

Ideas

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# Ideas to spark your future business model

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A flexible tool to inspire  
new business models for the  
arts and cultural sector.

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# Canvas

## A flexible tool to inspire new business models for the arts

A couple of years ago I started using [Strategyzer.com](#)'s Business Model Canvas at the Arts Marketing Association (AMA). It helped shape and inform our future ambitions as a small but rapidly growing organisation.

One thing I love about the canvas is the way it enables us to be more creative and collaborative in reviewing our future direction.

I spent several days playing with ideas and sketching out potential business model adaptations on scraps of paper. I threw some away and used others to inspire new ideas. I then used simple sketches of potential models to spark further discussion at Senior Management

Team meetings before testing a couple of ideas with board, staff and members.

You would never do that with a business plan that you'd spent hours, days or even months writing. Nobody writes a whole business plan and then throws it away and starts again because it doesn't quite work.

With the canvas you can explore many options and new ideas. It gives you the chance to create viable alternatives. Business plans are usually outdated by the time they are signed off but business models remain a relevant guide and a model for action.

## How the canvas works

If you want to know more about the canvas and how you might use it yourself, please see:

[Introducing the Business Model Canvas on CultureHive](#) or explore [www.a-m-a-resilience.co.uk](http://www.a-m-a-resilience.co.uk)  
The Business Model Canvas originates from [Strategyzer.com](#), featured in the book...

### Business Model Generation

Written by: Alexander Osterwalder & Yves Pigneur

Co-created by: An amazing crowd of 470 practitioners from 45 countries

‘Is your model financially viable, creating a resilient future for your organisation?’

# Reviewing your current model

If you’re already familiar with the canvas and have a rough idea of your current model then the next stage is to review its strengths and weaknesses. Consider how you might start to transform it or create a new model to more effectively drive your vision and purpose.

Does your model provide the right conditions for you to produce great work?

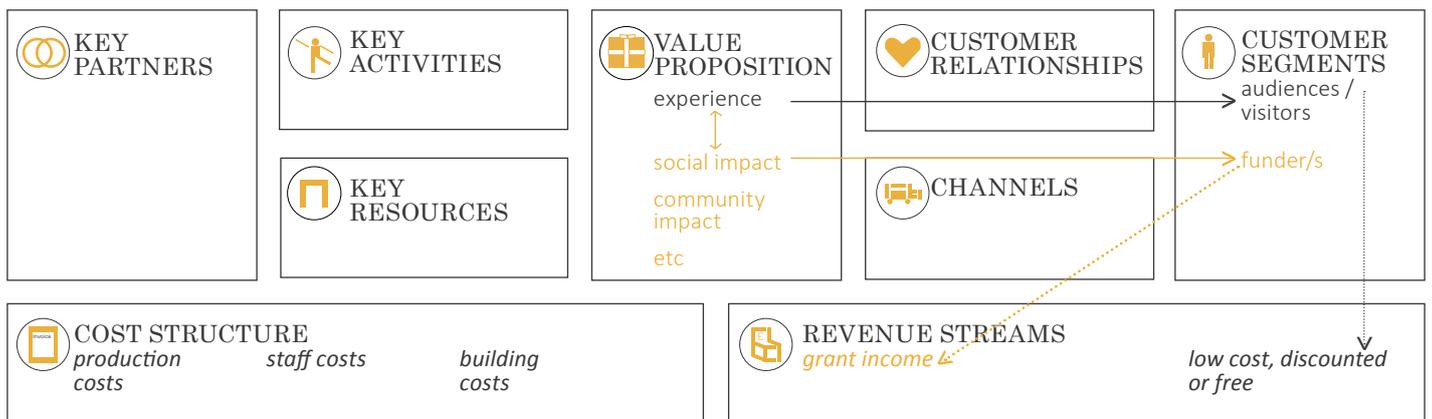
Does your Value Proposition inspire and engage many people? Are you relevant and essential to them?

Do you have the skills, assets and resources needed to bring your model to life and ensure that it is feasible to deliver your vision and purpose?

Is your model financially viable, creating a resilient future for your organisation?

‘Cuts in funding are forcing many organisations to consider how to adapt this model.’

# A familiar model



Based on the Business Model Canvas by [Strategyzer.com](http://Strategyzer.com)

Many arts and cultural organisations currently have a multi-sided model that looks like the canvas above. There are key audiences or visitors that we're targeting and we seek to deliver artistic or cultural experiences that are of great value to that group. This is often at relatively low cost or possibly even free.

Without other income the cost structure for the Key Activities and Key Resources would be a lot greater than the income from visitors and the business model wouldn't work. We therefore have at least one other customer - a funder such as an arts council, local authority or other body - who provides income. This could be a grant in exchange for a Value Proposition that helps them fulfil their objectives, which might be social or educational. This second Value Proposition and source of income subsidises or pays for the costs needed to deliver the first Value Proposition.

The two customer groups are interdependent. The more successful you are at attracting one of these groups, the easier it will be to attract more of the other customer group. The more audiences you get for example, the more impact you have for society and the more funders want to support you and vice-versa.

Cuts in funding are forcing many organisations to consider how to adapt this model to remain relevant in the future.

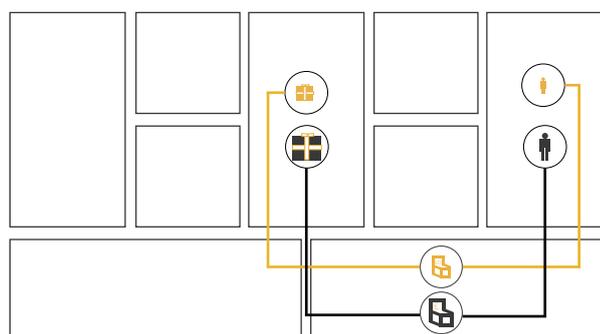
What would happen if your core income was cut back or even removed? For many the business model would no longer be viable.

What might the alternatives look like?

# Alternatives to spark your thinking

Inspired by models typically seen in very different sectors

## Freemium model



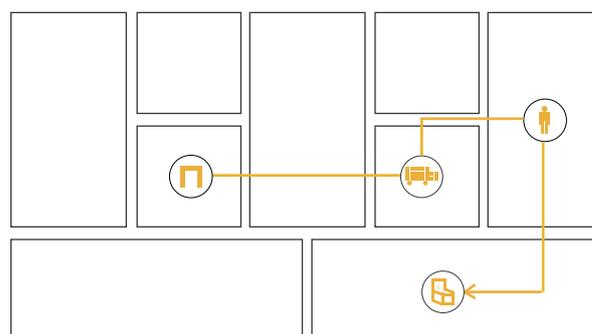
[Strategyzer.com](http://Strategyzer.com)

The Freemium model is where you give away a basic offer for free and charge for a premium version of the service. Many online businesses use this approach. The key is for the basic delivery to be as automated and scalable as possible to ensure large numbers of people can access it at low cost to the company.

A key asset will be the software to gather data from those signing up to the free version so that you can encourage them to consider the premium (paid for) service. The premium offer needs to provide great added value and something that is hugely desirable to the target market. This is therefore likely to involve a more personal service and connection.

Is there an online offer in your organisation that audiences can experience for free or low cost on a regular basis and then a premium service where they are more involved in the production in person?

## Extending the model



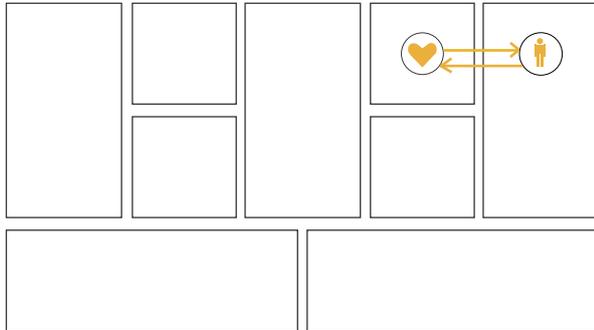
[Strategyzer.com](http://Strategyzer.com)

Most cultural organisations are rich in assets such as stunning venues and amazing art work. They spend a lot of time and creative energy developing new work but collections lie in storage, productions have limited runs and buildings have limited capacity.

How might we extend the reach of our work in new ways to generate ongoing income and to support our vision, reaching and engaging more people? Might there be mileage in licensing models where intellectual property is licensed to others for use? What might this look like?

Could digital technology offer new ways to extend the lifespan and increase income to support your work? Explore results of [NESTA's R&D fund for the arts](#), which sought to support ideas that use digital technology to build new business models and enhance audience reach.

## Switching costs model



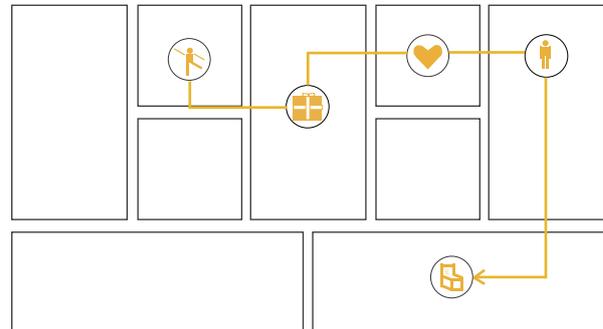
[Strategyzer.com](http://Strategyzer.com)

Can you create opportunities to secure audience/visitor loyalty and generate repeat visits?

Apple did exactly this with the launch of the iPod - the Value Proposition being to have 'a million tunes in your pocket'. The customer purchases the technology that can deliver this proposition for a one-off fee. The only music that works on it is that purchased via iTunes, which you create an account for. You are then far less likely to purchase music elsewhere because 'switching' to another platform would mean you can't have the music on the iPod you invested in. You therefore keep paying for music via iTunes.

Is there a similar model that could be created within the arts sector without losing sight of your vision and brand?

## Leveraging skillsets model



[Strategyzer.com](http://Strategyzer.com)

Most cultural organisations are rich in talent. What talent, skills and knowledge exists in your organisation that could be offered to other organisations to generate new income streams while also further delivering on your own vision?

Do you have specialisms - digital, artistic, community engagement etc - that other arts organisations could benefit from? How might these both generate income for you and drive forward your vision and purpose?

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## Business Model Case Studies

The AMA is developing a suite of Business Model Case Studies for [www.culturehive.co.uk](http://www.culturehive.co.uk) to provide a platform for knowledge exchange and to inspire new thinking across the sector. If you are using any of these models or other innovative approaches and would be happy to share what you've learnt / are learning please contact our Associate Editor, Sara Lock.

Email: [sara@a-m-a.co.uk](mailto:sara@a-m-a.co.uk)

‘Do those different models all support and enable your vision and core purpose?’

# Adding revenue streams

Many arts and cultural organisations have quite complex approaches to business modelling; they effectively have multiple business models in play. This is a perfectly valid approach and one that I have introduced in the AMA.

For many there is a two-sided model of audience and funder with interdependent Value Propositions. In addition to that there is a standard sales model via commercial income from the cafe and from retail opportunities. There may also be a subscription model for the membership or friends scheme. In this way, arts and cultural organisations often have much more complex models than many of those working in the commercial sectors.

The key question to ask is do those different models all support and enable your vision and core purpose?

A resilient business model is not necessarily created by moving the numbers around in a budget or by adding more and more complexity. Sometimes a more radical transformation of the model is required to ensure that it is resilient, desirable, feasible and financially viable.

‘Truly great organisations... evolve or innovate while their current model is still successful.’

# Don't fall in love with your first idea

In the AMA's Future Proof Museums programme we share a number of different ideation techniques to help participants to come up with new business model ideas. We talk through how to prototype and test out these different ideas before selecting a future approach.

Many of us spend so much time and effort managing the existing plan that we miss a major opportunity or real need to change, innovate and shape a new direction. We need to become more like designers, scientists and architects, developing sketches before we commit to any one particular direction or spend money on a new plan.

Truly great organisations stay true to their vision of how they make a difference to the world, while continuously scanning the environment for new opportunities. They evolve or innovate while their current model is still successful.

Once you get good at sketching out different business model ideas you can then move to prototyping and testing their validity and selecting the most appropriate route forwards. For now, start by exploring the options and let us know how you get on.

