

Southbank Centre Business Model Case Study

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combined artistic and
commercial entrepreneurship
to diversify audiences and
income streams.

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Southbank Centre Business Model Canvas



Southbank Centre is one of the largest arts organisations in the UK. It has an annual turnover of more than £40 million.

Introducing Southbank Centre

Southbank Centre is one of the largest arts organisations in the UK. It has an annual turnover of more than £40 million and 470 full and part-time staff. It attracts more than 30 million visits a year to its London base and sells over 1 million tickets for performances, exhibitions and events.

It is a registered charitable trust with a single corporate trustee, Southbank Centre Limited.

The organisation has its origins in the 1951 Festival of Britain and the creation of the Royal Festival Hall, and subsequently other concert hall and gallery spaces. Organisationally it has a rich pre-history, including elements managed directly by Arts Council and the former Great London Council.

The current company was formed in 1988, after the abolition of the Greater London Council, to run what had evolved into a set of major concert halls, galleries and collections.

Southbank Centre manages Royal Festival Hall, Hayward Gallery, Queen Elizabeth Hall and Purcell Room, as well as Saison Poetry Library, the Arts Council Collection and Hayward Touring Exhibitions on behalf of Arts Council England.

It has a long-term lease on a 21-acre site next to the Thames in London. Southbank Centre Limited has two wholly owned subsidiaries, which it holds on behalf of Southbank Centre.

The Southbank Foundation Limited is a dormant registered charity and company limited by guarantee. The other wholly owned subsidiary is Southbank Centre Enterprises Limited, which manages certain commercial activities on the Southbank estate. The financial results of the trading company are integrated into those of the charitable trust.

Southbank Centre's model is an example where multiple epicentres have been used to create an integrated model and Value Proposition.

Innovation in the Business Model

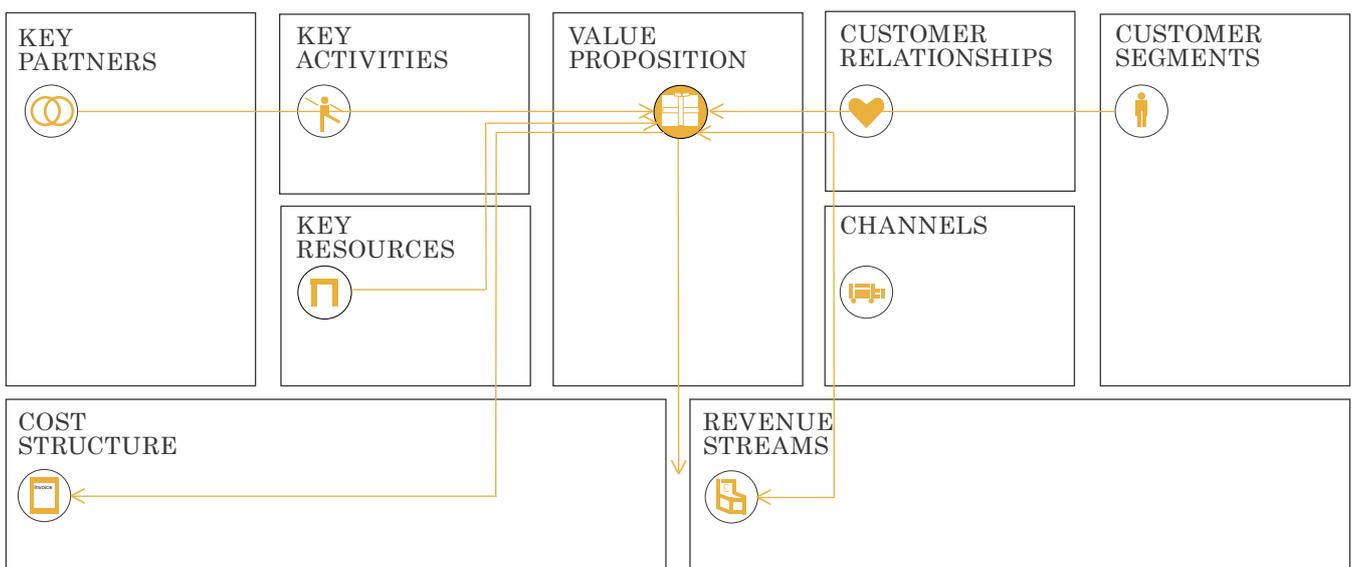
Southbank Centre's business model is centred on bringing together artistic and commercial entrepreneurship that creates diverse income streams. This combination is central to the model and demonstrating that it can work well is one of the organisation's strategic objectives.

Innovation in the business model has been driven by:

- changes to the artistic offer and visitor experiences created
- diversifying Revenue Streams
- changing the Customer Relationships
- improving and utilising the unique Key Resources of the Southbank Centre

It is an example of a model where multiple epicentres have been used to create an integrated model and Value Proposition.

The Core of Business Model Innovation



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

Southbank Centre's model
now works on creating a
year-round set of one-off and
annual festivals that give the
place a festival feel.

Programme-led development

An overt shift in approach and model began after Jude Kelly took up post as Artistic Director and accelerated when a new Chief Executive, Alan Bishop, was in place.

Over the last five years the shift has been achieved to reconnect Southbank Centre's mission and model to its origins in the 1951 Festival of Britain. This has built a model around a festival approach across all areas of the programme and the use of the 21-acre site managed by Southbank Centre. Key to this is that the site, and the activity on it, should be 'for everybody'. The core of the thinking is that festivals make the best use of the whole site - outdoor spaces as well as indoor stages - and allow the artistic team to bring art forms together in inventive ways.

The model now works by creating a year-round set of one-off and annual festivals that give the place a festival feel. Events will have themes, particular audiences and explore particular ideas. These are often relevant to other events or anniversaries, as with the 2011 50th anniversary of the Festival of Britain or the 2012 NAME festival connected to the Olympic and Paralympic Games in London. Equally, they sometimes explore other contemporary issues and debates.

The 'festival feel' model has allowed Southbank Centre to develop multiple platforms across artforms without losing the distinctiveness of, for example, the Hayward Gallery's programming. It has also developed more diverse audiences.

Southbank Centre's audiences are more ethnically diverse than average. On average 15% of site visitors -

those engaging with on-site installations or free events - during 2013/14 festivals were from Black, Asian and Minority Ethnic (BAME) backgrounds, compared to 10% of arts attenders in England. Festivals such as Alchemy, an increasingly established festival of South Asian arts that attracted 47% of ticket bookers from BAME backgrounds in 2013, are particularly good at this.

The model has also attracted greater numbers of first time attendees, often attracted by the commercial and leisure offer of the refurbished site. Audiences are local, London-wide and from beyond, including tourists. The localism of audiences tends to depend on the focus of festivals and the themes.

The festivals model has been beneficial to Southbank Centre in providing a way to focus work in two significant areas. It has enabled more effective marketing of a large and complex offer. Although sometimes programmes are still marketed along artform lines, the festival model has helped the team make more of the sum of the parts of the programme.

Similarly, the festivals model has also helped bring on new and existing commercial sponsors. Festivals create ready-made packages to talk about and for sponsors to support. This is generally more attractive than a more 'dispersed' programme, no matter how high quality. Given its scale, drawing Southbank Centre's artistic programme together into a smaller set of easily 'graspable' times, themes and ideas has been a breakthrough in the business.

In parallel to the programme-led development of the business model, Southbank Centre has developed the 21-acre site and the commercial and leisure offer.

Site development

In parallel to the programme-led development of the business model, Southbank Centre has developed the 21-acre site and the commercial and leisure offer.

Land and buildings include three concert halls, the Hayward Gallery, the extension building, the Waterloo Undercroft, Jubilee Gardens, and the National Film Theatre that is occupied by the British Film Institute on an underlease. The freehold interest in these properties, with the exception of the Waterloo Undercroft, is vested in Arts Council England with a lease of 150 years granted to Southbank Centre.

The creation of a much improved pedestrian walkway along the Thames has made the public realm more vibrant. The site is now a popular meeting place where almost 90% of people surveyed feel 'there is always something going on'; they can be confident of a good time there.

90% of people also described themselves as agreeing that Southbank Centre was 'for people like me'. This has helped the shops and restaurants to be very successful. Chains report their Southbank outlets to be among their highest performing sites, which has enabled Southbank Centre to increase rental income from these assets over time. It has also contributed to an important increase in footfall. Although many are not dedicated 'cultural visitors', there is both commercial and audience spin off from this increase.

The success of the business model is dependent on high numbers of people for its festival feel and its commercial income.

The mixed model of art and commerce is seen within Southbank Centre's model as contributing to positive social change, as well as effective and sustainable business.

Results and ways of working

The move to a business model that brings together commercial and artistic entrepreneurship has been successful culturally and in increasing self-generated income.

Although Arts Council funding still made up 42% of income in 2013-2014, this was reduced from 57% in 2009-2010.

Income from self-generated activity has increased from 40% in 2010 to 54% in 2014. Sponsorship and donations have doubled, although still form a relatively small proportion of the income.

Commercial income has risen steeply as a proportion and in real terms, from £8.9 million in 2010 to £13.4 million in 2014.

Southbank Centre now spends more on both programme and operating costs due to the increased scale of footfall and audiences. It has also introduced many efficiencies into its operations in recent years, in common with most organisations.

It is important to note that the mixed model of art and commerce is seen within Southbank Centre's model as contributing to positive social change, as well as effective and sustainable business.

Southbank Centre describes itself as having a value in creating positive social change by creating spaces for encounters between people of different backgrounds. They might be artists or audience or simply visitors to the buildings or site. It prides itself on creating stimulating contexts for difficult conversations around political or social issues.

Festivals such as WOW create debate and discussion and frameworks in which different opinions can be explored in a safe environment. This increasingly extends to the planning of such festivals, with audiences invited to share ideas about forthcoming festivals and 'children's take over days' being held.

Partnership is seen as a default by Southbank Centre in planning and developing its work. Key Partners that make the model work include the four resident orchestras and a long list of resident artists and thinkers. Southbank Centre works in partnership with Kings College London on an MA in Education in Arts and Cultural Settings, and with other higher education institutes.

This partnership approach increasingly leads to projects having a touring life as well as one 'on site'. That might be through projects like British Art Show, emerging from Hayward Gallery and moving to a different city every two years or Alchemy having collaborative manifestations in Bradford.

The Alchemy collaboration is one of the elements of added value Southbank Centre provides to Arts Council England, in addition to its own reach. It is seen as a leading proponent of the Creative Case for Diversity through its programme and partnerships and through the more diverse audience it reaches. Southbank Centre has recently taken WOW to Australia, building on international partnerships.

As the landscape around the site changes the balance must be carefully maintained if Southbank Centre is to retain its offer of a variety of cultural experiences ‘for everybody’.

Future proofing

There are future challenges for Southbank Centre. There is a sense that the commercial footprint within the site is now reaching its limits. As the landscape around the site changes the balance must be carefully maintained if Southbank Centre is to retain its offer of a variety of cultural experiences ‘for everybody’.

There is also a continuing need to be more effective with technology, building on digital developments already achieved such as streaming capability. The next focus may include driving down costs through encouraging print at home for ticketing. There are also opportunities to be explored around sharing of back office functions.

Planning that involves all aspects of Southbank Centre’s work and teams is integral to making the model work in practice. The process of developing a festival is not led by any single team but includes artistic, marketing, retail and operations staff developing ideas and plans together. This integrated planning leads to an integrated visitor experience. The organisation has been restructured to reflect this way of working.

Front of house services are now part of the artistic administration of the organisation. This supports training and development and helps ensure a consistent integrated approach to visitor experience. Some

key elements of what visitors would consider their Southbank Centre experience, such as catering and cleaning, are contracted out. This requires careful tendering and contracting processes and close partnership working with contractors.

Further capital work is planned, with a major development of the Festival Wing. This is essentially to bring current buildings and spaces up to optimum use and to fix long-standing issues of disrepair. There will not be major new ‘offers’ to the visitor or additions to the Value Proposition. It will, however, improve facilities for staff and artists and allow the business to run more efficiently.

Given the scale of the Southbank Centre estate, the capital improvements are an ongoing set of tasks and the business model has been adapted to respond to this. The commercial activity delivered through the refurbished site creates income which enables the use of commercial loans to make capital improvements, which in turn makes income generation more possible. The aim is that eventually commercial activity will cover the 30% of costs represented by building costs.

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