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In a changing context in which many creative organizations navigate, arts museums struggle to remain faithful to their traditional missions and at the same time to adapt their business model, enabling them to grow. How does a museum renew components of its business model to become part of a creative industry, i.e., an organization that simultaneously maintains the creation of artistic value and the capture of this value on a market? In this article, we study the Montreal Museum of Fine Arts (MMFA)—a museum that has experienced outstanding growth since the 1980s—which has regularly adapted its business model in order to sustain growth. We identify three major periods of leadership and business model evolution. Beyond endless definitional debates on creative industries, this article unveils actual industrialization processes of an arts museum.

Keywords business model, fine arts museum, growth, industrialization, longitudinal single case study

INTRODUCTION

Recent research has highlighted the profound transformations that have been occurring in the landscape in which the creative industries operate: major shifts in matters such as types of products, diffusion of institutions, organizational change, and forms of consumption (Hirsch 2000; Jones and Thornton 2005). Our empirical setting in this article is that of arts museums, a sector that has faced considerable transformation in recent times, such as a broadening of missions and a pressure by stakeholders for value creation and capture.

In particular, existing research has identified growth as the major challenge facing arts museums today (Scott 2009): the last three decades have witnessed a worldwide explosion in the development of museums and galleries; scholars have recorded both the increasing number of arts museums and the rise in global attendances, from approximately twenty million visitors in the 1970s to more than 100 million at the turn of the century. This unprecedented growth has
also fostered competition between those institutions, which have increasingly developed market-oriented strategies (value capture) and at the same time implemented content-oriented approaches (value creation), based on the valorization of their collections (Camarero and Garrido 2008). In this context of worldwide expansion, most, if not all, museums aim at growing and increasing their prestige locally and possibly internationally. In the logic of market-oriented strategies, it is essential for any given arts museum to reinforce its ability to intensively produce creative content (attractive collections, innovative exhibitions, etc.), while being able to secure private and public financial support with a long-term perspective. The articulation of arts and market, value creation and capture, has triggered growth of the sector and expansions strategies, either on their local market (e.g., extension by new building) or internationally (e.g., opening new branches such as the Louvre or the Hermitage). These shifts have brought renewed methods and strategies into museum management, which can no longer be considered as “archaic institutions far from the cutting edge of cultural innovation” (Healy and Witcomb 2006), but increasingly as being driven by innovation.

Such transformations could be analyzed as the industrialization of the arts museum into the creative industries; yet, debates remain among scholars on whether arts museums should or should not be included in the creative industries (Hesmondhalgh 2002; Markusen et al. 2008; Flew and Cunningham 2010). To overcome this endless definitional debate, this article builds on the notion of business model as a lens of analysis. This framework, increasingly mobilized by organization scholars (Chesbrough 2010; Teece 2010; Casadesus-Masanell and Ricart 2010), is very useful for investigating creative organizations because it articulates two processes—value creation and value capture—that precisely correspond to the very heart of creative industries: the combination of arts and market (Caves 2000).

At the organizational level, it provides a clearer understanding of how arts museums struggle to combine these broadened and at times conflicting missions. At the theoretical level, it allows us to unpack the growth and industrialization processes occurring in museums: growth has triggered a permanent stretching of the business model and its components (such as customer value proposition, key processes, key resources, and profit formula). Monitoring over time the links or interdependence between growth and the adaptation of these components is essential to facilitate growth and the adaptation of the business model. Is there evidence that museums adapt their business models to sustain growth over time? How does a museum renew some components of its business model to become part of a creative industry; i.e., an organization which simultaneously maintains the creation of artistic value and the capture of this value on a market?

To provide empirical insights into these questions, we use a single, longitudinal, case study methodology. We study the efforts implemented by the Montreal Museum of Fine Arts (MMFA)—a museum that has experienced outstanding growth since the 1980s (of its collections, audience, budget, physical exhibition space, etc.)—to regularly renew its business model in order to sustain growth while maintaining its commitment to its encyclopedic mission. Our empirical data range from 1986 to 2012, based on annual reports and first-hand data gathered through semi-structured interviews with current managers and curators. We follow a single-case method, since the MMFA is a salient example (Eisenhardt 1989; Yin 2008) of growth and related adaptation of its business model components. We demonstrate how the MMFA revisits its business model in order to capture value by expanding its traditional perimeter (relating to its range of action, its audience and economic viability), while remaining faithful to its mission of artistic value creation. By collecting this empirical data, we unveil the industrialization process of the MMFA.
and provide organizational evidence that fine art museums, showing creative processes involving a range of partnerships, could indeed be considered as part of the creative industries.

THEORETICAL FOUNDATIONS

Creative industries are often defined as the combination of art and markets, where individuals—or organizations—design, produce, and distribute novel artifacts and proposals with both symbolic properties (Caves 2000; Alvarez et al. 2005; Hartley 2005; UNESCO 2006). In these organizations, artistic elements are considered as important as utility, market, or peer recognition (Caves 2000; Hartley 2005). According to Flew and Cunningham (2010), the concept of creative industries emerged in the late 1990s primarily as a policy discourse; the subsequent decade has seen numerous academic as well as industry- and policy-related debates about its utility and implications for research, criticism, and creative practice.

Museums and Cultural Industries: The Endless Debate

Among the academic debates, one of the most persistent deals with the definitional coherence of cultural industries, and especially the inclusion or exclusion of museums in the creative industries. According to scholars like Hesmondhalgh (2002), creative industries “include television, radio, the cinema, newspapers, magazine and book publishing, music recording and publishing industries, advertising and the performing arts. These are all activities the primary aim of which is to communicate to an audience, to create texts”. Hesmondhalgh treats other activity as “peripheral” because it does not use industrial methods, including theater and the making and selling of artworks such as paintings and sculpture. However, many studies tend to include museums in the creative industries: for instance, work undertaken for UNESCO in developing its revised Framework for Cultural Statistic (UNESCO 2007) looked at fourteen constituencies (ten countries, one region, one city, the EU, and the World Intellectual Property Organization) and has found that there is a consensus around which sectors to include in the statistics modeling: museums (as well as galleries or libraries) are clearly included. Moreover, typically industrial concerns such as entrepreneurship (Vivant 2008), strategy and a competitive agenda (Schuster 1998), innovation (Healy and Witcomb 2006), globalization (Marthur 2005), or organizational change (Janes 1999) are analyzed by many scholars as an entry of museums within the creative industries.

Several definitional reasons may explain this ongoing debate. In fact, the concept of creative industries usually merges activities that are highly capitalized and industrialized in their modes of production and distribution (e.g., film and television), and others that are more labor-intensive and made by craftsmen (arts and crafts, designer fashion, music, the visual and performing arts), and combines highly commercial sectors marked by the business cycle (e.g., advertising, architecture), with arts sectors largely driven by public subsidies (Flew and Cunningham 2010). Moreover, as observed by Markusen et al. (2008), definitions used for industries are shaped by three competing realities: conceptual definition clearly distinguishable from other domains in the economy; the constituencies and policy arenas in mind of the stream of research considered; and
the available data sources. This situation makes the boundaries of the cultural economy fuzzy. Creative industries seem therefore to be in the center of an endless definitional debate.

Unpacking Industrialization through Business Model Analysis

Several theoretical attempts were made to move beyond such a debate of perimeter and classification, especially by implementing process-based analyses. Rather than proposing a conceptual definition, this literature tries to unpack creative industries by gathering them around a similar creative process. For instance, the UNCTAD process-oriented definition of the creative industries is built on the identification—within the organization—of “the cycles of creation, production, and distribution of goods and services that use creativity and intellectual capital as primary inputs” (UNCTAD 2008). In the same stream, the 2002 released UK DCMS Cultural Data Framework was a substantial effort to address the need for consistency in metrics as it details the industry activities and occupations for each stage of a value chain for each segment: 1. Creation > 2. Making > 3. Dissemination > 4. Exhibition/Reception > 5. Archiving/Preservation > 6. Education/Understanding (cited by Flew and Cunningham 2010). This value-chain approach accounts for the specific processes that lead to value creation in the creative industries: the black-box of creativity is more enlightened. However, still missing are the mechanisms of value capture, which are constituent of an industrial organization competing on a market: how do creative industries produce and benefit from value? The concept of business model allows us to account for the processes of value creation and capture within an organization.

As analyzed in the management literature, a business model is generally defined as the set of capabilities that allows the firm to create value, capture this value, and transform it into profits (Chesbrough 2010; Teece 2010; Casadesus-Masanell and Ricart 2010). While early definitions of business models used to focus on the value creation part of the model, these recent contributions showed that value capture mechanisms (e.g., revenue model, cost structure and efficiency, etc.) should not be ignored or downplayed.

Value creation and capture can address different stakeholders or even society as a whole (Thompson and MacMillan 2010; Yunus, Moingeon, and Lehmann-Ortega 2010). For instance, Thompson and MacMillan (2010) propose a framework for developing new business models that can lead to societal wealth improvements (e.g., reduce poverty and human suffering). Thus, business models refer to different forms of value (such as social or economic). In this perspective, not-for-profit organizations must also involve themselves in the complex processes of business model design. For instance, not-for-profit organizations have been shown to build social business models that allow them to cover the full costs of their operations. Being more cause- than profit-driven, such organizations may not need to make economic surpluses. But in terms of their organizational outputs, structure, and operations—i.e., value creation and capture mechanisms—they must be “a business” in every sense (Yunus, Moingeon, and Lehmann-Ortega 2010).

Recent contributions have emphasized the notion’s dynamics (Voelpel, Leibold, and Tekie 2004; Demil and Lecocq 2010; Doz and Kosonen 2010): as industries and markets evolve, organizations must renew their business models. There is an increasing consensus that business model innovation is key to firm performance, and a significant number of scholars focus on business model innovation as a vehicle for corporate transformation and renewal (e.g., Ireland et al.
Designing and Transforming Business Models in the Arts

Business model analysis is now being progressively mobilized by creative industries scholars—for instance, in the fields of haute cuisine (Svejenova, Planellas, and Vives 2010)—for which the authors detail how an individual’s search for creative freedom can influence the organization’s business model. In the field of art museums, Coblence and Sabatier (forthcoming) used a longitudinal study of the Louvre museum, underlining how the pursuit of cultural innovation drove its recent business model renewal. In particular, they analyze its transformation from a growth-oriented business model to a global and innovative business model, highlighting the organization’s efforts to create symbolic value from its unique art collections through innovative exhibitions and displays. They describe the different drivers behind the shifts in value propositions, in the organization and in its resources and competences, and discuss how cultural innovation can be a powerful driver for revising and fine-tuning creative industry business models.

Business model renewal has also been suggested as an effective manner to overcome situations of turmoil by concentrating on the artistic offering itself, by looking at the portfolio of productions, the artistic vision, and the creative processes, in light of external and internal turmoil conditions while ensuring a balanced nonprofit formula (Poisson-de Haro and Montpetit 2012). Organizational turmoil also often results from conflicting missions and visions, a phenomenon that has largely been identified in the literature (Zolberg 1981) and that drives art museums’ transformation from a “pre-professional phase during which unspecialized amateurs, both laymen and museum employees, run the institution” to “a shift in dominance to the increasingly professionalized staffs and their chief executive” (Zolberg 1981, 104). Moreover, conflicting pressures emerging from various stakeholders (notably external funders and museum curators) press for specific organizational outputs and products: types of exhibitions and the displays of art (Alexander 1996). In such turmoil, which can be external or internal, artistic organizations should carefully adapt, in a coherent fashion with their mission, the components of their BM and in particular pay attention on the adaptation of their reputational, human, financial, organizational and physical resources (Poisson-de Haro and Montpetit 2012).

External factors (such as a subsidy or a private or corporate donation) and internal context (such as a board or a leadership-oriented vision) can trigger growth and foster the adaptation of business model. In this article, we use the framework from Poisson-de Haro and Montpetit (2012) of business model components in creative organizations (Customer Value Proposition; Profit Formula; Key Processes; Key Resources, see Figure 1), adapted from Johnson, Christensen, and Kagermann (2008) to analyze the evolutions of the MMFA business model.

RESEARCH DESIGN AND METHODOLOGY

Our empirical study of the evolution of the Montreal Museum of Fine Arts (MMFA) is based on qualitative research methods. We chose a single case study which, according to Yin (2008) and Eisenhardt (1989), is appropriate when the case in question is revelatory and when it has a potential relevance due to its context for broader generalization. Over three decades, the MMFA
has experienced a salient growth in terms of its physical expansion (with the opening of new pavilions), number of visitors and subscribers, revenues, and subjects taken into account within its encyclopedic mission. Therefore, the MMFA is a revelatory case with which to investigate the conditions through which growth is being sustained over time, an issue that is indeed relevant in many other art museums (Scott 2009).

Similar to Sosna Trevinyo-Rodriguez and Velamuri (2010), we have a longitudinal approach, tracking the main evolutions to the business model of MMFA. In addition, this methodological approach is in line with Yin and Eisenhardt’s recommendations to choose a case that has depth of access of information that would not be available with another research method, such as a survey or questionnaire. In our data collection process, we contacted the MMFA General Manager and Chief Curator Nathalie Bondil and, upon receiving her approval for our study, we selected the informants that could illuminate us on the various aspects of the business model represented. In concordance with N. Bondil, we selected people that would allow us to have knowledge of the past and of the business model evolution that has occurred over the last decade.

Most of the data collected were primarily in the form of archival documents and interviews. This was conducted over one year with two sets of interviews.

- In summer 2011, we proceeded with the first round of data collection within MMFA. We collected data on the MMFA, its organization, resources and processes, not only from a management standpoint but also from an artistic perspective. Ten key informants were selected among the top management team of the museum, including the chairman of

![Figure 1: Business model components in cultural organizations. Source: Poisson-de Haro and Montpetit (2012).](image-url)
the board Brian Levitt, Nathalie Bondil and other curators, as well as administrative and marketing directors of the museum.

- A second set of data was collected later in 2011 with Nathalie Bondil, so that more adjustments to the implemented business model could be discussed. In total, we performed eleven interviews of an average ninety minutes in length, using a semi-structured approach broad in scope. Interviews were transcribed and verified for accuracy by the informants. Each transcript was analyzed following the interview and used as a base to explore emerging themes. Valuable excerpts of these interviews were then identified and regrouped into thirty-five themes related to growth and business model components using QSR nVivo 10.

Following Miles and Huberman (1994), transcribed interviews were analyzed through the categorization and analysis of emergent concepts and ideas. In order for the information to be easily comprehensible in order to understand the dialogue process at a company, we developed conceptually ordered displays following the sequence of the dialogues and four categories of the business model components. We identified the relevant comments in each interview that explained each step and categories; then developed the conceptually ordered displays, which eventually allowed us to identify emerging patterns.

In addition, annual reports corresponding to the curatorship of Pierre Théberge (1986-1997), Guy Cogeval (1998-2006), and Nathalie Bondil (2007-present) were used to extract vital data about the museum’s evolutions. This data includes financial sheets, exhibitions calendars, and addresses from key people of the MMFA. From these annual reports, similar to the transcript’s analysis, we selected and inferred data that correspond to the four components of the business model (Johnson, Christensen, and Kagermann 2008; Eyring, Johnson, and Nair 2011). The data analysis’s goal was to identify all information that could be relevant in order to understand how a museum of fine arts can adjust or adapt its business model to meet the challenges of growth and industrialization.

**INDUSTRIALIZATION AND BUSINESS MODEL EVOLUTION AT THE MMFA**

Figure 2 presents the variables to define the evolving business model of the MMFA, according to the framework proposed by Poisson-de Haro and Montpetit (2010), adapted from Johnson, Christensen, and Kagermann (2008) and Eyring, Johnson, and Nair (2011). The data inferred from the twenty annual reports analyzed are then positioned in each business model component.

In this empirical part, we first provide evidence for three decades of growth and efforts to capture value at the MMFA; we then analyze the evolutions of the business model on its four components, and identify the shifts towards an industrialized business model.

**Business Model Evolution to Ensure Growth and Value Capture**

Our empirical data highlight the three decades of growth and value capture experienced by the MMFA. Two key parameters may be underscored (see Figure 3).
First, the attendance of the MMFA has nearly tripled over two decades; it rose from around 300,000 visitors a year in 1993 to almost a million in 2012-2013. Second, in parallel to this increase in number of visitors, the MMFA has also experienced a considerable augmentation in its revenues. Our data show that revenues have been multiplied by a factor of eight over the period, increasing from $6.8 M to $55.8 M. For the entire period we investigated, the rise was +712 percent, with an average rate of increase of 8.11 percent a year. This is a key parameter to support our assertion that the museum organized value capture; i.e., set up organizational capabilities to capture part of the value they created through exhibitions and transform it into revenues.

Interestingly, budget tends to grow approximately twice as fast as the audience, which supports the idea that MMFA’s top management paid particular attention to value capture, revenue creation, and financial sustainability in the long run. Under the Théberge management (1986-1997), the growth of the MMFA—its activity, audience, and budget—was considerable. This period actually gave the initial impulse for industrialization, a process that was then pursued by Cogeval and Bondil. As Nathalie Bondil stresses:

[Pierre Théberge] was really a great director of the MMFA. He was extremely innovative, when formulating [exhibition] concepts . . . Théberge brought an international programming that was also ambitious from an academic standpoint. It is someone whose academic reputation also is really appreciated . . . [Today] we continue in this multidisciplinary identity which the museum had already adopted.
In the logics of market-oriented development, it was essential for the MMFA to grow in size and value capture capabilities, with a long-term perspective. The pursuit of value capture has triggered growth of the museum. However, evidence of industrialization also appears in the four components of the museum’s business model.

Industrialization through the Evolution of Business Model Components

Fewer exhibitions, but bigger ones: Industrialization in the customer value proposition. At the center of an art museum’s customer value proposition lies its exhibitions and collection displays. The evolution of the number, size, and scope of the MMFA’s exhibitions in the study period is representative of the industrialization process experienced by the organization: the MMFA produces today fewer exhibitions than it used to, yet bigger ones. The overall number of exhibitions (temporary and travelling exhibitions) drops from an average of 28.5 a year during the Théberge era to 20.5 under the Cogeval tenure, and down again to 18.6 under the leadership of Bondil (see Figure 4). The production processes thus allows economies of scale, increases cost efficiency, and indicates an industrialization turn.

The main phenomenon causing this decrease is the drop in the design and implementation of itinerary exhibitions; i.e., exhibitions produced by the MMFA but displayed outside of its walls (in schools, art galleries, and other cultural institutions outside the MMFA, most of the time in Quebec). In contrast, over three decades, the share of in-house exhibitions (i.e., those designed and displayed at the MMFA in Montreal) has risen from an average of 45.7 percent (Théberge) to 58.2 percent (Cogeval), and finally to 74.9 percent (Bondil). In the same stream of analysis, the part of expenditures allocated to exhibition design has decreased from 25.3 percent (Théberge) to 22.4 percent (Cogeval), and to 18.2 percent for the last period (Bondil), which suggest a strong and continuous rationalizing in exhibition design (Figure 5).
Fewer exhibitions, gathering more visitors *in-house* and with a rationalized economic equation: the evolution of the MMFA’s *customer value proposition* supported an industrialization process. Exhibitions are considered as creative products, as underlined by Chairman of the Board Brian Levitt:

Mrs. Bondil and her team are product creators. It’s like a movie studio. It’s the same thing. It is her who had the idea of [the exhibition on Yves] Saint Laurent, the idea of Gaultier. We are, by far, the biggest producer of culture, of cultural products in Canada. There is no other museum that does so much. I have nothing against other cultural institutions, but symphony orchestras have been playing and replaying Beethoven for a long time. A ballet company is another example. It’s not every year that they have a creation. Every year, here, we have a new creation, at least one.
Exhibitions are also more often designed in collaboration with partner institutions in North America, so as to reduce costs, risks, and to increase audience and quality. Along with customer value proposition, key resources and processes for value creation and capture have experienced considerable changes at the MMFA, towards industrialization.

Key resources: The importance of an international network. Evolution of key resources is central to support the overall evolution of the business model. In the case of the MMFA, key resources—both financial and symbolic—changed strongly, as exemplified by the progressive constitution of an international network of partners in North America, allowing the MMFA to mount exhibitions and cultural projects, the size and scope of which range way beyond its medium size in the arts museum landscape:

It is because now we are very well known. People call us to know what we are going to make. That helps to balance a financial year because we are able to generate revenues that are really interesting for the exhibitions that we send abroad. As Gaultier, for instance . . . The exhibition will travel in four cities, maybe five, maybe six, we shall see. That makes that we are able to write off all our costs and we are going to have 100,000 visitors, 150,000 visitors . . . (Exhibition designer Pascal Normandin).

As shown in Figure 6, we can notice, regarding travelling exhibitions, a clear transition from a model of “craftsmanship” (i.e., a lot of short-term exhibitions travelling locally, mainly in Montreal, in the province of Quebec, or sometimes in other Canadian provinces) to a model of “industrialization” (i.e., fewer but larger exhibitions, but destined to be presented in the US and Europe). This process also reflects the transition from a production mode mainly responding to the needs of local cultural partners (pull) to a model of offering to cultural partners abroad fewer exhibitions, though much more ambitious, in terms of size, scope, and creativity. Director Cogeval played an important part in implementing this shift:

Not only did he increase our collection in phenomenal proportions during the last decade, but Mr. Cogeval, by his original and courageous vision, also allowed the Museum to gain recognition of the profession at international scale. By exploring new roads, he managed to wake up the interest

![Figure 6](image-url)
of several legendary museums such as the Louvre, the Metropolitan Museum, the Ermitage and the Grand Palais, with whom partnerships are now possible (Bernard Lamarre, chairman of the board, 2006).

As shown by Poisson-de Haro, Normandin, and Coblence (2013) in a recent study, the MMFA designed its resources to be able to confirm the viability of the artistic project through the securing of adequate long-term funding and to ensure the international reach of their exhibitions. Several options were implemented to benefit from the international network:

Borrowing or renting works at an affordable price allows the Museum to keep costs at an acceptable level. Through the networks of Bondil and the curating team, and especially through close ties with other museums, the MMFA is able to offer its internally designed exhibitions for rent. As MMFA exhibitions have shown, this pooling of financial resources is absolutely critical: projects cannot be realized unless costs are shared among several institutions. Institutions that are medium-to-large in size and whose markets are relatively small have no choice but to export their exhibitions (Figures 6 and 7).

Internationalization is thus as much a resource as a consequence of a museum’s ability to meet its value creation; i.e., the cultural ambition of its exhibitions.

**Key processes: Creativity to enlarge the frontiers of a universal museum.** Besides the changes in the *customer value proposition* and the *key resources* of the organization, important changes occurred in the *key processes* of value creation at the MMFA, relating to the creative processes and the efforts implemented by the institution to systematically enlarge the perimeter of its collections and artistic projects. The cultural enlargement of the museum is defined by Bondil:

Thus, [the objective] is always . . . to diversify the subject and the contents. Because we are lucky enough, by working in art history and with works of art, to be able to see . . . . Often, exhibitions are made of objects that are polyglot, that speak several languages. There are several manners to approach a work of art. [Imagine that] you have a cup. A cup can be seen under the angles of shape, style, technique, context, use . . . In the end, there is really a lot of way of reading and of interpreting works of art. It is a fantastic chance! [. . .] Then, finally, [our role] when we have a project is to open
most possible footbridges, most possible fields of interpretation, so that a maximum of persons feel included.

For instance, the success of the recent exhibition *Warhol Live!* was the result of the ambition to bring music into the museum, as a new artistic field for the organization, and to attract support from external stakeholders to sustain this ambitious project. Similarly, *The Fashion World of Jean-Paul Gaultier* has enabled the Museum to foster locally rooted creative processes in conjunction with Montreal-based creative partners to showcase the work of the French famous designer, creating an exhibition that was set to tour the world from the outset:

[It was] a beautiful project because it showed how we got into a segment, we created, we built up a new niche to develop something and we became the spokesman of a new way of designing the program, of making scenography and of developing partnerships abroad… it really is a snowball effect, that goes very, very far. (Exhibition designer Pascal Normandin)

Through carefully monitored creative processes, the MMFA has experienced waves of diversification of its collections, including areas such as fashion, design, and music, which were not part of the traditional perimeter of the organization thirty years ago. In that sense, these processes allow cultural content to be produced that is beyond the scope of the MMFA, and the development and reinforcement of partnerships. As exhibition designer Pascal Normandin puts it:

The MMFA wants, and must, to be visible, present and recognized as a producer, a large producer, of international exhibitions of a very high standard. Put it simply: this is our strategy.

These exhibitions reinforce a shift in the artistic content from fine arts to creative industry. They also enabled the MMFA to reinforce its ties with local stakeholders while developing a stronger local and international brand reputation for academic quality and highly praised creative skills.

*Profit formula: benefiting from large-scale philanthropy.* Our data on the financial equation of the MMFA show that the overall equilibrium between government and public subsidies on the one hand, and private revenues on the other hand, does not change in significant proportions. For instance, over the thirty-year period that we have studied, government subsidies have remained relatively stable, around sixty percent of operating revenues on average, despite an increase of a factor of five (see Figure 8).

However, regarding the rise of value capture mechanisms, one component of the *profit formula* at the MMFA does change significantly: the volume of financial donation, which rises from an average of 7.4 percent of operating revenues (Théberge) to 7.6 percent (Cogeval), and finally to 11.3 percent (Bondil). In terms of dollars, the increase is even more striking: donations go from a yearly average of $1.15 M (Théberge) to $1.82 M (Cogeval), and to $3.28 M (Bondil). Adding to this picture, donations in artworks have skyrocketed, going from an annual average of $5.4 M (Cogeval) to $11.8 M for the Bondil era. This increase is the consequence of the efforts to design and sustain a network of private donors. It also reflects that financing the growth requires private donations, in the form of works of art, money, or both.
As shown by the evolution of each of the four components of the MMFA business model over the last three decades, important shifts have occurred in value creation as well as value capture mechanisms and logics: the cultural content-orientation has widened to encompass new artistic disciplines with major changes in the creative processes; the exhibitions proposed by the museum—at the center of the customer value proposition—are larger, more prestigious, and implemented at the international level; the audience and revenues have grown tremendously over the period.

To provide a synthetic view of this business model evolution that sustained the industrialization of the MMFA, we define the initial business model (at the beginning of the Théberge leadership) as one resembling “Fine Arts craftsmanship.” In this model, growth is driven by demand. This demand is emerging from local stakeholders (local communities, small regional museums, etc.), and the MMFA implements a responsive business model that consists of designing numerous small-scale exhibitions, on an almost tailor-made scale, to meet the stakeholders’ demands and opportunities. In this craftsmanship business model, cultural value creation is strongly dominant and market-oriented strategies are minor.

Thirty years later, the craftsmanship business model has evolved into a truly “Arts and Creative Industry” business model—typical of a creative industry—where resources and processes are oriented not only at value creation but at value capture as well. In this creative industrial model, growth is driven by the creative competences of the museum: ability to create an international network of partners to rotate exhibitions and multiply the scope of visitors; ability to generate audience and revenues; ability to diversify collections (music, fashion); and ability to create innovative products that meet visitors’ requests on a much larger scale. This industrial business model is more proactive than responsive as it creates its own levers of growth (see Table 1).
### TABLE 1
Synthetic Table of Business Model for the Three Periods: From Fine Arts Craftsmanship to Arts and Creative Industry

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<td>12 (avg) Temporary exhibits with 8 (avg) Touring</td>
<td>13 (avg) Temporary exhibits with 4 (avg) Touring</td>
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<td>Key RESOURCES</td>
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<td>Key RESOURCES</td>
</tr>
<tr>
<td>Brand</td>
<td>Mainly local reputation</td>
<td>Local &amp; expanding reputation (1996)</td>
<td>Local &amp; international reach</td>
</tr>
<tr>
<td>People</td>
<td>Higher number of staff</td>
<td>Impacts staff reduction (1996)</td>
<td>Very efficient teams</td>
</tr>
<tr>
<td>Technology</td>
<td>Similar to other museums</td>
<td>Similar to other museums</td>
<td>Similar to other museums</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Mainly local and N. America</td>
<td>Local &amp; international</td>
<td>Local &amp; more international</td>
</tr>
<tr>
<td><strong>KEY PROCESSES</strong></td>
<td>Key PROCESSES</td>
<td>Key PROCESSES</td>
<td>Key PROCESSES</td>
</tr>
<tr>
<td>Creative processes</td>
<td>Mainly in-house</td>
<td>Mainly in-house</td>
<td>In-house and local for exhibits</td>
</tr>
<tr>
<td>Production</td>
<td>In-house &amp; hosting exhibits</td>
<td>In-house &amp; hosting exhibits</td>
<td>Mainly in-house and local</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Main functions in-house</td>
<td>Main functions in-house</td>
<td>Main functions in-house</td>
</tr>
<tr>
<td>Marketing</td>
<td>In-house &amp; local Data not available</td>
<td>In-house &amp; local</td>
<td>Local &amp; in-house, social media</td>
</tr>
<tr>
<td>Information Technology</td>
<td></td>
<td>CRM</td>
<td>CRM, social media integration</td>
</tr>
<tr>
<td><strong>PROFIT FORMULA</strong></td>
<td>PROFIT FORMULA</td>
<td>PROFIT FORMULA</td>
<td>PROFIT FORMULA</td>
</tr>
<tr>
<td>Cost structure</td>
<td>most exhibits own production, coproduction (1)</td>
<td>Reduction of staff, coproduction (3), own production (16), rent (1)</td>
<td>sources and co-productions (6), own production (11), rent (1)</td>
</tr>
<tr>
<td>Revenue model</td>
<td>A majority of subsidies (60%)</td>
<td>Still a majority of subsidies (60%)</td>
<td>Hybrid—growing hybridity of funds</td>
</tr>
</tbody>
</table>

**DISCUSSION AND CONCLUSION**

As noted in the first part of this article, most of the literature to date has considered business model evolution in cases of for-profit companies, and often in high-technology environments. Creative organizations are understudied; only a few articles consider the specific needs of creativity, value creation based on symbolic goods, and value capture on a market. Svejenova, Planellas, and Vives
(2010) detail how an individual’s search for creative freedom can influence the organization’s business model, but creative industry organizational-level studies are rare indeed, and longitudinal studies on the evolution of business model in the art sector are limited.

Moreover, in the fields of arts and creative organizations management, the study of the industrialization process of arts organizations remains undone. Some creative sectors, such as video games, movies, and music, are considered “industrial by nature”; scholars thus often ignore the path to industrialization. Other sectors, such as the arts and heritage museums, are either described as non-industrial (Hesmondhalgh 2002), or as entering the creative industries. This last hypothesis is promising and therefore studied: the importance of typically industrial concerns such as entrepreneurship (Vivant 2008), strategy and a competitive agenda (Schuster 1998), innovation (Healy and Witcomb 2006), globalization (Marthur 2005), or organizational change (Janes 1999) have been analyzed by many scholars as an entry of museums within the creative industries. Yet, to our knowledge, no comprehensive research has focused on all parameters of industrialization in arts museums.

At the crossroads of these two gaps in the literature, this article provided empirical evidence on the industrialization of the MMFA, through business model analysis, which allows us to embrace all parameters of value creation and capture in the industrialization process. In this longitudinal case study, we identified three major steps of the MMFA’s growth, and analyzed the successive evolutions of its business model. We showed how the MMFA’s successive directors gradually industrialized the activity, in search of a dynamic consistency, in order to simultaneously achieve growth and value capture, cultural value creation, and the renewal of its competences. The MMFA business model thus changed from a “Fine Arts Craftsmanship” business model to an “Arts and Creative Industry” one. This shift has materialized not only in the content of what emerged from the MMFA but also in the way recent exhibitions were created, developed, and exported. This shift also helps to give a framework for analysis of the growth of the museum. Thanks to its creativity and ability to expand the frontiers of what a museum of fine arts can exhibit, the MMFA facilitated its own growth and reinforced its reputation and brand locally and internationally, by displaying its exhibition to an increasing number of visitors locally and abroad.

Thus, our article unpacks in a comprehensive manner the various parameters of industrialization, based on business model components:

- On value capture dimensions, we identify the evolution of the revenue and financial structure, especially with a raise in self-generated revenues (gift shop, tickets, edition, etc.) that suggest a “commercial turn” (Bayart and Benghozi 1993) of the MMFA in its path to industrialization; we also identify the construction by the MMFA of a large and efficient network of sponsors, as well as its embeddedness within networks of international partners among the top art institutions;
- On value creation dimensions, we identify the industrialization of exhibition design, programming, and implementation: fewer exhibitions, with a much higher reach in terms of audience, cultural reputation, innovation, and spectrum. In particular, creativity and innovation in exhibition design, as well as the conquest of new creative fields (such as fashion and music), strongly participate in the dynamics of industrialization;
- These two dimensions have allowed the MMFA to sustain a large and regular growth of its audience, budgets, size and width of collections during the last three decades.
Besides unpacking the parameters of industrialization, our research also sheds light on the drivers of business model evolution in the creative industries. Existing research is still scarce on this issue, yet the MMFA case complements two prior analyses. In their research at the Theatre des Deux Mondes of Montreal, Poisson-de Haro and Montpetit (2011) studied the adaptation of a business model in times of turmoil. The authors suggest that in a context of turbulence, which can be external (the environment) or internal (the organization itself), artistic organizations—here in the performing arts sector—should carefully adapt, in a coherent fashion with their mission, the components of their business model and, in particular, pay attention on the adaptation of their reputational, human, financial, organizational, and physical resources. However, our research at the MMFA suggests that the museum does not undergo a period of significant turmoil, nor that the business model is adapting to changing times. The dynamics of business model evolution that drove the museum on the path of industrialization are more internal and regular, yet related to the growth context of the MMFA.

In prior research, Coblence and Sabatier (forthcoming) have shown how cultural innovation—defined as an organization’s capability to design, implement, and distribute products that support renewed aesthetic and symbolic propositions—is a powerful driver of business model revision for creative organizations. Their analysis of the Louvre business model revision demonstrates that the pursuit of cultural innovation drove the organization to reconsider its resources, competences, organizational structure, and products. They suggest that the Louvre’s revised business model—global and innovative—today has unique characteristics that allow the organization to sustain both the growth and cultural innovation imperatives simultaneously. Our research at the MMFA supports this stream of research and generalizes it in a different organizational context.

Finally, our case study raises questions about the managerial issues of industrialization. Numerous academic accounts have framed current museum trends as responding to globalization, pressure for value creation and for increasing revenues according to “competitive” agendas (Schuster 1998; Vivant 2008). Yet, as Chesbrough (2010) proposed, business model evolution also requires the transformation of organizational processes. The MMFA has been restructured to foster creativity among its curatorial departments; it has changed its established divisions of labor, shaped new partnerships that involve contemporary artists and other cultural institutions, and new value propositions designed around the offering of new disciplines (fashion, music) to its collections, and to culture in general. The new millennium has seen intense transformation for the MMFA, and has been accompanied by an unprecedented expansion of cultural projects. Pressures for increased value creation and capture are leading museums to make major shifts in their management methods. Along with the process of industrialization, it can be argued that these creative organizations enter a new era where strategic management, organizational change, project management, and innovation capabilities have become critical, although their implementation has often been revealed as arduous (Janes 1999; Holmes and Hatton 2008).

We rooted our analysis in a single-case study within the fine arts museum sector, but we believe the business model evolution processes we followed are not only relevant to museum-specific settings, but are also representative of the changes that currently face most creative industries. Limitations of this research include the local context of Montreal as a creative city, a culturally fertile and intense context that may have helped the MMFA in its path to industrialization. Further research could explore this question, as well as the issue of leadership in business model evolution: indeed, a primary role of managers is to identify new opportunities for the organizations to grow;
and managers play an essential role “as business model intrapreneurs” in reinventing business models and new organizational forms to serve their institution’s ambition and mission.

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