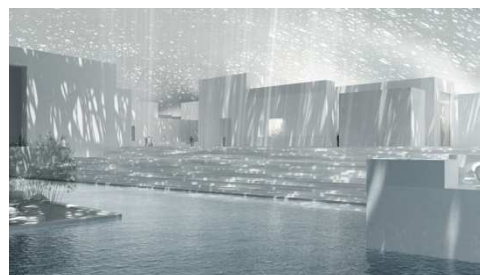
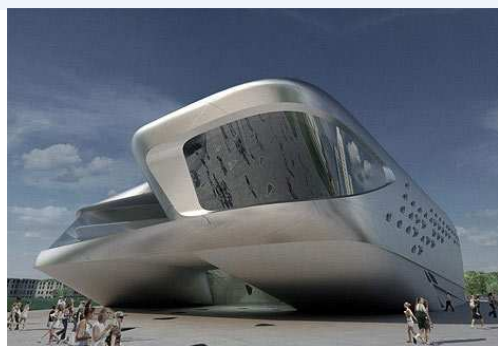




# Modeling and Managing Intangibles of Museums

(exploring phase of literature & museum implementation)



May 31, 2010

Julien ANFRUNS  
Doctoral Consortium 2010



## Evaluating Museums: intangible valuation as a new aspect?

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### ➤ Limits of Measuring Museum Performance

- Odile Paulus, 2003, *Measuring Museum Performance: A Study of Museums in France and the United States*

- Evaluating Economy (cost incurred compared to those budgeted)
- Evaluating Equity (the museum capacity to attract public)
- Evaluating Effectiveness (museum's ability to reach objectives)
- Difficult evaluation and validity of indicators

### ➤ *The influence of Market and Product Orientation on Museum Performance* (Carmen Camarero, Maria José Garrido, 2008)

- Various objectives of museums (conservation, education, number of visitors...) &

Multiple Targets (visitors, donors, institutions, community, professionals...)

- Customer orientation (not only satisfaction, but also social impact) & reinforcement of economic performance

⇒ Intangible assets: a more comprehensive approach of evaluating a museum



## Museums Intangible Assets

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Intangible assets: identifiable non-monetary assets that cannot be seen, touched or physically measured, which are created through time and effort and that are identifiable as a separate asset.



- Fundamental intangible assets:
  - Intellectual Capital
  - Trademark/ Brand
  - Creativity (Nonaka & Takeuchi, 1997) , (Bounfour , 1998)
  
- Creation of Franchise: license of brand, loan of pieces of art, assistance and transfer of know-how...



# Intellectual Capital: Main theoretical approaches & Evaluation Methods

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## •On Intellectual Capital

- ✓ Structural approach: identify & evaluate intellectual capital
  - Sveiby (2002) Intangible Asset Monitor
  - Edvinsson & Malone (1997) Skandia Navigator with division between human capital, structural capital, relation capital
- ✓ Monetary approach: quantify intangible assets in financial terms

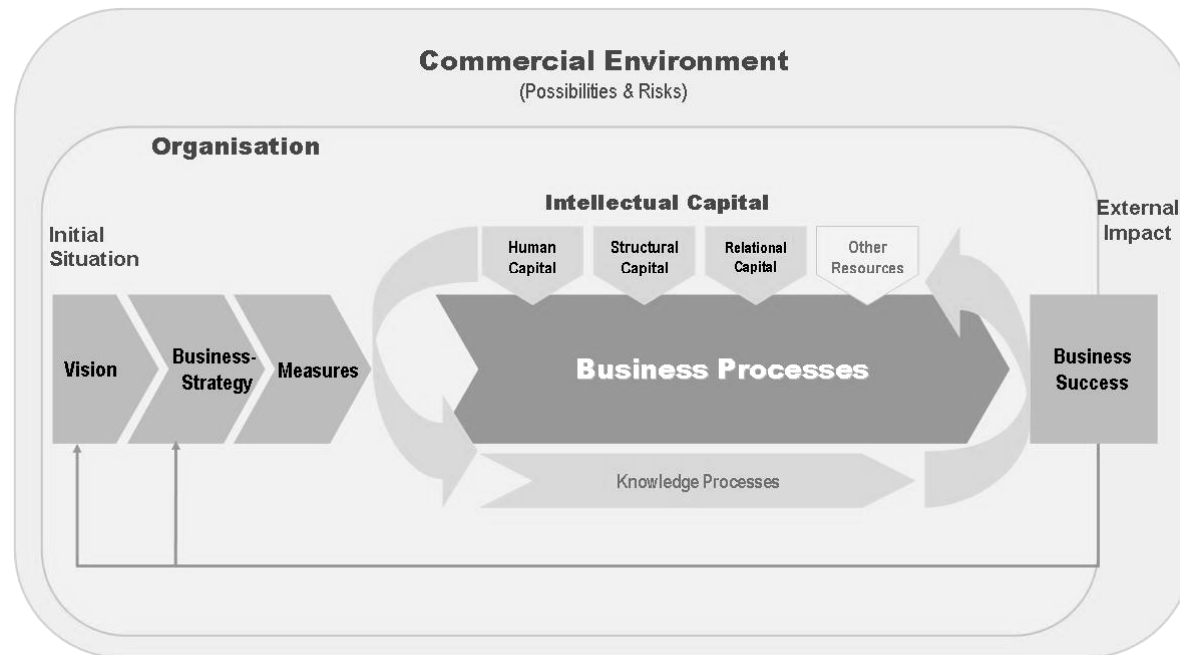
## Strategic Management

- ✓ market based view (MBV Porter, 1991) positioning of the corporation/organisation compared to the market
- ✓ resource based view RBV (Barney, 1991) analysis compared to internal resources:
  - i. Concept “Core competence” (Prahalad & Hamel, 1990) capacity to align the organisation with the market in terms of technologies & know-how
  - ii. Knowledge based view (Nonaka & Takeuchi, 1995) knowledge of the organisation can give a competitive advantage



# Intellectual Capital Management for Museums

Example of InCas « intellectual Capital Statement – Made in Europe »



From paper Markus Will, Fraunhofer IPK Berlin, 2008

Proposed methodology & formalised procedure



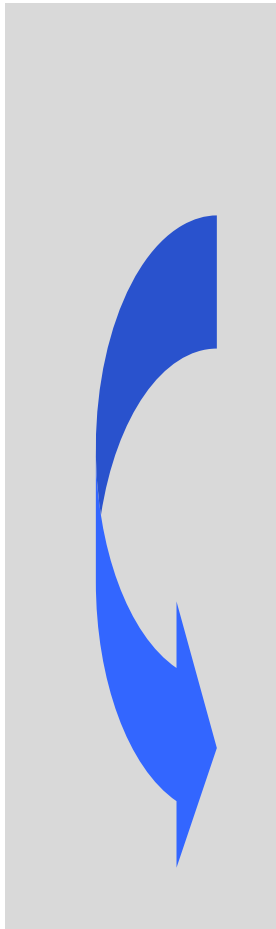
# Human Capital & Limits in Museum Development: Strategic Implications

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- Human Capital & Investment  
Ex. Qatar, Emirates
- Training  
Ex. Tunisia, China
- Turn-over  
Ex. France (Curators Corps)



## How to value the Louvre Intellectual Assets for the Abu Dhabi Project



### A two-step Method :

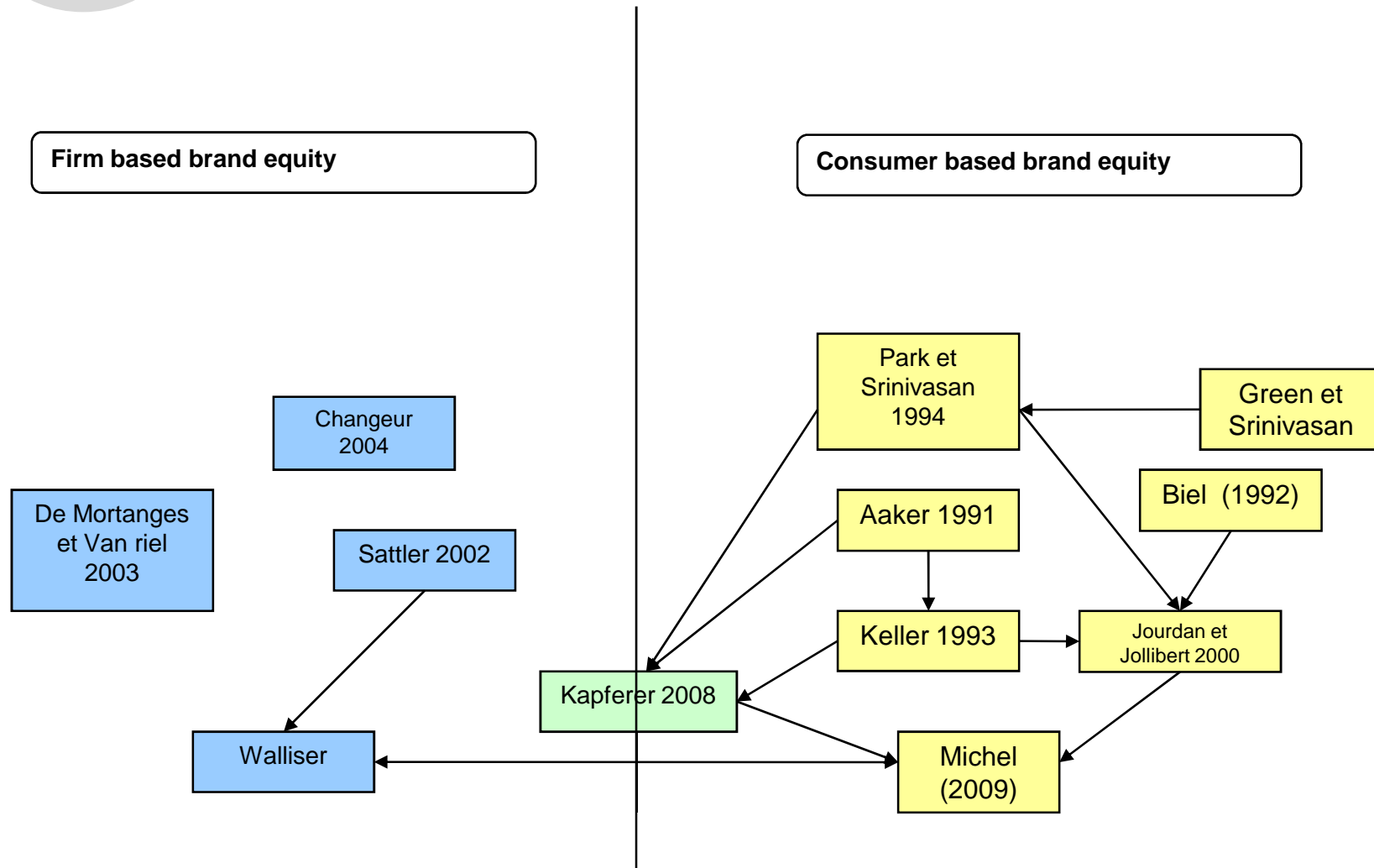
- A **Benchmark Approach** with a worldwide comparison of the Cultural Sector and of the Luxury Sector
- A **Valuation Method** based on Elementary Immaterial Components (Trademark, Human Capital, Know-How, etc.)

Negotiation





# Brand Value: Which approach for Museums?







## Case of the Guggenheim



First museum to develop internationally intangible assets, in creating the Trademark “Guggenheim” as a reference in Modern/Contemporary Art.

“Franchises” around the world:

- Guggenheim Bilbao:
  - Created in 1997 (45 000m<sup>2</sup>)
  - €166 M paid by the Basque Government for the Museum, from which 18 M for the Guggenheim Franchise
  - Around 90 exhibitions in 10 years thanks to the Guggenheim New York collection
  - Over 10 million visitors
  - Impact on the city and the area





## Guggenheim (2)



### ■ Deutsche Guggenheim in Berlin:

- Creation in 1997 (510m<sup>2</sup>)
- Collaboration of the Guggenheim Foundation and the Deutsche Bank: a joint venture, which implies joint responsibility in management
- 3 or 4 exhibitions each year

### ■ Guggenheim in Abu Dhabi:

- Opening expected in 2011
- Costs estimated to \$ 200 M
- Architect Frank Gehry (30 000m<sup>2</sup>): building financed by the local authorities
- Creation of its own collection and housing of exhibitions
- Focused on Middle-Eastern Modern/Contemporary Art
- Education programmes





## Louvre



- Louvre Abu Dhabi
  - Universal Museum
  - Opening scheduled for 2012
  - Agreement of €1 billion running on 30 years to the benefit of French Museums
  - License of Brand: €400 M for 30 years
  - Loan of artworks: €195 M for 10 years
    - Agence France Museum: Participation of other French Museums to the loans: Orsay, Quai Branly, Picasso...
  - International exhibitions, patronage, communication of know-how...

LOUVRE



# Quai Branly

★ musée du quai Branly  
LÀ OÙ DIALOGUENT LES CULTURES

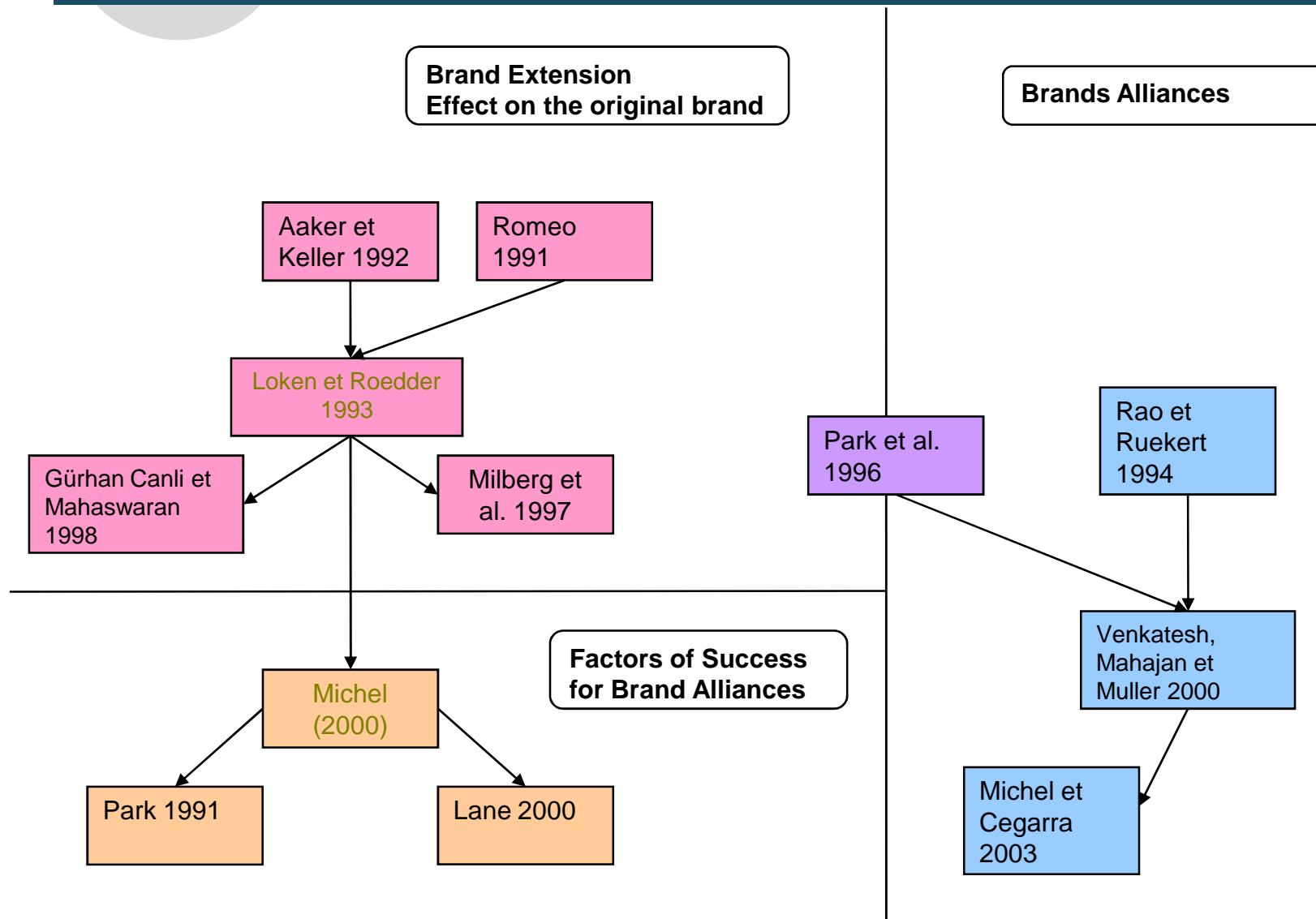
- New Museum/ New Brand
- Broad Brand Policy
- Well-protected



★ musée du quai Branly



# Brand Extension and Brands Alliances





## Brand extension: Exhibition Centers

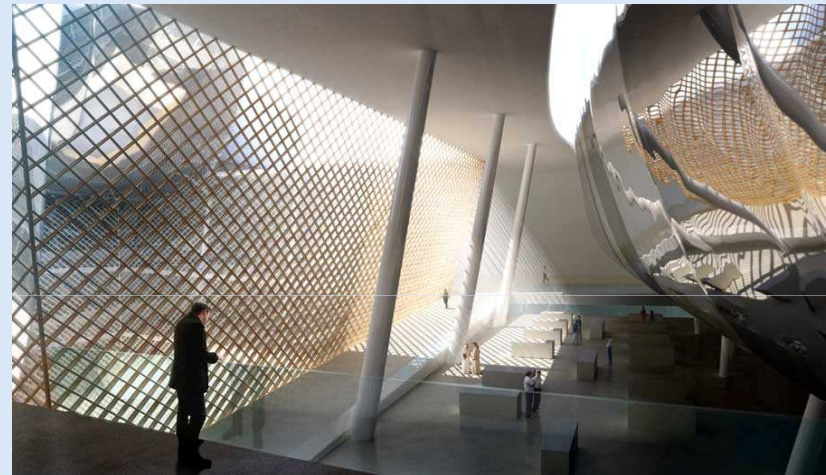


- Guggenheim and Hermitage in Las Vegas:
    - At the Venetian Resort Hotel Casino
    - Created in 2001 for 7 years (ended in 2008)
    - Collaboration between the New York Guggenheim and the State Hermitage Museum of Saint Petersburg: both participating to the loan of collections, study and educative programmes as well as incomes
  - The Guggenheim-Hermitage collaboration continued in Vilnius:
    - Opening scheduled for 2011
    - Projected costs \$75 million
- ⇒ (Loken & Roedder John, 1993) : *Diluting brand beliefs: when do brand extension have a negative impact?*
- ⇒ (Lineu Castello, 2009): *The multiple roles of a “Starchitecture” Museum*



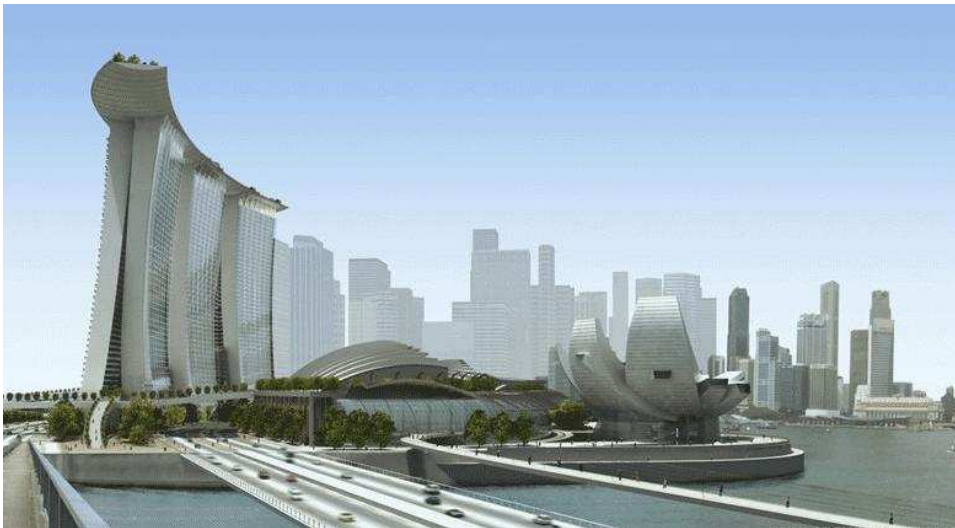
# **Brand Alliance & Urban Development: example of Dhahran, Saudi Arabia, King Abdulaziz Center for World Culture**

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# Brand Alliance & Centers Development: Marina Sands Bay ArtScience Museum (Singapore)



### The ArtScience Museum

- ▶ This hand-like structure has three levels of galleries, a level for the lobby and a cafe overlooking the city.
- ▶ It houses a conference centre at its lowest level.
- ▶ Touted as the first repository where science meets the arts, the ArtScience Museum will have permanent, local and travelling exhibits.
- ▶ The museum also has outreach programmes. It will draw on a network that includes The Solomon R. Guggenheim Museum, the Field Museum of Natural History and The Gallery of Research-Austrian Academy of Sciences.
- ▶ Its initial programming will be drawn up by a six-member board of architects and designers.
- ▶ The building's out-stretched palm roof collects rainwater, which feeds a waterfall cascading through the museum into a pool below.
- ▶ At night, the roof is transformed into an amphitheatre with skylights and tiered seating (left).

### The three towers

- ▶ The towers house the resort's 2,500 hotel rooms, likely to target travellers on different budgets.
- ▶ To prevent the towers presenting an impenetrable wall when seen from the sea, the hotel is split into three towers with the space in-between serving as "windows".

### Links to the downtown botanic gardens, Gardens by the Bay

### Entry to the resort from the city. There will be four main entry points:

- A From the city
- B The upcoming helix bridge
- C The MRT station
- D The Gardens by the Bay

### Dome 1

- ▶ This houses the theatre where Sands' partner, Broadway producer Clear Channel Entertainment, may put up its acts.
- ▶ Sands has promised three entertainment venues.

### Dome 2

- ▶ This houses the casino and restaurants. The casino has a sweeping roof, no columns at all, and is flanked by galleries.
- ▶ Locals who do not want to shell out the \$100 entry fee can still peer into the casino when dining at its surrounding restaurants.

### Dome 3

- ▶ This hosts five levels of wired-up convention and exhibition space.
- ▶ There are two levels of exhibition halls and two floors of meeting rooms. One floor is devoted to meeting rooms, and a column-free ballroom with a city-view.

### Floating crystal pavilions

- ▶ There are four glass pavilions that house two clubs, a cafe and a station for the river taxi.
- ▶ They look like they are floating on the water, but are linked to the main building by underground links.

### The promenade and the events plaza

- ▶ The promenade facing the bay has both outdoor and air-conditioned areas.
- ▶ Its events plaza will have a hydraulic platform that can morph from a flat stage to an amphitheatre with tiered steps.

### The sky garden

- ▶ This park, 50 storeys up has an observatory, where members of the public can get a panoramic view of the city.
- ▶ The remaining facilities for hotel guests include restaurants, swimming pools, a jogging track and a spa.

The Straits Times  
April 7, 2006





# Hermitage



- Amsterdam
  - Creation in 2004, extension in June 2009
  - Exhibition of Hermitage Masterpieces: 225 000 visitors in 2004
  - 1% of the museums income paid to the State Hermitage in Saint-Petersburg
  
- London: Somerset House
  - Opened in 2005
  - Run by the Friends of the Hermitage
  - Facilitation of the collaboration between the Hermitage and UK
  - 500 000 visitors a year
  - 1£ of every entree ticket transferred to the Hermitage in Saint-Petersburg



## Capacity to Create and Innovate: Which approach for Museums

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- Winter: implicit/explicit knowledge
- Nonaka: innovation results from a continuous dialogue between implicit and explicit knowledge
- Market Strategy: initiator/imitator
  - ✓ Guggenheim model
  - ✓ Modern Art and Classical: French Case

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