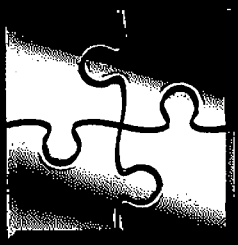

THE PUBLIC SOLUTIONS HANDBOOK SERIES

MARC HOLZER, SERIES EDITOR

Innovation in the Public and Nonprofit Sectors

A PUBLIC SOLUTIONS HANDBOOK

Edited by
Patria de Lancer Julnes and Ed Gibson

ROUTLEDGE

First published 2016
by Routledge
711 Third Avenue, New York, NY 10017

and by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Routledge is an imprint of the Taylor & Francis Group, an informa business

Library of Congress Cataloging in Publication Data

Innovations in the public and nonprofit sectors : a public solutions handbook / edited by Patria de Lancer Julnes and Ed Gibson.
pages cm.–(The public solutions handbook series)
Includes bibliographical references and index.
1. Organizational change. 2. Public administration–Technological innovations. 3. Administrative agencies–Management. 4. Administrative agencies–Effect of technological innovations on. 5. Nonprofit organizations–Management. 6. Nonprofit organizations–Effect of technological innovations on. Julnes, Patria de Lancer, editor of compilation. | Gibson, Ed, editor of compilation.
JF1525.O73 I577 2015
658.4/063–dc23
2015020168

ISBN: 978-1-138-92075-0 (hbk)
ISBN: 978-0-7656-4458-9 (pbk)
ISBN: 978-1-315-68686-8 (ebk)

Typeset in Times
by Cenveo Publisher Services

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The British Museum

Francesca Manes Rossi, Alessandra Allini, and Francesco Dainelli

INTRODUCTION

In recent years the process of managerialization in the museum sector has become more and more intense. This is the result of challenging forces, which include increased competition in the arts sector; more sophisticated and demanding stakeholders; and greater accountability required by legislation. All these things are placing pressure on museums to adopt managerial principles in order to measure and control what appears immeasurable: the creation of cultural value.

The implementation of a new Performance Measurement System (PMS) at the British Museum (BM) draws on the modern conception of cultural value. The principal aim is to measure the effectiveness of BM policies and actions, in terms of production and distribution of cultural value in the community, both for purposes of internal control and accountability.

Founded in 1753, the BM is one of the oldest, largest and most famous museums in the world. It aims to promote universal understanding of culture. The BM holds artifacts dating from the seventh millennium BC to the present day.

A user-focused approach progressively developed over the last few years has gradually led the BM to plan its activities in order to attract a larger audience from all parts of the world, irrespective of cultural background. This, together with the need for greater accountability, and hence the need to evaluate strategic programs, has shaped the development of the important managerial innovations described in the course of the present chapter.

The event that triggered this evolution occurred in the year 2000 when the Museums, Galleries and Cultural Property Division of the Department for Culture, Media and Sport (DCMS) requested the application of 17 key performance indicators to set the accreditation process of museums (DCMS, 1999). In 2005, a few years after the DCMS indications, in response to such challenges, the BM decided to formulate and implement a new PMS, which became fully operational in 2007.

The case study helps in identifying significant patterns suitable to explain innovations prompted by such PMS. The first innovation at the BM was the development of a system able to control both the cultural enrichment of visitors and the conservation status of works of art for future generations, providing a roadmap for the measurement of cultural value over time and space. A second and related innovation was the use of this PMS as a catalyst for planning strategies in order to attract more actual, potential, and future visitors.

The case is examined through the lens of the Walker, Damanpour, and Devece framework (2011), which offers a more systematic way to explain innovations on PMS, while addressing the fundamental question of how museums create public good. The case study has been conducted by analyzing official and private documents and data, and interviewing some of the key actors working on the BM.

The first paragraph outlines the meaning of cultural value and reviews the literature concerning performance measurements in museums and related innovations. Then, we discuss the PMS in the BM, highlighting its impacts on strategic, organizational and operational processes, as well as main results after seven years of implementation. In the conclusion, we present an innovative generalizable model of cultural value measurement that can be adopted by other cultural organizations.

MUSEUMS AND CULTURAL VALUE

According to the International Council of Museums (ICOM), a museum is "*a non-profit making, permanent institution, in the service of society and of its development, and open to the public which acquires, conserves, researches, communicates and exhibits the tangible and intangible heritage of humanity and its environment*" (2013).

This generally accepted definition clearly emphasizes the nonprofit nature of museums, whose overriding mission consists of satisfying the cultural requirements of their communities by creating cultural value (ICOM, 2013; American Association of Museums, 2007). The concept of cultural value, however, has never been inscribed in stone. It is ever changing, just as the position of museums in society is continually evolving (Scott, 2013). There appear to be two polarized points of reference for investigations in this field: the aesthetic one, focusing on an understanding of the social, philosophical and psychological values of culture, and the neoclassical one, concerned with economics, accountancy, and measuring performance (Geursen & Rentschler, 2002).

Other approaches also exist in the literature that analyze cultural value using alternative perspectives. Holden (2006), for instance, breaks down cultural value into *intrinsic value*—which is linked to the field of motivational drivers, *instrumental value*—associated with governmental policies to achieve social outcomes, and *institutional value*—conceived as the generation of social capital by creating trust in the public. Scott (2007) also proposes *bequest value* as the commitment to bequeath culture to future generations.

More recently, the role of the museum as a force for "public good" calls for a more holistic view, locating cultural value under the wider umbrella concept of public value

(Scott, 2013). Public value theory as proposed by Moore (1995) refers to outcomes that give added benefit to the community. Applying public value theory to the museum sector can lead to guidance and support in challenging times (Scott, 2013). It highlights the benefits that museums produce in the public sphere, helping them to be selective, to use limited resources for maximum benefit and to balance their interests with social issues on multiple fronts.

In accordance with the view that museums act as social agents, the literature on the subject indicates two important features closely related to cultural value:

- *Promotion*, which mainly concerns the mandate of providing cultural experience. It encompasses psychographic characteristics of current and potential visitors, their values, interests and expectations (Hood, 1983). This domain features four aspects of personal experience (Hooper-Greenhill, 2000): emotional, spiritual, educational, and leisure (as explained in the following sections).
- *Conservation*, which is linked with preserving the integrity of cultural artifacts over time, preventing and mitigating physical deterioration and providing suitable environmental conditions (Paulus, 2003). This domain features three main spheres of activity: preservation, safeguarding, and study/research.

Promotion and conservation underpin a multiple-based view because the community is understood to include both present and future generations (Hooper-Greenhill, 2007). Conceptualizing the interactions between cultural and economic studies, the social impact of cultural value raises the question of equity (Throsby, 1995, 2003; Edson & Dean, 1996).

Equity is concerned with the *distribution*—over time and space—of opportunities to benefit from cultural activities. Two main perspectives arise: *intra-* and *inter-generational equity* (Gilhespy, 1999).

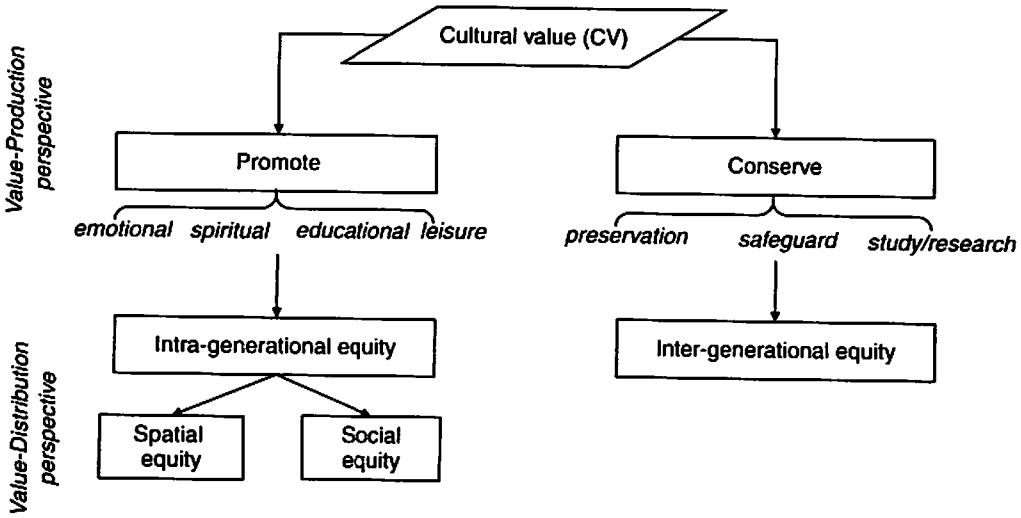
Intra-generational equity consists of supporting and spreading the cultural value among all the social strata of the present community. A *spatial* and a *social* dimension arise. Whereas the spatial dimension addresses the geographical origin of users, the social one refers to the right of the present generation to fair access to cultural resources viewed across social classes and locational categories (Throsby, 2003). Increasing both spatial and social equity is largely dependent upon *promoting* cultural value.

By contrast, *inter-generational equity* means "fairness in the distribution of resources and opportunities between generations, in particular between present and future generations" (Throsby, 1995, p. 203). The increasing of inter-generational equity mainly depends on the conservation of the cultural artifacts over time, preserving them from loss and damage.

To this end, policies of prevention, restoration, cataloging and security activities are required, according to the type of collections (Weil, 2002).

By combining promotion and conservation in relation to inter- and intra-generational equity, a chain of the production and the distribution of cultural value can be represented (see Figure 3.1):

Figure 3.1 **The Cultural Value Chain**



A REVIEW OF MUSEUM PERFORMANCE MEASUREMENT

Since the 1980s, the museum sector and, more generally, the public and nonprofit arts sectors, have been experiencing challenging forces (Boorsma & Chiaravalloti, 2010). These include:

- the shift in the production of public services towards the satisfaction of the user;
- increase in competition in the cultural environment;
- greater demands for accountability from stakeholders (both internal and external);
- increased pressure from governments to improve performance and to monitor the efficiency of the use of public funding.

These challenges have resulted in the widespread adoption of managerial principles transferred from the for-profit sector. The focal point has shifted from what an arts organization should do towards how the organization performs (Pinnock, 2009; Bakhshi & Throsby, 2010).

Many public and nonprofit arts organizations have therefore become interested in managerial practices and in adopting performance measurement systems (PMS) to measure both efficiency and effectiveness (Boorsma & Chiaravalloti, 2010). Extensive literature has asserted that PMS improves an organization's ability to be competitive, facilitates the formulation of strategies, justifies policies and provides both a diagnostic and an interactive use of control mechanisms (Lynch & Cross, 1993; Brignall & Modell, 2000; Ferreira & Otley, 2009). Studies in this field have been devoted to the adoption of PMS (Smith, 1990), obstacles to PMS implementation (Broadbent & Laughlin, 2009), PMS ability to support

decision processes (de Lancer Julnes & Holzer, 2001) and differences between measurement for improvement and learning and measurement for accountability (van Dooren, 2004, Ammons & Rivenbark, 2008).

The increasing acceptance of managerial principles in arts organizations has intensified the pressure for an investigation into PMS aimed at monitoring their effectiveness. Several studies have been conducted on arts organizations focusing contributions to the measurement of cultural outcomes (Chiaravalloti, 2014). However, they do not reveal in a broader perspective how PMS can be conducive to innovation. Some research, for instance, has concentrated on the adoption of economic indicators for evaluating attendance in museums, assumed as the main social objective (Gilhespy, 2001).

Furthermore, research on museums' PMS emphasizes the learning function, embracing the educational role of arts organizations. In a study by Søren (2000) of the Kalamazoo Valley Museum, performance is evaluated using the intensity of impact on the audience (immediate, long term, and lifelong) resulting from the visiting experience. The impact was also considered in terms of changed mind and enhancement of personal skills.

Other contributions have typically concentrated on the emotional function of art organizations when assessing performance. In the study of Krug and Weinberg (2004), the production of cultural value is considered in terms of aesthetic value as indicated by Holden (2006).

On the other hand, Boorsma and Chiaravalloti (2010) suggest a new direction for PMS, proposing a performance model—the Threefold Scorecard. They identify three categories that benefit from arts organizations: community, customers and professionals. In this respect, the production of cultural value is represented as a triangle, with each group connected to a specific type of value. Types of value are formulated in qualitative terms, hence their translation into performance indicators is required when controlling and measuring. However, the Boorsma and Chiaravalloti study (2010) does not support any practical experience testing the level of acceptance of the proposed model. In addition, whereas the model is based on the use of indicators that provide managers with useful information on the overall organizational performance, the study does not solve the problem of suggesting appropriate indicators for each category of users; nor does it address conservation issues.

More recent studies have focused on organizational and societal issues, where performance evaluation emerges as a central topic in the understanding of how rules and procedures are embodied inside art organizations (Mariani & Zan, 2011; Nørreklit, 2011; Sundstrom, 2011).

The literature offers a range of empirical studies on PMS in the museum sector. However, most contributions concern the measurement of partial aspects of cultural value without a theoretical framework for a comprehensive approach (Chiaravalloti, 2014).

At the same time, whereas the issue of innovation has gained considerable attention in terms of organizational and management style perspectives (Vicente, Camarero, & José Garrido, 2012) little consideration has been given to its potential for a deeper, contextualized understanding of the practice of PMS in the context of measuring the effectiveness of museums (Bakhshi & Throsby 2010; Leicester & Sharpe, 2010).

According to Vicente et al. (2012), the mediating role of innovation between the societal challenges and the museum sector can fall into four groups:

- *technological innovations in management*, typically applied to processes;
- *technological innovations for audience*, linked to products and services for visitors;
- *organizational innovations*, concerning organizational structure;
- *artistic innovations*, related to programming work and exhibitions.

However, this classification does not help in explaining how well a museum performs when we embrace the value production and the value distribution perspective of cultural value. Consequently, there is still a need that calls for innovations in PMS that are able to measure intra- and inter-generational equity.

THE FRAMEWORK FOR INNOVATION IN PMS

The framework outlined by Walker et al. (2011) offers a systematic way to explore and explain innovations on PMS adopted in the museum sector. Namely, applying this framework to the BM has the advantage of combining the theoretical framework with the details of the case study, making possible an in-depth understanding of how innovation emerges from the implementation of the new PMS within the BM. The BM case study has contributed to the development of this under-researched field.

Walker (2007, p. 592) defines innovation as "a process through which new ideas, objects, and practices are created, developed, or reinvented." Among several types of innovations, the Walker et al. framework focuses on *managerial innovation*, intended as the generation or implementation of a management practice, process, structure and technique that is new to the state of the art and intended to further organizational purposes supporting a multi-dimensional construct that covers structural, administrative and operational processes (Walker et al., 2011).

In investigating how managerial innovation can influence performance in the public sector and whether its influence is mitigated by performance management, the authors consider the newness as relative to the *adoption*, not to the state of the art, and assume two perspectives: the *administrative* and the *operational* (Walker et al., 2011). The former focuses on the adoption of new management systems and processes to achieve effectiveness. Here, the administrative components play an important role, especially in planning actions. The latter concerns the operational perspective and, in particular, involves Information Technology, which means "the use of new management and office information systems to advance the efficiency of the organization's operating system and processes" (Walker et al., 2011, p. 370). In this respect, information systems support the link between inside and outside parts of the organization, because performance indicators are communicated over processes.

Both administrative and operational components enhance the ability of organizations to obtain performance measures consistent with their mission.

The Walker et al. framework addresses at least two main features of current innovations in PMS in the museum sector. First, there is a systematic exploration of variables leading to an innovative outcome. Second, it shows how an existing organization has implemented a PMS that keeps track of all the main functions of the museum and measures both the production and the distribution of cultural value.

THE BRITISH MUSEUM

The British Museum: A Brief Presentation

The BM is not just any museum; it is considered one of the most 'venerable institutions' in the world (Zan, 2000, p. 221). Founded in 1753, the BM was the first national museum in the world created for citizens rather than a private collection belonging to potentates or nobility. However, at that time the museum was almost exclusively frequented by "high society," and only in 1810 were other "persons of decent appearance" admitted (British Museum, 2004).

Today, with almost 1,000 employees and over 600 volunteers, more than 5.8 million visitors in 2012 and reaching out to an increasingly large public via social networks (almost 250,000 followers on Twitter and 500,000 "likes" on Facebook), the BM is the leading institution for ancient cultures in the U.K. and, indeed, one of the most visited in Europe (*Art Newspaper*, 5 April 2013). Its London Bloomsbury location is convenient for visitors to London and touring exhibitions, and long loans to Partnership Galleries ensure that its collections are seen by millions of people every year from all over the world.

The number of loan venues has increased by 10 percent in the last five years. According to figures from the DCMS, it has grown from 152 to 169. Apart from a brief period under Margaret Thatcher's government, the BM has always had a free-admission policy, charging only for special events. The BM is dependent on a wide range of sources for its funding. In fact, about half of its income is derived from fundraising, and a growing number of philanthropists support it. Other revenue-generating activities top up the income, while funding from the government provides the balance to enable the BM to guarantee the display, care, and preservation of its collections for generations in the fulfilment of its mission.

The body responsible for the museum is the Board of Trustees, comprising up to 25 members, appointed by various authorities including: the Queen (1), the prime minister (15), the trustees themselves (5) and the Secretary of State for Culture, Media and Sport (4). The board appoints the chairman from amongst its members.

The board of trustees, as stated on the BM website, is "committed to ensuring the Museum is run in an open and honest way." For this reason, policies and processes are made available to the public as well as most of the documents that explain and communicate developments, plans and priorities.

As declared in the 2008 BM Governance Statement, the aim of the BM is to "hold for the benefit and education of humanity a collection representative of world cultures

(the collection), and ensure that the collection is housed in safety, conserved, curated, researched and exhibited" (p. 3).

Planning and action in the BM stem from several key policy drivers: to extend the benefits of culture to a wider audience; to attract audiences not only from London and the U.K., but from all over the world; to involve populations from other cultural backgrounds; to examine the educational benefit of culture in order to understand the impact of cultural activities. These drivers have led to the preparation of a three-year plan, the so-called Funding Agreement with the DCMS, intended to guarantee the performance of the BM's statutory duties and, within the scope of those duties, the priorities agreed upon periodically with the Secretary of State.

The Methodological Choice

In accordance with Yin (2014), for the purpose of the present study, an *exploratory* approach has been adopted: a case study is exploratory when it aims at determining the feasibility of a certain theory/procedure (Yin, 2014). So far, we have discussed the managerial innovations adopted by the BM in the development of its PMS to measure and control the creation of cultural value.

The BM was selected as a model of excellence in the museum sector. Its historical and cultural significance would in itself be sufficient to justify an in-depth study (Ragin, 1999). In addition, the BM was one of the first cultural institutions to implement a PMS, in line with the U.K. policy on culture.

In order to validate the study, an *ex post* analysis is used. Namely, the analysis was carried out from August 2013 to August 2014, after the implementation of the new PMS in order to allow for a deeper understanding of how innovation emerges from the inside of an organization.

As suggested by Bennett (2004) and Yin (2014), the study has been further validated by the triangulation of investigators, informants, and data sources. More specifically, official documents including plans, financial reports, governance statements, evaluation reports concerning content and display as well as reports on the Department for Culture Media and Sport website were collected. Moreover, face-to-face interviews were conducted with representatives of the two main directorates of the BM (Public Engagement, and Collection). Information was also obtained through email correspondence with representatives of the other two directorates (Operations and Strategic Planning, and Administration) with the aim of investigating whether managerial innovations had been prompted by the PMS.

A New Mission Driven PMS to Measure and Control the Creation of Cultural Value

A first move towards the use of PMS at the BM can be traced back to 2000, in order to respect the indications of the Museums, Galleries and Cultural Property Division (Selwood, 1999). These guidelines mainly tend to assess the adequacy of museums' procedures with certain quality standards rather than effectiveness.

Subsequently, in 2005, the BM decided to formulate and implement a new PMS, fully operational in 2007. The PMS adopted by the BM, while complying with the DCMS, was inspired both by a more user-focused approach and by societal challenges bearing upon the role of museums in the community. In this respect, the new PMS has been devoted to measuring its effectiveness in the creation of cultural value, as the case study will show.

Consistent with the Walker et al. framework (2011), the architecture of the PMS implemented by BM can be considered an example of managerial innovation that assists the BM in meeting its objectives as it is drawn on the modern conception of cultural value and anchored to the museum's ability to measure intra- and inter-generational equity. These requirements were explicitly set in place by the board of trustees, which declared, "It should be possible to make the collection accessible, explorable and enjoyable, not just for those who visit, but to everybody with a computer or a mobile device. It can become the private collection of the whole world" (British Museum's Strategy, 2012). In what follows, we proceed to analyze the implementation of PMS in BM through the lens of the cultural value model we previously presented, in the aim of highlighting how such PMS (see Figure 3.1) provides an innovative roadmap in measuring production and distribution of cultural value over time and space.

Tracking for the Creation of Cultural Value in BM

With regard to *production*, the BM has introduced operational innovation in its promotion activities. The main idea is to determine whether the visit has created cultural enrichment with regard to four aspects the BM intends to monitor: *emotional* (e.g., boring or interesting), *spiritual* (e.g., a visitor may have a vaguely "good" feeling that involves a large sense of peace and calm or a vaguely "uncomfortable" feeling that includes a sense of emptiness), *educational* (new knowledge or an increase in previous knowledge) and *leisure* (something discretionary, enjoyable, pleasurable, and satisfying).

In terms of *conservation*, three core activities have been identified: *preservation*, *safeguarding*, and *study/research* (see Figure 3.1). *Preservation* involves all the managerial and financial considerations concerning the restoration and maintenance of the integrity of the items over the years as well as fostering the understanding and appreciation of collections. *Safeguarding* is a dynamic process *in situ*, embracing everything to guarantee the conservation of an item, protecting it from alteration and avoiding or minimizing, deterioration, damage, and loss. Finally, *study/research* activity involves conducting and publishing research in order to inform and encourage people to explore and experience the museum.

In terms of value distribution, issues of intra- and inter-generational equity are considered. The former covers two main dimensions: social and spatial. The BM seeks to trace the participation of all the social strata of the population in order to map social equity. In addition, operational innovations have been introduced to capture the attendance of visitors from different geographical areas with the aim of mapping spatial equity.

To gauge the multiple aspects of cultural value, the BM has adopted different tools, mainly based on non-financial measures, which are described in detail in the following paragraphs.

To control and assess the effectiveness of the museum, its organizational structure has undergone a complete renewal starting from 2007. According to data available on the BM website, as well as internal documents and interviews obtained by the heads of press and marketing, first the organizational structure has been analyzed. In the BM, there are now four directorates: Public Engagement Directorate, Operations and Strategic Planning Directorate, Administration Directorate, and Collections Directorate. Their specific areas of competence are summarized as follows.

The Public Engagement Directorate is responsible, together with the Operations and Strategic Planning Directorate, for all aspects related to programs dealing with the public, including visitor services, education, and exhibitions. In addition, inside the Public Engagement Directorate activities connected with publication (including internet publications) are planned and carried out.

The Operations and Strategic Planning Directorate is also in charge of negotiating, supporting, and managing contracts, managing operational activities and the acquisition or refurbishing of new buildings. The Administration Directorate is involved in managing financial and human resources. It is responsible for the development of a three-year corporate plan, which includes annual business plans. Targets are set in accordance with the plans and twice a year performance assessments are carried out and reported in the annual accounts. In addition to this, the Administration Directorate provides auditing services and prepares all the financial documents, including the annual report, whereas the Collections Directorate is responsible for acquisition, conservation, and research activities, as well as for the preparation of a comprehensive database of all items held. When a certain unit is engaged in a purchase (e.g., in a remote geographical area or a particular kind of collection such as coins, medals, prints, or drawings), a Collection Service Unit provides the necessary coordination for acquisition and conservation.

The Assessment of Intra-generational Equity

One of the two areas of value-production concerns the measurement of the cultural enhancement of each stratum of population in terms of spiritual, emotional, educational, and leisure experience. To accomplish this, the museum records the number of visitors at the entrance through an electronic counting system. Also, questionnaires and interviews are submitted to visitors in order to assess their level of satisfaction. Questionnaires are available at the main entrance of the BM and can be spontaneously filled out by visitors. In addition, interviews are conducted randomly at the end of the visit. Namely, using a scaling approach combined with ethnography methodology (Dobbert, 1982), the questionnaire rating method proposes five scores, ranging from "very satisfied" to "not at all satisfied." It consists of outcome indicators for visitors' perceptions in terms of spiritual, emotional, educational and leisure experience elaborated and analyzed by the Public Engagement Directorate with the support of a private consultancy company.

One limitation, recognized by managers, however, is that opinions are subjective; hence the data provided cannot constitute a truly empirical assessment of cultural improvement (Hein, 1998).

To overcome this limitation, the BM has used external consultants to conduct clinical interviews since 2007. These interviews consist of structured, periodical open-ended verbal questioning. According to the heads of press and marketing, which is in charge of the Public Engagement Directorate, the structure of the interview includes specific questions on the spiritual, emotional, educational, and leisure experience of visitors. Visitors are stopped at random at the end of their tour; once the interview has been completed, some visitors agree to be contacted later for follow-up interviews by email. This methodology aims to assess the "consolidation" of cultural value already conveyed to visitors as a result of their visit.

The external valuation score is elaborated by specialists who interpret and study answers collected from various groups of visitors with the aim to measure whether the BM has been effective in improving cultural learning and educational acquisition of visitors (results of these questions are not publicly available). This operational innovation belongs to the sphere of intra-generational equity. The interviews are carried out on a quarterly basis and take place on different days of the week and different times of the day to ensure the selection of representative samples.

Information based on data gathered both through questionnaires and interviews is discussed first inside the Public Engagement Directorate and then with the Operations and Strategic Planning Directorate in order to confirm previous plans or to propose changes to the Board.

In addition to questionnaires and interviews, the museum conducts focus groups both in *ex ante* and *ex post* evaluation for temporary exhibitions. To this end, a limited number of visitors[1] are invited for a preview (or to review the exhibition) in order to collect opinions. The discussions at the end of the visit explore visitors' expectations about the exhibition, aspects of the exhibition design and overall visitor experience, and are taken into account in order to evaluate if further changes need to be implemented before the exhibition opens or to improve the planning of future exhibitions.

Moving towards the value-distribution perspective, some output indicators have been adopted to assess the spatial and social equity of cultural value produced. In particular, with regard to spatial perspective, the total population of visitors is stratified according to their geographical origin. In fact, another operational innovation, namely a *geographical information system*, has been implemented in order to target visitors in three groups: *overseas*, *ethnic minorities* and *local/U.K.* This stratification is compared with the statistical composition of the whole population in order to identify those clusters with a lower level of participation.

With regard to social perspective, the PMS considers age as a macro-parameter of classification (under 16, and 16 and over). Furthermore, visitors are divided into six "clusters" on a basis of similar attitudes, needs and cultural motivations: families, sightseers, repeat social, self-developers, experts, and art lovers. Visitors are also categorized according to: kind of employment, gender, ethnicity, language, and disability. They are

Figure 3.2 **Intra-Generational Equity: The Spatial Perspective**

Number of visits to the museum (excluding virtual visits)
Number of unique website visits
Number of overseas visitors
Number of visits by U.K. adult visitors aged 16 and over from NS-SEC groups 5–8*
Number of visits by U.K. adult visitors aged 16 and over from an ethnic minority background
Number of U.K. loans venue
Number of object records and images available online

*Lower classes in the socio economic classification provided by National Statistics

classified as "repeat visitors" if they come more than once in the same year, or as "one-off visitors."

The output indicators, available to the public, are illustrated in Figures 3.2 and 3.3. As discussed below, the interview with the heads of press and marketing highlights that the BM has developed outcome indicators (i.e. visitor retention, visitor satisfaction, social engagement) exclusively for internal purposes and are not publicly available.

The BM also uses some financial measures to assess its fundraising ability both from visitors, and from donors and public funders (Figure 3.4).

Figure 3.3 **Intra-Generational Equity: The Social Perspective**

Number of visits by children under 16
Number of instances of children under 16 participating in on-site organized activities
Number of instances of children under 16 participating in outreach activities outside the museum
Number of instances of adults aged 16 and over participating in organized activities at the museum
Number of instances of adults aged 16 and over participating in outreach activities outside the museum
Number of visits by U.K. adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability, or infirmity
Number of facilitated and self-directed visits to the museum by children under 16 in formal education
Percentage of visitors who would recommend a visit
Staff diversity

Figure 3.4 **Financial Measures**

Admission by temporary collections
Trading
Fundraising from different population strata
Fundraising for research programs
Fundraising for the North West Development Project*

*The North West Development Project is related to the extension of the northwest corner of the Bloomsbury site

The BM uses the collected information to formulate plans and programs for exhibitions. In this way, the operational innovations drive the administrative innovations, as decisions are made in accordance with user needs, increasing the museum's ability to meet specific targets and operate with flexibility.

The Assessment of Inter-generational Equity

The Collections Directorate is responsible for setting strategies to ensure the production of cultural value. This function tends to ensure the enhancement of inter-generational equity, which concerns the distribution of benefits over time, providing on-going access to culture for future generations (Gilhespy, 1999).

Consequently, policies of *preservation*, *safeguarding*, and *study/research* are planned with the final aim of guaranteeing that the collections remain intact for the benefit of present and future generations.

The PMS developed by the BM monitors the whole conservation process. To this end, an integrated system of outcome and output indicators has been put in place.

As indicated by the representative of the Collections Directorate during the interview, to guarantee proper *preservation*, the BM uses external professional opinions and internal specialists with techniques to calculate a comprehensive preservation index for each item. The outcome indicator adopts a five-scale score, ranging from "A" (perfect) to "E" (bad).

However, the management recognizes that a major limitation of this indicator is the five-point scale, which is unable to assess the importance of possible damage or loss. To partially overcome this limitation, the BM calculates the number of work-hours needed for each restoration intervention to recover the object.

In terms of *safeguarding* of collections, a risk management system is implemented for each piece. All categories of risk are mapped, assessed and integrated in a single percentage risk indicator computed for each item in an attempt to gauge the probability of the occurrence of a harmful event. Thus, if such an event occurs, the damage is quantified, whenever possible, by calculating an outcome measure (*global preservation index*) and the labor-hours needed to restore the item (to be compared with total yearly labor hours).

The third sphere of activity, *study/research*, is the least tangible area and is consequently very difficult to evaluate. However, the BM uses a summary index that is the percentage of items catalogued in compliance with current best standards. Other output indicators for research activity are also used, such as the number of publications, scientific papers, and presentations.

The Impact of the New PMS on Strategic, Organizational, and Operational Processes

The BM case study enables us to explore the innovations prompted by a PMS that is modelled along the cultural value chain. In this section, we discuss the different impacts of the new PMS.

Changes in the Strategic Planning

The first process impacted by the new PMS at the BM concerns *strategic planning*. According to the Public Engagement Directorate, strategies are continuously reviewed on the basis of the indicators from the PMS. This administrative innovation ensures that the museum mission is specified, understood, and clearly accepted across the BM. Thus, the specification of performance targets support strategies and the way they should be implemented and assessed, making possible a better understanding of goals which, in turn, favors devolution of control to line managers.

The user-focused strategy represents the blueprint for promotional activities. Both permanent collections and temporary exhibitions are subject to an evaluation process based on data collected by the PMS. Similarly, thanks to the PMS, strategic plans are made by directors who analyze the key drivers underpinning the BM's appeal to various clusters of visitors. In this way, management can plan more successful future exhibitions and events, maximizing intra-generational equity both in terms of social and spatial dimensions.

Changes in the Organizational Structure

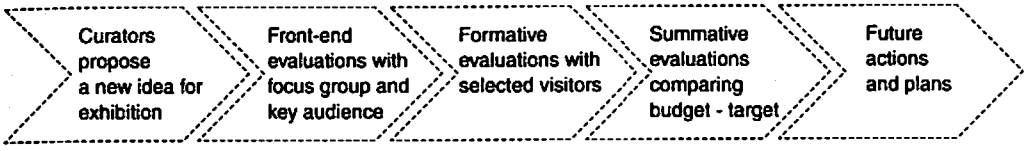
The new PMS has also led to the reform of the BM's organizational structure, operational programs, and technologies. As already discussed, the BM has been reorganized into four Directorates, all of which are involved in setting future targets and in the assessment of their achievement.

The recruitment and training processes have also been changed, especially for personnel supporting temporary exhibitions. Employees selected to deal with the needs of groups from various strata and geographical origins are evaluated on a monthly basis according to priorities set forth in the plans.

Changes in the Operational Processes

To plan the *promotion* activities, an in-depth evaluation process driven by audience judgments has been put in place (see Figure 3.5). It is pursued *ex ante* for temporary exhibitions

Figure 3.5 **Planning Temporary Exhibitions**



that charge admission fees. This process consists of three different evaluation steps: *front-end*, *formative*, and *summative*. In the front-end step, initial concepts and ideas are explored with key audiences with the aim of establishing visitors' prior knowledge, experience, and expectations of the subject covered by the exhibition or gallery. In this respect, visitors are selected according to their social status and their willingness to participate in the activity. Then, when the project is more advanced (formative step), it is tested with a sample of visitors in order to consider where improvements can be made. In the summative step, after the exhibition has started, extensive evaluations are undertaken to determine the success of the project. To this end, the results of the summative evaluation are compared with the formative ones. Two figures are determined for each exhibition: the budget figure and the stretch visitor number target. The budget figure is the number of ticket sales necessary to balance the cost of staging the exhibition; a "stretch visitor number target" is the optimum number of people to attract. Nevertheless, even if an exhibition is estimated to be not profitable but is in line with some cultural specific objectives, it will take place in accordance with strategic objectives set by the board.

Attendances are measured *ex post* and compared against both the previous planned figures and evaluated as a basis for planning future exhibitions. Both formative and summative evaluations for temporary exhibitions have been made available on the BM's website for anyone with an interest in the museum, particularly donors and sponsors to show them the value of the activities carried out which they themselves have partially funded (see: www.britishmuseum.org/research/research_projects/all_current_projects/visitor_research.aspx).

In Figure 3.5, using information gathered through interviews with representatives of the Public Engagement and the Collections directorates, we present the different steps required to plan temporary exhibitions.

As for permanent exhibitions, the BM galleries are constantly being upgraded as new objects are acquired or conserved and new research emerges. Evaluations are performed twice a year, taking into account results of questionnaires and clinical interviews with their follow-up.

It is worth noting that the user-focused approach is determined—both in case of temporary and permanent exhibitions—by the need to favor the cultural growth and the promotion of different cultures. However, as pointed out during the interview with a representative of the Public Engagement Directorate, those responsible for the galleries and temporary exhibitions are aware that visitors are not always conscious of what they need or what can increase their knowledge. Managers have to take into account key policy drivers, as stated by the board, when they program exhibitions.

A further operational innovation concerns the *conservation* process: as stated before, each item is classified on a scale from A to E, making it easier to organize and prioritize conservation operations. Only pieces with an A, B, or C rating can be placed on show to the public. For these pieces, a coherent maintenance plan is formulated according to the type of exhibit and its rating. Pieces classified in the D or E range cannot be exhibited unless they are restored. The museum carries out both "ordinary" and "extraordinary" restoration work.

Finally, to fulfill the need for spatial equity, the BM has decided to grant the public access to all catalogued items at: www.britishmuseum.org/research/collection_online/search.aspx. This innovation makes it possible to collect data about virtual visitors, making more information available for the PMS.

First Results of the New PMS

Seven years after the introduction of the new PMS, the BM representatives we interviewed recognize its significant benefits. The adoption of managerial innovations in the PMS has made it possible to improve both the planning of new strategies and operational activities, as well as their monitoring process. The number of visitors—increasing from 5,472,056 (2008/09) to 5,592,814 (2012/13)—seems to confirm the success of the new approach, even though other determinants may contribute to this result.

Furthermore, an increase in some under-represented target clusters has occurred. In particular, the number of visits by children under 16 increased by more than 20 percent between 2008 & 2009 and 2012 & 2013, from 723,592 to 870,825. In the same period, the number of overseas visitors increased by almost 12 percent from 3,228,234 to 3,609,800. In August 2013, according to the DCMS, the BM enjoyed its highest visitor numbers ever recorded, and the number of visitors who would recommend a visit has risen from 88 percent in 2008 and 2009 to 99 percent as of 2013.

The PMS has helped management to focus better on the main drivers attracting each cluster of visitors and to be able to re-align decisions for future actions.

Other significant improvements have also been achieved. Visits to the BM website have increased more than fivefold between 2008/2009 and 2012/2013, from 5,472,056 to 27,298,557.

LESSONS FROM THE BRITISH MUSEUM

The present study shows that the challenges faced by museums can generate innovation in their Performance Measurement System (PMS). The museum exists to serve people's cultural needs, and its success depends upon its ability to identify those needs and satisfy them.

The museum's performance in this respect needs to be continuously measured. The BM's new PMS is a case of managerial innovation. The user-focused PMS adopted by the BM connects promotion and conservation; is closely tied to its mission; and incorporates both administrative and operational innovations. An overall finding of this

study is the utility of the Walker et al. framework (2011) in explaining such innovations. Administrative innovation results in planning more outward looking strategies, achieving and tracing (inter- and intra-) equity outcomes, and reinforcing the implementation of new processes based on information from the PMS. Operational innovation includes the adoption of techniques aimed at improving operating processes and targeting new groups.

According to Mulgan (2007, p. 6), "The simplest definition is that public sector innovation is about new ideas that work at creating public value. The ideas have to be at least in part new; they have to be taken up; and they have to be useful." We can recognize all these elements in the PMS implemented by the BM for the following reasons:

- to the best of our knowledge, a PMS anchored to the creation of cultural value is new;
- the approach represents the starting point to rethink strategic, organizational, and operational museum processes;
- the PMS is fundamental to managers and stakeholders in evaluate the museum's performance and could be useful for public and private funders in assessing the attitude of a museum in creating cultural value.

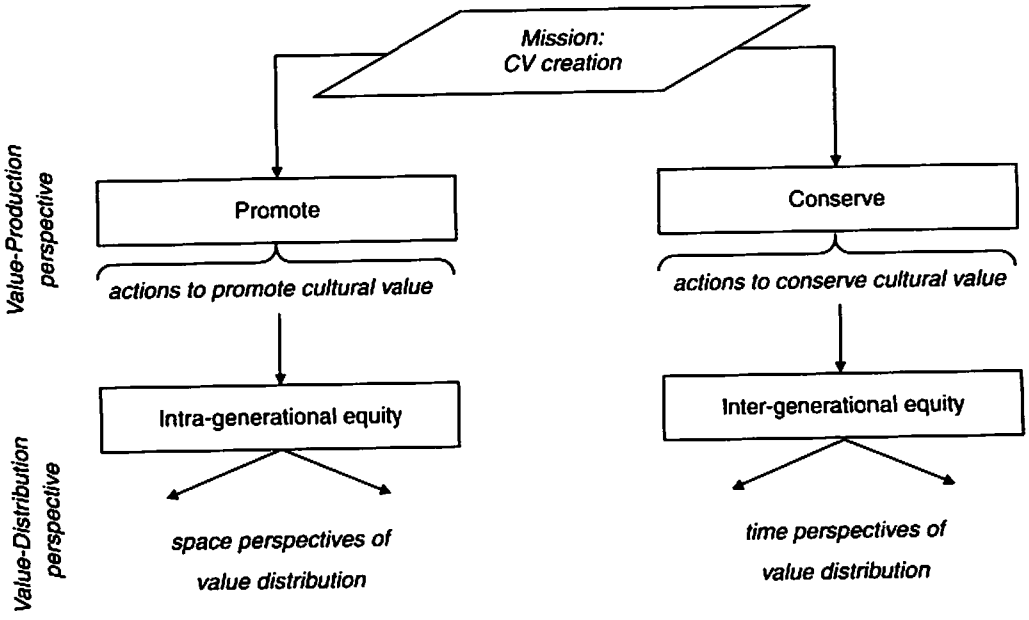
Ultimately, the Walker et al. framework applied to the BM offers a generalizable model for arts organizations to implement an innovative architecture of PMS.

The BM's PMS is replicable as it consists of:

1. a basic architecture to trace *cultural value production*. This is the first pillar of the new PMS. The value-production perspective—proposed in our model (see Figure 3.1)—measures the cultural enhancement of each population stratum in terms of spiritual, emotional, educational, and leisure experience by using outcome indicators based mainly on audience judgments. Policies of preservation, safeguarding, and research are observed with the aim of guaranteeing the integrity of collections for the benefit of present and future generations. The PMS monitors these processes by means of an integrated system of outcome and output indicators, developed by external expert professional judgments and internal specific competences and techniques;
2. a basic architecture to trace *cultural value distribution*. This is the second pillar of the new PMS. Spatial distribution is mapped by means of stratification of the population according to geographical area, whereas the social distribution is determined using clustering techniques. Social and spatial dimensions of the intra-generational equity proposed in our model are assessed through an articulated set of outcome and output measures.

Consistent with the existing literature and based on the BM experience, we systematize a generalizable model for monitoring the creation of cultural value, as displayed in Figure 3.6. This model can be customized by other museums according to their own respective missions.

Figure 3.6 **The Model of Cultural Value Creation**



In conclusion, the BM's mission-driven PMS has had a twofold impact: *ex ante*, it has encouraged managers to plan actions to fulfil the museum's mission, and *ex post*, it has led to the tracing of cultural value generated by those actions. This has brought about a virtuous planning cycle making it possible to formulate better-informed strategic processes with greater awareness.

At the same time, there are some limitations to this study that call for further research. Additional research is required to apply and test the Walker et al. framework across a broader spectrum of the museum sector. In the present study, analysis of the PMS has been based entirely on the BM, which has different features and drivers for innovation than other museums. This suggests that future research on PMS innovations in museums might distinguish, in particular, between different types of museums (e.g., large versus small size, private versus public, old versus new).

KEY POINTS

- Several challenging forces have affected the art sector requiring the adoption of a managerial approach to the measurement of cultural value
- The innovative performance measurement system adopted in the BM aims to measure the effectiveness of policies and actions, in terms of production and distribution of cultural value in the community.

- The innovative performance measurement system allows control of both the cultural enrichment of visitors and the conservation status of works of art for future generations, providing a roadmap for the measurement of cultural value over time and space.
- The performance measurement system acts as a catalyst for planning strategies in order to attract more actual, potential, and future visitors and provides information suitable to satisfy both internal control needs and accountability.
- The performance measurement system adopted by the BM is replicable as it consists of a basic architecture to trace *cultural value production* and *distribution.*

NOTE

1. Visitors for focus groups are selected considering social strata, age, and other social and cultural characteristics that might affect their experience, i.e. for the exhibition *Hajj: Journey to the Heart of Islam* (January–February 2012), 4 Muslim and 6 non-Muslim visitors were selected.

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