the bank could appeal to his kids when they decide to open their first account.

Soon after, in 2007, Scotiabank and Cineplex partnered to create the Scene+ loyalty program, while renaming the Paramount theatres to Scotiabank Theatres.



In a 2012 speech to shareholders, Waugh lauded the program for its success, stating that it had three and a half million total cardholders, including more than one million Scotiabank customers. Recently, Canada's second largest grocery chain, Empire, joined both Cineplex and Scotiabank to become a partner in the Scene+ program.

While many of Jacob's ideas stem from the desire to improve the social experience for customers, not all of them work out, like the attempt at offering a babysitting service—a pilot project in Oakville, Ont. "A friend of mine had a theatre in Florida and he implemented it. It looked like it was working quite well, but everybody has different wants," Jacob says. While the service idea didn't take off,

Jacob adds that experimentation is part of any industry. "I think it's important to learn and understand that if you make a mistake, you've got to make the adjustments that are necessary. What's great about our business is you can test something in one location and if it doesn't work, you move on."

But even all the effort and innovation couldn't have prepared Cineplex for the COVID-19 pandemic. The resulting shutdown forced the closures of all 170-plus Cineplex theatres nationally. The move had a profound impact on Jacob since it affected

so many people he got to know throughout the years. "He's one of the most empathetic leaders I've seen, [with] a connection and concern [for] employees," says Nelson.

60

Percentage of pay cut Cineplex executives took at the start of the pandemic



Navigating the business during the pandemic was challenging but manageable, according to Nelson. He remembers the Cineplex team going into “crisis mode” under Jacob’s leadership while building a deeper level of camaraderie.

“We needed to make decisions as to who we would eliminate. As an organization, we decided we were all going to take cuts so that as many people could stay as possible,” Nelson says. “[Ellis] took a significant payroll reduction—almost 75 per cent. We all took 60 per cent reductions.”

Now that Cineplex is on the road to financial recovery, Jacob is once again looking to bring people together in unique ways. “Canada is a diverse country. We’ve got to provide our guests with that experience,” Jacob says of his recent push to diversify movie offerings with international films. With some theatres’ ticket sales demonstrating Bollywood movies are out-grossing Hollywood films, it’s a strategy that Cineplex will continue to pursue. “We are playing Bollywood films, Filipino films, Mandarin films, Arabic films, Persian films... niches that we want to continue to grow.”

Despite movie revenue playing such a key role in Cineplex’s success, Jacob and his team cannot solely rely on the James Camerons and Tom Cruises of the world. Now in the financial upswing of the post-pandemic landscape, the strategy to move into FECs, as well as digital media, has paid off. In 2022, revenue increased by 16.7 per cent from 2021 to \$350.1 million,

along with a net income of \$10.2 million compared with 2021’s net loss of \$21.8 million.

After his mother Tryphosa’s death in 2010, Jacob helped build a theatre that would offer the same comfort to others that films did for both him and his mother years before. In 2013, he opened the Jacob Family Theatre at Toronto’s Baycrest health science centre, where his mother

From Bollywood films to Hollywood hits, Jacob is committed to offering movies that reflect Canada’s diversity

had been a resident. The 170-seat theatre accommodates guests with disabilities. He was even able to convince studios to donate 700 films for residents to watch. “She loved movies,” Jacob says of his mother. “In memory of her, the theatre provides patients in wheelchairs and [with] other issues the chance to have a phenomenal experience.” ♦

Remember the Titans

Building Canada’s premier cinema and family entertainment chain was no solo effort, according to Ellis Jacob

Currently, Cineplex’s board of directors includes several CPAs like himself. “It’s great to have a background in finance and accounting because it teaches you a lot of things [that] you need to know when you’re running an organization,” Jacob says. After a large number of acquisitions by Cineplex in the late 1980s, Jacob entrusted much of Cineplex’s work to new hires, many of whom were MBAs and CPAs.

“He hired me to join Cineplex [in 1988],” says Gord Nelson, CPA and CFO of Cineplex. “I’ve been with him for over 30 years, so I have a huge respect for him as a leader. When people describe him, some common terminology is he’s tough, but fair. That’s a really accurate description of him.”

Despite his large number of accomplishments and awards over the years, Jacob attributes the company’s success to his team. “We have a great number of executives, and I look at [them] like we’re a family. Whether you’re working in the mailroom or you’re CEO, I treat you the same. And that, to me, is very much the focus and drive of our business.”

