

W19.1.1.a Strategic Management

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Aim and objectives

This unit will focus on the analysis and synthesis underpinning sound strategic management. Strategic management is concerned with the long-term direction, scope and performance of an organization. Whether the overall strategy of an organization emerges from the interplay of functional departments or is a grand plan devised by one group, its success is contingent on the fit that is made between the organization and the relevant environmental dynamics. The actions of the organization are simultaneously a result of these dynamics and a cause of them. Hence a continuous, accurate analysis and synthesis of environmental and organizational interactions is a critical component of successful strategy.

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

- LOut1: Critically analyze the internal and external environments in which businesses operate and assess the implications of forecast changes.
- LOut 2. Apply understanding of the theories, concepts and tools that support strategic management in organizations
- LOut 3. Individually evaluate and synthesize information and existing knowledge from numerous sources and experiences.
- LOut 4. Apply appropriate tools, theories and concepts to analyze strategic issues in organizations and to develop options for implementation.
- LOut 5. Apply appropriate concepts to develop critical thinking about strategic management.

Terms and keywords

- **Mission**

- Is what the organization needs to do to achieve the vision

- **Values**

- Is what the organization believes in and how people in the organization are expected to behave

- **Vision**

- Is a statement of an organization's overarching aspirations of what it hopes to achieve or to become

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Strategic Management





Before the first truly artistic museum, Louvre, created (in 1793) by the Revolution and Napoleon, as a remarkable demonstration of the empire's importance in the European fine arts, there were already several imposing houses and art museums associated to palaces, cathedrals and other spaces with great architectonic value, but the Louvre featured a new purpose and perspective of the Museum.

All in all, museums live under the notion of an economic uncertainty, deepened by a continuous decrease in State's support to the cultural sector. Museums are evermore forced to look for new ways to generate revenue and attract visitors.

Museums tend to think more and more from an entrepreneurial perspective and think about developing business models which, at the same time, have to adapt to the new digital era, taking them to a new commercial relationship with the museum's visitors.

The Three Eras of Cultural Institutions

	The era of owners	The era of managers	The era of shareholders
Period	Until 1950	Between 1950 and 2000	After 2000
Financing of Cultural Institutions	Public collectives and patronage of large families	Approximation of public funding	Own resource development and private financing
Supervision	Specialist. Benevolent responsible vision (artist, scholar)	Director with the benefit of specialized training, involves professionals	Director with management skills or assisted by one or more officials
Responsability	Under public tutelage or a restricted board of directors	Under cultural responsibilities or an extended board of directors	Under a set of tutelage, partners, donors, benefactors and friends and public opinion
Organizational Features	Importance of "amateurs" and volunteers	Professionalization, specialization and staff diversification	Automation and financial diversification, market influence
Audience	Limited specialized audience	Development of care and appearance of new audiences less familiar with the cultural sector	Segmentation of public policies and development of tourism strategies
Cultural Practices	Development of cultural practices	Massification of cultural practices	Individualization of cultural practices
Public funding of culture	Shortcomings of culture funding	Greater power of the ministry of culture	Decentralization and cultural deconcentration
Economic Environment	Limited intervention in this economy	State - provides, "Glorious", modernization	Liberal doctrine, globalization, digital economy and networks, public partnerships

In order to confront the functioning of its activities, museums try to develop several financing sources, such as box office, commercial activities, catering, space rental, patronage, crowdfunding, etc.

Non-profitable cultural institutions are evermore prompted to adopt management strategies concerning marketing, planning, finance, human resources, logistics, communication, commercialization and organizational streamlining, and all of this implies good leadership and change management (Tobelem, 2017).

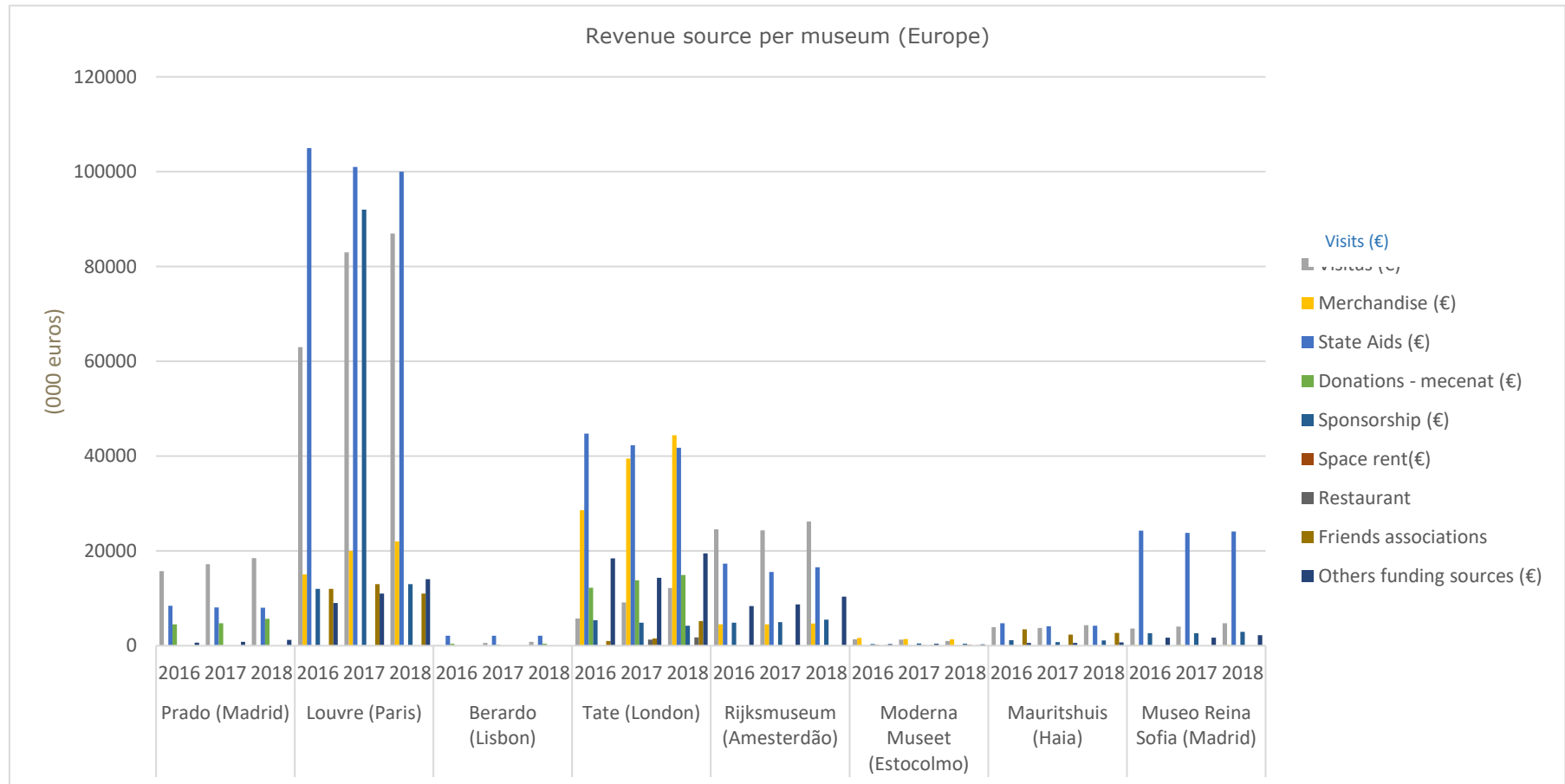
Changes in economy, politics, technology and society have profound implications in all profitable or non-profitable sectors. As in any other contemporary economic activity, museums need to appeal to profound changes (Weill, 2002), adopt management strategies better oriented towards the market, since marketing is assuming an increasing importance.

Traditional and Contemporary Museum Management

The management practices adopted by museum organizations increasingly approximate other industries' practices. However, they may induce management approaches adapted to the context of museum organizations (although not *necessarily* different from general principles and theoretical assumptions).

Traditional management approach	Contemporary management approach
Cultural products	Economic products
Mono products - services	Multi products - services
Lower technology-based products - exhibition	Higher technology-based products - exhibition
Museum with a limited portfolio	Museum with large portfolios
Management with clear barriers or boundaries	Management without clear barriers or boundaries
Single-use products - collections	Reusable products - collections
Art products	Marketing products
Mono - management: monomanagement	Multi- management: multimanagement
Limited areas of required knowledge	Expansive areas of required knowledge

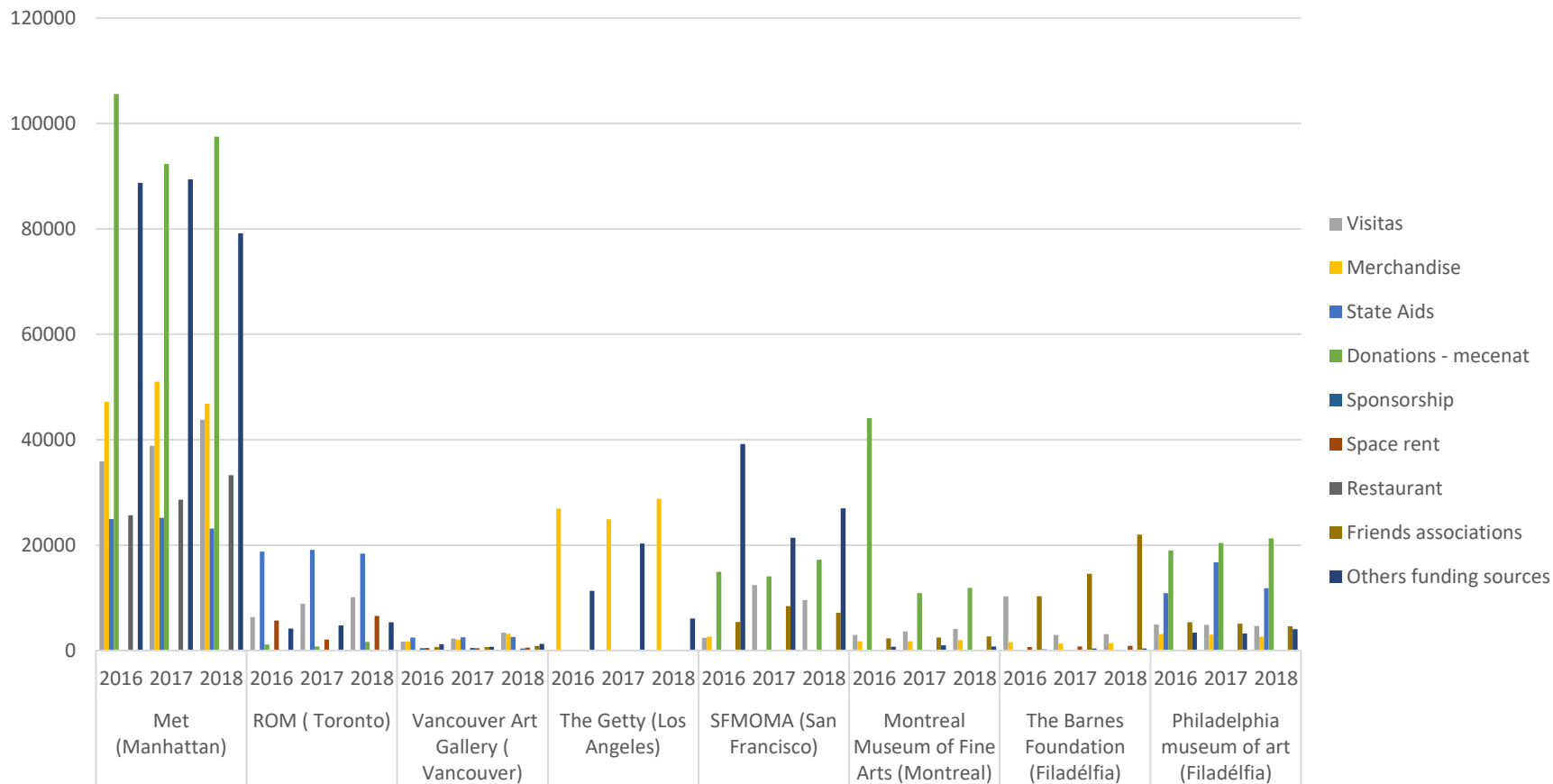
Revenue Sources of Incomes – European Museums



Trends in museum funding by continent

Revenue Sources of Incomes – North-American Museums

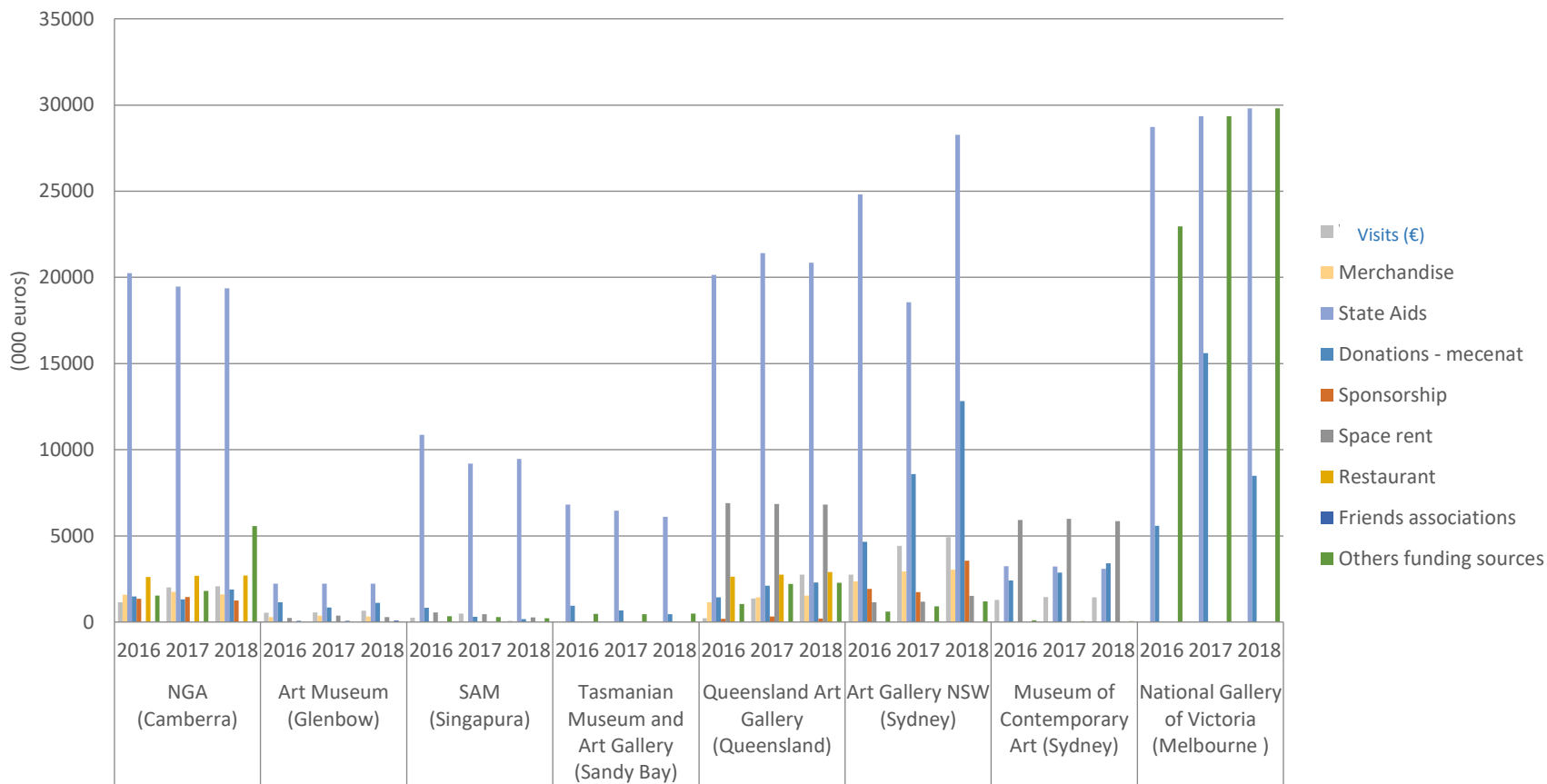
Revenue source per museum (North America)



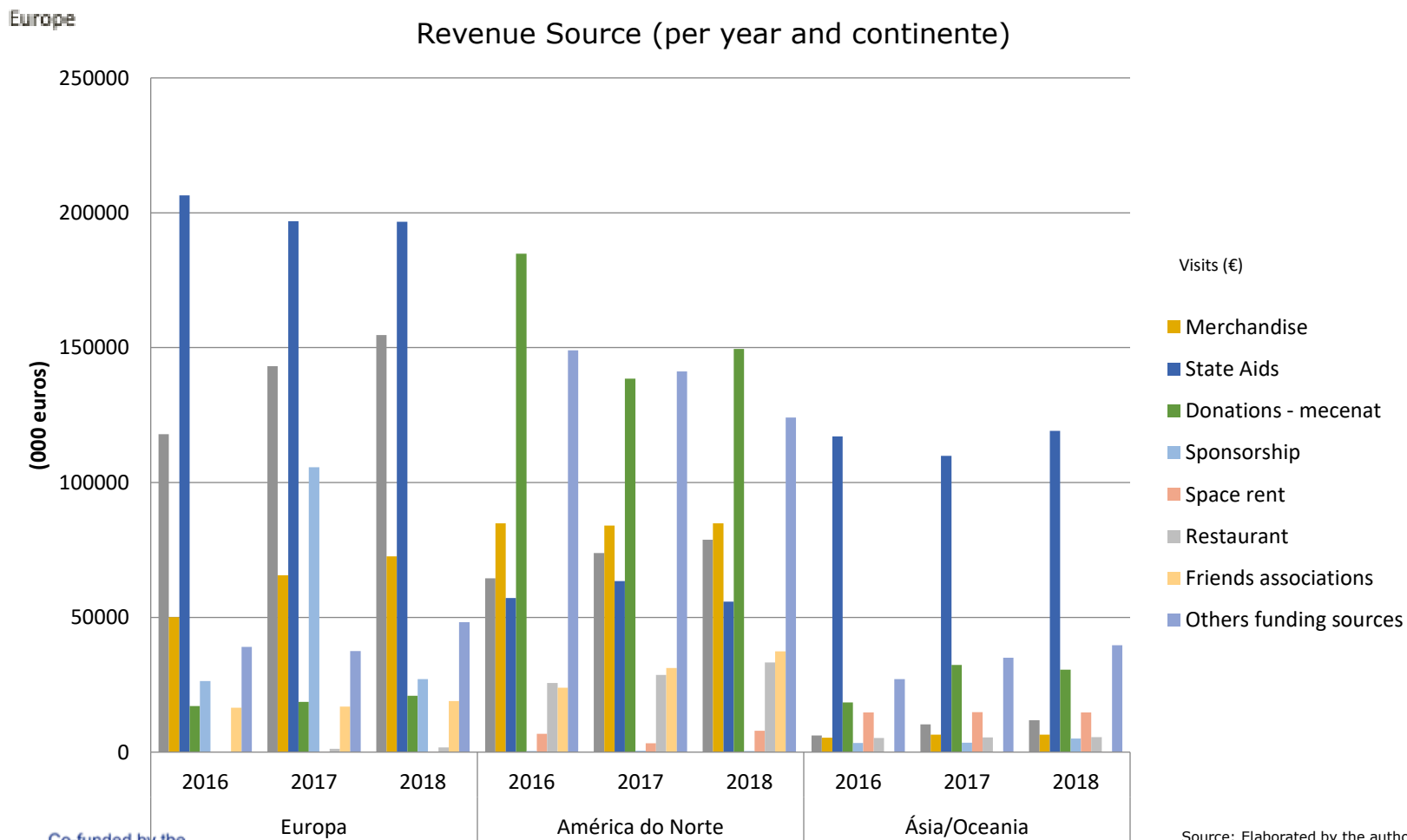
Trends in museum funding by continent

Revenue Sources of Incomes – Asia/Oceania Museums

Revenue source per museum (Asia/Oceania)



Revenue Sources of Incomes – Museums per year and continent



Source: Elaborated by the author

Challenges in Management

Despite the type or dimension of museum organization, they are facing, with greater or lesser intensity, similar challenges in terms of management strategies and practices to others organizations or industries. This is evident in, for example:

- Creation of new products – services and the drive for innovation
- Diversification of revenue streams and the drive for new funding models
- Reorganization of corporate structures and areas of work
- The rise of brand and market orientation management
- Growing investment in new technology to involve visitors
- Cooperation with competitors and other organizations in the ecosystem
- Demands for higher efficiency, better productivity and more visitors
- Art, products, services and portfolio management
- Coordination between managers, artists and curators
- The need for continuous training and focus on customer relations
- The emphasis on finding and creating synergies between art pieces and space exhibition

Digital Marketing for Museums



Proposed Activity

- What are your Museum' main forces, strengths, opportunities and threads?

Strategic Management will introduce learners to the concepts about management, strategy and strategic management. Also they will know the elements of a successful strategy so to understand the benefits of strategic management. Learners will be able to formulate strategies and organize and implement a strategy.

Now that you finished watching it, you should be able to:

- Critically analyze the internal and external environments in which businesses operate and assess the implications of forecast changes.
- Apply understanding of the theories, concepts and tools that support strategic management in organizations
- Individually evaluate and synthesize information and existing knowledge from numerous sources and experiences.
- Apply appropriate tools, theories and concepts to analyze strategic issues in organizations and to develop options for implementation.
- Apply appropriate concepts to develop critical thinking about strategic management

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- Porter, M., (1985). *Competitive advantage: Creating and Sustaining Superior Performance*, Free Press, New York.

Further reading

- Abraham, Morris & Griffin, Des & Crawford, John. (1999). [Organisation change and management decision in museums](#). Management Decision. 37.
- Burton, C. (2003). [Theoretical Considerations for creating competitive advantage for museums](#). AIMAC - 7th International Conference on Arts & Cultural Management. Milan, Italy.



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