



# FUTURE PROOF MUSEUMS



Image courtesy of Santa Cruz Museum of Art & History

## Santa Cruz Museum of Art & History Business Model Case Study



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Santa Cruz Museum of Art & History turned financial crisis into positive change by harnessing the energy of its community.

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# Santa Cruz Museum of Art & History

## Business Model Canvas



Santa Cruz Museum of Art & History is an example of an organisation that transformed its business model in response to a crisis.

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## Introducing Santa Cruz Museum of Art & History

Santa Cruz Museum of Art & History is an example of an organisation that transformed its business model in response to a crisis.

A loss of community relevance had gradually emerged. The 2008 financial crisis led to a drastic halving of revenue income. The organisation came close to having to cease operations.

The board of trustees worked with other local people to develop a new vision and appointed Nina Simon as Chief Executive to work towards this new vision.

The crisis moment, and in particular the financial aspect, accelerated the adoption of this revised purpose. The need to reduce staffing meant that staffing could be focused on areas most central to the new vision and model. As finances improved, capacity was built in the new direction board members changed early on in the process.

MAH's new business model is driven by the community, the relationship the Museum can build with them, and the uses people put the museum to.

# The Business Model

MAH's mission now is 'to ignite shared experiences and unexpected connections.' This mission informs the new business model for MAH, which is driven by the community, the relationships the Museum can build with them, and the uses local people put the museum to.

MAH is now conceived as there to create a stronger and more connected community in Santa Cruz. Visitor numbers have tripled and income has improved hugely.

The business model is now explicitly driven by the relationships the museum creates with its local community. Innovation within the model in terms of Revenue, Key Activities and Key Partners for instance are 'customer-driven' - although MAH would be more likely to describe this as 'community-driven'.

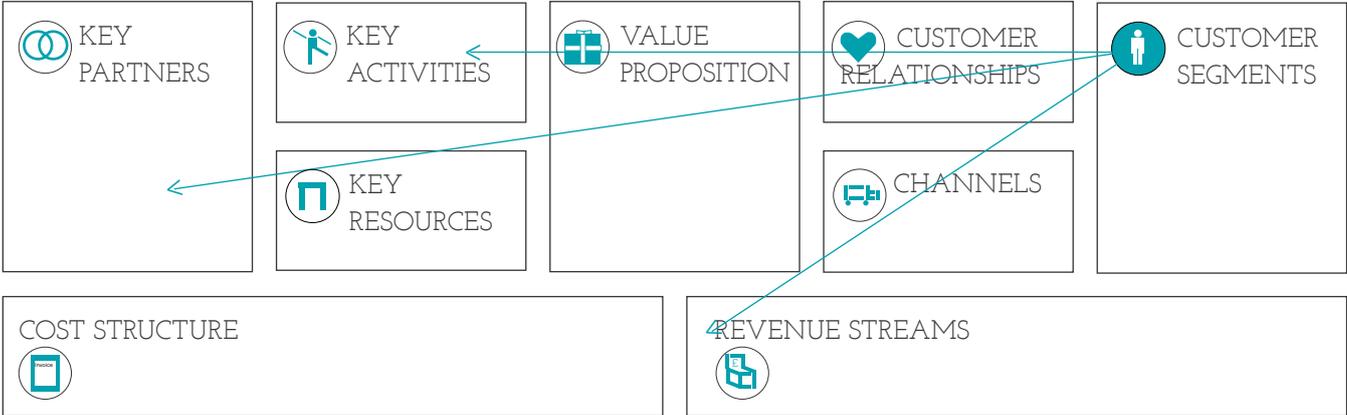
The primary customer segments (groups, visitors, schools) are local, although MAH attracts national funder interest. Despite its location, MAH consciously chooses not to target the tourist market. It would be too costly in marketing terms to attract large numbers of tourist visitors. The local community-focus also serves partners such as the County government well. Tourist-focused activity would fit neither the mission nor the business model.

Co-creation and community-led use of museum assets - including the collection, buildings, facilities and staff expertise - are central to the business model. This has led to more sustainable revenue income streams and increases in contributions from committed local individuals, including business leaders.

In keeping with the co-creation model, 'business donations' are generally inspired by individual excitement at the work of the Museum rather than corporate interests and often come from non-traditional museum donors. MAH does not 'name' galleries or spaces, although donations are acknowledged in the building. Many donors come from the nearby Silicon Valley tech community. These tend to be younger than traditional museum donors. They are often both demanding in terms of scrutiny before a gift is made and flexible about its use afterwards.

Revenue income through grants has also increased as MAH has positioned itself as an innovator in museums practice. MAH is, however, conscious that funder priorities tend to change over time and this may be an aspect that evolves as MAH moves out of a growth phase into maturity or consolidation of this model.

## The Core of Business Model Innovation



Customer Segments are at the core of MAH's business model innovation. Rather than changing Key Activities to develop new Customer Segments, MAH's approach puts co-creation and community-led use of museum assets first. This approach has opened up new partnerships and led to more sustainable Revenue Streams as well as a shift in programming.

Staff must be more focused on their role as space-makers for others, rather than as purely subject 'experts'. They must become 'master facilitators of a big tent'.

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## The Business Model in Practice

An explicit theory of change is part of MAH's 2014-2016 Strategy that guides Key Activities and Key Partnerships. It describes making the museum a welcoming gathering place where people can come together to help spark, share and preserve stories and ideas.

This leads to stronger bonds between people who know each other (such as families or groups). It builds what is sometimes called 'bridging social capital' between people who don't know each other and across differences of all kinds. It makes individuals feel empowered, leading to a stronger and more connected community.

This draws on ideas of 'social capital' developed by people such as Robert Putnam, ideas that help shape the programme content that has changed as the model has changed. Without changes in programming approach, changes to Value Proposition to the community would be rhetorical rather than actual.

What Putnam calls 'bonding' tends to happen naturally at MAH when friends or family come together. The museum does not therefore promote events targeted at particular groups such as 'teen nights' or 'Black History Month'. It tends instead to create 'de-targeted' events that bring together people who are very different from each other. This encourages what Putnam calls 'bridging' in social capital terms. People - whether museum staff, artists or 'visitors' - are encouraged to work at the edge of different practices. This leads to unusual mixtures - taxidermists at the craft night, for instance, working with textile artists.

MAH's reflection on its own performance increasingly focuses on testing these areas, rather than more traditional 'audience satisfaction' indicators. So visitors will be asked whether they encountered content or ideas that were new to them and whether they had a meaningful interaction with a stranger. Collaborators in events and projects such as the bi-monthly meetings of 42 creative leaders in Santa Cruz will be asked if their experience leads to new projects. There are some signs that this approach is also leading to more social activism amongst MAH collaborators.

This is also reflected directly in the Museum and how it is programmed and curated. In restoring the permanent history collection with the theme that people make history themselves, a conscious decision was taken to avoid the use of the 'passive voice' on the display labels. This emphasises the empowerment at the heart of MAH's model and theory of change. Someone or some group of people does everything, rather than it being done or somehow coming to pass due to larger forces. Similarly, events stem from collaboration. At one of the twice monthly 'Friday Festivals' there are likely to be 500 visitors, 100 collaborators and 4 staff. These events have been central to MAH tripling the number of people who visit or engage with it over the last 4 years.

This approach has particular requirements of staff and board members. Board members have had to be skilled at critical engagement to progress this vision and model. Staff must be more focused on their role as space-makers for others, rather than as purely subject 'experts'. Nina Simon describes this as them becoming 'master facilitators of a big tent'.

Having been through a turnaround, MAH is continuing to develop in ways that enable ever-greater collaboration with the community.

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## What does the future hold for MAH?

Having been through a turnaround, MAH is continuing to develop in ways that enable ever-greater collaboration with the community.

They have worked with community leaders from the County, the City, the business sector, social services, the arts, and community organisations to develop a mixed-use plan for the Abbott Square (a public plaza next to the Museum).

This will physically extend the 'welcome gathering place for shared experiences and unexpected connections', enabling a wider range of activity and creating new aspects to the community hub MAH has become. It is expected to increase footfall around MAH tenfold, which will have positive effects on the Museum's ability to work with the community.

This is stimulating discussion around potentially moving to free entry in the future. Although admission fees form only a small part of the financial aspects to the business model, there is some relationship to membership. Membership is both more substantial and more in-keeping with the Value Proposition in that it reflects and encourages an ongoing relationship and repeat use of the Museum. MAH would need to be clear moving to free entry would not affect that sharing and connectivity at the heart of the business model negatively.

MAH's model also acknowledges that the community can collaborate with it outside of the Museum and Abbott Square. MAH is expanding its work beyond its base to community settings. It has created the Pop Up Museum, a flexible format for a temporary exhibition created by anyone anywhere.

The Pop Up Museum enables MAH to have a presence in many locations throughout Santa Cruz with minimal cost and maximum community participation. A new staff member has been taken on to lead this area of work but community engagement is seen as a driver of income rather than a pure cost.

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