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Divide and Create: A Commoning Approach to Business Modeling

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Abstract

Purpose: Under pressure of declines in the cultural sector, many classical music organizations are reacting similarly with a turn towards predictability regarding both organizational model and artistic output. In response to this situation, this paper examines the business model of an organization that utilizes a commoning approach in order to unlock possibilities for artistic innovation.

Design/Methodology/Approach: This study follows an in-depth single case study of a business model of an alternatively-organized music venue. Data on the Splendor case have been collected during several on-site visits, and a series of three interviews with key representatives.

Findings: The case study demonstrates that commoning principles can be utilized in a business model through a series of collective duties, which help unlock the potential for individual artistic freedom.

Originality/Value: The article highlights the potential of designing of a business model that is based on commoning principles. Commoning is increasingly gathering momentum as a new way of collectively organizing the use of a (im)material resource, which is based on the values of sharing, common (intellectual) ownership, and cooperation.

Keywords: Commoning; Classical Music; Artistic innovation

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Introduction

Over the last decade, classical music organizations have been affected particularly hard by declines in the cultural sector. Arguments over government funding, homogeneous audience bases, and the perceived irrelevance of a reproductive institution in an innovation-oriented society dominate the global classical music scene (Glynn, 2000). As a result, a particular 'dominant logic' (Prahalad and Bettis, 1986) has emerged, in which music organizations around the world react similarly to the current situation by making safe and predictable choices in terms of their organizational structure (commonly a hierarchical structure led by a director of music and a director of operations), as well as in terms of their musical choices (commonly playing older, well-known works by famous composers as they are universally accepted and can therefore attract audiences and external financiers, without much effort). This has led to focus on a certain selection of works from the past (a canon), over innovative and contemporary works of art that have not yet endured a historical selection process (Herman, 2019). It could be argued that these attempts to protect the field of classical music might have a detrimental long-term affect, as it in effect blocks all creative experimentation in the field. Recently, alternative musical ensembles and venues have emerged, underpinned by innovative business models that enable them to reopen possibilities for artistic innovation, while averting the above-mentioned challenges to the current musical landscape. The emergence and advance of new organizational initiatives exemplify artists' urge to develop initiatives that actively explore the possibility to foster their creativity in the most unrestricted form, while also being more adapted to the eclectic demands of the present-day audience and financial challenges of the current cultural environment.

Approach

Through an in-depth case study of the business model of the music venue Splendor Amsterdam, this paper attempts to explore the overall potential of such an alternative. Data on the Splendor case have been collected during several on-site visits, in a series of three interviews with key rep-

resentatives: the chairman and co-founder David Dramm; venue manager Norman van Dartel; and co-founding Splendor musician Michael Gieler. The business model is a particularly useful concept for studying cultural initiatives (Van Anandel, 2020), as it goes beyond a mere analysis of financial aspects of an organization, highlighting the holistic system that enables an organization to create and capture value in many forms (Magretta, 2002; Fiel, 2013). Moreover, it also highlights a fundamental issue that underlies cultural organizations: the distinction between value creation and value capture, where it is often suggested that the main purpose for artists is value creation, rather than value capture (Fuller, Warren, Thelwall and Alamdar, 2010). Currently the debate within arts management focuses mainly on the value creation capacity of the organizations, as well as on how to manage and innovate the business model to make this capacity more sustainable and impactful (Schiuma and Lerro, 2017). The commercial exploitation of the created value, however, is often claimed to be neglected under peer pressure (Thelwall, 2007). Value capture for arts organizations, however, is typically seen as not only the firm's capacity to capture a material (financial) return, but is regularly seen in terms of the appropriation of immaterial (e.g., knowledge, reputation, reach) returns received in exchange for the cultural product or experience delivered (Van Anandel, 2020, see also Powell and Hughes, 2016; Dane-Nielsen and Nielsen, 2019). Highlighting both aspects of the business model in an analysis of a cultural organization can therefore provide interesting insights into its working. In this paper, the concept of the business model is used to analyze which specific business model choices are made by our focus organization that enable them to create value for its stakeholders, and capture value in return.

Key Insights

Since 2013, Splendor unites composers, musicians, and stage artists, who came together to form an artist-run cooperative that independently exploits a music venue in which the musicians have complete autonomy. In this initiative, a professionally equipped music venue is operated in its entirety by a group of

50 top-flight professional musicians (among which players of the main Dutch orchestras such as the Concertgebouw Orchestra, Rotterdam Philharmonic and the Radio Orchestras, as well as names from the world of opera, jazz, electronics and ethnic music) who felt the necessity for having a place for experimentation outside of the institutionalized environments in which they are employed. The musicians display a high degree of diversity, both in terms of instruments as well as in musical styles employed. This diversity offers unique opportunities for cross-fertilized artistic innovation through unexpected combinations. Moreover, it provides possibilities to fully utilize the venue's capacity and opportunities, as various musicians tend to use the building in different ways, and on different moments of the week (e.g. some concerts are more suited for a Sunday afternoon, while others might be more appropriate for a Friday night).

Utilizing a specific organizational model in which responsibility for all aspects of the organization (from acquiring finances to musical programming) is shared among all members, Splendor is an example in which 'commoning' is an integral part of their business model. Commoning is increasingly gathering momentum as a new way of collectively organizing the use of a (im)material resource, which is based on the values of sharing, common (intellectual) ownership, and cooperation while it emphasizes solidarity and trust among participants to develop new ways of production and management (Dockx and Gielen, 2018). Through their organizational decisions, Splendor is able to fully utilize the twofold character of a common good (De Angelis, 2017): on the one hand Splendor exemplifies a use-value for a plurality (by providing artistic freedom to all connected artists), on the other it requires a plurality claiming and sustaining the ownership of the common good. Together, these two elements form the core values of the Splendor business model: the pursuit of complete artistic freedom and autonomy, and a collectively shared sense of ownership and responsibility. By operationalizing these core values, Splendor is able to offer a unique value proposition to their artists as well as to the public. To the participating artists, Splendor offers a venue in which they are free to practice and perform, as well as where they can experiment with reducing the often-perceived gap

between the artists and the public. Towards the audience, Splendor is able to offer a value proposition which is built on three elements: 1) unique, high-quality, and innovative concerts; 2) possibilities for direct contact and interaction with the artists; and 3) an experience of being a contributing part of a music development process.

Financial viability

To make the Splendor business model financially viable, the organization has developed a financial model that is dependent on different types of income. Utilizing the cooperative rationale, the initial capital input needed came from the 50 musicians, who each invested €1.000 in the form of a corporate bond. The remaining startup funding was raised through private investors, who in return for providing capital - in the form of purchasing a ten-year bond - received a private concert by one or some of the musicians at home as dividend (the more that was invested, the more musicians you receive at home). As the artists are not financially reliant on their activities at Splendor (they are all professionally employed musicians), the venue strives for break-even operations. Operational costs are covered by a combination of individual ticket sales for concerts (of which 70% goes to the organizing musician, and 30% to the venue) and income coming from the approximately 1200 Splendor members. For an annual contribution of €120, these public members are entitled to designated free concerts, as well as reduced ticket prices for other concerts. Finally, income through the in-house exploitation of food and beverages goes to the venue. Through their financial model, Splendor is able to run a break-even operation without relying on external (governmental) subsidies. For the artists, financial gains from their endeavors at Splendor usually adequately covers their costs incurred. However, this is complemented by a large value creation and appropriation in an immaterial sense, as the venue offers the artists unique opportunities for artistic exploration. Their value capture focuses therefore mostly on the artistic freedom and autonomy that is made possible through the business model.

Artistic freedom and autonomy

The first and foremost goal of Splendor is to create an environment with complete artistic independence. As a general rule, Splendor does not make a formal

procedure for something unless it is absolutely required. Splendor was meant to be a place free of institutional and artistic boundaries, where anything is possible and appreciated. In terms of musical output, there are no limitations: repertoire and newly composed avant-garde music are equally welcomed, as well as experimentation in content, concept and artist-audience relationship is embraced. Such a venue was missing in the Amsterdam musical landscape: "We needed somewhere to play little ideas, and make small concerts. That was important. And maybe a place to work" Van Dartel states.

Based on this premise of artistic autonomy, Splendor takes on specific business model activity sets that enable the organization to further exploit its vision. First, Splendor has decided to employ a 'no-programming program' for the venue. Splendor has an open agenda, in which each of the 50 musicians can reserve a slot for any of the three possible performance spaces (housing an audience of 100, 60, or 30 people) in the building on a first-come, first-served basis. The musicians can reserve a place for a rehearsal or concert of themselves but are also free to program a concert played by outside musicians that they deem interesting to showcase. In the absence of a Splendor programmer, all partaking musicians are free to develop any project they want, without having to answer to anyone but themselves. Indeed, every musician is responsible for his/her own projects, both artistically and financially speaking, as their fees depend on the number of people that attend the concerts. Based on the same logic, Splendor has deliberately decided to not make a claim for any subsidies, as this choice could push Splendor into a context of more institutionalization. Subsidies often come with their own set of stipulations toward the organization in terms of elements such as organizational structures, reporting, expectations, and a certain balance in musicians, concerts, outreach, etc. (Stockenstrand and Ander, 2014). As such, the autonomy which forms the essence of this endeavor could be compromised drastically.

Shared ownership and responsibility

A second foundational element of the Splendor business model concerns a sharing of ownership and responsibility. Through this system, each artist has cer-

tain duties towards the organization as a whole, which collectively unlocks possibilities for unrestricted personal artistic endeavors. In return for their commitment to the project, and the initial €1.000 investment, each musician literally received the key to the building, indicating the unlimited potential for ad hoc creative endeavours and encounters among all musicians. The venue is available to them for 365 days per year, day and night for any musical endeavour, from rehearsals to performances, to create and explore, to produce and to program in whatever manner they find interesting. Besides the initial investment, each musician commits themselves to give one 'member-concert' per year, in which the Splendor members have free entrance. As there is no intervening programmer, and as all musicians have collectively invested financially as well as in terms of time and effort in the project, Splendor is truly a representative of a 'common good': it is owned, produced and sustained by all. As such, Splendor will never interfere in the content of the programming of the individual musicians but the group does consider tactics to maximize the use of the building in order to create the largest common good for all. For example, it is always allowed to give a concert that will probably only attract a very limited amount of people, but then the group might suggest to plan it on the same evening as another small concert so that they can work that day with just a limited staff for the bar. The sense of co-ownership is not limited to just the musicians, as the organization deliberately attempts to induce a sense of co-ownership among the audience as well, especially with its members. The audience's input goes beyond the mere financial aspect that they bring in, as Splendor concerts are deliberately organized in order to enhance the artist-audience connection. By cultivating an informal setting during the concerts - which often includes many moments of interaction with the audience - as well as after the concerts where artists and audience meet at the bar for discussion afterwards, a sense of artistic exchange occurs. Such an approach, that incorporates the three core values mentioned above, facilitates feedback loops between artists and audience that is nearly impossible in the more distant institutionalized classical music settings. This enables Splendor to promote peer-to-peer as well as artist-to-audience exchanges which support the development of innovative music.

Discussion and Conclusions

Developed out of a sensed urgency among a group of musicians for more autonomy, the Splendor model emerged from within the cracks of the current dominant system, and provides opportunities for artistic development that the stable and secure traditional institutions are unable to provide. This model of an artist-run cooperative has the potential to play an interesting complementary role in many cultural fields currently under pressure for innovation (see Schiuma and Lerro, 2017). The case example indicates that a viable business model in the arts does not only answer the typical business model question: 'What is of value to the customer' (see e.g. Fjeldstad and Snow, 2018), but also and even more: 'What is of value to the artist'. Splendor has found the answer to these questions in its interconnectivity. In that manner, value

creation and value capture manifest themselves through a collective and shared approach in which artists as well as the audience add to, and appropriate from, the common creation in an immaterial form. A weakness of the model, however, lies in the fact that the Splendor organization alone is not able to provide a large financial gain to the artists, and these (small) gains are dependent on the musicians' own initiatives, which are unpredictable in frequency as well in terms of revenue. As the artists are all professionally-employed musicians, the organization can only survive by virtue of an overarching, institutionalized subsidizing system. Therefore, the Splendor model can be seen as an important addition to the larger music ecosystem as it reintroduces opportunities for artistic innovation, rather than a replacement model for the established music institutions.

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