

a research process that engaged with psychologists, caretakers, activity supervisors and, primarily, with older people themselves. The resulting show had a strict door policy and was exclusively accessible to people over 65 or those who were accompanied by a person over 65.

While the research phase is crucial to the projects Nieuwe Helden undertakes, collaborating with a wide range of interests and expertise is also vital – social, educational, technological, scientific and ethnic diversity all engage with arts and culture to provide a rich pool of creativity, innovation and outcomes that make the initiative much more sustainable. On the money front, what Nieuwe Helden realized was that while they were attracting project funding, there was no core or development funding to secure its future. This led to a simple but important innovation whereby each project budget now has a built-in line to contribute income towards future overheads. This was augmented in 2017 when the company also secured funding for the first time from the Dutch government for core costs.

“A new hero doesn’t have superpowers, isn’t immortal but knows this and dares to embrace it and make it his strength. The power of not knowing. We tell stories. We are triggered by urban environments and problems, and always try to find the human side, the human scale of things. We believe in the importance for people to be seen and heard”

BUSINESS MODELS

Learning from an international study of Cultural Governance.

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INTRODUCTION

On October 9th, 2018, EU High Representative for Foreign Affairs and Vice President Federica Mogherini confirmed at the opening of the Frankfurt Book Fair that the EU is a “cultural superpower”. Whilst this may seem to some readers plainly obvious, considering the richness and variety of culture that is spread across the whole of Europe – this was the first time such an admission was voiced formally by the EU. Yet, closer attention to this issue reveals there is an agenda. The EU, on behalf of its member states and through its funding of projects like Creative Lenses, is clearly stating that the future will not be one of continuing to pour more funds into expensive subsidies for this sector in infinitum, but rather, this sector will be expected to construct for itself a future frame of resilience and financial stability. Additionally, due to the nature of this sector, equally, it will not be compromised with regards to artistic integrity, mission and values.



This is an ambitious set of challenges as the relationships between the needs of culture together with the demands of business are not one of simple exchange or prioritization, but, rather potentially conflictual – that is, potentially both sides can take something away from the other. Yet, concurrently, if such a balance between these seemingly opposing positions were achieved, then positively this might prove to offer a more sustainable future than the one currently dominating the arts and cultural sector. It is within this broad context that the Creative Lenses project responded with claims regarding the potential of a concept borrowed from the commercial world – business models.

Perhaps surprisingly often throughout the Creative Lenses project, the term ‘business models’ has been met with varying degrees of negative responses – in short, placed on a continuum they could be read as apathy at one end, whereas at the other - hostility. This range of negative response is often because the actors involved perceive that a desired balance between commercial acumen and artistic/cultural integrity is likely too improbable. Of course, part of this rejection is the perception that the corporate sector in its original design and implementation of business models was not aware (or concerned) with balancing artistic values against financial stability – so perhaps, a simple ‘lift and apply’ is seen as detrimental for the cultural sector’s future. It is in these circumstances that we come to the rationale for this essay.

Much of the evidence collected and presented as part of the Creative Lenses project emerges from proof of practice that exists only within member countries of the EU. In this essay, we will examine the implications if taken from a global perspective. By taking this perspective we argue that this is likely to generate some fundamental questions: that is - can we assume that the concept of business models is understood in the same way across the globe? If they are the same, then does this suggest there is a correct way or a template to inform practice? Here, to support this discussion, we draw on the experience and findings of a major international empirical project recently published: “Cultural Governance in a Global Context: An International Perspective on Art Organizations” (see King and Schramme, 2019). Readers of this text will note several features that seem familiar, as they seem similar to the challenges facing the Creative Lenses project.

Therefore, in terms of structure for this essay: firstly, I provide an overview of the arts and culture context and how it should be evaluated which is important for our subsequent examination and discussion on the guise of business models. In the discussion section that follows, we then compare the results from the cultural governance project with the guise and potential of business models. We conclude that business models offer some interesting opportunities and with the correct support can offer much to the arts and cultural sector.

THE ARTS AND CULTURAL CONTEXT.

The arts and cultural sector is now increasingly being appreciated for its economic value and therefore, this perception grants it an important status on many political agendas in countries, cities and regions globally. In most locations, we note that public monies are available to varying degrees at the present time – but the signals suggested at the beginning of this paper forecast that the future is likely to move to one where less public money will be available. Therefore, with smaller pots of money

available, the present hierarchy of funding support will continue to be led by health, education (etc.) and as such, it is likely to produce situations where arts and culture will continue to remain somewhat down the list! Therefore, the opening statement of this essay regarding future funding as not being infinitum becomes a reality that the arts and culture sector needs to admit and respond to – either immediately or in the medium term.

Nevertheless, this is not going to be a simple solution, and different member states face some difficult decisions for arts and culture, as these are not the cost that many people perceive them to be!! Let me elaborate. With revenues of €535.9b (figure from 2015), the creative and cultural industries (CCIs) contribute to 4.2% of Europe’s gross domestic product (GDP). The sector is its third-largest employer, after construction and the food and beverage industry and this is a picture that is not limited to Europe ... for in the US, Australia, Canada, Japan (to name a few) arts and cultural economic activity account for a similar percentage of their respective nation’s GDP. Its size, its facility to support young people and women (over 50% of the working population) makes the arts and cultural sector politically attractive. Moreover, creation is driven by small businesses or individuals, giving rise to agile and innovative employers and this is often attractive in attracting support, which is important for our discussion below.

What is perhaps less known and again demonstrates the value of arts and culture, (and the evidence here is from the UK) is that governments can recoup a larger proportion of the expenditure in other ways. For example, in the UK, for every £1 of funding that the arts and culture sector generates, they recoup £5 (see Cebr, November 2017). Therefore, it could be argued that it is less of a funding question and more of a recycling of monies. Again, this should be understood and evaluated in this light.

Therefore, it starts to become apparent why in the last decade we are witnessing attempts to reach beyond GDP measures and to ‘shift emphasis from measuring economic production to measuring people’s well-being.’ (Stiglitz et al, 2009, p.12). The most influential initiative was the report of the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz *ibid.*). There were other initiatives around the same time: the European Commission proposed a scoreboard approach to quality of life, complementing GDP with environmental and social indicators (Eurostat, 2014); the OECD’s *Better Life Initiative* offered a statistical framework to capture data on material conditions and quality of life (OECD, 2011), and the United Nations’ Human Development Index was ‘created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone’ (p37 Crossick et al). Therefore, the point of this section is to reinforce to the reader that collectively arts and culture are important and not simply for the elite or educated; rather they represent a valuable means of covering several political milestones that, if presented in the correct way, are attractive to all politicians regardless of background. In this context, we need to understand the guise of business models.

WHAT ARE BUSINESS MODELS?

Lucy Kimbell delivered a working paper for the Creative Lenses project that provided an overview of the business models literature and at this point I would like to draw out from this valuable resource

a few key points that I feel are useful for our discussion. Firstly, she notes that 20+ years ago it was common to expect organizations to have a vision, a strategy, and a business plan and that today's organisations also develop accounts along the lines of 'business models' (Casadesus-Masanell and Ricart 2011). Additionally, Kimbell observes that for the creative sector, the term business model has emerged relatively recently as a label for researchers and managers to use in terms of what an organization should consider as far as design and resources are concerned (Magretta 2002; Baden-Fuller and Morgan 2010). Kimbell notes that there is not one agreed working definition of what are 'business models' (see for example: Zott et al 2011; Velu et al 2015). She maintains in her overview that some of the descriptions appear to be quite vague, for example: Magretta presents the term simply as a story of how organizations work (Magretta 2002); a further example which is a little more precise is one offered by Zott and Amit 2010, who suggest that a business model is a description of how an organisation interacts with suppliers, customers and partners. However, Kimbell does assert that researchers see the value of the business model construct as providing a holistic and systematic overview of how a firm operates (Xiang and Yin 2013; Schneider and Spieth 2013). As Osterwalder and Pigneur (2010) propose, business models can provide a framework that can help managers and entrepreneurs identify how a business or venture combines resources to create, deliver and capture value. Their focus is on identifying fundamental concepts and activities for any organisation, showing how they connect with one another within a whole - the business model - and in helping managers use this construct to develop and assess strategic options and plan future activities.

Therefore, what Kimbell's paper provides for me throughout her review is that we should understand 'business models' not in terms of a 'rigid' set of requirements but rather, as a flexible set of supports that can be adapted to meet the particular needs of specific organizations in certain situations. In these circumstances, business models are able to meet the needs of arts/cultural organizations and/or the sector more broadly. The key is finding the right advice and guidance in order to develop the most appropriate sets of supports. As Baden-Fuller and Morgan (2010) identify, for them, there are three ways that business models can be useful.

Firstly, they can support descriptions that can assist the different actors (both inside and external to the organization) classify their guise, their behaviours, values etc., and as such reveal similarities and differences.

Secondly, business models can also be very useful in examining how the different actors can understand how an organization responds to changes in its environment or to taking particular kinds of action.

Thirdly, business models can potentially employ different types of "recipes" (ibid:p157) that organizations can try out. Of course, in periods of volatility such an approach might be risky and lead to other issues (i.e. mistrust). However, if the nature of the organization remains firmly focused on fulfilling arts/cultural specific aims, then these can be incorporated into the overall frame of support.

DISCUSSION.

The aim of this essay has been to draw from other perspectives outside Europe. Our discussion so far has considered the guise of business models and concluded that they are more flexible than the

arts/cultural sector understood. Let us add further to this assessment by looking at how we might learn more from findings collected as part of a comparable project examining international cultural governance. The claim here is that there are many similarities in terms of topic, context and literature that will be useful for our examination.

Let me briefly provide an introduction and overview as to the conclusions (please note that more information is presented in the full text – see King and Schramme, 2019). Firstly, let me start with our understanding of cultural governance. Moon 2002 defines *Cultural governance (...) as government's direct or indirect involvement in the promotion and administration of programs of cultural organizations (including museums) existing in specific geographic boundaries with unique financial and administrative arrangements*" (Moon 2002). Accordingly, the governance project undertook an empirical study over nine countries on five continents. The emphasis was to gather a global perspective in order to understand and compare practice.

Again, as was mentioned above, similar to business models literature, it has traditionally been dominated by the UK, USA and some parts of Europe. As a result, the research was led by one initial question: 'Can we assume, because of this dominant literature, that practice across these locations would be dominated by a one-size-fits-all model and that by implication this means that local practice is then adapted to conform to the model - rather than specifically reflect local need?' This is an important way of understanding the issue and one that we feel provides a parallel insight for the design of business models for specific arts/culture organizations.

Thus, its relevance for local practice lay central to our discussion for cultural governance and likewise we feel it is pertinent to our examination of business models. In terms of the cultural governance project, we felt it important that rather than conduct the study from a central location, that we understand real practice locally with local voices being instrumental in information collection. Accordingly, in each of the locations we collaborated with local academics and arts/cultural sector practitioners directly involved with cultural governance practice. Nevertheless, in order to gain a preliminary understanding, we first collected data via a common online pre-study questionnaire to identify the most relevant variables. We then held in collaboration with the local partners a workshop in each of these countries with senior practitioners (both senior employees and board members). We found a number of comparable results. Firstly, we noted that not all locations readily understood the character of culture. Some extended their understanding to include heritage. Therefore, we noted from the overall picture of these locations that there was a type of life-cycle in terms of development/evolution taking place at local level. We noted that in very inexperienced locations there was no means of valuing and supporting cultural governance (for example: Ethiopia and to some extent Brazil). It simply was left in the hands of individuals or communities. Nevertheless, in most of the other locations they were further forward in their understanding and implementation of governance practice for their cultural organizations. It should be noted that we are not claiming these results are necessarily representative of all cultural locations across the globe. Further systematic research needs to be undertaken before such a claim might be voiced. However, our results suggested a few key points that we feel might be relevant for this book. Firstly, the overwhelming majority acknowledged that in order to inform

their local practice, they had borrowed examples of existing good practice from other locations – and the evidence found that in most cases this was from the UK Arts Council. However, and we need to acknowledge this limitation immediately – what we had failed to notice prior to the selection of the locations is that almost half of the locations had in the past been a colony of (or closely linked to) the UK and this may have had an influence on their choice of source in borrowing practice.

Even other locations not associated with the UK: Taiwan, Ethiopia, Serbia and Brazil also acknowledge that they had borrowed existing practice mainly from the UK. Yet what we noted - and this is what we want to emphasize to the reader here - is that as a location became more experienced over time, that is, in developing greater confidence and understanding of their local practice, then they moved forward independently through specifically formal processes that surpassed that which they had borrowed from the UK and now were being specifically designed to reflect and be dominated by local need. In these circumstances, we note a full cycle of development – where local need now dominates local practice (see for example, Australia) and the processes reflect and support this subsidiarity principle (see EU Treaty of Maastricht, 1992). What is also apparent from the study, is that the local voices were clear that they could not have built this confidence without the experience of borrowing practice from the UK which is important, for it may reveal why the business models discussion needs to draw upon this understanding as they move forward. The Creative Lenses project collection of case studies (and their mentors) provide an important resource to fulfil this potential.

CONCLUDING COMMENTS.

The message this essay is hoping to send the reader is that the conclusion from the Creative Lenses project, together with evidence gathered from the Cultural Governance project (detailed below), is that the arts and cultural sector is entering a new era of appreciation and that previous understandings that have focused relatively narrowly on financial value fail to grasp and appreciate the broader social, economic, or environmental value that a business model may help reveal for specific arts and cultural organizations to create, deliver and capture (Velu et al 2015). The cultural sector, broadly speaking, is steadily providing evidence now to claim that they make a significant contribution to increasing levels of regional innovation and productivity and furthermore, as an important source of jobs, enterprise turnover and tax revenues. More locally, arts and cultural organizations are valuable for the growth and evolution of local economies. As such, they increase the attractiveness of places as destinations to live, visit and invest in and furthermore have positive effects on well-being and health and encourage social cohesion by supporting integration and the inclusion of marginalised groups. Many of the organizations involved in the Creative Lenses projects are instrumental in supporting culture-led urban regeneration and this has proven to be vital for these projects, as they breathe new life into decaying areas. It is this potential importance that drew us towards conducting the aforementioned cultural governance project and the process and results provide some interesting parallels to the Creative Lenses project discussed in this text. In these circumstances, simply perceiving business models as internal mechanisms for evaluation fails to encompass their wider value.

Now the question might be could this practice be similar in terms of business models? Might local application require something distinctive for business models, subject to the stage of their local de-

velopment? As we have noted in this essay, business models are flexible, as the evidence from the cases reproduced in this text shows. Yet, it would also seem that the term ‘business model’ generates a certain type of prejudicial ‘blockage’ from allowing arts and culture sector organizations to move forward. The actors involved see the term too closely linked to the business sector and insufficiently sympathetic to the needs of the arts and cultural organization sector. Perhaps we need simply to identify alternative labels such as: ‘Cultural sustainable frameworks’, thereby moving the attention and support away from a short-termist perspective to one where there is real investment and a sustainable future.

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