



FUTURE PROOF MUSEUMS

Beamish Business Model Case Study



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Beamish's business model is driven by a clear set of Value Propositions that are attractive to visitors, local government, tourism bodies and funders.

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Beamish Business Model Canvas



In 2014 - 2015 Beamish attracted 655,000 visitors and a turnover of £9.5 million.

Introducing Beamish

Beamish, 'the living museum of the North', is located in Stanley, County Durham.

Beginning with a collection of 'everyday objects' developed by Durham County Council from 1958, it opened as an open air museum in 1970.

It is a registered charity and a company limited by guarantee, with an associated Development Trust and Trading Subsidiary. Beamish Museum Limited was incorporated in 2006. The charity was formed in 2006 to manage and operate the running of Beamish Museum. It was previously undertaken by the Beamish Joint Committee - an organisation made up of a number of local authorities in the North of England.

The open air museum now includes a reconstructed 1900s town, 1940s farm, and a 1900 colliery including pit, tramway and pit village. A 1950s area is being developed.

Beamish has a large collection of heritage assets including many photographs, oral history recordings, books and trade catalogues. The catalogues are being digitised and made available via the 'People's Collection' web portal.

In 2014 - 2015 Beamish attracted 655,000 visitors and a turnover of £9.5 million. It employs 375 people.

Beamish is a Major Partner Museum supported by Arts Council England, leading a consortium of museums in Durham including The Bowes Museum.

The Business Model

The Beamish Business Model is driven by its Value Proposition. This has always influenced the development of resources in the shape of the collection. Originally the collection policy was summed up as 'if you donate it, we will collect it'. The proposition is about the connection between visitors and the story of the North of England, creating relevance, wellbeing and education for visitors. It also creates regional identity, community memory and economic benefits for other stakeholders.

Innovation has been driven from the value of the offer - adding new attractions over time, such as the 1950s development currently in progress.

Beamish is a paid entry museum. Tickets allowing unlimited entry for a year cost £48 for a family of four. The diversity of the audience is similar to that of free entry museums in North East England, with around 50% in the C2DE social groups.

For low-income families the Beamish experience aims to deliver value for money and a two-way exchange based on commitment and connection to the heritage experience on offer.

The Value Proposition around shared experiences and emotional connect is core to the visitor Customer Segments and hence to the financial success of the model. The proposition is made real through activities that attract high levels of satisfied visitors who then spend money on catering and retail. It is also delivered through the relationships created with these customers.

Customer Relationships shape the activities and partnerships and drive the revenue income of the business model. They relate closely to the values of Beamish as an organisation and to the kinds of experiences they want visitors to have. The Customer

Relationships are therefore built around the kind of emotional connection and dialogue that immersive participatory experiences and relationships can create.

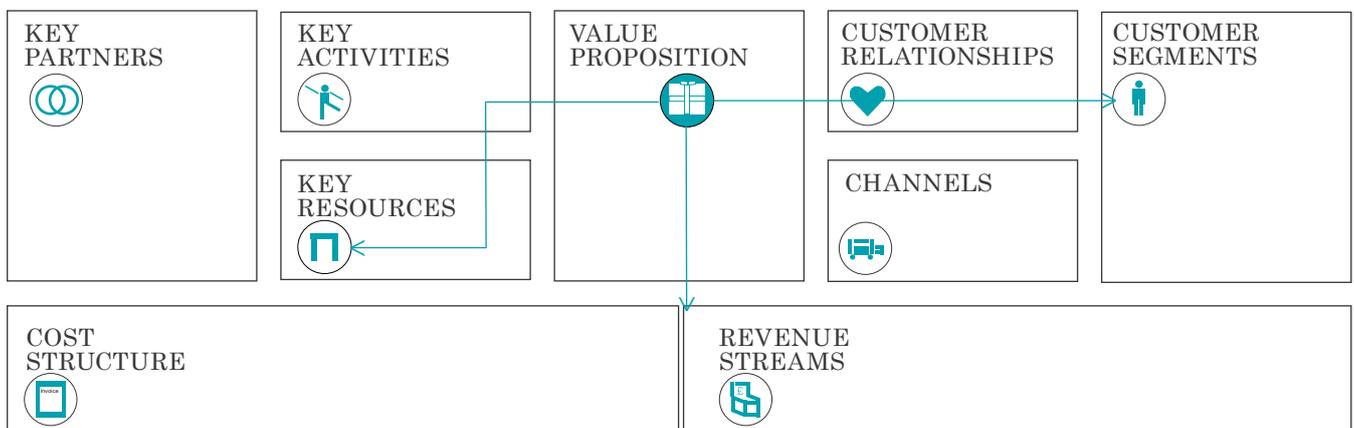
The Customer Relationships are far from transactional, simply diverting or entertaining. Beamish aims to create connections to individuals by being empathetic to its visitors and by encouraging them to be empathetic to each other and to the historical experiences depicted in the museum.

These relationships and the emotional connection and relevance they nurture form the heart of the Value Proposition to visitors, funders and partners alike. This in turn creates a substantial economic and employment value for Beamish. There have been substantial increases in revenue generated by catering and retail offers, with visitor numbers in 2013 - 2014 up by 19% on the previous year, and income from trading up by 16%.

Following independence from the Joint Committee, governance has evolved to keep partners involved but separate from the funding and running of the museum. Director Richard Evans argues that this has allowed for a more 'adult to adult' relationship to develop based on trust, support and alignment of agendas rather than any form of 'service level agreement'.

Local authorities are still key partners in the museum. For example, they have supported Beamish by providing a guarantee for match funding for the Stage 1 application to Heritage Lottery Fund for the planned redevelopment. This was hugely helpful and is possible because of the way the Value Proposition of Beamish connects to local authority interests in education, health, older people and the local economy.

The Core of Business Model Innovation



Based on the Business Model Canvas by Strategyzer.com

The Beamish Business Model is driven by its Value Proposition, which influences the development of Key Resources. The Value Proposition around shared experiences and emotional connect is core to developing relationships with Customer Segments and therefore essential to the financial success of the model.

Less than 10% of income comes from grants or donations. The core of Beamish is self-sufficient from income generated from visits.

The model in practice

Beamish is unusual in having a twelve-year business plan, which is updated every eight to nine months. This is rooted in an in-depth understanding of customers and their behaviours and motivations for engaging with the museum. Much of this understanding is driven by data derived from around 2,500 visitor surveys per year.

This long-term planning began in 2009 and was at first about stabilisation.

From 2013 however it has turned to long-term and financial planning for capital development. This is designed to respond to customer needs, as well as the opportunities to preserve the heritage of the North of England and create opportunities for people to connect to it. The centre of this long-term plan is major capital and business development supported by Heritage Lottery Fund, Durham County Council and others. This includes the creation of a new 1950s area within the open air museum.

Less than 10% of income comes from grants or donations and this is not directed at core costs. The core of Beamish is self-sufficient from income generated from visits.

Many earned income streams are designed to be integral to the visitor experience rather than 'added on'. The fish and chip shop and bakery, for instance, are not simply about catering. They are about encouraging a more resonant emotional connection to the history depicted. As a result, they attract more purchases and ultimately revenue income. This appears to have been a successful strategy as income has increased in recent years.

Education and work around health and wellbeing, such as recent dementia-friendly projects, are also built into the core.

There has been substantial growth in all areas of the business as visitor numbers have grown from 380,000 in 2009 - 2010 to 655,000 in 2014 - 2015.

Income from admissions has gone down slightly as a proportion of total turnover but has increased in volume by more than £1 million since 2010, reducing Beamish's exposure to a dip in visitor numbers.

The biggest growth areas have been in food and drink. Catering is delivered in house, which provides a greater degree of control. This is significant because Beamish's model sees it as integral to the visitor experience and thus to the Value Proposition.

When considering Customer Segments, Beamish focuses more on behaviours and motivations than on demographics such as localness, gender or ethnicity. Key Customer Segments are families and people of all ages who are motivated by social interaction, intergenerational activity and having fun.

Around 1/3 of the visitors in any year are coming for the first time. 1/3 are previous visitors that had 'lapsed'. The final 1/3 are repeat visitors.

50% of visits are the result of personal recommendation from family or friends. This focus means advertising is reducing in importance as a channel to customers and networks, and social media and word of mouth are increasingly central.

Around half of visitors are classified as local, with the other half being tourist visitors to the North East. Of these tourist visitors half say they would not have come to the region if it were not for Beamish. That equates to around 150,000 people and a significant addition to regional tourism.

Volunteers form an important part of the workforce. They are used to add value to the visitor experience rather than for core roles.

Staffing has increased significantly in terms of numbers in recent years, from 220 to 375 people, with increases across all areas of staffing. The proportion of total expenditure dedicated to staff has, however, reduced from a high of 79% to around 65%.

Volunteers form an important part of the workforce. They are used to add value to the visitor experience rather than for core roles.

The staff structure is extremely flat in terms of hierarchy and has been designed to avoid silos where possible. This brings museums and commercial expertise together rather than separating them out into different departments. Richard Evans says it is then more possible for people to work together with the same sensitivity towards the heritage assets and visitor experience, unified by the same purpose. Curatorial techniques, animation of spaces, education, retail and catering are all unified in the engagement of visitors.

Flatter structures do, however, get harder to maintain as staffing grows. Opportunities for progression are identified, not always tied to increased line management responsibility as they can be in more hierarchical structures. Instead people can take on broader responsibilities within their area of specialism or strength.

Events form a small but expanding part of the programme, with special events planned for family markets at times such as Halloween, Bonfire Night and Christmas. Beamish is seeking to build on the core 'Beamish experience' by offering different types of experience, branded as 'traditional experiences'. They diversify income streams by offering 'premium' access to activities such as driving a steam engine, tram or carriage.

These are particularly targeted at groups of adults and hobby groups. This makes additional use of the resources held within the Museum as well as generating income.

Beamish sits in an area with few other cultural organisations of scale, or indeed few employers of the size of Beamish. It therefore has a high value economically and socially. From its founding Beamish has been important to the North East region symbolically and culturally but has had to balance this with the day-to-day running of a major open air museum.

In recent years part of the model has been to more explicitly add value to County Durham, North East and national networks and partnerships by sharing expertise and capacity. Examples include leading the 'East Durham Creates' consortium, which attracted Arts Council England 'Creative People and Places' funding to the area. It is also active in the Association of Independent Museums' work on resilience. Beamish also successfully tendered to run a massive consultation on a fifteen year vision for culture in North East England for the North East Cultural Partnership. The ability to do this relates back to the way in which the Value Proposition is delivered and Beamish's role in 'telling the story of the North of England'.

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