



REDESIGNING THE BUSINESS MODEL OF CULTURAL ORGANIZATIONS IN A TIME OF ECONOMIC CRISIS

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ENCATC Conference, Brussels, 5 July 2013.

OBJECTIVES

- To discuss:
 - a) **New business models opportunities for cultural organizations;**
 - No ready-made solution
 - Some guidelines to rethink a business model
 - b) **A paradigm shift in funding cultural organizations:**
 - Crowdfunding for artistic ventures.

Crisis

危机

Danger

Opportunity

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CUTS IN THE CULTURE BUDGET

Table 1: Culture budget cuts in Europe (*)

Country	Culture budget cuts (%)
Netherlands (2012)	-25.0
Spain (2007-2012)	-50.0
France (2013)	-4.5
Italy (2010-2012)	-30.0
UK (2012-2013/2013/2014)	-8.0
Greece (2010-2012)	-35.0

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(*) Figures are rough estimates reported in the media.

THE CULTURE BUDGET CUTS

Map 1: Cultural organizations hit by budget cuts in Europe.



Source: The Guardian, <http://www.guardian.co.uk/culture/interactive/2012/aug/03/europe-arts-cuts-culture-austerity>, after Google Map, 3 August 2012.

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REDESIGN THE BM



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A NEW BUSINESS MODEL

New?

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A NEW BM: TURNING OLD INTO NEW?



Source: www.wmagazine.com, Matt Collins, November 2007

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A NEW BM: CONTEMPORARY ART IN ANCIENT SETTING



Joana Vasconcelos, « Marilyn Monroe shoes », 2013, Ajuda Royal Palace, Lisbon

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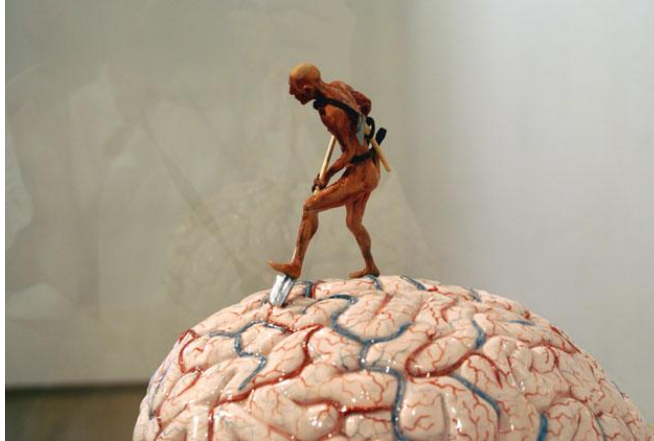
A NEW BM: A DISRUPTIVE INNOVATION?



Frank O. Gehry, Starwood Hotel, Marques de Riscal, Elciego, Spain

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REDESIGN A BM



Jan Fabre, « The brain, the sexiest part of the body », 2012.
Source: <http://www.gradivasoup.net/tag/jan-fabre/>

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WHAT IS A BUSINESS MODEL?

« A BM describes the rationale of how an organization creates, delivers, and captures value ».

A. Osterwalder & Y. Pigneur, (2010).

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Value ≠ Money

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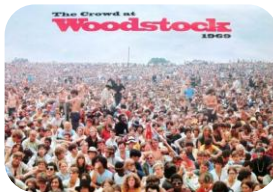
CREATING VALUE

Aesthetic



Bejart Ballet Lausanne,
The Rite of Spring, 2011

Social



Woodstock Music Festival
poster, 1969

Economic



Lifehack blog quoting Andy
Warhol



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Source: www.dancemagazine.com, www.shellyrusten.com, www.lifehack.org

CREATING, DELIVERING AND CAPTURING VALUE

Economic Value: Valuing the experience

Progression of Economic Value



Source: <http://urbaninteractives.nl/2012/09/urban-talks-na-vakantie-komt-waarom/progression-of-economic-value/#.Uc6gfo5V3IU>

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UNDERSTANDING THE VALUE CHAIN

E-books will usher in new activities and players in the publishing value chain

Existing publishing players



E-book activities



Players



Minor or no modifications in activity Major modifications in activity New activity

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Source: A.T. Kearney analysis

THE TOOL: THE BM CANVAS

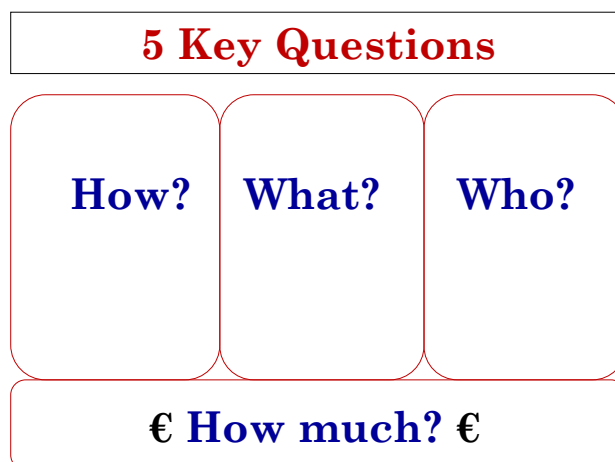
- A BM Canvas:

« **A shared language for describing, visualizing, assessing, and changing business models** »

- **5 Key questions**
- **9 Building blocks**
- **Show the logic** of how an organization intends to make money

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BUSINESS MODEL CANVAS



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BUSINESS MODEL CANVAS

9 Building Blocks



Source: after Osterwalder & Pigneur, www.businessmodelgeneration.com

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NEW BM IN THE BOOK PUBLISHING INDUSTRY: LULU.COM

The screenshot shows the Lulu.com homepage with the following elements:

- Header:** Lulu logo, search bar (All Products), Help, Log In, Sign Up, Basket.
- Navigation:** Publish, Print, Sell, Hire an Expert, Book shop, My Lulu, Forums.
- Main Banner:** "Storytellers welcome. Easily create top-quality books and calendars." Includes a "Learn more" button and "Celebrating 10 years and 2 million storytellers."
- Media Logos:** As seen on: The New York Times, EVERYDAY WIRE, Mashable, THE WALL STREET JOURNAL, iPhoto.
- Left Sidebar:** "Over 1 million authors have used Lulu.com." Includes a "Make your book" button.
- Right Sidebar:** "Lulu Publishing Services. Hire our experts in formatting, editing, cover design, marketing, and more." Includes a phone number (888) 265-2129 and an "Explore Paid Services" button.
- Footer:** "Follow us on the Lulu Blog or on any of these channels:" with icons for Twitter, Facebook, YouTube, LinkedIn, and Instagram.

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NEW BM IN THE BOOK PUBLISHING INDUSTRY: LULU.COM

- Lulu.com BM is:
 - **A multi-sided platform** that serves and connects authors and readers
 - **with a Long Tail** of user-generated niche content.
- Over **1.1 million authors from 200 countries** use Lulu.com self-service tools to publish and sell their books;
- Over **20,000 titles** are published per month;
- This BM works because books are **printed only in response to actual orders**.
- The failure of a particular title to sell is irrelevant to Lulu.com, because such **a failure incur no costs**.

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NEW BM IN THE BOOK PUBLISHING INDUSTRY : LULU.COM

KP	KA	VP	CR	CS
Payment	<ul style="list-style-type: none"> • Platform development • Logistics 	<ul style="list-style-type: none"> • Self-publishing services • Market place for niche content • Publishing & marketing services • Worldwide distribution 	Communities of interest	<ul style="list-style-type: none"> • Niche authors • Niche audiences
Professionals			Online Profile	
Getty Images	KR <ul style="list-style-type: none"> • Platform • Print-on-demand infrastructure 		CH LULU.com	
€C <ul style="list-style-type: none"> • Platform management & development 		€R <ul style="list-style-type: none"> • Sales commission (20%) • Publishing services fees • Paid à la carte services 		

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BUSINESS MODELS

A Building

An Organization

Structure

Flows



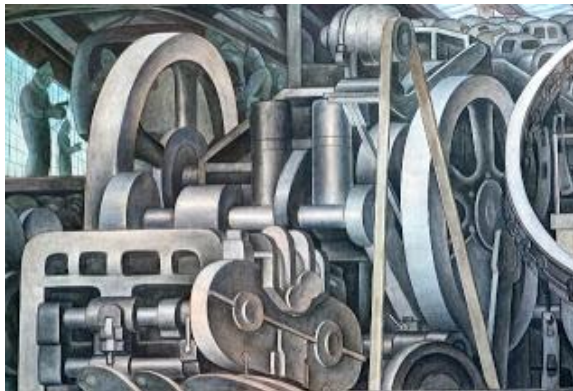
Statics

Dynamics

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BUSINESS MODELS

An organization is an engine...

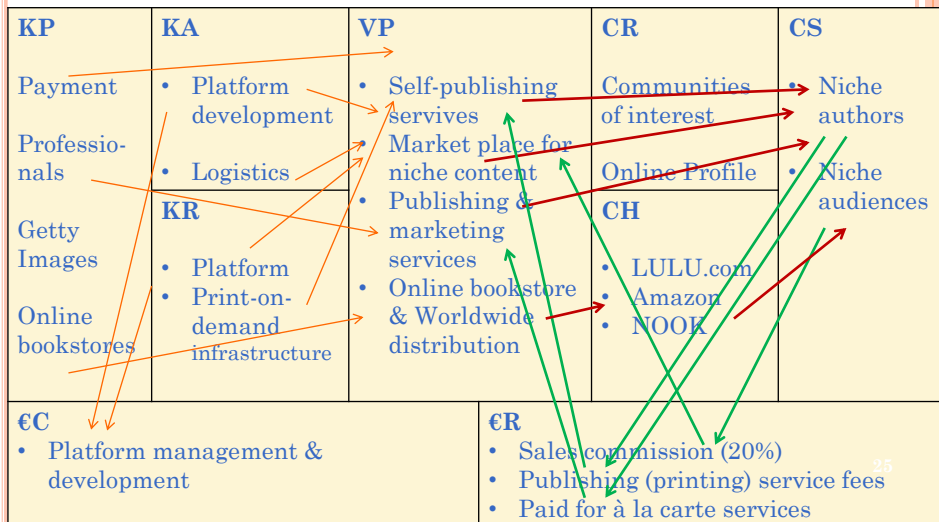


Diego Rivera, Fresco, Detroit Institute of Art.

All the pieces must fit together...

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NEW BM IN THE BOOK PUBLISHING INDUSTRY : LULU.COM



NEW BM IN THE BOOK PUBLISHING INDUSTRY

○ Key trends:

- **New diversity of roles and players:** e. g: an online bookseller develops an e-Book reader (e.g; Amazon Kindle); readers are writing and publishing their works themselves (i.e. becoming self-publishers);
- **Crowd funding and crowd sourcing phenomenon:** market research, financing and content creation are being placed in the hands of the end users, i.e. if the community likes an idea then it comes up with the money for it or helps with the writing of a new work;
- **Streaming content** via the Cloud instead of downloading it, and **unbundling and reaggregating content** as required, open the way to **licensing- and subscription-based BM.**

CROWD FUNDING CREATIVE PROJECTS

The Concept



CROWD FUNDING CREATIVE PROJECTS

MONEY FROM THE CROWD

brought to you by SeedingFactory.com sources (sept 2012) crowdsourcing.org kickstarter.com

CrowdFunding activity in the world

Canadian Top Funding

Castle Story (Video game)	\$700K
Pebble (Watch)	\$10M
Alpha (Watch)	\$320K

JOBS Act overview

- Timeline:** April 2012: Signed by Obama; January 2013: Goes into effect
- Rules for Start-Up:** Can sell up to \$1 M of stocks a year to unlimited investors.
- Rules for Investors:** <\$100K: max \$2000/year; >\$100K: max 10% of income

The JOBS Act signed by the US is a strong driver

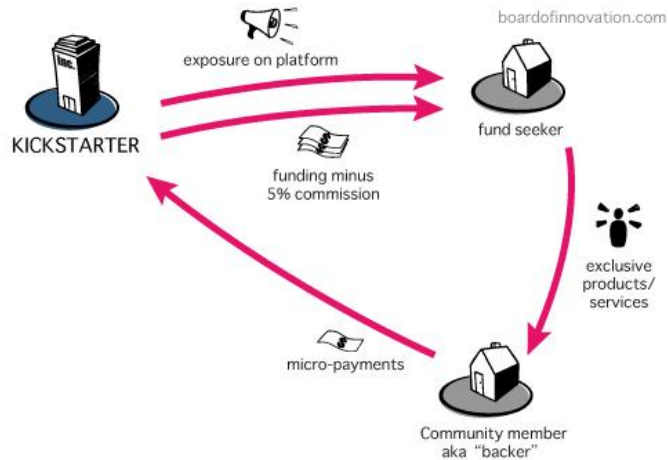
Equity-based model is the less common but most promising one. +300% growth in 2012

3 Crowdfunding Models: DONATION OF REWARD (71%), LENDING (15%), EQUITY (14%)

Platform Examples: KICKSTARTER USA, indiegogo USA, KIVA USA, PROSPER USA, crowdcube UK, WISEED France

Source: <http://www.crowdsourcing.org>

CROWD FUNDING CREATIVE PROJECTS - NEW BM: KICKSTARTER.COM



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CROWD FUNDING CREATIVE PROJECTS - NEW BM: KICKSTARTER.COM (JULY 2013)

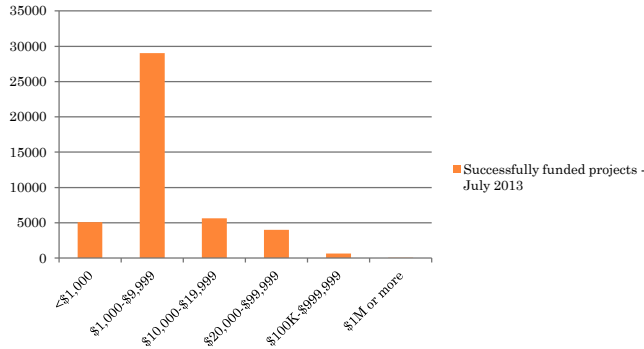
Categories	Launched	Successful	Amount pledged (\$M)	Success rate (%)
All	105,124	44,463	594	44
Art	9,482	4,477	22	49
Comics	2,747	1,265	17	48
Dance	1,384	961	4	71
Design	4,493	1,618	76	39
Fashion	3,656	993	15	29
Film & Video	27,498	10,592	124	40
Food	3,869	1,524	19	41
Games	5,856	1,914	134	35
Music	23,096	12,329	74	55
Photography	3,306	1,171	9	37
Publishing	12,413	3,817	27	32
Technology	2,503	805	59	34
Theater	4,821	2,997	15	64

Source: Data from Kickstarter.com, 4 July 2013

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CROWD FUNDING CREATIVE PROJECTS - NEW BM: KICKSTARTER.COM

Successfully funded projects - July 2013



Source: Data from Kickstarter.com, 4 July 2013

CROWD FUNDING CREATIVE PROJECTS – NEW BM: KISSKISSBANKBANK.COM (FRANCE)

The screenshot shows the KissKissBankBank.com website. At the top, there is a navigation bar with the logo, a search bar, and links for 'Discover The projects' and 'Launch Your project'. Below the navigation is a main banner for 'LAUNCHING People' with the text 'SAMSUNG VOUS AIDE À RÉALISER VOTRE PROJET!' and a 'DÉPOSEZ VOTRE PROJET' button. Below the banner is a section titled 'Our selection' featuring four project cards: 'I COME FROM POP' (110% funded), 'DAGO CASSANDRA - The Movie' (40% funded), 'Caravane- Paris-Damas/ Tokyo - a dialogue in game' (50% funded), and '200 PAGES ZERO PUB' (15% funded). Each card shows the project title, creator, funding progress bar, and amount raised.



CONCLUSION

« There's not a single business model...

There are really a lot of opportunities and a lot of options and we just have to discover all of them »

Tim O'Reilly, CEO, O'Reilly

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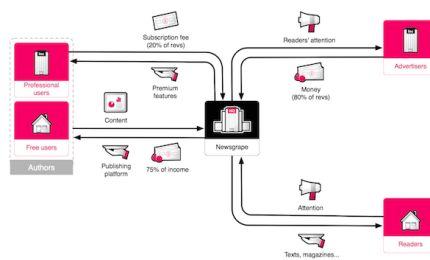
CONCLUSION

This is not an apple...



René Magritte, 1964

This is not a BM...



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Any Question?

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Thank you for your attention

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