

C R E A
S E S
T I V E
N E T

STRONGER ARTS AND CULTURAL ORGANISATIONS FOR A GREATER SOCIAL IMPACT

MODELLING SHARED VALUE AND MEDIATING VALUES: DESCRIBING BUSINESS MODELS IN PERFORMING ARTS ORGANISATIONS AND CULTURAL VENUES

Creative Lenses Working Paper No. 3
September 2018

Report written by Lucy Kimbell

Modelling Shared Value and Mediating Values: Describing Business Models in Performing Arts
Organisations and Cultural Venues (Creative Lenses Working Paper No. 3)

Published in Sweden in 2019 by Trans Europe Halles

Copyright @ Lucy Kimbell

ISBN 978-91-985177-2-9

Author: Lucy Kimbell
Editing and coordination: José Rodríguez
Design: Therese Severinsen
Photo: xx

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.

To find out more about Creative Lenses and its publications, **visit www.creativelenses.eu**



Creative Lenses is a project co-funded by the Creative Europe Programme of the European Union.

The European Commission support for the production of this publication does not constitute an
endorsement of the contents which reflects the views only of the authors, and the Commission
cannot be held responsible for any use which may be made of the information contained therein.

CREATIVE LENSES PARTNER ORGANISATIONS



CONTENTS

EXECUTIVE SUMMARY	4
1. INTRODUCTION	6
2. PROPOSED DEFINITION	8
3. CLASSIFYING BUSINESS MODELS IN ARTS AND CULTURAL ORGANISATIONS	11
3.1 DIFFERENT KINDS OF BUSINESS MODEL	11
3.2 A BUSINESS MODEL TYPOLOGY FOR PERFORMINGARTS ORGANISATIONS AND MULTI-DISCIPLINARY CULTURAL VENUESS	13
4. EXPLORING LINKAGES BETWEEN BUSINESS MODELS IN ARTS ORGANISATIONS	15
5. DISCUSSION	19
5.1 REFLECTION	19
5.2 FURTHER RESEARCH	20
5.3 LIMITATIONS	22
6. CONCLUSION	23
7. ACKNOWLEDGEMENTS	24
9. REFERENCES	25

EXECUTIVE SUMMARY

This working paper proposes a definition and a typology of business models in arts and cultural organisations. It is written as part of the research within a European-funded collaboration project, Creative Lenses, a four-year collaboration project (2015-19) funded by Creative Europe.

The paper draws on insights from literatures discussing business models, both reports outside academia and research published in management and organisation studies. It builds on these to propose a working definition of business models relevant to the two focus areas of the Creative Lenses project: performing arts organisations and independent multi-disciplinary cultural venues. It then proposes a way of classifying the business models of these organisations drawing on management literature which distinguishes between four ideal types of business model. Next, the paper looks more closely at the business models of performing arts organisations and multi-disciplinary cultural venues, presenting a visual analysis that shows how the multiple business models within such organisations interact.

The paper argues that the business model construct can enable such organisations to explore the ways that they co-create, deliver and realize shared value with actors in a system, and help articulate and negotiate potentially conflicting values and missions.

Finally, the paper reviews issues that arise when importing these concepts into the arts sector, and highlights the need for a new research agenda. It argues that the business model construct is not simply transferable from management to the arts, but suggests it can be productive in arts organisations. In exchange, management literature can be enriched and challenged by the practices of arts organisations and also by debates within studies of and practice within the arts and humanities.

1. INTRODUCTION

6

This working paper proposes a definition and a typology of business models in arts and cultural organisations. It is written as part of the research within a four-year (2015-19) European-funded collaboration project, Creative Lenses, which aims to explore and reflect on the sustainability of arts and cultural organisations, with a particular focus on performing arts organisations and multi-disciplinary cultural venues.¹

In this paper, I identify characteristics of business models and business model innovation described in research literatures that might be useful for, and relevant to, arts and cultural organisations, while also reviewing some of the issues associated with them. Here the discussion leads to a typology of different business models within arts and cultural organisations, building on analysis distinguishing between these in research by Charles Baden-Fuller and colleagues (2017). The resulting typology can be seen as proposing business model archetypes, one of the five approaches to studying business models described by Ritter and Lettl (2018). As a list of archetypes, this typology offers abstract descriptions of organisations, rather than providing the detail of activities or elements in the business models. In addition to desk research, the analysis draws on discussions with partners in the Creative Lenses project and insights gained from its activities, in particular the eight public forums held across Europe during 2016-2017 and practical action learning with eight arts organisations during 2017-2018. Finally I outline further research questions and identify limitations of this study.²

The discussion is aimed primarily at policy makers with responsibility for the cultural and arts sectors; those working in funding bodies supporting the arts and culture, including public, private and philanthropic organisations; intermediary bodies and networks in culture and the arts; and researchers studying cultural policy, arts

management, management, and creative industries. It may also be of interest to managers and staff in arts organisations who are doing the work of planning future activities and consultants who work with them.

As a working paper, it outlines a point of view developed from reviewing and synthesising several other outputs. It is oriented to practice but does not aim to produce a “tool” for practitioners to use. Instead, it aims to open up discussion about the characteristics of business models and business modelling in the two sectors of interest to Creative Lenses to support further critical evaluation of these concepts in these contexts. The discussion that follows should be seen as provisional, rather than offering a definitive statement about business model innovation in arts and cultural organisations and an invitation to continue dialogue.

7

¹ Creative Lenses is funded by Creative Europe and has 13 partners in 9 countries, including UAL.

² An adapted version of this working paper appears in other Creative Lenses publications.

2. PROPOSED DEFINITION

8

In a working paper that accompanies this one (Kimbell 2018), I synthesised insights from studies of managing and organising and also grey literature such as reports and other publications. This resulted in a set of themes that open up perspectives on understanding business models in arts and cultural organisations (shown in Table 1).

Drawing on these perspectives, this section proposes a workable but tentative definition of the business models of arts and cultural organisations. This acknowledges the specificities of artistic creativity, production and value co-creation within arts and cultural organisations to realise shared value as public good, shown in Box 1 (see overleaf).
Terms used in this definition are defined as follows.

- **Actors** are participants in a system involved in co-producing shared value

including: artists; audiences; arts organisations; commercial, public sector or community partners; funders; intermediaries; investors; government and policy makers.³

- **Assets** are resources combined with actors through activities resulting in shared value including: tangible/ physical resources such as a building in a specific location, data or equipment; human resources such as staff and their skills, knowledge and networks; reputational resources shaped by history and location in cultural networks; organisational ways of working such as structures, processes and routines; intangibles such as brand and intellectual property; and financial resources.⁴
- The **system** is a complex, dynamic environment in which diverse actors try

³This list of actors draws on workshops with partners during the Creative Lenses project.
⁴This analysis of resources draws on Poisson-de Haro and Montpetit (2012).
⁵This perspective draws on research by Zott and Amit (2010) and Bocken et al (2019) which emphasise the interactions between multiple partners through which value is created and captured in a business model.

Theme	Perspectives on business models and business modelling in arts and cultural organisations
Value logics	Emphasising the combination of assets and activities in the co-creation and the realisation of shared value for and with diverse actors including individuals, groups and society as a whole.
Value outcomes	Recognising diverse kinds of value including artistic, social, cultural, economic and environmental outcomes rather than a narrow focus on financial monetisation.
Systems of actors	Identifying systems in which diverse actors such as artists, audiences, arts organisations, partners, funders, mediators as well as institutional and policy agendas, technologies and artistic and cultural practices have access to assets to achieve missions
Perspective on innovation	Acknowledging that business model innovation may be incremental and continuous, not necessarily disruptive or discontinuous, and that does not necessarily involve technology or result in unprecedented “new” models
Doing business modelling	Recognising that reviewing current or potential business models can surface and enable exploration of tensions between actors within an organisation and its system and their different missions, priorities and interpretations of value

Table 1.
Opportunities for understanding business models and business modelling in arts and cultural organisations

9

to achieve their missions.⁵

- **Shared value** is a way of thinking about the multiple outcomes that are produced for, with and by actors through their participation in an organisation's system.⁶
- **Activities** are the bundles of actors and assets that achieve an organisation's mission(s). Examples include: the creation of artworks; the production and delivery of experiences of the arts with audiences; services for customers and users; marketing and communication activities to engage

audiences, customers and stakeholders; partner relationship management; venue or operational management; financial management; and human resources management.⁷

- **Outcomes** are the results of activities that co-create, deliver and realise shared value that is meaningful from the perspectives of different actors. Such outcomes might be economic, financial, artistic, cultural, social or environmental.⁸
- The **value logic** is the underlying mechanism through which shared value is co-created, delivered and realised.⁹

A business model is an analytical construct at the level of an organisation. It describes how assets are combined to co-create and realise shared value for individuals, groups and society as a whole through a particular value logic. Carrying out business modelling allows an organisation to reflect holistically on its missions, assets, activities, outcomes, governance and relations with the systems it is part of and identify potential combinations of assets and actors to create, deliver and realise shared value.

Box 1.
Definition of business models of arts and cultural organisations

⁵Porter and Kramer (2011) introduced the concept of "shared value" to address the imbalances between business and society, which Michelini and Fiorentino (2011) see as relevant to non-profits and social enterprises.
⁷This analysis of activities draws on studies of an art museum (Coblence et al 2014) and the wider cultural sector (European Commission 2016).
⁸This includes outcomes associated with cultural value from Crossick and Kaszynska (2016).
⁹Casadesus-Masanell and Ricart (2010) refer to business models as a logic for the firm.

3. CLASSIFYING BUSINESS MODELS IN ARTS AND CULTURAL ORGANISATIONS

Having proposed a definition of the business model construct for culture and the arts, I now develop a typology of business models relevant to the two sectors relevant to the Creative Lenses project: performing arts organisations and independent (i.e. non-governmental) multi-disciplinary cultural venues. The purpose is to explore in more detail the extent of variance between different kinds of organisation and their underlying logics. To develop this typology for two arts sectors, I summarise analysis from management literature that distinguishes between different kinds of business model. I then adapt this to the specifics of the two sectors of interest.

3.1 Different kinds of business model

The literature in studies of managing and organising offers competing definitions of how value is proposed, created, delivered and realised in organisations. Although the literature on classifications between different kinds of business model is fragmented (Fielt 2014), there have been advances. Researchers Baden-Fuller and colleagues developed a conceptual framework summarised in Table 2.¹⁰

Baden-Fuller and colleagues (2017) identified four ideal types of business model, two of which are dyadic and two of which are triadic, using an analysis that builds on established research literatures. The main distinctions are as follows:

¹⁰This account of Baden-Fuller et al's work reduces the complexity of their argument. In addition to their conceptual work they have set up an empirical research project known as the Business Model Zoo. Any mistakes in presenting their analysis are mine. See also Searle (2017) discussing the creative industries which also uses this framework.

Dyadic	Model type	Definition	Example
	Product	The organisation develops a product or standardised service which the customer consumes after purchase. The value proposition is transactional.	Consumer electronics; cars; streaming media
Triadic	Solutions	The organisation engages the customer about a problem they face and provides an integrated solution. The value proposition is relational.	Management consultancy; airplane engine manufacturer operating a service model of power-by-the-hour; taxi
	Matchmaking	The organisation joins buyers and sellers in its online or physical marketplace. The value proposition is transactional, to facilitate exchange.	Farmer's markets; online booking sites; Airbnb; Uber
	Multi-sided	The organisation provides different products or services to different customer groups. The value proposition is multi-sided; one customer group gets additional benefits from the other group's transactions.	Charity shop relying on donations; Snapchat; Google

Table 2.
Four business model types (adapted from Baden-Fuller et al 2017)

- The **product model** is the oldest business model. It requires the organisation to identify potential customers, capture awareness and create demand. Greater volumes typically reduce costs. When the firm achieves scale, there are high barriers to entry.¹¹
- The **solutions model** is a dyadic relationship. It requires much closer engagement with customers than the product model and creates a high level of trust with them. Charging mechanisms are based on trust, not cost. Scaling is hard as higher volumes often lead to higher costs.¹²

¹¹ <http://businessmodelzoo.com/business-models/product-model>
¹² <http://businessmodelzoo.com/business-models/solutions-model>

- In the **triadic matchmaking model**, an organisation organizes a market via a platform, and has relationships with buyers and sellers who trade a good or service. The organisation has to identify and build trust with buyers and sellers, who themselves have to be entrepreneurs. Margins are often small, and profits rely on volume. Copycats and multi-sided business can enter into these markets.¹³
- In the **triadic multi-sided business model**, an organisation sets up a platform that generates positive relationships and exchanges between two or more otherwise disconnected customer groups. The positive result from this exchange between two customer groups may be orchestrated by actors who lie outside of the boundary of the company. Failure rates are high for this model. Profitability may be high if the network effects are strong.¹⁴

Reflecting on their typology, the authors argue that moving between models is hard (Baden-Fuller et al. 2017). They also note the difficulty of working out whether there is an innovation in a business model, or whether there are other kinds of innovation going on (ibid). The key features of this analysis relevant to the arts and cultural sector is that it:

- Places a strong emphasis on the end consumer and the “use value” of a

product or service and their participation in co-creating value, rather than focusing on the value for the firm or its shareholders;

- Proposes that some models (e.g. the solutions model) create more value because of close contact with and feedback from customers;
- Discusses to what extent these models are scalable and risks are associated with them.

In the next section, I take forward the four business models from the Business Model Zoo and identify examples of these based on the common practices of performing arts organisations and independent multi-disciplinary arts venues identified in discussions with Creative Lenses partners.

3.2 A business model typology for performing arts organisations and multi-disciplinary cultural venues

Table 3 classifies different business models of arts and cultural organisations of interest within Creative Lenses. This framework proposes six different variants, which combine assets and actors inside the organisation and beyond into activities to co-create and realise shared value. Some organisations may have more than one business model running in parallel.

¹³ <http://businessmodelzoo.com/business-models/matchmaking-model>
¹⁴ <http://businessmodelzoo.com/business-models/multi-sided-model>

14

Business model variant	Example activities and assets	Underlying business model activities & assets
Performer mode	Activities include creating a show or performing in a show. Assets include creative and production expertise. Revenues might come from ticket sales or artist fees.	A solutions model in which creator and audience are present during the performance.
Product model	Activities include writing music or creating a physical artwork. Assets include creative and production expertise. Revenues might be from artist fees, licensing intellectual property or sales.	A product model in which a creator generates an artwork but is not directly involved in the audience experience.
Commissioner model	Activities include commissioning a show, cultural programming, connecting with audiences. Assets include expertise, relationships and data. The commissioner typically pays a fee and receives income from funders and/or ticket sales.	A match-making model – the cultural organisation is a mediator putting on a programme/show by creators and engages/ finds audiences and other partners.
Landlord model	Activities include renting out studio, office or co-working space. Assets include access to a venue and expertise in facilities management. Revenues come from rental income and/or non-financial income.	A solutions model in which venue and tenants and other users of the space are involved.
Hub model	This involves running a venue, platform or festival with multiple intersecting activities. Assets include expertise in cultural programming, audience development, staff expertise and data. The hub receives income from funders and/or ticket sales but also provides access to others without payment.	A multi-sided model which convenes more than two participants in generating value, although not all of them pay.
Service model	Activities include delivering an event for a customer; running workshops or courses; running a café or bar; providing services to tenants. Assets include expertise in teaching, training or providing catering or bar services. Revenues include income from delivering services.	A solutions model – provider and customer are present during the service.

Table 3
Common business model types in arts and cultural organisations drawing on four ideal-types by Baden-Fuller et al (2017)

4. EXPLORING LINKAGES BETWEEN BUSINESS MODELS IN ARTS ORGANISATIONS

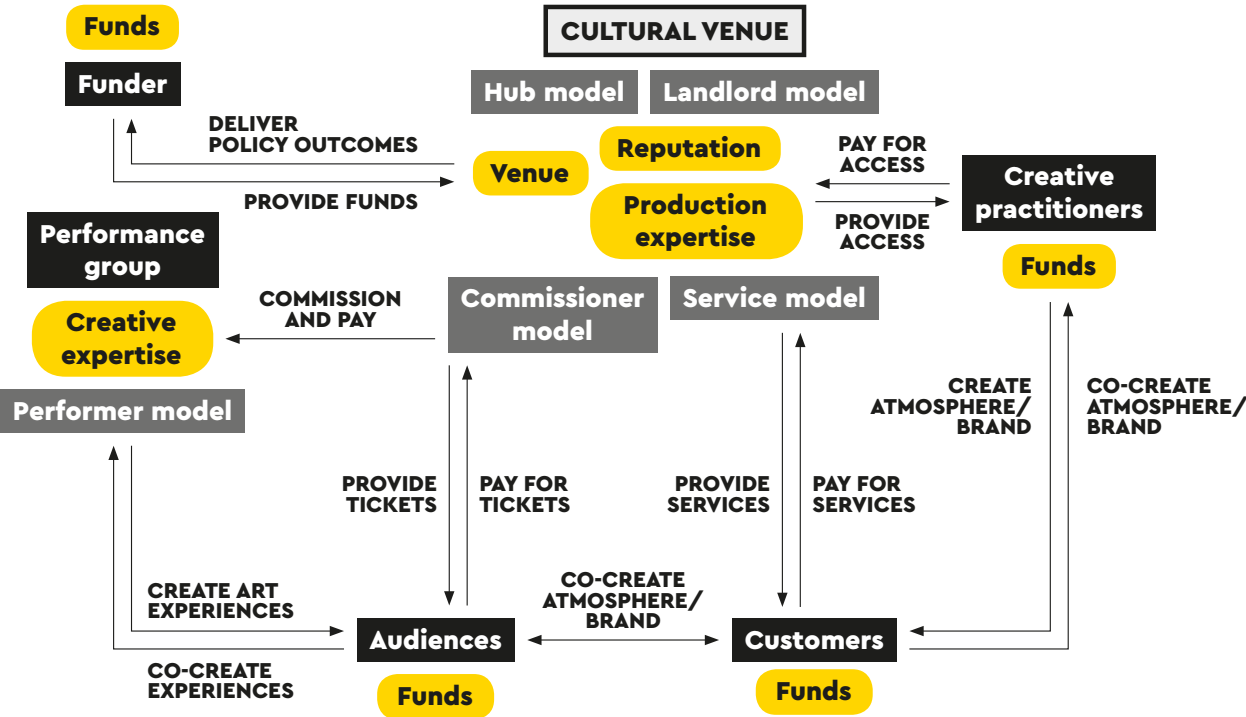
I now build on the typology of business models to look more closely at the two areas of focus in Creative Lenses, independent cultural venues and performing arts organisations. The approach taken here is to emphasise the main actors; assets; and the exchanges through which value is co-created and realised. The models presented below are archetypes which draw on discussions and research during Creative Lenses, rather than referring to specific organisations. In contrast to approaches to understanding business models that emphasise identifying elements, or the detail of activities, these visualisations emphasise the mutual dependencies between the organisations within a wider system (Casadesus-Masanell and Ricart 2011). They surface the interactions or exchanges and access to assets through

which value is co-created and realised (Täuscher and Abdelkafi 2017).

To aid clarity few details are presented in these visual models. For example in the discussion of the cultural centre, only three assets are presented: the venue itself, its reputation and its production expertise. Cultural centres will of course have other kinds of expertise such as programming, audience development and human resource management. Similarly audiences do not just offer money in these exchanges as they can also be seen as co-creating the arts experiences they take part in. However for simplicity only the main assets are suggested below.

First let us imagine a venue-based arts organisation (shown with a darker box

15

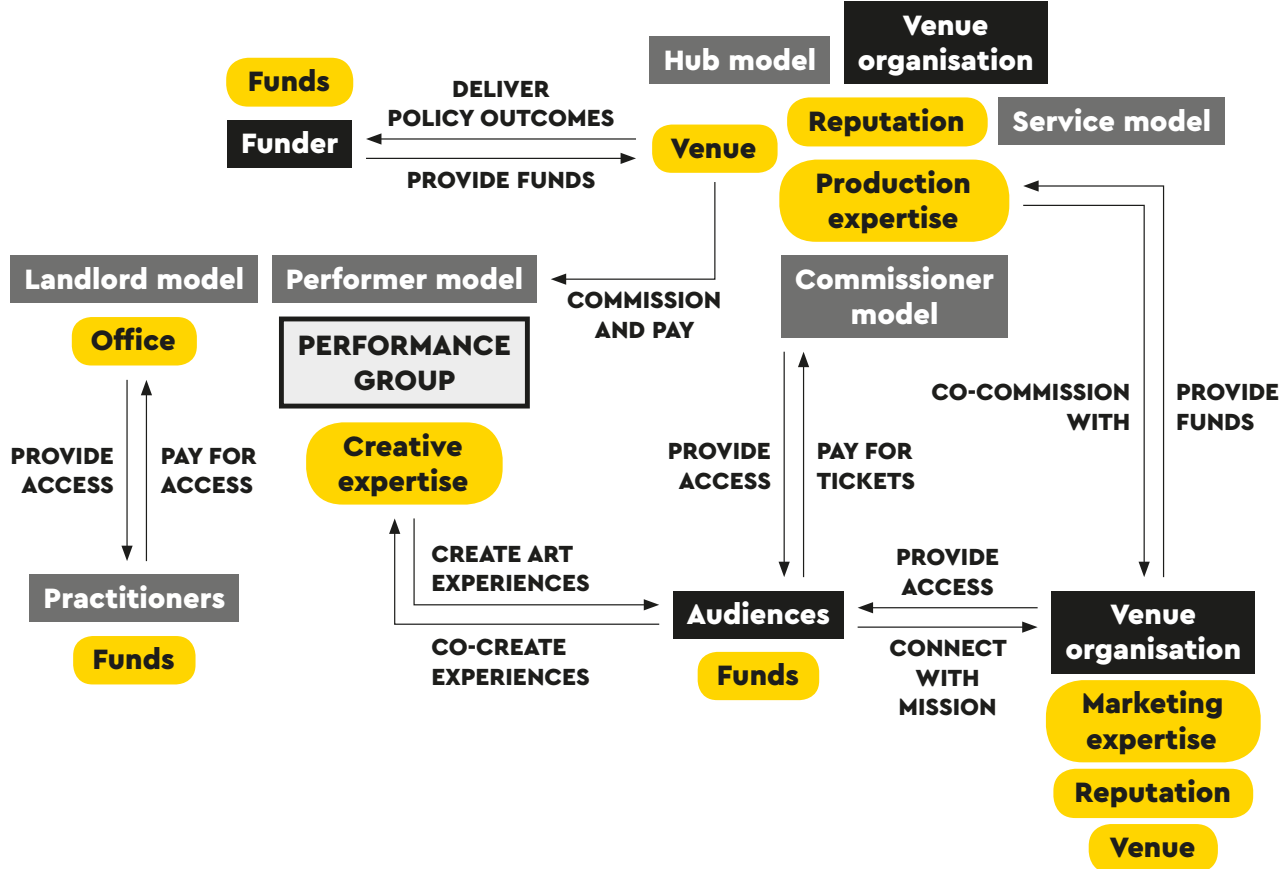


KEY: MODEL ACTOR ASSET EXCHANGE

Figure 1
Business models for a venue-based cultural organisation

marked “cultural venue” in Figure 1). This organisation has several models running concurrently: commissioner, landlord and service models and a hub model which brings them together and mutually reinforces a network for the co-creation and realisation of value. The graphic shows the organisation’s important role in giving other actors access to its main assets (the venue, reputation and production expertise), co-creating and realising value across a network of organisations and individuals

with other assets. These include a performance group (whom it commissions to access their asset of creative expertise in exchange for an artist fee); creative practitioners renting out a co-working space (for whom it is a landlord, giving access to the space in exchange for money and other services); customers (for whom it provides services such as a café in exchange for money); audiences (who it engages and sells tickets to in exchange for money); and funders (who it helps realise policy priorities



KEY: MODEL ACTOR ASSET EXCHANGE

Figure 2
Business models within a non-venue performing arts organisation

in exchange for funding). Without these interactions with other models, the venue’s business model is not viable.

Let us now look at the business models of a performing arts group that does not have a venue other than an office (shown with a hard line surrounding the box marked

“performance group” in Figure 2). This organisation has one main model based on the performer model based on its asset of creative expertise. It also has a landlord model, renting out desk space in its office to other creative practitioners (in exchange for rent). But it relies on a network of other exchanges around it, through which value

5. DISCUSSION

5.1 Reflection

Falk and Sheppard’s business model definition for cultural organisations (2006) provided a detailed breakdown of the main activities and assets making up business models. It made use of language – and therefore ways of seeing the world – that inherit the concerns of business and did not specify the kinds of public value that are created through the activities of such organisations. Other discussions have emphasised the importance of assets within arts and cultural organisations and the potential for digital technologies to change how organisations connect with audiences and other publics and change internal operations.

Reviewing other literature revealed diverse perspectives on business models and business modelling including: differences between types of business model; the importance of defining missions and boundaries in constructing understandings of value creation and capture; the difficulty of creating substantively “new” models; the potential for doing business modelling work to explore potential options and

surface tensions; and the multiple ways of assessing outcomes that result from organisational actions, including financial outcomes. Using these to create a definition, typology and visualisations of two types of organisation within Creative Lenses presented a nuanced analysis of business models that is more closely aligned to the practical realities and concerns of arts and cultural organisations.

Describing business models articulates the value an organisation will generate and capture for its customers or beneficiaries, its partners and itself. It identifies the processes and relationships through which value is or could be generated and captured. This means business models are better understood as narrative devices or stories rather than a detailed plan. The business model concept links activities and assets inside the organisation, with activities and assets beyond its boundaries. The business model lens can help surface discussion about how it creates and realises value and identify opportunities for action.

is co-created and realised by combining assets in the wider cultural system. Therefore its own business models are interdependent with other business models: the venue organisation which operates as a hub (engaging with a funder) and which has a commissioner model (commissioning creative artists and engaging and selling tickets to audiences) and also has a service model with another arts organisation/venue, which provides funds in exchange for co-commissioning services, and which also engages and gives access to audiences. Without connecting with these other organisations and their business models, then the performance group’s own business models are not viable.

Both of these (highly simplified) visualisations show how the business models of individual organisations are interconnected with and interdependent on the models of other organisations within the wider networks. In this, any organisational business model is part of a network involved in the co-creation and realisation of value in a cultural sector (EC 2016) which together produce a range of outcomes, at organisational, individual and societal levels. Second, an individual organisation may have several models running concurrently, which mutually reinforce one another. For example surpluses from one model (such as being a landlord or from running a café) cross-subsidise other models (commissioning performances) including other organisation’s business models.

Third, the potential for creating new models requires forming new relationships of exchange with existing or new partners. New configurations and new business models may require relationships with new actors, new kinds of activity, changes in governance and access to different resources (such as skills or data). This may not be an easy to organise and sustain, meaning the likelihood of creating unprecedented “new” models is low.

While still tentative, the definition, typology and visualisations suggest that the business model lens can help an organisation identify its location within a network of exchange through which shared value is created and realised. This helps managers understand how an organisation takes up a particular role in a wider landscape and describe its distinctive resources and contributions and interdependencies.

The definition and typology proposed here can be explored and developed further. The models can be searched for empirically as Baden-Fuller and Morgan (2010) suggest. As such, one potential next step is to take the models described above and explore the extent to which they aid understanding of the practices and priorities of arts and cultural organisations. An additional use of the models is as a heuristic device within practical settings to enable organisations to explore potential changes to the current ways they create and shared value, negotiate their missions, prioritise activities and engage with internal and external publics. This opens up a potentially valuable role for business models in arts and culture settings.

5.2 Further research

Studies in management have produced concepts and frameworks about how value is understood at the level of organisations resulting in competing perspectives on

business models and business model thinking. This closing section argues that insights from disciplines other than management studies have much to offer in terms of understanding the production and consumption of artwork and the environments this takes place within. However, this is not a case of either/or but both/and as a combination of perspectives from management and cultural policy, arts management and other relevant fields would bring greater depth to understanding the terms often used uncritically within management studies. This section outlines some potential ways forward.

Value, values and plurality. Some discussions of business models in management literatures emphasise the customer or “use value” created by an organisation’s offering. The nature of this “value” is relatively unexplored in that literature. But the topic of value has a longer history within research in arts management and cultural policy.¹⁵ Studies of the arts and humanities often offer pluralistic accounts of value, drawing on a range of philosophical perspectives, often seeing it as situated, emergent and the result of diverse interactions between actors or participants in a context (e.g. Oliver and Walmsley 2011). Potential routes forward here include explorations of customer experience and customer insight within management research, drawing in particular on organisational ethnography and design anthropology as it relates to designing and

developing value propositions (e.g. Patricio et al. 2011). Future research questions here include understanding what kinds of “value” or outcomes result from different offerings produced by and through the different business models of arts organisations.

Co-creation and participation in the arts. A second line of inquiry concerns the nature of the “co-creation” that goes on between audiences and stakeholders of arts organisations. Within the arts and humanities more generally, understanding and describing the experiences of viewers or audiences of artworks has a long history. For example Pragmatist philosophers (e.g. Dewey 1934) highlighted the specific conditions of experiences of the arts, and the active participation of the viewer in generating it rather than locating an artwork’s value in an object. claims for active participation and co-creation are increasingly evident in contemporary cultural practices such as participatory arts and in public funding for particular kinds of encounter with the arts – though not without criticism (e.g. Bishop 2012). How can such conceptualisations advance understanding of how sustainable futures for organisations are realized? To what extent does a co-creative way of working result in sustainable business models for arts organisations?

Aesthetics, performativity and materiality. Within management studies, some research approaches highlight the materiality and

embodied experience of organisational life, from studies of the aesthetics of organisations to experiments to capture the aesthetic aspects of managing and organising (e.g. Strati 1999). These are not yet evident within research on business models. The exploration of business models and the practices of business model innovation within arts organisations might offer an opportunity to address this. With their emphasis on creativity – through artists creating new art forms and experiences for and with audiences and publics – arts organisations have the potential to be valuable sites to explore creativity and novelty. Research questions here include examining how the material and performative cultures of different arts practices might produce particular business models. How do arts organisations perform? Do arts organisations carry out the practices of business modelling in ways that are distinct to other kinds of organisation? How does the precarity of many arts organisations inform creative responses to the challenge of sustaining themselves?

Agency and power. While some scholars of management are attentive to questions of power and politics in organisational life (e.g. Holmqvist and Spicer 2013), this is less evident in research to date on business models. In contrast, questions of power and politics are closely tied to histories of the arts, to differing extents and in relation to the specific genealogies and histories

¹⁵ For a review of cultural policy and the emergence of the business model see an accompany Creative Lenses working paper by Rex (2018).

of different art forms. For example, within the humanities, there are long-standing discussions on the nature of neo-liberalism and the effect on public understanding of culture through the importing approaches such as accountancy (e.g. Oakes and Oakes 2016). Further avenues for research include exploring the stakeholders and governance of organisations as they explore their current systems and potential changes to their missions, activities and outcomes. To what extent are the espoused values of many arts organisations reflected in how they co-create, deliver and share value? How do different forms and styles of governance shape how organisations construct their missions and outcomes and engage with artists, audiences and partners?

To conclude, discussing the significance and implications of the business model construct for arts and cultural sectors leads to new areas for research. Management literatures offer a range of theoretical and conceptual resources for understanding business models. Researchers within cultural policy and arts management have ongoing concerns about these differences (e.g. Walmsley 2012). However, this review of concepts and insights from management literatures has indicated that the business model construct can be relevant to developing accounts of the strategy and operations of arts organisations. Rather than importing the business model construct wholesale into discussions of arts organisations, the intersections between these concepts might produce new lines

of research for management scholars. Studying business models and business modelling in arts organisations might lead to insights into how these topics are understood in management research.

5.3 Limitations

There are several limitations to the discussion presented here. First, this research draws mostly on research on published in mainstream management journals. Conceptualisations and languages from management literatures inherit the core discourses of capitalist modes of production and consumption, forms of subjectivity and assumptions about value, and this has not been critically explored here. Second, many of the sources cited in this paper are conceptual, rather than drawing on empirical studies of organisations. Those that are based on empirical research are typically about commercial businesses, often very large firms operating internationally, or those operating within a region or single country. As a result such discussions of business models are abstracted from how organisations develop or change their business models or how managers use the business model construct. Finally, only literatures published in English have been used, neglecting research published in other languages relevant to these topics, which is limiting when recognizing the diverse genealogies and specificities of arts and cultural sectors across Europe and beyond.

6. CONCLUSION

The purpose of this working paper was to build on resources in management literatures, alongside acknowledging some of the thinking and legacies that come with them. This paper’s contribution has been to synthesise these resources by proposing a working definition of business models for the arts sector and a classification of different business models used by performing arts organisations and cultural venues, the two focus areas within the Creative Lenses project.

The definitions offered here, while not definitive, propose that business model thinking can enable arts organisations to explore the way that they combine assets and actors to co-create and realise shared value in a system, alongside mediating potentially conflicting values and missions. The discussion has emphasized the potential to use business models as “tools for thinking” in practical research projects in which arts organisations and cultural venues introduce changes and study the outcomes that result. The paper has also emphasized issues that arise when importing these concepts into the arts and

cultural sector, and highlighted the need for a new research agenda. It has also suggested areas where arts organisations may offer much to management researchers, to learn from, with their capacities to engage actors in creative exploration and generate new kinds of value.

7. ACKNOWLEDGEMENTS

Discussions with partners within the Creative Lenses consortium have informed this paper. In particular, I thank the following for useful discussions which shaped this research: Dr Bethany Rex, Dr Patrycja Kaszynska, Dr Sarah Rhodes, Professor Ian King and PhD student Yoshi Amano at University of the Arts London.

ABOUT THE AUTHOR

Dr Lucy Kimbell is professor of contemporary design practices and director of the Innovation Insights Hub at University of the Arts London. She is also associate fellow at Said Business School, University of Oxford. Her expertise is in design thinking and the use of design to address social and policy issues. She led UAL’s contributions to Creative Lenses which included research, knowledge exchange, evaluation and training. Current funded projects include developing ‘smart regulation’ to address the challenge of anti-microbial resistance in India and exploring the potential for AI in professional services firms.

8. REFERENCES

Baden-Fuller, C., and S. Haefliger. 2013. **“Business Models and Technological Innovation.”** Long Range Planning, 46 (6): 419-426.

Baden-Fuller, C., and V. Mangematin. 2015. **“Introduction to Special Issue on Business Models and Modelling.”** In Business Models and Modelling: Advances in Strategic Management, edited by Charles Baden-Fuller and Vincent Mangematin. Emerald Press. xi - xxii.

Baden-Fuller, C., and M. Morgan. 2010. **“Business Models as Models.”** Long Range Planning, 43 (2-3): 156-171.

Baden-Fuller, C., A. Guidici, S. Haefliger, and M. Morgan. 2017. **“Business Models and Value: Analytical Comparisons of Scaleable Solutions and Digital Platforms.”** Academy of Management Proceedings, 2017(1), doi: 10.5465/AMBPP.2017.90

Bocken, N.M.P., Boons, F. and Balldassare, B. 2019 forthcoming. **“Sustainable business model experimentation by understanding ecologies of business models.”** Journal of Cleaner Production, 208: 1498-1512.

Business Model Zoo. N.d. Business models. Accessed 9 April 2018. <http://businessmodelzoo.com/business-models>.

Casadesus-Masanell, R., and J.E. Ricart. 2010. **“From Strategy to Business Models and on to Tactics.”** Long Range Planning, 43: 195-215

Casadesus-Masanell, R., and J.E. Ricart. 2011. **“How to Design a Winning Business Model.”** Harvard Business Review, January-February.

Coblence, E., and V. Sabatier. 2012. **“Articulating Growth and Cultural Innovation in Art Museums.”** International Studies of Management & Organisation, 44 (4): 9-25.

Crossick, G. and P. Kaszynska. 2016. **“Understanding the Value of Arts and Culture. The AHRC Cultural Value Project.”** Swindon: Arts and Humanities Research Council.

Demil, B. and X. Lecocq. 2010. **“Business Model Evolution: In Search of Dynamic Consistency.”** Long Range Planning, 43 (2): 227-246.

Dewey, J. 1934. *Art As Experience*. New York: Minton, Balch and Co.

European Commission. 2016. *Mapping the Creative Value Chains: A Study on the Economy of Culture in the Digital Age*. Brussels. Accessed 9 April 2018. <https://www.culturepartnership.eu/en/article/mapping-the-creative-value-chains>.

Falk, J. and B. Sheppard. 2006. *Thriving in the Knowledge Age: New Business Models for Museums and Other Cultural Institutions*. Altamira Press.

Fielt, E. 2014. **“Conceptualising Business Models: Definitions, Frameworks and Classifications.”** *Journal of Business Models* 1 (1): 85-105.

Holmqvist, M. and A. Spicer. 2013. *Managing 'Human Resources' by Exploiting and Exploring People's Potentials*. Emerald Group Publishing.

Michelini, L., and L. Fiorentino. 2011. **“New business models for creating shared value.”** *Social Responsibility Journal*, 8 (4): 561-577.

Morgan, G. 1993. *Imaginization: New Mindsets for Seeing, Organising and Managing*. Newbury Park and San Francisco, CA: Sage Publications.

Oakes, H. and Oakes, S. 2016. **“Accounting colonisation and austerity in arts organisations.”** *Critical Perspectives on*

Accounting, 38 (July), 34-53.

Oliver, J., and B. Walmsley. 2011. **“Assessing the Value of the Arts.”** In *Key Issues in the Arts & Entertainment Industry*, edited by B. Walmsley, 83-101. Oxford: Goodfellow.

Osterwalder, A., and Pigneur, Y. 2010. *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. Clark T (ed.), NJ. Hoboken: Wiley.

Patrício, L., R.P. Fisk, E. Falcão, J. Cunha, and L. Constantine. 2011. **“Multilevel service design: From customer value constellation to service experience blueprinting.”** *Journal of Service Research* 14: 180–200.

Perez Monclus, R. and Kimbell, L. 2016. *Risky Experiments, Mixed Returns: Recent Research on Business Model Innovation in UK Performing Arts Organisations*. Report by University of the Arts London for the Creative Lenses project.

Poisson-de Haro, S., and D. Montpetit. 2012. **“Surviving in Times of Turmoil: Adaptation of the Theatre Les Deux Mondes Business Model.”** *International Journal of Arts Management* 14 (3): 16–31.

Rex, B. 2018. **“New Business Models for Cultural Organisations: A Critical Literature Review.”** UAL Creative Lenses Working Paper No. 1.

Ritter, T. and L. Lettl. 2018, **“The Wider Implications of Business-Model Research.”** *Long Range Planning*, 51 (1): 1-8.

Searle, N. 2017. **“Business Models, Intellectual Property and the Creative Industries: A Meta-analysis.”** CREATe Working Paper Series DOI:10.5281/zenodo.808267.

Strati, A. 1999. *Organisation and Aesthetics*. London: Sage.

Täuscher, K and N. Abdelkafi. 2017. **“Visual tools for business model innovation: Recommendations from a cognitive perspective.”** *Creativity and Innovation Management*, 26:160–174

Velu, C., A. Smart, and M. Philips. 2015. **“The Imperative for Business Model Innovation.”** NEMODE White Paper. Cambridge: Institute for Manufacturing.

Walmsley, B. 2012. **“Whose value is it anyway? A neo-institutionalist approach to articulating and evaluating artistic value’.”** *Journal of Arts & Communities* 4 (3): 199–215. doi: 10.1386/jaac.4.3.199_1

Zott, C., and R. Amit. 2010. **“Business Model Design: An Activity System Perspective.”** *Long Range Planning*, 43 (2-3): 216–226.

CREA
S E S
TIVE
N E L

**STRONGER ARTS
AND CULTURAL
ORGANISATIONS
FOR A GREATER
SOCIAL IMPACT**

creativelenses.eu

ISBN 978-91-985177-2-9



9 789198 517729