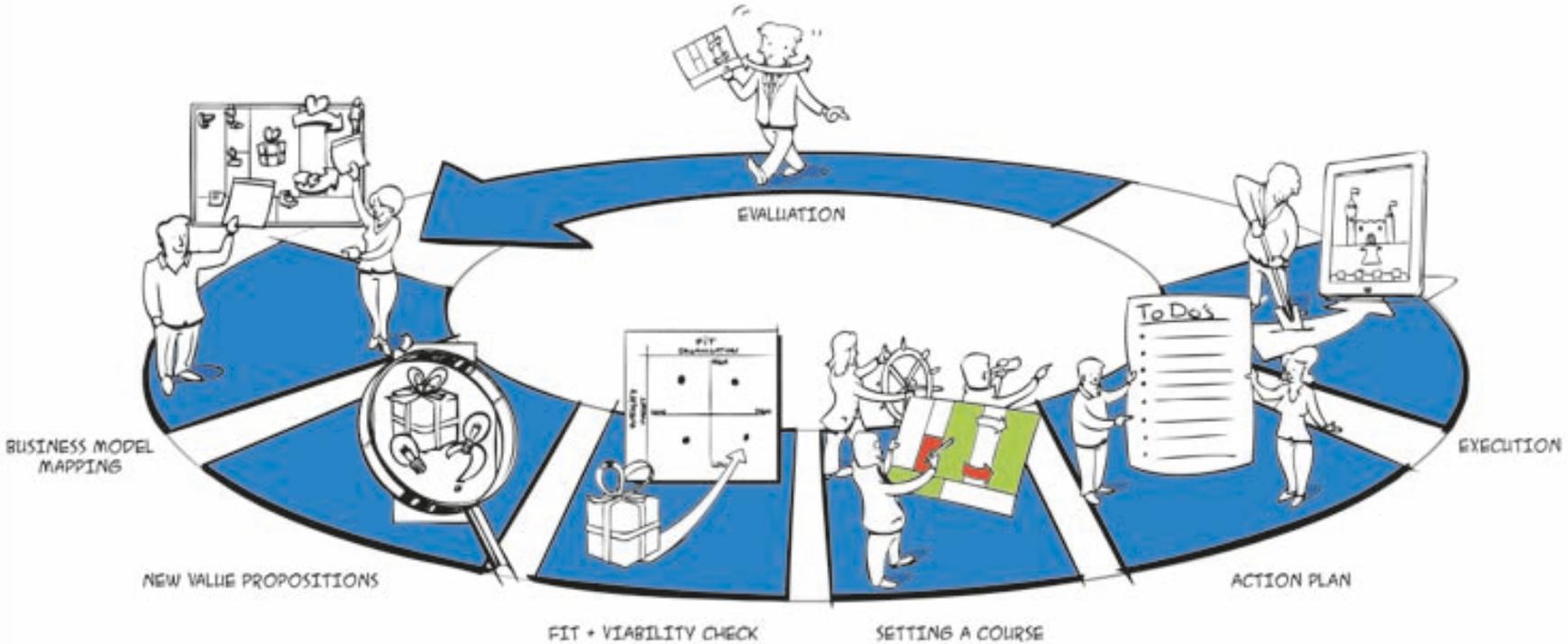


**BUSINESS MODEL INNOVATION  
CULTURAL HERITAGE  
ROADMAP**



-   
**TEAM**
-   
**TIME**
-   
**OPEN**
-   
**COMMITMENT**
-   
**SPEED**

# Introduction

The BMICE Step-by-Step Plan is comprised of seven steps. These steps can be repeated regularly on a long-term or occasional basis to help a heritage institution to permanently embed new or existing digital service concepts in its business model. Although these steps have been tailored to the heritage sector, and specifically to the offering of digital services and products in that sector, the methodology can also be applied more broadly in the creative industries.

# Quick overview

#1/2

The BMICE Step-by-Step Plan is comprised of seven steps. These steps can be repeated regularly on a long-term or occasional basis to help a heritage institution to permanently embed new or existing digital service concepts in its business model. Although these steps have been tailored to the heritage sector, and specifically to the offering of digital services and products in that sector, the methodology can also be applied more broadly in the creative industries.

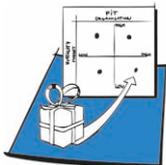
The structure of the Step-by-Step Plan is as follows:



**Step 1. Business model mapping.** This step entails mapping out the existing business model and is absolutely essential in order to assess whether or not particular innovations are desirable.



**Step 2. Development of product or service concept.** The second step entails developing the product or service concept on which the innovation that the heritage institution wants to implement will be based.

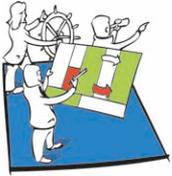


**Step 3. Fit & viability check.** Step 3 involves checking the fit and viability of the product or service concept to determine whether it is appropriate to the organisation and viable in the market.

This 'fit & viability' check indicates which parts of the existing business model need to be changed to ensure that the new product or service concept can be successfully and sustainably executed.

# Quick overview

#2/2



**Step 4. Setting a course.** The fourth step entails deciding whether or not to apply those changes.



**Step 5. Drawing up an action plan.** The fifth step is to decide on the specific action needed to make the necessary changes to the business model.



**Step 6. Execution.** Step 6 focuses on actually making the changes and on the product or service concept. This is the phase in which the innovation actually occurs.



**Step 7. Evaluation.** Step 7 entails drawing up a diagram of the new business model and embedding the business model innovation process.

# What the step-by-step plan is not

The Step-by-Step plan is not a ready-made solution for the persistent problems that heritage institutions may encounter in relation to their business models. It won't instantly provide you with new revenue sources or resolve copyright problems. Instead, it offers a process for taking a structured approach to business model innovation, as well as guidelines on making decisions at key moments. The publication 'Business Model Innovation in the Cultural Heritage Sector' gives a number of pointers on tackling the main problems.

# Basic conditions

It is only worthwhile following the Step-by-Step Plan if it can truly lead to innovation in your business model. This means that the basic conditions for the business model innovation process need to be in place.



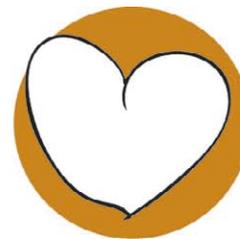
TEAM



TIME



OPEN



COMMITMENT



SPEED

# The right people must be involved

## Basic condition #1



TEAM

The process of business model innovation will only succeed if it has wide support, if those with the power to take decisions actually take part and if innovation is approached from a variety of perspectives. In other words, you need enough people involved, including board or management team members, drawn from a variety of backgrounds. If your organisation includes creative, commercial and technical staff then it is advisable to involve them in the process too. Often, innovation will result in a project, for instance for a new digital service, so you should always ensure that those directly involved in executing the project are involved in the process.

- Ensure that the board/MT are always involved, as well as the people who will be directly executing/implementing the new service concept.
- Ensure that an interdisciplinary team (of creative, technical & commercial staff) takes part.

# Allow enough time

## Basic condition #2



TIME

Following the Step-by-Step Plan takes time. Bear in mind that the process is intended to help heritage institutions take strategic decisions on business model innovation. It's not something that you can rush. In order to follow the Step-by-Step Plan you need to allow for at least four joint sessions, each of them two hours long:

session 1: mapping out the business model (step 1)

session 2: development of product/service concept (step 2), fit & viability check (step 3), setting a course (step 4)

session 3: drawing up an action plan (step 5)

session 4: final evaluation (step 7).

It is advisable to leave some 'breathing space' between the various sessions. The time that it actually takes to implement business model innovation (step 6) will depend entirely on the type of innovation that is envisaged.

- The BMICE Step-by-Step Plan requires at least four two-hour sessions.

# Commitment is key

## Basic condition #3



COMMITMENT

Business model innovation is impossible without commitment. At the start of the process you need to agree that everyone will be actively committed to the entire process. This means actively taking part in the work sessions and being committed to act upon the results of the process.

- Agree at the outset that everyone will participate actively and will be committed to the results.

# Allow outsiders to become involved

## Basic condition #4



The Step-by-Step Plan includes a number of exercises in which those involved fill in their evaluation of their own organisation or of a planned project/initiative. One potential risk (which the methodology is designed to take into account insofar as possible) is that assessments may be excessively positive or negative. Sometimes this happens unintentionally. It can be enormously helpful to involve a number of outsiders in the process, who are not too close to the institution, yet are sufficiently familiar with the field concerned to give an expert opinion.

- Involving outsiders can help establish a more reliable picture.

# Start quickly

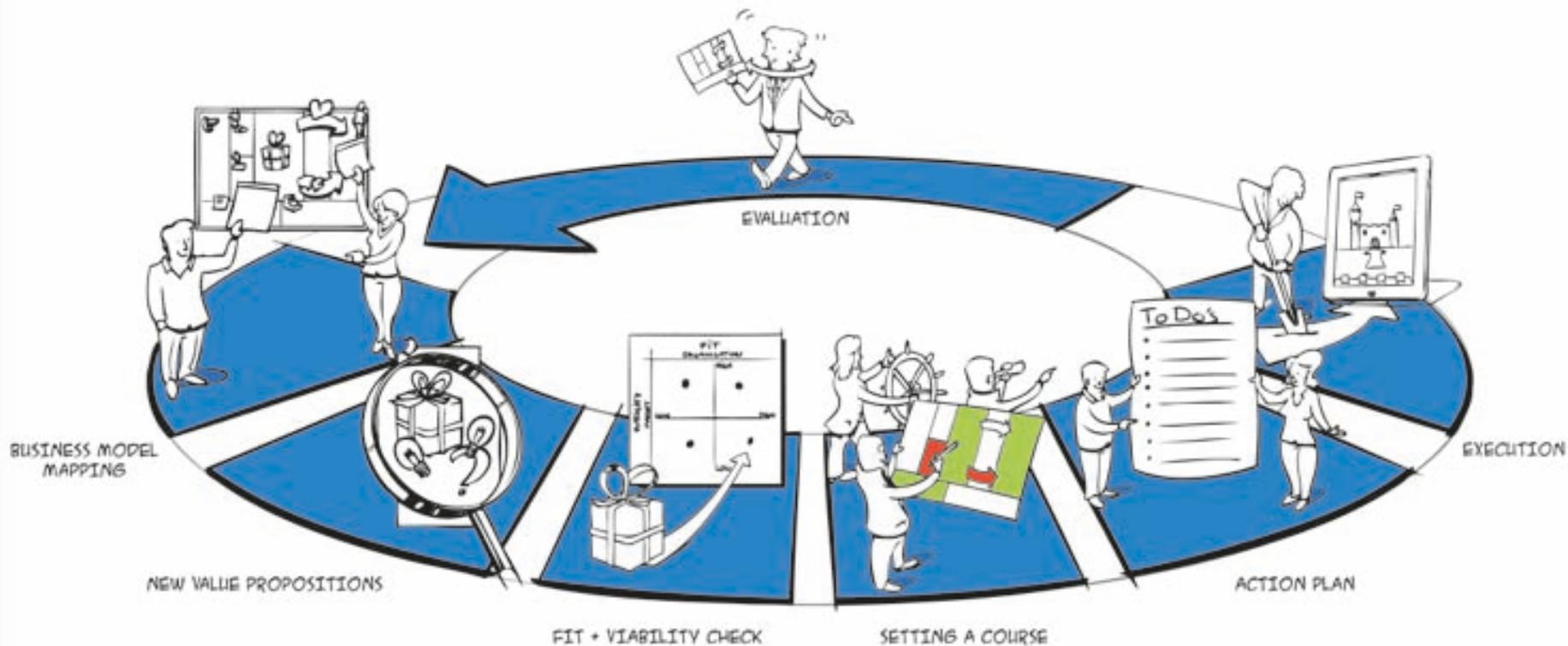
## Basic condition #5



When is the best time to start the Step-by-Step Plan? Many heritage institutions have a tendency to draw up project plans, visions, policy plans, budgets etc before they even reach the stage of considering business models. That need not be problematic. It is perfectly possible to follow the Step-by-Step Plan once such documents have been produced. However, business modelling begins with considering a new project, vision, policy and the associated costs and revenue. Therefore the Step-by-Step Plan is not a separate, final stage of the activities undertaken by a cultural heritage institute – it cuts through everything that such an institution does.

- You can start business model innovation at any time – but the earlier, the better.

# BUSINESS MODEL INNOVATION CULTURAL HERITAGE ROADMAP



TEAM



TIME



OPEN



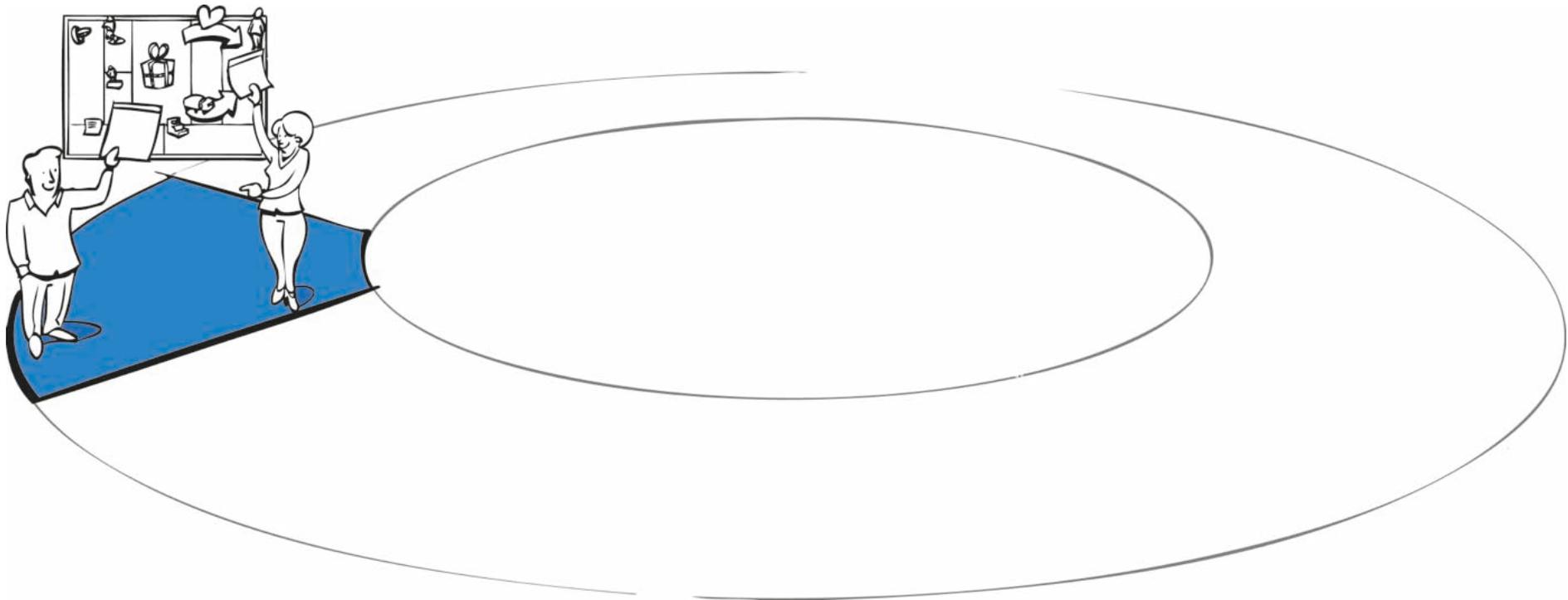
COMMITMENT



SPEED

# Business model mapping

Step #1



# Business model mapping

## Step #1

- **The first step involves actually mapping out the heritage institution's current business model.**
- **Take at least two hours to fill out and discuss the business model canvas together.**
- **Ensure that people from a variety of disciplines and departments are involved.**
- **Start by filling out the canvas individually or in pairs, then try to agree on a synthesis of the answers together as a group.**

A business model is sometimes confused with a revenue model. A revenue model encompasses all revenue streams, whereas a business model explains the overall way in which an organisation creates value. There are a number of more detailed definitions of the concept 'business model'. In line with the BMICE publication, the BMICE Step-by-Step Plan uses the clear, understandable yet extensive Business Model Canvas devised by Alex Osterwalder.

Osterwalder breaks down the business model into nine building blocks, roughly half of which concern the organisation (resources, key activities, partners), while the other half concern interaction with the market (customers, revenue, customer relationships, distribution).

The canvas gives a useful overview of the way in which a heritage institution creates value. When filling out the canvas, you can draw on your existing policy visions, digitalisation plans, papers and any other available resources.



# Business Model canvas



Key Partners



Key Activities



Value Proposition

Customer Relationship



Customer Segments



Key Resources

Distribution Channels



Costs



Benefits (revenues)



# Explanation of the business model canvas

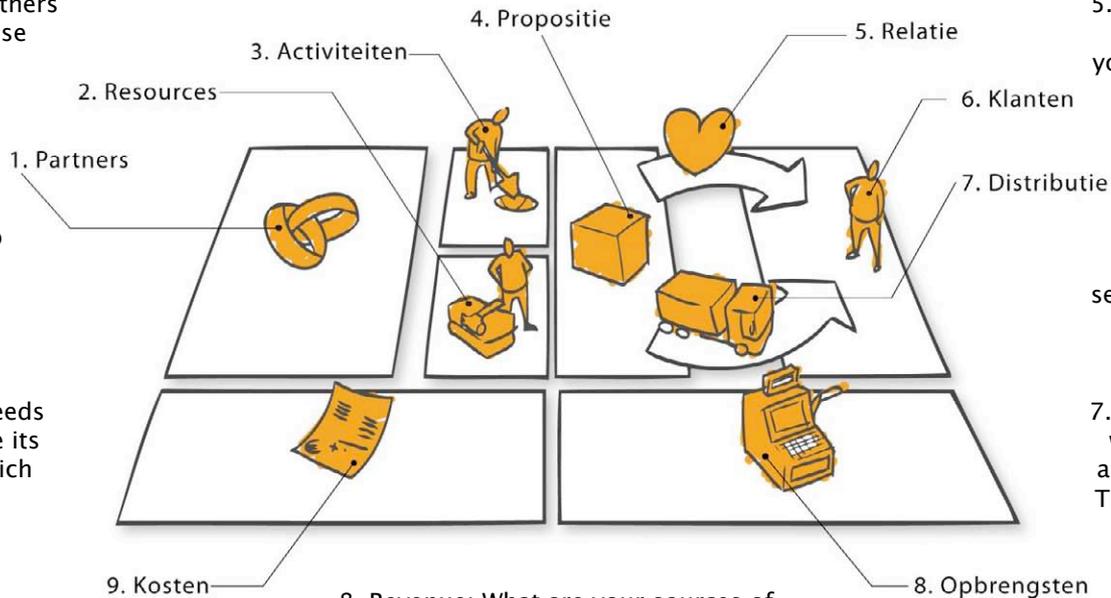
The Business Model Canvas, developed by Alex Osterwalder, is based on the premise that the way in which an institution creates value can be expressed in nine 'building blocks'. Each institution can describe its own business model using these building blocks.

1. Partners. Who are the key partners with whom you co-operate? These may include suppliers, project partners or subcontractors.

2. Resources. What resources do you need to execute the value propositions? And what resources do you use to tap into revenue streams and to reach customers (relationships, distribution)?

3. Activities. What are the key activities that your institution needs to undertake in order to execute its value propositions? Through which activities do you reach your customers and co-operate with them?

4. Proposition. How do you add value for customers? What customer problems do you resolve and what needs do you satisfy?



5. Customer relationship. How do you maintain relationships with your various customer segments? How do you listen to what customers want?

6. Customers. Who are your customers? Can you identify separate groups? Please note: not all customers are necessarily paying customers!

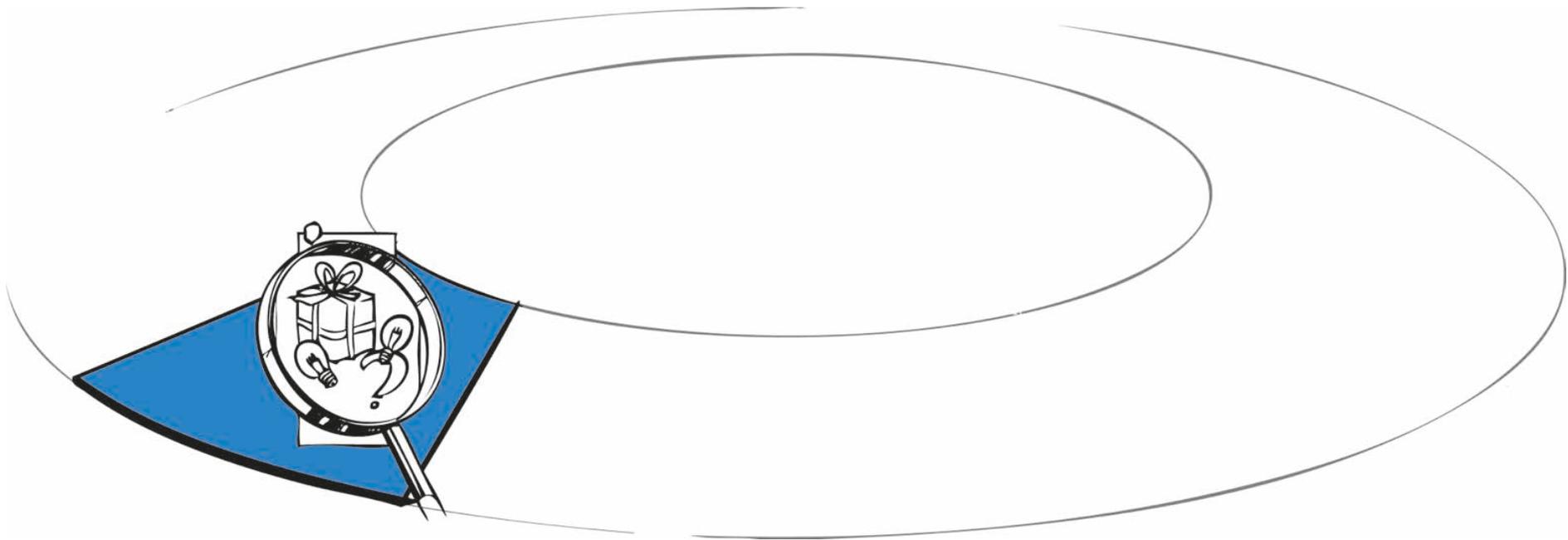
7. Distribution channels: Through what channels do your products and services reach the customer? These may be physical or virtual/digital channels.

8. Revenue: What are your sources of revenue? Who pays for what? What social benefits do you achieve?

9. Costs. What does your business model cost? This may include operating costs, staff costs and the costs of resources, co-operation and production.

# Product or service concept

Step #2



# Product or service concept

## Step #2

- **The second step entails developing a product or service concept in terms of its underlying value propositions.**
- **You should take at least 30 minutes to do this.**
- **Start by considering individually which value propositions belong to the product or service concept, then try as a group to settle on a list of up to five value propositions.**

Step 2 concerns the starting point for business model innovation. What ideas do you have for new products or new services (digital or otherwise)? Or what current project are you seeking to embed into the activities of the heritage institution on a long-term basis?

The trick is to break down the product or service concept into the underlying value propositions. 'Value proposition', a term commonly used in business economics, simply means which value a particular service or product has for a customer. Why would people be interested in the product or service? What needs does it meet or what problems does it resolve for the customer?

It can often be quite difficult to formulate a value proposition clearly. Furthermore, a single service may be based on two or more value propositions. For instance, an online platform for digital heritage may have value in the form of (a) making cultural heritage easy to find, (b) improving the searchability of cultural heritage and (c) providing input for academic research etc. But carefully considering the value proposition is invaluable: it forces you to think from the perspective of the customer. In the downloads you will find a list of examples of propositions.



**Findability.** This value proposition is becoming increasingly important as the volume of digital content expands.



**Comfort.** Nowadays this value proposition is by no means limited to the furniture industry. Museums also increasingly aim to ensure that their visitors are comfortable.



**A good-quality hot pizza.** Value propositions can also be composed of a number of elements, such as this proposition, associated with a home delivery business that need not be named.



**The cheapest solution.** This value proposition continues to do well in a large part of the retail sector.



**Reliable knowledge and expertise.** A value proposition that may be of interest to the heritage sector.



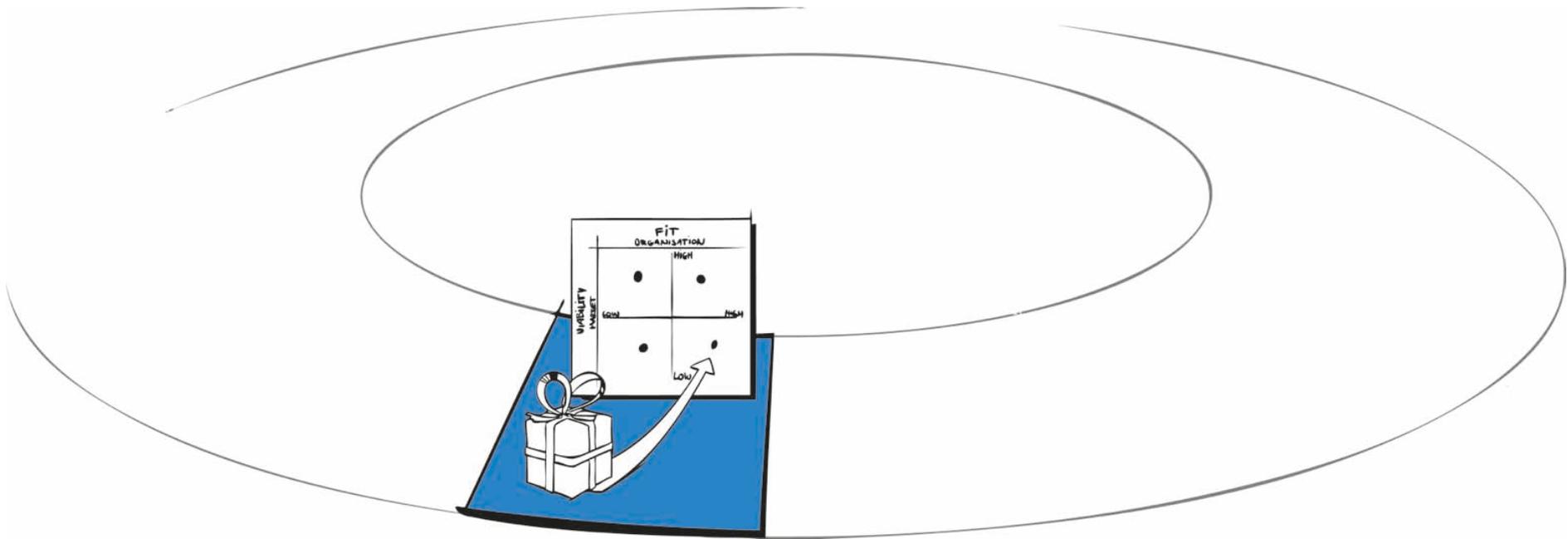
**An easy-to-search database of unique historic material.** This is an example of a longer value proposition composed of various elements.



**A fantastic day out.** It could be formulated more specifically, but this is an important value proposition for many institutions that are open to the public.

# Fit & viability check

Step #3



# Fit & viability check

## Step #3

- **Step 3 entails checking the fit and viability of the selected value propositions. Will they be of interest to people? Would they be a good fit for the heritage institution?**
- **Take at least 30 minutes to fill out the checklist.**
- **It may also be worthwhile to ask outsiders to fill it out as well.**

The fit & viability check is a ‘stress test’ for your product or service concept. In Step 2 you will have formulated one or more value propositions that your heritage institution would like to execute in the form of a service or product. But would the market be interested? And is the service concept based on a sound business model? The fit & viability check enables you to answer those two questions in conjunction with one another.

‘Fit’ refers to the extent to which the business model accompanying the new service or product is a good match for the organisation that will be implementing it. In other words, it concerns the extent to which the left-hand side of the business model canvas matches what is needed to execute the product or service.

‘Viability’ is the extent to which the new product or service is a match for the envisaged target group or is distinctive from the current offering, or the extent to which the underlying business model makes it possible to earn extra revenue, and whether it matches what is expected by the government or is in line with existing regulations. In other words, it concerns the alignment with the right-hand side of the canvas.

The fit & viability check involves filling out a checklist and indicating the extent to which particular criteria are applicable. The person filling out the checklist can decide to allocate greater weight to one criterion than to another. The checklist itself can be downloaded as an Excel file.

# Explanation of the fit & viability check

#1/2

Business model innovation is more than merely an exercise in design. There comes a time when the feasibility of the model needs to be tested. The Portfolio Innovation Check (PITCH) is one way of doing this. Rather than get bogged down in drawing up a detailed business case or business plan, the method lets you carry out a stress test first in order to improve the design of a business model.

## **What is PITCH?**

Two terms are key to the PITCH method: 'fit' and 'viability'. PITCH takes as its departure point one or more value propositions that your institution thinks it will be able to achieve by relying on a particular innovation (a product, service or revenue model). For instance, in the case of on-demand digital collections, the value may lie in the unique items involved or in the convenience with which the customer can obtain access. A 'friends of' construction as a revenue model may include association/brand association, exclusivity or direct contact as value propositions. Value propositions are a way of formulating what an institution actually offers to its customers.

Using a number of criteria to which the institution assigns scores, PITCH calculates whether the value propositions match what the institution can offer ('fit') and whether the public will be interested ('viability'). The BMICE tool combines a slightly adjusted version of PITCH with the business model canvas by superimposing the results of the former on the results of the latter. 'Fit' corresponds with the left-hand or rear side of the business model canvas, concerning the way in which the institution is organised. 'Viability' corresponds with the right-hand or front side of the business model, concerning interaction with the customer.

# Explanation of the fit & viability check

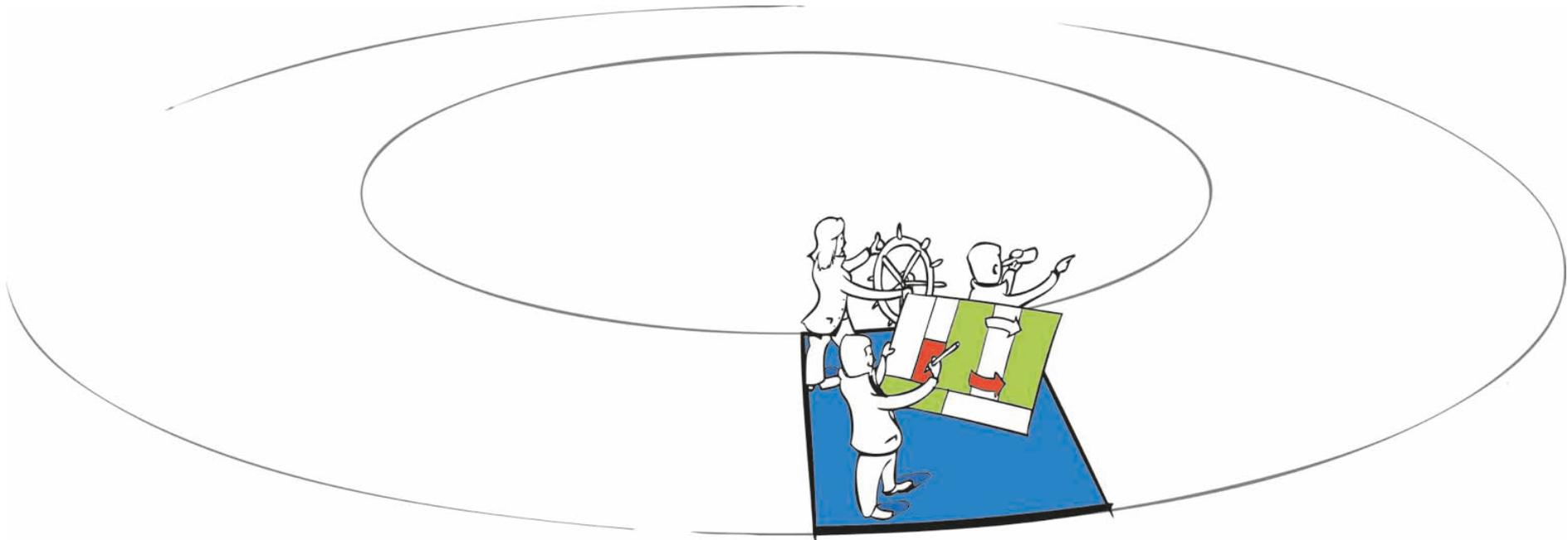
#2/2

## How do I use the PITCH Fit & Viability tool?

- Open the PITCH tool using Excel or a similar program.
- Decide which value propositions (services/products) you want to execute. The PITCH tool allows you to fill in more than one value proposition at a time.
- Fill in all the questions for each value proposition, in each case awarding honest scores. If you wish, you can assign a heavier weighting to particular questions.
- The tool calculates the scores automatically. For guidance on interpretation, see the download 'Interpreting the results of the PITCH Fit & Viability Check.'

# Setting a course

Step #4



# Setting a course

## Step #4

- **Once you reach Step 4, it's decision time. You need to decide whether to execute a particular product or service and determine what innovations you need to make to the business model.**
- **Make sure that the decision makers are in attendance.**
- **Take at least 60 minutes so that you can reach a carefully considered decision.**

The tool downloaded in step 3 directly visualises the results of the fit & viability check. It does so in two ways. Firstly, the results are plotted in a quadrant chart. In two cases, it is clear which course should be adopted. If the fit and viability of all the value propositions for the selected product or service concept score highly, you can be confident that you can adopt the product or service concept. If all the value propositions are given low scores on both elements, the organisation is not well suited to the service or product and it will be difficult to put it onto the market; in that case, you would be better off thinking of another idea.

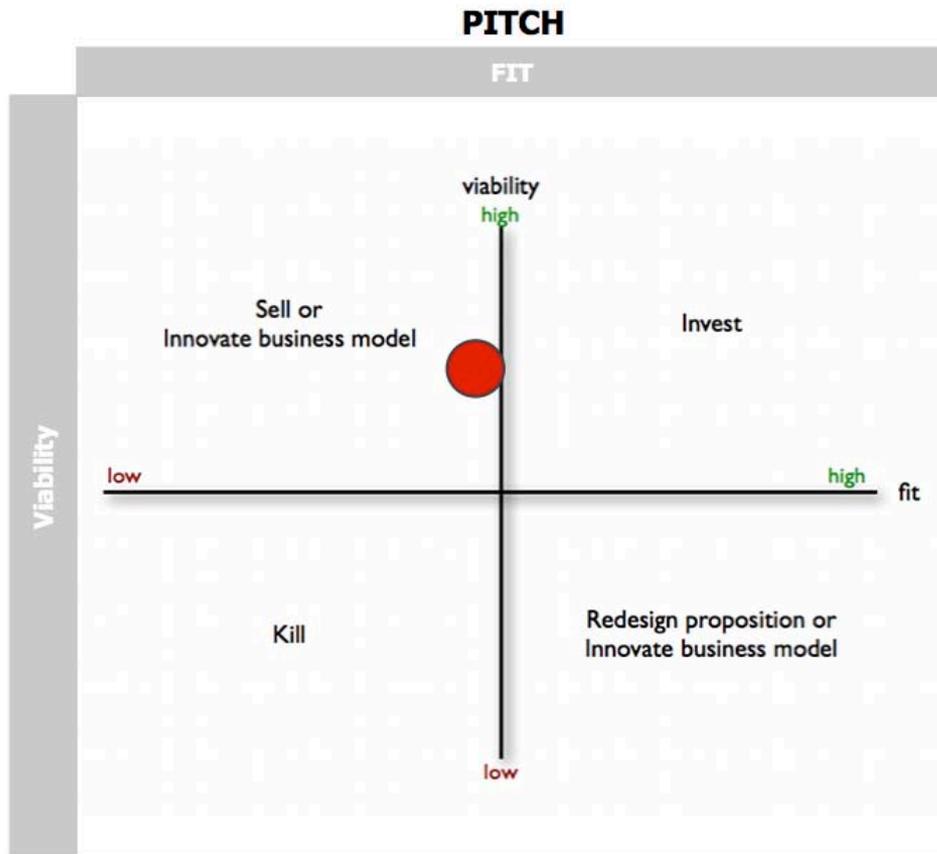
However, things are more complex if the value propositions score well on one scale and badly on the other, or if the scores of the individual value propositions vary. In such cases, the fit & viability check offers assistance by identifying the stronger and weaker building blocks in the business model, in light of the value propositions in question. It makes clear at a glance which building blocks need to be worked on. If a low score is obtained on fit, this will mainly require work to be done on the building blocks on the left-hand side of the business model. A low score on viability means that the building blocks on the right-hand side require attention. It is also possible to refine the way in which the proposition is formulated or to exclude certain propositions from a product or service concept.

The final decision on whether or not to go ahead with a product or service concept will depend on how much innovation the business model requires. The decision is a matter for the heritage institution itself. There are no hard and vast criteria, although a number of guiding principles can be given.

# Interpreting the fit & viability check

#1/3

The scores given for the PITCH criteria are automatically plotted on a quadrant chart (see diagram). These scores will help you decide whether to go ahead with the product or service concept in question.



# Interpreting the fit & viability check

#2 / 3

## **Option 1: GO!**

In two cases, it is reasonably clear what you need to do. If both viability and fit receive high scores, you can confidently go ahead and execute the new product or service ('invest'). There is no need to make any appreciable changes to the business model and the market will be keen to snap up what you have to offer.

## **Option 2: NO GO!**

If low scores are given for both viability and fit, the idea is a non-starter ('cancel'). Going ahead would probably require a wholesale reorganisation and even then nobody in the market would be interested. In this case, you need to stop.

## **Option 3: Innovate your business model**

Matters will be more complicated if the results end up in one of the other two sections. In the case of a high score for viability and a low score for fit, the easiest option will be to allow your idea to be implemented by someone else ('sell'). In that case, you will have come up with a product, service or revenue model that the market can be persuaded to buy, but your institution will be ill-equipped to offer it; to do so would require innovation on the rear side of the business model. The PITCH tool shows whether the institution scores badly (red), neutrally (white) and strongly (green) on particular building blocks. The red areas are the building blocks that require innovation. For instance, in the example below (see diagram), innovation is required in relation to cost reduction.

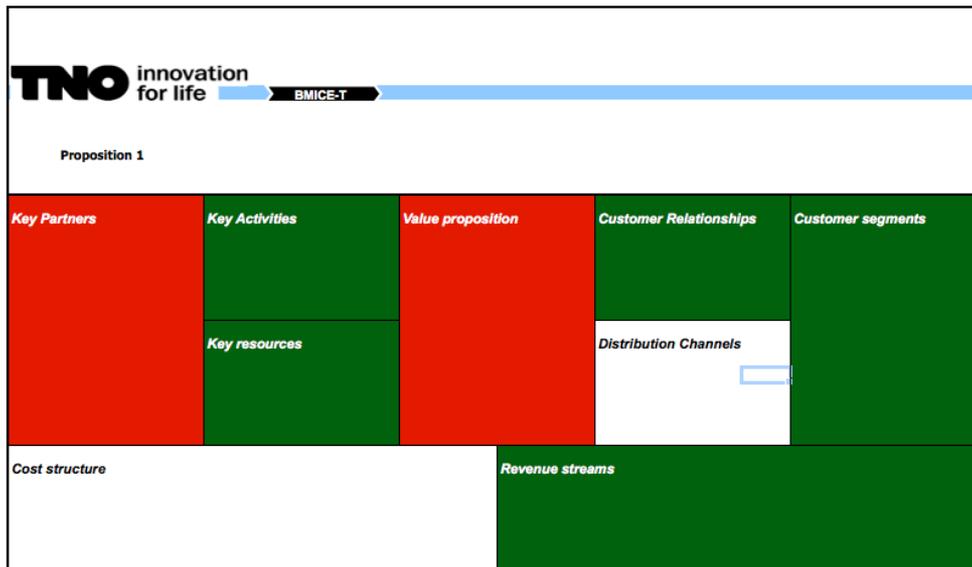
If the score on viability is low but the score on fit is high, then you are perfectly placed to execute an idea – the problem is that there will be no takers in the market ('adjust proposition'). Or there may be a potential target group, but your institution will not be able to reach it successfully. In that case, the red areas on the BMICE tool show the elements of the front side of the business model that require innovation.

# Interpreting the fit & viability check

#3/3

## Making choices

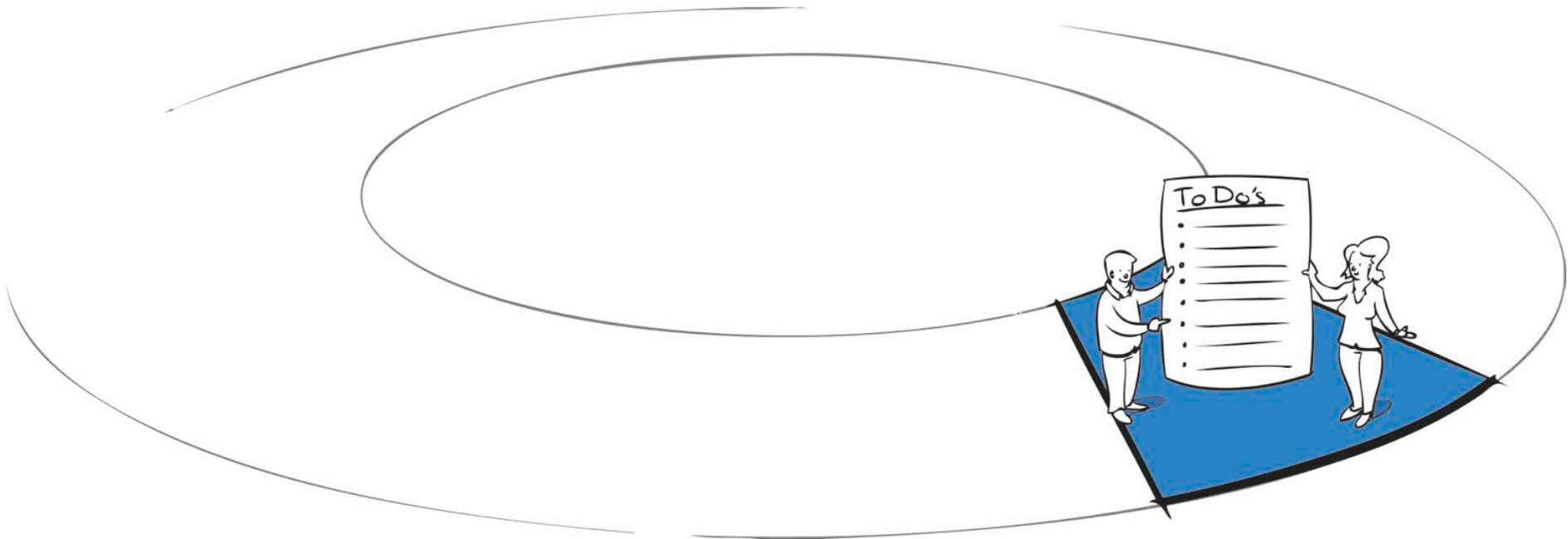
The projection on the business model canvas will help you to make a choice. If there are lots of red areas and only a few green ones, the new product or service will necessitate far-reaching changes to the current business model. In such cases it may not be worthwhile going ahead. However, if there are relatively few red areas compared with green areas, the innovation required is probably feasible.



The decision is ultimately one for the organisation itself. The tool helps demonstrate how far-reaching any innovation will have to be, but does not take the decision for you.

# Action plan

Step #5



# Action plan

## Step #5

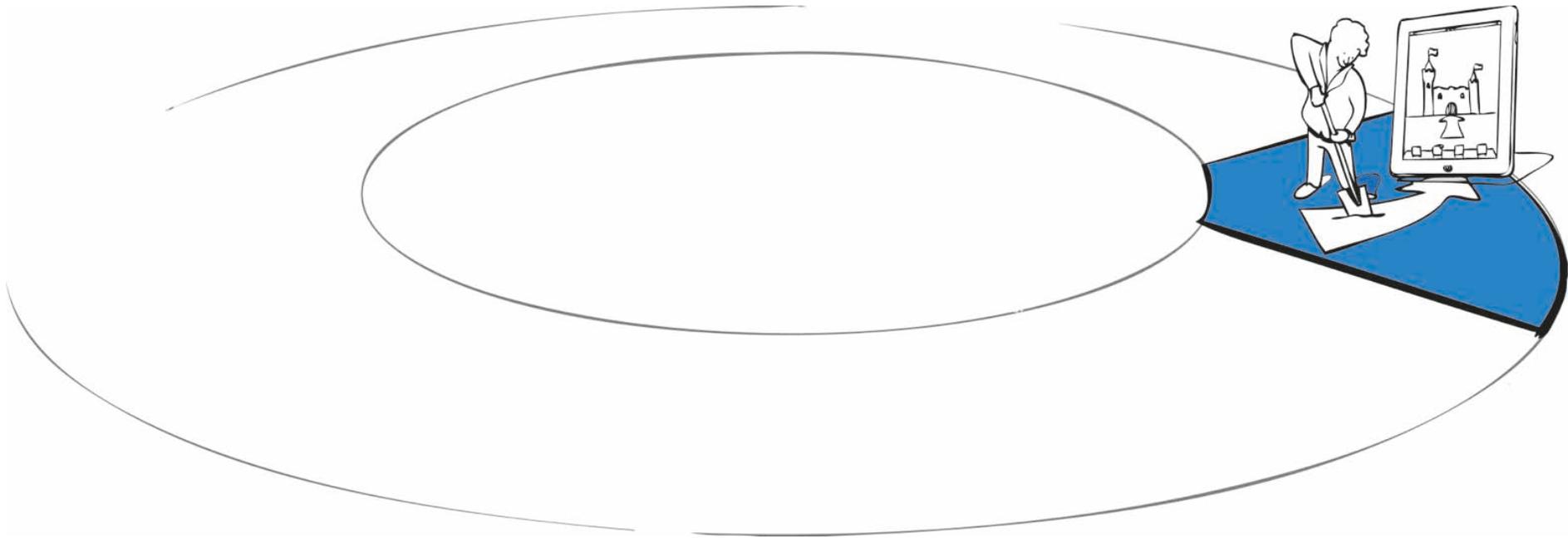
- **Step 5 involves determining the specific action needed to actually execute the business model innovation decided on in Step 4.**
- **The time needed for this step varies, as it depends on the scope of the envisaged innovation. You should allow at least two hours.**
- **Ensure that those making the decisions and those directly involved in implementation are brought together.**

The three key elements of the action plan are: (1) what specific action needs to be taken to execute the envisaged innovation, (2) who needs to be involved and (3) in what sequence and in what time frame should the action be taken? It is important to formulate the actions in as SMART a way as possible. Describe how to decide whether an action point and its associated purpose have been achieved. As with the previous steps, we would stress that everyone who has a role should be included in the action plan. The BMICE publication (see downloads) can be useful because it refers to a number of common problems and gives pointers on how to solve them. The Action Plan Plotter (see downloads) is a handy tool for drawing up a simple, clear and understandable action plan.



# Execution

Step #6



# Execution

## Step #6

- **Step 6 is comprised of actually implementing the Action Plan devised in Step 5, resulting in a renewed business model.**

When it comes to actually implementing the business model, no two cases will be the same. This step involves incorporating the results of the previous steps into the institution's regular projects. You can find many useful tools in the Knowledge Bank (Kennisbank) of Stichting DEN ([www.den.nl/digitaliseren](http://www.den.nl/digitaliseren)). During this phase, it is wise to regularly consult the completed canvas and the results of the fit & viability check to maintain a sense of overview. Business innovations often fail in the implementation phase when that sense of overview is lost. This needs to be borne in mind by the management and also by all the individuals involved in implementation.

# Evaluation

Step #7



EVALUATION

# Evaluation

## Step #7

- **Step 7 entails an evaluation, which is intended to embed the result of the business model innovation process in the operational practice of the cultural heritage institution.**
- **You should allow at least two hours for a final evaluation with all of those involved in the process (from Step 2 onwards).**
- **Agree on times for verification points.**
- **During the evaluation meeting, draw a diagram of the new business model, incorporating the results of the innovation process (see Step 1). This master business model should be allocated a central (virtual) position at the heritage institution.**

The entire Step-by-Step Plan embodies a more structured, integrated approach to the development of new products and services by heritage institutions. There is a risk that once the Step-by-Step Plan has been followed, it will be left to gather dust on a shelf and be forgotten. Step 7 has been added as a way of avoiding this, by embedding the results of the business model innovation process. Naturally, innovation cannot be governed by strict rules and requirements – instead, the Step-by-Step Plan is about establishing the scope for innovation to be pursued.

Ideally, once the Step-by-Step Plan has been followed once, it will no longer be necessary to start at Step 1 on each subsequent occasion. However, you do need to update the Business Model Canvas once you have completed the business model innovation process. This ‘master business model’ should preferably be made available to the entire heritage institution in digital format, allowing it to be used in later processes. It is important for somebody to adopt the role of ‘guardian’ of the master business model.

At the risk of stating the obvious, it should be noted that the business model is a canvas that relates to the entire heritage institution, not to a specific project or department.

# Evaluation form

Evaluation should preferably be done at a meeting attended by as many as possible of those involved at any stage of the seven-step process. The following points should be discussed:

## **Step 1. Business model mapping**

- What were the most important sticking points/discussion points when filling out the canvas? Have those sticking points now been resolved?
- To what extent was the canvas useful during the rest of the process?

## **Step 2. Development of product or service concept.**

- Looking back, are the value propositions associated with the service/product really those that you originally had in mind?

## **Step 3 and 4. Fit & viability check and setting a course**

- Looking back, to what extent did the result of the fit & viability check correspond with the innovations that actually had to be made to the business model?
- Were there any innovations to the business model that were thought desirable but were not achieved? Why was that?

## **Steps 5 and 6. Drawing up and executing the action plan**

- What parts of drawing up and executing the action plan were successful/less successful? What improvements could be made in future?

## **Step 7. Management – and now what?**

- On the whole, did this process of business model innovation live up to expectations? What could be done differently or better in future?
- Is the business model now substantially different than at the start of the process?

