



FUTURE PROOF MUSEUMS



Image courtesy of Black Country Living Museum

Black Country Living Museum Business Model Case Study



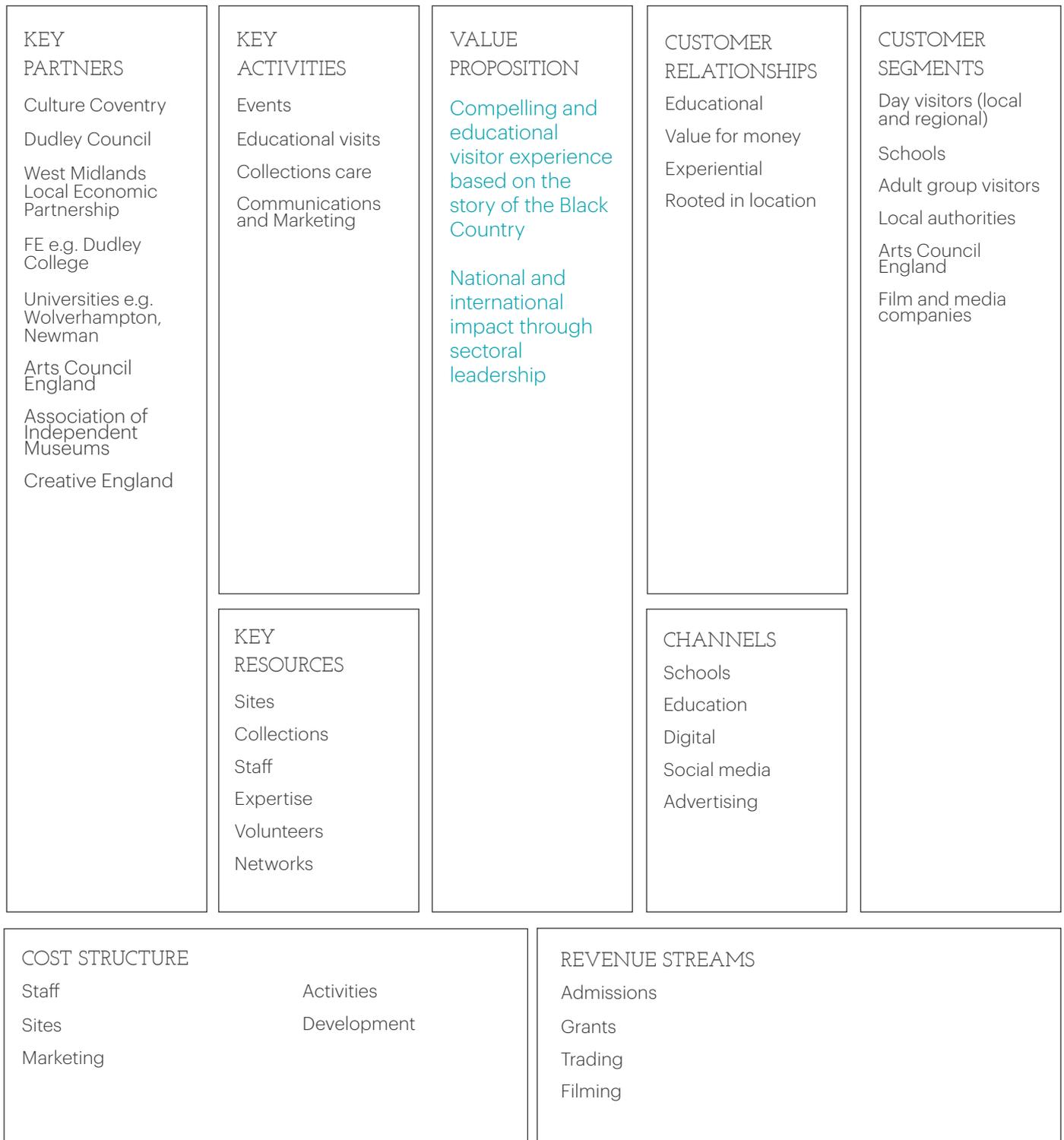
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Black Country Living
Museum is future
proofing the story of the
industrial landscape by
providing a compelling
and educational visitor
experience.

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Black Country Living Museum Business Model Canvas



Black Country Living Museum
is an open-air museum that
tells the story of arguably the
first industrial landscape in the
world.

Introducing Black Country Living Museum

Black Country Living Museum (BCLM) is an open-air museum and educational charity located in Dudley in the West Midlands. It tells the story of the Black Country and its importance as arguably the first industrial landscape in the world.

It sits on a 26-acre site in Dudley, near Birmingham, where a new 'place' has been created on formerly derelict land using a now designated collection of objects and archive material.

It has been an independent organisation since 1976 and is the UK's third most visited open-air museum.

Its entire collection has designated status and BCLM is a Major Partner Museum of Arts Council England, in partnership with Culture Coventry.

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The Business Model

The core of BCLM's business model is its Value Proposition. The visitor experience is central and intended to be more than simply diverting; it should be compelling and educational.

The quality of the visitor experience is core to the model as the Museum receives very little external funding. It consistently earns more than 90% of its revenue from admissions, trading and retail activity. Trading activity accounts for around one third of revenue income but this is reliant upon both visitor numbers and the quality of experience.

The Chief Executive of BCLM describes the direction he has taken the Museum in as moving 'from being known to being wanted'. This powerfully illustrates why the business model is driven mainly by the Value Proposition rather than by the Key Resources, although they remain vital and are central to the Museum's identity.

It also suggests the importance of Customer Relationships to this model. A dual focus on purpose and public benefit has helped connect performance

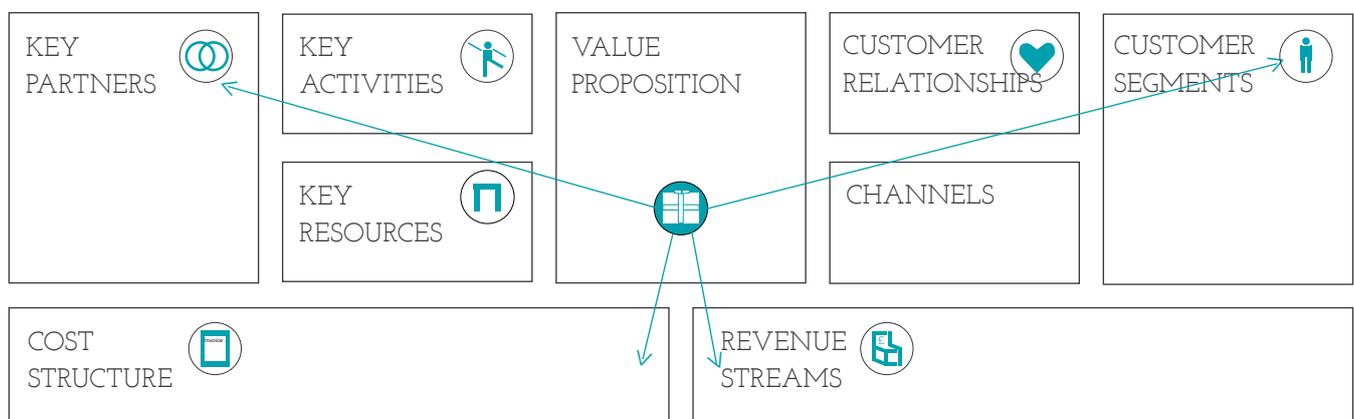
to the Value Proposition. The purpose - and much brand development in recent years to express this to potential customers and partners - has shifted from maintaining a repository of collections and building assets to the active use of material in partnership with visitors, researchers or other users.

The epicentre of innovation in the business model lies more in Value Proposition and the relationships the Museum generates than in the sites and collections it uses.

Achieving the desired relationship with visitors, and at a secondary level with funders and business users, drives the revenue streams.

It is in some ways a simple and classic model: satisfied customers who feel they are getting 'value' generate more visits but also greater secondary spend through trading and events. The relationships are rooted in experience, location and value for money but do not aim to be as 'co-creation' or 'co-creation' focused as some other business models.

The Core of Business Model Innovation



BCLM has an Offer-Driven model of innovation. Its determination to provide a compelling and educational experience drives its communications and relationships with customers as well as revenue from admissions and trading. Its commitment to national and international impact and sector leadership has sparked new partnerships and strengthened revenue from grants, while also requiring greater investment in staff and development.

BCLM receives less than 5% of its income from grants, which is seen as a real strength of the model.

Future Proofing

Visitor numbers have been rising steadily for a number of years, after having tended to decline since the 1990s. Some sensitivity to bad weather is, however, inevitable; as an open-air museum a poor summer can be difficult.

In 2014 there were 271,467 visitors, which was 13% higher than in 2013.

The largest of BCLM's Customer Segments is day visitors. The market is not tourism-driven so the organisation does not describe its value to stakeholders primarily on economic or visitor economy grounds. Instead it focuses on the positive difference the experience can give to people's lives.

BCLM does, however, include in its own 'Key Impact Measures' factors including museum spend in the regional economy, positive impact on regional tourist economy and capital investment in the region.

It is equally concerned with positive impact on external perceptions of the Black Country and regional pride, as well as having a positive impact on perceptions of museums and their value to society. It is also working to reduce the environmental impact of the Museum, measured by the 'carbon footprint' of each visitor.

75% of visitors are from within a 90-minute drive time, of which large proportions are from within 50 minutes. BCLM is arguably fortunate that this 90-minute drive time represents a total potential audience of 5.4 million people.

25% of visitors come as part of school visits. These school groups come from further afield than the typical day visitors. Recent changes to the history curriculums at Key Stage 1 and 2 provide some threats for industrial museums such as BCLM, as they no longer have the same emphasis on the Industrial Revolution. Although it is anticipated that there will be some reduction, the school visits market will remain a key part of BCLM's Customer Segments.

Value for money is a key element of the Customer Relationship, as BCLM is a paid entry museum that is

very reliant on income from admissions.

Entry to BCLM is charged, with 2015 prices up to £16.50 per adult and £47 for a family ticket. These prices allow entry for a full year. Some reductions are made for online sales, which form a growing proportion of ticket sales.

BCLM receives less than 5% of its income from grants, which is seen as a real strength of the model. Value for money strengthens relationships as well as income and creates reliable and relatively predictable income streams.

The Museum offers annual passes and membership schemes that offer extra services. It increasingly sees these as the first rungs on what might be called a 'giving ladder', which rises to philanthropic levels in some cases.

The need to maintain high standards also drives innovation and team performance. A great emphasis is placed on understanding visitor responses and experiences through visitor surveys and research. In the last year 99% of people who rated the Museum on Tripadvisor rated it as excellent or very good.

Marketing is described as now being 'astute rather than hopeful', informed by more audience insight and a greater segmentation of offers.

The programme - one of the most important Key Activities - now includes more ticketed events than previously. These are concentrated in the winter months, and around dates such as Christmas and Halloween. In September 2015 1,000 tickets for the Christmas events were sold on the first day of sales, with a sell-out total of 12,000 expected. This increase in events builds on relationships with existing visitors and responds to audience demands.

Other income streams have been developed in recent years, such as use of the museum as a location for film and television - especially in winter months. While the income is relatively small as yet (£56,000 in 2014), this use also enhances the visitor experience. For example, people reportedly like recognising sites from *Peaky Blinders*.

BCLM did not need a crisis to adapt; it saw that 'upping its game' in certain areas could lead to innovation.

What can we learn from BCLM?

BCLM is an example of an organisation that did not need a crisis to adapt; it saw that 'upping its game' in certain areas could lead to innovation and improvement.

The primary aspect of the Value Proposition - compelling and educational experiences for visitors - enhanced and was enhanced by better Customer Relationships.

The secondary aspect of the Value Proposition - national and international impact through sectoral leadership - drove an invigorated approach to working with Key Partners.

A key step in this was achieving Designation Status in 2011 for the whole of the collection. CEO Andrew Lovett describes this as a seminal moment in the Museum's history. As well as opening up new potential sources of funding, it gives the Museum a particular status nationally and enhances its appeal to visitors. It also increases the appeal to local people, who are proud to have an organisation of national importance within their community.

This has all been part of the organisation becoming less insular and more externally focused, establishing the Museum as a sector leader.

A conscious investment of staff time has been made into raising BCLM's profile within regional networks, including working with the West Midlands Local Economic Partnership and in the cultural sector. BCLM plays a lead role in the Museums & Resilient Leadership programme, with support from Arts Council England, which has positioned it as a sector leader. This has enabled the organisation to share skills and experience and has also been beneficial for staff development.

This strategy of 'upping the game' by developing staff went alongside changes to the management structures. Higher-level managers were introduced to provide greater strategic direction. Managers, and staff at other levels, were encouraged to visit exemplars nationally and internationally.

BCLM had a separate development trust some years ago but this was 'parked' and activity integrated into the management team to ensure it was a core part of

activity and not an 'add on'. A Director of Development and Fundraising was recruited for the first time and the team has now expanded to three people. This reflects an increased ability to raise funds from trusts and foundations as well as donors, although in 2014 on-site trading still generated more income than fundraising (£411,000 compared to £378,000).

The characteristics of staff are key to making this model work. The organisation has improved its recruitment process, stressing the importance of the personal specification, and introduced a comprehensive grading structure. The improved brand of BCLM - as a leader and a designated collection with fresh purpose - has also helped to make it a more attractive place to work and to attract excellent people. Salary levels for many positions have been increased to recognise the importance of decent reward packages.

The Cost Structure element of the BCLM business model has evolved to deliver the other aspects. There's a more heavyweight senior team and strengthened collection, education and development teams.

The way an organisation invests in staff can be a major factor in being able to achieve its purpose in keeping with its values. Diversity needs to develop, in both the workforce and in the stories found within the Museum experience. This can be challenging but is being addressed. This is important to the resilience of the business model, as both visitors and funders have increasing expectations in terms of how museums reflect diverse histories.

It is important to note that the BCLM business model sees no contradiction between its educational charitable purposes and its income streams - including the large proportion derived from paid entry. While aware of the sectoral debates around free entry, BCLM sees charging as a positive aspect of its model. Andrew Lovett considers charging a way of creating the value described in the model under Value Proposition. He sees it as an exchange within a relationship rather than simply as a transaction necessary to enable the operations of the Museum. Noting that there are inevitably cultural differences that emerge from 'free entry' business models, he sees 'value for money' as a key thing that BCLM must deliver, in each and every compelling and educational visitor experience.

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by this case study?

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