

# THE DIFFERENT BUSINESS MODELS & ORGANIZATIONAL STRUCTURES FOR CULTURAL HERITAGE AND TOURISM



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## Background and learning objectives

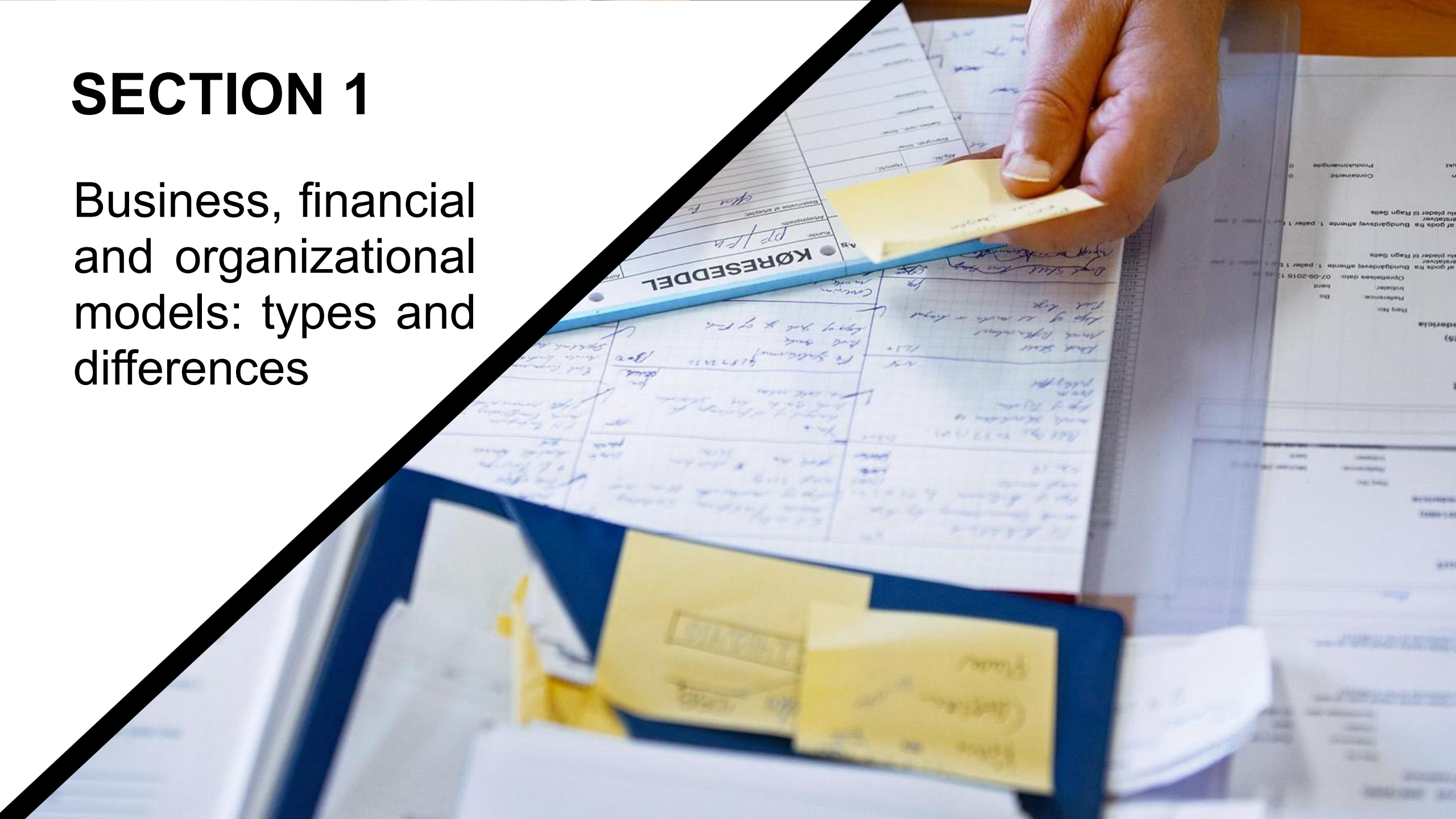
Business and financial models are sometimes mistakenly used as synonyms, although they are not: this is why these slides are dedicated to explaining the differences and similarities between the two. Also, tourism and cultural heritage include a range of business and financial models that we will try to clarify.

At the end of this presentation (or section), you will:

- Be able to tell the difference between business and financial models
- Understand the various types of business and financial models
- Develop a critical sense of the key entrepreneurial competencies that are implemented in the establishment of a financial plan
- Learn about case studies in the cultural heritage and tourism sector illustrating the different kinds of financial models and organisation structures that can be found in the sector.

# SECTION 1

Business, financial and organizational models: types and differences



## Difference between business and financial model

### Business model

A holistic framework to describe, understand, and analyze how companies provide and capture value.



### Financial model

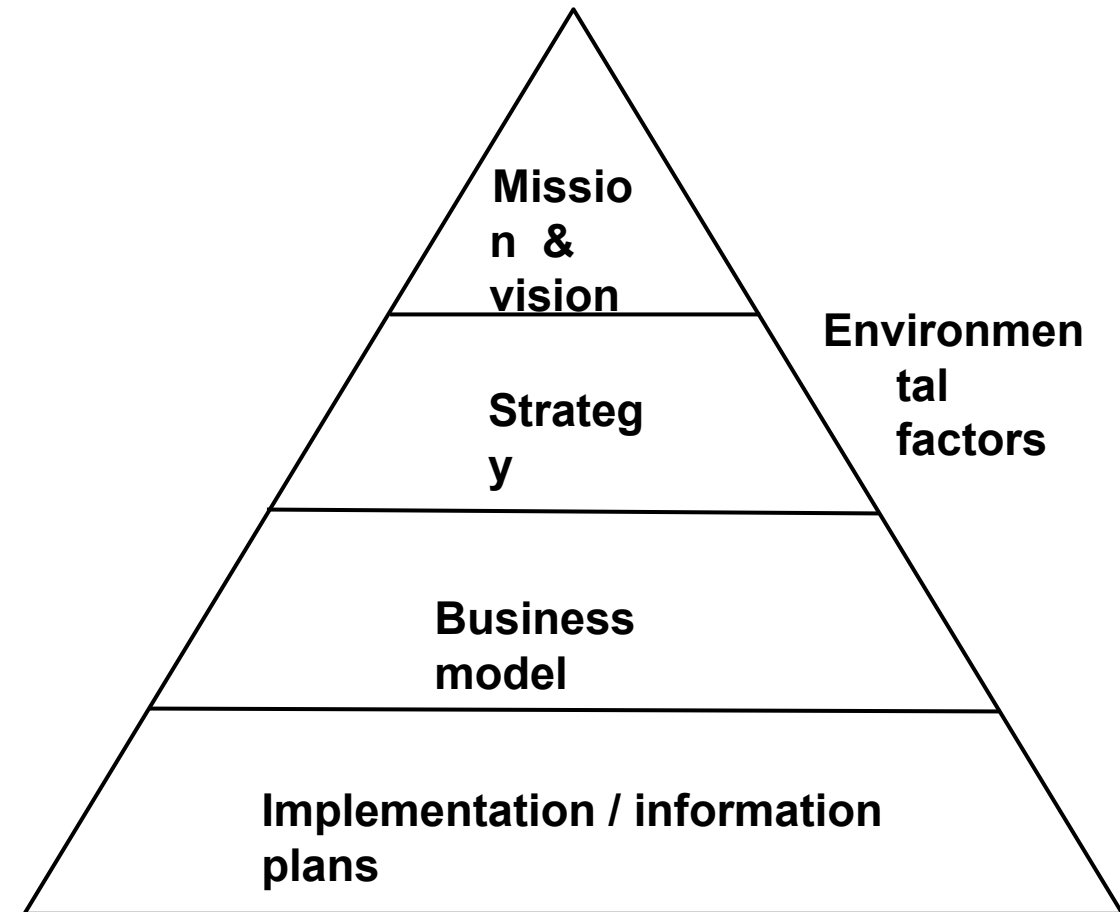
How companies generate profits, cash, and are financially sustainable. It is part of the overall sustainable business model and one of its core components.



## Designing a business model

Designing business models is not a stand-alone process. It is embedded in a larger strategy that starts with an organisation's mission and vision. Together with the prevailing external factors (such as the increasing digital literacy in society), it serves as a guiding principle for the strategy.

The course charted within this strategy (such as reaching new target groups) serves as the foundation for a successful business model. The business model must then be further refined with the business and information plans needed to carry it out.



## 5 must-know business model frameworks and templates

A **business model** is a **framework** for finding a **systematic way to unlock long-term value** for an organization while **delivering value** to customers and **capturing value** through monetization strategies. A business model is a holistic framework to understand, design, test your and business assumptions in the marketplace. The following is a thorough list

provided by [Four Week MBA](#)

### 1. The VTDF business model

A tech business model is made of four main components: value model (value propositions, mission, vision), technological model (R&D management), distribution model (sales and marketing organizational structure), and financial model (revenue modeling, cost structure, profitability and cash generation/management). Those elements coming together can as the basis to build a solid tech business

Source: [fourweekmba.com/business-model-template](https://fourweekmba.com/business-model-template)

### 2. The business model canvas

The business model canvas is a framework proposed by Alexander Osterwalder and Yves Pigneur in Business Model Generation enabling the design of business models through nine

building blocks comprising: key partners, key activities, value propositions, customer

relationships, customer segments, critical resources, channels, cost structure, and revenue streams.

## 5 must-know business model frameworks

### 3. Lean Canvas (for startups)

The lean startup canvas is an adaptation by Ash Maurya of the business model canvas by Alexander Osterwalder, which adds a layer that focuses on problems, solutions, key unfair advantage based, and a unique value proposition. Thus, starting from mastering the problem rather than the solution.

Source: [fourweekmba.com/lean-startup-canvas](https://fourweekmba.com/lean-startup-canvas)

### 4. Business model innovation

Business model innovation is about increasing the success of an organization with existing products and technologies by crafting a compelling value proposition able to propel a new business model to scale up customers and create a lasting competitive advantage. And it starts by mastering the key customers.

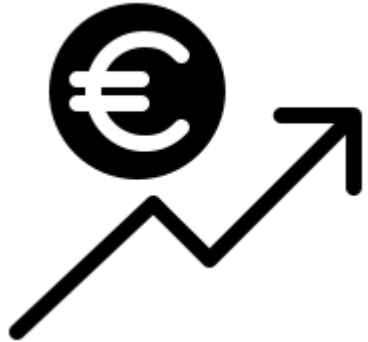
Source: [fourweekmba.com/business-model-innovation](https://fourweekmba.com/business-model-innovation)

### 5. 3C Business Model Analysis

The 3C Analysis Business Model was developed by Japanese business strategist Kenichi Ohmae. A 3C Model is a marketing tool that focuses on customers, competitors, and the company. At the intersection of these three variables lies an effective marketing strategy to gain a potential competitive advantage and build a lasting company. Source: [fourweekmba.com/3c-model](https://fourweekmba.com/3c-model)



## Organizational types



### **Profit**

A for-profit organization exists primarily to generate a profit, that is, to take in more money than it spends. The owners can decide to keep all the profit themselves, or they can spend some or all of it on the business itself.



### **Not-for-profit**

A nonprofit organization exists to provide a particular service to the community. The word "nonprofit" refers to a type of business - one which is organized under rules that forbid the distribution of profits to owners.



### **For benefit**

The “for-benefit” enterprise operates like a traditional business in many ways, but is founded primarily to provide social benefits rather than to maximize financial returns. In other words, a for-benefit business is a for-profit businesses tackling social and environmental issues.



## Organization types

### **Public (or governmental) institutions**

Cultural heritage institutions are largely part of the public sector and are therefore non-profit. Profit maximisation is not an issue and does not serve as a point of departure for business model innovation. Governments invest in the cultural sector in order to safeguard public interests. Therefore, cultural heritage institutions that are entirely or largely dependent on government financing must take into account policy goals in the areas of culture and media. A condition placed on cultural heritage institutions by governments is that they carry out their activities efficiently and cost effectively. After all, ICT is not only used to enable new services but also to achieve more efficiency and even cost savings. Also, Public Administration is obliged to accomplish the physical and cultural content preservation and the valorisation of the public good.

### **Private (or non governmental) institutions**

Given the lack of public resources for the sector, it is now impossible to advance initiatives for the acquisition and utilization of part of the cultural heritage without the involvement of private operators. The most usual form of private management of cultural property is by the owners of that property. Such owners may be private persons, trusts, associations and foundations and

## Organization types

The organizational form of both public and private institutions can also vary in terms of centralization, decentralization and distribution (see the figure below).

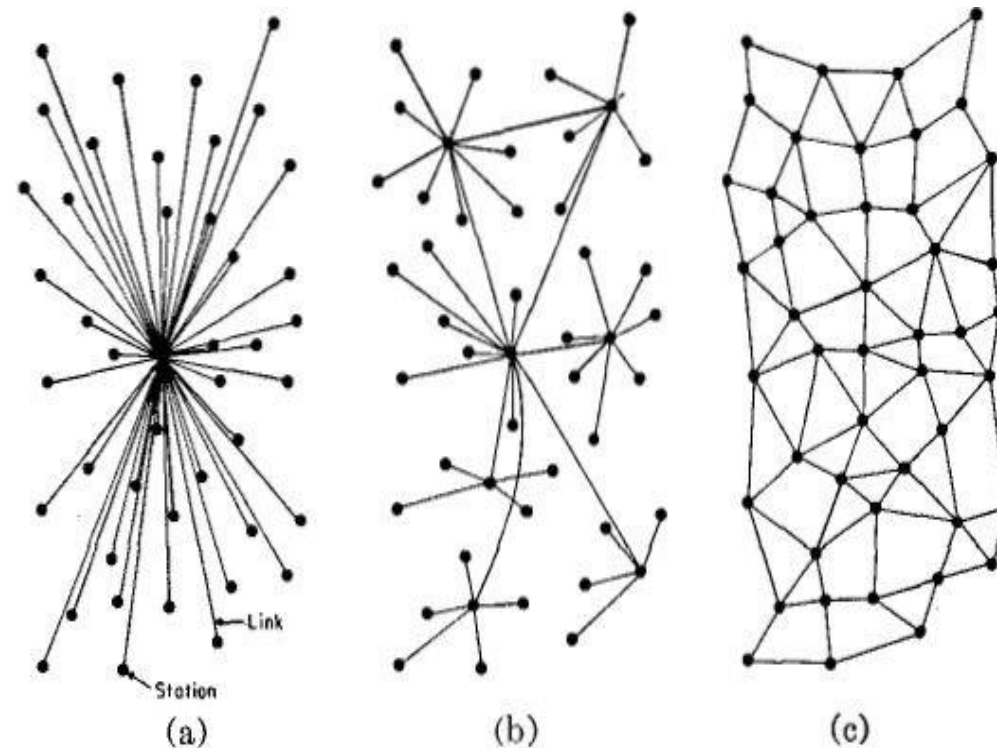


Fig. 1—(a) Centralized. (b) Decentralized. (c) Distributed networks.

Source: [medium.com/@VitalikButerin](https://medium.com/@VitalikButerin)

## Organization types

### PPP, also known as P3 or 3P

The European Union encourages the formulation of public-private partnerships, primarily in the areas of infrastructure and services. In these partnerships, the private parties assume part of the financing and risks of the public sector, e.g. the healthcare industry.



In summary, PPPs as presently applied demonstrate the following characteristics:

- They are long-term agreements predicated on significant levels of partner investment and a long-term but reliable funding stream (whether from government or users) to provide partner financial returns
- PPPs can be adapted to a very wide array of assets, services and circumstances
- PPPs are not a form of but an alternative to privatisation. Public ownership can be retained throughout and it is a policy decision whether core services (teaching, healthcare, curatorship etc.) are retained or contracted for under the PPP
- As a procurement technique, PPP methodology allows earlier and more effective investment and better economic leverage for the public contribution.

## Organization types

### **PPP, also known as P3 or 3P**

PPPs do not imply privatisation but a realistic sharing of risk and responsibility between public and private sector organisations. The latter contribute marketing, management, (re) construction/refurbishment, operational skills and, critically, finance. The public sector can retain the core roles of curator and antiquarian, and can stipulate the character of the commercial offering. Where public subsidy is required, it must be assured over the long-term, but it can be capped and predictable. By strategic collaboration between the public and private partners, site revenues can be increased and the local economy boosted by a superior tourism offering.

The rationale for PPPs is that the private sector is nearly always better at managing investment and operational risks than the public sector. Consequently better economic results and superior service levels can be achieved by public authorities contracting with private suppliers to design, construct and finance the infrastructure or assets that are necessary for public services or administration. The supplier then has the long-term responsibility for operating the full or, more frequently, the generic functions of the asset(s) supplied (see below).

In a few words, PPP have private management and public control.

## Different types of public and private investment

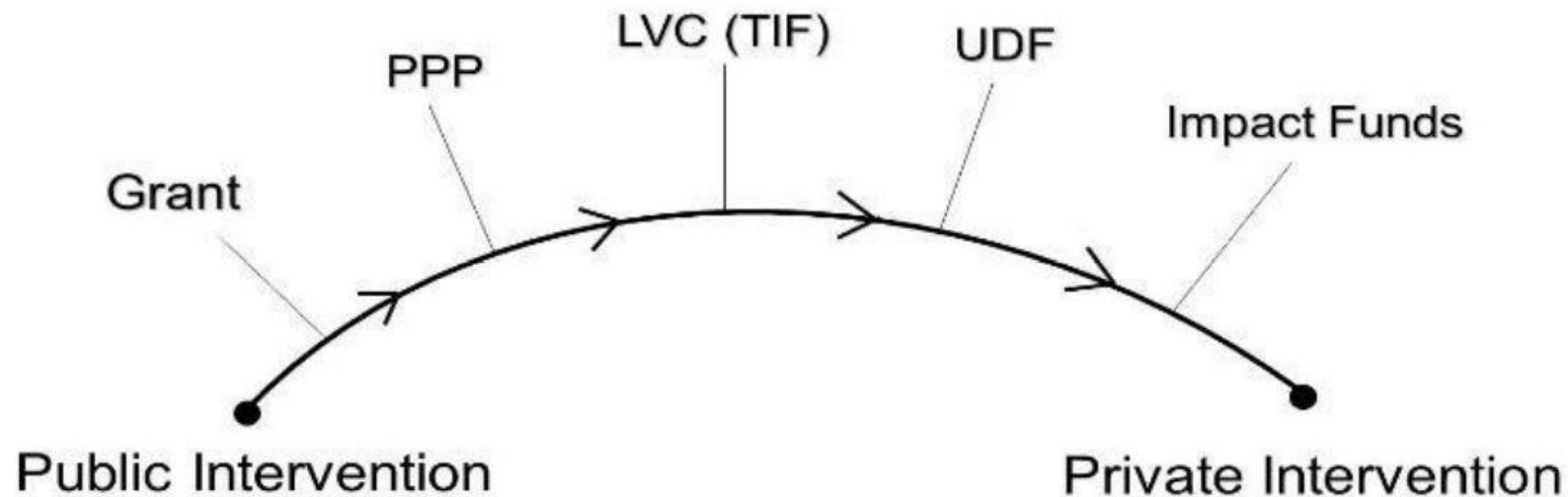
**LVC** (Location Value Capture) is the process of “capturing” the increase in the value of land generated by improved accessibility. Better access adds value to an area, which is reflected in land and property values.

**TIF** (Tax Increment Financing) is a [public financing](#) method that is used as a [subsidy](#) for [redevelopment](#), infrastructure, and other community-improvement projects. Through the use of TIF, municipalities typically divert future property tax revenue increases from a defined area or district toward an economic development project or public improvement project in the community. TIF subsidies are not appropriated directly from a city's budget, but the city incurs loss through foregone tax revenue.

**UDF** (Urban Development Funds) invest in public-private partnerships and other projects included in an integrated plan for sustainable urban development. A UDF can be a separate legal entity or be established as a “separate block of finance” within an existing financial institution.

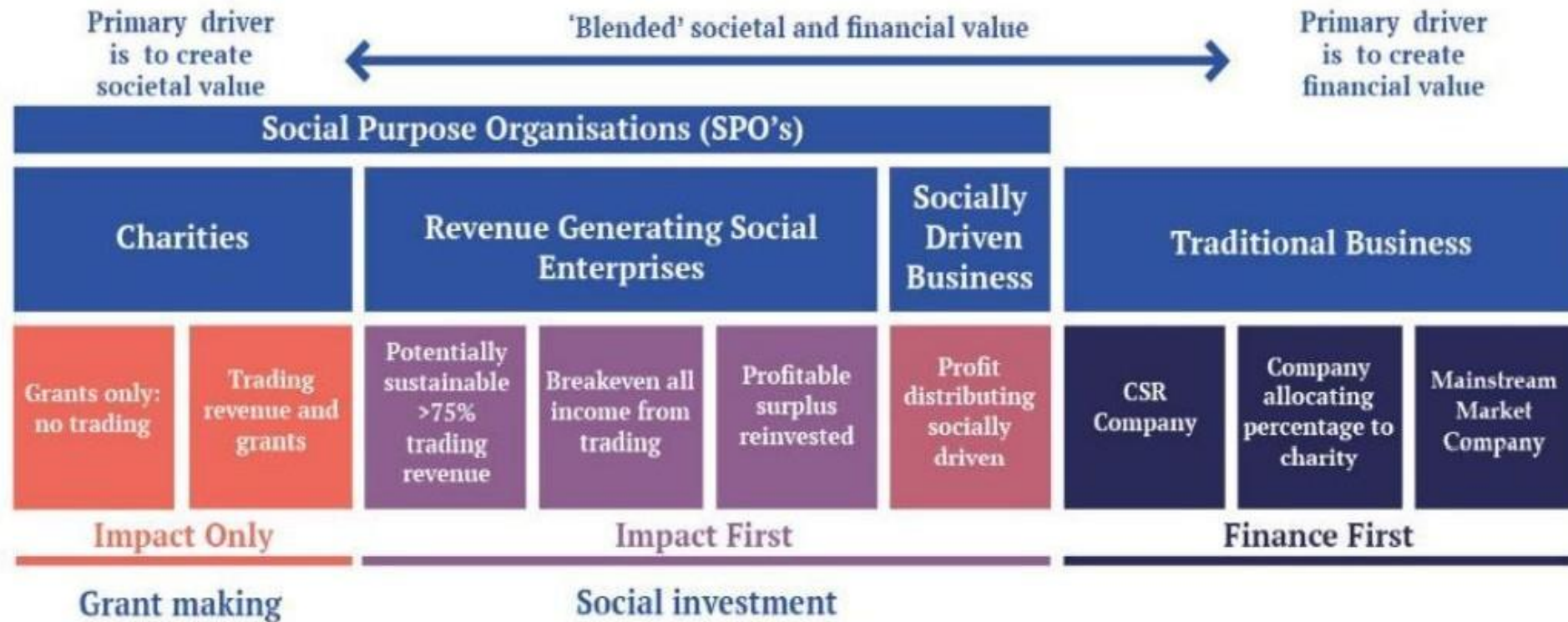
## Different types of public and private investment

The figure below shows a financial Spectrum from pure Public investment to Private intervention.



## Different types of public and private investment

The EVPA (European Venture Philanthropy Association) proposes this spectrum for investment categorization:





# SECTION 2

Innovative  
business and  
financial models



## Covid-19 consequences

The pandemic has accelerated the need for cultural heritage and tourism sectors to become more resilient, sustainable and entrepreneurial, e.g. enacting PPP strategies, hybrid financial plans, risk assessment and management practices.

In many cases, innovative business and financial models can help in such terms.

The decreases in public funding, the challenges of globalisation, the opportunities of digitisation or the increasing empowerment of audiences have already pushed the cultural and creative sectors to test new approaches and to explore new business models.



## Innovative business and financial models

Today, especially in the European context, there is a continued need for innovations for the cultural heritage valorisation, in particular with respect to business models innovation, for building a solid and transparent pipeline of economically and socially sustainable related investment projects in order to demonstrate the attractiveness of this sector to private investors.

These innovative approaches can be powerful drivers for the strengthening of cultural diversity and for the development of entrepreneurship, as well as for growth, jobs or social inclusion: this is why this section gathers a range of innovative business and financial models for cultural heritage and tourism.





# Innovative business models

## The power of digitalization

Over the past decade, museums, archives and other cultural heritage institutions have made a good start at digitizing important cultural heritage collections and developing digital services based on new BMs.

Leveraging the opportunities provided by digitization can help under several aspects:

- reducing costs
- find financial resources
- gathering data to support decision-making
- widespread availability of cultural heritage objects
- increase in digital literacy and a strengthening of the knowledge
- creating of new job positions  
(such as community manager, social media / communication expert, etc.)



# Innovative business models

## The power of digitalization

These rings represent four ways that cultural heritage collections can be accessed.

1. Analogue in house The work is displayed physically or made physically accessible in an archive, exhibition or reading room.
2. Digital in house The work is described digitally and may be digitised. It is made available within the walls of the institution by means of a closed network (or through digital data carriers), such as a computer or terminal at the institution that visitors can use to search through the collection database.
3. Online All or part of the digital collection of the institution is offered online through the institution's website, but without explicit rights of use or reuse.
4. Online in the network All or part of the digital collection of the institution is offered online. Rights of use are granted to third parties (the public, other institutions) for use or reuse.

# Innovative business models

## The power of digitalization: practical examples

### On-demand digital archive

Users can search, call up and/or order cultural heritage sources using various search functions. This is the only initiatives in which a revenue model is a fixed element of the service

### Online museum experience

Alternative to or expansion of the museum using web 2.0 tools and platforms. The target group is approached offering widgets, setting up discussion groups on social networks, and so

### Collaborative

Users tell their own personal stories on platforms. Heritage institutions often provide specific archive material that users can integrate into their

### Distributed online research

Technical platforms, tools and social networks where users can jointly conduct and present research. This guarantees a degree of reliability with regard to the information, the relationship between the sources and the members of the

### Social tagging

Users are given the facility of tagging digitised cultural heritage sources. The tags can contain a description or can express some appreciation, and they make the collection easier to search

### Enhancing the offline museum experience

Users can take advantage of new media, either prior to and during their visits to the museum. Using smartphones in particular can make the museum visit more interactive and

### Online marketplace

This offers users the chance to bid online for cultural heritage objects and works of art.

## Innovative business models

### Innovative working methods

New BMs in the CCIs are characterized by different working types and models. Higher cooperative methods of working, involving low-profile hierarchies and greater autonomy, such as group- and team-work. Particularly in the 'pioneering' phase, expanding of collective and cooperative forms of work, which are not profit oriented but contribute to human and cultural development. Networking is almost a 'second nature' within the CCIs. For many creative people networking begins during their education and takes on a more professional structure in the workplace. A new term is "coopetition" as a description of new working arrangements in the CCIs which comes from the English terms of cooperation and competition. Working in networks is a collective working method particularly in the art world. In general, teamwork is a quality that is strongly connected with most enterprises and sectors in the CCIs



# Innovative business models

## Gamification

Gamification refers to adding game-like features to contexts that have nothing to do with the gaming industry. The BM is relatively new and seems in an experimental stage. The idea is to stimulate and motivate users' actions, ideas, interests, and interactions. In other words, to condition behavior entertainingly in any setting, whether cultural (museums, theaters, books), corporate, leisure, commercial, etc.





## Innovative business models

### **International and cross-sectorial cooperation for knowledge sharing**

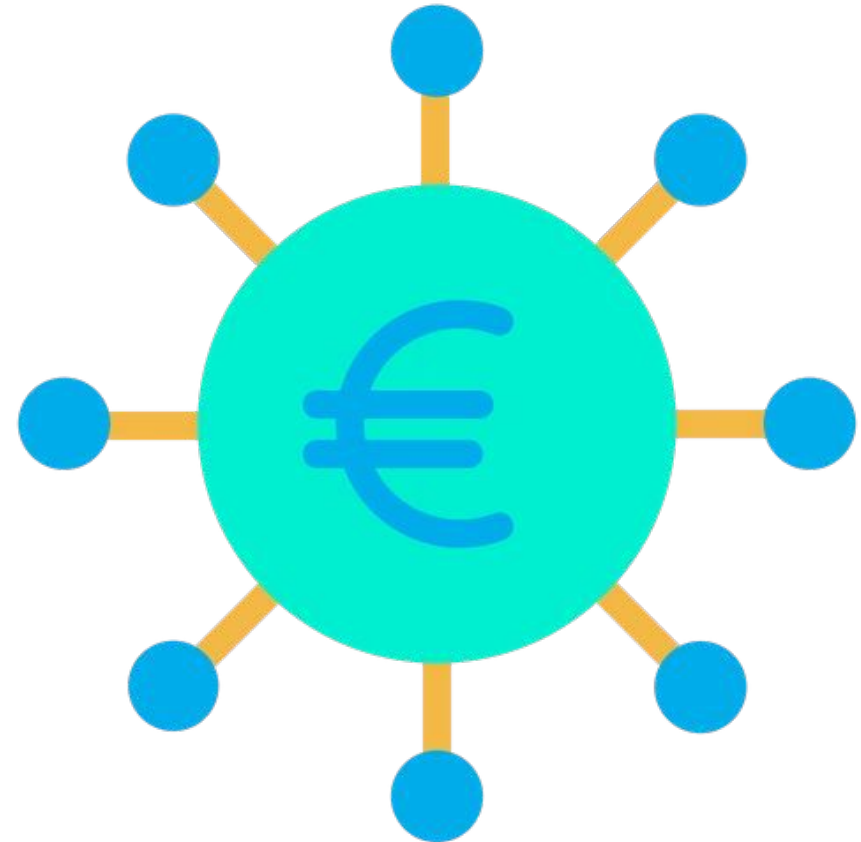
As specified in the Regulation establishing the Creative Europe Programme 2014-20, in order to promote transnational policy cooperation, the Cross Sectoral Strand shall support "transnational exchange of experiences and know-how in relation to new business and management models, peer- learning activities and networking among cultural and creative organisations and policymakers related to the development of the cultural and creative sectors, promoting digital networking where appropriate".

E.g. cultural arbitrage is a cross.border collaboration between a cultural institution, a private party, or association and a foreign private, or sovereign investor involving the ownership and/or management or control of a heritage asset, based on the rationale of heritage assets' capacity to generate socio-economic benefits and financial returns.

## Innovative financial models

### Crowdfunding / crowdsourcing

The practice of funding a project or organization by raising monetary contributions from a large number of people. Crowdfunding is based on what is known as micro-sponsorship, or the mass funding of a project, service, content, platform, production, work, etc. In short, anything that is susceptible to being funded by several sponsors who voluntarily decide to participate in the creation or implementation of an idea can become a crowdfunding project. Crowdfunding is also a very powerful marketing tool and provides a sense of ownership to the donor ('giver'). This instrument reshapes the system of donor ship in the sense that it allowed mass participation and affordable, direct involvement.





## Innovative financial models

**Circular financial models** provide a complex R.O.I. (return on investment):

- Direct (revenues)
- Indirect (avoided costs)
- Other: return from social, environmental and cultural capital preservation or regeneration

Such models take into full account their multidimensional impacts, such as:

- Number of visitors per year (including tickets sold and so on)
- Impact on real estate market
- Jobs created (direct, indirect, induced)
- Quality of the physical scenario / landscape
- Effects on health and wellbeing
- Effects on intangible and symbolic values / heritage

How to measure and take account of such effects?

## Innovative financial models

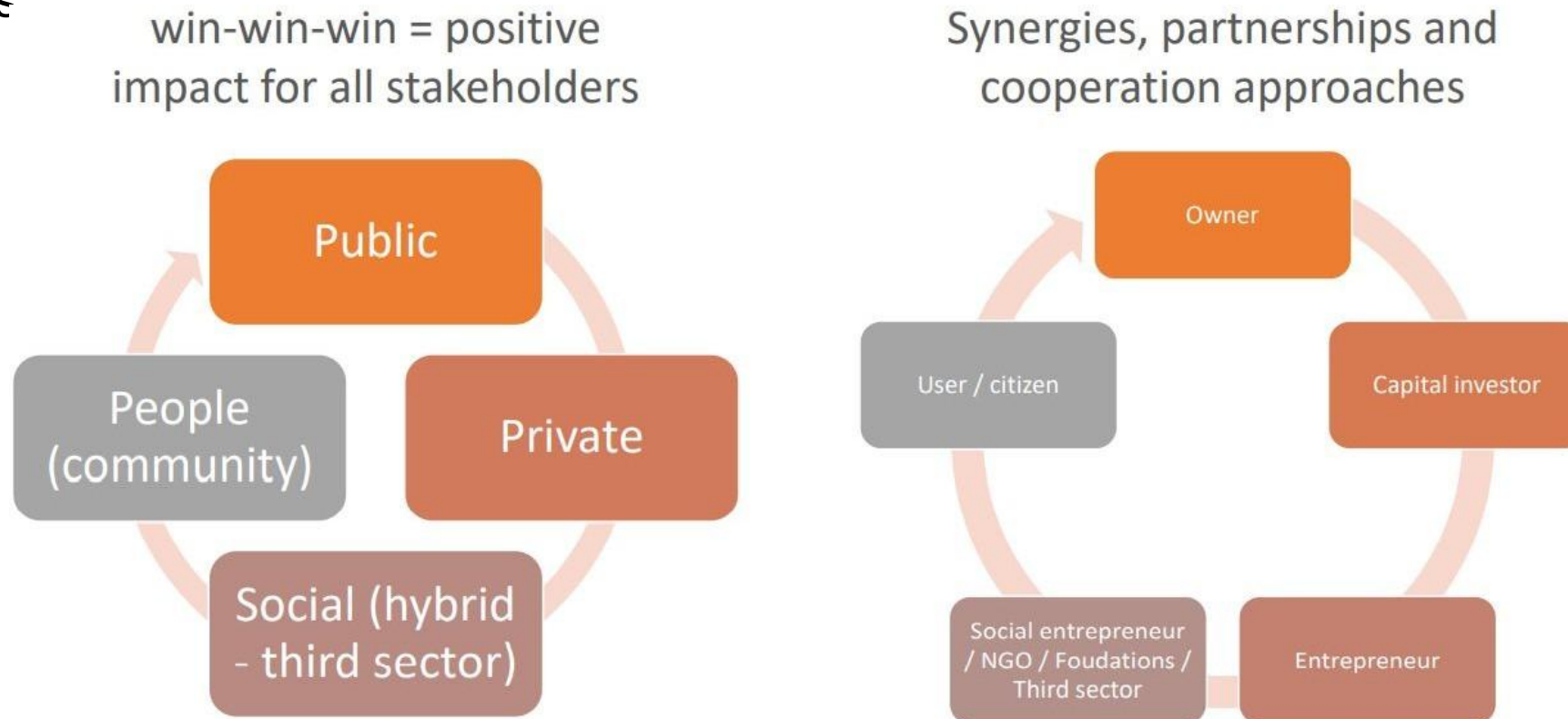
From *linear* to *circular* financing models for cultural heritage / landscape adaptive reuse



Source: [Mapping circular financing models for cultural and natural heritage regeneration \(clicproject.eu\)](https://www.clicproject.eu/)

## Innovative financial models

**Public–Private–People partnership (4P)** is one emerging way of highlighting the need for developing the involvement of private actors and the general public in a joint process



# SECTION 3

Case studies



## An old case of PPP

The Kultur-Token is a governmentally owned app, developed without a profit motive. The KT's primary goal is to reward citizens of the City of Vienna, Austria, for sustainable mobility behaviors that reduce greenhouse gas emissions associated with cars. Greenhouse gases are the main cause of climate change. The primary greenhouse gas produced by cars is carbon dioxide (CO<sub>2</sub>). The KT encourages low-carbon mobility choices with tokens exchangeable for free access to local cultural offers. Thus providing a new way for citizens to explore and enjoy cultural institutions. The app engages citizens in co-implementing Vienna's STEP 2025 Urban Mobility Plan (MA18, 2015). The plan calls for "a new culture of mobility". This perspective is beyond the reach of governmental policy alone; therefore, demands citizen buy-in and behavioral changes to seed the envisioned new culture of mobility.



**Kultur-Token**™

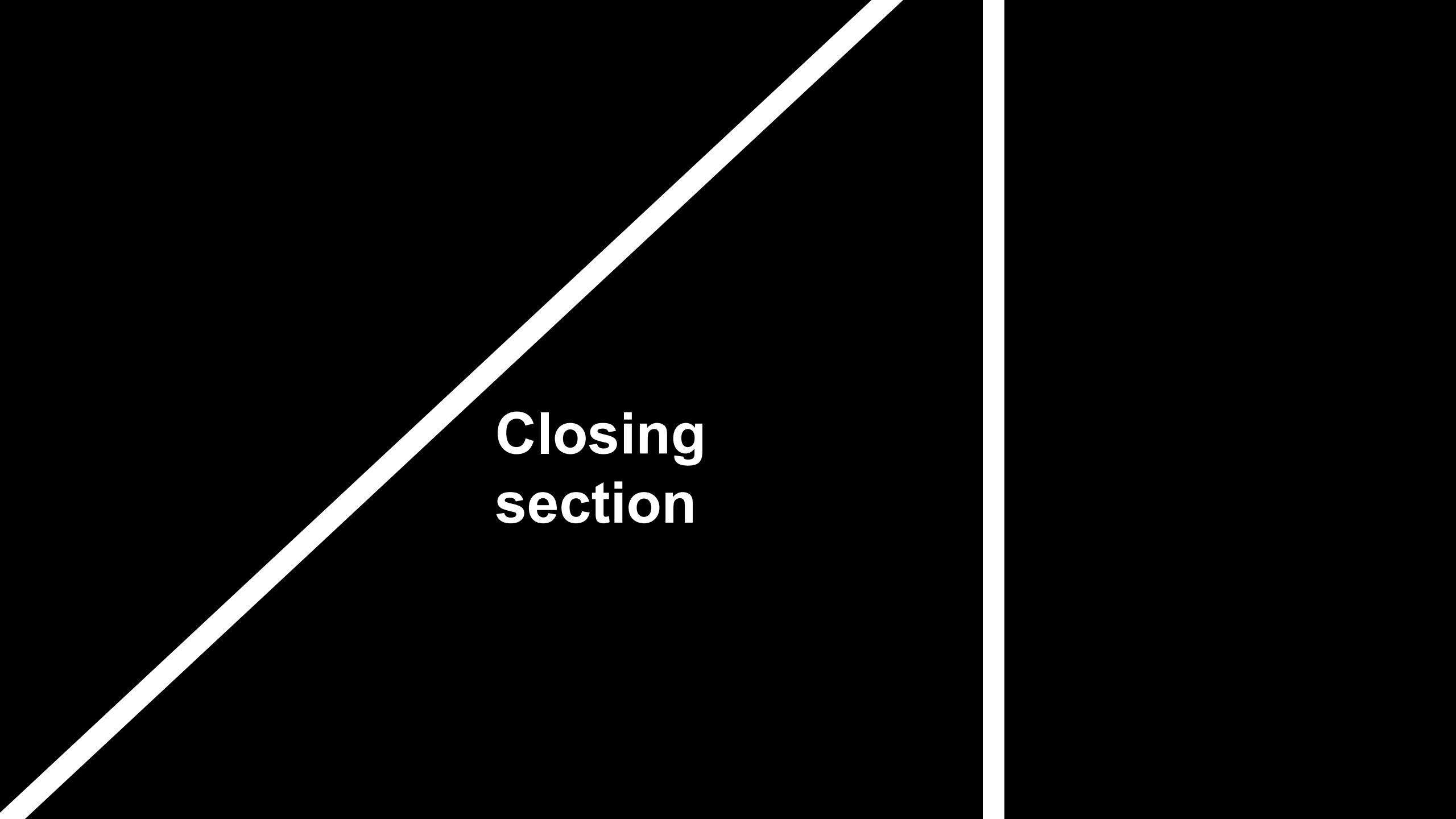
## A modern case of PPPP

There have been many private companies or who, in their different ways, have chosen to play an active part in preserving and promoting cultural heritage.

Among these, the most famous example is definitely Olivetti, which was involved starting from 1982 with an active role in the great restoration campaign begun in 1977 and entrusted to the restorer Pinin Brambilla Barcilon under the supervision of the Superintendency for the Artistic and Historical Heritage of Milan, the Superintendency for the Environmental and Architectural Heritage of Milan and the Central Institute for Restoration in Rome. In addition to supporting the restoration work financially (at a cost of about 7 billion Italian lira), the company also made its technological expertise available to the project, working together to find the best possible solutions to all the





A diagram on a black background. A thick white diagonal line starts from the bottom-left corner and extends towards the top-right corner. A thick white vertical line is positioned on the right side of the image, extending from the top to the bottom. The text "Closing section" is written in white, bold, sans-serif font, centered between the diagonal and vertical lines.

**Closing  
section**

## To continue your learning

We suggest that you continue with individual learning of the topics discussed in these slides, with the support of the following suggested readings:

- 54 types of business models: [fourweekmba.com/what-is-a-business-model](https://www.fourweekmba.com/what-is-a-business-model)
- For benefit business: [eticanews.it/wp-content/uploads/2013/05/HBR\\_For\\_Benefit.pdf](https://eticanews.it/wp-content/uploads/2013/05/HBR_For_Benefit.pdf)
- Location Value Capture: [nodes-toolbox.eu/pdf/?pdf=mnB3bHQzUs8Pzh4KfWh6%3Ag](https://nodes-toolbox.eu/pdf/?pdf=mnB3bHQzUs8Pzh4KfWh6%3Ag)
- Investing in cultural heritage for sustainable development: [mapa.valpo.net/sites/default/files/repositorio-documentos/economics\\_of\\_uniqueness-worl\\_dbank.pdf](https://mapa.valpo.net/sites/default/files/repositorio-documentos/economics_of_uniqueness-worl_dbank.pdf)
- Crowdfunding in Europe: [mdpi.com/1911-8074/14/3/101](https://mdpi.com/1911-8074/14/3/101)
- Financial instruments and schemes for cultural heritage: [interreg-central.eu/Content.Node/D.T1.2.4-Financial-instruments.pdf](https://interreg-central.eu/Content.Node/D.T1.2.4-Financial-instruments.pdf)
- A European project for heritage reuse: [openheritage.eu](https://openheritage.eu)
- Innovation in Public Investment and Financing for Arts and Culture: [oecd.org/cfe/leed/venice-2018-conference-culture/documents/C1-DiscussionNote.pdf](https://oecd.org/cfe/leed/venice-2018-conference-culture/documents/C1-DiscussionNote.pdf)
- Opportunities offered by digital technologies for the cultural heritage sector

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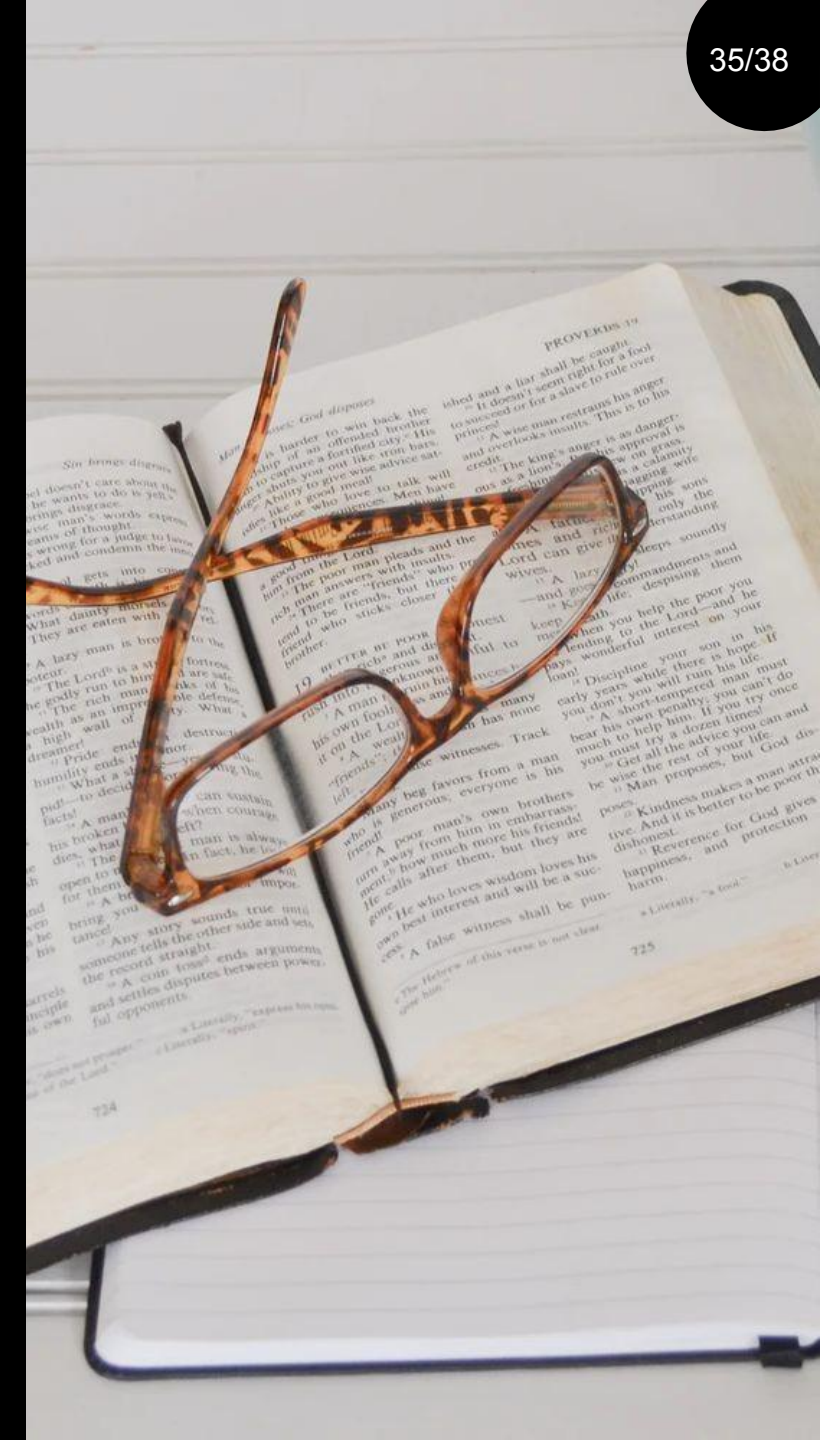
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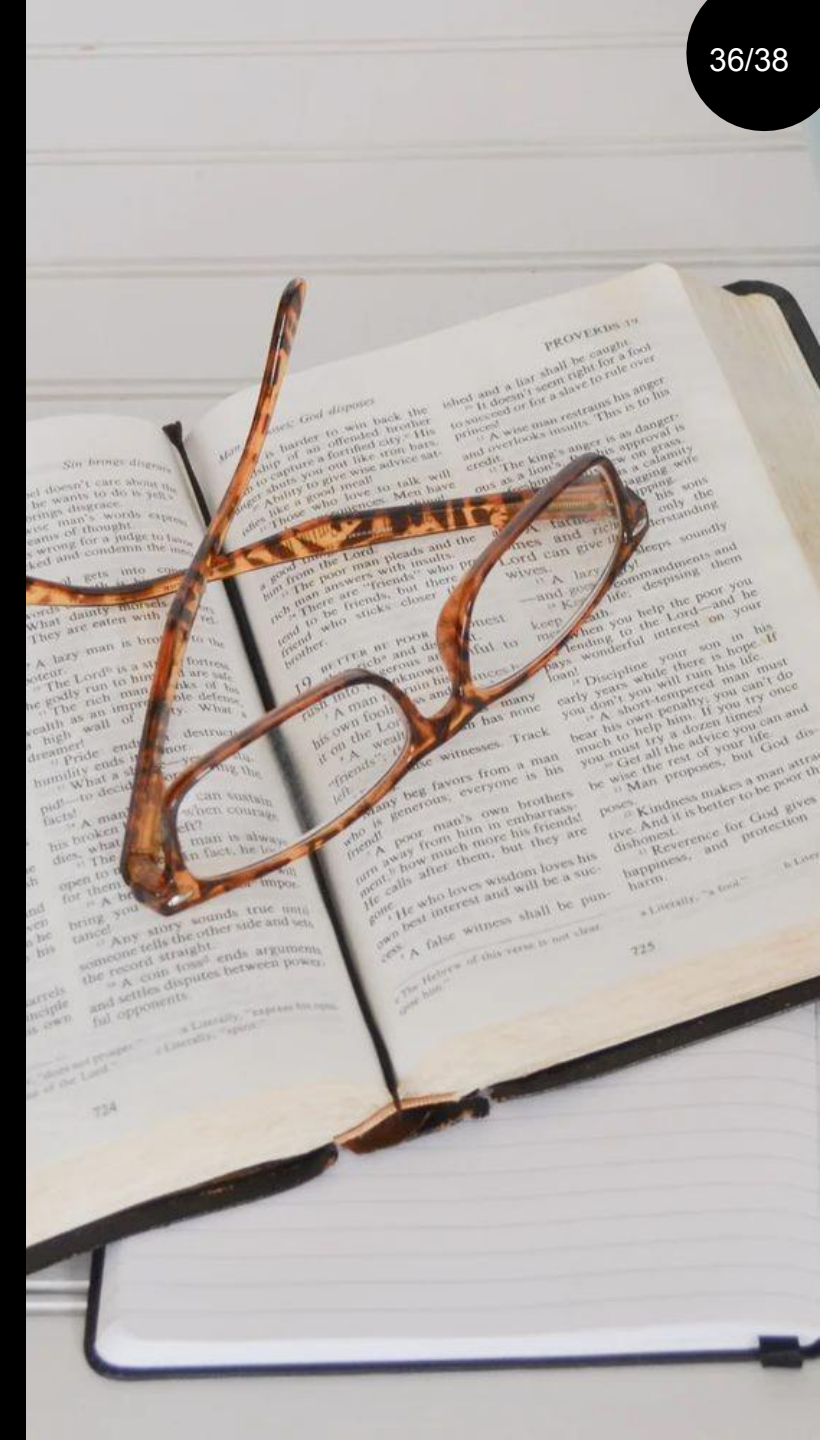
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With years of experience in the management of European projects for the cultural heritage and tourism sector, he is co-founder at Materahub which is currently undergoing a transition towards lean



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