

Bagsværd in March 2017

# **Leading cultural institutions**

**43 recommendations  
for  
successful leadership  
of cultural institutions**

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## Foreword

An experienced man is good to visit - and in this respect, the author of this short book is the right host. He knows how bold, extroverted performance, which draws the audience through the door, must be based on strong and stable operations, knowledge and communication. He has tried most things: both things that went exceedingly well, and things that required that he clenched his teeth and start again almost from scratch.

The experiences and ideas collected through many years of leadership are presented in this book for the benefit of those leading a cultural institution. Others can – from an outside-in view – get information about how these experiences and ideas can be used in leading a cultural institution, while producing the necessary offering of knowledge, experiences and cultural foundation for the community they are to enrich.

Perhaps not everyone will agree with the author on all his views, but there then is a basis for a good discussion!

Per Kristian Madsen  
Museum Director  
The National Museum

**This is an English version of the book I wrote in the Danish language in September 2015. The Nordic Council of Science Centres (NSCF) has generously supported the translation. I am very grateful for this support. I want to express my warmest thanks to the NSCF's Board.**

## **1. Why write this book?**

Through my work as Experimentarium's CEO for 26 years, I was a part of conceptualizing, financing, developing and operating a cultural institution, which generated approximately DKK 70 million annually and employed around 225 employees.

My educational background is versatile: Master of Science from the Technical University of Denmark in 1972, specializing in logistics, transportation, urban planning and operational research. In 1979, I supplemented my civil engineering degree with a diploma in strategy and planning from Copenhagen Business School (CBS). Since 2007, I have worked as an external lecturer at CBS on the topic of experience and transformational economy.

It has been a privilege to lead Experimentarium for so many years.

The company has been through some crises and gained some successes. It has given me so many - often dearly paid for - experiences that I find it appropriate to share these lessons learned - hopefully for the benefit of leaders and employees of other cultural institutions.

I have also gained experience from 25 years of meetings in the "Culture Club", which is an informal meeting forum for the leaders of Copenhagen metropolitan area's largest cultural institutions. The "Culture Club" meets about 6 times a year. During these meetings, we exchanged experiences – good and bad – on topics as diverse as: new exhibitions, marketing, fundraising, pricing on admission, students salaries, VAT deduction and others.

In addition to this, I have had the pleasure of serving on the board of a number of cultural institutions: Sagnlandet Lejre (Land of Legends), Garderhøjfortet, Wonderful Copenhagen, Design Museum Denmark, The LEGO House Challenge Board, ENIGMA Museum for Post, Telecom and Communication, and FOF Gentofte.

Finally, it should also be included in the picture that during the past few years, I have experienced having "to sit on the other side of the table". On "the one side of the table", I understand the work to ensure the financing of projects by obtaining pledges of support from non-profit foundations, while "the other side of the table" is to work for a foundation that awards support for good projects. It has certainly been instructive to have to deal with grant applications.

I have enjoyed the privilege of being a board member of the Siemens Foundation and the Velux Stiftung based in Zurich. In 2013, the A. P. Møller Foundation decided to donate the magical sum of DKK 1 billion (140 million Euro) to the Danish public schools. The A. P. Møller Foundation established an advisory committee of which I have had the honour and pleasure to serve for two years.

Through working with these various cultural institutions and foundations I have built up knowledge and have been able to draw some conclusions, which - I think - many politicians, business leaders and the general public will be surprised to get acquainted with.

The fact is that cultural institutions are on some points quite clearly different compared to normal, profit-oriented businesses, but – beside these few areas – actually look like "ordinary" companies surprisingly much and should be lead very much like "ordinary" institutions. It means that leaders of cultural institutions really have to be on their toes – all the time!

In the text below, I have collected 43 recommendations on how to lead a cultural institution. The recommendations are numbered R1 to R43 and are indicated **in bold**.

Enjoy!

Asger Høeg  
Bagsværd, Denmark I March 2017

## **2. What is a cultural institution?**

In 2012, at the request of, and in cooperation with, the Culture Club, Professor Christian Wichmann Matthiessen wrote an interesting thesis entitled, "Culture and Value Creation - Copenhagen Perspectives".

The thesis explored how cultural life in a region affects the region's development to a degree not previously anticipated. Wichmann Matthiessen uses a very broad definition of culture, and thus a broad concept of a cultural institution. The same broad concept of a cultural institution will also be used in this book.

A cultural institution is a non-profit institution – private or public – which collects, preserves and researches objects, creates and distributes knowledge, as well as entertains and generates debate on matters of general human interest.

The Land of Legends, The Royal Theatre, Karen Blixen Museum, The National Gallery, Ny Carlsberg Glyptotek, The Natural History Museum, The David Collection, DR Concert Hall, Design Museum Denmark, The National Museum and Experimentarium are all cultural institutions. They all have a natural framework for their activities. Many of the companies have collections, while others communicate. What matters is the institutions' products: they all contribute to the cultural wealth of the region in which they exist.

### **3. Organizing cultural institutions.**

#### **3.1 Cultural institutions should perform the same functions as 'ordinary' companies.**

Cultural institutions' businesses are very extensive. They produce knowledge, disseminate, entertain, cultivate, train, collect and preserve objects. Therefore, the tasks of a cultural institution can easily by many be claimed to being distinctive and quite different from ordinary production or commercial activity (in an ordinary company).

But this is not at all the case!

A cultural institution – if well led – must understand how to operate, develop, market and manage its business. Therefore, all cultural institutions will include departments, sections, staff functions, etc. that takes care of these four functional areas: development, operations, marketing and administration.

Concerning the organization of the cultural institution, my best advice (**R1**) is to build it with four classic departments:

- \* A Development Department, where all new activities are formed.
- \* An Operating Department, which manages everyday activities.
- \* A Marketing Department, where everything the institution creates is "sold".
- \* An Administration, which comprises the personnel and finance department.

Organizational theory works with the concepts of the formal organization and the informal organization. The easiest way to learn about formal organization is often to look in a telephone directory! But the informal organization can only be seen through the decisions taken in the company. Here, it is vital to note **HOW** the decision was actually taken and who took the decision. There is **ALWAYS** a difference between the formal and the informal organization. I have found that, now and then, it can be an advantage for an organization if there is a small difference between the formal and the informal organization. It may even be the case that a healthy competition occurs between functions formally responsible to carry out an activity and informal forces in the organization, which act self-appointed to implement activities to the benefit of the cultural institution.



This event may be a very active Marketing Department that wants to implement one or more activities that generate media coverage (which in turn is likely to generate more visitors). The Development Department is perhaps hesitating and does not think that the proposed activity should have as high a priority as the marketing department expects. The development department does not see the commercial aspect of the activity. So it may happen that the marketing department carries out these activities through its own funds. The communication activity is successful and this is an eye-opener for the development department, which - because of internal competition - will be a little more alert next time, when there is a possibility of a publicity-promoting communication activity.

When the audacious claim - that internal competition can be healthy - is put forward, it is also appropriate to firmly confirm **(R2) that when there has grown too great a distance between the informal and the formal organization, it is time to carry out an organizational adaptation!**

In the above case, it may be an idea to transfer responsibility and budget from the Development Department to the Marketing Department to implement a number of communication activities that can promote the institution's publicity.

Another dogma I have worked for in my time as director is: You should build the company's organization around the people you want to be in it. In other words: **(R3) If there is a skilled employee that you want to play a central role in the company, you build the company's organization so there is a suitable place for this employee in the organization.**

### **3.2 Set the director free!**

When I joined the board of some of the above-mentioned cultural institutions, my position from the beginning was that the director of an institution should be freed from the daily routines so that the director can work to formulate and realize the institution's strategy. In the word "realize", it is often implied that the director must ensure the financing of the elements that a strategy typically will consist of. Strategy work, fundraising and execution of the individual elements of the strategy must be carried out with the director going in front. But this requires that the director is not "attacked" by everyday problems such as disgruntled employees or guests (customers), problems with cash registers, etc., every morning when he or she comes to work.

Therefore, the leader of a cultural institution must ensure strong leaders on the above functions: **(R4)**

**\* A careful and diligent operations manager who understands the importance of the "customer is always right".**

**\*A visionary, but also economically sound development manager who can create the audience experiences that live up to the purpose of the institution and also attract many visitors.**

**\*An extroverted skilful in communicating, commercially oriented marketing manager who is competent in the use of social media.**

**\* And finally a meticulous, fussy (in the best sense), persistent, detail-oriented manager for administration, personnel and finance.**

If the director can ensure competent leaders in these four key positions in the organization, the director may free herself from the "suffocating embrace" of the everyday. Thus, the director may use the released energy to rise and look three to five years into the future and determine the target and the exchange rate for the institution.

In smaller cultural institutions, it can be difficult to create a financial basis for four bosses, covering the areas of operation, development, sales and marketing and administration and finance. In this case, the institution may choose to outsource one or two of these tasks. What matters is – in any case – that the director has the opportunity to look beyond the challenges of everyday life and focus on tomorrow's challenges.

### **3.3 Finding a balance between the board and the director.**

#### **What is the role of the board of a cultural institution?**

It is interesting that there actually are many major cultural institutions that do NOT have a board. The biggest - the National Museum, the National Gallery and the Natural History Museum - actually have no boards.

The state, which owns the National Museum and National Gallery, controls these two institutions through Performance Contracts (as they were named until 2012) and the Framework Agreements (after 2012), where the Ministry of Culture and the museum agree on the framework and objectives of the institution's activities in the future contract period (typically four years). The latest framework agreement for the National Museum and the National Gallery covers the period 2016-2019.

The Natural History Museum (SNM) is also owned by the State through the University of Copenhagen. The university has a board, but SNM is an organizational unit (a "Department") under the Faculty of Natural and Biosciences. This means that the Director - Peter Kjærgaard - of the Natural History Museum refers to the Dean of the Faculty of Natural and Biosciences. It does not seem like the most effective organizational position for the museum seen from a strategic perspective.

In conclusion, I think that the government's decision on how to control and monitor these three major cultural institutions is far from being ideal. I am of the opinion that any well-run cultural institution should have a board to ensure that the strategy, its plans and daily operations are executed according to the statutes of the institution.

The Board's primary time dimension is at the strategic and partly tactical level. This implies that the Director should also have this time perspective in his daily work. In short, if the director does not have the opportunity to be freed from daily problems, the director may not be able to communicate with the chairman on equal terms. One can fear a situation where the chairman – which is her task to do – is constantly thinking and talking about strategy, while the director is plagued by daily problems here and now of an operational nature.

One can say that the director – as the link between the institution's daily work and its owners (represented by the Board) – should also be able to speak the Board's language. Otherwise, the chairman of the board will dominate the communication with the director. If the director does not determine a strategy for the institution, then certainly the board will decide a strategy for the institution. But in this case, it is NOT the director's own strategy. And then one might be afraid that the director might not pursue the strategy with the same dedication as if it had been the director's "own" strategy.

**Conclusion: (R5) The director of a cultural institution should be released from everyday challenges, so the director has the time, effort and intellectual power - constantly - to formulate or reformulate the institution's strategy and action plans so that the director can maintain a meaningful dialogue with the board and achieve the important balance between the board and the director's powers and knowledge.**

It is incredibly important that a cultural institution achieves the delicate balance between the Board and the Director's knowledge and authority.

The fact is that a chairman can dismiss the director overnight, so it is the chairman who has power. But it is the director who has detailed knowledge of the company's development and operations.

How do you ensure that the delicate balance between the chairman's power and director's business knowledge is maintained?

Firstly, the director must ensure that the board is informed of the institution's development and operations at a sufficient level of detail. Of course not too detailed, but neither at a too general level at which the board does not actually have sufficient information of how the institution meets its purpose.

Secondly, the board, on one hand, gives the director a fair flexibility in the daily management of the company, but also sets clear goals for what the institution should achieve of results during the coming one to three years.

My experience from the meetings of the Culture Club is that many boards focus solely on the economic dimension. As long as the institution does not produce losses and ends with a negative equity, the board is happy. But the board should also be interested in to what extent the institution actually meets its purpose.

As mentioned, it is the owners who usually appoint the board, which then must ensure that the institution evolves as the owners wish it to. If there is a mismatch between the owners and the board, it can result in fairly dramatic changes of the board. This was the case of The Royal Theatre where the Minister of Culture sacked the whole board and instigated a totally new board.

As I will explain later, many cultural institutions are founded as non-profit foundations, which by law is independent and self-owned. The founders can, through the statutes, ensure certain rights in relation to who can be elected to the board; for example that some board seats must be reserved for the founders and their descendants. In Experimentarium's statutes, it is stated that the three founding foundations: Egmont Foundation, the Augustinus Foundation and the Thomas B. Thirge Foundation each may nominate one member of the board.

But as time passes, the ties between the founders and the foundation often loosens, and you can so easily get in the situation that the boards actually become self-perpetuating. It can eventually result in a board that no longer meets the code of "Corporate Governance" that the Ministry of Culture issued in January 2011 ("Good management of independent cultural institutions").

**Conclusion: (R7) The owners of the institution must ensure that the board's members meet the code of "Corporate Governance". For private institutions, it is crucial that the board is aware of what the code of corporate governance dictates and that the board actually follows these instructions, although you might have to disappoint a good colleague or friend, who had been on the board for many, many years.**

### **3.4 Role of the director and the board.**

Who makes the important decisions in a cultural institution?

Many will say that it is the board that must make all the important decisions. But often the board will avoid taking strategic decisions because the board does not have the sufficient knowledge about the institution's "life" and does not, in fact, possess the necessary decision basis.

The board will obviously could ask the director to prepare a basis for the decision, but not everything can be quantified and put into Euros and cents. The director has detailed knowledge of the company – especially because the director knows the customers. It can be difficult to visualize how this knowledge is reflected in the presentation that the director must prepare. In these situations, the board should follow the recommendation of the director and actually let the director make the decision.

A decision of vital importance could be: What should be the topic for the next exhibition that the institution wants to develop, produce and present to the audience? Here Experimentarium's board would not normally intervene and determine the topic of the next exhibition. The board could suggest some topics but at the end of the day, it is the director who makes the decision and chooses the topic for the next exhibition. As Experimentarium's chairman wisely put it once: "It is you who decides, Asger! If the board made the choice, we CANNOT make you responsible and NOT blame you if the exhibition turns out to be a failure because of the chosen theme".

From the above, one might get the perception that I believe that the director must take most of the decisions in setting the direction for the cultural institution. But that is NOT my opinion. The board must work at a strategic level and at all times ensure that the institution works in relation to the board's decided strategy, as well as ensure that the director has prepared an action plan to follow this approach.

The Board will therefore always – eventually – make the crucial strategic decisions.

### **3.5 Involving the “owner” in the strategic decisions of an independent institution.**

If the board or the director has to make a decision of far-reaching significance, and the board or the director are unsure of what decision is to be taken, one will usually go to the owners and ask them to make the decision.

It is always ultimately the "owner" who makes the strategically important company decisions. Should we outsource and move the production to China? Should we begin to find new markets or develop new products, so the company can grow and diversify? Shall we acquire competing businesses? Often, in normal institutions the owners take such decisions.

But who do you call if the institution is independent?

A large number of cultural institutions are legally organized as commercial foundations with charitable purposes. Normally, a corporate foundation is a legal entity that owns a controlling share of a business. The foundation then has two purposes:

- \* First, to ensure that the company develops well (whereby the fund's assets are preserved and enhanced)
- \* Second, donate the fund's assets to charitable and public benefit causes.

The most well known corporate foundations (with a non-profit purpose) are the A. P. Møller Foundation, the Novo Nordisk Foundation, the Lundbeck Foundation, The Villum Foundation, the Knud Højgaard Foundation, the Egmont Foundation, the Augustinus Foundation, the Nordea Foundation, the Aage and Johanne Louis-Hansen Foundation and the Oticon Foundation.

But numerous cultural institutions are legally organized as corporate foundations with a public service mission that is NOT to distribute funds for charitable purposes, but to carry out activities of public utility value.

Experimentarium is such a corporate foundation with the purpose "to increase public interest in science and technology", (Section 3 in Experimentarium's statutes).

Corporate foundations are by definition independent. There must be a wall between the founder of the foundations and the foundation (according to the Law of Foundations). The founders do not own the foundation – it is an independent institution.

An entity owned by itself is a strange thing!

Whether it's the board or the director who ultimately makes the decision, at the end of the day you will go to the owner and ask him or her to make the decision if it is a strategic and irreversible decision.

But who represents the "owner" of a private foundation? My answer is: It is the purpose that represents the owner! It is the purpose that represents the "owner" of a private foundation!

In normal companies, you will go to the owner and ask: "Should we do X or should we do Y"?

But in a self-owned institution, you go to the mission statement and get the answer!

At Experimentarium's director meetings, we actually often asked ourselves: "What will the mission statement say to this decision"?

The question could be whether to present or not to present a dinosaur exhibition. The answer (from the mission statement) would then be: "Yes, Experimentarium should present yet another dinosaur exhibition because the exhibition will attract more visitors than normal. The dinosaur exhibition will attract many more visitors - than usual - from the violet and pink lifestyle segment (defined in the Minerva model). Hereby, Experimentarium's mission statement will be even more fulfilled. Although the audience may only stay 20 minutes in dinosaur exhibition, the visitors will then go to the main exhibition on the first floor and stay there for several hours. Thus becoming more interested in science and engineering." The mission statement was satisfied, so we presented another dinosaur exhibition!

In 2005, Experimentarium had to determine whether to buy the building at Tuborg Havnevej, which Experimentarium in 1990 had been provided free of charge by Carlsberg A/S for a period of 20 years, or whether Experimentarium should build a new science centre, for example, in Ørestad. In this case, the board decided that Experimentarium should buy the existing building in the Tuborg area and later renovate and expand the building. It would cost approximately DKK 500 million in 2006 to build a new science centre covering 30,000 m<sup>2</sup>. in Ørestad. The board estimated then that this was not a feasible solution because the board simply did not believe that Experimentarium could raise the financial basis of approximately DKK 500 million. Instead, the Board decided to focus on raising money to acquire the building at Tuborg Havnevej and later renovate and expand the property. This process has proved far more costly and time consuming than anyone in 2006 had the imagination to foresee. In fact, the cost to acquire, renovate and expand the property has run up to an amount that surpasses DKK 500 million.

The basis for this perhaps the most significant decision in Experimentarium's history was very flimsy. If the board had asked the mission statement to decide what to do, I think it would have recommended the establishment of a new science center in Ørestad.

**Conclusion: (R8) Operators of non-profit institutions are self-governed. Key decisions are taken either by the board or by the director. But every time a major decision is to be taken, the board should asking the "owner" of the company: namely the mission statement!**

### **3.6 Delegation and control.**

By my observations in Chapter 3.2, the reader may be forgiven for thinking that a director should not interfere with everyday challenges. My position here is clear: the director must ensure effective delegation of tasks associated with the operation, development, sales and marketing and administration. But the delegation must be accompanied by control systems, where one continually evaluates the audience, staff, partners and suppliers' view of the cultural institution work.

**(R9) It may seem like "Big Brother is watching you", but I am of the clear opinion that a real delegation can only be implemented if it is accompanied by effective control systems, i.e. real freedom associated with responsibility and checks.**

What to check in a cultural institution's work?

First of all, one must ask the visitors what they think! How did they perceive the visit? Did they enjoy the visit – or did they feel that they wasted their time? What do they think about the service by the employees? The Danes have a bad reputation of being arrogant or indifferent to tourists. This attitude is stupid, like shooting yourself in the foot. Many cultural institutions perceive tourists as the least important audience. The main target groups are namely often schools, adults, and families with children or grandchildren. In this context, foreign tourists are perceived to be a marginal audience. But the last marginal visitors are very important for the institution's economy. Because the last visitor, on average, pays perhaps 100 DKK in income to the institution, but this marginal visitor costs practically nothing extra. I usually say that the last marginal visitor pays 100 DKK to Experimentarium but costs no more than 10 liters of water (in the toilet). So the marginal contribution from the tourist is approximately 99 DKK!



It is also important to ask the audience about its views on the admission price. Why? Well, because I suggest that the entrance price should be as high as possible – in order to optimize the income from the entrance. Each and every year, the institution should consider raising the entrance price. But a price increase should not be so high that it scares away so many visitors that the total income from the entrance is reduced.

Today, family visitors to a cultural institution often perceives the visit as part of a *social experience*. Therefore, it is of great importance that the institution has a cozy café and a well-stocked, relevant shop. Studies have shown that the audience actually uses only slightly more than half of the time during the visit to a cultural institution working with the institution's core product (the exhibits or experiences via other media). The other half of the time is spent in the cafe, the gift shop or on a bench where you sit and enjoy – looking at other visitors! Many visitors often spent time taking pictures and posting them on social media – so friends can see that you have visited the cultural institution!

To give the visitor a good experience, it is important to ensure that the café's service is good and the menu includes the dishes that audiences expect. Prices will probably always be perceived to be too high but the biggest challenge for a cultural institution is often to ensure that the café operates smoothly.

It's a little easier to get a museum shop to run properly, but here too it must be ensured that the visitors can buy what they expect. And the store must not offer too much "cheap stuff" that takes all the coins from the schoolchildren's pockets! If so, the institution's brand will be weakened and compared with commercially-driven experience institutions (such as theme parks).

Many cultural institutions survive though return visits. It is therefore crucial that the first visit is successful. "First impressions last" and "You can only sell a bad product once" are important mottos. If you have treated a guest properly – and the visit has met the visitor's expectations – the guest will be more inclined to pay the institution a revisit the next time the institution's program announces a new exhibition.

In this way, the service provided by the staff largely determines the institution's number of visitors. Therefore, the management must continually measure whether the staff provides the service expected and whether the audience feels that it received value for money.

During my time as Experimentarium's CEO, every day we handed out 12 questionnaires with 28 questions to randomly selected guests and asked them to fill out the questionnaire. This survey measured continuously the temperature of what Experimentarium's visitors felt and thought about their visit.

On a scale from 1 to 7, Experimentarium asked the visitor's views on the general impression of: the visit, the exhibits, the exhibition pilots, the cleaning standard, the number of exhibits NOT working (things that did not work, the entrance price, the service of the café, the service of the gift shop, if the audience had grasped more interest in science and technology during the visit, if the visitor would come back, and whether the visitor felt she had gotten value-for-money.

The responses were a good management tool because based on the audience's assessment; I could maintain a constructive dialogue with the different groups of employees that were assessed by the audience in the survey.

A crucial quality parameter for a science center is that the experiments work! The most discouraging, you can imagine, is an exciting experiment in which a visitor takes full part, but it turns out that the installation is suffering from a technical fault. Then the visitor is really disappointed. And there need not be many experiments out of operation before the audience becomes dissatisfied and exclaims, "The crap does not work!" And it is well known that the visitor will tell this negative story to at least ten colleagues, friends or family members. Therefore, a key question to Experimentarium's visitors in the questionnaire was: "What do you think about the number of experiments that were inoperative?" The respondents had to choose on a scale of 1 to 7, where 7 stated: "There were very few experiments that did not work."

For the five repair workers, the goal was to reach 5,0 in this central assessment. When the audience's assessment really reached 5,0, I went to the repair team and congratulated them with the good result!

### **3.7 Who should lead a cultural institution: A generalist or a specialist?**

#### **3.7.1 What kind of leadership abilities are necessary?**

Now we are entering a minefield. Risking criticism, I will now make the case for and against having a specialist and for having a generalist as the director of a cultural institution.

As I have stated above, it is my opinion that a cultural institution should maintain the same functions that a normal company does: development, operations, marketing and administration. This fact speaks in favour of those that believe a director should first and foremost have strong leadership abilities rather than being a specialist.

The director should be good at finding and developing the right people for the managing positions in the company. The director should – with the help of the board – formulate a sensible strategy that follows the institution’s charter and a business plan that realises the strategy's goals. And finally, the director should have the abilities, through motivation of the leadership, to execute the strategy so the goals are achieved.

But more than anything else, the director must be a good communicator.

### **3.7.2 Communication. Communication. Communication.**

In my view, any problem in a company can be boiled down to a problem in communication. Do all employees want what is best for the company? 'Yes' would be the natural answer. When an employee goes against the company's strategy and plan, in the view of the director, then it may be because the director hasn't been good enough in communicating those plans and strategies to the employees.

**(R10) In my time as director of Experimentarium, I emphasized communication with the employees regarding the wellbeing of the company.**

The basis of the communication strategy was that some employees preferred the information verbally, while others preferred it in writing. Every Friday, 52 weeks a year, The Xpress, a 12-16 page newsletter, was published. Here all employees could read about the news, big and small, regarding Experimentarium. I wrote a weekly column of 2-3 pages, called the Director's Diary, which describes the state of the company and what news there might be. In the 26 years I worked as director, I wrote more than 1000 columns.

Every Friday, as the Xpress was published, we held a 'Friday Meeting' where all employees shared a meal and had the opportunity to voice their opinion. I usually ended the meeting by going through my 'Diary'. This way everyone got the news both verbally and in writing.

### **3.7.3 Director of it all: A trapeze artist!**

When you look out over the landscape of Danish cultural institutions, it is interesting to see that they are all at different stages of their 'lives' and therefore struggle with different challenges.

Think of Moesgård Museum that has just successfully financed and finished an expansion with a new building costing 400 million DKK, as well as a brand new exhibit design.

Or think of the National Museum that during the last five years had expanded with several new departments such as Trelleborg, The National Defence Historic Museum, Kronborg, Jellinge Cultural Center and the Ships at the Holm.

Think of the Natural History Museum, where the director has struggled with a fusion of four rather different institutions, the Zoological, the Botanical, and Geological Museums, as well as the Botanical Gardens. During this administrative fusion, the director has also had to work on raising 1 billion DKK to build the new unified museum. Securing the financing has been a huge task, but through hard work, they have succeeded.

When you look at this list of different tasks, you could be tempted to suggest that it requires different types of administrative directors in various phases of the life of a cultural institution. When a cultural institution is in tumultuous waters and undergoing great changes, the institution should be steered by a person who is strong as a general leader, while it is less important that the person is a professional in the field that the institution is covering. If an institution is in a period of 'business as usual', it may be preferable to have a director with a specialist profile that can help strengthen the cultural profile of the institution.

It may seem obvious, but I'll say it anyway. In the best of worlds, you should choose a director that has a specialist profile and who has great general leadership skills. It is less obvious when I claim that leadership skills, to a great extent, can be improved through training and education. I, myself, have taken leadership courses where you learn what good leadership is. In American, there is a distinction between "to manage" and "to lead". Good leaders are able to lead the company where it needs to go. Standard leaders can administer the company but do not move it forward. In our super dynamic world, the cultural institutions need leaders and not administrators.

**(R11) Courses in leadership can help directors achieve usable leadership techniques.**

Leif Lønsmann, 'Løns' amongst friends, has been a capable director at DR Radio and later DR's Concert Hall. Løns has read the manuscript for this book and given his say as to what describes good leadership in a Cultural Institution:

*'A lot of people think that it requires something special to lead a cultural institution. It actually doesn't. Leadership, like all professions, is about utilizing your professional and personal skills set to solve a given job under various conditions. The leadership will often meet more adversity so the leader's personality may be more important than his/her professional skills.*

*There is no such thing as 100% good leadership. But less than 60% is discovered and do not last. The realistic level is probably between 60-80%. And this is frustrating in zero defect cultures, such as e.g. musical notes or engineering.*

*Boiled down, a leader has four tasks.*

- *To set a goal.*
- *To create a team.*
- *To create a framework for the team to work in, and...*
- *To set the team free.*

*30 years as a leader has taught me that leadership is about\_*

- *To lead the way without being in the way.*
- *To listen without pandering.*
- *Daring to doubt without wavering.*
- *To guide without controlling.*
- *To make decisions without dictating."*

Anne-Louise Sommer has been director of the Danish Design Museum since 2011. Regarding leadership of cultural institutions, Sommer has said:

*" "Appreciative inquiry", an appreciative method of leadership has many sympathetic elements that encompasses some of the things I want to achieve as a leader. I don't think it works well when a leader comes in and pushes his/her own ideas and views through without listening to others and without acknowledging different perspectives on the projects at hand.*

*What I have been particularly focused on is whether the leaders are followed by the institution and the staff that they are supposed to lead? Have you been chosen by the employees? For me, that is the litmus test for the good leader. In short, good leadership is to create results through the work of others. If you don't have what it takes to release the energy that is stored in the different parts and persons in the organisation, then you'll get nowhere as a leader.*

*The good leader is, for me, an authentic figure who has the ability to excite. He or she can motivate the staff, delegate tasks, believe in and respect the employees. After creating the framework that allows the employees to reach their full potential, they should be able to step back and let them do the job.”*

### **3.8 What type of people should you hire in a cultural institution?**

If you look at a leadership group, it is important that the co-operation in the group is based on trust. **(R12) Therefore, the group should consist of four types of people (The PAEI-model): producers, administrators, entrepreneurs and integrators.** One person can play more than one role. But it is important that all four roles are cast in the leadership of the institution.

**(R13) It may seem obvious, but you should always seek to have about the same amount of men and women in the different leadership positions. I am convinced that men and women, generally, have different approaches to how you solve problems. And both should be represented in the leadership group of a cultural institution.**

In a cultural institution, the development department is obviously of great importance. It is here that the new products are created. It is here that the audience successes (or failures) are made. **(R14). To achieve an energetic development department, the department should have two kinds of people, that I call “gatherers” and “spreaders”.** The spreaders are the valuable employees that think outside the box and come up with the fantastic ideas that can spellbind the audience. But often their ideas can be unrealistic and impossible. These misses can cost money but if the ratio between these misses and ideas that become successes are even, the 'spreaders' can be some of the most important employees. The gatherers are the people that, figuratively, walk behind the spreaders and determine which ideas are gold and which are misses. The gatherers have an understanding of how to realize and execute the ideas. If you are able to balance the number of spreaders and gatherers in your development department, you can achieve great success.

A common denominator of many development departments is their difficulty in staying within budget. People who work in development are enthusiastic and want to present the most amazing things to the public. It means less to them that they go a few million over budget. It is the result that counts.

**(R15) How do you control this difficult process economically? My answer: With reserves. And with reserves at multiple levels.**

The project manager must have a reserve. The department head must have a reserve. And finally, the director must have a hidden reserve that only the CFO knows about. This final reserve should only come into use when all other reserves have been eaten up by the well-meaning creative exploits of the employees. Of course there should be a limit to the creative employees' spending. If you have a project manager that is extremely talented, but is less able to handle a budget, you can, with large projects, hire a co-manager that controls the resources, such as on a movie set where the producer controls the film director.

## **4. The economic dimension of developing and operating a cultural institution.**

### **4.1 The economic dimension is the key for all cultural institutions.**

*"It's the economy, stupid"* is the slogan of James Carville, the chief campaign strategist of Bill Clinton in his successful presidential campaign in 1992. It is the same for all cultural institutions. It is the economy that is King. Everything must add up. Otherwise the quality of the cultural product will be weakened and in the worst-case scenario, it can lead to the end of the institution itself.

Directors that do not understand the importance of a balanced budget and think they are above basic monetary concerns don't last long.

The economy of all companies consists of two chapters: Operation and Investment.

Normal companies finance their investments in three ways: profits, via loans or by expanding their stocks.

Cultural institutions rarely have profits of a magnitude that allows serious investments and only few are legally organised as corporations. That leaves only two ways to finance their investments: loans or donations. The donations can come from the State, from municipalities, from private people, from companies (in the form of sponsorships) or from foundations. Loans are normally only an option if the institution can put up a solid collateral, for instance a valuable building.

Now you could be tempted to think that it is much harder to find capital for investment, and somewhat easier to find money for the daily operations to balance the budget. Investments can be in the hundreds of millions while daily operations are orders of a smaller magnitude.



But in reality, things are different. Denmark has a lot of foundation that donate to various non-profit causes. Therefore, the supply of capital for non-profit projects is very large. Annually, Danish Foundation donates more than 3 billion DKK.

On the other hand, deciding to support the daily operations of a cultural institution can be a strain on the giver. If for instance, a municipality decides to support a local museum with 3 million DKK annually, over a number of years, that amount adds up. Recently, state and local governments have cold-bloodedly reduced their support for the daily operations of a long list of institutions. The State still provides support for institutions, for instance via the Museum Law.

In 2012, the States support for museums and zoos amounted to 861.5 million DKK, while it had dropped to 831.6 million in 2015. But the municipalities have raised their support from 564.2 million in 2012 to 685.8 million in 2015 (adjusted for inflation).

Public donations to cultural institutions  
(Million DKK)

Source, Danmarks Statistik, Statistikbanken

Year	2012	2013	2014
Museums, Municipalities, Operation	547.6	577.3	587.5
Museums, The State, Operation	799.5	804.8	798.6
Zoos, The Staten	38.6	38.2	38
Museums, Municipalities, Investment	16.6	45.6	56.7
Museums, The State, Investment	13.4	10.8	10.9
Total	1415.7	1476.7	1491.7
Year	2012	2013	2014
The State total	851.5	853.8	847.5
Municipalities total	564.2	622.9	644.2
Total	1415.7	1476.7	1491.7
Annual inflation in %	2.4	0.8	0.6
State total 2012-prices	851.5	833.8	821.2
Municipalities total, 2012-prices	564.2	608.3	624.2
Total 2012-priser	1415.7	1442.1	1445.4

The municipalities have mainly supported investment. Behind the numbers is a wish to 'put their town on the world map'. On the other hand, support for daily operations has only gone up 3%. Therefore, it has become more and more difficult economically for cultural institutions to make due.

One of my rules is: **(R16) It is relatively easy to establish or to enhance a cultural institution, but it is much harder to run the daily operations of such an institution. Said differently, it is easier to secure funding for new exhibitions, building extensions etc., than it is to secure money for the daily expenses.**

In the following section, I'll look at what a cultural institution can do to make the difficult operations budget add up.

## **4.2 Finding the fiscal balance!**

### **4.2.1 An economic reality check of operations.**

As mentioned above, it is significantly harder to run than to establish, or to revive, a cultural institution.

Many directors that have been in the exciting process of starting a new institution, I am sure, would agree. I can imagine it: The beautiful frame is set. The exhibitions are ready. The grand opening is neat. The mayor, minister or even royalty will come and mark the opening. The real challenge starts on Day Two. Will there be enough visitors? Are they happy with the exhibitions? Is the budget realistic?

People will often overestimate the revenue and underestimate the expenses. Especially in the third year you are in danger of overestimating the revenue, where you are old news and the audience numbers start to dwindle. Expenses may even go up, because buildings and exhibits must be maintained.

“All hell is loose!” The budget doesn't add up. What knobs can the director turn?

In the following sections, I'll suggest how a cultural institution can maximize their income and minimize expenses.

## 4.2.2 How can a cultural institution maximize the revenue?

Most cultural institutions generally have three sources of income:

i) Funding from the government

ii) Box office (sale of tickets)

iii) Other sources like gift shops, cafes, renting out exhibitions, courses, publishing and sponsorships, etc.

Most cultural institutions will do what they can to raise public funding. They can do this with crafty lobbying or through the relevant politicians. It is hard to advice on how to plan your lobbying. You can follow two strategies. You can point out the positive effect of the work done by the institution. That is the 'nice' approach. The cheeky approach is to describe the 'Apocalypse Game': 'If we don't get the extra support, we are shutting down.'

The last method rarely works out. The politicians won't accept that the cultural institutions go to the media and complain about their miserable economics. That will point the arrow on the politicians, and they don't like that attention.

During my time at Experimentarium, the board insisted that the need for public funding should always be based on reasonable and professional dialogue with politicians and public servants.

As the political climate is today, there are no signs that it will be easier for cultural institutions to achieve public funding. Quite the opposite! The government of Lars Løkke Rasmussen established in the 2016 National Budget, that funding of culture would be lowered by 2% each year for four years. In addition, the real value of the funding will be further diminished as prices and salaries go up.

There are a few cultural institutions that receive significant private donations. Ny Carlsberg Glyptotek and the National Historic Museum at Frederiksborg Castle receive funding from the Ny Carlsberg Foundation. David's Collection is established and run solely on funding from David's Foundation. The Karen Blixen Museum has been run for many years on the royalties from the writings of Karen Blixen.

These institutions can face a hidden danger. What happens if their source of income dwindles or stops completely? Carlsberg A/S could one day face hardship and start losing money. The portfolio of David's Foundation could lose its value. For the Karen Blixen Museum, this is a real threat. The right to Blixen's work will run out one day. It would be a scandal if the state do not go in and take over the job that Blixen's writing have so far supported. But at this moment, it doesn't look like it will happen. The Minister of Culture has given no inclination that they will support the museum with funding.

**(R17) The majority of cultural institutions must therefore maximize the two revenue sources: box office and additional revenue (publishing, shops, cafes, etc).**

### **4.2.3 How can a cultural institution maximize box office revenue?**

The box office revenue is of course a product of the number of visitors and the various prices of admission. Here are two rules that should be set in stone.

**(R18) i): The cultural institution should seek to have as many satisfied visitors as possible.**

**(R19) ii): The cultural institution should aim at the highest possible admission price that the market allows.**

Why these two rules?

First of all, because a cultural institution naturally should try to get as many users consuming their product. The Director who claims that he/she doesn't care about the number of visitors, as long as the visitors that do come are happy, speaks against the whole foundation of the institution. Of course the goal should be to get as many as possible to participate in the cultural education that the institution provides.

It could seem that the second rule goes against the first. Why set the entrance fees as high as the market allows? Because the institution must survive economically!

Because of the general expectation that all Danish museums enjoy a high level of public funding, it is the opinion of most Danes that their prices should be accordingly low. There are even some institutions that have free entrance for all guests. That is a policy I cannot support.

*(The next paragraphs about the free admission at the National Museum and the National Gallery were written in August 2015. In the meantime, the Ministry of Culture has decided that the two museums must reinstate admission fees, which happened on July 1<sup>st</sup> 2016.)*

For cultural-political reasons, the Ministry of Culture issued a policy of free entrance to two of our biggest and popular institutions: The National Museum and the National Gallery. The political reasoning was – and is – that the people should have (free) access to this cultural national legacy.

This cultural-political statement brought along some problems that the politicians may have to considered when making the decision. These problems are the reason I cannot support the idea of free entrance.

The free entrance obviously cost a lot of money for the state, because it waives all the box office income. For the National Museum and the National Gallery, it amounted to 21 million DKK. You can get a lot of culture for that kind of money.

But the free admission also raises the issue of unfair competition. There are only 400 metres from the Ny Carlsberg Glyptotek to the main building of the National Museum. As a tourist or local cultural consumer, you are left with a decision. Which museum should I visit? One might cost 300 DKK for the entire family while the other is free. A price conscious consumer would probably go for the free option.

The National Museum might say: the family would visit both institutions. But while that is the case for some families, the reality is that the Glyptotek will lose a lot of potential paying visitors.

But in the long run, it is also wrong to offer free admission to large cultural institutions. My claim is that these institutions, over time, will become less attractive to visit. The reason for this is that the museum will have the same economic base income, regardless of the number of visitors. One day the director might face a tough decision. He may have to save, say, 2 million DKK on next year's budget. Should he fire three scientists? Or drop the planned exhibition opening next year? Most people faced with that choice would probably postpone the exhibition, as museums always want to take their research seriously. So the audience loses the chance to see a new exhibition.

I concede that such a negative development in the activity of the museums can be prevented with adding result clauses in the contract, but these are just the framework. And the director will be able to manoeuver within this (broad) framework.

My second point against the idea of free admission is: Who really benefits? The well-off cultural consumers and the tourists! If the politicians want the demographics with a

low consumption of culture (the violet and rose segment in the Minerva-model) to visit the large national cultural institutions, they shouldn't use free admission as a carrot, but rather exciting exhibitions. Instead of losing 21 million DKK of box office income, use that money to generate exciting experiences for the audience. That will make the Danes - also some of those with a low cultural consumption - go visit the large national institutions.

The elasticity coefficient for a product shows how much the sale of the product will go up or down if you raise or lower the price. Cultural institutions have a very low elasticity coefficient when it comes to tourists. In short, tourists don't pick and choose which museums to go to according to the prices. If it is on their 'to do list', they will visit anyway. The weather is a bigger factor as it can determine what day the visit will be.

My claim is that an admission price as high as possible should be the goal for all cultural institutions. This means more income, which again makes it easier to balance the budget. And it also provides money for extra activities that meets the goal of the institution.

You should also aim at a high price because it poses a constant challenge to the institution. We demand a high price and therefore we promise an experience of high quality. It is a signal to the world that the institution takes it seriously. The high admission price is an internal obligation and a guideline for the staff, because the audience expects value for their money.

In October of 2004, when the operating capital of Experimentarium was exhausted, it was decided to boost the admission price considerably. A family discount of 40 DKK per adult was cancelled over night. People's reaction? No reaction. This gave 2.5 million DKK in extra revenue.

Every year since 2004, Experimentarium has raised their admission with the normal price index.

It is interesting to follow the audiences' view on the prices. In the questionnaires that is handed out every day, one of the questions was regarding the price. They were asked to assess the price on a scale from 1 to 7 (with 1 being very expensive and 7 very cheap). It was a consensus amongst the audience that admission was expensive. The question normally got a score between 2.7 and 3.0. When prices would go up in January, the score would drop to 2.5. But slowly the score would climb, and in July (the summer) it would be around 3.2, because tourists are more robust when it comes to prices.

You could ask the question, is a grade of 2.7 is too low? That Experimentarium ought to have lowered their admission prices? My answer is that the audience judged the price to be high, but not TOO HIGH. In the years between 1991 and 2013 we had an average of 340,000 visitors annually. Such a high number shows that we had found a balance between the price and the product that we offered the visitors.

Some might object: Won't the competitors steal the audience if the prices are too high?

The greatest competitor of cultural institutions is... nature. If the weather is good, the number of visitors will fall. People will go to the beach, the woods or stay in their gardens. The institutions (with indoor activities) are actually so dependent on 'the right' weather (which is bad weather) that a season of sunshine can mess up the institution's budget. When the sun is out and the temperature rises, the Danes run for the beach. A cultural institution can have the best exhibition in the world but if the weather is good, people won't come. So nature is the biggest competitor.

The Land of Legends and Tivoli (outdoor activities) wish for a summer of sun and warmth. The cinemas, Experimentarium and the Planetarium thirst for rain.

I don't think that cultural institutions steal visitors from each other. If an institution has a particularly attractive offer, that institution will of course get more visitors. But these visitors don't necessarily replace a visit somewhere else.

The Blue Planet opened with a bang in 2013 and got more than 1 million visitors in the first 12 months. But in that period, other institutions in Copenhagen like Tivoli, the Zoo, The Round Tower, Rosenborg, and Amalienborg all had record numbers of visitors. So the Blue Planet didn't steal the visitors.

If you want more visitors, you should not bet on lowering your price. But the institutions should offer a special low admission to schools because it is of great importance that our children visit the great Danish cultural institutions. At the same time, society should encourage the schools to go on more day trips and make well-planned visits to our cultural institutions. If we succeed in getting the young people to visit, these young people will, when they themselves have children, be more likely to bring them to the same cultural institutions.

The new Elementary School Law from 2013 is a very important step. In the law it says that the schools should make partnerships with local culture, educational and sports associations, art and music school, night schools and music school as well as youth clubs., that can all add something to the schools' work.

Furthermore it says that the partnerships can be with museums, galleries, theatres, libraries and local orchestras, by using their educational offers. They can provide a special didactic value with the special educational spaces offered by the cultural institutions. This lays the ground for a strong partnership between the schools and the cultural institutions.

The cultural institutions can also stimulate audience numbers by presenting special exhibitions, or other kinds of audience activities that seem attractive to the average Dane. The Knowledge Didactic Activity Centres, led by Experimentarium, has shown how you can sustain a high audience number by offering fascinating exhibitions and spice the normal visit with exciting activities, like experiments, shows and workshops.

The Pedagogical Knowledge Activity Center (*De Videnspædagogiske Aktivitetscentre*) consists of Land of Legends, The Medieval Centers in Nykøbing Falster and on Bornholm, Ribe Viking Center, Dybbøl Banks, Tycho Brahe Planetarium and Experimentarium. The center gets funding from the ministry of education's so-called VPAC fund of approximately 13 million DKK.

In their desire to get people to come to their exhibitions, the leaders of cultural institutions can sometimes get ideas for topics for new exhibitions where the institution may be on the way to losing its innocence.

When Experimentarium was launched in 1991, we were overwhelmed by the number of visitors that came to experience with their own eyes and senses the new exhibition that was presented. But after approximately 18 months, it was old news, and the numbers dropped from 530,000 visitors in 1991 to 300,000 in 1993. We were looking for answers. How could we raise the numbers, and stay within our stated goal of stimulating public interest in science and technology?

Several sources, among them the chairman of the board, came with the suggestion that Experimentarium could present a Dinosaur Exhibition. It was science, wasn't it? Why did the dinosaurs go extinct (almost) 65 million years ago? By all accounts, we would achieve high numbers at the box office. But the leadership team hesitated. Was an exhibition with moving dinosaur-figures serious enough?



In the years 1993-96, the answer was 'No'. It was not considered serious enough and I was unpopular as a director for pushing in that direction. In 1996, a consensus was reached and we could rent a dinosaur animatronics exhibition in London, from the renowned Natural History Museum. But, a bit smugly perhaps, the people in development demanded that Experimentarium should also show 'the real thing', real dinosaur bones from Mongolia. The exhibition opened in October 1997 and became a huge success. The audience loved the exhibition, both the animatronic models and the real fossils. And our mission statement was met. People only spent around 20 minutes with the dinosaurs before going into the main hall and spending 3 hours being surprised by the more than 300 other exhibits. The dinosaur exhibition reached a new demographic: Danes with shorter educations and less money in the bank. This is the very same group that the mission statement talked about educating in science and technology.

There are some Danish museums that have been on the precipice, where they almost lose their innocence. AROS in Aarhus presented an exhibition of Ferraris. That wasn't art. A Ferrari is industrial art and the exhibition should have been at the Design Museum Denmark. In the same manner, I think the National Gallery went over the line when it presented an exhibition with the fashion creations by the designer Erik Mortensen. This should also have been in the Design Museum Denmark.

Many of Experimentarium's "colleagues" around the world have lost their innocence many times. There are a number of blockbuster exhibitions that are touring the world, like Titanic, Star Wars and Star Trek. They can pull a-lot of people through the doors, but the scientific substance is weak, to say the least. That kind of exhibitions is not suitable for a serious institution like Experimentarium.

This balance is delicate!

An interesting question: Why are these blockbuster exhibitions so popular? Experimentarium drew the conclusion that the popularity stemmed from the knowledge that the audience had of *the brand* (Star Wars or Titanic, for instance). You could say that the exhibition marketing is standing on the shoulders of the big marketing juggernauts of Hollywood. When Experimentarium presented their first dinosaur exhibition in 1997, dinosaurs were still very popular after the release of Steven Spielberg's 'Jurassic Park' and this helped with the popularity of the exhibition.

## **4.2.4 How can a cultural institution attract a high number of visitors – without compromising the purpose?**

We have reached the core of the challenge. How do you achieve an economic balance? You primarily do that by getting a lot of people through the door.

If I knew a magic spell that could ensure a cultural institution a lot of visitors, I would be famous. But although I cannot offer an easy solution, there are some things you can do, with the tools at hand, to get as many visitors as possible.

First, you should find out: Where are the common areas between what the institution wishes to communicate and what the audience wishes to see.

The modern cultural consumer is very picky. Therefore, you have to offer something special. In management lingo, you could say that the institution has to create a strong brand, and then live up to that brand. It takes time and hard work to build up such a brand.

Many cultural institutions have a permanent exhibition. The institution makes the experience more dynamic by offering special exhibitions or other audience activities. In my experience, very few institutions can sustain high audience numbers simply by having a permanent exhibition.

The audience number is like dough that slowly shrinks as time goes by. If you do nothing, the numbers will drop to a minimum figure that is the core visitors, which only includes the faithful few, new children and tourists.

If the cultural institution wants to prevent declining audience numbers, you have to make sure that you continually have special exhibitions. This brings the institution back onto the radar of the cultural consumer and it gives them a reason for another visit. This raises the “dough of visitors” for a while, before dropping again after 10-11 months, until the next special exhibition. Staying true to the metaphor, you could say that the special exhibitions is like the yeast that makes the dough rise.

Most art is only lent out for about 3 months at a time. So an art museum can only have their special exhibitions for a limited time. At Experimentarium, we quickly learned that 3 months was too short a period for the kinds of special exhibitions we presented. The potential life span of an exhibition is much longer. My own experience tells me that a special exhibition should be open for a whole year because there are different types of audience depending on the season. The crowd that goes skiing in the winter break may want to visit the exhibition in the autumn break. In the summer, it is the tourists. And then the schools need autumn, winter and spring to visit.

**(R20) With these experiences in mind, Experimentarium's exhibition policy was quite simple. We aimed at presenting two special exhibitions a year that each ran for 11 months. One was opened in early February just before the great audience weeks (weeks 7 and 8). The other would open early October, just before the busiest week of the year, the autumn break. This ensures a lot of visitors in the early days of the exhibition who, hopefully, have a good time and spread the news. Word-of-mouth is a significant sales booster for the cultural institutions.**

Why do the audience numbers tend to drop with time? Simply, because the cultural institution doesn't get any attention from the media when there is nothing new to report. My time as director at Experimentarium has taught me that without media exposure, the numbers drop. Out of sight, out of mind.

The media has a tendency to cover events, with great enthusiasm, and this brings a lot of attention to current affairs, while the large cultural institutions' wonderful main exhibitions get almost no attention. When have the media last covered the main exhibitions of Experimentarium, the National Museum, etc.? In my 26 years at the helm, I never managed to convince a TV-station, or a newspaper for that matter, to do a background story about the exhibitions and the underlying philosophy (a new concept at the premiere in 1991). But every time we had a new special exhibition, the media always showed up to cover the opening.

This can cause the cultural institutions to work with a short agenda and make a more hectic schedule with more events. Attention is diverted away from the main exhibition, which is the institution's *raison d'être*.

The modern cultural consumer is, as mentioned, very critical and will always ask: What's in it for me? Will I get something out of the visit? Will I bring something home? Either in the form of good memories, or even better: New knowledge. And thereby: A changed view of the world?

**(R21) This Kinder Egg (good memories, new knowledge and changed perspective) is the core in the product of the cultural institution.**

Besides being a great experience that is both entertaining and educational, some exhibition subjects contain an x-factor (a magical attractive force) that generates a particularly large interest in the audience.

The greatest successes that Experimentarium have had were exhibitions about the human body (especially the brain), sports, dinosaurs and espionage. The reason for exhibitions like The Body, and Sports are so popular is because the main character in all the exhibits is the visitor. The most interesting thing in the world is, despite it all, your self. By experimenting your way through every exhibit, the audience gets an educational experience, while at the same time being the subject of the experience. That means there is a lot 'in it for me'!

The success of the dinosaur exhibitions rests on the mysterious nature of these giant (and small) creatures. Why did they do extinct (with the exception of the ones that eventually became the birds) 65 million years ago? Why were they so huge? Was T-Rex a predator or a scavenger? What was the colour of their skin?

Besides the above-mentioned Kinder Egg, it is also important that the subject of the exhibition contains this, hard-to-define x-factor.

Naturally, marketing of the cultural institution also has a large impact of the audience numbers. An institution can make the best exhibitions, but if people don't know about it, it won't make them visit. The word-of-mouth effect starts working after a few week, but if the marketing doesn't have the necessary clout, the exhibition will not get the audience it deserves on its merits.

Experimentarium's marketing was planned around the following guidelines:

First and foremost, Experimentarium should work to get high audience numbers by getting as many revisits as possible.

**(R22) Who is the closest person to convince you to pay Experimentarium a visit? Surprisingly, the answer is YOU. If you have been to Experimentarium, and have had a Kinder Egg experience, then you'll be more motivated to revisit when you see the poster for a new special exhibition.**

This fact underlines, even more, how important it is that Experimentarium's visitors are satisfied with the visit when they go home.

As mentioned, the audience is critical. Experimentarium's visitors expect a good experience, and by this, they consider all the elements a visit contains. A visit to a cultural institution consists of up to 20 different elements, where each element must live up to, or exceed, the visitor's expectations. Every element is a pearl on the string.

The elements, or pearls, can be: Does the information online cover everything? Are there signs guiding the audience? Is the audience made aware of the prices before they reach the clerk? Can you pay with Euro, credit cards, Swipp or MobilePay? Is there an

easy-to-understand schedule or plan of the institution's offerings? Is there sufficient space in the wardrobe? Is the staff friendly and helpful? Are the toilets clean? Do the activities work as planned, and are they explained so that people understand them? Is the menu, prices and service of the cafe good enough? Is the selection in the shop broad enough? And finally, can the audience bring something home, so they can show other people how much fun they had, and how much they learned?

**(R23) Every pearl on the string of experience should be functioning if the visitor is to leave the exhibition with a positive impression. If any part of the experience was lacking, the overall judgement will suffer. You often tell a lot of people about bad experiences and few about positive experiences.**

In short, if the toilets aren't clean, you'll leave with the thought: The toilets smelled. And that makes it less likely that you'll revisit.

But we are optimistic and assume that the majority of former visitors had an overall positive experience. In the questionnaire, people give the 'Overall impression' item a grade of 6 on a scale of 1 – 7. Therefore, many in Experimentarium's core audience will be motivated to visit again when a new exhibition opens.

**(R24) The next group that can convince you to visit Experimentarium is family, friends and colleagues.** If people have a great experience, they may commit the most loyal of acts: They will recommend others to visit.

**(R25) The third group that can convince you to revisit Experimentarium is the media.**

That is why any smart cultural institution should work to get as much media coverage as possible. But it is hard to attract the media's attention because there are so many trying to get it.

If the media is not mentioning your exhibition, you have to resort to an expensive ad campaign. But figures show that such a campaign (in papers, magazine, online and out-door) rarely has an effect that justifies the expenses.

Many cultural institutions have started using social media such as Facebook, Twitter, SnapChat, Instagram, Tumbler, and LinkedIn to get directly into contact with potential audience.

I am convinced that the social media, during the next 3-5 years, will become central in the marketing of all cultural institutions. People-to-people communication via social media is the way to go. Therefore, cultural institutions must beef up their presence on the social media and delegate the responsibility for communication out to the various departments.

There is a word-of-mouth chain that the cultural institutions can take advantage of. First, you make sure that the teachers are interested in your institution. These teachers take their students on a visit. The students are excited about the place and ask their parents to come on a visit again the following weekend. The parents are then excited, and spread the word to their friends, colleagues and family. Remember, the chain starts with the teacher. Therefore, cultural institutions should always treat the teachers well.

In the struggle to get people's attention, the cultural institutions have two advantages that will grow in time and can give you a sense of optimism. More and more communication in the future will happen on social media. And communication is one of the specialities and main areas of expertise for the cultural institutions.

**(R26) Cultural institutions should make communication (via the social media) their main marketing strategy.**

The other tendency is long-term. In time, robots will take over more and more of the work that we humans spend time on. The Greeks in the city states of 400 BC creates a cultural prosperity that we almost haven't seen since. The Greeks had their own robots: the slaves, that they stole when they conquered new lands. The robots will become the slaves of our future and it will give us more and more leisure time. That way, Danes will get more and more time to spend on cultural consumption.

**(R27) Yes, I am so optimistic on behalf of the cultural institutions that I call the society of the future: The Cultural Society.**

#### **4.2.5 How do you maximize the third source of income: "alternative revenue".**

Generally, I would recommend that cultural institutions try to diversify their sources of income as much as possible so it'll be less sensitive to a slump in any one single source.

Below, I'll mention a list of sources of income that a cultural institution can tap into.

Almost all cultural institutions have a cafe/restaurant and a gift shop. Of course, it is possible to achieve some profit from these sources. But I wouldn't recommend that you rely on them as a steady source of income. The truth is that a cafe in a museum is one of the most difficult things to handle. Tongue in cheek, I would say that with the exception of making the trains run on time, there is no task more difficult than running a cafe in a cultural institution. I'll admit that, at Experimentarium, for many years, the cafe ran with a deficit if you add up all the expenses that were related to it.

**(R28) I would recommend leasing the cafe to an external partner. But make sure the contract is carefully written.**

Otherwise, the contractor will lower the quality. And then the audience will complain, or even become angry, and the anger will not be directed at the contractor. It is the good name and brand of the cultural institution that is at stake.

It is a little easier to make a moderate profit on the gift shop. But here you should also be wary of expecting too much. The main purpose of the cafe and the gift shop is to add something positive to the overall experience of the visitor.

But there are many other possible sources of income for a cultural institution. Its UPS (Unique Selling Point) is that it generates new knowledge and is a champion of communicating this new knowledge, as well as existing knowledge. And the cultural institutions are good at spreading this knowledge to a wide audience.

Therefore, a cultural institution should consider selling courses aimed at the target audience. And produce and publish books, magazines, web based games, etc.

The majority of cultural institutions do research. That is an extra source of income. Some of the research scientists can do excellent work for the communication department where the audience-related activities are created.

Cultural institutions should also rent out offices and space for conferences, seminars, meetings, receptions, anniversaries, etc. To this you can add team-building courses.

Experimentarium and Garderhøjfortet have arranged countless birthdays where the children can get a great experience, and get a dose of knowledge in the process.

Many cultural institutions employ people from "the inclusive labour market" which helps people with a handicap or special needs to be activated so they can train to enter the 'actual' workforce. In 2013, 18% of the employees at Experimentarium were from the inclusive labour market. The cultural institutions are very good at creating the right framework for these employees. I believe most cultural institutions can generate extra income by taking the task of helping these people (back) into the workforce.

In 2014, I participated in a conference in the US where I gave a talk about Experimentarium's attempts to diversify its sources of income. The attendants at the conference had to think of new possible sources of income for the science centres and museums. One particularly interesting suggestion was made: science centres have a lot of visitors that do a lot of experiments about their brains and bodies. Perhaps, researchers could utilize the recorded data? Maybe it is possible for the cultural institutions to collect the empirical foundation for research that requires a lot of data from "normal Danes", their physical properties, habits, brain functions, you name it. And maybe the institution could make money on it!

**(R29) Summary: The cultural institutions' income will primarily come from government funding or from the audience of the institution. There is a trend in Denmark of the government diminishing their contribution to the cultural institutions. Therefore, more and more of the income must come from the audience. It is a welcomed development as it requires the institutions to become more energetic and resourceful when their survival is in the hands of the visitors.**

### **4.3 How to limit expenses as much as possible.**

Cultural institutions should limit their expenses to the minimum, the same way normal companies do. Why should a cultural institution have more employees that needed when normal companies cannot afford that? The economic demand for a balanced budget may not be as obvious as regular companies that is almost solely judged by their bottom line and the profits it can generate for their owners, but even though the demand for balance isn't as articulated for cultural institutions, it is there none the less. If you cannot generate income to match your expenses, the institution must close. Just think of Gladsaxe Theatre that had to close shop in the start of the century.

Therefore, the director of the cultural institution must always consider: do I have the right manpower in all departments and sections?

If you have four staff members in the economics department, and could let one go down in time because the billings have been digitalized, it won't take long before the rationalizing can add up to a 200,000 DKK saving annually.

Many normal companies save money by having the customers do part of the job themselves. Think of Internet banking, online booking of plane tickets and hotels, etc.

**(R30) Cultural institutions can get far this way: Let the audience print their own tickets, and even brochures. It is expensive to staff the box office, and consider how often the clerk just sits there and waits for the next visitor to arrive.**



An overlooked way to reduce expenses is for the cultural institutions to invest in renewable electricity and heating (solar, wind, geothermal, etc.). The reason is that foundations are more than willing to fund investments. It is easier to convince a foundation to donate money to install solar cells on the roof than it is to get them to donate money for a monthly electric bill. The investment would give the institution more economic muscle and save them from part of the energy expenditures.

Later in chapter 5, I will get into how the majority of cultural institutions actually give back more to society than they receive in funding. One overlooked contribution is property taxes. It seems very random who pays and who are exempt. Many of the large cultural institutions in Copenhagen contribute significantly to the municipal coffers through their property taxes.

In the years from 1990 to 2008, Gentofte municipality wanted to exempt Experimentarium from paying property taxes. But according to the laws, Gentofte Municipality could not exempt Experimentarium from paying property taxes because Experimentarium did not own the property. But when Experimentarium bought the old bottling hall in 2008, the municipality announced the exemption because Experimentarium was now owners of the property. It amounted to a saving of 900.000 DKK a year.

Recommendation:

**(R31) The State should make an analysis of the property tax payments from cultural institutions and regulate them sensibly so that all cultural institutions are given equal conditions, and the unintended taxation of cultural activities are stopped.**

#### **4.4 VAT – A jungle for cultural institutions.**

A substantial part of the expenses of a cultural institution is VAT that cannot be deducted.

That is because the box office revenue is VAT exempt. You'd think that is a good thing for the institution, because it lowers the entrance fee. But there is a price to pay for the VAT exemption. You cannot deduct the VAT of all your own expenses.

Example: The institution has box office revenue of 10 million DKK a year. If VAT had to be added, the audience would have to pay 25% extra: 12.5 million DKK and 2.5 million would go to SKAT (Danish tax authority). The institution makes a lot of purchases and services, maybe for a total of 8 million DKK (pre VAT). The VAT on these products and services amounts to 2 million that cannot be deducted.

In addition to the fact that you cannot deduct VAT, VAT exempt companies also have to pay a payroll tax of 2.5% of 190% of the payroll. For instance, if your payroll is 10 million DKK, you have to pay 2.5% of 19 million, or 0.45 million DKK.

So the institution has an extra expense of 2.45 million in order to save 2.5 million of VAT on the box office. At the same time, the cultural institutions are blamed for creating unfair competition in relation to the other tourist attractions because they are exempt from VAT. But this is a distorted picture. Maybe they save money at the box office, but no one is looking at the extra expenses due to the fact that they cannot deduct VAT and have to pay payroll tax. A few years ago, the knowledge didactic activity centres were exempt from paying payroll tax.

The example mentioned above is simple and easy to understand. But the picture gets murkier if the cultural institution has VAT liable revenue. You can deduct all of the VAT on your expenses that are related to revenue that is VAT liable. Furthermore, you can deduct VAT on parts of your general expenses, depending on the percentage of your overall revenue that is VAT liable. Let's assume that the company has total revenue of 20 million DKK, of which 10 million is VAT liable revenue from the gift shop, cafe, lease on exhibitions, etc. This means that the VAT liable revenue makes up 50% of the total revenue. This way, the company can deduct the VAT on 100% of the expenses directly related to things like the store, cafe etc. and 50% of the expenses are general expenses that isn't connected to a specific activity, such as company cars or office supplies, things that concern the entire company.

This is a simple example, but in reality, it is much more complicated. Before the start of the budget year, you have to guess what percentage of your revenue will be VAT liable. And when the year is over, you adjust your deduction in accordance with the actual numbers. Maybe you deducted too much or too little. Then the annual financial statement won't match the budget, and the board will be unhappy.

But now it becomes even more complicated. Non-profits can apply for a special deduction of significant size in accordance with the Tax Assessment Act, § 8 A and § 12. 3. If a non-profit has received at least 200 donations from 100 people, a fairly moderate amount, it triggers a large extra VAT deduction. In 2013, Experimentarium was able to deduct 959,000 DKK.

This law was originally thought of as a helping hand to non-profits like the Heart Association or Doctors Without Borders. It WASN'T thought of as a helping hand to cultural institutions! A few years ago, only a few institutions knew about this VAT loophole, but in the last couple of years, the number has exploded. This is why the minister of finance in 2014 tried to limit the total amount that was available. All applicants for the special deduction had to share 250 million DKK. If this upper limit hadn't been enforced, Experimentarium would have been able to deduct 2,7 million DKK in 2013.

While we are at the complications related to the VAT deductions from the box office revenue, I must also mention the acrobatics that institutions do to lower their VAT in the investments that are funded by foundations.

None of the Danish foundations like when the recipients of their donations have to spend a large portion of the donation on VAT. The argument is as follows. The foundation has received dividends from their stock portfolio, money that has already been taxed through the corporate tax. Now they give the money to a non-profit - for instance Experimentarium - where they would fund a new exhibition. The foundations support projects that everybody would benefit from. Normally, or naturally, it should be the Government or the municipalities or the regions that should fund these kind of public good activities. Now, the foundation has taken it upon itself to fund the project, and save the state a large amount of money, and then the state comes in and wants 25% of the donation in VAT.

An example: The institution requires more space and a modernization of the existing building. X Foundation would like to donate 100 million DKK to the new building. But the foundation would like to avoid VAT. What does the institution do? Acrobatics! The building is transferred to a new real estate company. At the same time, the institution receives all the shares in the corporation. The corporation's board can be picked from the foundation's board or third part people if that is desired. The corporation is VAT liable and all VAT is deducted 100%. When the building project is finished, the institution rents the building from the corporation. Of course, VAT has to be paid of the rent. The Danish Tax Society will assess the VAT and it will typically be around 10% of the value of the property. After 10 years, the corporation is liquidated and you end up with an approximate 70% saving on VAT.

Who gains from this mummery? Accountants and lawyers!

My recommendation:

**(R32) I have a daring suggestion. Make your box office revenue VAT liable. Then you avoid all these acts of financial acrobatics that takes time and money. It won't be that much more expensive for the cultural consumer. It may be a blow for the lawyers and accountants, but society will learn to cope!**

## **4.5 There is a big difference between operations and investment.**

In section 4.1 and 4.2, I dealt with the operating budget of the cultural institution. I daringly claimed that it is easier to find funding for a new institution or the renewal of an existing institution, than it is to run that institution afterwards.

After that, I described the challenges in creating a balance between expenses and revenue. In short, how do you maximize revenue and limit expenses?

Now, I'll look at the challenges that a cultural institution faces when they are looking for funding for renewal or for a brand new institution.

Almost all cultural institutions must, with varying intervals, find capital for renewing their cultural product. It can be a theatre that is investing in a new play or a museum presenting a new exhibition. Or Experimentarium that constantly has to present special exhibitions to maintain a high number of (re)visitors.

Besides the 'product', the institutions must also constantly make sure that the physical framework around the 'products' always lives up to the demands that the exhibitions and the audience have. Several Danish museums have had to invest large amounts (up to 250 million DKK per museum) in technical improvements so that the physical climate lives up to the international standard for art show rooms.

The audience are also demanding more when visiting a cultural institution. Many consumers of culture like to be able to sit down in a nice cafe and enjoy a cup of coffee or a glass of red wine. And a well assorted shop where you can buy something to remember the visit by, and that may further the educational purpose that the institution is going for.

And where should the cash for these necessary investments come from?

As mentioned before, there are three sources: operating surplus, public funding or donations from foundations or private people.

When you distinguish between investment and operating money, you should be aware of the “sweetness-scale”.

Funding for daily operations is, in the view of foundations and politicians, bitter money, something to avoid. Foundations cannot, in their very nature, commit themselves for many years into the future. What would it do if its own source of income dwindled? If it has made a commitment for 10 years, it would go in the accounting books as a passive and could make the capital go in the negative, which would in principal mean that the foundations would be dissolved.

Investments are sweet money for the foundations. Here we are talking one-time investments, and an investment that will help the institution further in their struggle to survive.

As mention, the government has become less likely to fund the needed investments of the cultural institutions. Therefore, the institutions have become more dependent on support from the large Danish foundations. Is this a good or a bad development?

Denmark has more large foundations than any other country in Europe. My European colleagues have often been envious of that. There are only relatively few large European foundations. I can mention the Volkswagen Stiftung, The Welcome Trust, the Nuffield Foundation and the Klaus Tschira Stiftung.

In the US, the picture is a bit different. There is no tradition of the government supporting cultural institutions. Here, the support comes in the form of private donations from people and foundations.

You could say that Denmark is right in the middle between the US and the rest of Europe, in the way that the government is making fewer investments in cultural institutions, leaving the financial gap to be filled by the large non-profit foundations.

The number of foundations provides a large basis for donations. All things considered, this means that the foundations will have a lot of influence on cultural life in Denmark.

There are many that have the view that the foundations have too much influence and are steering the cultural life in a direction that Danes don't really want.

I do not share this fear. On the contrary!

The large foundations only really started to make their mark in the 80's. The Egmont Foundation played an essential role in the modernization of the National Museum. This was a huge effort that all Danes should be grateful for. As the foundations had more and more money to donate, the people who handled the donations became more and more professional. To put it straight, the directors and advisors of the foundations received a lot of applications. Some receive donations and the administrators of the foundations observe and learn from the successes and mistakes that people make. Today the foundations have many very competent leaders that know a lot of what there is to know about the process of starting or renewing institutions.

This knowledge, experience and competence have made it possible for the foundations to help with advice as well, when they decide to support cultural institution.

The foundations will ask the following significant question:

How do you best organize a building construction? How do you secure the continued operation of the institution while rebuilding takes place? How should the organization be restructured in the mean time? How do you risk assess a large construction project? How do you make a trustworthy operating budget after the opening? How many visitors should you expect? Have we remembered all the little extra things in the budget that frustrate any financial officer?

When a foundation decides to donate large sums to a cultural institution, you can be sure that all possible questions and queries have been posed and answered. The board and directors of the foundation only have one clear wish: that the donations from the foundation are used optimally in accordance with the foundation's mission statement. The worst thing that can happen to a foundation is if they donate money for a cultural institution's building project and the construction budget was underestimated. When it is time for opening day, and the operating income is also underestimated, the cultural institution must eventually close down for financial reasons.

We have to go all the way back to the mid-90's to see large public investments in cultural projects: the expansion of the National Gallery and the Royal Library. These investments were made in conjunction with Copenhagen being the European Cultural Capital in 1996. The construction of the Royal Theatre's Playhouse was only secured because the A.P. Møller Foundation donated the new Opera. The government had promised to build the new Playhouse if Mærsk donated the nation an Opera. And the government even tried to renege from the promise. Only a consistent effort from the minister, Marianne Jelved, secured the money for the theatre in the tight State budget.

If the Danish foundations did not play the role of project advisers and secured the investments for the projects, the funding would have to come from the State, the municipalities or the regions. Large-scale public investments very quickly become political. When politics enter, reason often leaves. In the final days of the state budget negotiations, there are some easy money available if you have lobbied the party that secure the final votes to reach the 90 votes necessary. The roof of Roskilde Cathedral was funded this way. There were no cultural political priorities behind that investment.

If the State should be responsible for the majority of the cultural investments, the decision process would be very slow and coloured by political concerns. I would fear that there simply wouldn't come enough new large projects out of the process. France has its share of large cultural projects that both Paris and the French nation at large, benefit greatly from. You could say that all French presidents have their pet project that the nation and city will later be able to enjoy. In Denmark, the politicians don't think as big. Denmark would never have had a new and great Opera if Mr. Møller had not supplied the money from the A.P. Møller Foundation. Had the politicians had their say, we would still experience the operas and ballets in the claustrophobic Old Stage, and the plays in the almost unusable New Stage.

So how do you get support for your ambitious plans for renewal and expansion of your cultural institution? Once when I was giving a lecture on fundraising, I wrote the Seven Rules of Thumb of Fundraising. In short they are:

**(R33):**

**Rule 1** is the essence in the entire process. A foundation doesn't donate to a project. The foundation donates to a person that they trust and that gives them confidence that the project will be a success as promised. As in most other aspects of life, trust and credibility is alpha and omega in the fundraising process.

**Rule 2:** As mention earlier, it is remarkably easier to get funding for new projects and for renewal of existing projects that it is to fund the daily operations. An application should, almost, put more emphasis on describing how the finances will add up later, then to describe the renewal itself.

**Rule 3:** Avoid details about the project. Start with a synopsis and start a dialogue with the foundation. If you have gone too much into details, you don't leave room for the foundation to act. And if you yourself change your mind about certain aspects of the project later, after the donation has been made, then it is too late.

**Rule 4:** Aim for donations and NOT sponsorships from companies. Sponsorships require that the company receives something in return, in this case, visibility. A donation is given with the simple wish that the projects happens, while a sponsorship has the purpose of branding the sponsor.

**Rule 5:** Make the application short. Remember Winstons Churchill's wise words when he had to do a speech on the BBC: ‘ Unfortunately I didn't have time to write a short speech. Therefore you have to listen to me for half an hour! If you are making a 90 second speech, every word must carry its weight in gold.’ The same applies for the application for a foundation. It has to be short and concise.

**Rule 6:** If you apply for funding from several – and very different – foundations, then make sure that the foundations, as much as possible, are credited the same way. It can be difficult to administer, but it is unfair if a large foundation ask for, and gets, more credit that smaller foundations that may have donated less in real numbers, but have donated the same in relative numbers.

**Rule 7:** Be grateful for the donations. It may sound trite, but I have always been happy when Experimentarium received donations, and I have always showed that honestly when I could. You can show your gratitude by always updating the donors about the progress, or the lack of progress, that the project experiences. Honesty is important.

Balancing between operations and investment:

Any building with eventually fall if it is not maintained. No rational person would not send their car to its scheduled visits to the shop or not carry out the repairs needed. But when it comes to their properties, not all cultural institutions think that way.

Some cultural institutions try to save money on equipment – and building maintenance. But it is an expensive way to save money. If you fail to do the required maintenance, it will be more expensive in the long run as years of neglect can cause more expensive damages. You may hope that the state, or a foundation, will come to the rescue and help with renovations. But a lot of foundations would not consider that money well spent and it would be a donation that would be hard to secure.

**(R34) Make sure there is a consistent maintenance of buildings and equipment. Otherwise, the institution can find itself in real financial problems when the eventual expensive repair needs come.**



## **5. Cultural institutions in a socio (economic) perspective.**

In Section 3, I discussed the human side of the cultural institutions: How to organize the institutions? Who will lead them? What types of employees must one employ? Who makes the important decisions?

Then, in Section 4, I discussed the economic side of the cultural institutions: How does one ensure operational and financial balance? How can one optimize revenue? How does one limit costs - without compromising what the institution can offer to its audience? How does one ensure the financing of the necessary, ongoing investments?

In this section, I turn my attention to the role cultural institutions play in a societal perspective.

### **5.1 It is difficult to quantify the value or utility of cultural institutions.**

Cultural institutions differ from "normal" manufacturing and trading companies in areas other than the institution's tasks and organization. *The difference lies mainly in how difficult it is to measure the value of cultural enterprises.*

Business organizations are formed to ultimately create profit for the owners. There is nothing wrong with that. But cultural institutions are established with other purposes. The difference between cultural institutions and the normal production and trading companies consists primarily in that it is far more difficult - if not impossible - to quantify the usefulness of the cultural enterprises.

The fact that the value of cultural activities is difficult to quantify is experienced very often in political debates. In November 2014, politicians discussed whether to dissolve - or preserve - the publically funded Danish National Chamber Orchestra. What is the utility of the fact that Denmark has an Orchestra? It is not something one can easily calculate. It must ultimately be a political decision.

Another example is the Danish School Museum, which had to close in 2008 because two sponsors stopped their contributions to the museum's operation and because the state would not increase its annual contribution of 0.8 million DKK. Thus, politicians estimated that the utility of the Danish School Museum was not large enough to warrant the increase in annual contribution needed for the museum to continue. Similarly, the Danish Road and Bridge Museum had to close in August 2012, only 14 months after the museum's inauguration.

Mind you, the decision to no longer provide support for the institutions in question was not because of dissatisfaction with the museums' work. The two museums closed, not because the institutions are not "delivered the goods", but solely due to decisions by the sponsors and the state respectively.

But these three cases described are - in my view - exceptions to the rule. When a cultural institution has been incorporated into the public's awareness (i.e. when the institution has achieved a sufficiently large brand equity), it takes a-lot for politicians to end the life of such a long-existing cultural institution.

From a Darwinian point of view, it is dangerous not to be able to assess the usefulness of a cultural institution, because all things being equal, this will result in existing cultural institutions surviving due tradition and inertia, even though their usefulness has diminished. A cultural institution's drop in utility may, for example, be due to poor management or because there is no longer a need for the institution's cultural products, e.g. interest can be significantly reduced due to changes in people's habits and attitudes. The inertia or sluggishness resulting from man's innate contentment with the familiar and the traditional often leads to the fact that in the world of museums, it is not "survival of the fittest", but rather "survival of the existing institution". In a manufacturing or trading business, Darwin's law applies unerringly: If the company does not generate profit, it must close. But a cultural activity can actually live for many years unnoticed, without delivering the value that were originally expected by the institution; simply because it is not possible to calculate its value based on a formula.

In the same way - as decaying cultural institutions survive longer than they should - the new cultural institutions will find it difficult to justify their existence, thus finding it difficult to be conceived and get started.

For example, it may be difficult to argue for the usefulness of a cultural institution like Experimentarium, which aims to increase public interest in science and technology. What good does Denmark gain from an institution that gets about 340,000 guests every year to spend an average of 4 hours with the many experiments in the exhibitions?

Experimentarium claims that the visitor would then become interested in learning more about science and technology. I usually say that our visitors should come to Experimentarium with some questions and leave Experimentarium with even more questions! Experimentarium also claims that this curiosity will cause more students to choose an education in science and technology. In my opinion, to believe in the usefulness of this business, one has to be – in the best sense of the word – **willing to take risks**. This means that there is a need for risk capital when new cultural institutions are to be established.

This is very rarely experienced in public agencies. By contrast, the Danish philanthropic foundations are willing to take this risk and therefore, these Danish foundations are obtaining a growing "market share" in the creation of new Danish, cultural initiatives. Over the last few years, we have witnessed the start of Danfoss Universe, Den Blå Planet (National Aquarium Denmark), M/S Maritime Museum of Denmark and Moesgaard Museum – all institutions which have been established largely without public funds.

As mentioned, businesses have – for the most part – monetary profit as the yardstick for the determination of their usefulness. Darwinism applies here. If a company cannot generate profits for its owners, the company dies. However, many large Danish companies have decided to create better *brands*, because through a strong "corporate brand," a company can differentiate itself from competitors, and thereby create greater sales and a better financial bottom line. Efforts are concentrated in the corporate CSR strategy (Corporate Social Responsibility), where the individual company recognizes its social responsibility and shapes its policies, such that the company assumes increasing social and/or environmental responsibility. This could be about reducing pollution or the employment of apprentices and employees from the inclusive labor market. In this way, one can say that businesses are starting to work with a double or triple bottom line, thus extending the concept of "value of a company".

Businesses do this - as I said - to strengthen their *brand*. In this context, it is important to note that it is ultimately, the consumer who - through the *brand image*, which the consumer creates of the company - will decide whether to buy the company's products or not.

The same mechanism does **not** apply to cultural institutions. Here, it is not the individual consumer who decides how much benefit they believe a company provides. The usefulness of a cultural institution can ultimately indeed be of national and historic significance. Here are the questions that are hard to answer: What is the importance of the fact that Denmark has a royal ballet? What is the usefulness of the National Museum's work? Should the National Museum exhibit one hash stall from Christiania, to properly be able to tell the history of Denmark? Here the individual person cannot contribute his/her own evaluation of usefulness.

A business' utility is settled by the individual consumer because consumers "vote with their feet" and either buy the company's products - or do not. This choice of buying or not may ultimately be boiled down to the fact that it is the "brand image" individual consumers have of the company that matters.

The utility of cultural enterprises is calculated in very different fora and with very different yardsticks as tools. Hence, some cultural companies live longer than they actually should and some cultural enterprises never see the light of day even though they would contribute greatly to the Danish society.

**(R35) I hereby call for the universities to establish research that can dig deeper into how one may calculate the usefulness of a cultural institution.**

And how should universities go about trying to measure the utility of cultural institutions? An important parameter should be: To what extent does the cultural institution actually *transform* its visitors - in the sense that visitors leave the institution with new knowledge, a new attitude or the like. Does the cultural institution actually increase the cultural wealth of the region? Does institution contribute towards creating whole people? The possibilities for calculating utility are many. One just has to get started with the analyses. Maybe it will even prove that our society ought to want far more cultural institutions than we currently enjoy?

## **5.2 What good will it bring??**

Has Danish society benefited from its many cultural institutions? In Hørup words, one may ask: What good will it bring?

Professor Christian Wichmann Matthiessen sought to answer this question in his thesis: "Cultural Institutions and Value Creation - Copenhagen Perspectives". What kind of value do the capital's cultural institutions create? Wichmann Matthiessen's answer boils down to one sentence: Cultural institutions create far more value than politicians and scientists realize. Cultural institutions create far more meaningful workplaces than realized. Workplaces that - mind you - cannot be outsourced to Poland, Ukraine and Bangladesh with the stroke of the director's pen. Cultural institutions creates far more real income than realized: not only income from the entrance fee, but also from the restaurants, retail, publishing, rights, consultation, training, knowledge creation, etc. Finally, cultural institutions generate foreign currency to an extent that no one gives them credit for. Of the 120,000 annual visitors to Denmark's Design Museum, more than 60% are foreigners. And in 2013, 24% of Experimentarium's visitors were foreigners who contributed to more than 30% of the total entrance fee revenue of 24 million kroner.

Cultural institutions creates many jobs and a large economy:

Million DKK (2015)	National Museum	National Gallery of Art
Own resources	107	35
Grants	225	82
Total income	332	117
Expenses	327	122
Result of normal operations	5	-5
Employees (number)	468	122
Payroll	194	53

State subsidies for these two national cultural institutions total approximately 300 million DKK, but the grants provides work for people receiving approximately 250 million DKK in wages, half of which is paid back in the form of taxes and VAT.

There is a proverb: "Man cannot live by cutting each other down!" But the saying is not true! If Experimentarium has had 7 million DKK in revenue from international tourists, this revenue should be considered as equally good and "proper" as Carlsberg's 7 million DKK income from the sale of beer and soft drinks in Mongolia. The cultural institutions value creation is just as real and effective as regular business revenue. However, the problem is that not many decision makers and opinion leaders attach importance to the cultural institutions' economic dimension. How many are aware that the National Museum employs 600 people and has a turnover 330 million DKK annually? Someone will immediately object: "Yes, but they are all paid by the state, so it is not honestly earned money." But only 70% of the National Museum's revenues are subsidies from the state. The rest are private revenues.

Private income includes not only a café and a shop, but also considerable research that continually creates new knowledge about our past. And when state, foundations and the EU funds research, it is actually buying the production of new knowledge that can benefit public interest.

**(R36) Wichmann Matthiessen's conclusion is clear: Cultural institutions contribute to society to an extent that no decision maker or opinion leader gives them credit for. In short: Cultural institutions are from a purely economic point of view a plus for both gross domestic product, employment and balance of payments.**

Let us consider a cultural institution as an island and look at how much money comes to the island from the "public" and how much money the island sends back to the "public". The reader might be surprised: much more money is sent back to the public, than the cultural institution receives from the public! **MORE money is sent back to the public, than the cultural institution receives from the public!**

Expenses and revenues seen in the public eye:

Million DKK	Experimentarium (2013)	Land of Legends (2015)
Income tax, gross tax, etc.	19.2	4.2
Net VAT	0.4	0.2
Energy tax	0.7	0.2
Payment TO the public	20.3	4.6
Operating grants	3.9	7.9
Special project grants	4.7	0
Reimbursement for flexjobs	2.5	2.5
Reimbursement for sick leave	0.8	0.1
Payments FROM the public	11.8	10.5
The public PROFIT	8.5	-5.9

As you can see, Experimentarium had a net contribution to the public of no less than 8.5 million DKK, while the grants for the operation of the Land of Legends was so large that it did not have a net contribution to the public, receiving instead a net subsidy of 5.9 million from the public.

BUT if you now include the dynamic effects of the cultural institution's economic impact on the community, one arrives at the fact that the Land of Legends is actually a positive contributor to the public coffers. No figures are available for Experimentarium, but there are numbers for the Land of Legends and GeoCenter Møns Klint.

Derived financial contributions to the community:

	Land of Legends	Geocenter Møns Klint
Number of visitors	58,142	64,827
Tourism turnover, Million DKK	21.1	14.7
(Of which in the local Area)	10.5	11.3
Created jobs	27	19
Contribution to the public from these workplaces Million DKK	7.4	5.2

*Source: Annual Report 2015 for the Land of Legends and report from Manto (July 2016) regarding Geocenter Møns Klint: "Geocenter Møns Klint is a regional economic beacon for Vordingborg Municipality".*

Thus, the Land of Legends contributes 7.4 million minus 5.9 million DKK, corresponding to a positive contribution to the public of 1.5 million DKK. Land of Legends has its own income of approximately 55%. Apparently, it is a rule of thumb that a cultural institution that has its own income of about 50% contributes positively to the public coffers.

Before, we looked at the National Museum's accounts. This great cultural institution that has 12 geographically dispersed museums across the country, has its own income of "only" 30%. This is due to a lesser extent that until 2015, there were no entry fees. I estimate that their income with entrance fees would increase to around 35%. But this relatively low earnings is due, of course, to the fact that the National Museum has a very extensive conservation and research projects, actually totaling approximately 115 million kr. Thus, the National Museum contributes to a very large portion of public utility, which is not recorded in the financial accounts.

**(R37) Also, Wichmann Matthiessen made this calculation. The result is surprising: If Experimentarium did not exist, Denmark's GDP would be 8 million kroners less than it is at this point!**

An American study conducted by The American Alliance of Museums estimates that the museums in the United States contribute 21 billion USD to the country's economy - and this contribution is for the most part in local areas. Museum visitors stay longer in the area and spend more on purchases outside the museum. ([Http://www.aam-us.org/advocacy/resources/economic-impact-statement](http://www.aam-us.org/advocacy/resources/economic-impact-statement)).

This evidence of the socio-economic usefulness of cultural institutions results in one main conclusion:

**(R38) Cultural institutions are worth it - also economically!**

This is not a trivial conclusion. In the next section, I will look into my crystal ball and try to describe the future of the people who are fortunate enough to be born in, or have emigrated to, the rich part of planet Earth. The most important consumer goods in future society will be *cultural consumption*. So it's good that cultural production creates both good employment and makes a significant contribution to the gross domestic product, in addition to the quantifiable financial contribution - although most cultural institutions receive state subsidies as "payment" for the immeasurable value the institution contributes to society.

To the above, one must add all the non-measurable contributions that institutions contribute: creation of new knowledge, education, training, heritage conservation, etc. In addition to these immeasurable benefits, I want to highlight the good ability of cultural institutions to employ people from the so-called "flexible labor market". I have knowledge of the institutions' good ability because I have experienced it firsthand in Experimentarium. During my time as director, every sixth employee was from the inclusive labor market.

I am referring to people with cerebral palsy, wheelchair users, the visually impaired, mentally vulnerable people, addicts, etc. These employees made a great effort in Experimentarium and always showed great responsibility and gratitude for the work. In this way, many cultural institutions undertake a social responsibility that other businesses – who focus on the bottom line – perhaps do not assume to the same degree. There are however very good exceptions. Here, I wish to highlight the impressive work Grundfos is doing to employ people from the inclusive labor market.

There is certainly a work potential in persons from the inclusive labor market. Many people here will rise to the occasion if they were offered "real" jobs and thus effectively contribute to the economy.



Generally, it is very difficult to pinpoint the measurable impact of cultural institutions on human behavior, wellbeing, attitudes, etc. Quite simply because it is difficult to carry out statistically reliable measurements that can isolate the effect of a museum visit – in relation to the thousands of other situations that can affect a person's attitude, etc.

However, there are nevertheless measurements indicating that cultural institutions affect human wellbeing.

A study at the Norwegian Technical University in Trondheim (<http://healthland.time.com/2011/05/24/for-men-good-health-may-be-found-at-the-museum/>) showed that men participating in cultural activities (e.g. in the form of a visit to a museum) have better health with less stress and less depression.

A study conducted by Jan Packer from the California Academy of Science (<http://onlinelibrary.wiley.com/doi/10.1111/j.2151-6952.2008.tb00293.x/abstract>) showed that museums represent a restorative environment, where people suffering from stress could restore their mental balance.

A study at the London School of Economics revealed that a cultural experience is perceived as positively as a salary increase of 5,301 USD and is just as positive as physical activity!

I would venture to assert that regions with high cultural wealth in the form of many museums etc. have fewer crimes (than average), have happier people who live longer and suffer less from stress and depression. Regions with high cultural wealth have fewer unemployed, are more open to change and input from the outside (innovations, migrants etc.) and live longer.

A region with many cultural institutions may be said to have high cultural wealth. Richard Florida described these cities with high cultural wealth as a magnet for "The Creative Class". A region with high cultural prosperity will – all else being equal - attract more new businesses; simply because that's where "it's happening" and where young, creative people will move and work. Berlin is a good example of this development. Because of the cultural struggle between West Berlin and East Berlin, one experienced in *Die Wende* ("The Turnaround") in 1989, a city with 4 million inhabitants and a cultural wealth, perhaps second only to Washington DC. Berlin has - still - four operas and at *Die Museumsinsel* (the museum complex) one can experience an abundance of museums. Berlin was the meeting place for the creative forces in Europe!

I will argue that a city with many museums - and thus with a high cultural wealth - attracts many new businesses. It contributes greatly to both the public and private economy.

All that I can claim, but I cannot prove my claims because it will require a research budget as high as a tower to conduct the analyses needed to refute or substantiate these hypotheses.

**(R39) I will end this section with a call to the Ministry of Culture to launch a research project that tries to investigate as much as possible the impact a region's cultural wealth has on the region's welfare in all socially relevant contexts.**

Thus encouraged, I will tell the reader what I see when I look into the crystal ball and ask: How will society develop in the coming decades?

## **6. Cultural institutions in the future.**

### **6.1 The Culture Society.**

Futurists have spent much energy on trying to name the society in which we humans are entering. No, actually, a society we have already stuck our heads deep into - driven by the rapid developments in the IT field. Future researchers have been very imaginative: *the Dream Society*. *IT society*. *Knowledge Society*.

I name this future society that we Westerners are entering: The CULTURE SOCIETY.

Why call our future the Cultural Society? Because the product we humans will consume most in about just a few years will be: Cultural Goods.

Pine & Gilmore wrote a seminal article in 1997: "Welcome to the Experience Economy," which describes how we Westerners will demand more and more experience products. In 1997, their message was: Experiences are "the new black". Two years later - in 1999 - Pine & Gilmore issued the book "The Experience Economy", where they used the first 180 pages to give a detailed account of the views they put forward in the article from 1997. But in the book from 1999, on page 181, Pine & Gilmore showed that they have grown wiser over the two years that had passed from 1997 to 1999. There is a "product" or offering which is much more valuable than an experience. A product which is the ultimate product that a company can offer to man, namely a *transforming experience* in which the people become a new and - in their own perception – a better person after having consumed the transformational offering.

What Pine & Gilmore - somewhat reluctantly - realized is that if you can sell a product - a transformational experience - to a human being, and if this person after consuming the product becomes a new and - in his own eyes – a better person; well, there is actually no limit to how happy this person will be for the product. And how much this person will be willing to pay for the service.

Transformative experiences will be the most sold product in the future!

Let me give some examples of significant transformative experiences: Watching a theatrical performance that one never forgets. Experiencing a landscape (e.g. Grand Canyon) that changes one's opinion of what the earth can offer. Watching a movie that forever changes one's view of e.g., love, illness, accidents, etc. Receiving teaching that suddenly helps one master a subject or a language, that one never could before. Receiving a religious experience that gives one faith in something new, e.g. belief in life after death. Experiencing a musical or an opera, which opens one's eyes to the dramatic in our existence.

It is clear, that the “products” of cultural institutions are transformative experiences. In any case, the aim for almost every cultural institution is to offer transformative experiences, with the result that the consumers "learn" something. Or to put it bluntly: that the visitors' brains have more on their hard drive when they go home, compared to when they entered the cultural institution.

I usually put it this way: Experimentarium visitors are welcomes to come into the science center with a lot of questions, but they must leave Experimentarium with even more questions because Experimentarium should make the visitor curious and interested in learning more about science and technology. In short, we must transform our visitors, so they become more curious and interested in learning more about science and technology.

It is therefore not the cultural institutions' exhibitions and performances that is the actual product. It is culture consumer, which is the product.

Or as Pine & Gilmore so strongly state: "The customer is the product"!

Why would we Westerners become consumers of culture in the future?

Because we will get more and more time to ourselves! Since we homo sapiens ate the apples from the tree of knowledge and were expelled from the Garden of Eden (about 130,000 years ago, when we left Africa due to climate change), we have developed technology that has always made it easier and easier to survive and reproduce ourselves. We humans have figuratively worked our way up Maslow's Hierarchy of Needs using technology.

With the introduction of computer technology in the midst of World War II (thanks to Alan Turing's computer which decoded the Germans' Enigma program), there has been a development in information technology that is unparalleled in human history. Especially the development in IT has pushed man hastily up the Maslow's pyramid. We are developing robots that can perform the tedious, repetitive work that we humans are tired of having to perform. Therefore, we will have more and more leisure time. The robots will do the work for us in the future, at least all of the work that can be digitalized. And if you think about it, the majority of the work we do today that can be performed by robots: banking, insurance, manufacturing machines, agricultural, postal, transport etc.

A dogma I will point out is: All work that can be digitalized will be digitalized. So eventually, all work that can be boiled down to zeros and ones will be performed by robots.

Today, we - roughly speaking - use 37 hours of work to reproduce ourselves. In a few years, we may only spend 15 hours a week in order to reproduce ourselves.

2,400 years ago, the Greek city-states created an incredibly beautiful culture. What was it that allowed the Greeks to create such new culture, which Europe has admired ever since? The reason was that the Greeks had plenty of slaves. It was the Greek slaves who performed most of the dreary work, while the Greeks could sleep late in the morning (which Socrates did much to Xantippe's chagrin!). After a good night's sleep, the Greeks could then go down to the agora and create culture of a quality that was not previously seen in history!

Robots are today's "slaves".

One can then - a little fearfully, ask oneself: What should we do with all this free time????

We humans will spend most of our waking time trying to realize ourselves! Søren Kierkegaard described how humankind must seek to learn to know them selves - to look into our inner "I" - and then choose ourselves every time we humans face an important choice. In the spirit of Søren Kierkegaard, we humans will seek to realize ourselves by constantly seeking transformative experiences, all of which brings us a step closer to our self-realization.

And who is it that can help people experience transformative experiences that brings them closer to self-realization? Cultural institutions!

Therefore, I believe that there will be a growing need for cultural institutions and cultural institutions will therefore grow in number and size.

**(R40). Summary: Technology will result in the fact that we humans will be able to use the majority of our time here on Earth to realize ourselves. The self-realization process involves seeking transformative experiences that will bring a person one step closer to "the inner self". Cultural institutions can offer these transformative experiences and will therefore experience a growing demand.**

## **6.2 The Individual Exhibition.**

Developments in IT will inevitably mean an upheaval of the way cultural institutions function.

The worst case scenario is a Matrix-like world where everything we "experience" are sensations that are introduced directly into our brains while we are figuratively hung up like chickens - on the way to slaughter.

It will, of course, not go so badly. But people will increasingly make use of digital information to cope in everyday life.

One can use the image that a digital sphere will develop between the individual and the real world. I usually claim - provocatively - that "man did not get two eyes to perceive the world stereoscopically; no, we have developed two eyes so that one eye can always be directed online (on the Internet), while the other eye – in spite of it all - will continue to be directed towards the physical world "!

Cultural institutions must adapt to this tri-part world: people, the digital realm and the physical world.

In the years ahead, ever-increasing amounts of data will be stored up in the "cloud" that will grow tremendously in scope and influence. Three groups of data types will be built: "The Internet of Things", "The Internet of Services" and "The Internet of People". These three data groups will increasingly cooperate and benefit from information sharing. The Internet of Things knows everything about all products. How the product looks like, what the product can provide, where the product is located, what product costs, etc.

The Internet of Services knows all about the services that can be granted to us humans. Transport services, monetary transactions, accommodation, hairdressers, beauty treatments, hospitals, etc.

And The Internet of People contains, of course, information on the planet's 7 billion inhabitants: how they live, what they consume, what they own, etc.

This development - which is going on right now around us – is called The Fourth Industrial Revolution.

The more products to choose from, the better it will be for us humans. The more services offered, the better it will be for us humans.

As a customer, I order a product. I order the product via "The Internet of Things", where I can pick and choose from dozens of high-quality products that are presented in 3D with all sorts of technical information. I get the goods transported via "The Internet of Services" (where drones will play an increasing role) and the cloud obviously knows my address, so the goods are transported to the right place. Eventually, you will bill me for the purchase amount via "The Internet of Services".

What is interesting is that the more data is stored in the cloud (whether it be about things, services or people), the more the common benefits of the cloud will grow. You can use the physical expression that the more data is stored in the cloud, the stronger the cloud becomes as a magnet to attract even more data, because it then becomes even more advantageous for all parties to have these additional data in the cloud.

**Cultural institutions must also ensure a presence in the cloud (in "The Internet of Services").**

The communication of cultural institutions will now use two arenas: the traditional arena, which consists of the institution's exhibitions, theater, film, music etc., and the new main task of cultural institutions: ensuring their digital presence in "The Internet of Services". The cultural institutions digital representation will grow in volume in the coming years. Institutions must be available on their own websites and on all social media. Internally, the task of building and maintaining the institution's digital presence must grow and be put in the hands of a growing number of employees. Today, communication via social media is mainly from the institution to the individual "customer". But in the future, more and more employees will be involved in communication on the social media, so that eventually, it will be a "person-to-person" communication and not a "business-to-person" communication.

With a presence on social media (and thus on "The Internet of Services") of high quality and high quantity, the cultural institution will better be able to meet its mission statement; simply because it will have access to a larger audience than its physical presence can accommodate.

This comprehensive digital presence will – in addition to strengthening achievement of purpose – also enhances marketing of the cultural institution. I usually put it in this way: **(R41) "The digital dissemination of cultural content should also promote marketing."** So securing a significant digital presence is a win-win situation!

Word-of-mouth is one of the most powerful marketing tools. A cultural institution will have a major advantage from the emergence of a dialogue between "customers" in the data cloud around the cultural institution. One can describe the historical development of the communication between an institution and the customers in this way: First, there was **one-way** communication from the institution to customers (e.g., via the institution's website). The next phase was that more and more institutions created a **dialogue** in which customers could ask questions and make comments (reviews of) their experiences during the visit of the institution. And the last phase of this development is that the institution creates a **community** where customers begin to communicate with each other - without the institution having control over the communication. In this community, customers can recommend visiting the institution or give advice that can strengthen the institution's cultural offerings (*co-creation*).

**(R41). I recommend that individual cultural institutions build a digital community around them, where interested customers can obtain information about the institution's cultural offerings, can express how they have experienced the institution's cultural offerings (word-of-mouth) and make suggestions on how the cultural institution can strengthen its cultural offerings (co-creation).**

Most cultural institutions have membership clubs. Membership offers free entrance and special events, such as lectures or premieres of shows and films, etc. In the future, such membership clubs should also have a digital dimension. When signing up for the club, the member should have a password protected personal site. Every time the member visits the institution, the site should cache the data gathered at the visit so the member can go back and see what they did, and what results they got.

In the case of Experimentarium's digital membership club, the member will be asked if they want to create the personal site. The exhibition will ask a series of questions, about personal data, background, behavior and such, so that the exhibition can make a profile of the member. When done, the exhibition can come with suggestions to the member as to which exhibits they should try.

Communication between the visitor and the exhibition takes place via the visitor's phone. Every time the visitor visits an exhibit, it leaves a digital trace that is cached at the personal site.

Each time the visitor tries out an experiment, thereby leaving a digital trail, this will be stored on the visitor's 'Experimentarium' website. When the visitor is back home, they can go log onto their "Experimentarium.website" and relive parts of the visit to

Experimentarium. For example, the infrared image that was taken of your body, or the image of your face where the computer insensitively added 30 years to your face! Or information about your reaction times to light or sound!

Eight months later, the same visitor returns to Experimentarium (because there is a new exhibition on the poster). Already at that time, when the visitor is walking down Tuborg Boulevard, the "exhibition" welcomes the visitor to Experimentarium and informs about the new activities that Experimentarium has to offer in relation to the last visit. Also, "Today's Program" will be communicated to the visitor. When the visitor stands in the main hall, the "exhibition" will recommend what the visitor should try.

At each visit, the "exhibition" builds a growing knowledge of the visitor's interests and level of knowledge. This makes the "exhibition" better able to recommend activities. Finally, "The exhibition" will challenge the visitor with tasks to be reported back on. Once the visitor has solved a number of challenging tasks, the "exhibition" presents the visitors with a trophy that can be picked up in the store for free.

To create new challenges for the visitor, the "exhibition" can also randomly suggest surprising experiences. This will make sure that the visitor does not get tangled in his own pattern of interests and in this way, not get input for new horizons.

By building up a group of perhaps 100,000 faithful visitors through an "Experimentarium website", Experimentarium will be far more capable of fulfilling its mission statement!

Henry Ford said in 1910 the famous words: "A customer can have a car painted any color he wants - as long as it's black". When Henry Ford said that, it was simply because he knew that man has individual requirements and therefore wants to be treated individually. With "The Individual Exhibition," Experimentarium will be able to provide its loyal customers individualized treatment in the future! If Henry Ford were alive today, he would be able to come up with a new quote: "A customer can get any kind of car he wants." Because the robots will be able to put together the car based on the customer's individual requirements.

**(R42) I recommend that all cultural institutions build a digital relationship between the frequent visitors and the institution, where through an ongoing dialogue, great knowledge is built up of the customer, so that the institution can tailor an individual experience for the customer - filled with surprises, challenges and social experiences.**



### **6.3 Das Gesamtkunstwerk Concept (The “total work of art” concept).**

The last question I would like to raise is: How will the content in the cultural institutions' exhibitions develop?

I will return to Pine & Gilmore's description of the transformative experience. To maximize the chance of an experience being transformative, it has to have certain properties. Pine & Gilmore mentions that the experience should be educational, entertaining, aesthetic and escapist. If you are able to compose an experience that encompasses all these properties, you have hit the Sweet Spot, where the audience gets a moving, intense, catching experience.

Pine & Gilmore also point to the fact that cultural institutions should think of the 4 S's: Sacrifice, Satisfaction, Surprise and Suspense.

- i) Make sure the audience is Satisfied. Always deliver what the customer expects.
- ii) Make sure the audience doesn't sacrifice too much. Make sure everything is functioning. Information should be readily available. The modern cultural consumer is spoiled and doesn't expect to 'work for it' when visiting a cultural institution.
- iii) Make sure that the audience experiences a Surprise. Cultural consumers love surprises.
- iv) Make sure to build up a sense of Suspense in order to convince the audience to visit again.

Also, by following the 4 S's, the possibility of making the experience transformative is also increased.

Michael Kubovy has written a captivating article with the title, 'On the Pleasures of the Mind'. How do you compose an experience that satisfies the audience? It is a sympathetic ambition. Kubovy provides evidence that a good story (experience) should have several highlights and end on a positive note. Hollywood has certainly gotten that message. He also states that you have to add one or more surprises in the experience. We love surprises but we would also like to understand what is behind the surprise.

After that, Kubovy mentions the four emotions that a human has to experience in order to be satisfied:

Curiosity: There has to be something surprising or mysterious that stimulates the curiosity. Humans, and most other animals as well, are extremely curious. If you place a baby that has just learned to crawl in an empty room with an open door, the baby will quickly go and see what is on the outside. So the curiosity of the audience has to be activated by the surprise of mystery.

Virtuosity: The audience should have the chance to solve a problem that they may not have thought that they could. They should get that 'Yes I can' feeling.

The Mentor Role: Nothing is as nice as being able to explain to another person how things function.

Social Situations: Let the visitors meet other visitors and experience the cultural institution as a temporary community.

Mihaly Csikszentmihalyi has described the concept of flow where the audience is pulled 100% into the experience and forgets their surroundings to focus on it. I have taught these things at the Copenhagen Business School and have often thought of how Experimentarium could make their exhibitions so they followed the advice from Pine & Gilmore, Kubovy and Csikszentmihalyi.

At the same time, I saw a development in the exhibitions of the cultural institutions.

Experimentarium introduced that concept of "Hands-on, Minds-on" experiences in 1988. It didn't take long for the other institutions to copy that concept and add some interactive experiences to their normal exhibitions. The Zoo and the Aquarium now have interactive exhibitions that enrich the experience of fauna and flora that the audience can get there.

Furthermore, the last couple of years has seen an interesting development where the institutions borrow concepts from each other. Tivoli has opened a large aquarium. The Zoo has started opening at nights during the summer, and Tivoli has started have concerts on Friday, to compete with the traditional music venues.

The mix of many different elements of experiences, borrowed from various other institutions, has led me to define the Concept of Gesamtkunstwerk. Basically, it means that Experimentarium should look to all our colleagues in the world of culture and borrow experiences where it makes sense. Experimentarium's exhibitions should contain living animals and artifacts of historical or scientific relevance. They should also contain art and be entertaining to people and leave a smile on their faces. Music can also be used to heighten the experience in some cases.

In the same way, the traditional cultural institutions can borrow from each other. For example, The National Museum of Art, Louisiana and the Arc can feature a lie detector in their entrance hall. The device measures the current in the body, and by showing the audience the images of 20 art pieces, that machine can measure where that member of the audience can get the best experience. That is one way to borrow something that could enhance the experience for the audience.

**(R43) I recommend that cultural institutions work together and start borrowing ideas and material things, sharing experiences and learning from each other about how to best use the 'tricks' that will capture the attention of the audience. That is the way to achieve the highest goal of the institution, that the audience becomes transformed.**

## **7. Concluding remarks.**

With this small book, I hope to share some of the experience I have gathered over my 28 years at Experimentarium.

My conclusion is positive, also because I have always been an optimistic person.

Cultural institutions contribute a great deal to the economy as a whole. They create useful knowledge and educate the people. They create exciting job opportunities that cannot be exported to Asia. The politicians and the people at large do not realize the value that the cultural institutions create because it is often hard to quantify.

Cultural institutions give so much to society, not just culturally but also economically, that I dare conclude: cultural institutions pay off in the long run, also economically.

Managing cultural institutions is challenging because it is difficult to quantify their purpose and goal. But in many ways, cultural institutions should be developed and run in the same ways as profit-oriented companies are. Revenue has to be secured and expenses have to be limited where possible. A.P. Møller used to say that mistakes can be avoided by thinking ahead. That is very much the case for cultural institutions as well.

Looking optimistically in the crystal ball, I see that humans will have more leisure time as robots take over more and more of our work. Now we have more time for ourselves and for self-realization like maybe only the Greeks of 400 BC had. And on this journey of self-realization, the Cultural Institutions will gladly help.

Cultural institutions will be a larger part of human life. Therefore, it is important that they are run competently and professionally.

Asger Høeg

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