STRONGER ARTS AND CULTURAL ORGANISATIONS FOR A GREATER SOCIAL IMPACT

CREATIVE LENSES
Catalyst programme
Case study
MANIFATTURE KNOS

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Creative Lenses is a four-year project, running from 2015 to 2019, that seeks to make arts and cultural organisations more resilient and sustainable by improving their business models and developing their long-term strategic and innovation capacities.

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CREATIVE LENSES PARTNER ORGANISATIONS

INTRODUCTION

This case study explores changes made by Manifatture Knos, an independent cultural centre based in Lecce, Italy, as a result of thinking about its business model and the challenges encountered as part of the process. Business model is a contested term, but the following definition captures the essence of the idea:

A business model describes an organisation’s activities and assets and the ways that they are combined to create value for the organisation itself, for individuals and for society.

This definition highlights that business models are not all about money-making. Business models are to do with how organisations combine resources to create and capture financial and other forms of value within different institutional logics. Creating a successful business model requires finding people, funders and partners that value what an organisation does and are willing to enter into financial or other exchanges to access it: directly, as a user or customer, or indirectly, as a funder, partner or donor.

There are several possible ways of describing business models. This case study uses a combination of dominant approaches in order to detail the important parts of the organisation as well as the relationships and behaviours that have enabled it to succeed over time. To situate the business model within its context, the case study highlights the mix of political, economic, social and technological factors informing existing business models whilst also indicating instances where contextual factors call for adjustments to the existing model or a shift between one model and another. Throughout the case study, the role of institutional logics, organisational cultures and personal motivations in shaping business model design and choices of how to change or modify business models comes into the frame.
This case study is one of eight written as part of Creative Lenses (2015-2019), funded by Creative Europe. As part of the project, the partners designed and implemented a series of eight ‘Catalyst’ projects in 2017-2018, during which an arts and cultural organisation was provided with resources to make changes. The project did not prescribe any particular type of change, leaving organisations to identify their own priorities and objectives. For Manifatture Knos the resources provided were: financial support (£20,000 plus £3,500 for audience development), mentoring support from Creative Lenses partners and a series of workshops attended by all the organisations and mentors.

As a kind of action learning, the research applied an analytical lens to the practices and experiences of the organisations participating in the Creative Lenses Catalyst Programme. The purpose of the research was to understand what approaches were taken to business model change and why, and to question how organisational cultures and institutional logics have shaped and been shaped by the process. The research explores the relationship between the frameworks of values underpinning cultural work, the organisation’s particular mission and the need to produce sufficient income. Data were gathered through interviews, site visits, participation in workshops and document analysis. The case study was written by academic researchers and was reviewed by members of the organisation and its mentors.

Organising Organically to Open Up a Space for Cultural Experiments

Manifatture Knos is an independent cultural centre in the southern Italian city of Lecce. Based in a former engineering college owned by the city, the organisation houses several small local businesses and groups programming events. An informal and organic way of working based on co-production has sustained the organisation for a decade. But changes to the environment it works in have produced challenges to this informality. This case discusses how the organisation balances its cultural mission with practical issues to continue its creative experiments with citizens, residents and local partners.

The key learning points from this case are:

- An open approach to organisational change and embracing the opportunities of external support allows Manifatture Knos to adapt to changing external circumstances
- Alternative values and relationships of belonging and reciprocity enable adaption to political and institutional changes
- Without stronger connections to other local resources and infrastructure, the organisation may not survive in the same form

Organisational Overview

Manifatture Knos is an independent cultural centre in Lecce, a southern Italian city with a population of around 100,000 in the Puglia region. The venue houses several small local businesses and provides space for events. It was founded in 2007 by three friends - a researcher, artist and journalist - who describe their goals as ‘to make artists free from public funding dependency’ and to ‘give back to the city a public space […] to create new opportunities for development’. Their plan was to create a shared, multidisciplinary space with like-minded organisations, which would be open to different cultural fields enabling cross-fertilisation of ideas and experimentation. Manifatture Knos describes its mission as follows:

“To welcome people with their ideas and projects, to support and to assist them during their development. To engage young communities and to create with them a dialogue in order to develop project together. To keep alive the discussion about the public spaces, their management and how to avoid a plan, by leaving space to spontaneity and indecision. To make people learn about how to self-organise themselves in a shared space, through cooperation and participation.”

Their large building, of 4,000 square metres, previously a vocational engineering college, is set in a spacious plot on the edge of the city. It contains an office space, workroom, bar, maker-space, bicycle repair shop, tailoring workshop, climbing wall, acrobatics area, theatre, music room, a big open space operating as a public square and space for expositions and events.

On its website, it describes itself as:

'A place for participation and sharing ideas and projects in the fields of creativity and social innovation. Spaces, laboratories and equipment are available to the community for training, research and experimentation activities. Knos Manufacture is a space in the city for the city. The reconnection between inhabitants and the common good is one of our first objectives, and with it the diffusion of a new model of society based on sharing and active citizenship.'

The vision of Manufacture Knos that comes across in its communications and in interviews with the team is of the venue as a space for experimentation and social learning through culture and the arts, opening up to visitors an active, participatory mode of being a citizen. This vision is enabled by the fact that the building and grounds have been provided by the Provincial Council of Lecce for last ten years. Renegotiating this arrangement during 2018 has prompted Manufacture Knos to articulate more clearly its intersections with different communities, partnerships with local businesses and residents and the value this results in. One option is for a group of partners to take on the next lease. However what has become clear in these ongoing discussions is how members of Manufacture Knos do not see the building as essential to their work.

Organisational Background

Manufacture Knos is run by a small non-profit organisation registered under the name Associazione Culturale Sud East. The organisation is governed by a board which includes two of the original founders. The group is comprised of people with shared roles, tasks and responsibilities, which fluctuates in number depending on their individual commitments outside of Manufacture Knos. The organisation describes itself as having a ‘distributed leadership’ approach to daily decision making, with the chair holding the legal responsibility.

The organisation's sense of community and social responsibility is strongly emphasised by its founders, partners using the space and throughout its communications. Maintaining a theme of experimentation, elsewhere on the website the organisation describes itself as ‘an incubator of collaborations between people, artists and associations that use art, culture and creativity to develop a community that participates in the management of common goods’. This strong sense of place – rooted in the social, environmental and political particularities of southern Italy – and commitment to collective working and ownership helps explain how the organisation has survived for over a decade with minimal public funds or income generation.

This organisation’s location in southern Italy is one factor shaping how it sustains itself. One visitor from northern Europe characterised the issue as members of Manufacture Knos positioning their approach as distinct from the ways of working and being they associate with northern Italian organisations. Instead of ‘time-keeping, planning, governance structures and processes, formal ways of organising and cost control’, at Manufacture Knos, ‘friendships, emotions, quality of life, social interaction and spontaneity are all highly valued’. The organisation’s openness to emergence is embedded in its working practices. As one member of the team put it,

'It’s very clear from people coming [here] that this is a different place, it’s stronger than business models or economic value, a mix of different elements. It’s very rare in Italy, in the south of Italy to have a place like this where you feel “something”, the effect of a lot of things, events, cultural proposal, open way to manage this place, real public place, more or less everyone can propose, produce or make something, not so institutional, not so easy in Italy. [...] Cultural value is what we do, what we offer but it’s more [about] this feeling, the atmosphere, it’s part of the nature, the soul of the place.'

Current Business Model

Manufacture Knos’ key activities are oriented towards urban transformation. It hosts the projects and workshops of its partners, which together form a cultural ‘proposal’ for the town and the region for different audiences to engage with. These include a mix of practical and creative activities from a bicycle repair shop and a tailoring workshop to cultural events. Instead of seeing these as separate or distinct activities, the team coordinates the spaces and timetabling in order to allow several activities to take place on the same day. The core team describe their goals as:

1 In this case we follow the way that the members of the organisation refer to the organisation, as Manufacture Knos, the name of the building.
2 http://www.manifattureknos.org/knos/
4 http://www.manifattureknos.org
5 Interview, Lecce, January 2018.
To manage a space without board or artistic direction. To develop research about common and public spaces, by involving professionals coming from best practices around the world. To keep alive the political discussion about economies, environments, social issues, arts and culture, related to spaces of indecision, in order to find and to propose alternative solutions. To welcome proposals from different communities and organisations with an attention to their artistic, cultural and social value. To support organisations in the development of their activities.

Aligned with this mission, for Manifatture Knos income generation is not a goal in itself, but a means to achieve its missions: ‘We use money in order to organise activities that focus on environmental, social, political, cultural missions by members.’ Income generation over the past ten years could be described as modest, informally generated and fairly haphazard. Annual turnover is around €160,000 a year. Around 73 percent of this is derived from grants (such as project funding provided by the European Union for Creative Lenses), 7 percent from the bar, 7 per cent from ticket sales, with the other 13 per cent from financial contributions from partners using the space. But with a debt of €25,000, resulting from an unexpected tax bill and new charges for waste collection owing to the city, the organisation faces significant challenges ahead. Looking further into these figures reveals a way of working which means that Manifatture Knos sometimes forget to collect the agreed fee from their partners using the space. This illustrates an alternative model where relationships are more important than revenues, and where creating social and cultural value is prioritised at the expense of generating income and profits, an approach that is not uncommon with arts and cultural organisations. The team’s ability to sustain themselves for ten years could be attributed to the flexibility and agility that their distributed leadership model allows, contracting and expanding as and when necessary.

Audiences and visitors are brought in by the building’s partners such as the bicycle repair shop, acrobatic classes and tailoring workshop and by events organised by others. However the need to generate income can produce conflict. An example was an annual tattoo festival attracting 15,000 visitors, which Manifatture Knos became known for hosting in Lecce. However, this has proved controversial for the team because it was a commercial event which absorbed significant resources. The team estimated this event takes up to a month for Manifatture Knos to prepare for and subsequently clear up after, resulting in €10,000 in income. For the team, commercial events such as the tattoo festival, which are not aligned with their overall mission, might damage Manifatture Knos’ relationship with their visitors and partners using the space. Some members felt such partners don’t really understand their ethos and philosophy, and on occasion have treated the space badly. One member describes organisers of events such as these as having ‘just a commercial attitude and approach, without taking care with what’s happening around’.

For the past ten years, Manifatture Knos has avoided working with event-organising firms or programming its own events. When it did organise its own events, it did not have a long-term, branded programme. Instead the
Managing Business Model Change

The consequences of Manifatture Knos' political preference for an open, emergent and inclusive society play out when examining how the organisation understands and thinks about its business model. Previous to becoming involved in Creative Lenses, the team behind Manifatture Knos thought of themselves as having a different kind of business model to commercial organisations. Prior to May 2017 they did not have an agreed financial plan, had one bank account, did not use cash flow analysis or forward planning. Team members took on and completed tasks on a flexible, ad hoc basis, or as one member of the team described it a 'spontaneous process', rather than having defined and agreed responsibilities, roles and accountabilities.

When asked to produce a 'Business Model Canvas for Arts and Cultural Organisations' at the beginning of the Creative Lenses Catalyst programme in early 2017, participants from Manifatture Knos made changes to the terminology on the template. These emphasised their approach to being an organisation, or possibly an 'anti-organisation', and the values they prioritised. For example they changed the title from 'Business Model Canvas' to 'Organic Model Canvas'. In answer to the question 'Who is willing to pay for a service or product that we can deliver? What are their main characteristics?', Manifatture Knos responded with the comment, 'We're not delivering services, we're delivering a product that we can deliver? What are their main characteristics?'

These examples demonstrate a business model rooted in a strong sense of exchange, which is cultural, social and political, and in which finance is not a priority. As a result, the notion of organisational sustainability for Manifatture Knos is a paradox. For ten years it has survived on little, if any, planning and formal organising. The organisation's survival and growth has fluctuated within, including political changes nationally and locally, mean that they will have to reassess the extent to which the organic approach which worked before can be sustained in the future.

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11 Interview, Lecce, January 2018.
12 Mentor visit, January 2018.

14 Interview, Lecce, January 2018.
15 Mentor visit, January 2018.
16 Interview, Lecce, January 2018.
18 Helsinki workshop, 2018.
Organisational Culture and Values

When asked to describe value other than financial value that Manifatture Knos has to offer, team members used emotive language. They talked about the ‘atmosphere’, what people using the space might ‘feel’, the ‘soul’ of the place, and the ‘passion’ they and others felt. As the group’s mentors explained, ‘They don’t want to plan, organise or structure too much. It is more that they want to create a nurturing and free environment in which solutions and dreams can grow organically’.23

Such dreams are not limited to current operations. While Manifatture Knos is centred on a venue and the people who visit and use it, and the city that owns it, uncertainty about its potential future produced an interesting response in the team. Members of Manifatture Knos shared that, if their lease was not renewed at the end of their ten-year contact, the organisation would still exist. One of the future roles the group identified for itself was to promote urban regeneration by looking after abandoned spaces. There is a passion amongst members of the group to make this happen in small villages in Italy, pointing to a potential future beyond the former engineering college and indeed Lecce. Such future imaginaries, while grounded in contemporary Italian realities such as limited investment in culture and political change, are where the organisation’s experimental culture can be detected.

In this context, talking about ‘business model’ change for Manifatture Knos might be expected to lead to resistance, or at least sidestepping the logic and narrative often assumed to come with it. As one of their mentors explains:

‘I don’t even know if business models and arts organisations go together, maybe a different term should be created […] By definition ‘business model’ makes you think of a commercial activity […] something that creates value but for sure value is something very different in the arts sector. It has to do more with a satisfaction, like personal satisfaction and not the financial outcome of activity […] For Knos, value has nothing to do with […] a financial outcome. For them, their value is that they have a space that anybody can go and do whatever they want to do, so it’s like a small village, free land and to be honest, that is their value.’22

Creative Lenses Catalyst Project

In the context of this history, the Creative Lenses project offered Manifatture Knos an opportunity to assess its business model and use the discussions, mentoring and financial resources within the project to make changes to its way of working in 2017-2018. This exploration coincided with other factors. Not only was it the tenth anniversary year of the organisation but also the lease was up for renewal. Meanwhile, the city of Lecce had introduced large charges for waste disposal and began charging for the electricity the venue used. These circumstances forced the team into discussing these issues and making changes to address them. Having support and advice from the mentors improved their ability and capacity to find sustainable solutions.

Manifatture Knos developed organisational changes in the way it operates through a number of actions. These included developing an organisational manifesto, defining and agreeing specific roles for team members, developing an internal and external communications plan, and producing a programme of events for the tenth anniversary celebrations.24

Catalyst Project Action One: Manifesto

The first action, creating a manifesto, helped the group articulate their vision for the organisation. Some of the inspiration for this came out of an event the group organised as part of Creative Lenses. Inspired by the theory of ‘Third Landscape’ developed by gardener and philosopher Gilles Clément, whom they invited to speak at that event, the group wanted to think of Manifatture Knos as a space for spontaneity. Their vision was a place ‘where everything is not completely planned neither completely natural … [a space for] the common good with small and few attentions and rules, in order to leave space to spontaneity, ideas, indecision, innovation’.25 On the one hand the aim of creating this manifesto was to help audiences and partners better understand the organisation and its approach; but on the other, this was also a means for the group itself to articulate and align different commitments and perspectives.

Catalyst Project Action Two: Strategic Communications Plan

The second action was to develop a strategic plan to improve communication both internally and externally. Working in collaboration with an external communications agency, they designed and launched a new website. It developed a Facebook campaign, weekly email newsletter (to 5,000 email addresses), promotional leaflets and posters to distribute around the city. The team believe it is important for them to be able to better

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22 Mentor, interview Lecce, 2018.
24 The K-10 Festival ran from 17th November 2017 to 6th January 2018.
communicate what they do, locally within Lecce where they wish to raise their profile, particularly with the organisation’s landlords, the city, and other local stakeholders. They recruited a part-time communications manager, whose role as intermediary with the organisation’s various publics is changing how the venue is positioned and who engages with it. For this new member of staff, the venue is now seen by the public less as an ‘alternative’ space for experimentation, and more of a public place, open to all.\(^{23}\)

Internal communications across the organisation were improved through the use of WhatsApp and an online group Google calendar. Adopting a regular meeting schedule, kept everyone informed, even if they are unable to attend meetings. Through reflection and discussion, the team realised that it is not necessary for all members to attend every meeting. The core team planned to meet every ten days and a larger group, including partners using the space, agreed to meet once a month. The partners using the space feel better informed and able to have a voice in the management process through this development.\(^{27}\) However living up to this plan of having a regular timetable has been challenging.

**Catalyst Project Action Three: Audience Development**

A third action was to experiment with cultural programming to develop new audiences. Organising a two-month festival to celebrate its tenth anniversary was the first time Manifatture Knos developed strategic communications about events it was organising in its own space. Having an opportunity to bring in and engage with a range of creative practitioners and audiences gave the team awareness of and confidence in their own capacities as programmers of events. One member of the group explained the impact of the festival:

> ‘I see much more energy and organising from Manifatture Knos with the K-10 festival. More energy spent on cultural events, a very rich calendar, adds a new value to the place, the city, the citizens. For us, much more work to sustain Manifatture Knos. For people of Lecce, [they] newly discovered this place. Last year there were less people visiting Manifatture Knos, they sometimes think that Manifatture Knos are not working now, but Creative Lenses was a rebirth of this place’.\(^{28}\)

In preparation for the festival, Manifatture Knos improved the facilities by changing the look of the design and the lighting throughout the building, making it more comfortable and welcoming. The improved facilities and external communications, as well as a new bar, resulted in Manifatture Knos becoming a space for socialising. This meant that visitors spend more time in the building, not always tied to a class or a meeting, and new types of visitor have started coming.

**Catalyst Project Action Four: Financial Management**

Finally, with more discussion about the organisation and its future, Manifatture Knos has become more organised in terms of financial management. Before the Creative Lenses project, Manifatture Knos made sporadic use of a spreadsheet to track its finances and all members took some responsibility for financial management out of a sense of obligation. The organisation now has an annual and monthly budget.\(^{26}\) Managing this became associated with a single individual who has responsibility for finance and the necessary skills and interests in organisational finances. The underlying principle here is aligned with their originating vision: people can do what they like, and when this happens everything is ‘easier’ and done better. ‘Compared to two years ago, it’s like a company now,’ commented one member of the team.\(^{26}\) However for others, this investment in building a financial management capability can be interpreted as a sign of unwelcome change, even a ‘failure’ associated with Creative Lenses.\(^{21}\)

**Results and Discussion**

Overall, these actions have led Manifatture Knos to understand better ‘what we are, what we are not, what we want to be’.\(^{26}\) Assigning each member of the team a specific set of activities to be responsible for resulted in better management of events, with faster and more efficient turnaround of bookings and preparation for event hires. Members of the small team know what their responsibilities are, and report that solving problems is easier and solidarity and team spirit have increased. Internal discussions have changed through members’ better understanding of each other’s roles and there is less duplication of work and less wasted effort.

The most striking development has been the way in which Manifatture Knos now actively reflects on its activities, and makes plans for the near future. Meanwhile the external communications strategy, website and the festival raised Manifatture Knos’ profile, resulting in previous visitors and customers returning and the development of new audiences. It has also produced renewed interest from artists who want to be involved or perform at the venue.\(^{23}\) However its longer term future depends in part on successful renegotiation of the lease for the building. Shifting the relationships with the
partners using the space to sharing that risk is one approach that may fit with the organisation’s mission and values but this may require new kinds of governance, management and reporting processes, activities and skills. Another potential outcome is losing the building, which the core team would respond to pragmatically. They see their activities and collaborations as ongoing, able to adapt and take place in new configurations. Their ongoing openness to change extends, therefore, even into a radical change in their circumstances.

Reviewing the achievements of these activities, the mentors working with Manifatture Knos describe how the project influenced the team overall:

"Manifatture Knos has reached a stage after ten years where it has to become more organised in order to survive into its next phase of development. However, the real task is to find a balance between this reality and its philosophy. At the core of this challenge is working out a practice (Knos is at pains to avoid the concept of a methodology) that will leave enough space for organic growth. Part of this is freeing up time and conceptual space, allowing for un-forced evolution. There is a recognition that some things have to be planned and managed e.g. building, finances, events, etc. but, within this, space has to be created to allow for the overall philosophy to work."

Given the organisation’s emphasis on experimentation and emergence, the team behind Manifatture Knos could well have been reluctant to take on board the suggestions from their mentors. For example they might have resisted the formalisation of their work, roles and responsibilities. However they viewed this as an opportunity to develop and embrace change. Indeed it is this openness, or in their own words, the organisation’s ‘organic’ approach, which has led to a decade of work through which culture and the arts have been explored and experienced in their building. But getting the right balance between an organic approach and having the structures and processes usually required to thrive as an organisation may yet result in this creative organisation having to find a new form, and possibly a new home.

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34 Mentor report, February 2018.
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