



Network of European  
Museum Organisations

# Money Matters: The Economic Value Of Museums

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# INTRODUCTION

*David Vuillaume*

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Museums have their own economic rules. According to the International Council of Museums' (ICOM) definition, museums serve society and its development first; they do not serve private or individual interests. Their activities are based on their non-profit status.

This is why I am sometimes confused when museum professionals talk about museum visitors as 'consumers'. Are they just consumers, instead of being visitors or guests?

For me, with my French-Republican background, there are only 'citizens', all of whom directly or indirectly benefit from museums, even those who do not visit them. But there may be a new species now: the 'museum consumer', a term that makes it sound as if a museum were a consumable product, a product you could buy and use, and if necessary throw away without a second thought about its production methods, meaning or sustainability. The word 'consumer' suddenly brings the whole museum sector into the world of economics. As a matter of fact, museums are indeed completely integrated into the economic world, but with several specific features and different layers. They are a part of the leisure society, but cannot be compared to theme parks. They have

an impact on tourism, but are not simply marketing instruments for a region or a city. They create work and wealth, but not in the same way as private companies.

NEMO, The Network of European Museum Organisations, believes and works to demonstrate that museums have an important economic value – in addition to the value of their collections (and the accessibility thereof), in addition to their social value (and the impact museums have on social cohesion) and in addition to their educational value (how museums inspire, engage and explain the world). We want to show policymakers the many ways in which museums can influence urban and regional planning. We also want to strengthen the position of museums in EU policies aimed at developing the tourism industry. Finally, we want to emphasise to policymakers the significant role museums play in the process of cultural diversity and the free exchange of knowledge, thus inspiring creativity and innovation.

The economic value of museums was the theme of the 2016 Annual Conference of NEMO, and it is the focus of this publication. We thank all of the contributors for allowing us to think and debate about the impact that the economy has on museums and that museums have on the economy.



# VALUE CREATION IN MUSEUMS

*Introduction: Margherita Sani*

The question of how to value cultural institutions and activities has been central to the cultural debate for many years.

In the eighties the focus was on economic impact: John Myerscough's study, *The Economic Importance of the Arts in Great Britain* (1988), was a milestone in the field. By collecting a large amount of quantitative and empiric data, the study gave evidence of the benefits the British economy was receiving from the arts via economic development, urban renewal, employment, job creation, tax and foreign earnings, sales, etc.

This marked the beginning of a season where a new branch of economics – cultural economics – flourished and provided cultural and museum professionals with tools like cost benefit analysis and impact studies, which have since been used to back up cultural policy choices. These usually operate on a different set of assumptions and concepts, with hard quantitative data. Such developments have broadened the language, and therefore the mindframe, of cultural practitioners with new terms and concepts like efficiency, accountability, cost effectiveness, etc.

But this approach, based on quantitative measures, was later considered reductive and in the nineties more qualitative techniques were used, shifting the focus to social impact, i.e. the role culture and museums can play with regard to both individuals and society to improve health and wellbeing, personal and social development, inclusion, citizenship and social cohesion.

Although the economic dimension is still very relevant and many museums recur to it to advocate for their sustainability in periods of economic downturn, in the last decade the economic analysis has been placed within a more detailed and comprehensive narrative, which includes many aspects that can't be reduced to a monetary form.

It is now widely accepted that the multiple dimensions of cultural value require a multi-criteria analysis, and more holistic, articulate and multidisciplinary approaches are being adopted that combine the use of quantitative and qualitative techniques, and hard and soft indicators.

# HOW DO MUSEUMS CREATE VALUE?

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Pier Luigi Sacco

*This article will tackle the economic value of museums, but look particularly at how value creation in museums cannot be divided into 'mental boxes' of social value, educational value, economic value – because in the end, all of this IS economic value, if properly framed. At the same time, focusing only on economic value can be extremely misleading, especially if museums have to maintain their mandate in a society that needs platforms to build different types of assets that only museums can credibly offer.*

So what is economic value? Remember that economic value is hardly objective, it is related to the value and meaning that we give to certain things. Take, for example, a scarf: its economic value has nothing to do with fact that we attribute objective characteristics to it that guarantee its value to us. It is the process of identification and meaning we give to the scarf that drives us to buy it. One could say the scarf is built from layers of intangible meaning, which are so important that in the end, paradoxically, the main route to economic value is cultural.

The way in which we build this cultural meaning makes the difference. We – museums – are places where meaning is created. When we consider the notion of how museums create value, the problem is not the economic impact of our activities, the question is: how do we influence the perception of value in the first place? And how does this impact a wider, societal vision of what value is?

## Three different regimes of value creation

To understand in what sense and to what extent museums create value, we have to differentiate between various regimes of value creation through culture. Value creation has been structured mainly into three different regimes, which have developed in time with the prevalence of

different socio-economic and technological conditions. Different regimes have been considered benchmarks in different times, and this creates confusion. However, today the three regimes coexist and support various, complementary forms of value creation for museums; the models we have now stem from a combination of these regimes.

It is important to understand how to frame this into a precise structure in order to answer the questions:

- What kind of value do we mean?
- To which regime we are referring?
- How are they related?

We need to come up with a specific museum value creation model. In this way, different museums may be characterised by a different balance of relevance of the three regimes. But how do we structure the different regimes into a coherent picture? Firstly, let's have a look at the regimes:

### Culture 1.0: patronage

This fundamental model has been supporting the creation of culture for centuries. It's a pre-industrial regime. That fact is important for the impact of



cultural value creation, because there are no organised markets; culture does not produce major added economic value, but instead absorbs it. It only serves small, elite audiences.

Patronage exists in varied forms and has gradually expanded from a narrow to a wider audience as more sophisticated sub-regimes emerge. The nature of how it creates value has also changed. Typical forms of patronage are:

- Classical patronage (Roman patronage with an emphasis on human cultivation and balance)
- Strategic patronage (created by the medieval church and perfected by Renaissance princes. It implies a shift from cultivation to strategic power, without going through a market, by creating influence and soft power)
- Public patronage (public policy – typical for museums)
- Committed patronage (individual patronage like the avant-garde or the American

art collector Peggy Guggenheim)

- Civic patronage (based on society)
- Entrepreneurial patronage (entrepreneurs and patrons of the arts who want to build a certain image of themselves).

### Museums 1.0: temples of knowledge

In the patronage regime, the museum is mainly focused on the conservation, development and presentation of its collections. There is no value creation in a direct way in the patronage model, but indirectly, for example in the creation of educational value. This applies, for example, when we look at the concept of 'museums as the temples of knowledge'.

In this framework, the museum strategically plays the same role that would, in a science and technology value chain, be assigned to basic research institutions. So museums are similar to research and development labs in the value creation chain.

For the same reason that you would not



Visitors in the Staatliches Museum Ägyptischer Kunst in Munich

expect research centres to make a profit, you should not expect museums to. Forcing museums to push for revenue is exactly like forcing research facilities to do so, thereby jeopardising the real value that they can create. There will always be another institution that will create more revenue than a museum, but we do not want to create confusion between different types of organisation – museums are not and do not want to be theme parks.

The Museum 1.0 concept has for a long time been the typical model for museums. It is a concept in which the conservation, development and presentation of a museum's collections are very important. In this model, the creation of value is connected to the strengthening and cultivation of the museum audience, and to the transfer of knowledge, competencies and behaviour that this implies. In order to fulfil this task, the museum in the patronage model is freed from all activities other than education or cultivation, because maintaining economic sustainability is considered an interference with the pursuit of the general mission. This mission is related to human development – museums must not fall into the trap of assigning it with figures and numbers. But that is typical behaviour for governments when trying to secure museum funding. If you start showing the numbers once in order to sustain your argument for museums, you are lost in a battle of numbers that you cannot win.

## **Culture 2.0: cultural and creative industries**

At the turn of the 19th century, the industrial revolution – and the massive urbanisation that follows – sees the emergence of a vast new potential audience for cultural experiences. However, the basic limitation to the creation of fully-fledged cultural markets lies in the limit of available technologies that can generate reproducible cultural content. Although interesting forms of proto-markets

emerge, it is only with the impressive wave of technological innovation at the turn of the 20th century – that is, a hundred years later – that the context for the creation of cultural markets is finally established. Radio, photography, cinema, recorded music and modern printing techniques all appear in the space of a few decades and quickly deploy their potential.

This makes it finally possible to produce and distribute cultural content on a massive scale and at a relatively accessible price. Europe is very slow to embrace this opportunity; the cultural industrial revolution mainly takes place in the US. Among other things, Europe's reluctance has to do with its focus on the dualism between 'highbrow' and 'lowbrow' culture, which is a product of the prevalence of gatekeepers in the functioning of the public patronage system that rules European cultural policy. Moreover, from the viewpoint of the public patronage regime, a commercially oriented culture is an aberration that does not guarantee the quality standards that are set by the gatekeepers, and even corrupts the cultural taste of the general public.

The growth of the cultural industries in the US, however, drastically alters the ways in which culture is produced, circulated, and accessed, let alone appreciated. Industrialised forms of culture become profitable, the size of the audience expands dramatically and culture becomes increasingly linked to entertainment. Industrialised culture is itself subject to a very complex evolution. To name just a few milestones, we identify the 'golden era' of mainstream culture, mainly emerging after WWII, the counter-mainstream of the sixties and seventies that leads to the proliferation of the subcultures, and the fan-produced culture of today. In this development, museums often take the role of an entertainment machine.

## **Museums 2.0: entertainment machines**

The problem is that the museum cannot be properly 'industrialised'. Of course you can promote the entertainment side

of a museum without interfering with the mission of the museum. But once a museum focuses on the entertainment side, it has an economic impact that can be measured in direct terms. This leads to an increasing expectation that the museum should generate the kind of profit that is technically impossible, or at least get as close to it as possible. Or that efficiency standards and contribution to the development of the tourism industry should become the primary concern. The point is that the pursuit of economic returns is not entirely understood as an interference in the pursuit of the museum's mission. Audience response increasingly becomes an explicit success factor and significantly constrains the museum's strategies and policies. The problem is that the real criterion is no longer linked to the certification of meaning created in the patronage system. Now it is linked to the audience response: how many people does the museum bring? How popular is it? Which leads to questions like: can a museum really undertake controversial

projects if this alienates people from the museum? What kind of mission should the museum pursue?

It is very important to understand that when we focus on the economic value of museums in the literal sense, this challenges the mission and social meaning of the museum in very strong ways. It means that the museum environment itself performs a spectacular function. A museum perceived in this way can even play a perverse role in the process of gentrification in the urban space, widening existing social and educational gaps rather than favouring social inclusion and access by marginalised subjects and communities.

Do we want a museum that has better income production but at the same time leaves its basic mission behind? That is an economically unwise choice, because museum incomes are generally peanuts from a local development perspective, whereas what is given up in exchange for



**The Guggenheim Museum Bilbao is often considered a successful example of urban development through culture**

*Phillip Maiwald/ Nikopol*

this may be a fundamental community asset. Focusing too much on the income museums generate overlooks the real sources of value creation. There is nothing bad about considering that a museum has an entertainment side, but it has to be put in context; it must be part of a harmonic vision where channels of value creation are considerably richer and more articulate than suggested by a narrow economic vision.

We have to consider the wider picture. It is important to build up the local community's commitment to the museum. The entertainment machine model has lots to do with attracting tourism, but it is not possible to have a sustainable museum policy without engaging local residents. The real infrastructure for the economic sustainability of a museum is the rate of active cultural participation of the community.

### **Culture 3.0: content communities**

In spite of the fact that the cultural and creative industry revolution has been so recent – starting just over a century ago – we are already entering a new revolution, which we can call Culture 3.0. This is linked to content communities. The technology that drives this revolution is very different from the technologies that have gone before. Radio and TV dramatically expanded the cultural audience, from a small audience at the beginning to a mass audience at the end. But this new technology – digital production of content, social media, etc. – is blurring the distinction between users and producers, leading to a blended continuum of active and passive participation. There has been a complete change of roles. In cultural production nowadays, one cannot really think of an audience as something that is separate from the professionals. When I hear of audience development strategies today, it sounds strange to me because the audience does not exist

anymore. There is no audience but a community that, whenever it is engaged, produces content by itself. There is a new wave of technological innovation that enables the massive, shared and shareable production of content, and instant diffusion and circulation. This content is valuable and it is important.

People today are socialised in cultural participation, even if they do not consider themselves to be participating. Museums can elaborate on this by also serving as participative platforms. In this way, the production of value moves to the social domain and connects to all of the main dimensions of civic functioning: innovation, welfare, sustainability, social cohesion, lifelong learning, social entrepreneurship, local identity and soft power.

### **Museums 3.0: participative platforms**

The idea of a passive audience is gradually being substituted by a spectrum of forms of direct engagement. Today there is a tremendous relationship between cultural participation and wellbeing. In some cases we already have neuroscientific evidence. Consider, for example, the problem of having an ageing population in Europe. We are full of people that don't know what to do with their free time and sometimes suffer from solitude and social isolation. We know very clearly that socialising these people into a cultural experience makes an enormous difference in terms of their psychological wellbeing. If cultural participation improves the psychological wellbeing of older people it is less likely that these people will end up in hospital or that they will have to take medicine. If this "less likely" means 5%, a seemingly negligible share, then the macroeconomic consequences of it are huge already.

A museum that significantly contributes to active ageing generates a clear economic benefit for the local community as a whole.

It means that museums are changing the welfare system. This is the kind of economic impact museums should be interested in. It is much more fundamental and much more crucial to the sustainability of our society than how much income is in the museum's box office in the evening. The scale is completely incomparable. The same applies to a museum that develops and harnesses a culture of innovation, especially in young people: museums today can be cradles of innovation; museums open their collections to the possibility of creative appropriation and remix of their content by users.

So museums can create value in terms of innovation hubs, but also be welfare hotspots, sustainability facilitators, social cohesion gateways and much more. These new forms of value entail different forms of social interaction and exchange as constituent factors.

We have to find new answers to new questions; what we can see from recent elections is that there are a lot of people who are scared – they want to be reassured about what they think they already know. How can we develop mental models that make people much more inclined to embrace the unknown and the unfamiliar rather than rejecting it? It is extremely important for the whole of society at the moment, because that is what innovation is about: not only having good ideas but having a transmission mechanism. If, through a museum, an entire local community is dealing with unknown, controversial and difficult things, this creates a basis for a completely different impact of the innovation process. And again the macroeconomic effect is much bigger than the box office income.

What is the problem in all of this? It is that, in this case, we have to convince the decision-maker. We can deploy this kind of reasoning but the real point is: what are the strategies? It is extremely difficult if decision-makers do not visualise the role that the new value

creation can have in a local economy. It is impossible to advocate a real role for museums today that is sustainable and effective without deeply engaging decision-makers. It is painful, it is frustrating and it is extremely difficult, but museums have to do it. It is extremely important that museums have a dialogue with decision-makers, and the opportunity to exchange views and to create the conditions for a new approach to cultural policymaking.

## Understanding and measuring value

The problem is understanding and measuring value. Obsessively focusing on economic returns, as we have seen, is basically narrowing down the real strategic spectrum of what a museum can do in terms of economic value creation in the first place. The key issue is measuring it and making it intelligible to stakeholders.

One of the most straightforward dimensions to measure is wellbeing: measuring, for example, the general psychological wellbeing of visitors or even measuring cortisol levels before and after their visit in terms of stress reduction – knowing what stress implies today – is a very clear way to measure what kind of concrete impact a museum experience can have. These are just examples, but this kind of approach is gaining momentum. Museums should open up to experimentation in this field because this is a way to really advocate for a true sustainable and economic impact.

At the same time, the role of the museum as economic actor in terms of shaping the knowledge orientation of a local community must become important; we have to legitimise the museum in this context, and not only as an entertainment machine. It is also very important to focus on capability building, especially for the young; museums can do, and often already do, tremendous things in this respect.

The real point is that we have to develop appropriate tools for measuring value



creation and share them with decision-makers from the very beginning. Likewise, we have to learn to integrate these practices into the museum mission and processes. The museum's value creation processes should always be read in the context of the local and overall cultural and creative ecology.

To conclude, there are museums which are at the same time 1.0, 2.0 and 3.0; they are temples of knowledge, they are entertainment machines, and they are community platforms. Every museum is basically a combination of these three models. There is no one right way to create value in a museum. The balance between the three regimes depends on specific things like the museum's mission, context and mandate, or the story of the museum, its collection, etc. Museums have to adapt the specific combination of these regimes to the specific context and challenges they face. By making this process transparent, museums can specify the relative relevance that each value aspect has and negotiate

this with decision-makers and with the local community. Value creation must always follow the framework of the local culture and creative ecology. The most fundamental thing is that this helps the museum avoid being judged against the wrong benchmark. In many cases, museums emphasise aspects just because people think that a certain model should be prevalent for a certain reason. They do not understand that the museum has a mandate, a strategic vision, etc. If museums never clarify this, the discussion will be always confused and misleading.

From the very beginning it is important, when museums negotiate their mission, to understand how it relates to these elements, and to make it intelligible to the public. This helps a museum to strategically take over the issue of value creation, and not passively and defensively react to demands from outside, which is what can happen if it does not have the right perspective in mind.



Visitors in the Pinakothek der Moderne in Munich







# LOOKING OUTSIDE: SPILL-OVER EFFECTS OF MUSEUMS

*Introduction: Dragoş Neamu*

If we take a look at travel, tourism, lounge or in-flight magazines, they often mention the many museums you can visit in one specific city and what they have to offer.

Museums are everywhere in our lives, in our stories – for example, the legendary character of Sinterklaas is welcomed by the city mayor of Amsterdam in front of the Maritime Museum. Museums do not just produce spill-over effects to sectors such as tourism, health, social and the local economy, they give value to our lives.

Museums are a key stimulator of economic growth, but they have their own resources. There is a contradiction here, because in spite of this reality, proven with much evidence, data and indicators, museums are losing public financial support.

It is important to develop the entrepreneurial and innovative potential of the cultural and creative industries, of which museums are a part. Museums should – in this new vision – not neglect the economic value of

the culture sector, but add alternative, non-economic stories to it. The museum is a privileged institution in this sense, because it creates meaning across the cultural, social and economic domains.

Museums have shown themselves to be entrepreneurial in their actions, not only to survive a period of economic crisis, but to generate added value to society and community, social cohesion and growth. Museums are creative and work closely with entire creative and digital communities. Museums are catalysts for integrated territorial developments. We can also imagine museums as dynamic incubators where people with innovative ideas use their resources and collections to design products and services that stimulate the public.

Museums create city brands: the Louvre is the place to visit in Paris, as is the Rijksmuseum in Amsterdam or the Bran Museum in Transylvania.

# THE RESULTS SPEAK FOR THEMSELVES, SO WHY ISN'T ANYONE LISTENING?

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Kimmo Levä

*In recent years, a number of studies have been published about the economic impacts of museums. The results speak for themselves: museums are profitable. They generate more tax revenue than states and cities spend on maintaining them, play a crucial role when local organisations are competing for investments, and promote a positive overall image. Their profitability is improving because the volume of tourism is increasing. Museums are also increasing the work they do with schools and for the social sector. Museums have gladly risen to the challenge of their new role in society. Yet their budgets are not commensurate with this growing range of tasks and have either remained static or diminished. More work usually means more money, so why is this not the case in the museum sector? Does the problem lie in the way the message is being communicated, or is the message simply not getting through?*

In recent years, a number of studies have been published in various countries about the economic, social and educational impacts of museums. All of the results that have emerged have been positive. For example, museums are good for your health because they make you less anxious (Norway), museums reduce stress (USA) and museums make you less lonely and have a greater impact on wellbeing than playing a sport (England). Museums are important for teaching and learning: they constitute a classroom and are an important part of lifelong learning (USA and Finland). And last but not least, museums are beneficial to the economy.

Museums generate more tax revenue than states and cities spend on maintaining them, play a crucial role when local organisations are competing for investments, and promote a positive overall image. Their profitability is improving because the volume of tourism is increasing, while the creative industries and creative economy are paramount for wider economic success.

As well as findings such as these drawn from studies conducted in Finland, England and the USA, the Organisation for Economic Co-operation and Development (OECD) has also pointed out that cultural tourism, in which museums are a key player, is growing rapidly and is a major driver of destination attractiveness and competitiveness.

In addition to this, the American Alliance of Museums (AAM) has published a study which shows that museums are particularly instrumental in generating money for small businesses located in their vicinity.

In light of the above, it is clear that museums are doing an increasing amount of work for the social sector, for schools, for tourism, and for the creative industries in general. Museums have moved out of the cultural silo into other silos in the social, education and business sectors. This move has been a positive development, as it has brought with it new tasks and customers.



### A workshop at the Helinä Rautavaara Museum in Espoo, Finland

This development has been driven by a distinct demand. Today's economic, social and educational problems are huge: a lingering economic crisis, the need for a new economy in Europe's post-industrial era (the creative economy), the growing proportion of elderly people and immigrants, the refugee crisis, the growing differentials between rich and poor, the need for a new type of education, and so on.

Yet there has also been supply. Museums have proved their worth by conducting the afore-mentioned research and have willingly adopted 'museums change lives' strategies, whereby they have set much wider objectives for their work than ever before. It is obvious that museums have purposefully striven to be present in sectors other than cultural heritage.

The problem, however, is that more work and use hasn't generated more resources, as would normally be the case. On the contrary, maintenance budgets for museums have decreased. Clearly, despite dozens of studies, those who determine funding are not aware of how profitable, vital and competent museums are in a range of areas. The problem lies in the way the message is being communicated.

We announce our good results mainly within our own circles. In most cases, when museums issue a press release on their economic impacts, the news appears in the cultural section of newspapers, even though it should be on the business pages, where it would resonate more strongly with business decision-makers.



**A tourist at the exhibition Touch in the Espoo Museum of Modern Art (EMMA).**

As museum budgets decrease, and as we use this dwindling cultural funding for social, business and educational purposes, these new tasks and duties come at the expense of our original core competence of cultural heritage. In other words, we achieve fewer results in preserving, studying and exhibiting cultural heritage.

In spite of their positive economic impact, museums have not been the rightful beneficiaries. The money that museums make, and that they need to maintain their service offering, is not commensurate with the money that they bring to an area. When it comes to tourism, for example, museums actually receive less than 4% of the revenue they generate. Based on the Economic Impact of Museums study (2013), this money goes to accommodation (21%), restaurants (20%), travel tickets (20%), and shopping (11%).

Museums have been moving out of the cultural silo for several years, but we have now come to the beginning of the end of this era. The demand for social, educational and business policy tasks won't disappear.

On the contrary, it is increasing because the direction that the operational environment is taking is not going to change. We will have more elderly people and immigrants, the differentials between rich and poor will widen, and cultural tourism and the creative economy will become increasingly important to society.

Museums must realise that these new services have, and will, come at a price, and that this money has to be allocated from social, educational and business budgets, or be collected directly from those who use our services. If we continue to spend the cultural budget on social policy objectives,

for example, in the near future there will be no-one to take care of cultural heritage. To avoid threats and take advantage of opportunities, museums must productise their services.

The first step is to realise that we are professionals engaged in business activities, and we operate in different business sectors and silos of society, not only cultural but also social, economic and educational.

The second step is to recognise that a museum is not a building, nor an exhibition, nor a collection. A museum is a service with paying customers.

Hence, the third logical step is to define and describe our service offering for our customers and to produce a cost estimate.

The costs will include salaries because we are professionals in a business field, and professionals do not provide their services for free. When this has been accomplished, we no longer need to worry about whether the message is getting through. An invoice has a strong voice that everyone listens to.

To succeed in this brave new operational environment, museums must change. We must go back to basics and provide a new definition of what a museum encompasses and entails. Here is mine for further discussion: "A museum is a service organisation that helps its customers to fulfil their needs and responsibilities in preserving, studying, teaching and exhibiting heritage and culture, as well as generating economic and social wealth."

Respondents' spending	Share of total spending, %
Spending in museum	3.6 %
Travel tickets etc.	20.3 %
Fuel etc.	9.6 %
Accommodation (hotels, cottages, camping etc.)	20.7 %
Restaurants, other food and beverage	19.9 %
Entertainment (spas, fun parks etc.)	2.3 %
Culture (theatre, other museums etc.)	2.6 %
Shopping	11.0 %
Other spending	10.1 %
<b>Total</b>	<b>100 %</b>

### Distribution of spending of museum visitors.

Source: Piekkola, H./ Suojanen, O./ Vainio, A. (2013): *The Economic Impact of Museums*

## Museum services

## Museum funding

### YESTERDAY

**Cultural policy:**  
preserve, research and present cultural heritage

Cultural budget

### NOW

**Cultural policy:**  
preserve, research and present cultural heritage

**Business policy:**  
creative economy, tourism industry

**Social policy:**  
Changing lives - refugees, marginalised people and the elderly

**Educational policy:**  
museum as a learning environment

Cultural budget

### TOMORROW

**Cultural policy:**  
preserve, research and present cultural heritage

**Business policy:**  
creative economy, tourism industry

**Social policy:**  
Changing lives - refugees, marginalised people and the elderly

**Educational policy:**  
museum as a learning environment

Cultural budget

Business budget

Social budget

Educational budget

## Museums silos yesterday, today, tomorrow

Source: Tanja Salonen, Finnish Museums Association



# CREATING MORE: PARTNERSHIPS WITH SCIENTIFIC, SOCIAL AND ARTISTIC SECTORS

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Christoph Kremer

*For more than 35 years, the success of Ars Electronica has been grounded on cooperation and strong partnerships. This presentation will showcase these possibilities – from a world record-beating cooperation with a multinational technology company and artistic residencies at astonishing and inspiring places, to an exhibition designed in partnership with the world’s leading universities, and a unique educational programme.*

Ars Electronica is always on the lookout for something new. However, the focus is never solely on art, technology or society, but on the complex relationships and interactions between them.

Over the 36 years since it was founded, Ars Electronica has developed into a cultural centre, educational institution and R&D facility with a diverse range of pursuits.

The Ars Electronica Festival, Prix Ars Electronica, Ars Electronica Center, Ars Electronica Futurelab, Ars Electronica Solutions, and Ars Electronica Export are all divisions of this enterprise, which also maintains a huge archive.

The watch-words – art, technology and society – remain just as valid today as they were when used to describe the first festival in 1979. Utilising artistic means to understand the manifold impacts that new technologies and scientific breakthroughs are having on our society and culture, and even going beyond that by striving to actively participate in these transformational processes – this is the core concept around which a sort of ecosystem has developed.

Fostering creative thinking, nurturing and enabling artistic productions, hosting a wide array of educational offerings, carrying out R&D projects commissioned by private-sector clients – what has emerged is an organic chain that ultimately reconnects with its first link, in that the enormous possibilities engendered thereby yield investments right back to where it all began: in art and creativity.

In our wide field of partnerships, from Mercedes, BMW and Honda to the Art and Science Network, the STARTS (science, technology and arts) Prize, the European Organisation for Nuclear Research (CERN), the European Space Agency (ESA), the European Southern Observatory (ESO), the MIT Tangible Media Group, Art University Linz, the University of Applied Sciences, Kepler University Linz and many more, I will focus on two outstanding ones: Cinematic Rendering for Siemens Healthcare and Drone 100 for Intel.





## Light façade of the Ars Electronica Center

### Cinematic Rendering - Dissecting Theatre of the Future

Considering how computed tomography (CT) makes it possible to look inside the human body without resorting to a scalpel is quite fascinating in its own right, but the app Cinematic Rendering at Deep Space 8K (part of the Ars Electronica Center) takes teaching the anatomy of the human body to the next level.

Cinematic Rendering is a completely new way to learn anatomy. For the first time, anatomy studies feature living human bodies. What we display are data sets derived from examinations using CT and

magnetic resonance imaging (MRI). In Deep Space 8K, these data sets can be screened three-dimensionally in extraordinary detail on huge projection surfaces.

This program is still just a prototype and it will be a while until it is authorised for commercial use. But in the meantime, in our view, Deep Space 8K fits perfectly as a dissecting theatre of the future that makes it possible to show real human anatomy as it has never been seen before.

## Drone 100 - The World Record for Intel 2015

A spectacular display of drone technology by Intel Corporation (USA) in collaboration with the Ars Electronica Futurelab, involving a formation of 100 small aircraft being launched skywards, has earned a new world record title for the most unmanned aerial vehicles (UAVs) to be airborne simultaneously.

Intel was interested in expanding beyond its company's core business, computing, by entering a field with intriguing future prospects: UAVs.

Their research into what was happening at the sector's cutting edge inevitably brought a visionary project to their attention. The Spaxels (LED-equipped quadcopters) shows in London, Brisbane and Dubai not only delighted the crowds, they also created a sensation on social networks.

Intel expressed an interest in a display of coordinated aerial artistry in conjunction

with a new Intel campaign, and the company supported the technical R&D that aimed to make the flight more secure. The challenge was to launch 100 drones and deploy them aloft three-dimensionally for maximum impact. Making this happen called for tools with significantly higher flexibility to enable twice as many Spaxels to fly in the formation that was being proposed.

Finally, an algorithm delivered the solution. Success in attaining the goal of a world-record formation – one that was first envisioned in 2012 and then suggested to the Guinness people by Intel – took a whole year of R&D work, gaining traction in August 2015. The different designs of flight formations culminated in a 250-metre-wide Intel logo that was eventually synced with a custom-made composition.

The outcome of an entire year's development effort was an impressive sound and light show featuring unique resolution, cool colours and fascinating forms.



More than 100.000 spectators saw DRONE 100 - spaxels over Linz, presented by Ars Electronica and Intel

# MEASURING THE VALUE OF MUSEUMS: OPTIONS, TIPS AND BENEFITS

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*Richard Naylor*

*Pressure on public finances has meant significant cuts to government funding for museums in many European countries. It is therefore more important than ever that museums are able to demonstrate and communicate the wider benefits that they bring to economies and societies to a range of funders and stakeholders. But what should museums focus on and what kinds of methods and studies can be used? This paper suggests how museums can navigate their way through the various options, highlighting the pros and cons of different methods, and how suitable they might be to different contexts.*

There are a large variety of methods to measure the value of museums. Some are more appropriate, some less so, depending on what you want to measure and on the nature of the museum. You have to take care that the results don't box you into a sector in which you don't want to be measured by your stakeholders and politicians.

Why measure the economic impact of museums? There are outward rationales: communicating your values to the public, stakeholders, politicians, press – but also inward rationales that affect strategic decisions in your organisation on how to organise processes and what to put emphasis on. The research methods and techniques can be confusing for non-specialists in this field. There are, broadly speaking, three different lenses though which you can look at economic impact:

## **1. Financial impact**

There is a range of methods quantifying and measuring different expenditure streams (staff costs etc.), and looking at the indirect and induced impacts of these. If you use these for museums, you will end up with a small number, even for large organisations, because museums are quite

small in terms of turnover compared to other organisations. You will never produce a headline-grabbing number to funders. But museums attract lots of visitors, so in addition you can measure what is spent by museum visitors in the surrounding economy, in accommodation, restaurants and shops (it can be difficult, however, to work out what is genuinely additional spending that was incurred only by the museum visit). An approach that combines the two methods described above is the most commonly used one. But there are other methods:

## **2. Place-based impact assessment**

Assessing how the city or surrounding area is impacted by the museum. This is often connected to the theme of (urban and rural) regeneration. There are many positive consequences to having a museum, such as improving the image of a city, driving footfall and generating a sense of liveliness. Positive benefits that flow from these can be higher rental yields for neighbouring properties, more shops and greater takings, more jobs, reduced crime and greater safety. Results like these are interesting to local government funders, but this is the least used of all methods, because the

indicators are less clear and straightforward and it also requires longitudinal research over a long period of time. Regeneration is a long-term business that can take 15 to 20 years or more; in the interim there are few immediate outcomes and conclusions.

### **3. The total value approach**

This encompasses methods that try to put a financial value on things that don't have a ready financial value, such as wellbeing, learning, cultural enrichment and even the value non-users place on having a museum in their town or city. It explicitly tries to quantify, for example, social and learning benefits. Both the cost-benefit approach and the total economic value approach try to demonstrate that final monetary value is an exchange between the costs incurred and the benefits obtained. These could include non-used values, like the value of the existence of a museum (i.e. people just value having the museum in their neighbourhood; even if they don't go themselves, they value the fact that others can visit it or they may hold the view that they will go in the future, when they have a family for instance).

#### **Drawbacks and considerations for these methods**

##### **Financial impact method**

There are both existential and technical reasons as to why you might not want to use the financial impact approach. If the museum is interested in valuing what local people get from the museum, this is not the right method. It works best if the museum gets lots of external visitors and most of them are tourist visitings, because it is this group that spends more in the local economy as part of the visit and this spending is also more likely to be genuinely additional expenditure.

##### **Total economic value approach**

You can work with revealed or stated preference methods; one positive aspect is that government economists are familiar with these methods because they are used in other policy areas, particularly those that look at non-market goods such as environment. But this approach is extremely demanding in its technique. It requires highly skilled researchers, large-scale primary research and multiple cohorts of users and non-users. Outcomes of the research can also be quite abstract, as the final output is often just one big figure split between use value and non-use value, and it is not possible to know what has actually generated these figures (e.g. which of the museum's services in particular, for example, do people value?). Frequently, the non-used value is the biggest value (because there are more non-users than users), but this can create PR problems, because it is hard to advocate that a museum is valued the most by people who don't visit it. For all these reasons, this method is very rarely used in museums; there are more examples of this method being applied to libraries and heritage sites.

##### **Socially adjusted cost-benefit analysis**

Social Return on Investment (SROI), is a form of socially adjusted cost-benefit analysis. This method is quite popular in the charity and voluntary sector. It helps museums understand what their stakeholders and community value about them and how they think the museum has a social impact. The method then requires an identification of which of these values are quantifiable, which are the most important, and what the financial proxies are that can be used to estimate these (social) values and impacts. For charities, museums and the wider cultural sector, much of the social value they create is generated through helping to forgo expenditure on the social costs of 'failure'. That is, if a museum can

positively affect people dealing with mental health issues or unemployment etc., then money that the state would otherwise spend (e.g. unemployment benefit) can be avoided if, for example, a participant in a museum programme is able to find a new job through the programme. This method requires a combination of primary data collection and user analysis, plus analysis of secondary data, which establishes proxies and measures how the positive change that has happened to the user can be attributed to your particular museum (and not, for example, to social services or the theatre or anything else that helped the user feel better). Again, extensive research is required.

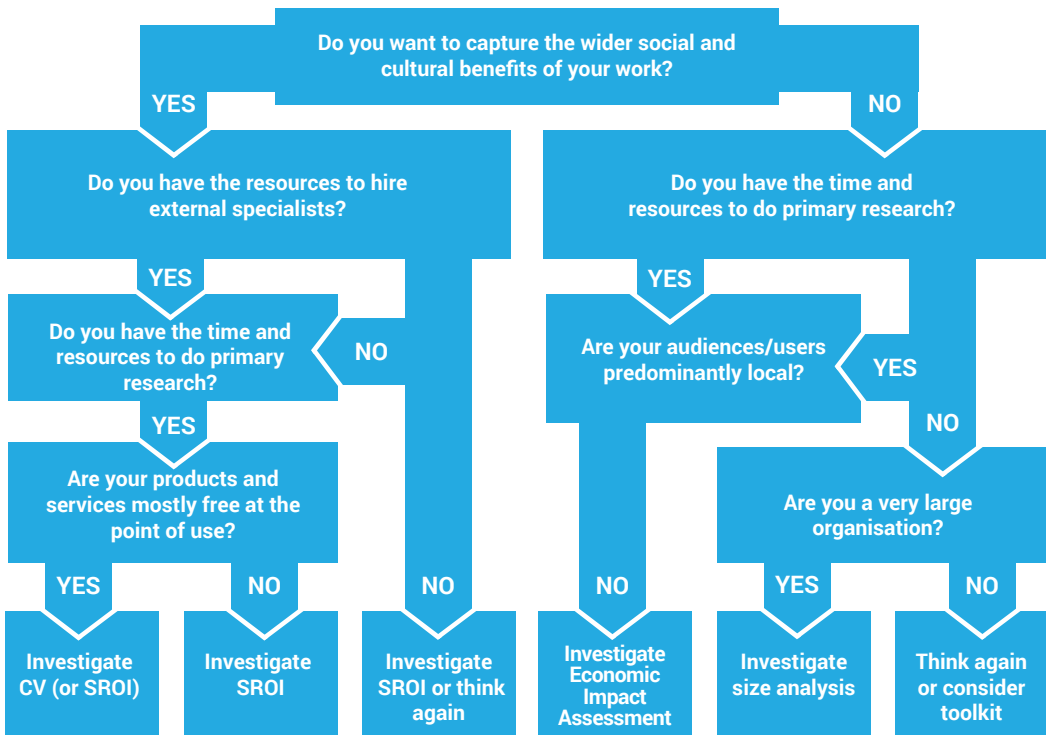
Broadly speaking, this technique is much more effective when there is a very clear intended outcome. However, this is not the reality for most museums, because they

have a much broader offer that is aimed at the general public. Therefore, this method is best applied in museums to measure the value of participatory programmes targeting specific groups.

### How do you decide what method applies best to your museum?

There are two main dimensions to the decision: strategic and operational. Strategically, a museum needs to know what it wants out of the study but also has to balance this against what it knows its main funders and stakeholders would want and the kind of evidence they would like to see. Operationally, a museum needs to consider what can best be achieved in terms of research quality and comprehensiveness, balanced against the inevitably limited time and resources that will be available to conduct the research.

### How to decide?





# LOOKING INSIDE: BUSINESS MODELS OF MUSEUMS – WHAT WORKS, WHAT DOESN'T?

*Siebe Weide*

If we talk about business models we have to ask: is there a business? Most museums do not have a profitable business model. And that is for a reason. Museums do not generate their total income by themselves. There is always external support involved, be it from a government, a private funder or a volunteer's time.

So external funding is part of the business model. That makes the government – or the private funder or the volunteer – the biggest client and stakeholder. And paradoxically it's the government that increasingly wants museums to behave like businesses, generating more money out of the market. In a way, museums are meeting the demand of the biggest client by meeting the demands of the audience.

One could question the truthfulness of this approach. Firstly, the audience is not

regarded as the primary client. Secondly, the better you get at serving the audience, the more money you make out of it, the more arguments you give the government to cut down on their contribution to the museum's funding.

Governments must not just pick one value – for example, the economic spin-off (because it's measurable) – out of the many values of museums, and disregard their cultural and/or social values. You cannot and should not make museums' values instrumental to achieving goals for society. Instead, governments should provide society with the essentials, of which museums are a part, for a fulfilled life, that the market alone does not provide.

These essentials, sometimes intangible and intrinsic, are necessary for a healthy and cohesive society.



## AUSTERITY BITES: HOW TO AVOID DEATH BY A THOUSAND CUTS

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Sharon Heal

*Museums in the UK are feeling the impact of over five years of funding cuts. But some are feeling it more than others. Small and medium-sized museums outside of London have borne the brunt of the cuts and some have closed or significantly reduced their operations as a result. The Museums Association has campaigned for the retention of public funding and has set up a Museums Taskforce to develop responses to the challenges the sector faces. It has also shaped its professional development programmes to cultivate skills and values that individuals working in the sector need, and has championed the social and public value of museums to politicians and stakeholders across the UK.*

The Museums Association (MA) in the UK held its annual conference in Glasgow in November 2016, with over 1,500 people gathering to discuss museums' role in place-making, sustainability, being brave, identity, and health and wellbeing. The context for these discussions was Brexit, the possibility of a second independence referendum in Scotland, and the social, economic and demographic shifts that are impacting on our communities and our museums.

In the UK the significant reduction in public funding for culture has put huge pressure on museums, especially those outside London. In England spending on culture has dropped by £230m since 2010, and in that same period around 45 museums have closed across the UK.

In Lancashire, five museums have closed within the last couple of months. The notice on the council's website reads: "Closed except for school visits (booking required). Negotiations are underway with a potential new operator." In Kirklees, Dewsbury Museum closed in November, and Red House Museum and Tolson Museum

closed at the end of 2016.

The New Art Gallery in Walsall, which receives over 170,000 visitors a year and opened in 2000 at a cost of over £20m, is also under threat of closure. The council there has said: "If we continue with these austerity measures then in four years' time we will be left with one library, no youth service, no art gallery and no performing arts centre."

Many of these museums are in post-industrial heartlands where people are disadvantaged and disenfranchised and feel detached from government – precisely the areas where people voted to leave the EU.

There are many tough questions we must ask ourselves as a sector about the viability and sustainability of museums. Not every museum will survive the next period and nor should they. And we have to come up with some answers.

Martin Roth, the outgoing director of Victoria and Albert Museum, said last year that people who work in museums should



stop whining – and in some ways I agree – there’s no point in moaning for the sake of moaning. But we have to base our vision for the future of museums on pragmatism and reality.

Many museums in the UK have explored new and different models in order to increase their sustainability. Some local authority museums have become trusts to gain more control of their finances. Many have increased their fundraising and income generation from commercial and other activities. Museums have formed partnerships with third sector organisations, universities and other museums to maximise their impact and reduce their costs.

There is a mixed ecology of charging and non-charging museums in the UK; however

introducing charging is not an answer for every museum, especially those in areas without a tourism base. Neither is philanthropy the solution outside of London.

In order to help the sector face the challenges ahead the MA has convened a Museums Taskforce that will draw on experience and evidence from across the UK. It will report with recommendations for politicians, funders, museums and sector bodies in spring 2017.

As a sector we need to have a tough conversation about collections, storage and disposal; we cannot continue to accumulate without thinking about the financial and environmental consequences of collecting.

Museums Change Lives is the MA’s vision for the positive social impact that museums



The Museum of Lancashire was one of five museums in Lancashire that was closed in 2016



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## The Museums Association in the UK is relaunching its Museums Change Lives campaign

can have, and it can help us demonstrate the value of museums to society, to funders, to politicians and to the public. The MA is currently reviewing the campaign and will relaunch it with new evidence, a toolkit and training next year.

Last year the MA launched a new Code of Ethics and since then it has spoken to and engaged thousands of people who work in the sector. We need an ethical framework now more than ever to defend collections, buildings, staff and the public offer, which are under threat in the current financial climate.

The MA is currently working to provide ethical guidance on closure, which we hope will act as both guidance and a warning to those considering closing museums. Making posts redundant and mothballing collections and buildings is not the money-saving option many might think it is – especially if funding bodies show their teeth and operate

clawback to return the public money they invested.

One of the biggest assets that museums have is the people who work for and with them. The MA has developed new and innovative professional development schemes to give people the skills the sector needs to navigate the difficult issues we face. In particular we have developed Transformers, our mid-career scheme, which is aimed at unlocking change for individuals and institutions.

At the heart of that scheme are our core values; equality, diversity, inclusion and courage. Over the coming years we will especially need the latter to tackle the difficult issues we face as a sector, to share stories and authority with audiences, and to do things differently.



# AMSTERDAM'S MUSEUMS: A BETTER RETURN THROUGH COOPERATION

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*Björn Stenvers*

*Museums already do collaborate on content, but not so much yet on marketing and business. Taking into account how much potential in terms of diversity of cultures and systems can arise if museums try to work together, the return on investment in due course is there. This applies to cooperation with governments, cultural institutes, commercial companies and customers too. Global trends and case studies on museum collaborations show that cooperating in a strategic way leads to better returns. This case study of all 48 Amsterdam museums and their international projects shows the wide range of collaboration taking place.*

Amsterdam is the cultural capital of the Netherlands with a variety of more than 40 museums and the world heritage site of the Canal District. Since the nineties, the cultural sector has organised itself into cultural clusters under the umbrella of the Amsterdam Cultural Institutes (ACI). Since 1994, the city's museums have been organised in the OAM (the Meeting of Amsterdam Museum Directors). In 2013 the OAM founded SAM (Stichting Amsterdam Museums) and appointed a director with the purpose of increasing their common value.

Three starting points were formulated in the collaboration agreement: keep each member's individual identity; activities should be of a structural nature; and starting a project is only possible with a critical mass of museums (including the possibility for museums to join later).

## **SAM and its developments over the last few years**

Most of our 13 million visitors meet our front-of-house colleagues first when entering the museum. To provide our colleagues with extra knowledge and skills on hospitality

we have collective training programmes. We continuously work on improvements to the quality of our service. Over the years the need for training in this area has grown, so in 2015 the Amsterdam Museum Academy was founded.

In 2016 half of our 350 front-of-house colleagues received hospitality training provided by the Hilton, the Van Gogh Museum, the Dutch Museums Association, Amsterdam Marketing, the Dutch Sign Language Centre, Amsterdam Police, Amsterdam Cruise Port and Amsterdam Public Transport, as well as diversity training by the Tropenmuseum.

*Museum in Signs* is an accessibility project to train guides, shared by nine of our museums. In addition, we have produced a booklet on deaf and hard of hearing audiences, to enable better access and interaction with objects.

Starting in 2017, the academy will also offer training, an online lectures platform and online training modules on social media, international trade, marketing (e.g. marketing planning for small museums), and sales. Besides the Amsterdam



### The Amsterdam Museum Academy offers workshops for different departments in the museum

Museum Academy, SAM has set up a variety of initiatives and also showcased existing collaboration between museums. The following examples illustrate some of the projects that SAM has undertaken so far:

- ▶ Under the theme 'sharing = caring', 40 of our museums' social media managers work together online, sharing knowledge, making inventories, creating campaigns and preparing business proposals.
- ▶ One shared project is the Online Ticketing Strategy: already, 35 (71%) of our museums sell online tickets: via E-ticket (26), via Smartphone (15) and via a printable PDF ticket (27).
- ▶ AdamNet is a group catalogue for 35 Amsterdam libraries, among them 11 of our museums. Since 2012 it has also been available in the union catalogue Worldcat, the world's biggest bibliographic database.
- ▶ *Museumn8* is Amsterdam Museum Night, taking place annually from 19:00 to 02:00 on the first Saturday of November. Most of our museums take part in this initiative, attracting up to 32,000 visitors in one night. The event was founded in 2000.
- ▶ Becoming sustainable and environmentally friendly: 14 of our museums in the city district De Plantage have worked together since 2009 to make their operations greener, to bring CO2 reduction to 3% per year, to monitor energy use, and to share and work together on sustainable energy. Some results include 13% less electricity and 14% less gas usage, as well as 44% less CO2 emitted. Since 2011, costs have been reduced by €300,000.



➤ The Reinwardt Amsterdam University of the Arts is our royal supplier of interns and future colleagues. In 2016 the Reinwardt celebrated its 40-year anniversary. From 2012 until today, 34 of our 48 museums offered internships to over 120 students.

➤ SAM produces maps of museums in Amsterdam for adults (500,000 per year) and families (100,000 per year). They are free of charge and available in Dutch and English. The costs are covered by advertisements.

➤ In print we also produce a calendar with the planning of our museums (2017-2025) and little 'who's-who' booklets for directors and marketing managers featuring direct contacts and photos so that people can contact each other.

➤ Our merchandise is produced based on a sales kick-back fee of 8%. Our product line includes a card game, quartet game, colouring picture book, cookbook, tea-towel, and an iphone-cover. In addition to this we

work with Disney (Sanoma) on magazines, colouring pictures and posters, with the airport Schiphol and the airline KLM on promotions and products for the Sky-shop, with the museum café Frames, and on a wide variety of promotional projects.

➤ Services for our stakeholders are detailed on our website (AmsterdamMuseum.org) in Dutch, English and Russian, in newsletters and in the yearly publication of our dashboard in the Amsterdam Museum Monitor.

SAM represents the collective business interests of our museums on boards (of, for example, Amsterdam festivals), and in the city's working groups on water logistics, permits, signing, stewards and touring cars.

SAM has proven benefit to all of its members, no matter what size or category, because cooperation always opens up new opportunities that you would not have standing alone.



Stichting Amsterdam Museums produces various merchandise items for different museums in Amsterdam

# ENABLING CULTURAL TOURISM: MUSEUMSPASSMUSÉES – FREE ADMISSION TO 330 MUSEUMS IN THREE COUNTRIES

Jan Merk

*In the late 1990s, an ambitious cross-border cultural project began at the centre of Europe: the Upper Rhine Museums Pass. Its core idea was impressively simple: one pass gives you free entry for a whole year into initially 120 museums – now 330 – in the Upper Rhine region of Germany, France and Switzerland. The MuseumsPassMusées is one of the few examples of cross-border cultural collaboration that has been successful in the long run. The project was launched with political support and start-up capital from the INTERREG funds of the European Union and from Switzerland. Since 2002 – after a short, critical interim phase – it has been economically independent of public funds. With its marketing and cultural policy purpose, it has made a lasting contribution to strengthening the participating museums and, at the same time, to the common identity of the tri-national Upper Rhine region and the cultural tourism of the region.*

## The origins

The organisational-political context which gave birth to the idea of 'the largest museum in the world' was the German-Swiss-French Upper Rhine Valley Conference (Oberrheinkonferenz), a commission in which the governments in question come together to organise their cross-border work. In 1996, experts began to develop a general concept for this idea, which used the Basel Museum Pass as a prototype in many aspects.

In 1998, an association was established under Swiss law with its headquarters in Basel to support the initiative. The participation of at least 30 large and 30 smaller museums was required, divided among all three countries. When the museum pass started in 1999, more than 120 museums had become members.

From the very beginning, it was not just museum specialists who took part in the steering committee, but also representatives from the field of

economics. They now comprise the executive board, while museum specialists from the three countries are elected to the specialist commission. The central office for operational activities is in Basel. In the annual meeting of the association every member museum has one vote – irrespective of the size of the museum.

The aims of an Upper Rhine Museums Pass were succinctly outlined in the introductory concept:

- Creating an attractive cross-border offer for museum visitors with a simple and transparent structure of offers, "both in terms of pricing structure for the museum visitors as well as allocation of funds in the museums";
- Designing a joint presentation of the museums with new advertising and communication media on a broad basis, thanks to the participation of many museums in all participating regions; and

➤ Developing the cultural-political collaboration of partners in the tri-national region as a 'true added value' for the participating museums, beyond an increase in visitor numbers.

For museums to be accepted into the scheme, criteria such as the number of days open, levy of entry prices and maintaining ICOM standards were developed.

### The MuseumsPassMusées

The MuseumsPassMusées (MPM) has become a brand. One important factor is selling the pass in the participating museums themselves. This means that the pass is advertised directly at the museum counter.



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### The MuseumsPassMusées

Advantages for passholders are:

- free admission to all exhibitions in the member museums of the three countries;
- the possibility of visiting an exhibition several times without paying an admission fee;
- discovering new museums even if you don't have much time and just want to drop in for a short time;
- being able to bring up to five children for free;
- regular information (flyers, internet, newsletter);
- and special events for MPM owners.

The annual pass focuses inhabitants and tourists within their own 'tri-national region' and encourages museum visits across borders. Advantages for museums are:

- bilingual advertising and PR in three countries;
- cooperation with tourist organisations;
- new visitors and more visits;
- a financial refund;
- free passes and staff passes; and
- regular cross-border meetings between staff (workshops and members' meetings).

Simply being in contact, getting to know other museum specialists in all three countries and having the opportunity to work together are very important features of the scheme.





### The crossborder team at the 10th anniversary of the MuseumsPassMusées in Strasbourg

Of great value is the opportunity to organise joint tri-national exhibitions in a 'network of museums', for example to mark the 10th anniversary of the MPM or tell the history of the First World War from a transnational perspective.

The scheme's bilingual advertising and PR work in three different countries sometimes creates unexpected cultural challenges. At the start the pass was a green-coloured card, but this did not work out in every country. Closer inspection revealed that in France most people associated a 'green card' with a health insurance card. In Germany and France the colour green represents health and ecology; only in Switzerland does it also represent culture. The appearance of the pass was therefore redesigned and since then it has mainly been produced in the bright, positively perceived colours of yellow and orange.

The sales figures for the MPM represent a success story: they have increased from 7,500 passes in 1999 to over 45,000 today. Most passes are sold in Germany, followed by Switzerland and France. This ratio also applies to free museum entries, which number between 400,000 and 500,000 every year.

In the year 2015 the funding comprised €4.2m from pass sales and €350,000 sponsorship funds, plus membership contributions from the participating museums. Over 80% of the income was returned to the museums – this high proportion is an important factor in the success of the MPM.

Approximately 30% of this figure was the sales provision for every pass sold in the museum – the museum retains 30% of the sales price. Approximately 53% was

a reimbursement for free-of-charge entry with the museum pass. Each museum receives a reimbursement of about 50% of its individual entry price. The five museums with the highest number of visitors per year receive a higher reimbursement quota.

This quota is accepted by the different museums because of the advantages they gain from multiple visits and joint advertising.

Only about 16% of the total costs of the initiative are incurred by administrative and institutional requirements. In recent years all museums have been equipped with a digital reader for the electronic MPM, and the pass is also present on social media.

By 2011 the number of museums within the initial participating region had grown to well over 200 museums. In 2012, the member museums voted to expand the participating region: an additional 50 museums in the regions of Franche-Comté and Lorraine in France, 15 museums in the region of Berne in Switzerland and 22 museums between Stuttgart and Mainz in Germany took part in the MPM.

### Quo vadis?

The MPM is an astoundingly stable, successful and attractive business model for the complex cooperation between different museums in different countries.

It has achieved a high degree of visibility and acceptance among the public, in politics and in the media. Over the years the number of pass holders and participating museums has increased. The MPM can act as a role model for a long-term, functioning international museum project. And last but not least: it makes a valuable contribution to cultural understanding across national borders.

In developing the MPM for the future, it is important to ensure that the core brand is retained, because that is the unique

feature of the product which influences the customer's decision to buy.

I would like to mention three factors for its success. Parallel to the expansion, the emphasis on the variety of the museums and their cultural offers is important: it must not become a general cultural pass but must remain a distinctive pass for museums. In terms of its organisational and economic future development, it must remain a transparent pass with lean, simple structures. Looking at the geographical expansion beyond the original region of the Upper Rhine Valley, the focus on tri-nationality is important.

The MPM must remain a cross-border pass in an area with a common cultural history and identity. As well as its function as a marketing instrument, the pass is also a member's card for an international cultural community' in the tri-national region.

In this way, very different museums – smaller and larger ones – can work together successfully and supportively and thereby indirectly strengthen the museum brand in general.

# POLIN MUSEUM OF THE HISTORY OF POLISH JEWS: EXAMINING A PUBLIC-PRIVATE PARTNERSHIP MODEL FOR MUSEUMS

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*Dorota Keller-Zalewska*

*POLIN Museum was formally founded in 2005 and is the first public-private partnership institution of its kind created in Poland. The Association JHI, the private partner, was responsible for the museum's development, core exhibition design and production. The Ministry of Culture and National Heritage and the Capital City of Warsaw provided money for the museum building. They constitute a major part of the Museum's annual budget. Diversified income and seeking alternative sources of financing are the key rules of POLIN Museum. POLIN is a modern educational and cultural centre which merely two years after opening was awarded the prestigious title of the European Museum of the Year 2016. POLIN is a model for a public-private partnership, showing that such an approach can work very well.*

## The creation of POLIN Museum

POLIN Museum of the History of Polish Jews is the first public-private partnership institution of its kind created in Poland.

The private partner, the Association of the Jewish Historical Institute of Poland – a private organisation engaged in the preservation of the Jewish heritage in Poland – initiated the creation of the museum in 1993.

In 1995, the Capital City of Warsaw authorities donated a plot of land to the association to erect the museum building. In 2005, a public-private partnership agreement was signed between the Capital City of Warsaw, the Ministry of Culture and National Heritage and the Association of the Jewish Historical Institute, and an architectural competition to design the museum building was organised.

In the founding act, the public parties – the Ministry of Culture and National Heritage and the Capital City of Warsaw - provided money for the construction of the museum building. They also cover a major part of the

museum's annual budget. The association – the private party – was responsible for the development and production of the core exhibition.

Thanks to the support of private donors from all over the world, the association raised \$48m USD for this purpose.

The agreement grants the private partner special rights related to the management of the museum:

- it approves the employment and the dismissal of the museum's director;
- it approves the museum's annual plans and programme operation; and
- it appoints five benefactors to be members of the Museum's Council (the council consists of 15 members).

## Donor recognition

POLIN Museum has several options to honour its founding benefactors and donors. The names of museum founders and



**POLIN Museum of the History of Polish Jews opened in 2013; Its exhibition was co-financed by private donors**

distinguished benefactors welcome visitors in the main hall today. Six categories of capital campaign donors were established:

- Distinguished Benefactor (donations over 3m PLN – approximately \$1m USD);
- Benefactors (donations between 1m – 2.99m PLN);
- Builder (300,000 - 999,999 PLN);
- Partner (60,000 - 299,999 PLN);
- Supporter;
- Friend.

37 donors from all over the world declared donations in the capital campaign.

**Activities of POLIN Museum**

POLIN Museum was opened in April 2013, on the 70th anniversary of the Warsaw Ghetto Uprising. The core exhibition was opened to the public in October 2014. The museum is a modern educational and

cultural centre; it provides a platform for social dialogue.

The museum organises numerous exhibitions, concerts and educational workshops for children and adults, as well as theatre performances and film screenings. It also organises debates with academics, and social and cultural activists. Since its opening in 2013, 1.5 million guests have visited the museum. Over 1,000 educational, cultural and academic events were organised in the year 2016 alone. Over 2 million visitors have used the museum’s websites.

Just two years after opening, POLIN Museum was awarded the prestigious title of the 2016 European Museum of the Year. The museum received the award in recognition of its efforts to provide visitors with a unique atmosphere, imaginative interpretation and presentation of a 1,000-year history shared by Poles and Jews, as well for its creative approach to education and social responsibility.



## Diversified income

As an institution running a high volume of multifarious activities, the museum needs to finance them without running the risk of financial deficit. Diversified income and seeking alternative sources of financing are the key rules of POLIN Museum.

Public donations from the Ministry of Culture, the National Heritage and the City of Warsaw constitute 50% of the museum's overall budget. European funds, grants from both Polish and international sources, private donors, sales of tickets and museum publications, space rental and sponsoring provide diversified income sources which serve to cover numerous activities of POLIN Museum.

The private partner – the Association of the Jewish Historical Institute – not only delivered financing for the core exhibition but is also obliged by a trilateral agreement to support the museum's various educational and public programmes.

The POLIN Museum public-private partnership model demonstrates that – with regard to cultural institutions and despite being challenging at times – such a model can indeed work very well.

Major challenges in the public-private partnership are as follows:

- realisation of the programme and targets versus fulfilling the expectations of sponsors, donors and grant providers;
- reconciling and fulfilling the expectations of the three bodies which supervise the realisation of the museum's activities;
- finding funds for a wide range of activities.

It is worth analysing how this model can be used in creating alternative sources of financing for European museums.



The museum features a reconstruction of the painted vault and bimah of the wooden Synagogue of Gwoździec; It was created by a team of experts and volunteers

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## SHARON HEAL

Is the director of the Museums Association (MA), a professional membership organisation that campaigns to promote the value of museums to society. She was previously the head of publications and events at the MA and the editor of Museums Journal, the association's monthly news and features magazine, and was also responsible for programming and managing the MA's annual conference. Sharon's background is in journalism, event creation and policy. She has lectured in journalism, the history of museums and museum ethics, and has judged prizes and awards. She regularly comments on museums and cultural policy in the UK.

## DOROTA KELLER-ZALEWSKA

Has been the deputy director of POLIN Museum of the History of Polish Jews since 2012. She is responsible for the fundraising and organisation of the museum, as well as for the technical, administrative and human resources division. In the years 2000-2011 she worked at the Adam Mickiewicz Institute, where she was coordinator of international cultural projects, head of the programming department and head of the planning and controlling department. In the years 2002-2006, Dorota was a city councillor of the Capital City of Warsaw. She graduated in German philology and international relations at the University of Warsaw and has a post-graduate diploma in management and marketing from the Warsaw School of Economics.

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Studied law and has worked in several positions in the field of cultural management, public-private partnership and public relations. Since 2011 he has held the position of head of the Ars Electronica Center and is also in charge of the science mediation strategy of the Ars Electronica Center at large. He has developed several projects and formats and specialises in the field of science communication, particularly for new and emerging sciences. On behalf of Ars Electronica he has developed several transnational projects and serves as a consultant for various museums worldwide.

## **JAN MERK**

Studied history in Freiburg, Berlin, Florence and St Petersburg. He has worked at the Historical Commission in Berlin, the Universities of Freiburg and Basel and on several transnational exhibition projects. In 2000 he became the director of the municipal museum in Mosbach, and in 2002 he was appointed director of the regional Markgräfler Museum Müllheim/Baden, where he is also head of the department for culture and tourism. Jan's research focuses on history and the arts in the southern Upper Rhine region. He works in several museums associations, historical societies and foundations. Since 2008 he has been a board member – and since 2014, president – of the museums association of Baden-Württemberg, which has more than 600 members.

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Is the secretary general of the Finnish Museums Association. Alongside his duties at the association, he is the managing director of FMA Creations Ltd, whose main product is the Museum Card, and the managing director of Chronicon Ltd, which is mainly concerned with history research and publications. He is currently a board member of ICOM's Committee of Management and Leadership (INTERCOM) and vice chairman and board member of the Culture for All Association. He holds an MBA from Wales University and a Master of Arts in history and political science from Tampere University. He has published several books and articles.

## **RICHARD NAYLOR**

Is director of research at BOP Consulting, a research and strategy consultancy company that works internationally in culture and the creative industries. Richard's expertise includes the social and economic impact of culture, statistics related to culture and the creative industries, and organisational change. Recent and ongoing work includes Character Matters, a study on the attitudes, behaviours and skills required by the UK museum workforce of the immediate future. He is also research director of the World Cities Culture Forum. Before working at BOP, Richard spent five years as a research associate at the Centre for Urban and Regional Development Studies in Newcastle, UK, and TNO-Inro in Delft, the Netherlands.



## **DRAGOȘ NEAMU**

Is the founder of the National Network of Romanian Museums and manager of the Romanian Night of Museums, a strong cultural brand connecting museums and cultural institutions in Romania. As founder and manager of the network, Dragoș has worked towards a holistic involvement in the development of the cultural policies and strategies, advisory boards and working groups of the Ministry of Culture. In 2012, he coordinated a working group aiming to cast a socio-economic analysis of the contribution of heritage and the cultural and creative industries to the national development for a governmental strategy proposal. In 2016, he was appointed counsellor of the Minister of Culture for museums and the creative and cultural sectors.

## **MARGHERITA SANI**

Works in the museum department of the Institute of Cultural Heritage of the Emilia-Romagna Region, Italy, where she is in charge of international projects. She has worked on the definition of museum standards and has developed training courses for museum staff. In the last 15 years she has also designed and managed several EU-funded projects, in particular on museum education, lifelong learning and intercultural dialogue, some of which have been identified as best practice by the European Commission. She is an active member of many professional museum associations and networks, among them NEMO, ICOM International, the European Museum Academy and the Museum Ed-AMECO network.

## **PIER LUIGI SACCO**

Is professor of cultural economics and deputy rector for international relations at IULM University, Milan, and visiting professor at Harvard University (spring 2016). His research is focused on the economy of culture in post-industrial times. His outlook is a curious mix of economic savvy and humanist reflection. Pier claims that investing in intangible goods must become a part of new economic policy and that this is a way to include art in the building of our prosperity. He has authored numerous publications on modern economics.

## **BJÖRN STENVERS**

Has worked as a marketing director in the Netherlands' cultural sector, including Amsterdam Public Libraries and Amsterdam Heritage Museums. In 2011, he set up the cluster group Amsterdam Heritage, a cooperation of all heritage museums and departments in Amsterdam. He became coordinator of the World Heritage Site of the Canal Ring in 2012 and set up the business foundation SAM in 2013, of which he is director. Sitting on the boards and commissions of various other institutes in the Netherlands, Björn provides marketing and business advice, and strategic planning. Internationally, he advises several ministries of culture on cooperation and is involved in several projects. He is board member of ICOM's International Committee for Marketing & PR.

## DAVID VUILLAUME

Has been director of the joint office of the Swiss Museums Association and ICOM Switzerland since 2006. He studied art history, museology and business administration, and gained extensive experience in project work at various museums and institutions. In addition, David is a member of the Foundation Board of the Swiss Museum Pass. NEMO elected him to the board in 2012 and since November 2014, he has headed NEMO in his function as chairman. In 2006, David was responsible for the first nationwide coordination of the International Museum Day in Switzerland. Furthermore, he was head of communications in a non-profit company for more than six years, where he was active throughout Switzerland.

## SIEBE WEIDE

Is the general director of the Netherlands Museums Association, which represents about 500 museums, as well as director of Stichting Museumkaart (Museum Pass). He has been a member of the board of the NEMO since 2008. From 2001-2006 Siebe was the director of the Association of Dutch Rock Venues and Festivals (Vereniging Nederlandse Poppodia en Festivals) and from 1995-2001 he was an advisor at the Ministry of Education, Culture and Science. He graduated in economics at the Erasmus University Rotterdam.

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