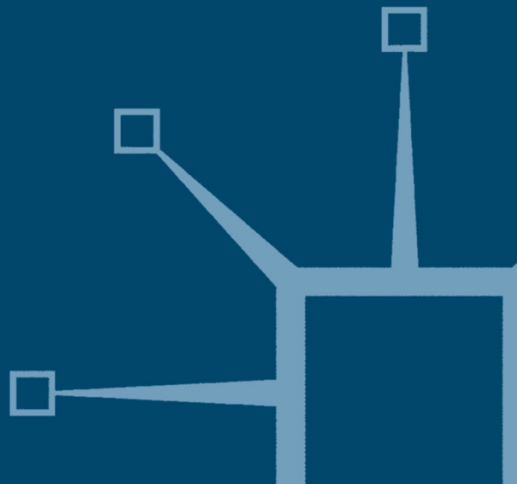


Managerial Rhetoric and Arts Organizations

Luca Zan



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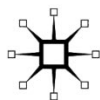
CONSERVAZIONE E INNOVAZIONE NEI MUSEI ITALIANI: Management e processi di cambiamento

PERSPECTIVES ON STRATEGIC CHANGE (ed. with S. Zambon and A. Pettigrew)

Managerial Rhetoric and Arts Organizations

Luca Zan

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Preface to the English Edition

All over the world a controversial relationship exists between ‘management’ and the ‘arts’. On the one hand, people from the artistic and cultural sector often perceive the notion of management and economics as an attack on the very core of their professional identity. This perception is amplified by countless examples of drastic funding cuts throughout the Western world, where arts institutions have also become candidates for privatization, or at least candidates in the call for ‘companization’ or ‘managerialization’, becoming an additional territory for the seemingly inexorable diffusion of managerial rhetoric that has already invaded health care, education, and other fields. From a more general point of view, this situation provokes serious reflection on the social meaning of public goods associated with art, with an underlying controversy over the role of the public sector (especially outside the US), given the historical importance of welfare in these contexts.

On the other hand, the relationship between arts and management is problematic in another sense: arts organizations can be difficult to understand from a mainstream management perspective. There are hidden processes taking place in terms of tacit knowledge, skills and preferences. As in any professional organization, arts and cultural institutions seem to work according to a notion of social control – what Ouchi (1981) referred to as ‘clan mechanisms’ – rather than in conformity with rational forms of management control. Many of the notions in the toolkit of management experts indeed tend to face serious problems when applied to arts organizations. Isn’t it ironic that applying the notion of ‘performance’ to performing organizations is so difficult despite the fact that management literature has borrowed several important terms, such as ‘performance’, ‘role’, ‘actor’ and so on directly from theatre vocabulary? In this sense, arts organizations could be treated as anomalies in the process of theory falsification in management studies.

While many contributions to the debate on the relationship between arts and economics take the form of cultural economics or applied economics, this book is about management and managing processes. Unlike most of the economic and managerial literature, this book takes a modest view, trying to understand and listen to the viewpoints of arts professionals without imposing a priori the notion of an economic imperative. Also unlike most literature on arts organizations, it starts

from a robust knowledge and critical understanding of management literature. In addition, a specific mixture of perspectives and skills are involved. While particular reference is made to perspectives such as strategic management and change, organizational theory, new public management and management accounting, this book also provides a view of managing processes which is innovative compared to mainstream management, with a holistic and historically-aware approach that is sensitive to the rhetorical nature of management.

The English edition of the book presents some minor but nonetheless important changes from the Italian version, deserving some comments. The Italian edition was issued within a special series dedicated to curators and people working in the cultural heritage sector, so I was forced to stress the relevance for museums, beginning with the title itself. My interest, however, is with arts organizations in general, with the idea that designing, say, a new governance structure is a relatively similar process when applied to any arts or cultural organization (I would not even make any effort to define more precisely what is meant here by 'art' or 'cultural' organization, allowing for some degree of ambiguity and freewheeling), although taking into account elements of specificity at the level of the individual organization. Without aiming to write a different book, I took the opportunity with the English version to make this general reference to arts organizations more explicit, starting from the English title, despite the prevalence of empirical references to the museum sector. In addition, some additional text and footnotes have been introduced to make certain concepts easier to understand; bibliographical references were changed to the English version when available.

While experts and students from the arts sector might approach the book and its focus on field research, interested and intrigued by the opportunity to compare their own experience with other contexts, a more general reader would probably ask why it is important to read a book on arts organizations and what is the relevance of the extensive focus on Italian organizations (with the important exception of the British Museum).

Relative to the former aspect, the book relates the issue of management of cultural organizations to the emerging theme of managerial rhetoric, with an in-depth understanding and awareness of managerial processes. The case of the British Museum is a reflection of management per se, and – quite apart from my writing on it – would be a beneficial study for anyone approaching management, for the kind of doubts it raises, questioning a naive understanding of management. In addition,

the broad historical process of the evolution of welfare in continental Europe is referred to in the book, relating the topic to the more general issue of new public management. In this sense this book could be of value not only to people interested in arts organizations, but as an example in the difficult area of public management.

On the other hand, this book provides an in-depth illustration of the transformation of the arts sector in Italy, historically one of the most important countries in Western Europe for cultural heritage and the arts (from the Romans to the Renaissance and later on, both in visual arts and music), an issue which also has strong policy implications. The fact that similar transformations are using place in other countries as well means that such an in-depth analysis could be valuable in understanding the underlying processes, using Italy as a sort of benchmark – looking at the good and the bad in the Italian experience, at the numbers, resources and methods involved in this transformation.

While general thanks remain in the preface of the original Italian edition, a special thanks for this English edition goes to my students at Carnegie Mellon University, Master of Arts Management Program, where I have been using a temporary version of this book in my courses on 'Managerial Rhetoric and Arts Organizations' in 2004 and 2005. This gave me a unique opportunity to reflect on ways of 'translating' (not merely in terms of language, where the help of Allison Hoeltzel is to be acknowledged) various topics, despite the cultural distance between us, in term of general issues and specifically on management and arts organizations. Students have been my 'guinea pigs', while Dan Martin, Director of the Program, took the responsibility and risk of such an experiment: without their contributions this edition would not have been possible.

BOLOGNA-PITTSBURGH, AUGUST 2005

Preface to the Italian Edition

This book is the outcome of several years' involvement in field research in arts organizations and of a huge number of discussions and talks with organizational actors and people inside arts institutions. Without those opportunities, talks, and questions answered, this book would have been very different from what it is.

First, I would like to acknowledge the help of several people which made the research on the British Museum possible: Anthony Hopwood originally brought my attention to the relevance of the British Museum case for managerial research, and from time to time sent me relevant articles from the press. Peter Cannon-Brookes (as Editor of the *Journal of Museum Management & Curatorship*) gave me complete access to his press archive – as did Alan Leighton – and both were extraordinarily helpful to me as a foreigner, clarifying my doubts and difficulties in understanding the United Kingdom institutional context. The former also provided a very helpful (and time consuming) language editing service on the text now presented in Chapter 2. Dr Gerard Vaughan and Catherine W. Goodrich (Director and Development Executive of the BM Development Trust) gave me a preliminary understanding of the evolution of the Museum during an interview on 19 May 1998. Anthony Blackstock (Finance Director, British Museum), Anna Somers Cocks (Editor, *The Art Newspaper*), and Alan Leighton (Institute of Professionals, Managers and Specialists – IPMS) made their time available for in-depth interviews in April 2000, and subsequently for several extended telephone conversations and comments on a preliminary draft of Chapter 2. The access to online archives of major newspapers within the UK press was also particularly helpful.

The research assignment by the Cultural Department of the city of Milan concerning 'The condition of economic feasibility for the institutional transformation of local authority museums of Milan into a new setting inside a Foundation' has been a unique opportunity for investigating managerial and governance issues in institutional transformation, working extensively with a strong group of directors and administrators of municipal museums. Thanks are also extended to Alessandra Mottola Molino (Director of the City Cultural Department), Rossana Ferro (Director of Museums and Exhibition Office), the directors of various Milan museums (Ermanno Arslan, Enrico Banfi, Maria Teresa Fiorio, Lia

Gandolfi, Roberto Guerri, Mauro Mariani, Ivanoe Riboli, Claudio Salsi, Sandrino Schiffrini), the curators and administrative staff of the museums with whom I worked (Nicoletta Ancona, Marina Arosio, Anna Bagarini, Lucia Baratti, Laura Basso, Angela Battistuta, Silvana Bazzi, Donatella Caporusso, Luca De Vecchi, Giuseppe Garavaglia, Rina La Guardia, Laura Linzi, Marina Litrico, Andrea Martinucci, Lucia Matino, M. Vittoria Nicotra, Fabio Peri, Carlo Pesarini, Domenico Piraina, Marina Pugliese, Renato Rossetti, Paola Rucci, Giorgio Teruzzi, Andrea Venturi), and people from the central departments (Giorgio Salvatori and Laura Beffa, Management Control Office; Gabriella Borloni, Personnel Office). The coordination effort of this huge project, involving a great number of people and many months of work was provided by Maria Giovanna Vitulano (Programme and Financial Office) and Paolo Arduini (Curator of the Museum of Natural History).

In terms of institutional transformation, a crucial role was also played by a feasibility study of the enlargement of Shanxii History Museum, Xi'an, China: within the Development Project of the Italian Foreign Affairs Ministry for the opening of a new section on Tang period frescos, a rather unexpected situation of similar processes of 'privatization' was investigated. Among others, crucial help was provided by Gianfranco Micheli (ICR, Italy), Zhan Chang Fa (CNICP, Beijing), and Stefano Cammelli, expert on Chinese affairs, who also gave precious comments on the first draft of this book. A special thanks is due to Professor Liu Shuguang (Administrative Office, SACH, China), with whom I had long discussions and interesting talks about the similarities and differences between the evolution of administrative systems in the two countries (particularly on autonomy in running cultural heritage entities) during his three-month visit to the Institute of Advanced Studies, University of Bologna.

Still in terms of institutional transformation, this book also benefits from the joint work with Luca Del Pozzolo and Marcello La Rosa on the renewal project of the Egyptian Museum in Turin, run by Ires for the Ministry of Cultural Heritage, Piedmont Region, and the CRT Foundation.

The research on the evolutionary process of the Venice Municipal Museums for the City of Venice was an important opportunity to focus on the reporting of museums' activities beyond the limits of simplistic views of management and managerial performance when applied to arts and cultural organizations. Several organizational actors were involved, whose contribution is acknowledged here: Giandomenico Romanelli (Director, Cultural Heritage and Cultural Activities, City of Venice), Daniela Andreozzi (exhibitions set-up), Monica Da Cortà (marketing and promotion), Atillia Dorigato (conservation and restoration), Daniela

Ferretti (exhibitions), Silvio Fuso (applied art collections), Filippo Pedrocchi (eighteenth-century collections), Camillo Tonini (historical collections); Irene Ariano and Francesca Rodella (administrative office) were responsible for the coordination of the entire projects – a crucial contribution. Thanks are also given to Gianfranco Mossetto (CICARE), Paola Minelli (Arethusa), Maurizio Cecconi (Villaggio Globale) for their contribution, during extensive telephone interviews.

Sara Bonini, Maria Marcello Mariani (PhD students), and Allison Hoeltzel (research grantee) gave interesting opportunities in the supervision of their research projects within the Department of Management, University of Bologna.

It is impossible to thank individually all those who shared in discussions on these topics or who contributed in terms of field research data and empirical findings. The round table on 'Accounting for Art' during the Annual Congress of the European Accounting Association, Bordeaux, 1998, and the EIASM (European Institute for Advanced Studies in Management) workshop on 'Managing Cultural Organizations', London 2001 should be mentioned, as well as several training course initiatives with museum directors.

Finally, the creation of a masters degree in 'Management and Innovation of Arts Organizations' (*Gestione e Innovazione delle Organizzazioni Culturali e Artistiche* – GIOCA) at the University of Bologna (School of Economics, in collaboration with the School of Law and School of Humanities, and also with Carnegie Mellon University, Pittsburgh and Fondazione Fitzcarraldo, Turin) was and still is one of the major elements in the research process, for many different reasons. First, designing and running such a programme within an Italian public university posed a situation similar to that of many public sector professionals in dealing with bureaucracy. Second, it represents a great opportunity for exchange and discussion with colleagues from different backgrounds and disciplines and with actors directly involved in teaching activities – with enthusiasm I rarely found thus far – giving way to a sort of process of 'researching by talking', which was important for the programme in itself and for this book, as well. Third, teaching within GIOCA forced me to elaborate research findings before entering the classroom (and shortly thereafter): thanks to my students for the role they played in this experimental process.

In short, a word of thanks to all those with whom I had the pleasure of interacting, talking, discussing and working in these years.

Bologna, October 2003

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1

Arts Organizations between Uses and Abuses of Managerial Rhetoric

1.1 Management as rhetoric

The expressions ‘the rhetoric of management’ or ‘management as rhetoric’ are not necessarily used in a negative sense in these pages, as if indicative of some sort of degeneration or misuse of a body of knowledge and techniques. Instead, they refer to a substantial body of research that, in the last ten years, has been affirmed within the social sciences and in management studies (see, for example, Mintzberg, 1973; Astley, 1984; McCloskey, 1986; Klamer and McCloskey, 1992; Boland, 1993; Czarniawska, 1995, 1997a; Jönsson, 1998; Battistelli, 2002; Grant et al., 2003; Melander et al., 2003; Boje et al., 2004).

Mintzberg (1973), in his study of ‘what do managers do’, had already identified the way in which managerial work essentially consists of questioning, discussing, collecting of information, and influencing. If the heroic vision of management sees the manager as a solitary decision-maker and the very decision as a force similar to that of an isolated thinker, almost as a scientist in the culminating moment of discovery, the observable truth is different, with managerial work characterized by fragmentation, limited periods of solitude,¹ and continuous interruptions, brief contacts, questions, and exchanges of words and ideas. Verbal interaction covers 78 per cent of the observed time of managers, which is sufficient to confirm that ‘the manager’s productive output can be measured primarily in terms of verbally transmitted information’ (Mintzberg, 1973: 44).

Indeed, the very notion that a decision itself could be identifiable as a unit of analysis is a controversial question in organizational theories (Mintzberg, 1990; Mintzberg and Waters, 1990; Pettigrew, 1973, 1979, 1990), which instead represent the cognitive emergence of a sort of

commitment to action, which is much more indefinite and with unclear borders (Gherardi, 1985).

Management is, therefore, 'mere chatter', yet not in a negative sense, or as the Scandinavian tradition calls it, 'talk' (Czarniawska, 1997a; Czarniawska and Sevón, 2003). If the definition of management in the self-celebrated form is that of 'getting things done', a more subtle interpretation by March (1988) speaks of management essentially as a matter of 'addressing attention'. Even when one does not converse with anyone, the role of the soliloquy as a crucial part of decision-making processes (Weick, 1977) highlights even further the rhetorical nature of management (in other words, we all talk to ourselves, arguing, counter-arguing, simulating verbal interaction with other people).

This book would not exist, or at the least would be substantially different, if the writer were not immersed in two research projects that have profoundly conditioned his way of thinking, influenced by the perspective of managerial rhetoric.

The first project is on the management of the Venice Arsenal, the centre of state shipbuilding, between 1500 and 1600 (see Zan, 2004a, 2004b, 2005a). According to the rules of the Republic, following the Senate's decision in the first half of the sixteenth century (and with increased emphasis after the Battle of Lepanto in 1571) to provide for military reasons a permanent reserve of a 100 light galleys and 12 great galleys, at the end of their mandate (period) the elected officials of the Arsenal had to prepare a report on the situation of the Arsenal and an inventory of the reserve of galleys. Thus not only did they have to manage, but they also had to speak of managing processes and conceptualize and develop a rhetoric about management that can be traced in the archive documents ('*il discorso del maneggio*' is an expression used by Baldisserra Drachio in 1586).² From the analysis of discursive regularity and changes traceable in the documents in question, one may reconstruct the issues, problems and conflicts that captured the attention of the managers. From the analysis of the documents' contents over a span of 60 years, one may uncover the '*discorso del maneggio*' and its evolution within the Arsenal.

The second project is linked directly to the museum field, regarding the British Museum in particular. A review of the museum in 1996 (the Edwards Report) instigated a highly controversial process of modification of its managerial and organizational structure, resulting in the introduction of a dual management structure, with the director (a historian) alongside a managing director hailing from the world of investment banks, without any experience in cultural organizations. The experiment induced conflict and resulted in failure. The document and

the debate as reported in the English press represent raw material of extraordinary importance if one overcomes a simplistic, positivist and naive vision of management as a science or as a group of 'hard' techniques, but rather, in fact, approaches it as rhetoric.

In the texts (whether documents from the Venetian archives or modern consulting reports, articles and letters from newspapers referring to the British Museum), contradictions, arguments, counter-arguments, and attempts to convince and direct the attention are retraced. Briefly, it is the social construction of a discourse about management (or 'talk' about managing). Certainly, the specific content is different in the two cases, yet there is something that is very similar: management as rhetoric, particularly in the way in which actors move within the two contexts.

After which, there is rhetoric, and then there is *rhetoric*. Rhetoric which helps, and that which hinders (in addressing attention, mobilizing actions in some way desired by some actors in conflict with others) or which could, in the end, actually harm. 'Good' and 'bad' rhetoric, that helps or hinders, for example, in making the economics of the museum more or less sustainable. The latter tends to present itself as complex or opaque: with its own intrinsic difficulties of existence and survival, and with degrees of variety and specificity of the single organization which call for a difficult interpretation process (for example, in terms of cash flow, cost behaviour, resources and competencies exchanged, and so on).

In the debate on the economics and management of arts organizations, a paradoxical situation can be pointed out: management as rhetoric is an analytical perspective rarely used and acknowledged. Instead, one may note abuses and excesses of managerial rhetoric in a naive and unintelligent way that is somewhat inconsistent – this being the central theme of this book – with management discourse itself (the '*discorso del maneggio*' referred to in some Arsenal documents).

The word 'management' is often brought up in courses of action which have little to do with the logic of management, with abundant examples cited in these pages. There are what could be called 'bluffs' – which include the unsustainable use of empty and inconsistent terminology, 'buzz words' which are largely and vacantly self-referential. The prime example, undoubtedly, is the use of the term 'mission'. However, there are even worse bluffs: privatization, trivial commercial exploitation of cultural heritage, and – in the case of Italy – the creation of the 'Patrimonio S.p.a.' – a business entity which is supposed to earn money selling its assets, that is the cultural goods of the state – on the basis of discussions of managerial and economic rhetoric.

On the other hand, the need for the development of appropriate forms of managing seems irresistible, surpassing the strict limitations of a debate between who is for and who is against the selling of public heritage. This leaves both parties, however, without a solution to the problem of finding more appropriate forms of management.

This book aims at developing a systematic approach under a managerial rhetoric perspective for cultural organizations, beginning with the research on the British Museum, a paradigmatic example of the difficult relationships in the dialogue between management and the arts.

1.2 The controversial extension of economics and management to arts organizations

The entire question of a 'managerial' approach to running organizations in the cultural field, especially museums, is taking on increasing importance (see, for instance, Di Maggio, 1986, 1991; Wilson, 1989; Kavanagh, 1991, 1994; Pearce, 1991, 1992; Baumol, 1992; Boylan, 1992a, 1992b, 1998; Bennet, 1995; Moore, 1994; Scherman and Rogoff, 1994; Bennet, 1996; Feldstein, 1991; de Jong, 1993; Kawashima, 1996; Lebrecht, 1996; Pick, 1996; Fitzgibbon and Kelly, 1997; Hutter and Rizzo, 1997; Linklater, 1997; van Hemel and van der Wielen, 1997: regarding Italy see also Valentino, 1993; Bodo and Turci, 1993; Bodo, 1994; Fuortes, 1994; Gordon, 1995; Migale, 1995; Morigi Govi and Mottola Molino, 1996; Roncaccioli, 1996; Pronti and Boccenti, 1996; Bagdadli, 1997, 2001; Sicca, 1997, 1998; Zan, 1998, 1999, 2005b; Angioni, 1998; Causi, 1998; Varaldo, 1998; Chirieleison, 2002; Jalla, 2000).

More than a simple intellectual merging of different analytical perspectives, such an extension of economic discourse to arts organizations is not without tensions and underlines a series of misunderstandings and conflicts between experts from different cultural backgrounds (see for instance Griffin, 1988, 1991; Wilson, 1989; Wilton, 1990; Ames, 1994a; Moore, 1994; Carnegie and Wolnizer, 1996; Linklater, 1997). Often, the allegation is that there is a total incomprehension of the base working elements of the artistic organizations, if such an extension does not represent an attack on their very existence, as observed in the harsh comment by a British museologist, Cannon-Brookes (1998: 255): 'Market-driven management systems threaten the physical and intellectual integrity of museums as these object-based institutions are forced to increase their cash flow, and thereby trading

profits, by searching for new mass publics uninterested in their core functions.' Moreover, Cannon-Brooks (1998: 259) refers to a 'series of important constructive misunderstandings of the long-term role generally undertaken by museums within the community. Indeed, Peacock and Godfrey went on to state that the "analysis above shows that there is no particular technical characteristic of museum and galleries which precludes their operation like ordinary commercial concerns".'

Historically speaking, the expression 'economics of culture' risks losing some of its possible meanings, being reductively understood as a process of the economizing culture. In general, in fact, according to Polanyi, it is the term 'economic' that carries a double meaning, in which often the simpler one dominates: that of formal 'economizing' – or less technically but perhaps more precisely – 'making the best of one's means' (Polanyi, 1977: 20). From that perspective, economics is conceived as a science of choices, in conditions of scarce resources, and the suspicion of cultural operators is not so far from the truth when they associate 'economy of culture' with a process of resource cuts. However, the substantive meaning of 'economic' ignores considerations of scarcity and choice, as it focuses closely on the processes of production and consumption that characterize economic activity: '*Economic* here denotes nothing else than "bearing reference to the process of satisfying material wants"' (Polanyi, 1977: 20, emphasis in the original).³ For a business economist, it is difficult to renounce this second aspect for the understanding of processes and concrete modalities in which economic action is structured in relation to the satisfaction of human needs.

To be sure, the economic pressure toward reducing resources is a real phenomenon, difficult to reverse at the historical level, and this certainly imposes a shift of attention toward the possibility of alternative financing through sponsorship and the like. Yet this does not necessarily mean a complete turn to the logic of commercialization or privatization that is often evoked in this respect. A further limitation to note within the 'economic' debate is the prevalence of a macroeconomic logic which lacks the structure of the economic discourse of the micro level – that is, at the level of the organization: museum, ministry branch, opera house, theatre and so on. In this situation, there is a need for a managerial perspective.

Interestingly enough, a radical criticism of the introduction of a commercial view of arts organizations expressed by those within the arts is often shared by management scholars themselves. The charge of 'colonization' has been associated with such a process of extension

of economic and managerial discourses even within the management field (see Broadbent et al., 1991; Power and Laughlin, 1992; Munro and Hatherley, 1993) where all kinds of organizations tend to be looked at as if they were firms, often leading to the suggestion of the introduction of firm-like mechanisms for running them, all according to an allegedly neutral meaning of management and economic notions.

The result can be ridiculous: 'Museums should avoid "dying"'. A more positive approach, better marketing and customer care with minor redecoration and updating of displays will help' (Audit Commission, 1991: 35), as if it were possible to affirm the contrary. Vagueness is often disturbing in the self-proclaimed applications of managerial approaches within the arts sector. At times, a distracted reader might be uncertain as to whether they are reading about museum organization or sugar producers or salami makers.

The risk is of ending up with prescriptions which are too easy, recycling solutions tried in other sectors – almost an enormous 'cut-and-paste' operation – without embracing the unique aspects of the arts sector and the particular organizations being observed (not to mention the profound internal differences).

What is questioned here – even when taking for granted the historical pressure towards more 'economic' ways of running similar organizations – is the self-referential nature of managerial rhetoric as a self-sufficient, ready-to-use body of knowledge. It is worth overcoming the superficial, if not ideological, views of those who initiate routine solutions such as privatization and non-specific calls for efficiency, almost as if the private sector was somehow 'genetically' better at managing organizations than the public sector. All of which is misleading, distracting attention away from an understanding of the concrete and local conditions hindering the proper functioning of a particular public organization.

This is particularly true when referring to arts institutions and activities, organizations whose specific nature is difficult to investigate. For the management expert this involves the far from easy task of trying to understand to what extent managerial discourse is relevant and can be applied to such a 'strange' object of analysis. This requires attention to micro profiles, to the working and development conditions of individual organizations, starting with the need to focus on notions of accountability and economic responsibility.

In general, the word 'accountability' refers to the idea of 'accounting for': 'To be accountable means, as any dictionary will confirm, to give reasons and explanations of what one does' (Normanton 1966, cited by

Carnegie and Wolnizer, 1996). More analytically, to speak of accountability presupposes that someone is called upon to be accountable for something to someone else. There are therefore two premises, one which is informative (the information that allows some kind of representation of something), the other organizational-institutional regarding governance, the identification of that 'someone' who will take responsibility for managing 'something'.

More specific and operational uses of the term 'accountability' within museum contexts are however less clear-cut. The current international (especially the US) debate on the management of museums seems to revolve around discussion of representational modalities, parameters and leading indicators for the performance of museums, where a good deal of controversy surrounds the fact that these parameters – above all visitor attendance – partially or potentially conflict with the overall 'mission' of a museum as such (see Ames, 1994a; Armstrong and Tones, 1996; Carnegie and Wolnizer, 1996; Rentschler and Potter, 1996; Oakes et al., 1998; Cannon-Brookes, 1998). What is called for is a sophisticated discourse on accountability, even in terms of technicalities, which could communicate professional concerns that are crucial for and distinctive to these kinds of organizations (visitors, conservation and so on), rather than mere forms of financial accountability.

1.3 Management and cultural organizations: a modest approach

There are several answers to the question of 'why' management scholars should spend time and energy investigating arts organizations according to the management studies perspective. First, and foremost, the answer is 'for fun'. Without looking for over-sophisticated definitions of 'what is art', working and doing research on organizations whose main job is to 'process and preserve beauty' is a pleasure in itself (much more pleasant than talking about diseases, therapies and so on). In a sense, it is a way of consuming art. Spending about 70 working days doing research on management processes in Pompeii – as the writer has done in recent years – means three months of hard work, but also enjoyment, going through the required steps (visiting the site, reading and thinking about it, talking with people, writing).

Should the term 'fun' seem inappropriate or not serious enough, one could refer to it as 'intellectual curiosity'. Indeed, analysing the management process and the inner economy of a museum or another arts organization can help uncover some unexpected links with the 'art of

managing'. For instance, it is interesting to discover that in the genesis of archaeology as a modern discipline – originating in Pompeii in the middle of the eighteenth century – an important role was played by Carlo the Borbone. Later on, he would become the king of Spain, under the name of Carlos III, encouraging the introduction of 'enlightened' and modern forms of management in several royal monopolies, as recent studies have suggested (see Carmona et al., 1997). This tends to confirm that even in this context – as in the Venice Arsenal – it is within the state bureaucracy that, historically speaking, major managerial innovations took place (a rather ironic element, during a period of privatization!).⁴

A second reason for studying management and the arts is the one usually given by cultural economists, that is the economic importance of this 'business'. In particular, the sheer size of cultural tourism should be kept in mind – accounting for about 40 per cent of tourism in a country such as Italy (Formato, 1997) – with a high multiplier effect, to borrow a term from Keynesian economics. To say that it costs only the 6 euro ticket price to visit the Pompeii site is highly arguable, as a visitor normally spends as much as 10 or 20 times this amount in the regional economy (transport, accommodation, food and so on). This multiplier effect also raises serious methodological issues, which we will explore later on, especially in terms of responsibility and the level of application of economic convenience and accountability. The economy (in the substantive sense) of cultural and arts organizations is thus characterized by consistent externalities, which generate benefits in an indirect way, that is to individuals and entities different from those to which the original expenditures are related.

A third reason for studying management and the arts is that most of the organizations in the arts sector have close relations with the public sector, either because they are themselves branches of some public body, or because they depend on public funding. In either case, they are increasingly subject to pressure in the search for economic efficiency and 'value for money'. In some cases, funding is drastically cut back, and in others institutions become candidates for privatization, or at least candidates for 'companization' or 'managerialization', the feared co-option as an additional territory for the inexorable diffusion of the managerial rhetoric.

These reasons alone would justify the importance of this field of research. Yet there is more: indeed, it is not simply a one-sided process, nor a question of applying an already developed, ready-to-use, body of knowledge. It is not as if management theory (as we know it in the

management studies tradition) could be applied as such. Arts organizations offer a different challenge to this body of knowledge: an important – and difficult to deal with – anomaly. In other words, in addition to substantive elements of interest, studying the management of arts organizations can address important issues at the epistemological and theoretical level as well. (In this regard, a possible area of research is on creative processes in the arts as a way of understanding and further developing creativity inside business organizations: see Strati, 1999; Strati and Guillet de Montoux, 2002; Guillet de Montoux, 2004.)

In most cases, even when they are not part of the public sector, these arts organizations are not ‘firms’ in the true theoretical sense of the term. They are, rather, non-profit organizations (NPOs). Consequently the study of arts organizations forces us to overcome firm-centred mainstream economics (and management). Unfortunately, this is a research perspective which is often ignored in the management and economic analysis of cultural institutions (Anthony, 1984; Hansmann, 1980, 1987, 1996; Rose-Ackerman, 1986; Douglas, 1987; Powell, 1987; Weisbrod, 1988; James, 1989; Anthony and Young, 1984; Di Maggio and Anheier, 1993). Moreover, these organizations play an important role in the process of theory building for NPOs as a whole, organizations which cannot be reduced simply to voluntary work, the so-called third sector, and the like. (Incidentally, it should be remembered that arts organizations represent an important part of the organizations analysed by NPO scholars, such as Di Maggio.)

In addition, given their dependence on public funding, arts organizations represent a further field of study for comparative analysis in what has come to be known as ‘new public management’. It might be interesting then to investigate how the impacts of pressures towards efficiency and cost reduction in the arts sector compare to what is happening (and what has happened) in health care, education and so on.

However, arts organizations are set apart by one important feature that they have in common: they are professional organizations where a substantive-aesthetic culture prevails over the culture of a management knowledge that is generic and a-specific in itself. In such a context, it is management experts who find themselves in ambivalent positions, being perceived as ‘deviant’, witnessing the clash between two cultures; alien and separated from the very values of the profession of the curator, the art historian or of the humanist more generally; dangerous adversaries in terms of professional jurisdiction, perceived as bearers of an unfair competition protected and sustained by the invasive managerial rhetoric.

There are interesting consequences in working in such a context. The management expert is forced to go beyond the hyper-specialisms that characterize management studies and tends to be perceived by culturalists as representative of management as a whole. Even economists might have difficulty in understanding the current disciplinary boundaries within management studies – labelling experts in marketing, strategy, accounting, organization (it is more an issue of managing power relations than of specialization of different knowledge); asking a museologist or a musicologist to understand this would mean abusing his or her availability and imposing fragmented visions of management that would make little sense in relation to the problems that he/she faces in more holistic ways.

At the same time one constantly comes up against the problem of ‘relevance’. Indeed, in an era where managerial rhetoric is ubiquitous to the point of saturation – sometimes with useless and excessive, if not perverse, results – such a situation can be challenging. Working within the dominant culture and language of the arts organization, the management expert is forced to a better understanding of the core, distinctive elements of his/her own approach, under conditions of a radical ‘parsimony’ of notions and concepts.

In this regard, it can be problematic to devise or pursue a modest approach, not only in terms of research (see Jönsson, 1996), but also in terms of recommendations regarding actions to be taken and solutions to be adopted. There may be a pressing need for the introduction of managerial and accounting knowledge in the world of art: what is difficult – in my experience – is to find solutions that do not impose excessive doses of administrative culture and work, in contrast with the nature of these organizations (the very ‘overdose of management’ as in the case of the British Museum). Unfortunately, the culture of management studies and accounting does not seem to know half-measures and tends, rather, to impose its paradigms and mindset (see all of the perverse effects in terms of efficiency and bureaucratization that the Research Assessment Exercise for Universities seems to bring about in the UK).

This presents an enormous problem in terms of the educational background of people working inside arts organizations. What is crucial is the creation of administrative experts capable of fully understanding the specificity (and the values, professional needs and also the aesthetics) of a cultural organization, perceiving and possibly anticipating its requirements, finding solutions rather than creating other problems.⁵ From this arises a proposal for the rethinking – cautiously but

also courageously – of a plan of education and training for a cultural heritage and arts professional⁶ or a similar figure (Fitzgibbon and Kelly, 1997; Dennis and Martin, 1998; Martin, 1997).

This raises another point of interest in this field of research which is the wide variety of national contexts in which these phenomena and conflicts are set. From a management studies point of view, it is often interesting to investigate the impact of the relative status of different professions in different countries (museologists, art historians, musicologists and musicians versus management experts and accountants). For instance, the accounting profession in the UK wields a high degree of power for imposing rules and norms wrought in its own image – for example in terms of performance evaluation, in art as well as in educational organizations, and in terms of reports and rhetorical devices that are typical of commercial private business. Or one could confront the cultural and professional battles through diverse professional groups in different countries (such as the differences, for example, between doctors and museologists in the face of similar phenomena of the invasion of managerial rhetoric in Italy and in Great Britain).

Management scholars should seriously question the potentially counter-productive use of simplistic (and excessive) applications of their body of knowledge, aware of the need to point out its limits and weaknesses, as well as its strengths (in other words, to apply a sort of warning: 'Management knowledge: Handle with care'). From this point of view, analysing the (often shambolic) accounts of arts organizations forces us also to analyse the state of the art of our profession: for the sake of the art, but also for the sake of management knowledge as a research area.

1.4 A variety of discourses about managing cultural organizations

Under these premises, the diffusion of managerial logic within cultural institutions presents characteristics which are, in part, common to other organizations linked to the public sector, and also, in part, distinctive elements.

Among general and shared aspects, one may highlight a long-term tendency to impose upon the entire public sector more incisive forms of economic evaluation in the managerial process. In this sense, cultural organizations – for the most part public or at least dependent on public funding – take part, reluctantly rather than willingly, in a process of 'economizing' that found in Thatcherism the ideal historical-economic context for the development of a concept of 'value for money', with an

emphasis on the use (and value) of public money (Hood, 1995; Bowerman, 1996; But and Palmer, 2000; Gruening, 2001). What is interesting is the relative slowness with which arts organizations have been contaminated by such a general process.⁷

The call for the appropriate use of public resources is encapsulated in terms of the 'three Es': economics, efficiency and effectiveness:

Economy is concerned with minimizing the cost of resources acquired or used, having regard to appropriate quality (*in short, spending less*). *Efficiency* is concerned with the relationship between the output of goods, services or other results and the resources used to produce them. How far is maximum output achieved for a given input, or minimum input used for a given output? (*in short, spending well*). *Effectiveness* is concerned with the relationship between the intended results and the actual results of projects, programmes or other activities: how successfully do outputs of goods, services or other results achieve policy objectives, operational goals and other intended effects? (*in short, spending wisely*). (National Audit Office, 1988: 7)

All this has given way to a specialized research area within management studies – the so-called 'new public management' – which is of considerable interest both for the importance of the processes under investigation (the transformation of the public sector through externalization, privatization and 'companization' is one of the most important processes in current history), and for the presence of often critical qualifying contributions (actually, one of the most curious characteristics of this field of study is that it has become more interesting from the critical standpoint than as regards its original contributions: see Lapsley, 1988; Hood, 1995; Lapsley and Mitchell, 1996; Gruening, 2001; Gherardi and Jacobsson 2000; Lindkvist and Llewellyn, 2003).

If this is the common ground which links the discussion on management of cultural organizations to the wider public sector, other aspects, instead, highlight the peculiarities:

- The intrinsic and irreparable situation of non-profitability, and thus the necessity for public resource allocations, particularly in the presence of relevant externalities.
- The sophisticated technology that characterizes these activities and, in general, humanistic knowledge, although in forms which are apparently discursive. This involves understanding bodies of knowledge of highly professional content.

- The strongly idiosyncratic character of artistic activity, possibly eluding forms of codification and generalization in the face of particular situations, activities performed, collections and so on (from archaeology to contemporary arts to the performing arts).
- The close relationship between politics and culture, not necessarily in the violent and open forms which characterize totalitarian regimes, so much as in the finest commission of interests, expectations and balance between political visibility and professional realization of the different parties involved.

This is, in fact, one of the most interesting aspects in the field. One may go so far as to speak of the foreign nature of management as a tradition of studies and as a body of knowledge within the logic with which these organizations have historically developed. Hardly more than ten years have passed (twenty in the case of England) since the expression 'museum management' was first used, whereas institutions such as Pompeii and the British Museum have been run for over 250 years according to criteria that are almost contradictory in respect to 'management' ('old or 'new', private or public). The study of these organizations also highlights the extreme differentiation and internal contradiction of management studies, the variety of frameworks of possible discourses about management.

Taking a closer look, the very use of the term 'management' for the running of these organizations threatens to be misleading: for many years, as a modern discipline born in the Enlightenment and diffused throughout Europe during the Napoleonic era, museology (and museography) has provided indications and prescriptions as to how to run these kinds of organizations according to a substantive and professional view. While serious limitations in this professional discipline seem to emerge when economic pressures rise and new questions begin to shape the agendas for these organizations, it is not so obvious that management as a discipline – that is management knowledge as we know it from developments in commercial business in the last 50 years or so – would be a good candidate to fill this gap, to overcome the limitations within museums and similar organizations by 'managing managerially', whatever such an odd expression might mean. Mainstream management scholars would probably deny the existence of any doubts in this regard, fostering their own disciplinary identity and assurance, and radical critics would stress the political and ideological meaning of any attempt to deal with this contradiction. What the author is interested in here is the process of translation of notions and

concepts between the two disciplinary fields – management and curatorship – their dialogue and possible cross-contamination within a two-way process.

It is the British Museum, representing the most emblematic case, which highlights the difficulties in the dialogue between the diverse cultural matrices that are necessary and indispensable – in their profound diversity – in the running of the museum.

Overall, leaving the details to be discussed in Chapter 2, in the recent events at the British Museum, two diverse rhetorics seem to confront one another: the current managerial rhetoric as used in the dominant approaches in management studies, and a somewhat more hidden, implicit rhetoric, with its own agenda, developed by professionals involved in managing organizations of this kind (in one way or another, and even against their will).

The first could be analysed from the point of view of a management scholar, with a critical scrutiny conforming to the research tradition, yet without ignoring the important elements that a ‘best practices’ consulting report helps to identify (the index of the report can be useful in the definition of diverse points that must be kept under control in a general management logic; one such is the useful and interesting concept of hidden deficit that will be discussed in this book). Nonetheless, noteworthy contradictions and limits of the Edwards Report can be identified (vagueness, lack of internal consistency, and methodological inadequacies in terms of research standards) in respect to the most controversial questions, which are ‘swept under the rug’: the identity of the museum and the necessity to adapt to more incisive forms of communication; the actual modalities of project management practices, especially in the Great Court (the architectonic restructuring and reworking of the spaces left free by the British Library after its relocation); the acquisition policies and the set-up of galleries; rapport with the sponsors; the issue of human resources; the reorganization and budget hypothesis (including the two options of personnel reduction by 20 or 30 per cent).

A management scholar attentive to the perspective of managerial rhetoric can also distinguish the counter-intuitive managerial relevance from the non-managerial rhetoric of professionals in the press debate on some fundamental problems (the identity of the British Museum, the introduction of ticket sales, the museum’s economy). Returning to the chapter for a clearer reconstruction of events, it suffices to recall the example of the way in which a logic of efficiency was used to defend a professional value (free entrance), arguing that data suggest

that the cost per visitor that the taxpayer must sustain is far less in the case of free-entrance museums.

What emerges is the partial meaning and value of managerial rhetoric as developed in management studies and the necessity of fully understanding the managerial discourse as developed by professionals in their non-managerial rhetoric. One must be aware of the risks of managerial obscurity as an a-specific body of knowledge, somewhat abstract (and often arrogant), and the multiple nature of the management discourse as a domain for a great variety of bodies of knowledge.

Furthermore, the potential internal contradictions of management discourse assume a central role in the debate on the British Museum, mostly within the same consultancy report, and also in dynamic terms, with a potential vicious cycle starting with the introduction of tickets in order to increase income. This has the potential effect of reducing visitor numbers, which will then spark new marketing initiatives, which in turn increase the costs and bring about further interventions to economize the use of the available resources, and so on (that which an attentive observer – close to the curatorial culture – will define as madhouse economics: Whittam Smith, 1996). Leaving aside more serious epistemological implications, this indicates at least the need for a less self-confident attitude, more problematic on the part of management experts, which will arrive at an understanding – beyond the variety of diverse types of discourses, for example by management experts versus museum professionals – of the variety and the relativism of the various management discourses even within the perspective of management studies.

However, there are other elements underlying the improper use of managerial rhetoric. In the case of the British Museum there is a pervasive political dimension influencing the managerial process, its intrusiveness and its resistance to abandoning its position. While the rhetoric of autonomy, accountability and economic responsibility continues, the Department for Culture, Media and Sport (DCMS) persistently intervenes, in one way or another, on crucial strategic issues (the resource cuts in real terms, the imposition of the figure of the managing director, the pressure for introducing entrance tickets and so on). Overturning the usual rhetoric, one may observe, in fact, that the process of ‘managerialization’ has (or should have) implications for the centre as well as for the periphery, requiring a disciplined relationship between the two.⁸ Indeed, the rhetoric of value for money could be applied towards both sides of the relationship: where the

museum must demonstrate efficiency and effectiveness (or reach an acceptable trade-off between the two), and where the government itself has to prove the economic value of public funds (and eventually the need to reduce or increase them), according to an economically aware logic (in terms of economics of culture).

There is a crucial question in the story of the British Museum that is addressed neither by the Edwards Report nor in the debate in the press; it is not found in the discussions of the administrative boards nor is it addressed by the government. This is the problem of the economic sustainability of operational and running costs after the transformation of the Great Court. Only at the end of 1999, less than a year before the opening of the Great Court and the initiation of the new architectonic and functional organization of the museum, did anyone realize that the question of the current operations and their funding had been forgotten. The consequence was the firing of 90 people in order to finance the acquisition of personnel with new skills (thus igniting the strike threats which are mentioned in Chapter 2).

The problem of addressing current operations and running costs is one of the most (theoretically) interesting and also (practically) dangerous phenomena of the cultural sector – and not only in Italy; one that a perspective of management as rhetoric helps to promote, posing it as a central element in the discussion.

1.5 The multidimensional nature of the management of cultural organizations: a framework

In light of these reflections, a framework for understanding arts organizations is provided in Figure 1.1, taking into account the growing complexities of the management process within arts organizations. In addition to the highly professional logic (curatorial, musicological or whatever, depending on the nature of art involved) and the aesthetic focus under which arts organizations have been managed for some time – albeit in what might be defined today as ‘non-managerial’ forms, in organizations which span almost two-and-a-half centuries, such as the Pompeii site, the British Museum and Italian opera houses, just to give few examples analysed in this book – the past two or three decades have seen an expansion into new and enriching tasks which have created additional specific managerial pressures. The response of arts organizations – as in all institutions – has been a notable phenomenon of inertia in the face of the necessity to incorporate new knowledge and professional values.

	EFFECTIVENESS		EFFICIENCY
	Historical-aesthetic value (Back office)	Relation with users (Demand-side)	Acquisition and use of resources (Supply-side)
Substantive aspects			
Procedural aspects			

Figure 1.1 A framework for analysing the multidimensional nature of the management of arts organizations

The plurality of issues that the pressure toward ‘managerialization’ seems to impose upon museums need to be addressed. The core logic of economic responsibility concerns two principle aspects: ‘market’ orientation and the orientation toward resources. First, the introduction of economic responsibility tends to structure forms of managerial processes that are focused on explicit objectives. Results are defined from the beginning as goals, while negotiating the necessary resources. More than profitability or the improbable economic self-sufficiency, it is the inherent logic of objectives, resources and responsibility that characterizes such a process (for example, in terms of the number of visitors, income and resources gained autonomously; projects, results and recognition under the aesthetic profile and so on). Second, this general element tends to go alongside further aspects:

- A process of market orientation, which tends to apply key marketing approaches to the relationship with the user or diverse ‘segments’ of users (already evoking the language of market segmentation, with the magical semantic transformation of users into ‘clients’), involving communication with diverse segments of potential consumers.

- A process of attention to the limitations of resources, costs and alternative uses of resources (both financial and human), and thus to service performance linked with differences in providing the service.

The multidimensional nature of management discourse in cultural organizations thus describes a complex setting, involving three areas or dimensions of problems (the columns in Figure 1.1), with diverse origins and cultural matrices which are not necessarily convergent.

- *The historical-aesthetic dimension.* Focusing on museums, this evokes the entire museological dimension and the professional discourse regarding the collections, sites, buildings, and practices and criteria of collecting, preserving, restoring, researching; for an ancient music ensemble this refers to the musicology discourse about the repertoire and the skills to render it, including style and performing practices, perhaps using historical instruments.

In organizational terms, this dimension may be referred to as a crucial back office dimension (although in fact, back office never factors as central and important). While back office does not directly interact with the user, it is indispensable (as in all organizations) for the maintenance and the identity of the organization.

- *The relationship with the user dimension (demand-side).* This implies, beyond the intrinsic characteristics of the service, considering the point of view of the user, his or her needs, his or her consumption process, according to the core logic of 'keeping the customer satisfied', and the countless aspects that this could involve.⁹
- *The resources dimension (supply-side).* This introduces the additional problem of how to achieve everything (back office and customer related activities) while finding ways to economize on limited and decreasing resources (or at least pondering the problem of organizing with attention to the acquisition and use of resources, as for instance in terms of the nature and the quantity of resources acquired in respect to those self-generated; costs and overall productivity; quantitative/qualitative evaluation of productivity and the satisfaction of personnel and so on).

It is not only the three-dimensional nature of management of arts organizations that makes things complex, but also the differences in the logic of action that drive different discourses in terms of efficiency and effectiveness. Thus, efficiency and effectiveness are extremely different concepts, addressing diverse problems (and solutions). Effectiveness is meant here as the degree of achievements of goals with

respect to the different stakeholders involved (Bradford, 1994; Armstrong and Tones, 1996; Rentschler and Potter, 1996; Griffin and Morris, 2000). Efficiency is, instead, the relationship between output obtained and input used.¹⁰ From this point of view, the back office dimension is guided by the logic of professional effectiveness (in respect to professional standards in terms of historical-aesthetic-scientific judgement according to the different kind of cultural organization). The dimension of demand is also guided by the logic of effectiveness, but refers to the satisfaction of the user (or of the different segments of users). The supply dimension focuses on resources, tending to be guided, instead, predominantly by the logic of efficiency.

This provides a strange mixture of perspectives – effectiveness and efficiency representing quite different relationships – with a counterposition between the underlying matrices. The historical-aesthetic discourse is in certain ways closer to a market-oriented logic, with its emphasis toward the visitor, because it shares a logic of effectiveness across dimensions. Yet the logic of supply and demand belong, more or less, to the same body of knowledge: management studies. Such a mixture of issues and perspectives is at the same time cause and effect of conflicts, contradictions and difficulties in the management discourse of cultural organizations (Di Maggio, 1986; Wilton, 1990; de Jong, 1993; Ames, 1994b; Fitzgibbon and Kelly, 1997; van Hemel and van der Wielen, 1997; Griffin, 1991; Mossetto and Valentino, 2001).

In fact, a latent conflict exists in terms of effectiveness, between the historical-aesthetic dimension and the customer orientation: professional values can collide, creating misunderstandings and reciprocal accusations (of commercialization on the one hand and of self-referential closing on the other). Whatever the degree of this conflict and solution, it will be a trade-off between the two dimensions, between different cognitive orientations (access versus back office). For instance, referring to museums, although the increasing contamination with a 'show business' logic is difficult to resist, the specific nature of these organizations must be defended according to the logic of a professional discourse by museologists (and vice-versa).

Yet even more disturbing is another type of latent conflict. Although within the dominant managerial rhetoric, efficiency and effectiveness are used interchangeably, in the arts sector they tend to be in opposition. It is easy to increase efficiency simply by reducing the level of services offered (for example by reducing the opening hours or the care and presentation of the objects). With musical organizations, the easiest method to increase efficiency is by reducing the number of orchestra members. However, the absurdist logic of this would mean that first

lyric opera organizations would renounce their activity, then symphony orchestras, and then chamber organizations would opt to become quartets rather than quintets, or trios, or even duets: in the end what would remain is the one-man band, a form of 'absolute' efficiency. This means that speaking of management of cultural organizations, poses a problem of compromise, of trade-offs between effectiveness and (or 'in opposition to') efficiency. This aspect probably constitutes the most interesting result of the kind of research adopted here, and represents a sort of unifying theme throughout the book, in a double sense:

- as an internal criticism of management rhetoric which tends to see in a non-problematic way the relationship between efficiency and effectiveness;
- as a crucial issue (conflict) at the core of the debates on cultural policies and the implementation of organizational conditions for managing individual organizations.¹¹

This highlights a further delicate aspect: the potential contradiction between different approaches within the same field of management studies, wherein a customer-oriented logic could conflict seriously with an approach focused on resources.

To complicate the situation even further – especially within the processes of modernization affecting public administration in continental Europe – the term 'management' itself can refer to both substantive and procedural aspects.¹² For example, in terms of the financial resources of a private firm, one may refer to substantive aspects such as the amount and nature of available resources, costs and expenditures, and the attempt to match them with the amounts and nature of earnings. A different issue is the analysis of procedures that are generally used within arts organizations for driving actions or decisions in terms of resources (gathering and using funds, allocating the resources and monitoring costs). Yet another problem is the identification of the links – if any – between those sets of aspects, as for instance between the actual situation in terms of costs behaviour and procedures in use, in a non-deterministic logic, in general (that is, in relation to any kind of organization).¹³ Substantive and procedural aspects (the rows in Figure 1.1; for a preliminary application of the framework for museums see Figure 1.2), therefore, belong to two dimensions which must be considered together, rather than focusing in an obsessive way on 'best practices' that should mechanically translate into best results from a substantive point of view.

	EFFECTIVENESS		EFFICIENCY
	Historical-aesthetic value (Back office)	Relation with users (Demand-side)	Acquisition and use of resources (Supply-side)
Substantive aspects	• Value of collections • Development of collections • Maintenance • etc.	Satisfaction of different segments of public served: • visitors • schools • scholarly community	Financial resources: • collected/self-generated • costs and overall productivity Human resources: • quali-quantitative dimensioning • labour productivity • personnel satisfaction
Procedural aspects	Activities and practices of: • collecting • documentation • acquisition • conservation • research	Practices of: • services to the customer • education • loans • marketing • exhibitions & relative criteria	Logic and practices in managing resources: • financial • human

Figure 1.2 The multidimensional nature of the management of museums

This is one of the major hazards of the invasion of managerial rhetoric in the cultural sector, wherein the most sophisticated part of management knowledge – that is, the part which is most critical and subtle, and ‘difficult’ in management discourse – is simply lost, almost blocked by a filter, resulting in the importation of only naive and simplistic approaches. For example, the passion for terms and rituals – such as mission, customer satisfaction and Total Quality – is carried into museums as well as health care: it is an obsession with procedures that do not attend to the substantive characteristics of organizations such as museums or hospitals. This is, in effect, what is most perplexing in the procedural approach: the scarce attention towards substantive elements (Jönsson, 1996, 1998), which raises the issues of lack of relevance and failure to differentiate between organizations (between different museums or even between arts organizations and hospitals) of very different importance and value (in the eyes of the taxpayer, the policymaker and of the museologist). As March said (1988), management is basically addressing attention: and if the attention is to be addressed to scarce resources, it is better to use more incisive approaches.¹⁴

1.6 Responsibility, accountability and governance structures

Applying the logic of economic responsibility to a job which in itself has become more articulated, complex and multidimensional (covering the historical-aesthetic logic, customer orientation and attention to

resources) is therefore, what characterizes the evolution of management of cultural organizations in recent years.

How these aspects relate to the evolution of the public sector is an additional and important issue, given the strong relationships of most cultural organizations with public administration (either because they are public entities themselves or because they depend to a large extent – particularly outside of the US – on public funding). On that note, the impression of the writer is that major problems within the process of ‘managerialization’ concern, in fact, *public* cultural organizations: not so much because they are cultural organizations as such, but rather because of their status within the public sector and its own difficult and controversial transformation. In this regard, the rhetoric of current management as applied to the British Museum will be investigated in detail in Chapter 2. If economic responsibility and the focus on running costs are two critical elements which the experience of the British Museum, above and beyond others, tends to demonstrate, the impression is that these questions still enter, in an absolutely partial and contradictory way, the ‘agenda’ and the debate on the management of cultural organizations all over the world – with a particular emphasis on museum institutions.

In this respect, the risk of a paralysing contraposition arises between proponents and opponents of privatization processes that are often based on a macro level of analysis, often posing the problem in terms of ideological preference (setting public budget constraints against cultural value). This is paralysing because it ignores two major processes which can be implemented – and indeed are already at work – to transform publicly administered or funded cultural organizations through modifying the conditions of managerial actions:

- by introducing forms of managerialism, in the first place through the implementation of management control, cost control, budgeting procedures and such;
- by establishing forms of ‘devolution’, identifying government structures and institutional settings wherein the logic of management itself (the ‘*discorso del maneggio*’) could better apply, without this necessarily implying privatization. Instead, more consistent forms of accountability are implied.

The more telling French word, ‘*désétatisation*’ will be here used, translating into the nonexistent English word, ‘de-statization’.¹⁵ The term ‘devolution’ will result in ambiguity in this context, because in Europe

– certainly in Italy – it tends to be used at a geographical level, that is as transferring bodies and entities from central to local government (either the Region or the Municipality), rather than at an organizational level, for example defining new entities, with new governance structures and forms of accountability (similar to the arm's length principle of the Anglo-American tradition).

One thing is certain in such transformation processes: all of us are increasingly called upon to account for activities and resources used – particularly those which are public and/or inside the public sector. Yet this must happen with respect to the core logic that drives cultural institutions as professional organizations. Among these – in the case of cultural organizations and, in particular, cultural heritage – the qualification of public goods remains an essential element.

Referring to the introduction of forms of managerialism in museums, an appreciation of the entire process of 'managerialization' of public sector Italian institutions is developed in Chapter 3. The limitations of national entities, for instance the reform of the autonomous *soprintendenza* as well as changes occurring within municipal museums are discussed, as are the limitations of documents concerning standard-setting for museums developed by Italian professionals in recent years. A serious lack of understanding of the rhetorical nature of management underlies this situation, and the result is a confused and excessive use of a trivialized managerial rhetoric.

The difficulty in understanding the relationship between managerial rhetoric and resources (and conditions of action) emerges in various situations. From a semantic point of view, it is very telling that the consequence of referring to the 'autonomy' of the *soprintendenza* is that the question of managing human resources is simply forgotten: once again 'autonomy' is assigned without a direct control over resources (within an institutional design which is rather bizarre from a financial point of view, as will be shown).

More complex – but no less problematic – is the sense that the introduction of forms of managerial control in several municipal museums tends to assume the meaning of a ritual exercise, if not outright mystification: a situation that could be defined as 'false managerialism'. If the essence of managerial control is to verify and make explicit the logical and organizational chain between objectives, resources and results, one of the paradoxical results of the abuse of managerial rhetoric in managerialization processes is the bias towards individual responsibility of actors in terms of goals and results, without a discussion of resource allocation. 'Doing things on a shoestring' is how such

an attitude is usually referred to within the sector, both in terms of investment decisions (for example the opening of new museums) and in reference to current operations (and current costs). Resources are often cut according to a top-down logic that has little or nothing to do with the process of goal-setting which continues in parallel, and in a somewhat abstract and ritualistic way, subject to its own inertia.

Such a situation, filled with potential time-bombs in investment processes, does not help, however, in dealing with day-to-day operations: it represents another 'lost opportunity' for making the bargaining process about goals and resources explicit between administration and politics, in terms of the trade-off pursued between efficiency and effectiveness. Indeed, on the contrary, within several municipal administrations, deontology requires the teaching of 'survival techniques' to directors and curators in the face of these 'false managerialism' tendencies.

It is the difficulty of reforming public administration that opens the door to the need for experimenting with alternative solutions, for example, devising governance structures that are allied to economic responsibility, wherein the allocation of resources is consistent with goal-setting, in this sense recomposing the programming logic between decisions and allocation of resources.

Following a short discussion on common aspects in the process of 'privatization' of cultural organizations found at an international level, Chapter 4 focuses on some of the distinguishing features in the Italian context. One of the most interesting phenomena in this sense is the widespread trend in the arts sector toward the transformation of organizations into operative foundations. Beyond simply saving resources (from the point of view of the public administration by which the organization was previously underwritten), the reasons behind this are the search for flexibility in operations and in managerial conditions. Such a process can be referred to as an 'exit' from the public sector (*désétatisation*) without implying the selling of assets and cultural goods (privatization).

However, in this case too managerial rhetoric lies in ambush: with an excess that confuses the managerial discourse (the '*discorso del maneggio*' as Drachio called it) and creates inconclusive or perverse results (the opera house case that will be referred to). Despite a resolute criticism of naive or mechanistic views of the transformation of arts organizations into foundations, the author nevertheless believes that a careful use of managerial rhetoric could assist in a more focused and functional definition of the design of the new entities, which should

be capable, above all, of addressing the issues of running costs and strategies for survival, despite the lack of economic self-sufficiency characteristic of cultural organizations.

In particular, in Chapter 4 the project of the transformation of the municipal museums of Milan into a foundation will be analysed (with some additional reference also to the similar transformation of the Egyptian Museum of Turin), with the main focus on the issue of managerial responsibility. The most interesting aspect of the transformation into foundations – as argued – is that agreements between the partners (the municipality, other local entities, the ministry, such sponsors as local bank foundations and so on) are to be spelled out in explicit terms. The mandate of the top manager of the new entity in relation to resources provided by the partners can be formalized, according to an explicit and long-term view. In this way, these complex relationships between politics, policies, and representatives of the various institutional actors and he/she who will actually manage are disciplined. Both goals and resource allocation are stated explicitly, while also clearly defining times and procedures for assessing results, and in some cases redefining them in further programming cycles. This could eliminate the phenomena of instability and inconsistency or, in the worse cases, the abandonment of initiatives already begun, resulting from sudden changes in politics and policies where there is no long-term relationship between goals/resource settings for the future, nor proper commitment to provision of resources for previously agreed upon goals.

The book concludes with a broad review of the municipal museums of Venice where a similar approach has been applied. These are among the few profitable museums in Italy, thanks in part to local conditions, but also to a careful policy of outsourcing to an external general contractor while retaining overall control. A reconstruction of the evolution of Venice museums in the 1990s is proposed. However, the need to ‘account for’ the museums’ activities – above all, according to a logic of effectiveness – is also suggested. On the basis of the framework developed in this chapter, the final chapter provides a kind of ‘report’ aimed at understanding the aspects that characterize the multidimensional nature of the museum operations. Taking the curator’s point of view, the report stresses the contradictions between efficiency and effectiveness that characterized the museums during this period of evolution: suggesting a reduction of the former in the name of the latter. The report aims to be comprehensible by curators, and in principle could be used by museologists in narrating to civil society the actual

outcome of museum activities; it could also represent a basis for a more structured discussion between political and managerial responsibility.

Overall, it is a report not unlike that of Baldissera Drachio and his colleagues, when reporting on the Arsenal to account for their jobs, at the same time having to negotiate (and therefore discipline) the relationships with the Senate and the City of Venice in relation to Molin's proposal in 1633 for a reduction in the original target from 100 to 50 reserve galleys. This is another form of a '*discorso del maneggio*' that links conditions of actions and resources with political objectives.

Notes

1. Mintzberg (1973: 34) also reports data from other research: according to Stewart, of 160 managers observed for 4 weeks, only 8 cases were found of uninterrupted periods of at least 23 minutes; the same period was found 12 times within a 35-day observation of a director in a study by Carlson.
2. As is well known, the word 'management' derives from the term 'maneggio', used by Pacioli in 1494 in the first printed book on double entry book-keeping, subsequently diffused as 'the Venetian method' all over Europe (see Zan, 1994).
3. 'The substantive meaning stems, in brief, from man's patent dependency for his livelihood upon nature and his fellows. He survives by virtue of an institutionalized interaction between himself and his natural surroundings. That process is the economy, which supplies him with the means of satisfying his material wants ... So long as the wants depend for their fulfillment on material, the reference is economic ... To study human livelihood is to study the economy in this substantive sense of the term' (Polanyi, 1977: 20). Furthermore: 'Production represents what is perhaps the most spectacular economic feat, namely, the ordered advance of all material means towards the consumption state of livelihood. Together the two kinds of movement complete the economy as a process' (Polanyi, 1977: 32).
4. On closer investigation (Boylan, 1992a), it emerges that the genesis/diffusion of modern forms of management and the genesis of museology as a profession in the Napoleonic era are not unconnected issues – which shows that the relationship between management and art goes back further than one might think.
5. This is the hypothesis behind the structure of a graduate programme – *Gestione e Innovazione delle Organizzazioni Culturali e Artistiche* (GIOCA) – at the University of Bologna. This is not a 'standard' masters, which would presume an already-consolidated field of knowledge that could be transferred to students, as much as it is a course oriented towards research and the devising of solutions. The course focuses not just on 'cultural goods', but on cultural organizations, on the assumption that on the one hand the knowledge of management can be applied in similar ways to diverse organizations within the cultural field, and on the other hand that the processes of transformation of cultural consumption and of the same technologies require mixture and exchange between consolidated forms and art institu-

tions (on the dynamic of the connections between creative industry and professions see Caves, 2000; Bianchini, 2002).

6. For instance, in Italy an important event has been the initiation of the first training course for *soprintendenti*, organized by the ministry in 1999. This could open the way to more incisive action on the establishment of educational processes toward the development of competencies for those who would go on to manage complex arts organizations. Another encouraging sign – that would not have been found only ten years ago – is that the teaching of managerial control is present in many (almost too many) of the masters courses on cultural heritage, although in some cases, only eight hours are dedicated to this subject in the naive assumption that such shortcuts can actually exist. In reality, the cultural distance means that often the minimum ‘critical mass’ in management education is far from being achieved. It is as if an economist attempted to condense – in a similarly short time – education in the necessary topics of art history, theories and practices of conservation and so on. It is difficult to imagine that this will develop competencies beyond those necessary to act with minimal knowledge about managerial concepts and related techniques, permanently condemning arts organizations to a dependence on external consultants, without even the capacity properly to verify and control their work (the risks and costs of this behaviour begin to emerge in Chapter 2 in reference to the British Museum).
7. In searching in any library, what is surprising is the dearth of contributions on this topic prior to the 1990s, apart from a few theoretical works (for example Baumol and Bowen, 1966; Peacock and Godfrey, 1974). A few important pamphlets emerged in the UK around the end of the 1980s (Griffin, 1988; Cannon-Brooks, 1989; Kovach, 1989; Noble, 1989; Wilton, 1990; Museums and Galleries Commission, 1990; Audit Commission, 1991).
8. Similar considerations also emerged from previous research on Italian museums, in reference to both the civic museums and to those at the national level (Zan, 1999). At that time, the author thought that it was peculiar to the situation of the Italian public sector and its history of bad management. However, it seems that it is a rather generalized phenomenon, although with ‘national variations’.
9. In fact, more than anything this is a problem of behaviours and a consumer-oriented approach. For example, in the case of a university, creating the timetable while keeping in mind the idea of minimizing the students’ time in the classroom costs little but is of enormous value to the student in terms of time management and productivity. Furthermore, at times costs are actually reduced through an increase in customer services: for example, outpatient surgery reduces overnight hospital fees, requiring only the comparatively simple concentration and programming of the work involved. In the museum sector, this could refer to the variations in the opening hours of single museums – which tend to depend on tradition, customs and administrative history – and the disservice that this could cause the user. More generally regarding this perspective see Hendon et al., 1989; Bradford, 1994; Dickenson, 1997; Linklater, 1997; McLean, 1997; Colbert, 2000. Regarding the Italian situation see also Solima, 1998; Solima and Bollo, 2002; Moretti, 1999b.

10. The definition of effectiveness here proposed is the more classical one and differs substantially from that which is provided by the DCMS report on 'Efficiency' and 'Effectiveness' which will be discussed further: 'effectiveness is the relationship between efficiency and the results. The results are the final impact of the activity and should be interpreted in relation to the scope and objectives' (DCMS, 1999: 39).
11. The potential incompatibility and the continuous incomprehension of the conflict between efficiency and effectiveness can be expressed ironically, as in the following story (taken from the English magazine *Classical Music*, edited by Rhinegold, 11 August 2000), which was given to the author by Christopher Gordon, whose help is here acknowledged:

Schubert's Unfinished Symphony. The Chair of a Music College's Board of Governors was given some tickets for a performance of Schubert's Unfinished, but was unable to attend. He therefore passed on the tickets to the senior manager of the College, who later sent him the following report:

For considerable periods, the four oboe players had nothing to do. Their number should be reduced and their work spread out over the whole orchestra, thus eliminating unhelpful peaks of activity.

All 22 violins seemed to be playing identical notes; this seems unnecessary duplication, and the employees in this section should be drastically cut. If a large volume of sound is absolutely necessary, then advantage should be taken of the new technologies. The College already possesses an electronic amplifier.

Much effort was made in playing demi-semi-quavers. This seems an excessive refinement and I would recommend that in future all notes should be rounded up to the nearest quaver (or semi-quaver at most). This would have the added advantage of allowing us to use trainees or lower-grade operators which would be cheaper.

I cannot see that any useful purpose is served by repeating on the horns, passages which have already been played perfectly adequately by the strings.

If all such redundant passages were eliminated from the concert, then I estimate we could have reduced it from one hour to about 15 minutes. Had Schubert given proper attention to these matters at the planning stage, and taken proper consideration of the time factor as a crucial part of his overall strategy, it is highly likely that he would have found it possible to complete the symphony after all.

12. The terms substantive and procedural are used here in parallel to the discussion by Polanyi (1977) on substantive and formal meanings of economic notions and economics itself (and, unfortunately, in contradiction to the use by Simon, 1976, of the term 'substantive rationality' when referring to the degree of congruity of the decision with the rational choice framework, and 'procedural rationality' when referring to actual historical and social processes connected with the choice). At a different level, the distinction also echoes the difference between action-oriented and decision-focused contributions in management studies (see, for example, Normann, 1977; Pettigrew, 1987; Mintzberg, 1994; Zan, 1990, 1995).

13. For example, Anthony Hopwood (1990) has highlighted the counter-intuitive nature of the development of Benetton, the well-known Italian clothing firm, based on the competitive strategy of containing current costs in the absence of any sophisticated system of cost control. At the same time, a business may be characterized by a well-structured labour force (with competencies and excellent experiences) and from a good organizational climate regardless of the absence of some formal procedures for the hiring and rewarding (incentive systems) of personnel, or vice-versa.
14. Important changes to the DCMS (1999) document on efficiency and effectiveness commissioned from Deloitte are introduced here. In addition to simplifying the framework, we focus primarily on substantive aspects (the so-called outcomes and outputs in the Deloitte scheme), the 'reason why' of these organizations, and only secondarily on procedures (activities in Deloitte's terms). Effectiveness is seen in terms of collection-related and market-related issues (which are close to what are referred to as 'stewardship' and 'access and communication' in the Deloitte document), but once again primarily in terms of substance/outcomes rather than procedures/activities. Efficiency aspects (particularly in terms of human and financial resources) are given a more explicit role, still distinguishing the substantive and the procedural level. In that sense, our preference for substantive aspects is closer to what was developed – for instance – by the registration scheme, than to the redundant list of parameters proposed by DCMS (1999).
15. The term *désétatisation* was used in the conference in Amsterdam in June 1997 on *Privatization/ Désétatisation and Culture. Limitations or Opportunities for Cultural Development in Europe?* (van Hemel and van der Wielen, 1997). Unfortunately, in the Italian translation (*Economia della Cultura*, 1997) the richness of meaning in the title was lost, leaving the trivial '*La privatizzazione culturale in Europa*'. As in the general debate, the only term left is 'privatization'.

2

Management and the British Museum: Competing Rhetorics and Identities

BRITISH MUSEUM TO BREAK WITH TRADITION- BY GOING ON STRIKE
A FORMER INVESTMENT BANKER'S ATTEMPT TO MODERNIZE A VENERABLE
INSTITUTION HAS MADE STAFF REVOLT
Staff at the British Museum are threatening to strike for the first time in its 246-year history over plans to make up to one-tenth of the workforce redundant. The unprecedented action by workers ranging from leading historians to part-time cleaners is in response to a savage cost-cutting exercise.

(Independent on Sunday, 23 January 2000)

The British Museum is not just any museum: it is something more, a 'venerable institution' which Londoners, the British, and people from all over the world associate closely with the city of London and with the broader notion of museums themselves. It is one of the most ancient of modern museums – celebrating its 250th anniversary in 2003 – and throughout its long history (Caygill, 1982; Wilson, 1989; Trustees of the British Museum, 1994, 1996) it has been run according to the principles of the museum profession.

As with other more or less venerable institutions, the British Museum has been exposed in recent years to the winds of change in the running of public entities, that is, modernization through fostering managerial elements in their administration. The process has been replete with difficulties, troubles, conflicts and, for the first time in its history, the very real possibility arose of the British museum's curators and support workers going on strike. Indeed there can be no better example than the British Museum through which to explore the problematic nature of the thrust to extend management discourse to museums and similar organizations (and to public sector entities in general).

The decision to make 90 jobs redundant was the final act in a complex web of events and situations which this chapter will try to disentangle, one whose key steps were the publication in 1996 of a consultancy report on the management of the Museum (the Edwards Report), followed by the hiring of a finance director in 1997 and the establishment of the new position of Managing Director in April 1999.

In revisiting the events of the period 1996–2000 as they evolved – looking from the particular perspective of management rhetoric – the focus will be on trying to understand actors' arguments and counter-arguments concerning issues related to the managing of the Museum, according to their different rhetorical strategies and cognitive maps.

Most of the attention is devoted to the Edwards Report itself: its contents are – as neutrally as possible – summarized in Section 2.1, while in Section 2.2 a content analysis of the report is put forward, offering criticism of it from the inside, that is from the point of view of management studies itself. In Section 2.3 the debate which followed the publication of the Edwards Report is taken into account, as offering an alternative, non-managerial way of dealing with management issues within the Museum. The actual degree of implementation of the report is investigated in Section 2.4, and the nature of the current crisis is traced back to its antecedents, trying to discern the continuity or discontinuity with most recent events: a critique benefiting from hindsight.

2.1 Management rhetoric and the British Museum: the Edwards Report

The Edwards Report was unanimously perceived as a harsh criticism of the overall management process of the British Museum. Curiously enough – and this is a good example of the 'unanticipated consequences of human action' in the organizational world – it was the Board of Trustees itself which had commissioned the consultancy review from Andrew Edwards, a former Deputy Secretary at the Treasury. In the context of a sharp reduction in funding (–3 per cent for the fiscal year 1996/97, together with an expected –15 per cent in real terms in the grant-in-aid from the Department of National Heritage, and the loss of 10 per cent of inflows related to the former British Library contribution for management and maintenance of the building) and future revenue funding of the large capital projects in hand (Great Court and Study Centre), the intention was to justify the quest for additional public resources and funding. Things turned out very

differently, and the British Museum was obliged to circulate publicly an unusually critical consultancy report on its own operations. Honourable behaviour on the part of the British Museum Trustees was here coupled with the strict independence of the consultant in developing his own critique according to an orthodox management theory perspective. But fairness also demands that the critique can be subject to criticism in its turn, which is what is proposed in this chapter, exploring the kind of management knowledge underlying the report.

In this section the basic contents of the report are outlined, describing them as briefly as possible, while leaving details and additional insights for consideration in the following sections which put forward an alternative interpretation of the report and its contents.

The structure of the report is a good example of standard contemporary management reviews. A concise summary of the main points and recommendations of the report, structured as 111 points, provides an overview. Table 2.1 reprints the 'Contents' pages.

In the *Introduction*, the general context of the investigation is explained – with particular emphasis placed on the expected reduction of 25 per cent in financial resources – and the composition of the consultancy team is set out, acknowledging the contributions of people outside and inside the Museum. About eleven people were involved on an individual basis, plus a specialist organization (SAFE) for gallery security and fire safety aspects. Finally, and particularly relevant for managerial aspects, Ernst and Young and McKinsey 'generously offered to give their service free in order to help the Museum' (para 1.10 in the report): Ernst and Young for finance and budgeting, McKinsey for management structure and corporate identity.

Corporate Identity is investigated in Chapter 2 of the report, underlining, with words which are rarely found in any other consultancy reports the image of this organization 'as a centre of excellence' (2.4.8): 'the British Museum is one of the world's greatest museums and one of the United Kingdom's greatest institutions' (2.1.1), and 'is truly, therefore, a jewel in the nation's crown' (2.1.7). It is however suggested that 'the Museum would benefit from developing ... a [mission] statement and making prominent use of it' (2.2.4). A more pro-active attitude is also suggested, to inform and approach the public better, instead of the 'well-established *sotto-voce* approach to external affairs' (2.4.2).

The *Legal Status* is discussed in Chapter 3: 'the issue is whether the Museum should continue to be a Non-Departmental Public Body

Table 2.1 Edwards Report: contents

The British Museum A Fundamental Review of the Museum's Operations	
Summary and main recommendations	
1. Introduction	7.5 Public and employers' liability insurance
2. Corporate identity	7.6 Information and telecommunications strategy
2.1 Strengths	
2.2 Purpose and core objectives	
2.3 Key internal objectives	8. Capital projects, infrastructure and maintenance
2.4 External affairs and public service objectives	8.1 Development programme
3. Legal status and governance	8.2 Management structure for building and development
3.1 Legal status	8.3 Development budget
3.2 Governance	8.4 Great Court scheme
4. Management culture and structure	8.5 Study Centre
4.1 Overview	8.6 Rest of development programme
4.2 Management culture	8.7 Infrastructure, maintenance, facilities management
4.3 Management structure	
4.4 Teams and meetings	9. Expenditure departments
4.5 Changes in departments	9.1 Overview
4.6 Delivery of change	9.2 Warding and security
5. Management of key programmes	9.3 Administrative and building departments
5.1 Overview	9.4 Public affairs department
5.2 Temporary exhibitions	9.5 Curatorial departments
5.3 Loans	
5.4 Gallery refurbishments	10. Income
5.5 Major capital projects	10.1 Fund-raising
5.6 Acquisitions	10.2 Commercial
6. Financial management	10.3 Admission charges
6.1 Overview	11. Budget balancing options
6.2 Corporate planning and budgeting	11.1 Prospective deficit before corrective measures
6.3 Management accounting and cost centres	11.2 Reasons for the prospective deficit
6.4 Other requirements	11.3 Case for government action
7. Staffing, pay, personnel and IT management	11.4 Budget options
7.1 Overview	12. Action programme
7.2 Staffing	
7.3 Pay	Appendix to Section 10:
7.4 Personnel management	Estimated net revenue from illustrative charging schemes

(NDPB) or should be reclassified to the private sector' (3.1.2). Furthermore *Governance* aspects are analysed, questioning 'whether the Board of Trustees and other Committees are well constituted, structured and tasked to give the Museum the overall direction it needs' (3.2.1). Neither legal status nor governance are given urgent priority, however.

Management Culture and Structure are analysed in Chapter 4. The Museum's existing management culture is strongly criticized as distinctly conservative; according to the report, a new management culture is needed 'which would enthusiastically pursue the core objectives of curation, presentation, research and enhancement of the collections through a firm determination' (4.2.5) of specific issues. Less vague are the changes suggested in terms of organizational structure (4.3): new functions are identified, with directors of finance, corporate affairs and personnel, building and development, and of public affairs, in addition to the current Secretary to the Trustees and Legal Services, and a 'Senior Keeper' – to whom the keepers of departments and the Director of Education would report – to comprise the members of the Senior Management Board or Team. It is suggested that the new design of the Senior Management Team moves toward a 'flatter structure' (4.4.5), and simplification inside departments is called for (4.5).

Management of Key Programmes is dealt with in Chapter 5. A reduction in the scale of temporary exhibition activity is suggested (from 25 to 15–20 per year), while, in addition, a written strategy for temporary exhibitions should be developed; there should be a project manager for each individual exhibition; and the sponsor, whenever possible, should be charged the full costs of exhibitions (5.2.4). Loans require a similar approach, given their time-consuming nature: 'the scale of activity will have to be restricted if staffing resources across the Museum are reduced. The same point about written strategies, full costing, and project management apply here as well as for temporary exhibitions' (5.3.3). Gallery refurbishments as well need to be slowed down and disciplined in a similar manner. Currently, 'With around 92 galleries, requiring refurbishments, preferably every 20–25 years, the Museum needs to refurbish about four galleries a year taking one year with another' (5.4.1); however, 'In a context of acute serious budgetary stringency... it will be necessary... to pursue a cautious policy on gallery refurbishments' (5.4.4): thus '*a moratorium on gallery refurbishments* other than those directly associated with the Great Court, withdrawal of the British Library, the transfer from Burlington Gardens or consolidating the Museum's operations on the Bloomsbury site' is suggested (5.4.5,

italics in the original). As above, a written strategy, full costing and tight project management are assumed to 'be crucial' (5.4.6). Finally, despite the overall climate of cost-cutting, funds reserved for acquisitions need to be increased, suggesting 'a *self-disciplinary rule* such as that 10 per cent of Government's grant to the Museum each year will be set aside for the Museum's acquisitions fund' (5.6.6, italics in the original).

Financial Management, in Chapter 6, is perceived as an area needing major reform. First, corporate and budget planning need to be improved, introducing a '*high-calibre corporate planning process*, based on [the Museum's] defined purpose and core objectives'; 'the Museum's on-going budget needs to be separated from capital or development budget', and 'the Museum, like any other organization, needs to publish an annual report at the end of each year' (6.2.3, italics in the original). Second, management accounting and cost centres deserve greater attention, aimed at encouraging the calculation of the full cost of activities in order to increase the 'attention given to economy, effectiveness or efficiency' (6.3.3). The introduction of management accounting and a system of cost centres or budget-holders 'will oblige managers throughout the Museum to know the full costs of their activities and give them strong incentives to spend wisely and economically, while also maximizing income' (6.3.5). Other requirements in this direction are adequate IT support, procurement and contracting, and auditing services.

Staff, Pay, Personnel and IT Management, some of the hottest issues in any organizational restructuring, are considered in Chapter 7. Staffing is in line for a severe cut, for two different reasons: 'First, with the prospective cut of nearly one-quarter in real terms in the effective level of Government funding ... the Museum will not have the resources to sustain the present payroll' (7.2.7); and 'Second, in the judgment of our professional adviser and some members of staff who have come to the Museum in recent years from other organizations, the Museum is significantly overstaffed by modern standards in many areas' (7.2.8). On a similar basis, a reduction in staffing is recommended 'of the order of 20 per cent in most of the administrative and industrial areas, and more in some'; 'Similar reductions and efficiency improvements should be achievable in the curatorial departments, though some loss of output and services would be likely' (7.2.9). Pay also needs to be approached in a new way (7.3.2): first, 'In the period immediately ahead, there will be a need for pay restraint' in response to budgetary constraints, while the performance-related pay scheme inherited from Whitehall should be discontinued and personal contracts for senior

staff need to be introduced; warder contracts in particular 'cannot be sustained in their present form'; and sick pay entitlement needs to be reviewed. A 'more decisive approach to personnel management' is then proposed (7.4.1). Information and telecommunications strategy are discussed towards the end of this chapter, describing a situation of serious delay in IT for both office and administrative automation, and for museum-specific activities (databases, CD-rom and imaging for exhibitions, research, education).

Capital Projects, Infrastructure and Maintenance are treated in Chapter 8. On a general level, 'a different management structure and skills mix' is suggested 'if it is to deal successfully with the large projects which lie ahead. The main requirements ... are [inter alia] a comprehensive strategy for all development and infrastructure work ...; a project-based approach to management of all the activities; clarity about strategies and responsibilities; a new and simpler management structure, based on individual projects' (8.2.5). The detail of the new structure then follows. More specifically, the review comments in depth on the two major projects (Great Court and Study Centre schemes) and the rest of the development programme. Contract strategy, management structure, urgent management tasks, and funding are the kind of aspects investigated. In both cases no crucial problems are identified: a more careful approach to tax planning is suggested, while in the case of the Great Court the need to re-estimate ongoing operating costs is mentioned (8.4.9), and in that of the Study Centre a change in the PFI (private finance initiative) arrangement is pointed out. Finally, several comments are developed with regard to infrastructure, maintenance, and facilities management: structural changes in the organizational chart, organizational routines in contractors relationships, plus level of spend. Here the analysis confirms 'that the Museum has suffered from chronic underspending on maintenance and infrastructure' (8.7.21), a situation which needs to be reversed.

Expenditure Departments are analysed in Chapter 9, preparatory to the budget options set out in Chapter 10, discussing major expenditure and management issues. Savings are a driving force throughout the whole chapter. Warding and security is the first area where savings may be achieved through a proposed reduction in numbers of warders, a renegotiation of their pay contracts, and a reduction in sickness absence from 8 to 4 per cent (9.2). Also the saving to be made in warding which derives from a decision to close the Museum on Mondays is calculated. Then the cut of 20 per cent in staff is commented upon for the whole Museum organizational chart, with a few exceptions (for

example the reinforcement of the Finance Department). The same applies for curatorial departments (with the exception of Printings and Drawings), both for practical reasons – there are so many people employed that any effort in costs saving will be unrealistic if reductions are not pursued – and for other kinds of reasons: ‘as a senior member of staff put it to me, there is no a priori reason why the Museum has to have (say) 100 distinguished scholars rather than (say) 80 or 120’; moreover, ‘it would be anyway a matter of judgment how any overall reduction in staff numbers was shared between scholarly functions and other activities, bearing in mind that (as discussed above) scholarship and archaeology account for only some 20 per cent of the total staff time of the curatorial departments’ (9.5.15).

Income opportunities are developed in Chapter 10. Fundraising initiatives are revisited (the BM Development Trust and BM Society) with minor suggestions, as well as commercial initiatives (the BM Company, catering, events and functions, photography). But above all, the introduction of admission charges is called for, with a curious discursive strategy: from a preliminary genuflection in the direction of the tradition of free entrance, and a reminder that this is not the only solution available, to the observation that the damage arising from introducing the charge is much less than the alternatives: ‘The damage from failure to charge may result in failure to deliver the Museum’s core objectives of preserving, presenting, enhancing and researching collections, and of providing a good service to the public, both in this and in later generations’ (10.3.6). Some mitigating solutions are also suggested (season tickets, disabled and concession groups), but £8 million a year net is expected to be obtained from charging.

Budget Balancing Options are developed in Chapter 11 (see Table 2.2). First, based on the 1996 plan, the ‘prospective deficit before corrective measures’ is identified, explicitly recognizing that the cause of this deficit lies in the reduction in real terms of the grant from the government and the loss of the previous British Library contribution for building management: ‘the prospective deficit can be seen to be largely explained by the grant shortfall’ (11.2.4). Then the ‘projected deficit including additional expenditure requirement’ is determined, after charging additional expenditure requirements. In one of the two options proposed (B), the additional expenditures needed to recover from the ‘hidden deficit’ (the funding gap which has resulted historically in significant underspending on IT, maintenance, opening hours, education, acquisitions and so on) are included at this stage. Possible

Table 2.2 Budget balancing options (£ millions)

	OPTION A			OPTION B		
	97/98	98/99	99/00	97/98	98/99	99/00
Prospective de cit before corrective measure						
New posts	-6.2	-8.1	-10.7	-6.2	-8.1	-10.7
IT capital and training	-0.6	-0.6	-0.7	-0.6	-0.6	-0.7
Maintenance	-0.5	-0.5	-0.5	-1.8	-1.8	-1.8
Extend opening hours by 8 hours per week; minimise gallery closures				-1.5	-1.5	-1.5
Improved public service inc. minor works				-0.2	-0.2	-0.2
Acquisitions				-0.3	-0.4	-0.4
Additional expenditure requirements	-1.1	-1.1	-1.2	-1.0	-1.0	-2.3
				-5.4	-5.5	-6.9
Projected de cit including additional expenditure requirement						
Savings on warding costs	-7.3	-9.2	-11.9	-11.6	-13.6	-17.6
Other staff reductions	1.5	2.1	2.4	1.5	2.1	2.4
Misc savings inc museum and gallery closures, pay restraint, overtime, other running costs, outsourcing	2.1	4.7	5.4	1.3	3.2	3.7
Additional income	1.4	1.6	1.8	0.8	1.0	1.2
Options for saving, ongoing	0.8	1.0	1.1	0.0	0.0	0.0
	5.8	9.4	10.7	3.6	6.3	7.3
Projected balance after additional requirements & savings, ongoing	-1.5	0.2	-1.2	-8.0	-7.3	-10.3
Admission charges				8.8	9.5	10.3
Exceptional items	-9.6	-1.0		-7.8	-1.0	
Projected de cit after exceptional items						
Recovery of BL receipts	-9.6	-1.0	0.0	-7.8	-1.0	0.0
	0.2	1.7	3.5	0.2	1.7	3.5
Total after recovery of BL receipts	-9.4	0.7	3.5	-7.6	0.7	3.5

Source: Author's elaboration of the Edwards Report.

savings in ongoing costs are then considered, leading to the 'projected balance after additional requirements and savings'. Exceptional items are then considered, and the benefit of admission charge considered (in the case of option B). As a commentary on substantive results, option (A) – no admission charge, reduction of one-third in personnel, not addressing positively the solution of the 'hidden deficit' – still presents a serious deficit, and is indeed a non-option. Option (B) – introduction of admission charges, reduction of 20 per cent in staff, taking into account and solving the issue of the 'hidden deficit' – would bring the budget into balance from the third year. In respect of both options, of course, the situation is much improved if compensation for the lost British Library receipts is made by the government.

Action Programme: the last chapter 'offers some suggestions on how a change programme on the lines discussed might be implemented' (12.1.0).

In short, the Edwards Report is a typical example of 'best practices' in management consulting: first-level names and consultancy team; a systematic approach to general management issues, with important findings and insights (for instance in terms of 'problems' within human resources, the lack of planning and costs understanding, the notion of 'hidden deficit' and so on). Nonetheless, the report presents major problems within itself because of its lack of understanding of 'business-specific' issues, that is the pitfalls to be encountered when applying 'general' management knowledge to professional fields which are as unfamiliar (to the management expert) as non-profit cultural organizations.

2.2 A critique of the Edwards Report from a management studies perspective

The report can be criticized from inside its own culture, so to speak, by adopting a management studies perspective. Accordingly, three major weaknesses are discussed in this section: (1) a diffuse, often vague character, (2) some problems of internal inconsistency, and (3) the weaknesses with regard to standard debates and approaches characteristics of state-of-the-art management studies.

(1) General management or vague management?

If management, and especially general management, is always rhetorical, as discussed in Chapter 1, the specific characteristics of the Edwards Report's rhetoric could be investigated. What emerges is a nar-

rative which tends (a) to be totally irrelevant for a listener outside the community of management experts – as, for example, a curator – and (b) to be crammed with self-referential concepts and associations of meanings only intelligible within the community of the initiated.

Which kind of rhetoric is in the Edwards Report?

There are plenty of examples of this sort of self-referential rhetoric in the report, and it will be sufficient to focus on only a few of them. The following statement is used when criticizing the management culture at the British Museum: 'The Museum's approach to management is distinctively conservative. It is less strategic, less enthusiastic about professional skills, technology and modern management, less willing to grasp nettles, less outward looking, than one might have expected. There has been too little clarity about purpose and direction, how decisions will be taken, when and by whom' (4.2.2). The very use of the word 'conservative' with a negative connotation in this context sounds a bit bizarre, and reveals a serious ignorance of the whole history and character of a profession which is above all concerned with 'conservation' and the role of the curator (*conservateur* in French, *conservatori* in Italian: Cannon-Brookes, 1989, 1998; Boylan, 1992a, b; Sherman and Rogoff, 1994; Bennet, 1995). For the rest, the statement is just empty words, even to a management expert, and we could go on for hours discussing what 'strategic' or 'modern management' mean, or the role that 'purpose', 'decision' and so on should have in general. And, in the end, the failings with which the Museum is charged cannot be proved or disproved (or, more precisely, 'falsified' in Popper's sense). A consultancy report for, say, a chemical company would link directly and in depth this statement with specific products, technologies and competition in forms of words with which one could concur or disagree and demonstrate the mistaken content of the statement. That is not the case here.

Another example of the self-referential is the following: 'For both public and internal purposes, the Museum needs to formulate and project a new statement of purpose, core objectives and key internal objectives. This needs to indicate what and whom the Museum is for, what the priorities are, and what sort of institution it wishes to be' (point S3 in the Summary). Actually, there is a consistent body of research in management studies which will disagree with such a linear, 'rationalist' understanding of management processes (for example the literature on corporate culture, strategic change, resource-based view and so on), and would not subscribe to similar statements. The same criticisms apply when the report states that: 'In all cases, strategies, project briefs and responsibilities should be clearly defined' (S60).

Often the solutions put forward to those general management issues are even more obscure and vague than the problem-definition itself. References to 'new' needs emerging from a 'new' situation is a typical oratorical device of managerial rhetoric: 'The present management structure, though possibly adequate to deal with on-going business in easier times, is not well adapted to the challenges the Museum now faces' (4.3.1), though probably few if any will understand what happened before or what is suggested for the future. Furthermore, 'It is too hierarchical, places excessive burdens on certain key managers, assigns too many professional functions to non-professionals, fails to identify certain key functions which require specific management, makes insufficient use of project management and relies too much on in-house provision.' The call for a 'new approach' – whatever that means – is another diffused rhetorical strategy: 'A new approach is needed to pay, personnel and IT management' (S45); while 'The Museum should adopt a new approach to external relations, based on friendly, informal, open and frequent relations with outside constituents, including Government, the corporate sector and all sections of the press' (S6) is at best an empty statement.¹

On the whole, a lack of attention (familiarity?) to Museum-specific issues can be highlighted. Just 4.5 pages (out of 141) are directly allocated to curatorial functions (and then unfortunately with a 'negative', cost-cutting accent); while little regard is paid to outcomes and processes which are characteristic of an organization of this type.

Indeed, what needs to be questioned here is the basic conception of 'management' underlying the report, arguing for possible alternative views of management per se and specific management issues to be addressed at the British Museum.

Questioning hidden assumptions about management in the Edwards Report

Adopting a less simplistic view of managerial and organizational processes, the multidimensional nature of management must be taken into account, according to the framework developed in Chapter 1 (Figure 1.1): analysis at the substantive and/or procedural level must refer to efficiency problems (or supply-side), market-related effectiveness aspects (or demand-side), and what are properly collection-related effectiveness issues (or back office). If this framework is used to analyse the kind of managerial rhetoric embodied in the Edwards Report, interesting aspects emerge. A content analysis of the Summary of the Report is proposed in Figure 2.1 where each of its 111 statements have been classified into one (or more) of the cells of the proposed matrix.² The

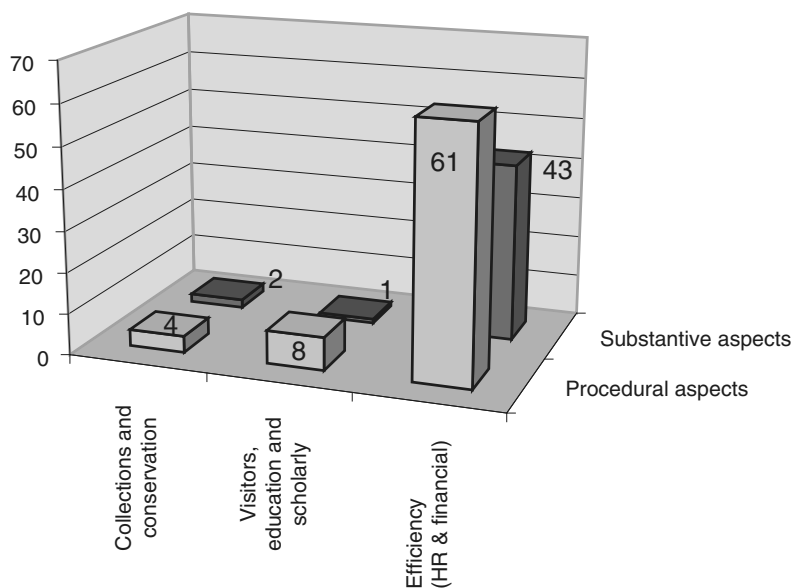


Figure 2.1 A content analysis of management statements in the Executive Summary of the Edwards Report

prevalence of a procedural bias in quantitative terms is also shown in Figure 2.1: 73 recommendations refer to procedures as against 46 dealing with substantive aspects. In addition, most of the concerns of the Summary are with efficiency issues (43 on substantive terms, 61 on procedural aspects) concerning human and financial resources. In turn, most of the substantive statements refer only to efficiency (43 out of 46). Effectiveness issues appear to merit just 15 statements as against 104 in the Summary. This is a good example of what can be called ‘vague management’ rather than general management – often shared with an obsession for a-specific procedures such as Total Quality Management and the whole Award Prize tradition. Rather than focusing on the core and specific operations characteristic of a particular organization, the easy solution is rhetorizing on procedures (and the lack of ‘managerial’ ones), if possible on efficiency issues which demand less in terms of actually understanding the things being done by the organization under scrutiny.

Thus, it is not particularly surprising that so little is said in the Summary about collections. In contrast, what does surprise is that marketing and market orientation – and their associated slogans in the dif-

fusion of management discourse to all kinds of NPO – attract so little attention (nonetheless with a prevalence of procedural considerations here too, 8:1). In that sense, more than just constituting a ‘managerial ideology’ kind of attack on the Museum, the report reveals a very peculiar nature: a bias towards an abstract notion of efficiency, or a ‘cost-cutting exercise’, which fails adequately to address crucial aspects of management – again as formulated within management studies discipline – of external relations with the ‘market’, the Museum’s visitors and its different stakeholders, under a ‘strategic’ approach. It is not by coincidence that, when recommending new positions in the organizational chart, the Report ‘forgot’ to mention that of Marketing Director; and it is curious that the introduction of new positions and the resulting composition of the recommended new Senior Management Board – made up from people with a general administrative background (five) rather than a professional one (three) – is labelled in the report as a ‘flat organization’. Ironically, and paraphrasing Edwards’s own words, it is the report – rather than the Museum – which is ‘inward looking’, presenting an introspective analysis that ignores external aspects and externalities.

It may well be that Figure 2.1 tends to over-dramatize this kind of phenomenon, because it is arguable that in the main body of the text of the report rather more attention is given to other aspects than is evident in the Summary. This is indeed probably true, but opens up another criticism, that of a significant bias in summarizing, and, in more general terms, internal contradictions between different parts of the report as a whole.

(2) Internal inconsistency

The second kind of critique which can be made of the report from the viewpoint of management studies focuses on the evident contradictions between different parts of the report both in terms of analysis and the recommendations based on it. Moreover, the impression is that there are at least two different ‘souls’ in the report, which had difficulty entering into dialogue with each other: one veering towards a strategic management understanding, with a careful approach to organizational dynamics; and the other closer to a more administrative and accounting view.

The first element of inconsistency is revealed by the overall judgement on the Museum itself and its identity. As shown in a previous section – which is *my* summary – Chapter 2 of the Edwards report comes close to celebration of the value and uniqueness of the British

Museum. An explicit appreciation of the value (moral and economic) of this organization is underlined, while the proposal for a greater customer orientation is rather 'delicate', moderate, just to improve further an already excellent entity. This view is conspicuously absent from the rest of the report, and from *its* Summary, which sets out harsh criticism of the management of the Museum and ends up with drastic cost-cutting solutions (both the (A) and (B) options), while advocating an 'overdose of management' which no organization perceived as excellent could deserve.

Furthermore, a striking difference in terms of recommending what to do emerges: a call for an increase in opening hours and minimizing gallery closures is made in the 'strategically oriented' Chapter 2 (2.4.9); although the need to reduce costs and staff – even if that will imply some reduction in the level of activity – permeates the rest of the report.

Finally, a not insignificant difference revolves around the importance given to 'written' strategy by different parts of the report. Once again, the recommendations put forward in Chapter 2 are couched in moderate terms, not too overconfident: it is not expressed as an imperative, but simply 'the Museum would benefit'. And indeed what is then offered takes the form of a mission statement (box 2.1 in the report) which transcribes into words the current perceptions and values (for example 'based on my conversations': 2.2.5). In other words, this is simply an exercise to make explicit in writing the ongoing identity of the Museum. In addition, it is suggested that in 'the main statement of purpose ... core objectives ought preferably to indicate some order of priorities'; and indeed the proposed order of priorities uses the language and the ranking which are typical of the curatorial discourse (rather than a more 'marketing-oriented' one): first preservation, and then presentation, scholarship, research on objects and conservation, enhancing collections, and enhancing the building. Elsewhere, in the report and the Summary, the obsession with written strategy has a very different tone, displaying what we have already labelled as 'vague management', with a much more self-confident accent: 'The Museum needs to develop a new management culture based on the statement of purpose and objectives, written strategies for all key policies and programmes' (S9); 'The Museum should develop written strategies for the temporary exhibitions, loans and gallery refurbishment programmes, which drive much of the Museum's expenditure' (S25).

These are by no means minor differences: they are indicative of (at least two) very different conceptions – philosophies – of what man-

agement is all about. That management studies can be contradictory within their own different frameworks and backgrounds is something of which I am already acutely aware from studying cultural organizations (Zan, 2000a). However, evidence of such contradictions with such important consequences within a single text/report is something which I have to confess to having astonished me. More than a simple mistake within an individual report, this is, I guess, the sign of fundamental problems in the disciplinary foundations of management studies themselves.

(3) Methodological issues concerning standards in management research

The third kind of criticism to be directed towards the Edwards Report from the context of management literature is its inadequacy when assessed in relation to certain basic standards in management research as they influence the treatment of specific serious issues. Without questioning here so much the content – leaving that task to the press in the following section – a strictly methodological viewpoint is adopted.

Questioning the Museum identity and customer satisfaction

Although ostensibly enthusiastic about the identity of the Museum as a whole, and not in bombastic terms, Chapter 2 of the report nonetheless seems to question the *sotto-voce* identity of the Museum. Rather than the opinion of ‘experts’ – a strange word in itself, given the scale of the disagreements likely to be unleashed – what matters here would presumably be the world of the customer, as any marketing textbook will emphasize (see Hendon et al., 1989; Bradford, 1994; Dickenson, 1997; Linklater, 1997; McLean, 1997). And a short (and possibly cheap, if using doctoral students) investigation of customer satisfaction would not have been impossible, given the millions of visitors available for interview. If the ‘market’ is indeed the ‘final test’, it is the market itself which matters, not the perception of it by whichever expert happened to be consulted.

Special projects

Although great emphasis is placed on the management of special projects, and the notion of the ‘hidden deficit’ appears particularly relevant in this case – and probably in not a few other situations to be found in the public sector in the absence of any severe market incentives to address deferred maintenance and technological updating – the report seems to underestimate the impact of the costs of the projects

both in financial and organizational terms. From a preliminary glance at the initial income statement which reveals that the annual percentage of costs attributed to building management is 29 per cent, this item should have deserved more special attention, and the Trustees should probably have questioned the viability of such an overload of their resources and attention, one which was to transform the whole Museum as an organization for 3–5 years into a huge building site and a major project financing entity, when both the Great Court and the Study Centre schemes are taken into account.

Although the urgent need to review ‘the implications of the major development schemes for ongoing running costs and benefit’ (S32) is identified, no trace of their implications is to be found in the budget itself. That is in part understandable because the time-horizon of the budget forecasting (three years) is shorter than that of the completion of both the major development projects, but what is certain is that the priorities set up by the budget are in themselves so strong and challenging that the relatively weak recommendation embodied in S32 is likely to disappear in the near future.

Finally, with regard to acquisitions, the pious suggestion that the Museum voluntarily dedicate the 10 per cent of its government grant to acquisitions can be interpreted in two different ways. On the one hand it can be read as one of the few references to substantive aspects of the managing of a museum, that is to collection-related issues. On the other hand – as found elsewhere (Narduzzo and Zan, 1999) – it is a sign of an object-oriented culture in the report, no less than the Museum’s culture, because the contradiction between the increase in acquisitions and the cuts in curatorial staff suggests an overlooking of the value of competencies and knowledge in the management of such an organization.

Full costing and management according to a resource-based view

That some form of management accounting was needed in the British Museum at the time of preparation of the report is something which can be largely agreed upon. Less obvious is that this should be directed toward full-costing – or even activity-based costing (ABC) – as can be read between the lines in the report, aiming at calculating the full costs of activities in order to charge the cost of each service provided between departments (6.3.1–6.3.4). Different solutions could be proposed for organizational as well as logical reasons. From an organizational point of view, it would be possible to use less unfriendly systems – and perhaps slower processes – if the aim was to encourage managers and curators throughout the Museum to start thinking in

more economic terms and to foster notions of accountability and economic responsibility (Normanton, 1966; Hopper and Powell, 1985; Hopwood, 1990; Armstrong and Tones, 1996; Carnegie and Wolnizer, 1996; Lapsley and Mitchell, 1996; Rentschler and Potter, 1996; Jönsson, 1998; Oakes et al., 1998; Lindkvist and Llewellyn, 1998). From a logical point of view thousands of pages can be found in the management accounting literature in favour of and against full costing, and more recently both in favour of and against ABC. The self-confident tone in which full (and activity-based) costing is called for in the report does not seem to reflect the fundamental question as to whether this is the ideal solution to the problems of fostering the exploitation of competencies and knowledge available for improving effectiveness, or to reduce cost without damaging it, as the resource-based view in strategic management will probably suggest (Grant, 1991; Mahoney and Pandian, 1992; see also Normann, 1977; Pettigrew, 1987; Mintzberg, 1994). It simply seems to rely on more traditional frameworks and assumptions about the source of value and competitive advantage (perhaps of traditional manufacturing processes or even Porter's framework).³

Overstaffing

The greatest surprise here – given the importance and the likely social impact of these recommendations – is the weakness of the argumentation from which a situation of overstaffing is arbitrarily claimed: 'the judgment of our professional adviser'. Little or no evidence is brought forward to substantiate such a crucial element in the analysis.

It is not the judgement per se that is under question here: analysing the situation at Pompeii, Zan (2002) found a dramatic situation in terms of composition of the workforce (with only 16 archaeologists, architects or art historians out of a staff of 711, including 34 typists!). In principle, it might well be that the lack of economic pressure in the past had produced – as has often happened in the public sector – a situation of overstaffing (compared to putative international standards), with few responses to environmental changes and demonstrable lack of efficiency and/or customer orientation: the point is that a more focused and differentiated approach is needed to demonstrate if and to what extent this applies to this specific case. Instead of starting from an analysis of the activities and needs of each department (curatorial and non-curatorial) in order to check the manpower situation – to guide the direction of any cuts or, alternatively, to identify other forms of the 'hidden deficit' – an ideological approach is preferred, starting from the axiomatic assumption of 20 per cent of overstaffing *in general*

(with the exception of the Department of Prints and Drawings and some administrative offices).

And indeed, from this point of view, the report presents further internal contradictions (this time even in the same chapter and paragraph), because if the reduction in staff is likely to produce a certain reduction in activities ('some loss of output and services would be likely' as quoted before), this means that – at least for those departments wherein it happens – there was less overstaffing than assumed, or certain departmental activities (unspecified) are unnecessary and should be abandoned without any further consideration.

The argument that 'Reductions of this order in staffing levels would be in line with the reductions of around 20 per cent which many Government departments have made in recent years' (7.2.10) underlines the ideological basis of the proposal. As an alternative analysis, it may well be – or not as the case may be, since it is an empirical question deserving empirical data gathering – that the systematic reduction in the number of positions at the centre was part of a general process of transferring resources, positions and control to the level of the individual organizations at the periphery, but can this apply in the case of single-site national museums?

Put more crudely, what is lacking in the whole analysis of the Museum workforce is the logic – called for in any management textbook – of zero-based budgeting (ZBB), according to which resources should be reallocated, disregarding organizational inertia, and questioning the real value and contribution of any activity or factor used. 'Incrementalism' – one of the recurring pitfalls in management processes according to management accounting textbooks – is what is found here, only with the difference that it is 'negative' incrementalism, which starts from the existing situation and cuts (rather than inflates, as normal incrementalism does) historic costs without any clear understanding of what lies beyond.

Budget assumptions and the lack of any ZBB attitude

A similar critique applies to the whole process of budget construction presented here. The unquestioned initial assumption is the 15 per cent reduction in real terms of government funding (taken with the additional 10 per cent forming the BL receipts, which, curiously enough, are treated differently, in terms of income statement representation, ending up with the call for compensation by the government in respect of this amount). The rest follows, within a (negative) incremental logic: costs should share the reduction pro rata across the

board, and, to allow for the emerging needs of the new posts in the (general) management establishment, perhaps more deeply, to around 20–30 per cent (depending on which option, (A) or (B), is adopted, though nevertheless underlining the bizarre meaning of the non-viable option (A)).

It should be noted that the nature of the British Museum ‘crisis’ – if indeed one is allowed to talk about a crisis – has not been misunderstood: it is clear that it does not derive from any increase in costs (nor from any decline in visitor numbers or other museum action), but simply from the arbitrary reduction in government funding. There is not even the figleaf of a sustainable demand for greater efficiency here: it is simply a ‘cost-cutting exercise’, as expressed in the article quoted at the beginning of this chapter (although referring to a more recent date). But, methodologically, the approach adopted and the failure to question the validity of any such initial assumption tend also to invalidate one of the basic justifications for this kind of intervention according to the rhetoric of management and new public management, because the ‘value for money’ to be gained from the 15 per cent reduction is never addressed in economic terms (as for instance in terms of positive externalities with regard to the city of London, even if just limited to tourism, as all studies in cultural economics underline).⁴ Instead of representing the application of an economic rationale, the budgeting process embodied in the report assumes the form of a mindless aesthetic exercise, not dissimilar to most slimming cures.

These are the major critiques which emerge from applying a rigorous management perspective to this report on the British Museum, although limited to methodological terms, that is questioning the kind of rhetoric and arguments employed rather than questioning its contents and weaknesses at the substantive and procedural levels. For those levels the critiques are already available, and only require access to another kind of source, as rich as it is dispersed: the debate in the press.

2.3 Criticism of the Edwards Report’s managerial rhetoric from outside academic management studies: the debate in the United Kingdom press

The publication of the Edwards Report opened up a substantial debate in the United Kingdom media, including several articles devoted to interviewing the various individuals involved (Table 2.3). The museum professionals’ viewpoint found a voice whose rhetorical strategy is here

Table 2.3 The press debate about the BM: sources

Press articles

- The Sunday Times*, 27 October 1996, 'Cash-starved BM may charge £5 entrance fee', John Harlow
- The Times*, 6 November 1996, 'The high cost of staying free', Isabel Carlisle
- The Sunday Times*, 17 November 1996, 'The price of ignorance', Bryan Appleyard
- The Independent*, 18 November 1996, 'Is the British Museum losing its marbles', Andreas Whittam Smith
- Evening Standard*, 19 November 1996, 'British Museum chiefs act over 24% cut in grants', Robin Stringer
- Evening Standard*, 20 November 1996, 'It's our museum'
- The Times*, 21 November 1996, 'Charges policy at British Museum', Letter to the Editor by Robert Sainsbury
- The Times*, 21 November 1996, 'Call to avoid British Museum charge', Dayla Alberge
- The Times*, 21 November 1996, '£500m Library is a monument to folly, MPs tell Bottomley', Valerie Elliott
- The Sunday Times*, 24 November 1996, 'Museum fee eats away at civilisation', Letter to the Editor by Robin Marriott
- The Times*, 25 November 1996, 'Financial crisis at British Museum', Letter to the Editor by Nicholas Goodison
- The Times*, 25 November 1996, 'Financial crisis at British Museum', Letter to the Editor by Walter Elkan
- The Times*, 25 November 1996, 'Financial crisis at British Museum', Letter to the Editor by Geoffrey Turner
- The Independent*, 28 November 1996, 'Battle for the British Museum', Letter to the Editor by Trade Union representatives
- The Times*, 28 November 1996, 'Letter to the Editor', by A. Gibbon-Williams
- The Times*, 28 November 1996, 'The case for free museums', Isabel Carlisle
- The Independent*, 7 January 1997, 'Cash famine at the British Museum', Letter to the Editor by Mogen Trolle Larsen
- Evening Standard*, 7 January 1997, 'British Museum "is ignoring its duty to world"', Ed Harris
- The Independent on Sunday*, 26 January 1997, 'Lots of show, not enough stuff', Alistair McAlpine
- The Guardian*, 27 January 1997, 'Empty coffins, empty coffers', Matthew Engel
- The Art Newspaper*, February 1999, No. 89, 'Radical change at the top of Britain's top museum', Martin Bailey
- Evening Standard*, 31 March 1999, 'Director action'
- Evening Standard*, 31 March 1999, 'High-flier wins key job at British Museum', Robin Stringer
- The Times*, 1 April 1999, 'The British Museum should recognise that the hold of history operates more subtly than the gee-whizzery of science', Jayne Dowle
- The Independent*, 1 April 1999, 'Former banker takes hold of the purse-strings at British Museum', Kate Watson-Smyth
- The Times*, 1 April 1999, 'Former banker to direct British Museum', Dayla Alberge

Table 2.3 The press debate about the BM: sources – *continued*

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- The Observer*, 4 April 1999, 'Old grudges for a new building', Vanessa Thorpe
The Art Newspaper, May 1999, No. 92, 'The Art Newspaper interview: Robert Anderson and Suzanna Taverne. The MD at the British Museum', Martin Bailey
The Sunday Times, 5 December 1999, 'Chipping away at the museum pieces', Margarette Driscoll
The Guardian, 19 January 2000, 'Dust off fusty image, museums told', Maev Kennedy
Independent, 19 January 2000, 'Hi-tech attractions make inroads into museum visits', James Morrison
The Observer, 23 January 2000, 'Strike looms at British Museum', Vanessa Thorpe
Independent, 23 January 2000, 'British Museum to break with tradition – by going on strike', Robert Mendick
The Times, 24 January 2000, 'New boss shatters Museum peace', Dominic Kennedy
The Art Newspaper, February 2000, 'Museums in the new Millennium: bigger, better and new'
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The Sunday Times, 2 April 2000, 'Museums to get "modern" bosses', Richard Brooks
The Guardian, 4 April 2000, 'Museums give wary cheer to Smith's £1 adult fee plan', Maev Kennedy

**BM and IPMS (Institution of Professionals, Managers and Specialists)
internal documents**

- BM Trade Union Side*, 19 November 1996, Letter to Virginia Bottomley, 'The British Museum: Edwards' Report'
British Museum News Release, 26 November 1996, 'The future of the British Museum'
DNH, 27 January 1997, Shaun Cove, Letter to Alan Leighton, 'British Museum: Edwards Report'
Notes, 23 January 1997, 'Notes of a meeting held with the BM Trade Union side in the Design Office Meeting Room'
The British Museum Administration, 7 April 1997, C.E.I. Jones, Letter to J. Macreadie, National Officer CPSA, 'Edwards Report Consultation'
British Museum Notice, 1 October 1999, 'Preparing for the future'
British Museum Notice, 21 October 1999, 'Progress towards meeting the £2M challenge'
British Museum Notice, November 1999, 'Job announcement at the British Museum'
The British Museum Administration, 10 November 1999, C.E.I. Jones, Letter to D. Calnan, Trade Union Side Chairperson, 'Restructure of the Museum'
IPMS, 11 November 1999, Alan Leighton, Letter to Robin Young, DCMS, 'The British Museum'

Table 2.3 The press debate about the BM: sources – *continued*

DCMS, 22 November 1999, Robin Young, Letter to Alan Leighton, IPMS, 'The British Museum'
<i>British Museum Notice</i> , 20 December 1999, 'Progress on restructuring and opportunity 2000'
IPMS, 28 January 2000, Alan Leighton, Letter to Graham Greene, Chair of the Trustees, 'Job losses at the Museum'
<i>IPMS Bulletin</i> , 1 February 2000, 'Museum staff pay for Great Court bungle'
<i>British Museum Trade Union Side</i> , 10 February 2000, Letter to Ian Black, Director of Human Resources, 'ACAS agreement'
<i>IPMS Bulletin</i> , 2 March 2000, 'Museum draws back in jobs row'

investigated in its relationship to managerial aspects. Particular major issues of concern will be here revisited: on the defence of the British Museum identity, whether to charge or not to charge for entry, economic responsibilities, funding and governance structures, and the staffing question.

In defence of the British Museum identity

The reactions of museum professionals to the negative picture of the British Museum emerging from the Edwards Report and its associated recommendations incorporated serious counter-arguments to its analysis. First, the issue of effectiveness (as defined in Chapter 1) was closely defended, and the charge of being 'inward-looking' was emphatically rejected, by both marketing-oriented and collection-related arguments, in a way which also described well the variety of audiences and activities of this organization:

We really consider our public, from students of cuneiform tablets to tourists who only have time for a brief visit. The Museum is the greatest storehouse of the world's material culture, and it is that material that we are working with. People could confuse scholarship with being inward-looking, but we are publishing the results of research on our collections for everyone to read. We also send exhibitions out to the rest of the world.

(Dr Robert Anderson, Director, interviewed in
The Times, 6 November 1996)

Indeed a similar reasoning constantly recurred in the debate, underlining the uniqueness of the British Museum, in a way which is prob-

ably driven by other kinds of professional values, but would not leave untouched even a marketing expert: 'The British Museum is probably the greatest museum of its kind in the world, with more visitors than either the Louvre in Paris or the Metropolitan Museum of Art in New York. We must take pride in this and do everything in our power to maintain that enviable position' (Sir Robert Sainsbury's letter to *The Times*, 21 November 1996).

In addition, the high percentage of United Kingdom visitors is underlined: 'This is not to say that tourist don't visit our national collections. They do, and they come in very large numbers because our museums are world-class and they are free. But far more Londoners visit London museums than Parisians visit the Louvre or Florentines visit the Uffizi' (Isabel Carlisle, in *The Times*, 28 November 1996).

In one of the more radical articles, Andreas Whittam Smith, formerly Editor of the *Independent*, seriously questioned the lack of understanding of the market (and marketing) displayed by the report: 'It attracts six million visitors a year, more than any other institution. And yet all this is put at risk by the mad economics of HM Treasury' (*Independent*, 18 November 1996). The very character of the Museum, as an 'untrendy' institution is strongly supported: 'Certainly the museum is untrendy. People freely enter the Museum, study the floor plan, visit such rooms as they choose, find in each a clear account of what is in front of them and read the excellent labels which accompany each object. That is it; nothing more is attempted.' Curiously enough, the rhetorical stratagem adopted by Andreas Whittam Smith is one of simply quoting the criticism made by the Edwards Report of the Museum in its own words, which in this context are eloquent examples of what he labels as madhouse economics.

Mr Edwards writes with evident disapproval of this approach. He says the magnificent collections are 'deemed' to speak for themselves. The Museum has not seen itself as needing to attract audiences in a competitive market and has not thought it necessary to take special steps to 'stimulate public excitement or enthusiasm'. Presentation is designed to be consistent, cautious and tasteful rather than 'eye-catching'. The image of excellence is all-important. 'Vulgarity is to be avoided at all costs'. The approval of scholars is the 'dominating objective and its achievement is the highest accolade the Museum can achieve'. Less importance, clucks Mr Edwards, is attached to winning accolades from the less scholarly.

One of the basic lines of reasoning of cultural economics also emerges in the debate, underlining the lack of understanding of that aspect displayed by the Edwards Report: '[The Department of National Heritage] neither sees the Museum as an important element in the educational facilities of the country, which it is, nor as a *prime asset of the big industry* that is British tourism' (Whittam Smith, 1996, emphasis added). A similar critique with a cultural economics flavour is shared by the trade unions' representatives when reacting to the report in their letter to the Secretary of State for National Heritage criticizing both options (A) and (B) of the report:

we believe that there is a third option and that is for the Department of National Heritage to provide additional grant-in-aid in order that the Museum can continue to thrive as one of the world's most renowned institutions. Failure to do so will result in a tragedy for our heritage and one which will be clear responsibility of the Department of National Heritage rather than the Trustees of the British Museum.

(British Museum Trade Union side, letter, 19 November 1996)

This is a position further supported by other colleagues: 'the Government must restore the cuts which it has made and provide adequate long-term funding for what Mr Edwards describes as "a jewel in the nation's crown"' (Trade Union side, Letter to the Editor, *Independent*, 28 November 1996).

At the procedural level, the obsessive demands for written strategies are also criticized, not surprisingly, with harsh sarcasm by Andreas Whittam Smith, but in a way which once again underlines the risk of exposure to the 'vague management' statements discussed in previous pages, as well as the risk of simply ignoring the history and historical mission of such an institution. 'Rather than the "mission statement" proposed by Mr Edwards (another trendy thing) the Trustees should reconsider the statement issued by their 18th-century predecessors, entitled "Fundamental principles from which the Trustees do not think they can in honour or conscience depart". If it is true to those, to its history and to the wishes of its benefactors the Museum must encourage and support scholarship' (Whittam Smith, *Independent*, 18 November 1996).

Finally, also addressing efficiency aspects, an unexpectedly pro-active response to the Edwards Report can be found. The 28 per cent increase in staff since 1973 alleged by the report is questioned, relating it to

effectiveness issues: 'Anderson disputes the figures but insists the Museum is doing far more, is serving three times as many visitors and now has to run the buildings, which used to be under the control of the old Ministry of Works' (Matthew Engel, *Guardian*, 27 January 1997). Even more interesting, an efficiency argument is explicitly introduced, an aspect which was completely missing from the report: 'We are also a very cost-effective museum at the moment. With only £5 to £5.50 of government subsidy per visitor, we are the second cheapest after the National Gallery' (Robert Anderson, interviewed in *The Times*, 6 November 1996).

There are some very interesting aspects to this debate. The kind of counter-argument used by museum professionals and the press seems from time to time more 'managerial' in nature than the report itself. Sure, the language, pathos and ethos are not the common rhetoric employed by management experts, but rather those of museum professionals and curators. More than the report itself, these observations focus on substantive aspects of managing a museum, and more curiously, not only – as might be predicted – on collection-related issues, but also on market value and efficiency issues. In a word, they function as non-managerial rhetoric impinging upon core managing issues.

Three weaknesses, however, characterize this debate from the point of view of curatorship (and indeed they will apply also to the other main issues covered by this debate in the press):

- the opportunity was lost to draw public attention to the inner contradictions and lack of consistency characterizing the report (the sole exception being the trade union representative who quoted the 'jewel in the nation's crown') and thus to challenge public confidence in the reliability of the report as a whole;
- the widespread publication of these comments and criticism is in itself likely to weaken the impact of any alternative point of view put forward; and
- the independent nature of these comments, rarely carrying forward debates initiated by others, or voluntarily subordinating them to contributions made by others so as to gain a more united front – and arguably greater impact – for them, the view of the critics and their voice, should be emphasized.

To charge or not to charge

The revival of proposals for entry charges (Museums and Galleries Commission, 1997) is surely one of the most controversial in the

debate that followed the publication of the Edwards Report. The discussion once again tends to assume ideological overtones; but there are elements which deserve greater attention in the present context: an economic analysis of the (potentially perverse) effects of charging and the issue of economic responsibility.

Of course the ideological dimension is the dominant one, and not only for the emphasis with which it is expressed. Few exceptions to the anti-charges view can be found – or, at least, were found by the present author – in the press, although their plausibility gives an idea of the controversial nature of the whole issue:

Last weekend, I was in Amsterdam. I went to the Rijkmuseum and paid its entrance fee, having expected to do so. I can remember a number of paintings which pleased me, but not what the entrance fee was ... If the BM Trustees worry about access by poor scholars, let them offer free entry one day a week. For the rest, let London do what other major European cities do – charge the tourists a proper fee.

(Geoffrey Turner, Letter to the Editor,
The Times, 25 November 1996)

For the rest, the arguments against charging remain as strong as some of the headlines given to the articles involved: 'It would mark the end of the Enlightenment, the end of the belief in the right to knowledge. If the BM starts to charge, it would be a cultural catastrophe', says Neil MacGregor, Director of the National Gallery, reported by Bryan Appleyard in 'The price of ignorance' (*Sunday Times*, 17 November 1996). Indeed, the very fact that the issue of entry charging was again a live issue made Robin Stringer observe 'how much the political climate has changed since [Anderson's] predecessor, Sir David Wilson, declared that charges would be introduced "over my dead body"' (*Evening Standard*, 19 November 1996). 'It would be outrageous if free admission to the Museum, which was available for our grandparents, should be denied us at a time when there has never been more money spent on arts and heritage', sadly argued the same newspaper the day afterwards (*Evening Standard*, 20 November 1996). Or, again, in a letter to the Editor the same critique was radically deepened by Robin Marriot:

The reasons for charging may be well-intentioned and honourably imposed; they are, nonetheless, repugnant ... in that they will deny

access to many who will feel unable to afford the enjoyment of their national heritage ... It is no better than a culture tax, undermining the very ideas on which these institutions were founded ... With the imposition of an entrance fee one of our rights is eaten away.

(*Sunday Times*, 24 November 1996)

Referring to the 'founding fathers' and the 'fundamental purpose' of collecting 'national treasure "for the use and benefit of the public, who many have free access to view and peruse the same"', Andreas Whittam Smith also ended up arguing that 'Some principles are best untrendified' (Whittam Smith, *Independent*, 18 November 1996).

Deep motivations surely underly these statements. What is sure is that it is difficult to find a similar radicalism in publicly expressed positions on this issue in other countries, where the issue of whether 'to charge or not to charge' has not such a divisive significance. And the problem with ideological positions, and ideological rhetorizing, is that you simply agree or disagree, and that's that.

A more subtle – and more interesting in the context of these pages – rhetorical strategy is the argument about possible shortcomings in the introduction of charges, adopting the same economic reasoning as the Edwards Report, if not exactly advancing its economic reasoning any further. That constitutes the second stream of commentaries on this issue. A crucial point here is to question the effectiveness of charging, according to the previous experience of other museums. This argument appears in one of the early articles announcing the publication of the Edwards Report: 'Since the Natural History Museum in [South] Kensington introduced fees in 1987, now at £5.50 for an adult, its annual admissions have fallen from 2.5m to 1.4m. The National Museum and Gallery of Wales in Cardiff introduced charges in 1988, now £3.25, followed by a 60 per cent decline in visitors. The Victoria and Albert Museum introduced "voluntary donations" in 1984, but its admissions have still fallen from 1.7 to 1.2m' (*Sunday Times*, 27 October 1996). Similar data keep recurring in subsequent articles (see for example the *Sunday Times*, 17 November 1996) and are used in political bargaining by the trade unions (BM Trade Union side, letter to Secretary of State for National Heritage, 19 November 1996). The consequences of such a situation in merely economic terms are also underlined: 'The Victoria and Albert Museum had 1,733,300 visitors in 1985; after the introduction of voluntary charges that year, numbers fell to 916,500 in 1987... Fewer visitors mean a loss in revenue to shops and restaurants within the museum' (*The Times*, 28 November 1996).

This opens up an interesting kind of reasoning, because the economic impact of reimposing charges could have an 'unanticipated consequence', with perverse effects as compared to the pursued goals: 'Before we abandon the principle of free access in our rush to provide a short-term solution to the British Museum's complex financial problems we must ask some fundamental questions. For example, would potential benefactors be discouraged from supporting the Museum?' (Letter to the Editor, *The Times*, 25 November 1996). And similar phenomena are identified referring to the risk of losing gifts from sponsors and patrons (*The Times*, 28 November 1996). The economic notion of 'elasticity' is to be discovered in these counter-arguments to the Edwards Report, perhaps in a rather naive way: but at least it is not overlooked, as it was in the report itself.

But interestingly enough, these observations also open up an additional economic criticism to the report, because what is then introduced by Isabel Carlisle is empirical evidence that charging also seems to have an impact in *reducing* efficiency:

Divide the figure for a museum's grant-in-aid by the number of visitors and you will find that the figures for government subsidy per head in museums that charge as opposed to those that are free shows dramatically less efficient use of taxpayers' money. At the moment the cost per visitor is £4.50 at the National Gallery, £5.35 at the British Museum and £6 at the Tate, as against £17 at the Natural History Museum and £25.50 at the Victoria and Albert Museum.

(*The Times*, 28 November 1996)

This statement, which seriously addressed the problem of inner contradictions between different management specialisms referred to above, also provides a good example of counter-argument using the same language and rhetoric.

The third kind of criticism which can be found in the debate exhibits instead an institutional flavour. For what is argued here are the contradictory aspects of the decision to charge, which seems to be in conflict with the arm's length principle: 'The Government has decided upon an entrance charge for the British Museum but is leaving the Trustees to take responsibility in the eyes of the public' (Letter to the Editor, *The Times*, 21 November 1996). 'The current Tory government has been infinitely more subtle than its predecessor. Instead of passing a law forcing visitors to pay, it has created an economic climate where individual museums have to take the decision themselves' (*Guardian*,

27 January 1997). Indeed, the perception – according to Isabel Carlisle – is that the reduction in real terms in government grants was coupled with the resistance to charges by the Trustees: ‘The Budget figures show that grants for museums which already charge for entry either remain unchanged or have increased. Free museums, on the other hand, have sustained big cuts: the British Museum grant is down by £1.3 million ... Other bastions of free entry – the National Gallery, the Tate Gallery and the National Portrait Gallery – are clearly being pressed to introduce charges’ (*The Times*, 28 November 1996). What is clear from these last articles is the strong exposure of museum management issues to the political cycle. With an additional perverse effect, in terms of government policymaking: ‘In the face of Government cuts, museums are being forced to charge admission, thus denying access when the political climate is all for increasing access’ (Alan Leighton, IPMS representative, quoted in the *Evening Standard*, 19 November 1996).

Although highly controversial and emotional, the ongoing debate on charges has interesting dimensions in addition to – and I guess, in terms of impact, despite – the ideological stance. Once again a rhetoric emerges addressing serious managerial issues in terms of effectiveness and efficiency in resource acquisition (visitors’ and sponsors’ elasticity) and uses; and questioning the real sense of economic responsibility in running this and similar institutions. A rhetoric of managing, produced by museum professionals and only partially using the current orthodox ‘management rhetoric’ of management studies, would achieve major results when used in this way in contrast to the contradictions in the management discourse developed by the Edwards Report.

Managerial processes, economics of museums and madhouse economics

The overall process of ‘managerialization’ of the national museums – also encouraged by the Edwards Report – involves some important factors and changes at the heart of the economics of these institutions: new financial mechanisms and routines are involved, which aim not only at improving economic responsibility, but also at encouraging some form of ‘commercial’ logic. Things are not so easy, however, and serious adverse criticism can be found in the press debate.

The report itself was clear and explicit in calling for the need to separate ‘revenue and development budgets’ (S39), ordinary and extraordinary activities and resources, especially in relation to the major special projects undertaken at the British Museum (Great Court and Study Centre). The same issue is taken much further in the debate, underlying the contradiction between the generous funding of special projects and the lack of resources for operating costs:

The economics of the madhouse – that is the phrase which keeps coming to mind as I contemplate the present plight of the British Museum. On the one hand, it has secured £30m of Lottery monies, and expects more, for the Great Court scheme to open up the large central courtyard of the Museum, unseen for 150 years, and so allow many improvements to be made. On the other hand, it is going bust quickly in terms of current expenditure and receipts and to avert disaster it must contemplate massive staff cuts and charging for admission.

(Independent, 18 November 1996)

Indeed this critique is not just against the Edwards Report, but to the bizarre anomaly characterizing cultural economics policy in the United Kingdom in recent years:

But Lottery Britain works on the principle known in the North as 'fur coat and no knickers'. Suddenly there is oodles of money for capital projects but not for running costs: the Government's pay-out is being ratcheted downwards by 3 per cent every year. Taken to its logical conclusion, the policy should ultimately ensure that our publicly-funded institutions will operate as if struck by a neutron bomb: beautifully preserved buildings with no staff in them.

(Guardian, 27 January 1997)

The Lottery indeed has been used – in the British Museum case and elsewhere – to some extent as a substitute for the normal funding by the government. Unfortunately, this has also meant substituting the funding of extraordinary costs and activities to those of current, day-to-day activities:

Of course the Treasury will try and make every effort to reduce expenditure on subsidies for museums and galleries in the knowledge that the country is awash with Heritage money from the Lottery: this cash, however, is not available for the ordinary running costs of the British Museum ... Plainly, the way the Lottery money is distributed has to be re-thought: in such cases as the Museum, the maintenance of the public subsidy to keep the place open is more important than grand schemes for re-development.

(Evening Standard, 20 November 1996)

As always, tax implications make things even worse: 'It becomes even more grotesque when you realize that these lottery-backed projects attract VAT, which can be reclaimed only if the museum turns

itself into a proper business by charging. In terms of the British Museum's revenues, 17.5 per cent of £60m is big money. So the bizarre logic of the Lottery puts even more pressure on the few surviving non-chargers' (*Sunday Times*, 17 November 1996).

There are other examples quoted in addition to that of the British Museum: 'The absurdity of Britain's traditional distaste for funding the care and display of its artistic heritage is currently demonstrated at the Glasgow Museum and Art Galleries which, having just opened a £7.5 million modern art gallery, now closes all its galleries except that at Kelvingrove every Tuesday to save money' (Letter to the Editor, *The Times*, 28 November 1996).

More than a simple distinction between ordinary/extraordinary funding, however, there is a major implication in this criticism concerning the issue of encouraging sound management and economic responsibility at the British Museum and other institutions. For a crucial point is that the 'managerial view' adopted by the Edwards Report shows the same lack of responsibility as that of previous entities which led to the creation of what was referred to as the 'hidden deficit'; a liability which, however, is now charged to the Museum as such, with massive impact on running costs leading to budget and staffing cuts rather than calling for other forms of 'compensation' according to the principle of responsibility which characterizes in general the rhetoric of management discourse.

The incompetence lasted for most of the post-war period. The government's Property Services Agency spent those years assiduously evading the true cost of maintenance and repair of the great 18th- and 19th-century buildings in which the national collections are housed. As a result, their fabric steadily frayed and their managements had to fight an almost daily battle to patch up structures – the vast and often leaking V&A roof became an icon of postimperial decay.

(*Sunday Times*, 17 November 1996)

The lack of clarity in defining responsibility here outlined is a major element undermining the whole notion of accountability that is associated by its nature with any discourse about management and management responsibility, particularly in the transformation of the public sector. For instance, in the case of the British Museum some £15m has had to be spent on fire precautions during the years since responsibility for the building was transferred from the Property Service Agency to the Museum (interview with British Museum Finance Director, 17 April

2000): a high proportion of these costs (and indeed part at least of the 'hidden deficit') should have been financed with additional, extraordinary funds rather than from within the annual block grant.

Finally, the perception that the crisis faced by the British Museum – and similar crises – could be resolved with tougher cost control and 'imaginative marketing' as stated by one Whitehall source (*Sunday Times*, 27 October 1996) opens up a further, deeply serious doubt about the economics of museums. The perverse, vicious circle between different and internally inconsistent suggestions emerging from management perspectives are here addressed, putting in dynamic terms the potential impact of the contradictory state of management studies, pointed out in the previous pages.

The Museum must not go down the path indicated by Mr Edwards. He believes that the Museum should sell itself much harder but wants it simultaneously to make the whole task 10 times more difficult by charging £5 or £6 for entrance. Is this not a further example of the economics of the madhouse? You first cut the number of visitors by half (judging by similar cultural institutions) and then try to win them back by series of trendy initiatives.

(*Independent*, 18 November 1996)

And even more explicitly, Alistair McAlpine argued:

The trouble is that museum directors have been seduced by commerce... The more museum directors dabble in the world of commerce... they have to recruit shopkeepers, chefs and accountants to handle their business ventures when, in fact, they should be recruiting the best curators to rotate their collections... Because it needs to keep the tills ringing, the museum world has become obsessed with sponsorship. New galleries are opened; old ones are renovated... permanent collection is given over to spectacular but comparatively meaningless shows... No one calculates the real costs of the space that all these commercial activities use up. If they did, the accountants would find they cost so much that all these business ventures were run at a loss.

(*Independent on Sunday*, 26 January 1997)

The tone is radical, perhaps too emotional, and lacking 'empirical evidence'. Nonetheless, the doubt remains about the existence of the economic conditions (break-even if not profitability) in the process of

turning museums into spectacles in accordance with management and marketing slogans. What is sure, however, is that the report itself – when calling for a revision of initial figures – seems to acknowledge both the lack of an updated analysis of current costs of the Great Court at that time and a lack of awareness about the economic viability of the whole project.

What strikes me is how these comments and criticisms – probably perceived as ‘antagonistic’ to the management viewpoint by not a few of either the listeners or the speakers – help by underlining some serious logical and institutional problems in the discourse about the management of similar institutions: insights into managerial aspects which current managerial rhetoric itself is in danger of overlooking.

Staff: a marginal issue?

Looking at the British Museum case from outside the United Kingdom, the somewhat marginal role played in the debate by issues regarding staff – and the alleged overstaffing situation – seems peculiar. Few articles address these aspects, while quick references tend to prevail. The trade unions are left largely unsupported in a lonely task of trying to defend the interests – but also, here more relevant, the economic value – of the workforce.

If the Museum were to adopt...option A the free admission policy would continue but between 25 and 33 per cent of the staff would be made redundant. Such cuts would affect catastrophically the safety and security of the objects and visitors. They would also result in reduced access to the collections, severe damage to scholarship and a reduction in the provision of educational service ... the impact of [option B] staffing reduction would still be devastating.

(BM Trade Union side, Letter to Secretary of State for National Heritage, 19 November 1996)

Of course the relevance of staff and competencies is recognized elsewhere: ‘[The Trustees] are all too aware that the reputation of the Museum lies with the service which the dedicated staff provides for the public at all levels’ (BM News Release, 26 November 1996). Nonetheless the opportunity to question at the empirical level the reliability of the overstaffing assumption in the Edwards Report – that is in addition to questioning it in terms of inner consistency, as proposed in the previous pages – was lost.

Few empirical references in this direction can be found in the press: the trade union were arguing that the Museum 'is having to close up a third of galleries at any one time because it cannot afford to employ enough warders' (Letter to the Editor, *Independent*, 28 November 1996); or, again: 'Jill Ravenscroft, a spokeswoman for the Museum, today admitted there were too few staff. "We have 2 1/2 miles of galleries and we do not have enough warders to keep them open"' (*Evening Standard*, 7 January 1997).

A letter to the Editor of the *Independent* (7 January 1997) from a Danish scholar, Professor Mogens Trolle Larsen, gives further empirical evidence of the controversial validity of the overstaffing assumption: 'On three occasions during the past four months... I have visited the Assyrian and Mesopotamian collections at the British Museum, only to discover that the relevant galleries were closed to the public. The reason given by the staff at the museum has been lack of guards.' After expressing his 'extreme dissatisfaction with this state of affairs', the letter clearly underlines once again the possible perverse effects of managerial decisions (reducing staff) on other managerial decisions (sponsorship orientation): 'The situation is particularly bizarre with respect to the Mesopotamian galleries upstairs, rooms which have been newly installed on the basis of a large grant from the American Sackler family. It must be a strange feeling for these sponsors to know that their money has been spent on lavish refurbishment of galleries which are mostly closed to the public.'

Note that I am not so much concerned here about whether Edwards was right or wrong in his diagnosis of overstaffing at an 'objective' level. It is the rhetoric about overstaffing that matters. And indeed what emerges is that in the debate much less importance is assigned to the need for cutting staff than to the issue of charging, both suggested by the Edwards Report. Put crudely, staff reduction seems to be presented as a possible way of financing the avoidance of entrance charges: 'In a desperate effort to maintain free admission – one of the 273-year-old Museum's founding principles – in the face of a mounting budget crisis, its Trustees are considering a drastic plan to axe one in five of the 1,000-plus staff' (*Evening Standard*, 7 January 1997). The comment by the Director is very telling in this regard: 'I desperately want to avoid charging, but ultimately we have to accept that it is a possibility. Staff cuts are almost inevitable' (*The Times*, 6 November 1996): entry charges are resisted, staff cuts are accepted.

This contradiction can hardly be explained in 'political' terms. If, in general, and maybe even in stereotypical ways, right-wing policies can

be easily thought of as coupling cuts to staff and abandoning free entrance, left-wing policies would be expected to defend (or resist) staff cuts more strongly and in preference to the introduction of entrance fees. Which is not the case here. The idea emerges that this has something to do with the 'pride and prejudices' of the class structure of the United Kingdom at the societal level. More pragmatically, in terms of managerial issues, what seems to be lacking here is a shared sense of belonging to the organization as a whole, a sense of unity and identity as a community of resources and competencies. Far from any socially radical viewpoint, the lack of a notion of the 'centrality of people' – in the usual sense given to this term by the excellence and strategic management literature – is perhaps one of the endogenous weaknesses in the process of fostering management at the British Museum. Which is probably coupled with a similar perceived lack of relevance of people characterizing the dominance of an accounting culture in the dynamics of the new public sector.

2.4 A critique with the benefit of hindsight: changing processes following the Edwards Report

Although the major focus of this chapter is on the Edwards Report *per se*, it is worth quickly commenting on some of the subsequent events in the evolution of the British Museum and the discourse about management at the Museum. The terms of reference are however, to a large extent, the Edwards Report itself, analysing its direct impact, and also the linkages which can be made to the new crisis of the year 2000 (see the quotation at the beginning of the chapter). In no way is the analysis put forward here intended to try to assess change processes and the 'quality of management' today: that would require additional time and a very different access to internal sources, rather than those publicly available which are the basis of this chapter. The changing process after publication of the Edwards Report, indeed, would deserve an additional paper on its own.

(1) The implementation of the Edwards Report

Major management decisions taken in the period after the publication of the Edwards Report can be seen – retrospectively – as signs of different degrees of implementation of the report, where actions were either not made as suggested (not implemented), made as suggested (implemented) or made in addition to what was suggested (implemented beyond the report).

Not implemented

In analysing the period following publication of the report and the associated debate, one is surprised to see that almost nothing happened, or at least no dramatic changes such as those suggested/predicted by Edwards took place: entrance charges have not yet been introduced, and staff cuts neither in the order of 33 per cent (option A) nor 20 per cent (option B) have been adopted. Yet, the Museum has not gone bankrupt.

Implemented

This does not mean that the report had no impact, for some of the major changes which have taken place were based and legitimized by it. First, a compensation claim for the British Library receipt was recognized by the government, as suggested by the report. Second, some serious personnel restructuring was put in hand with a 40-person redundancy plan on a voluntary basis, the revision of warders' contracts, and a staffing review of support areas in various departments. Third, other decisions concerning changes in operations were developed (for example a CCTV installation programme, abolition of Security Adviser/BMD restructure and so on: Notes, 1997).

But what is particularly interesting for our concerns is that at last a Finance Director was appointed, the first in almost 250 years of history of the British Museum, and a lot of changes in the administrative area were put in hand (the introduction of the Annual Report, the separation of the revenue and development budgets, the renewing of the planning system and so on).

At first, without the use of up-to-date management accounting techniques – resisting rather deliberately the introduction of technicalities such as ABC (Blackstock, 2000) – costs were nonetheless brought under control. Indeed savings turned out to be easier than predicted, given the previous situation of lack of any control mechanism on expenses: 'There was no accounting at all in the previous situation, thus in just addressing attention to costs plenty of opportunities for economies took place' (interview with Mr Blackstock, 4 April 2000).

Indeed, looking at things a few years later, the successful establishment of the current management rhetoric in the administration of the British Museum can be pointed out, as countless examples in the current British Museum Plan reveals: 'The Plan sets out the regeneration of the BM ... The Plan sets out six Museum-wide aims: openness, learning and engagement, excellence, skills-sharing, public recognition and effectiveness' (*The BM Plan, 2000/01 to 2004/05*, p. 5); 'The intellectual and

curatorial strategy ... looks at how to make collections accessible and *inspiring* to the broadest audience' (p. 19, emphasis added), while strategic directions refer to 'Enlightenment ... Interpretation ... Public participation ... Developing understanding ... Caring for collections ... Making acquisitions ... Sharing skills' (pp. 19–20), with a sense of priority which is rather different from a more curatorship-oriented one.

Also ABC has finally been introduced, as can be read under the heading 'Good value for money' in the Annual Report: 'After several years of reducing costs, the drive for cost-effectiveness has moved to new areas, including laying plans for investments in significant income-earning and cost-saving projects, the progress of management accounting towards an activity base and plans to enhance the value of supporting services' (*The British Museum 98–99 Annual Report*, p. 12).

The same Annual Report, in the section referring to 'Solvency' interestingly comments: 'The Income and Expenditure accumulated balance of £507,000 reflects no more than the surplus for the year. It is a modest sum in the context of a turnover of £50 million' (p. 13). This shows that the crisis is basically perceived as close to being resolved. The comment about the 'modest sum' echoes some ROI (return on investment) reasoning which betrays a lack of understanding about the specific nature of non-profit institutions, as opposed to profit-maximizers, and a lack of appreciation of the recent history of the crisis, as portrayed by the Edwards Report.

Compared to the 1996 income statement which was taken as a starting point by the Edwards Report, the present income statement is completely changed both in form (indeed the present exposition according to an activity-base perspective makes direct comparison impossible) and numbers. The process of commercialization shows its impact, with revenues from commercial activities ranging from an actual figure of 18.7 per cent in 1997/8 to a projected 37 per cent in 2004/5, and relative costs from 18.5 to 32 per cent (Table 2.4). The results of the effort towards commercial initiatives would get a different emphasis if the income statement presented it as some sort of additional activity rather than as a 'core-business', positioning associated revenue and costs after some sort of current operating margin, with their net contribution as shown by Table 2.4.

Implemented beyond the report

What these elements suggest is that the decisions taken after the publication of the Edwards Report to a large extent encouraged developments in directions other to those that the report proposed.

Table 2.4 Revenues, costs and margins from commercial activity

	1997-98		1998-99		2000-01		2001-02		2002-03		2003-04		2004-05	
	£mil	%	£mil	%	£mil	%	£mil	%	£mil	%	£mil	%	£mil	%
Revenues	9,327	19.2	8,743	18.7	14,069	26.7	20,003	34.6	20,832	36.1	21,498	36.7	22,459	37.1
Costs	8,291	17.1	8,636	18.5	14,077	26.7	18,863	32.6	18,144	31.4	18,951	32.4	19,266	31.8
Margins	1,036	2.1	0,107	0.2	-8	0.0	1,140	2.0	2,688	4.7	2,547	4.4	3,193	5.3
Total costs	48,464	100.0	46,739	100.0	52,689	100.0	57,886	100.0	57,737	100.0	58,542	100.0	60,589	100.0

Sources: Data for, 1997-98 and 1998-99: BM 1998/99 Annual Report; 2000/01 to 2004/05: The BM Plan 2000/01 to 2004/05.

A stronger marketing orientation has surely been achieved, both in the rhetoric used in formal documents (Annual Report, the BM Plan, as seen above) and in the introduction of a Marketing Director, a post that was not mentioned in the report. This underlines once more the limits of the management discourse as developed by Edwards.

But perhaps the most significant action in the adoption of management solutions beyond those recommended in the Edwards Report was the introduction of the post of Managing Director in April 1999, thereby further enlarging the already crowded managerial superstructure of the Museum.

The decision itself made a great impact in the press, for the 'managerial implications' of the establishment of the new position were highly controversial. First, the dual structure – Managing Director *and* Director – can be seen in rather different terms: the optimist will compare it to the relationship between newspaper publisher and editor (*Evening Standard*, 31 March 1999; *The Art Newspaper*, May 1999), while the pessimist will underline the potential conflicts and the lack of clear demarcation of authority that this implies (*The Times*, 1 April 1999; *Observer*, 4 April 1999). A definitive opinion is hard to come by – although similar organizational experiments in other situations, as for instance Pompeii, can be considered. Assessing the pros and cons of this solution, raises the question of whether it is helping to facilitate dialogue between the two cultures (curatorial and managerial) or, vice versa, literally personifying the cultural conflict.⁵ Nonetheless, a situation of 'managerial overstaffing' is what – ironically – emerges in the end, at least compared to Edwards's original suggestions.

Second, the mandate and role of the new Managing Director seemed somewhat vague. It tended to be defined in very general terms, weakening any sense of urgency and distancing the decision from the Edwards Report: 'A spokesman for the Museum said yesterday that many improvements have been made since the report and that Ms Taverne's appointment was simply a question of strengthening the senior management. "We are in a much better position now and although we are not home and dry we are making big efforts", he said' (*Independent*, 1 April 1999). As the job description puts it, the Managing Director is to be responsible for 'overall management of the Museum, especially to ensure delivery of all financial and project performance targets' and will 'provide leadership to the running of the Museum in a period of change' (quoted by the *Art Newspaper*, February 1999). Fostering commercial operations is a more direct element involved: 'I will be looking to raise the Museum's income from the private sector and also looking

at what people spend on publications and in retail outlets, which also needs to increase' (Ms Taverne, quoted by the *Independent*, 1 April 1999). More critically, the ongoing approach of cost reduction is stressed by the *Observer* (4 April 1999): 'A cost-cutting recruit to the British Museum's senior management will do nothing to end the atmosphere of crisis at the famous institution.'

However, what was particularly criticized – and is crucial to our concerns about managerial processes – is that the decision to create this post, far from being one of the Edwards Report's suggestions, was made outside the Museum, and thus signifies the limited independence and autonomy of the Trustees with respect to the government.

Inquiries by the *Art Newspaper* have revealed that the appointment of a managing director is partly the result of pressure from the DCMS, although the decision was taken by the Museum Trustees ... everyone involved is well aware that it is the Culture Secretary Chris Smith who holds the purse strings ... For several years the Department of Culture has felt that the British Museum lacks a sufficiently strong management structure to run an institution of its size and complexity.

(*Art Newspaper*, February 1999)

If true, this is another paradoxical result of the alleged process of managerialization, and the aim to increase the autonomy and responsibility of individual organizations funded by the DCMS, as J.V.G. Mallet pointed out in his Letter to the Editor: 'If your report (March 31) is accurate in ascribing this to the bullying of the museum's trustees by the Culture Secretary, Chris Smith, we are seeing the end of the arm's length principle that has until now saved our museums from becoming mere organs of government propaganda' (*Daily Telegraph*, 3 April 1999).

(2) The year 2000 crisis: back to unanticipated consequences in management processes?

On 23 January 2000, the press was once again involved in hot news about the British Museum, with the emerging threat of strikes (*Observer*, 23 January 2000; *Independent*, 23 January 2000; *The Times*, 23 January 2000). Following some preliminary initiatives (and press articles) focusing on human resources published in late 1999 and aimed at eliminating certain benefits enjoyed until then (shoe allowances and so on), a major restructuring of human resources was

announced in October 1999 (BM Notice, 1 October 1999; 21 October 1999). Redeployment of staff was announced, with about 90 jobs to go. In the meanwhile, 130 new jobs were also announced, although with different professional skills. Taken as a whole, a turnover of about 220 out of 1000 posts was involved, with a likely dramatic impact on individual expectations and social relations inside the Museum. The need to cut positions was partly justified by the British Museum administrators in relation to the 15 per cent cut in government funding, thus going back to the Edwards Report argument. However, the opportunity presented by the opening of the Great Court is the factor which allows hiring for the 130 new jobs, but with different skills closer to marketing and customer relations.

The strength of feeling in the debate which followed the announcement in January 2000 is associated with cultural, social and institutional factors (in a sense, one could argue that, all in all, the *net* effect of the decision was an increase of 40 jobs, not something over which to call for a strike – which, in the event, did not take place anyway). But what is most interesting from our point of view is the specific controversy about the rationale for the proposed change. Indeed, the reference to the Edwards Report is not completely convincing, and already in earlier British Museum documents – as shown above – the feeling of being close to overcoming *that* crisis was evident (including the ‘modest surplus’ reported in the *1998–1999 Annual Report*). And the staffing needs associated with the opening of the Great Court were missing from the Edwards Report, a drifting mine threatening the whole picture. Admittedly, the issue has never been addressed clearly, by either the report, or the government, or for that matter the British Museum Business Plan. ‘Unfortunately, the Business Plan appears completely changed and the new Great Court scheme will be staffed from within existing resources. This will mean the loss of 90 posts ... from the main Museum’, implying ‘a real adverse effect on the functions, scholarship and other activities undertaken in the Museum. There will be a reduction in public service and a reduction in access to the collections ... The very nature of the organization will fundamentally change’ (IPMS, Letter to Permanent Secretary DCMS, 11 November 1999).

Indeed, the year 2000 crisis is not the ‘old crisis’ addressed by the Edwards Report but the consequences of the impact of the Great Court on current organizational design and ongoing costs; an issue largely ‘forgotten’ by the whole managerial discourse as described in the previous pages. On this point, it is difficult not to agree with what the trade union representatives wrote to the Chairman of Trustees:

The proposals to reduce staff numbers in the main Museum are clearly based on the requirement to fund posts in the Great Court. We find it incredible, frankly, that management appears to have only just realized that the Museum had not secured additional resources for running costs. The announcement in October 1999 of the necessity for job losses shows a *total lack of planning* and, unfortunately, we believe that you and your colleagues should accept responsibility for this.

(IPMS Letter, 28 January 2000, emphasis added)

The unanticipated consequences in terms of managerial implications of the Great Court are so clear that neither the Director nor the Managing Director were directly charged in the debate. In the view of the press their co-existence 'is proving a disaster ... the museum is a double-headed monster now', all of which contributes to the 'general picture of disintegrating morale inside the Bloomsbury institution' (*Observer*, 23 January 2000). But

in fact, there is very little resentment of Taverne herself. Staff tend to feel she has inherited a financial mess and they blame the Museum's Board of Trustees for setting up a series of big building projects without fundraising for endowments. The Trustees, in turn, blame a lack of government funding. Graham C. Greene, Chairman of the Trustees, said: 'We have more going on here at the moment than at any time since the 1820s and, yes, changes have to be made to fund that'.

(*Observer*, 23 January 2000)

The DCMS, the Trustees, and – above all – the overall managerial process is under scrutiny:

We also recognise, however, that the DCMS is primarily responsible as it has, over many years, reduced and restricted grant-in-aid. It has also failed to provide additional resources for the Museum to run the Great Court. However we do not see why the Museum has accepted the additional responsibilities of opening the Great Court without additional resources.

(IPMS Letter, 28 January 2000)

Mistakes, failure to address relevant topics, lack of clear responsibility, institutional conflicts about governance structures and roles,

internal conflicts and decay of the organizational climate and sense of belonging: not a big result for the introduction, diffusion and abuses of managerial rhetoric in the history of the British Museum.

Notes

1. A similar vagueness characterizes the suggestions given for changing the management culture at the Museum, involving:

‘... a firm determination:

- to develop written strategies in all key areas of the Museum’s work based on the Museum’s defined purpose and core objectives;
- to relate work throughout the Museum to the defined objectives and strategies;
- within these objectives and strategies and the financial constraints, to decide what most needs to be achieved, and then to achieve it;
- to clarify how individual decisions are to be taken, when and by whom;
- to remedy deficiencies rather than blame them on shortage of money or low grant levels;
- to quantify full costs and benefits before taking decisions;
- to give managers and staff the right financial incentives;
- to achieve proper mix of professional skills among the staff, not least on finance, personnel, IT, construction management and public relations;
- to achieve constant improvements in standards of service, effectiveness and efficiency;
- to look outwards as well as inwards and to learn from the rest of the world;
- to grasp nettles rather than let them grow;
- to inform and consult staff at all stages.’ (4.2.5)

2. More precisely, the summary statements were assigned to each class as follows (statements S2, S108, S110, S111 were not classifiable):

- cell 1 – substantive aspects referred to collection-related effectiveness issues: S1, S27;
- cell 2 – procedural aspects referred to collection-related effectiveness issues: S9, S33, S34, S83;
- cell 3 – substantive aspects referred to market-related effectiveness aspects: S26;
- cell 4 – procedural aspects referred to market-related effectiveness aspects: S3, S4, S5, S6, S9, S25, S31, S81;
- cell 5 – substantive aspects referred to efficiency problems: S1, S17, S20, S23, S30, S44, S48, S49, S50, S51, S52, S59, S69, S72, S76, S77, S78, S79, S80, S82, S83, S84, S85, S86, S87, S89, S90, S92, S93, S94, S95, S96, S97, S98, S99, S100, S101, S102, S103, S104, S105, S106, S107;
- cell 6 – procedural aspects referred to efficiency problems: S3, S4, S6, S7, S8, S9, S10, S11, S12, S13, S14, S15, S16, S18, S19, S21, S22, S23, S24, S28, S29, S30, S32, S35, S36, S37, S38, S39, S40, S41, S42, S43, S45, S46, S47, S53, S54, S55, S56, S57, S58, S59, S60, S61, S62, S63, S64, S65, S66, S67, S68, S70, S71, S73, S74, S75, S83, S88, S89, S90, S91.

3. A much less self-confident position about the local needs of cultural organizations for viable solutions in management accounting, as opposed to the general supply of tools and frameworks that the accounting debate in itself is generating can be found in Blackstock (2000).
4. See Frey and Pommerehne (1991), Boniface (1995), Bennet (1996), Heilbrun and Gray (1997), Hutter and Rizzo (1997). At a comparative level, the impression is that cultural economists in Italy have been more able to legitimize their viewpoint within government cultural policymaking than their colleagues in the United Kingdom.
5. Some of the comments made by the new Managing Director have probably been perceived as threatening by not a few curators. When asked by Anna Somers Cocks whether the lack of museum work experience could be a problem, Suzanne Taverne answered: 'I would argue that it is an advantage not to have museum experience. Of course there are going to be many aspects of this job which will be fundamentally different from anything I've done before, but the ways of thinking, planning and project management which have formed part of my experience are going to be very relevant. It would be quite hard to have achieved that breadth of experience from within a museum' (*Art Newspaper*, May 1999).

3

Management Control and Managerial Rhetoric in Italian Public Sector Cultural Institutions

The analysis of the British Museum can be used in addressing some of the most frequently recurring discussions regarding the management of cultural organizations: concepts such as the one-block grant, hidden deficit, and the tendency to 'overdo' are not unique to the BM.

One aspect is probably more critical than the others, particularly in relation to public entities: the need for careful allocation of resources and responsibility under a project management logic consistent with the forms of accountability within the individual organization. This is complicated by the time that elapses between the making of a decision (perhaps with attention to conditions of autonomy and the economic impact of the investments) and its enactment and subsequent operative decisions. In the case of the British Museum, none of the participants have ever had a complete understanding of the resources involved in important decisions (the Great Court project, the Study Centre, the fire systems, and the management of the buildings), neither in terms of the investments and capital requirements, nor in terms of running costs after the initial investment period. Running costs – primarily general expenses and income associated with ordinary processes – are those which are crucial in the developing of managerial control in this sector.

3.1 Management as an iceberg: transcending communication and fundraising

A good part of the discussions within the cultural sector (ranging from left-wing to right-wing positions, pros and cons, from 'culturalists' and 'economists') focuses on the issue of shrinking resources – yet there is something missing from the debate. Little or no attention is given to

the conditions that make actions possible, conditions which are essential elements in actual management processes, whether in the presence of decreasing, constant or increasing resources (see, for instance, Zan, 1998; Masino and Zan, 2002). Conditions and resources should be considered jointly, rather than adopting an abstract and procedural – if not merely juridical – view.

This chapter focuses on managerial control of cultural organizations, with particular reference to public organizations (or those with public origins) and with an underlying thesis: aside from the problems of decreasing resources, the institutional and organizational settings of cultural organizations that are part of the (Italian) public sector create conditions that are problematic for any managerial actions. The entire discussion on the economics of cultural heritage risks getting nowhere, given the difficulty in transferring macro decisions on cultural policies into actions, goals *and* resources, according to the logic of managerial control.

The ancient mechanism of managerial control, deeply rooted since its birth within public bureaucracies, is broken. This mechanism transposed substantive policy objectives into conditions of action for the manager, a sort of double translation of the political objective inside a version of '*discorso del maneggio*', accounting for both economic resources and flows of resources over time (for example, the possibility of producing a reserve of 100 galleys for a certain date in the case of war using different kind of resources, as seen in the case of the Venice Arsenal in Chapter 1).

Paradoxically, management (and what in Italy tend to be referred to as the processes of 'companization') is often expected to guide reforms far from the logic of managerial discourse, without an understanding of the intrinsic characteristics of the operations of a particular organization. This also applies to the 'mumbo-jumbo' contained in the definition of law 112/1998, linking the notion of management to 'every direct activity, through the organization of human and material resources, to ensure access to the cultural goods'. In addition to what has already been argued in the debate (see Barbati et al., 2003: 57–60), from a management studies point of view the notion of 'managing' and 'management' could imply the overall activity and organization of resources to achieve the institutional ends and tasks of the organizations in question. In the case of a *soprintendenza* (the local branch of the Ministry of Cultural Heritage), however, the various activities of preserving, caring, access and so on need also to be 'managed'.

There is also an additional question: how far is the attention of a director of an Italian public art organization distracted from the primary professional tasks involved in managing collections or performances by the specific demands of the administration to which it belongs? This deserves individual research; perhaps the type suggested by Mintzberg (1973), in the form of a logbook reconstructing the nature of directors' work at the top of these organizations, possibly in comparison with directors of private, municipal, ecclesiastic museums and so on.¹

Any management control textbook will contain a definition of the following kind: 'Managerial control is the process through which the managers ensure that the resources are obtained and used efficiently and effectively for the reaching of the organization's objectives' (Anthony, as quoted by Brunetti, 1983: 11; see also Horngren et al., 1994; Lapsley and Mitchell, 1996). This chapter plays on the dialectic between objectives, resources and control of results.

3.2 Managerial control: the missing link in the reform of the *soprintendenza*

Regarding the unsteady reform of the so-called 'autonomous' *soprintendenza*, the intrinsic limitations have already been examined, even prior to its actual application, with an analysis that underlines the limited accountability.² However, it is worth taking another look at some of the aspects within the logic of managerial control, based on an analysis of the first two years of implementation of the reform (interviews from September 2000).

It is always surprising that information regarding the costs of personnel allocated to a particular part of an organization (such as the *soprintendenza* before the reform) is not available. Technically, producing such information is a banal question of simply entering specific fields within a database for employees of the ministry to use according to the code of allocation of people to the single *soprintendenza* – on a temporary or permanent basis. The very fact that this problem has not yet been resolved, even within the autonomous *soprintendenza*, is disturbing. Information is produced when someone is interested or when someone begins to ask: which is not so in this case.

In assessing the post-reform situation of Pompeii, a thorough analysis is needed. The result is, in effect, contradictory, with some decisively positive elements and others which are clearly negative. Figure

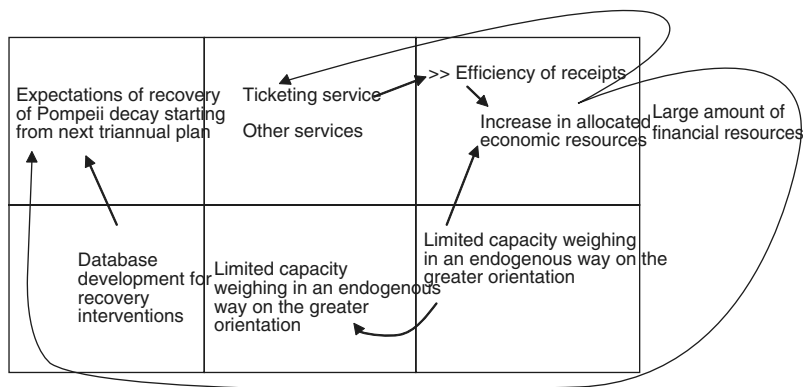


Figure 3.1 The autonomous status of Pompeii and decision-making processes

3.1 shows that there were significant improvements under some important aspects.

- In terms of the reversal of the decay of Pompeii, a complex database was initiated, with a census of various monuments and their evaluation in terms of conservation state and need for intervention, with relative priorities and costs. Although there has currently been little progress beyond the construction of the Plan for Pompeii, the pre-conditions for a systematic recovery of the site have been established as a good starting point for the next triennial plan.
- Greater attention has been paid to customer services, with the introduction of a ticketing and reservation service, allowing for more professional hospitality. A new high-quality bookshop was opened; new itineraries and ad-hoc initiatives were created and an education programme was completed (although with limited opportunity for direct management of the guided tours and thus improvement of the visits).
- More generally, a greater emphasis has been placed on the client/visitor and customer satisfaction (as for instance in the attempt to offer a more systematic series of alternative options to the experience of a visit to Pompeii).
- From the financial resources point of view, the situation improved decisively in substantive terms thanks to the new funds that the autonomous *soprintendenza* is able to collect through direct ticket sales: consequently, the spending capacity increased to three times the pre-reform level (less successful was the financing from private sponsors).

- Accounting procedures have been streamlined, and it has become easier to trace the finances of various cost centres and projects (although the application of management control practices needs to be improved: the same income statement could be made publicly available, which is not presently the case).
- Most (even if not all) of the red tape deriving from the administrative rule by the ministry has been cut. The new autonomy of the Administrative Board undoubtedly makes decision-making processes easier.

Compared to other possible solutions – such as the UK model of the one-block grant – there are still serious limitations to the new institutional form from a managerial point of view, especially with reference to direct responsibility for managing human resources (which remains under the central ministry level). This heavily compromises the institutional experiment, where nothing has changed in terms of lack of responsibility characterizing the ministry's human resources management³ and where there is only modest success compared to that which was expected in the process of emancipation from ministerial administration.

The impossibility of playing a direct role in (a) the selection of personnel, (b) the design of the assortment of backgrounds, knowledge and competencies available (for example the impossibility of hiring experts in marketing or managerial control), and (c) the very organization of labour, represents serious obstacles to managing innovation in dealing with the visitors or the maintenance of the site. The most serious limitation of the Pompeii reform is that it creates a structure (institutional, organizational and informative) that does not address attention to the reorganization of labour. A reduction of labour costs, for instance, would present enormous social costs without having any direct benefits on the entity in question (the autonomous *soprintendenza*), instead reducing the costs charged to the ministry. The basis for any outsourcing policies is not even pre-established, therefore. The fact that these limitations have never been resolved – regardless of the turnover of diverse ministries and government coalitions, and the extension of a similar autonomy to the 'Museum Poles' – creates serious doubts regarding the understanding of the perverse mechanisms put into place.

Aside from failing to establish alternative forms of labour organization, the invented 'business model' of the autonomous *soprintendenza* can be seen as a sort of organizational monster:

- extraordinary expenses (restoration and recovery) are covered by ordinary income (ticket sales, and so on);
- running costs are, for the most part, covered by allowances that are not charged to the entity in question but elsewhere (human resources do not impact the financial statements of the autonomous *soprintendenza*, but are covered by the ministry);
- the entities created this way present an extremely partial notion of accountability, making managerial action difficult and not totally transparent (in the sense that 'who is responsible for what' tends to be ambiguously defined);
- the use of cost information for decision-making purposes is thus made impossible (although without arguing that Pompeii should be run accordingly to mere cost issues).

Where is the room in this model for managerial logic? Certainly some degrees of freedom exist: but the 'objectives→resources→actions→results' chain is profoundly limited by the impossibility of taking direct action on the greater part of resources (personnel costs, or any increase or decrease in staffing in relation to diverse classes of required professionalism). The model provides only a little flexibility in costs and income generation and perhaps a better customer orientation.

From this viewpoint, a curious alliance between ministerial bureaucracy and professionals⁴ can be seen in the approach to the central issue of managing personnel. Not only is the ministry lacking (from the outset) in a proper understanding of these aspects, but people directly involved in the managerial process also hold highly negative attitudes: 'They should be superintendents only for the archaeological objects, or even the historical and artistic ones... or even more so the environmental and architectonic assets. Instead, they are also asked to motivate the employees, above all those which are extremely frustrated working in the offices, or to introduce minimal rules of "business" behavior' (Dell'Orso, 2002: 79, emphasis added; for a different view see Morris et al., 1999).

Given this situation of very limited reform, it is not surprising that the predominant alternative is seen to be exit from the public sector, as the transformative wave into foundations demonstrates, albeit avoiding full privatization. However, perhaps a better way could have been found within the original organization.

3.3 True and false managerialism in the transformation of Italian municipal museums

There is an enormous black hole in the whole debate on cultural heritage in Italy, that is, the lack of reference to the management of local authority museums, and particularly municipal museums (1500 of the total of about 3500 museums). Neither the hypothesis of the transfer of state museums to local government, nor the discussions on the problems of transformation within a critical view (see Settis, 2002) pay enough attention to this question. It seems as if transferring museums from central to local authorities could almost magically solve all their problems (in this sense, with a little sarcasm, the book by Dell'Orso, 2002, could be defined as 'a nice view of an ugly debate').

In fact, the municipalities present serious problems, which should be addressed with great attention (Santagata, 1998). That this discussion is missing from the current debate is a sign of the self-referential attitude of the ministerial bureaucracy. To be sure, the potential visitor does not care at all about the question of the ownership of the museum, unless in a negative connotation (curiosity provoked by poor service).

Concerning municipal cultural organizations, the recent reforms are the driving issues, together with the accompanying substantial administrative changes (passing from cash to accrual accounting, introducing cost accounting practices and so on: see Anselmi, 1997; Meneguzzo, 1995; Pezzani, 2000; Borgonovi, 2001; Mussari, 2001; Puddu, 2001; Farneti, 2002; Mulazzani, 2002). It might surprise an Anglo-Saxon reader that managerial control was introduced by law (yet perhaps in a country such as Italy 'who lives by the sword dies by the sword', a public administration dominated by a juridical imposition can't help but be transformed in such a way). However, the introduction of forms of managerial control 'by decree' (Panozzo 2000a) is not without consequences.

In general the situation is better than that of organizations under ministerial administration: yet even the more sophisticated managerial discourse hides some cumbersome limitations. It should be kept in mind that the municipal administration (at least in Italy) is a highly complex organization, with degrees of internal differentiation rarely found elsewhere. However, the complexity of managerial issues is higher in the case of the Cultural Department than in other areas of the city administration, with three distinct considerations.

- It is a 'high-tech' sector, even though the technology is of a very particular kind, that is 'humanistic'. Specific competencies and knowledge are necessary, which are highly sophisticated and require an appropriate level of skills, with high professional idiosyncrasies which are scarcely fungible (more so than in the case, for example, of the administrative department with responsibility for the production and retention of formal documents).
- However, even if professional discourse is highly idiosyncratic, it takes the form of a sort of 'hidden' technology, that is a body of knowledge apparently using current (as opposed to scientific) language. The consequence is that it does not discourage intrusions by non-specialists (something that would be more difficult, for example, in the case of an incinerator or a computerized system for documentary records).
- The cultural sector also presents a high visibility (by its very nature) which makes it extremely interesting to politicians jostling for position within a municipal Cultural Department (it 'creates image'). The relationship between politics and administration is thus much more delicate than in other sectors (for example, compared to the office of vital records). In the case of, say, city traffic policy the intervention of politics is perhaps more indirect, in terms of a macro definition of policies and in relation to the technicalities clearly involved.

Accounting information also presents serious problems, whose limitations have been analysed in depth in the case of Bologna (Zan, 2000b) – although the discussion also pertains to many other cities (see chapters 4 and 5 in this volume). These problems include:

- Difficulty in managing differentiation/integration processes.
- Conflicts concerning the relevance of the information between the Museum, the Cultural Department, and the city administration as a whole. The latter is usually interested in very aggregate indicators such as 'cost per visit' that are scarcely meaningful to the other protagonists.
- Situations where total costs are not available for the single entity.
- The lack of organizational relevance of cost figures charged to the museums, in this sense remaining merely 'virtual' costs.
- The lack of allocation of direct revenue to the single entity, and therefore the lack of any economic incentives (for individuals as well as the organization as a whole).

Table 3.1 The multidimensional nature of management: the Archaeological Museum in Bologna

	Effectiveness		Efficiency
	Back office	Demand-side	Supply-side
Substantive aspects	Value of the collections	Good performance: • visitors (70,000) • access (314 days/yr) • schools (45/50,000) • research & reputation: homepage education 'resume'	Benchmarking: ≈ OK financing structure ≈ OK costs and efficiency indicators (public ≈ private)
Procedural aspects	Museological practices	Some minor problems: • confusion of relevance • representation of research activities • no customer satisfaction • data, yet without analysis	Serious problems: • accounting determination • only costs (no revenues & incentives) • 'virtual' costs Need to develop a virtual income statement (as if ...)

The entire transformation process can be revisited in a managerial sense, on the basis of a multidimensional framework of museum management as provided in Table 3.1. The table looks at the case of the Archaeological Museum in Bologna where, in fact, the situation was satisfactory in substantive terms regarding the relationships with the users, with minor problems in terms of representation of demand-side performance. Note that at this level the analyst can use a 'reasonable' approach (analysing actual performances first and then procedural aspects). In the case of efficiency issues, however, the analyst has to invert the cognitive process: nothing can be said in substantive terms on the basis of information available at the museum level (or, indeed, at the Cultural Department and the city levels). Thus, the limitations of the partial accountability of municipal museums should be taken into account, requiring a deep manipulation of data, aiming at reconstructing the income statement of the museum as if it were an independent entity. Any judgement in substantive terms is possible only

after such a virtual income statement (virtual because it does not exist in the administrative procedures of the city).

The most surprising aspect is to find levels of relative efficiency comparable to those of the private sector, even taking performance indicators with caution.⁵ Managerial behaviour is called for (and, surprisingly, efficiency is obtained) of a private-sector kind, without, however, providing managers with control mechanisms or information (municipal directors control only a small part of the museum's costs). This underlines the unequal nature of the organizational game of introducing managerial discourse into these organizations in Italy, and the need to radically rethink both the information provided to the director and the conditions of accountability of the museum (for instance in terms of income statements for any of the institutions with minimal content to define). Even more radically, the whole institutional setting could be redefined, allowing more autonomy for decentralized structures.

In addition to being unfair, the '*discorso del maneggio*' as applied to municipal institutions is also far from the logic of economic responsibility in another important way. It tends to elude one of the major problems of the (Italian) public administration, which in the case of city Cultural Departments appears particularly evident because of the high visibility characterizing the departments and the strong elements within them of professional idiosyncrasy: the re-coupling of decisions and resources' allocation.⁶

The usual situation, in fact, is that they decide (for the same reasons of visibility that interest politicians) to begin new projects – for example the opening of a new museum – without identifying the costs and resources that will be needed once the investment is finished, specifying only the costs of the design, or refurbishment in restoration cases. In this way they commit unknown resources – often for entire generations – rendering inevitable the later need to attempt one of the following two tactics (with associated conflicts):

- Forcing the entire organization into a situation of a 'done deal'. The decision is made without having clear or explicit ideas of the costs and resources, which one day they can attempt to discover, pretending that the decision was actually made in regards to resources (with reasoning such as 'at this point it has already been decided, and therefore we have to provide the resources for this project').
- If resources cannot be obtained in this way, they can always 'prune' the project until they remove all the original meaning from it,

without worrying that third parties may have, in the meantime, taken the original decision seriously, with serious expectations – maybe somewhat naive – of consistent behaviour.

This process is not only characteristic of the municipality, it is also very typical of the entire Italian public sector, universities included, in which, for example, new programmes are activated without having a clear idea of the necessary costs. Or, even worse, where there is a clear idea of costs, without guaranteeing funding when giving a programme the go-ahead. ‘Organizational hypocrisy’ in this case implies that no comparison is made at all between competing projects using scarce resources, not to mention the idea of divesting funds from one project to invest in other, perhaps more innovative ones. This is, however, not only a pathology of the Italian public administration, it is a common aspect of the cultural sector in other countries as well, as evidenced in the case of the British Museum and the belated recognition of having financed only the extraordinary restoration costs and not the ongoing costs for managing the Great Court (as seen in Chapter 2).

In search of enemies, the analyst in pursuit of alienation across the municipal administrations of Italy could trace a map of the Italian cities and regions with mega-projects on the agenda, wherein a ‘show-business’ logic represents time-bombs for the costs that they will generate in the future; costs that will most likely take resources away from other projects and activities, cannibalizing previous initiatives within the same city Cultural Department, or that will result in radical downgrading of the project, all the way up to ‘divestment’. The volatility of the projects is a consequence of the visibility of cultural sector initiatives for politicians.

What could a director of a municipal museum do in this situation, with projects which are in so many aspects ambiguously and partially defined? (For example unclear emphasis on current costs, which cannot be taken into account in the logic of municipal administration and politics; objectives which cannot be articulated for a museum whose future operative characteristics are largely unknown, as well as its services and associated costs and results; resources that are neither guaranteed nor known; results that no one knows how to measure, and so on).

If the logic behind programming and control processes is the ‘objectives→resources→actions→results’ cycle, defining the responsibility of the director in this context is very difficult, parallel to the difficulty of ‘capturing’ politics and politicians in forms of transparency and responsibility. Taking the metaphor from the Venice

Arsenal, it is as if the Senate had gone mad and was setting a series of different goals and objectives in relation to the galley reserve, inconsistently over time, without giving the opportunity of verifying the feasibility of the goals to those who actually have to manage and produce the vessels and bear responsibility for attaining the goal.

Direct experience highlights a lack of administrative tools (managerial ones included) for disciplining the relationship between administration and politics. Some additional pathologies are involved in this process, alongside an abstract and rambling managerial rhetoric:

- With abuses of managerial terms and language, from the ever-present 'mission', to 'customer satisfaction', but above all with an obsessive insistence on budget goals, whose definition, updating and 'monitoring' sometimes requires enormous amounts of energy.
- Transfiguring the logic of control mechanisms, where the emphasis on objectives and results simply skips over the problem of resources, and where the important question of verifying the congruence between the desired scheme and the necessary resources is sidelined by a focus on individual responsibility (whose objectives however are no longer linked to the problem of resources).
- With an explicit denial of this logic, of the analytical definition of resources and commitment to actions by the individual and the organization. For instance, inside the annual budget procedure within an Italian municipality, the Cultural Department was asked by the city central administration to reach 'the same goals of the past year also in the presence of fewer resources'. A radical top-down logic, where resource cuts are the starting point of the whole process, and a nonsense in terms of goal/resource congruence.

To be sure, the reduction in resources is a serious issue and should not always be viewed with hostility. If resources diminish, however, it is necessary to redefine the portfolio of activities/projects, making explicit (transparent) the divestment in some respects, and thus redefining the 'contract' between politics and administration with respective responsibilities (including the political responsibility for the divestment of some projects).⁷

There are two ways in which these situations of 'false managerialism' may be overcome. The most radical is institutional transformation, for example, into a foundation. This will make it possible, if not indispensable, to discipline the rapport between politics and administration (see Chapter 4), also avoiding the risk posed by internal changes within the

top echelons of the Cultural Department (according to the law, all directors of the municipal administration – including museums – can, in principle, be moved to other sectors, with no links with the professionalism characterizing the activity). Otherwise – unable to suppress a certain embarrassment due to deontological issues, in the face of managerial ‘shams’, and inappropriate uses of managerial rhetoric to increase the amount of bureaucracy – one may seek to give a few warnings, offering some ‘survival techniques’ that minimize risks for the culturalists.

- (a) In the first place, in considering the need to ‘protect’ projects, trying to re-couple decisions and resources allocation, it is necessary to find solutions that minimize the volatility of decisions concerning the project and to resist the instability of ‘show-business’ politics. This implies defining, as far as possible, modalities, amounts and timing in the process of resources allocation to cope with a situation that naturally tends to elude this discipline, trying to force politicians toward a transparent assumption of responsibility within an adequate political role.⁸
- (b) In the second place, it is worth strengthening the negotiation process, not so much concerning objectives themselves – according to the rhetorical degeneration of managerial control – but in the relationship between objectives and resources. Given the multi-dimensional nature of the management of cultural organizations (see Figure 1.1), it is necessary to define the trade-off between efficiency and effectiveness that a specific appropriation of resources makes possible: decreases or increases of allocations have to be explicitly projected according to their consequences in terms of the level of the services, closing once and for all the era of the illusion of results without resources. Moreover, the level of effectiveness pursued should be articulated between historical/aesthetic effectiveness and customer-oriented effectiveness. Given the potential contradiction between efficiency, back office effectiveness, and demand-side effectiveness, managerial control should support the definition of an agreement of these aspects between politics and administration (and indeed also between the different hierarchical levels within the administration).
- (c) In the third place, it is necessary to define/negotiate the form of accountability itself, avoiding simplistic solutions (perhaps the few indicators shared by all activities inside the general control systems of the municipal administration) that could resolve the problems of integration of management control offices but not the needs of

differentiation by the users of management control. This involves imposing methods of control that are respectful of the professional content of tasks as well as valid in terms of objective-resources negotiation. To this end, models must be capable of accounting for the multidimensional nature of management of cultural institutions, for the actual allocation of resources once they are negotiated and for their careful monitoring (see Chapter 5 for an application on this basis).

3.4 Managerialism and museum standard-setting: another lost opportunity

An interesting document on standard-setting has been produced as the result of collective work by Italian museum professionals later assimilated into law (D.M. of 10 May 2001: see Marchi, 2001). This was an important outcome, especially for museological standards of a more 'technical' nature, and a demonstration of the strength of identity within the profession, working from a bottom-up perspective. However, with regard to economic and managerial aspects there is still room for criticism.

This is not just because it lacks a chapter dedicated to management control issues (in terms of both budgeting and economic representation and control) which thus tend to be presented in dilute form throughout the whole document. A particular example can be found in Chapter II (Financial Resources) which fails to include many aspects that would be of relevance to managerial control of a museum.

The document is characterized by a series of limitations, starting with 'verbal incontinence' (talking about rhetoric!) and resulting in more than one hundred pages. Also the topics are discussed at three diverse levels (a short introduction, a synoptic table, and the guidelines) which are not always consistent with each other (certainly not in the case of the Financial Resources). Furthermore, the document is rather ambiguous for an average reader, unclear as to minimal requirements and other additional standards that could be used.

More specifically, in the guidelines of Chapter II in the document, the controversial solution already adopted for Pompeii is described and proposed in an a-critical way, without considering the limitations according to a management control logic. In point 5.3, for instance, a balance sheet form is proposed that suggests an evaluation of the collections,⁹ the last thing to which it would be worth distracting the

attention of a museologist, even in the case of a completed institutional transformation into foundation. It is suggested here that a cash-based accounting system should also apply to private museums,¹⁰ which normally use more evolved forms of actual accounting. The weakest element however is the lack of clarity regarding minimal requirements – particularly in terms of the preparation of business plans in relation to the opening of new museums (as described in the original document on museum standards¹¹) and to the continuous provision of resources for ongoing development projects.

Without running the risk of asking for further bureaucratic procedures in addition to what are already redundant regulations concerning cultural organizations, a clear definition of the minimal standards for financial resources could be those defined within the paper presented by the Consulting Board of IBC, Bologna (Group 1, Legal Status and Financial Assets) from September 2000 to July 2001, in preparing standards for regional museums (substantially acknowledged in the Regional Meeting of Emilia Romagna, 3 March 2003, n. 309, although watered down in a document that, once again, suffers from verbal incontinence):

In the case of development projects (that create long-term costs) a minimal requirement is necessary:

- (a) the disclosure of a provisional document of expected running costs and revenues, with a time horizon which should be consistent with resource commitment, at least three years once the operation is running (that is following the investment and start-up phase);
- (b) the disclosure of actual income statement for a period consistent with the duration of the project over time, or at least yearly for three years running in the case of long-term projects.

In this way, this norm, trimmed of useless frills and appropriately refocused, could be a tool contributing to the disciplining of the relationship between politics and administration described in the previous pages. This forces the linking of decisions and resources in reference to projects that actually require resources.

This can also be done without referring at all to the 'mission', a 'trendy' concept within the cultural sector (Smith, 1996), but rather outdated in management studies (interestingly enough it was exported to other territories when it was no longer accepted within the debate in strategic management), for a series of clearly articulated reasons:

- The notion of 'mission' tends to cover phenomena of false consciousness if not mystification. Considering corrupt and criminal organizations, is it possible to find an example of a mission statement making it explicit that the organization wants to rob consumers, take advantage of workers, evade the IRS or pollute the environment?
- It puts excessive emphasis on thoughts, procedures and desires rather than highlighting the conduct of action and strategy (Mintzberg, 1990; Pettigrew, 1990).
- It is dangerously close to an anthropomorphic idea of the organization, as if the organization were a person, leaving out the crucial issue of the real players, their will and strategy, and the constellation of their roles within the reality of the organization in which they operate (Normann, 1977; Crozier and Friedberg, 1977).

The notion of 'mission' has little to add to museums. They could accept completely the definition proposed by the International Council of Museums (ICOM), which has devised, out of an improbable exercise of styles, a mission that is somehow 'invariable' and defines this type of organization on the basis of the characteristics of professional values. Or it might be better to ask the top managers of the museum their strategy, linking their vision (Normann, 1977) to the assessment of the collections and therefore to the museum identity (or the identity of the art organization in general), with attention to substantive rather than procedural aspects.¹²

Interestingly, similar reasoning (see Chapter 2) is provided by Smith (1996) in his sarcastic response to the request to the British Museum to define its mission, recalling that this was already identifiable in the document of the museum's founding fathers (which also established the principle of free entrance) employing a rhetoric which was closer to the managerial logic of many advocates.

3.5 Beyond the rhetoric of goals: toward a serious focus on resources

In this chapter some limitations within the current debate on economics and management of cultural activity are analysed, taking a sort of alternative route between the opposing logics of privatization and the defence of the current functioning of the public apparatus (or of positions that do not call for intervention in that sense), suggesting the need for a focus on resources and conditions of action at the level of

each single entity. Errors have been discussed in the use of programming and control in reference to both the reform of the so-called autonomous *soprintendenza* and to the experiences of managerial control at the level of the municipal museums, and finally in the definition of museum standards.

In different forms, a pathological breaking off of the 'objectives→resources→actions→results' cycle is what emerges. What is most worrying is the rhetorical degeneration, concentrated entirely on the issue of objectives in most of the cases investigated.

Resources and conditions require focus and articulation at the micro level. Among these conditions is the establishment of control processes that adequately support decision-making and resources allocation. Keeping in mind some of the distinguishing features of managing in a sector such as culture (in the phenomena referred to above of idiosyncrasy, visibility, volatility), what is needed is a management discourse which is *seriously* oriented towards the issue of resource: supporting, making explicit and transparent the negotiation process in defining the trade-off between efficiency and effectiveness of the cultural organization; linking objectives and resources in an explicit way, re-establishing the logical chain of control.

Only then will it be possible to speak of managerial responsibility.

Notes

1. The author – as an employee of a public university, and therefore with personal experience – offers his availability for this research. The results would probably be disturbing both for the variety of the ways in which different bureaucracies strip time from public managers, and in the amount of time required to do things that often have little or no (or also negative) value for the user, or scarce meaning in terms of the back office: which serve only to respect rules and routines born who knows when and why.
2. From this point of view, Pompeii (Zan, 2002) constitutes a special, even emblematic, case. In September 1997 a new regulation (law No. 352/1997) gave the site a new 'status': formerly a local branch of the Ministry of Culture (the *Soprintendenza*), it is now configured as an autonomous entity (*Soprintendenza autonoma*) on an experimental basis. The experiment opens up opportunities for widespread change to the Italian museums, at least those in the state-run system. The law seems largely to take on board the general trend towards 'managerialization' of art organizations, with the introduction of a new figure, the 'city manager', as it is normally referred to by the Minister and newspapers (in English, though – and in the wording of the law – the title is 'administrative director', *direttore amministrativo*). Such a situation represents an ideal 'social laboratory' for testing the effectiveness of management culture and rhetoric in addressing attention and mobilizing

collective action. However, as strategic management literature itself teaches us, it is necessary first of all ('year zero' to borrow an expression from the publication *Un Piano per Pompei*) to achieve a deep understanding of the antecedents – the past and the present of how this organization works – if the promises and expectations for change are to have any chance of success. Furthermore, any project for change is characterized by the extent to which it aims to distinguish itself from the past. In this sense, more than an appreciation of the actual impacts of the reform, the analysis in Zan (2002) aims at an *ex ante* assessment of the logic of such a law-driven transformation, measuring to what extent it is capable of facing the needs for change that the evolution of this entity manifests.

3. When speaking of the lack of responsibility for personnel management in the case of Pompeii there is the paradoxical situation, already described, of only 16 employees coming from a specific professional category (archaeology, architecture or art history), not because of problems of limited resources, but because of mismanagement. Of the existing 711 employees 34 are typists, double the number of specialized professionals. Or there is the situation of restoration experts who grow old or retire and who are not replaced, making it difficult to maintain the system of knowledge and accumulated practices, as in the case of the Opificio of the Pietre Dure of Florence (the Opificio, however, got three chauffeurs from the central administration, without asking for them!). Or even more so, at the ministerial level, with an organization of nearly 21,000 employees, in which the surprise is not so much in the prevalence of lower professional and warding staff, as in the further disproportions: 928 typists (in the computer era!) in the face of 164 restoration experts.
4. The phenomenon is not completely new, and a similar anti-intuitive convergence of interests between bureaucratic apparatus and the body of professionals – with accompanying pitfalls and reciprocal support – has been already highlighted and studied in the case of the Italian university in the remarkable essay on the sociology of organizations by Giglioli (1979), with the meaningful title 'Barons and bureaucrats'.
5. In this case, it is also worth remembering that an assessment of efficiency cannot be separated from a judgement of effectiveness. To take another example, the apparently greater efficiency of the museum of Lecce almost entirely conceals a low level of effectiveness, as the average expense per employees suggests that costs related to activities are low, just allowing for the direct cost of personnel and another few overheads (see Zan, 2000b).
6. This aspect also makes the cultural sector an interesting case for public administration experts. It is true that the lack of 'rationality' is a complex question in decision-making that scholars have also studied with reference to public organizations (from the science of 'muddling through' to the 'irrationality of actions and actions rationalities' and the relationship between decisions and hypocrisy: Lindblom, 1959; Brunsson, 1982, 1989; Cammillus, 1982). The specific characteristics of the cultural sector – professional idiosyncrasy and visibility for the politicians – make the situation particularly critical and disruptive.
7. As seen in Chapter 1, when Molin in 1633 reduced the target of 100 galleys while assuming the responsibility of providing 50 galleys, he highlighted the importance of defining a threshold.

8. Curiously enough, in the discourse on control, reference is always to a 'top-down' view of defining responsibility, forgetting that a serious '*discorso del maneggio*' tends to discipline both elements, the politician and the administrator, as occurred in the Venice Republic in the rapport between the Senate and the Arsenal officers.
9. 'The estimated operations should be comprised of the single properties and the overall value regards single collections' (MBAC, 2001: 66).
10. See points 5.1 and 5.2.: '... proposes a framework in which the fundamental entries are identified by their homogeneous and functional areas' (MBAC, 2001, p. 64).
11. 'The birth of a new museum must be implemented under condition of financial resources available, which must be sufficient to cover the start-up costs and the organization of operation in the long run (at least 5–6 years)' (MBAC, 2001, p. 25).
12. When asked to describe his vision, Robert Harth, new artistic director of Carnegie Hall, gave a reply which is a good example of what is referred to as a modest approach in Chapter 1: 'I'm not prepared to have a vision at this time, not having had an opportunity to immerse myself in the institutional activities. Once I've had a year or so under my belt, I'll have an idea of policies and programs I might want to implement... An institution that is 110 years old and has been as successful as Carnegie Hall... is a lot larger than any one person's vision' (see Tommasini, 2001).

4

Managerialization of Cultural Organizations and Institutional Settings: the Transformation into Foundations and Managerial Rhetoric

4.1 Foundations in the managerialization processes of arts organizations

One of the key elements in the debate on the economics of cultural activities in Italy in the last few years is the process of institutional transformation into foundations (opera houses, the case of the Biennale, the growing number of experiences within the museum sector: see Sciuillo, 1998a; Bellezza and Florian, 1998; Canuti, 2000; Foà, 2002a; Franchi Scarselli, 2002; Urbani, 2002). The institutional form of the operative foundation indeed appears to be the chosen form of managerialization processes – or, using an even more ambiguous term – the ‘companization’ of cultural institutions.

The aim of this chapter is to investigate the institutional transformation processes in terms of the reasons and causes behind them, the ways in which they tend to take form, and their implicit potential risks, without overlooking conflict and failures. Aside from the most important institutional aspects, the processes of change in cultural organizations involve their very survival.

The focus here is on managing issues and on the organizational and operational impacts of the processes of institutional change, questioning a certain illusion of ‘managing by law’ that characterizes the Italian debate. For what at first may appear as peculiar to the institutional transformation process of public sector cultural organizations, the preferences accorded to the foundation form, can be seen as part of the overall processes, revealed through investigation of the effects on managing issues with the tool kit of management knowledge.

More than an abstract reflection, such an analysis revisits an important series of empirical experiments and field research – both Italian

and international – in terms of qualitative research, without any attempt at statistical representation.

4.2 An international phenomenon with national variations

If the success of the foundation form in Italy is difficult to find elsewhere, what can be highlighted at the international level is a somewhat generalized process of reforming state administrations toward the definition of entities with larger degrees of autonomy and accountability. This constitutes a major transformation and discontinuity, commonly referred to at the international level as 'New Public Management', which is difficult to reverse in respect to the situation of the public administration of the 1960–70s, whether one likes it or not.

The field research literature is extensive for the economically significant health care sector, and this sector has been undergoing restructuring for a long period. Empirical investigation is, however, sparse with reference to the cultural sector, where very similar processes can be found (from the Louvre to national museums in the UK, not to mention the examples from Holland and Germany: Di Maggio, 1986; Wilton, 1990; Griffin, 1991; Boylan, 1992b; de Jong, 1993; Bennet, 1996; van Hemel and van der Wielen, 1997; Bodo, 1997; Linklater, 1997; Trimarchi, 1997, 2003; Leon and Trimarchi, 2003; Leon, 1997; Angioni, 1998; Gordon, 1999; Mottola Molino, 2000, 2002; Zolberg, 2000; Cappelli, 2002; Gombault, 2002; Romanelli, 2002).

Generally speaking, such processes of institutional transformation may have two different motives, even in the cultural sector:

- On one hand an attempt to save and economize, as a consequence of public deficits and as part of the general crisis of welfare. The institutional transformation of cultural organizations could be, in this sense, a way to reduce public expenses through implementing a mix of possible solutions: (a) making users pay directly for the cost of the service; (b) making private businesses intervene, according to the economic convenience linked to the commercialization of the cultural activity, or also in the forms of sponsorship or philanthropic giving;¹ or (c) the dispersal of the collection (see, AA.VV., 2001; see also Foà, 2002b; Pizza, 2002; Brancasi, 2003; Sorace, 2003).
- On the other hand, and possibly as an alternative, change may be motivated by a desire to introduce conditions of viability and action, flexibility, self-determination, autonomy; in other words to

resolve the problems of organizational failure that often plague public administration. This occurs certainly in terms of human resources management and in terms of acquisition of financial resources. Also, and maybe more so, it is an issue of patterns (and excess) of regulations, the shackles that make administrative life inside the public sector so difficult and so costly, and often with limited meaning – if any – to the characteristics of organizational tasks, and as the fruit of a self-centred transformation inertia of the bureaucracy in which the cultural institution is embedded.

The first motive is the one which makes the headlines in Italian newspapers, the argument being between the seductiveness of the almost magic solutions by management experts on the one side and the radical criticism by humanists on the other (Settis, 2002, referring to ‘Talibans in Rome’ is a good example of the latter).

The second motive is more interesting for many reasons, even if it is more difficult to understand and more complex, and, thus less appealing in terms of ‘show-business’ within the political debate. It focuses, indeed, on the specificity of managerial discourse, particularly on conditions for action and governance structures that better address attention and actions. The discussion is thus focused on the responsibility over operating bodies that can/should be subject to accountability, and therefore on the efficiency and effectiveness of actors in relation to statutory tasks in these organizations. In this regard, the French word *désétatisation* best describes the phenomenon (in this sense see also Sciuillo, 1998b; Canuti, 2000; Mottola Molfino, 2000; Foà, 2002a), which is a tentative exit from the public sector, in terms of emancipation from the rules and excess regulation that tend to characterize the public setting, often with unforeseen and unanticipated consequences.

At the empirical level, the two motives (economizing versus responsibility, and therefore privatization versus *désétatisation*) tend often to appear jointly, with possible distortions and misplaced expectations.²

It is certainly interesting to discover that in China during 2003, the socialist central government made an attempt to regain control of the Terracotta Museum in Xi’an which had undergone a excessively liberal reform in 1998 (Zan, 2005b). The reform resulted in – aside from the actual central spending reduction and autonomous managerial conditions which are almost unheard of in Italy – an excessive commercial exploitation, with an attempt to increase the excavation area in order to maximize resources and revenues. These earnings, however, were taken from conservation projects within the same area or from

schemes for the recovery of other sites in a poorer province with fewer spectacular attractions.³

However, the example which best illustrates this confusion within the cultural sector remains the British Museum. The questionable attempts at savage 'cost-cutting exercises' (with a reduction of 25–33 per cent of personnel) alongside the more recent failure of the dual structure (with a managing director alongside a director with a historian background) risks overshadowing one of the most important elements in terms of institutional innovation and governance structure. This is the 'one-block grant', an expression of the so-called 'arm's length principle' in the Anglo-Saxon world (see Selwood, 2001). The museum receives a certain sum of money and it is left to the discretion of the board to decide how to spend these resources (for example for personnel or technology or curatorial issues), for which they must then give account of results.

4.3 The Italian case, or the lack of modernization within central and local government from a managerial viewpoint

The Italian tendency towards cultural foundations thus appears as a mixture between a reduction of public financing and forms of *désétatisation* – with the mix varying in individual cases.

The legitimacy of one or the other direction is not questioned here, although a clear definition of the objective of an institutional transformation (in terms of savings versus operational conditions and economic responsibility) would be a useful element of transparency. Personally, as a management scholar, I find the phenomenon of *désétatisation* more interesting, therefore this will be the main focus of the chapter.

Why the foundation is the prevailing institutional form in Italy as opposed to other countries within similar processes of *désétatisation* is currently a research question for some juridical experts. Similarly, I am not focusing here on the inner logic of the juridical discussion on the transformation of the central administration within the cultural heritage ministry, according to the debate on devolution (Cammelli, 1998, 2000, 2002a; Sciallo, 1998b; Barbati, 2000, 2001; De Giorgi Cezzi, 2001; Canuti, 2000 Foà, 2002a; Serra, 1999; Poggi, 2002; Franchi Scarselli, 2002). What is interesting is that the fashion for foundations in the transformation of public sector cultural institutions is a response to the misery of the ministerial reforms in a managerial sense (for example the incomplete autonomy of Pompeii), and the contradictions

of the administrative reform within local authorities (the lack of capability in managing the high degree of internal differentiation within local authorities administration, the unfair game of budgeting in municipal museums: in both cases, without any serious reasoning about resources, or in the bargaining of goals and resources, and means and ends, or more in particular a negotiation of the trade-off between effectiveness and efficiency as seen in Chapter 3).

From this point of view, beyond cultural distances in the dialogue between a professional (curatorial–aesthetic–scientific) and economic matrix, the issue of the management of cultural organizations takes the form of a conflict between the logic of curatorial and managerial actions in contrast with the mechanisms of public administration bureaucracies.

Aside from many examples provided in previous chapters, there is a further aspect that distinguishes public intervention in Italy: the pervasiveness of the ‘public’ character, being irresistibly public in an articulated and manifold sense, with a series of ‘unanticipated consequences’ that tend to emerge immediately. This aspect is perhaps simple to explain, yet this does not make it less problematic at the operating level.

In such a situation, any action aimed at the reconsideration of the ‘public’ character of an organization proves to be extremely difficult. It is impossible, for example, to protect the public character of a collection with reference to actions that are necessary for its integrity and conditions without implying that: (a) personnel involved acquire the prerogatives of public employees (along with everything that this implies, from the formal procedures of employment to their mobility within the structure and so on); (b) the relationship with the potential users takes on the characteristics of a relationship with public customers (as defined by law); and (c) the individual organization is compelled to adopt procedures and rules that characterize the specific class of the public entity of which it is part (state administration, local authorities and so on), in the context of overproduction of norms that characterize the Italian public administration.⁴

This explains the difficulty in finding a ‘reasonable’ way out and a viable solution with respect to managing issues, with two opposite extreme solutions:

- The radical negation of every ‘public’ feature that characterizes for example the whole project of the ‘Patrimonio Spa’ (on this aspect the criticisms of radical museologists can be largely agreed upon:

see Settis, 2002; Cappelli, 2002; Dell'Orso, 2002; for an overview in English see Lorenzi, 2002; Collesi et al., 2003; Darlington, 2003; IFM, 2003; Murphy, 2003; Rimbotti, 2004).

- Provoking fears – in part legitimate but in part as resistance to change – against any *désétatisation* experiments, which, by nature, do not aim to completely eliminate the public character but, rather, to maintain it with reference to some essential characters of the collections or the access (the nature of public good), yet without 'importing' additional aspects qualifying the status of 'public' body (public contracts, procedures and public administration and so on).

While in total agreement with the curatorial viewpoint, and in complete compliance with the first nine points of the 'Decalogue for the new code' signed by prestigious representatives of the Academy of the Lincei (*Il Sole 24 ore*, 2003), it is however impossible to agree on the last point,⁵ which demonstrates a lack of openness to intermediate solutions between a savage logic of privatization and state centralism. The fact that Pompeii had only 16 archaeologists, architects and art historians among its 711 employees is not the inexorable outcome of a concept which shares the first nine points of the aforementioned decalogue, yet it is an absurd situation (of mismanagement, as often cited in the international press, for example Gumbel, 1998) linked to the lack of attention to organizational and institutional aspects, often by professionals. The 'primary and irreplaceable tasks of the public administration' should certainly be preserved; but in order to do so a more courageous use of various institutional solutions could be made, as, for instance, the foundations, maintaining the public character of the goods but not the actual public production of these goods (see the meaningful title of Santagata, 1991; see also Panozzo, 2000b).⁶

Undoubtedly, this remains a difficult task: the *désétatisation* of elements whose public qualification is not indispensable, while maintaining 'the primary and irreplaceable tasks'. This implies a difficult process of redesigning operating, statutory and regulatory procedures.

4.4 Beyond the excesses of managerial rhetoric: foundations and the focus on current operations

One of the dangers of this situation is, paradoxically, the excess of confidence and of expectations that business language evokes, risking possible mistakes with significant distortions in results. Recalling the 'overdose of management' in the recent history of the British Museum,

the case of the Italian opera houses is perhaps one of the best examples of perverse results. While referring to detailed discussion elsewhere, a few empirical findings on this research can be reiterated:

If management is above all a question of 'focusing attention', the cumbersome points system used in allocating the FUS [Fondo Unico dello Spettacolo – Unitary Fund for Performing Activities] seems designed to divert the attention of opera house management teams from the more crucial aspects of their job and the results they are out to achieve (there is the feeling that Superintendents and general managers are going to be transformed into accounting and algorithm experts).

The emphasis on percentages at the heart of the FUS distribution mechanism is perhaps one of the most important weaknesses. It may have been intended to ensure continuity in the interests of sound management, but if the global funding (and thus the subsidy to each Foundation *in absolute terms*) is revised, all attempts at sound programming are foiled, leaving managers only the scant consolation of knowing that their twelve counterparts [the other opera houses] are all in the same boat or bad situation.

The curious, asymmetric process of pruning resources which we have described as Italian-style Thatcherism (cutting financial resources but leaving human resources untouched) is anything but a formula for imposing accountability and responsibility on the management teams in the opera houses. All it achieves is to limit financial resources without cutting back on the pay-roll, avoiding conflict at the global level but paralyzing effective action at the local level. When it comes to seeing how the law has been applied, one could argue whether the role of Superintendent has been transformed in name only.

As executive director, she/he is being asked to conjure with accounting skills in a situation of grave professional isolation, to invent all manner of expedients without any legitimation, and to face issues of efficiency and labor organization as they crop up (with unresolved problems of productivity and a corporate union presence inherited *en bloc* from the public regime).

In such a situation it is astounding that the governing board is given such a passive role (in the framework of the law itself, and perhaps even more so in our case study). We are indeed confronted with a 'monocracy deprived of any managerial professionalism', where no culture or background diverging from the purely aesthetic

is ever called on, even when this is available among the members of the board. The board continues to act as a mere rubber stamp.

In the absence of incentives for efficiency, or a structure of governance designed to facilitate decision making, the outcome of the whole mechanism is perverse indeed. It orients the individual organizations towards an increase in 'production' in order to gain more 'points' and hence larger subsidies. In other words, not only does the whole framework fail to impose a sounder rationale at both individual and collective levels, but it actually increases pressure – fed by professionalism and distinctive identity – to increase production without any thought for a more intensive distribution of opera.

What remains as perhaps the most glaring anomaly is the asymmetry in accountability between center and periphery, that is state administration and the Foundations. The episode of the assignment of the FUS 2002, reduced in January once the Foundations had already approved their budgets, is the case of false delegation and accountability which goes way beyond the difficulty of programming, itself one of the main areas the reform was designed to favor. The game is not fair: the state can back off and break its word. The truly bizarre outcome is that instead of introducing private (commercial) practices into public institutions (the former *Enti Lirici*), the newly privatized Foundations are subjected to public shortcomings (policies revised in real terms according to the overall requisites of public spending).

(Sicca and Zan, 2005: 62–3)

As a management scholar, I am not that surprised by the results of the reform of the lyric foundations in themselves. What is striking, however, is that these results are the fruit of a reform created, adopted, and flaunted in the name of a managerial logic. In this and many other examples it is difficult to find effective solutions that enable consistency between institutional settings and operating characteristics. Above all, what remains difficult is the design of sustainable organizations in the presence of activities – as in the present case, all over the world – that continue to produce a direct contribution margin (collections from ticket sales, minus costs either direct or variable) which is extremely limited or more likely negative (with an incidence of the so-called earned income equal to 30.6 per cent on average of the costs of American museums according to Valentino, 2001, and to 23.3 per cent of the costs of art museums according to Hoeltzel, 2002, both from AAM sources, 2001).

With this in mind, the writer has developed a particular preference toward operative managing foundations – that is, according to the Italian law, foundations which operate without owning the cultural assets, which remain the property of their previous owner – which has relevant advantages or at least minimizes some risks.

- First, it is not necessary to get involved in the evaluation of cultural assets, with extremely expensive political, cognitive and informative processes, often time-consuming, involving complex technicalities which take attention away from more relevant matters (in this sense, see the differences compared to Carnegie and Wolnizer, 1996; Rentschler and Potter, 1996; Carman et al., 1998).
- Second, it does not call for ‘creative accounting’ in relation to intangible assets – as, for instance, in the accounting representation of assets and equity in the case of the lyric foundations (Brunetti and Buttignon, 2001), or in the use of the brand and the archives in the Biennale balance sheet (La Biennale de Venezia, 2001; see also Sciuolo, 1998a; Mongiello and Moretti, 2001) – whose organizational and institutional meaning is rather opaque, while the estimated values are absolutely uncertain, often with reference to cultural assets (especially when they cannot be sold by law, as with public collections in Italy).⁷
- Third, the operative managing foundation makes it easier to replace an asset-centred logic with an income-centred one, forcing the partners to define their strategic agreement with reference to these aspects. All too often, in fact, there has been a tendency to define the relationship between the partners in terms of the share of initial resources they bear (in kind or monetary capital). Indeed if current operation is not self-sufficient, the institutional agreement between partners has to integrate on a permanent basis resources to balance the account – or defining a systematic contribution at the income statement level. For example, in the ongoing project of a piano museum within the Imola Piano Academy, which began as a private collection, the problem is not that of identifying the partners who can share the ownership of the collection. Rather, it involves the identification of resources and conditions that enable the conclusion of the initial investment (the completion and restoration of the collection, preparation of the location, initial set-up and promotional costs); but also and above all it involves the covering of the inevitable negative margin left by current operations once the start-up phase is completed. Similarly, in the reorganization hypothesis

of the ancient Egyptian Museum of Turin (Dal Pozzolo and Zan, 2003), the numbers leave few doubts regarding the fact that any possible reorganization will surely improve the level of effectiveness of the museum (both in curatorial and access term) but will rarely break even. The problem is thus in clearly committing the contributions of the partners to the foundation (ministry, local authorities, bank foundations) not only in terms of the initial capital stage, but also in the yearly contribution.⁸

Placing emphasis on running costs, on the direct negative margin from running operations, and on the systematic contribution of partners to cover this deficit is indispensable in defining economic responsibility that can be carried out through the institutional transformation, especially when referring to serious managerialization processes.

It is necessary, however, to avoid 'mistakes' which could be even more disruptive. For example in the case of the Italian opera houses, the definition of the mandatory period of superintendent/directors/board of directors (four years, starting from the month of the publication of the law in June) which does not cover the administrative period (1 January to 31 December) makes it impossible to identify who is responsible for financial results in the first and last year of the mandate (in part under the new and in part under the old supervisor/director/board of directors).⁹ The logic of consistency between results and responsibility is the basis of the entire managerial discourse; thus the lack of time consistency itself is emblematic of the difficulty in understanding the managerial and organizational meaning of institutional transformations often seen in an exclusively mono-disciplinary (that is legal) sense. Not to mention the dozens of cases which come to mind of institutional transformation processes lacking business plans, making it impossible to highlight any serious discourse about managing.

4.5 The Foundation of the municipal museums of Milan: a modest view of the institutional transformation

Even with all this criticism, the transformation into foundations can be a promising solution if approached with certain prudence. Some essential steps of a feasibility study conducted in 2000 on the transformation into a foundation of the municipal museums of Milan will be reviewed here (see Carruba, 2000, and Mottola Molfino, 2000, for a

primary illustration of the operation). The feasibility study has not as yet produced an actual decision. It is, however, in respect to that original document that a more general methodological reflection is proposed here.

The preliminary investigation was accompanied by three interrelated documents which will be analysed here under their managerial implications: the Statute of the Foundation, the Service Agreement and the Business Plan.

As for the Statute, for present purposes it suffices to highlight some major aspects. It is an operative managing foundation, set up by various participating bodies, with the aim of evaluating the works and collections of the municipal museums in Milan, 'guaranteeing managing operations and the access to the public'. The collections and works of the individual museums are not represented in the assets of the Foundation, being retained as the property by the City, and given to the institutions as a long-term loan. The Statute then refers to a service agreement between the City and the Foundation that 'disciplines the criteria and the qualitative and economic standards in the management of the museums'. This agreement details the mandate of the board of the Foundation. A yearly endowment fund is created, funded by an annual transfer from the City (or in principle also by other private partners), thus defining the autonomous accountability of the Foundation. Finally, the statutory organs (scientific committee, board of directors, president, superintendent – that is the managing director – college of the directors, and auditors' college) are identified, together with their rules of operation. It is also established that the main founder, the City, will keep the majority of voting inside the assembly.

Another important document is the Service Agreement, a draft of which has still not been formally approved and made public (just a short survey is thus proposed in these pages). From a managerial perspective, one of the primary elements of the Service Agreement is the definition of the 'consolidation area' (regarding which museums should be included in the Foundation), a term borrowed from group accounting. As an operative managing foundation, the definition of the consolidation perimeter is crucial. In fact, if the Foundation has to guarantee adequate levels of service, following the logic of economic responsibility, only museum institutions already operating can take part in the transformation. For new institutions, still in the design and preparation phase (for example, a new museum), it would be impossible to determine levels of cost and margins to which the top managers of the Foundation could commit their actions. At the same time, resources which are already available for managing operating institutions are

necessary for the management of those institutions for which the managers and curators of the municipal museums are able to (and should) take on management responsibility. The inclusion in the foundation of a museum still in the design stage would introduce an element of confusion to the consolidation of aggregate costs and revenues, potentially unhinging the entire process of economic responsibility, both for the Foundation and the political body. A new museum could ask for a large amount of resources: if it were included in the Foundation perimeter it would mean a 'blindfolded' assumption of responsibility (the very survival of the new museum could imply the implicit subtraction of resources devoted to the present). By separating operative projects from those which are still in progress, two clearly demarcated areas of responsibility could emerge in the political start-up phase:

- In running the Foundation, with defined tasks and explicit resources.
- In political innovations that – until the conclusion of the project – should be in the charge of the city administration as typical examples of policy-making. The supervising body is the city Cultural Department, not only in the early planning and innovation stages, but also in the execution of the project, including establishing conditions of economic feasibility. Only then will it be possible to transfer the responsibility for management to an outside authority (for example this, or perhaps another, foundation). At that point, explicit changes in the Service Agreement would be required, allowing for improvements in openness and transparency in the development of the relationship between politics and administration.

The Service Agreement also identifies some important accounting innovations, abandoning the common characteristics of public cash accounting for accrual accounting solutions. From a legal point of view, the financial statement refers to the Foundation as a whole, whereas at the organizational level the Service Agreement explicitly establishes that the income statement (budget and actual) will be articulated for each individual museum. Administrative responsibility is thus pushed down to the level of the individual museum.

Other accounting rules are then defined, as well as some forms of accountability regarding qualitative objectives, with a system of indicators that must be set up. It is interesting to note that while terms of reference for evaluating future results are considered, no mechanistic solutions in terms of performance indicators are offered. Major areas of responsibility to be taken into account are simply identified within a

framework similar to that shown in Figure 1.1, including the management of financial and human resources.¹⁰

Cultural assets are not subject to any financial evaluation, consistent with the nature of the operative managing Foundation, which manages without owning collections or objects. A precise inventory of assets in use is suggested however (in descriptive, non-monetary terms).

In substantive terms, the Service Agreement defines the annual financial contribution of the City (art. 5), explicitly referring to the Business Plan document as an attachment that constitutes an integral part of the agreement for detailed budget assumptions on which such a contribution is calculated. It is intended to be a solution similar to the UK 'one-block grant'. The board of the Foundation has the power to articulate the mix of resources and activity with an ample degree of freedom. The only constraint is the requirement to achieve objectives stipulated in the agreement, according to a managerial logic. To be sure, a transitory period is identified to handle the transfer of human resources to the new institution.

Special attention should be paid to the Business Plan, without commenting on actual figures for 'privacy reasons' (strange expression indeed, for a public body). The calculation of the annual contribution by the City 'takes into account some fundamental characteristics of the museums' activity such as the composed nature of the activity (preservation, research, development and presentation of the collections) and the nature of capacity costs which mostly distinguish it' (costs are mostly fixed rather than varying with the volume of the activity). Given that the purpose of the new institutional structure is to promote processes of economic responsibility, in determining the annual grant the terms of reference are that it should represent the exact amount of current expenditures in real terms: the new structure will get the same resources under the new institutional setting and should give account of them. The Foundation itself could fund further developments with additional resources acquired autonomously and/or with savings connected to improvements in efficiency. In other words, if the main purpose of the transformation is the definition of a new governance structure, for reasons of trust and credibility it is worth determining the value of the City contribution to the Foundation which represents a position of 'financial neutrality' with respect to the current resources supplied to the museums by the City, without any resource cuts (if cuts were required, they must be explicit).

The possibility of cost reductions due to improvements in efficiency was consciously not taken into account. This is not due to a lapse in

formulating costs, nor to the presumption of the absence of inefficiency, rather, it is a matter of credibility and trust, reassuring curators and employees that a strategy of hidden resources cuts is not involved. This also represents an important incentive for the Foundation in the future: the benefits arising from improvements of efficiency will be kept by the Foundation itself. There is also a 'prudence' principle involved here, in the face of difficulties in determining current costs under weak cost accounting systems.

In terms of process, given the pressure of time and deadlines, rather than implementing an ad hoc strategic planning process whose final result would have been the Business Plan, the choice was that of starting from the cost information already available, while keeping in mind the possible impacts of decisions already made according to current procedures (for example municipal budgeting). This approach in the creation of the Business Plan presents some elements of interest. Major issues in the set of assumptions characterizing the managerial logic of the process are as follows.

1. The first level is the reconstruction of the currently exposed costs. Relative to the items that already appear in the accounting procedures of the City Cultural Department with reference to the museums, this involves the verification of the congruence of present costs and the expected future evolution. There are two main limits to the available cost information, which require the integration of the following points:
 - the historical values presented by the cost accounting system are often 12–18 months behind, which in such a dynamic decision-making context could represent outdated information;
 - the information derives from an internal cost accounting system, which by nature normally proceeds through simplifications and compromises. In the assumption of a similar externalization process, this breeds informative mistakes which would be unacceptable.
2. The second level thus refers to 'hidden costs'; this means costs linked to services provided to the cultural sector from other offices and services of the City, and that were not explicitly charged to the account of the sector. However, these are resources that, in fact, have been made available to the municipal museums. Therefore, in the assumption of applying no cost reduction to the transformation of the museums into a foundation, it was necessary to add hidden costs to the costs explicitly presented. This implies a difficult process of identi-

- fying costs linked to the actual activity of museums, but charged to other cost centres, aiming at an explicit recognition of resources used.
3. A third level focuses on the 'costs in progress', that is costs linked to decisions which have already been made, and are therefore not the responsibility of the new Foundation. Due to the lead time between decision-making and implementation, these costs were not evident in the cost information system, either as actual or potential costs. If the logic is that of economic responsibility, a degree of compensation is needed here, integrating historical costs with the latent impacts of decisions which were made before the Foundation took responsibility (these activities and costs would emerge in the future regardless of any transformation into a foundation).
 4. The establishment of the new entity presents emerging costs that should be added to actual resources already bestowed upon the municipal museums. (At the same time central structure costs that will be kept by the City Cultural Department following the creation of the Foundation will need to be subtracted from the total). On the one hand, it would be naive to think that the new entity will not present new costs (accounting system, general affairs, information system, overheads and so on). On the other hand, the issue of human resources that are transferred to the Foundation and/or will be integrated into the new situation – or from another point of view, the savings for the City in terms of costs of personnel that are no longer necessary – is also involved, with an associated series of pressures and tensions.¹¹
 5. The last level regards earnings that should be charged to the Foundation, under the hypothesis that the earnings to date of various listings connected to municipal museums will then be forwarded to the Foundation. Also in this case, a prudent attitude and a sort of incentive mechanism toward the future life of the Foundation suggests taking only income data which are already traceable within the histories of the individual museums. The municipal museums of Milan were and are free to the public, a decision that was not questioned by the Business Plan in discussion (a further distinction from the British Museum discussion in Chapter 2).
 6. The contribution thus outlined was then inflated for the following year to avoid an actual cut in funds.

In short, with considerable emphasis on the organizational-institutional aspects, the structure of the Business Plan stresses two important elements:

- *The potential costs of the 'consolidation area'* (the museums that will be included). Current costs established by the accounting system were integrated with hidden costs and the costs in progress, net of the earnings of the various museums. In terms of size, the potential costs represent 121 per cent of the actual accounting costs. These are costs driven by past decisions, which would emerge anyway in the future with no additional decision even in current conditions (that is without the transformation into foundation), and determined on the assumption of no resource cuts on decisions already made in the past (which, therefore, are not traceable to the management of the new entity in course of establishment).
- *The emerging costs of the Foundation*, referring to the incremental costs linked to the decision to activate the new entity. These must include overheads, the costs of the personnel of the new structure, and the net value of what was already included in the calculations of the probable costs (an additional 11 per cent).

The total cost of the new structure is therefore 32 per cent higher than what was reported via cost accounting for 1999, the initial perception of the overall costs of municipal museums in Milan. The precautions taken in the calculations of the Business Plan, aiming at a smooth transformation of the governance structure, thus avoided a hidden cut of 32 per cent. This would probably have prejudiced the sustainability of the Foundation from the very beginning.

Certainly, no savings are involved here, despite a common belief that externalization will always bring about savings in and of itself. Rather, the transformation aims to recover levels of effectiveness in services (that are often self-degrading in public administrations according to the hidden deficit phenomenon, to quote the experience of the British Museum). In fact, the proposed calculation is characterized by a strong orientation towards economic responsibility of the various players involved, according to a managerial logic:

- The City, in its actual role of 'shareholder', will be able to reduce the weight of the present burden in proportion to its ability to involve other potential shareholders. It may also be able to further reduce the actual costs in relation to the reallocation of the expenditures that remain under the City Cultural Department.¹²
- Under an incentive logic, increases in resources that will be available to the Foundation through individual projects – such as in the eventual saving from reduction of inefficiencies – will be used to directly

benefit the Foundation and for improving effectiveness in the services offered. The city, through the mechanisms identified in the agreement, will have a clearly articulated role in monitoring these improvements.

4.6 Managerialization and *désétatisation*: disciplining the relationship between politics and administration

In this chapter, the diffusion of foundations in the cultural sector in Italy has been reviewed from a management studies perspective, understanding it as part of the general managerialization processes of arts organizations in the public sector. Among various possible means of transforming public administration, this chapter focused on *désétatisation* rather than privatization, and on economic responsibility as opposed to economizing, for several reasons:

- in the entire debate on the extension of management discourse, *désétatisation* is more interesting both theoretically and historically;
- even where the primary aim is economizing, the element of managerial responsibility is still potentially present;
- the transformation of a public body could also take the form of a mere call for economic responsibility without any resource cuts;
- as a value judgement, the writer shares doubts about privatization processes that deny the public character of arts organizations and public heritage in particular (see also Somers Cook, 2001). Privatization implies an economic sense of profitability, on the basis of a logic of the exclusion of citizens as users; and therein a hypothesis of de-acessioning which would destroy one of the core elements of the entire museological discourse. Indeed, so far public collections are – or were? – inalienable in Italy by law.

From this perspective, *désétatisation* constitutes a true emancipation from the binding and self-referential regulations of a public administration in need of incisive forms of modernization. It provides autonomy while maintaining the core of the public nature of cultural goods, not only through management control of the foundations under question by the public authorities, but also from ad hoc rules defined functionally inside the Service Agreement made between them and the Foundation.

If the ‘exit from the public sector’ can also be seen as an element of emancipation in relation to the professional logic and values of the curator, the museologist and so on depending on the nature of the art

organization, it could present a very risky situation. An unfair definition of resources and conditions in the moment of *désétatisation* could compromise the survival of the new organization (as always, badly-managed divorces have heavy implications in the long run).

The *désétatisation* – and in particular the transformation into foundations – has therefore to identify appropriate solutions to guarantee sustainability over time with congruent resources; feasibility conditions inside a business plan once the investment for current costs and revenues has been made, with a clear definition of the annual contribution by institutional partners in the face of a likely insufficient margin.

This, however, is not enough. Beyond resources, what are needed are conditions for action, particularly rules regulating the relationships between the foundation and the owners, the municipality or whatever. This is particularly true in the operative managing foundations, where the property is mostly under public entities, and where the regulation of the obligations between the partners (and the composition of the institutional variety of the various shareholders) is often a more delicate issue itself than the relationships between management and ownership.

The problem, again, is to discipline the relationship between politics and administration, putting emphasis on current operational issues which are often well beyond the horizons of the political cycle.¹³ From this point of view, the process of economic responsibility is double-sided, having an impact on the museum or other institution now managed as a foundation, but also having a quite precise impact on the public administration which activated the foundation, severely modifying its role:

- negotiations need to be ‘institutionalized’ and regulated rather than representing a continuous process of interfering in the managing processes of public entities;
- a residual, yet important, responsibility on the political side in the definition of projects and the acquisition of feasibility conditions (as, for example, in the founding of new museums);
- the process of slowly stripping resources from projects or initiatives which are no longer seductive in the political arena, but which already require financial and human resources should end, replaced by an *explicit* process of cut/divestment when needed;
- there should be a crucial role in the definition of a control function – without which outsourcing and *désétatisation* processes risk failure (De Hoog, 1985, 1990), fragmentation, and/or abandonment (Cammelli, 2002a) – providing structure, skills, and above all appropriate culture, according to forms of transparency in a democratic context.

Notes

1. For further discussion, see art. 29, Financial Law 2002, comma 2: 'The above mentioned administration (point one) can further use forms of self-financing in order to progressively reduce allocation and public transfers from the State's budget, thanks to the revenues deriving from the services produced, or fees charged to the users.'
2. Which is also relevant in reference to the same financial law in 2002, in addition to other profiles of problems which emerged in the general debate (see Cammelli, 2002b; Piperita, 2002; Sciuillo, 2002).
3. Taken from Professor Liu Shuguang (Deputy Director of the Administrative Office, State Administration of Cultural Heritage, People's Republic of China), 'China's National Archaeological Park. The new experiment of Qinshihuang's mausoleum (Terracotta Army) management plan', lecture given during a conference in June 2003 within the graduate programme GIOCA (Gestione e Innovazione delle Organizzazioni Culturali e Artistiche), University of Bologna.
4. This is the case – to clarify the concept – of public universities that are public in all senses: not only because they are constrained to act in a way which is different from private universities as a result of their dependence on public finances, for example, not submitting scientific production processes to the demands of immediate break-even of the specific institutions, given the externality generated within the social system. They are also public in additional senses, constrained to manage human resources with public contracts; managing relationships with users with this logic (that infers, for example, 'public open calls' for access to degree programmes with limited capacity); subject to procedural norms and extraordinary decisions of the public sector (for example, limits on hiring which do not apply to private universities, even when budgets are available).
5. '10. The need [is] to assure efficiency and profitability in preservation and access, turning to private companies for *only the additional services* that do not compromise in any way the primary and irreplaceable tasks of the public administration' (emphasis added).
6. Some theoretical pitfalls that can be identified in the position of radical resistance are continuously discussed in public economics research (see Brosio, 1988; Mazza and Rizzo, 2001):
 - Assuming that direct involvement in managing activities could be the only possible way to direct economic action by the government (it could, in fact, act through regulation rather than direct involvement).
 - Identifying a sort of reification of organizations, conceived as monolithic realities instead of as a series of transactions that individually – rather than as a whole – can be designed according to a 'make or buy' choice, defining the degree of internalization/externalization.
 - The phenomena of market failure and organizational failure make everything less simplistic.
7. For example in the 2001 balance sheet (Teatro Comunale di Bologna, 2001), these immaterial assets make up 70 per cent of the total assets in the case of the Teatro Comunale of Bologna, and 67.2 per cent in the case of the

Biennale. Similarly, in the case of the Teatro Comunale, the indivisible reserve emerging from the evaluation of the theatre building given by the city to the Foundation for a 99 year period represents 95.3 per cent of the net equity, while in the case of the Biennale practically the entire net equity – 99.98 per cent – is made up from the reserve that arose from the transformation into a foundation.

8. 'Financial autonomy, in particular, needs to be guaranteed given the situation of non-economic self-financing of museum activities. This means, in other terms, a double task of the institutional partners in a) financially sustaining the museum activity, and b) at the same time in allowing autonomy in managing activities, based on programs decided on by the managing organs. It is crucial to clearly define, in a non-ambiguous and transparent way a system of allocating resources for current operations and the associated commitment of financial sustaining by the partners, clearly distinguishing the annual grants from investments for the adaptation of the site of the Egyptian Museum. Even if the refurbishment calls for huge amount of investments in the short-run, the decisive element is providing resources for covering running costs, in a congruous, programmable, and trustworthy way, year after year, that is consistent with the new governance structure' (Culturalweb, 2003).
9. This is the case of the Foundation of the Bologna Opera House, all lyric foundations, the MIC of Faenza, and who knows how many others. The regulations of the ministerial foundations (as defined by law 491 2001, November 27, art. 4) could also be subject to this risk.
10. 'The performance indicator system should monitor the variety of outcomes that characterize museum activity, with a minimum request of improvement in the following areas:
 - the scientific-aesthetic value of collections, their development and preservation;
 - the continuous development of procedures and practices linked to the evaluation of collections (collecting, acquisition, documentation, preservation);
 - customer satisfaction for diverse segments of the publics served (visitors, schools, and scientific community);
 - the development of programming procedures for exhibition, education, and loaning initiatives, including their monitoring;
 - the maintenance of an appropriate qualitative/quantitative composition of the personnel, with particular reference to higher professional skills, coherently with the levels of efficiency and effectiveness agreed upon;
 - the autonomous development of financial resources from the environment and the improvement of cost structures, coherent with agreed upon levels of efficiency and effectiveness;
 - the development of human resource management practices and financial resources procedures' (Zan, 2001: 127–8).
11. The discussion with the unions around 2001 centred on the possibility of maintaining the status of civil servants, for those who so wished during the transformation into a Foundation. In the long run, however, resources will be managed autonomously by the Foundation.

12. After the approval of the finances in 2002 – according to art. 29 in ‘Measures of efficiency in public administration’ (see Cammelli, 2002b; Sciuolo, 2002) – these two possibilities actually become obligatory. According to art. 29 it is possible, in fact, for public administration and bodies financed by the state to create ‘private entities to which can be outsourced the provision of services that were previously internalized’; yet with the ‘conditions to obtain the following operative savings’. In this sense, the costs emerging from the Foundation should at least be covered by alternative funds.
13. As radically observed by Mottola Molino (2000: 49), ‘it does not mean that managing a museum as a foundation means “privatization”. It rather means to free them from the conditioning that throughout 50 years has transformed them into a sort of private business, with a personalized management, of City Cultural Departments and politicians.’

5

Reporting on Performance: the Development of Venetian Municipal Museums in the 1990s

The aim of this chapter is to reconstruct the process of change undergone by the municipal museums in Venice (*Musei Civici Veneziani*, from now on MCV) in the last decade of the twentieth century, with particular attention to financial and operating conditions. The analysis was conducted with reference to the historical development in the years 1990–2000 (with some data from 2001), as well as with regards toward possible future developments as perceived at that time.

This will provide an example of an in-depth application of the framework proposed in this book and derived from discussion of the abuses often associated with managerial rhetoric, trying to link the definition and measurements of performance to the professional discourse of museum experts. Accordingly, a general management approach is adopted, overcoming a narrow view of management as comprising communication and fundraising, and directly addressing the issue of the trade-off between effectiveness and efficiency.

The analysis is articulated in four sections:

1. The complex process of reorganization of the MCV during the 1990s is reconstructed, focusing on major phases and discontinuity.
2. An analysis in greater detail of the conditions of effectiveness of museum services, highlighting both the results achieved and the major problems which emerged.
3. The third section explores efficiency during the change process between 1990–2000 linked to effectiveness pursued, and analyses possible future developments regarding the relationship between efficiency and effectiveness.

4. The last section examines the possible solutions for the institutional and organizational problems of the entire structure of the municipal museums of Venice.

5.1 The transformation process of the MCV during the 1990s: a reconstruction

Throughout the 1990s, the municipal museums of Venice have experimented with a marked change process involving several aspects: organizational structure and the complex design of a network of municipal museums; a new focus on the visitor; and, finally, different managerial solutions for running operations.

(1) The construction of the network of Venetian municipal museums

One of the most important phenomena of the 1990s was the process that enabled the joining of individual museums – originally arranged under a variety of offices and departments within the municipal administration – into a single entity, with the aim of pursuing greater levels of identity, integration, and coordination between the individual institutions. The reconstruction of this process is interesting in itself (Table 5.1), as well as the new definition of organizational structures

Table 5.1 Phases of the transformation process of the MCV

Phases	1st phase (Start)	2nd Phase (Implementation)			3rd Phase (General contractor)
Museum site	1991	1994	1997	1999	2000
Correr	O	O	O	O	O
Rezzonico	O	O	O	C	C
Vetrario	O	O	O	O	O
Mocenigo	O	O	O	O	O
Goldoni	O	O	C	C	C
Ca' Pesaro	PO	PO	C	C	C
Fortuny		O	C	C	C
Storia Naturale		O	C	C	C
Merletto			O	O	O
Palazzo Ducale	O	O	O	O	O

Notes: O: open; PO: partially open; C: closed.

and operations; it is also indispensable for understanding financial and managerial data of the museums.

In the early phase (1991), the situation appeared highly fragmented: there were the Correr Museum, which had its own dependent sections (Ca' Rezzonico, Vetrario, Mocenigo, Casa Goldoni), then Ca' Pesaro, and finally Palazzo Ducale (the Doge's Palace, managed by the city since 1924, yet with a special position within the area of the Cultural Department of the municipality).

The second phase brought further significant change, with some principal steps as follows:

- In the early period, from 1994–1997, a new entity, the *Musei Civici* (Municipal Museums), was developed, with single museums reporting to the new body, and eventually new institutions coming into the system (first Palazzo Fortuny and the Museum of Natural History, followed by the Museum of Merletto).
- The integration between Palazzo Ducale and the Correr Museum was established with the introduction of the joint entrance ticket in 1996.
- The transition process was completed in 1999, when Palazzo Ducale – coming from a rather particular and autonomous administrative status on its own – also became part of the system, under the new authority of the MCV, and its financial data was incorporated in the compound budget of the newly-created entity. In addition to the organizational change (the design of a single administrative structure), the logic behind the integrated system is marked by the introduction of the joint ticket for the Marciana area (that is museums close to Piazza San Marco) with free entrance to other museums.

There was a further, third, phase that should be noted, the 'General contractor' stage, referring to forms of management and outsourcing (see below).

(2) A new approach to the visitor

For Venetian museums, the 1990s were full of important changes in terms of the relationship with the visitor. This was part of a broader process begun with the Ronchey law (a national law aimed at encouraging the development of 'additional services' in museums, such as bookshops, cafeterias, cloakrooms and so on) and created a widespread new orientation towards the client/visitor (Moretti, 1999a).

Table 5.2 Visitors, 1991–2000

	Year	Museum site	Visitors
Phase 1	1991	Museums as cost centres within the City Cultural Department	247,559
		Palazzo Ducale	928,000
		Total	1,175,559
Phase 2	1994	Musei Civici (Municipal museums)	266,000
		Palazzo Ducale	1,219,214
		Total	1,485,214
	1997	Musei Civici (Municipal museums)	
		Palazzo Ducale	
		Total	1,613,255
	1999	MCV (Musei Civici Veneziani: Venetian Municipal Museums)	1,381,846
Phase 3	2000	MCV (Musei Civici Veneziani: Venetian Municipal Museums)	1,369,173

The most important aspect was the introduction of the joint ticket for the Marciana area in 1999, which offered an opportunity to re-design potential visits, proposing new visitor itineraries for the various areas. The overall number of visitors in the decade increased slightly (Table 5.2), with a particularly positive trend in 1994 and 1997 – linked both to specific exhibitions (for example Tiepolo) and to the fact that it was a particularly dynamic phase in the municipal administration (interestingly, a cultural economist, Professor Mossetto, was driving the Cultural Department at that time). It is important to note the pulling effect of the joint ticket in the Marciana area on the visits to single museums in respect to that of Palazzo Ducale. The Correr Museum benefited in 1999 (64,000 visitors, more than double the performance of the previous year) and the same could be said for the other institutions (the exception is Ca' Rezzonico, due to its part-time opening hours, making a long-term comparison impossible). In fact, Palazzo Mocenigo, the Glass Museum, and the Museum of Burano together jumped from between 100,000 and 105,000 visitors to 154,000 in 2000 (see Table 5.3).

The joint ticket in the Marciana area also created an opportunity to standardize the opening hours of several museums (the Correr, the Archaeological Museum and the Marciana), modelled after the Palazzo Ducale and being particularly generous (9 a.m. to 5 p.m. in the winter,

Table 5.3 Visitors per museum, 1996–2000

	1996	1997	1998	1999	2000
Palazzo Ducale	1,376,023	1,322,175	1,256,081	1,206,826	1,211,102
Free entrance	0	0	5,308	10,960	12,729
Total	1,376,023	1,322,175	1,261,389	1,217,786	1,223,831
Correr	61,175	71,096	45,148	40,075	43,864
Joint ticket	0	0	0	64,440	49,911
Free entrance	10,483	38,119	1,831	5,457	7,211
Total	71,658	109,215	46,979	109,972	100,986
Ca' Rezzonico	257,073	23,759	93,336		
Joint ticket	0	0	522		
Free entrance	17,290	609	26,761		
Total	274,363	24,368	120,619		
Mocenigo	4,729	7,774	6,023	5,323	5,653
Joint ticket	258	216	6,201	10,348	13,430
Free entrance	9,474	2,246	2,751	2,355	313
Total	14,461	10,236	14,975	18,026	19,396
Museo Vetrario	72,381	69,674	58,623	46,861	57,568
Joint ticket	279	156	207	16,165	43,622
Free entrance	11,707	9,548	9,705	8,433	5,274
Total	84,367	79,378	68,535	71,459	106,464
Museo del Merletto	4,478	4,724	6,406	7,336	6,429
Joint ticket	1,148	46	15,582	18,895	17,633
Free entrance	327	102	1,827	2,912	4,343
Total	5,953	4,872	23,815	29,143	28,405
General total	1,826,825	1,550,244	1,536,312	1,446,386	1,479,082
Total Ducale	1,447,681	1,431,390	1,308,368	1,327,758	1,324,817
and Correr					
Total minor	379,144	118,854	227,944	118,628	154,265
museums					
Total others (without	104,781	94,486	107,325	118,628	154,265
Ca' Rezzonico)					
Visitors per day	1996	1997	1998	1999	2000
Palazzo Ducale	3,758	3,606	3,443	3,392	3,392
Correr	197	301	129	467	467
Ca' Rezzonico	753	67	332		
Mocenigo	40	28	41		
Museo Vetrario	232	219	189		
Museo del Merletto	16	13	69		

Table 5.4 Opening hours, 1991–2000

1991	All municipal museums Winter: 10–16 Summer: 10–17 Closed: 1 day a week per museum
1996	Museo Correr and Palazzo Ducale Winter: 9–17 Summer: 9–19 Never closed
2000	Palazzo Ducale and Museo Correr / integrated itinerary (Archeologico and Marciana) Winter: 9–17 Summer: 9–19 Closed January 1st and December 25th Other museums (Mocenigo, Vetrario, Merletto) Winter: 10–16 Summer: 10–17 Closed: 1 day a week per museum; January 1st, May 1st, December 25th

Table 5.5 Managing of additional services (million lire, excluding value added tax)

Year	Site	Services		Total income
		Bookshop	Cafeteria	
1991	Ducale	Direct mgmt.		115
	Correr	Concessions		} 27
	Rezzonico	Concessions		
	Vetrario	Concessions		
				142
1997	Ducale	Concessions	Concessions	109
	Correr	Concessions	Concessions	} 318
	Rezzonico	Concessions	Concessions	
	Vetrario	Concessions		
				427
2000	Ducale	General contractor	General contractor	
	Correr	General contractor	General contractor	
	Vetrario	General contractor		
	Mocenigo	General contractor		
				783

9 a.m. to 7 p.m. in the summer, seven days a week and with only two closure days a year). There remain, however, different days of closure in the other museums (Table 5.4). The so-called 'additional services' have also improved in the meantime (Table 5.5). The increase in sales indicates – aside from the financial benefit for the administration – an improvement in the services as perceived by the client. The new computerized ticket system allows for the reservation and pre-sale of tickets, which is viewed today as almost mandatory.

More generally, the introduction in 1999 of a Marketing Image and Promotion Service is in itself a sign of the growing attention to the needs of the museums' publics. The new office elaborated its first marketing plan for the period 2000–01, highlighting areas for further improvement. It proposed a permanent monitoring of customer satisfaction (including an analysis of the motivations behind non-purchases). Certainly, not all has been resolved, but some important initiatives have been taken.

(3) Managing contracting out

The process of the grouping of the municipal museums under a single administrative body was accompanied by an incisive intervention in the organization of labour, starting in 1991. What emerges (Table 5.6) is a strong turn towards contracting-out, especially for museum warding activity. At the end of this period of reorganization of labour through contracting-out policies, the number of full-time employees fell from 125 (in 1991) to 92 (in 1998), with an accompanying reduction in costs from 5.0 to 4.6 billion lire, while the use of external personnel increased (with additional costs of between 2.9 and 5.7 billion lire). The process is particularly evident in the case of the Palazzo Ducale, where the overall cost of labour (internal/external) does not decrease, a sign that the aim of the externalization process is something other than merely short-term savings.

Roughly halfway through 1999, a third phase in the life of the Venetian municipal museums began, with the use of an external general contractor through what is called an ATI (a temporary joint venture between firms with different skills and activities) to directly manage all of the front-line services (ticket office, museum attendants, tours, coffee shop, bookshop and so on), withholding a percentage of the ticket sales, initially established around 27 per cent. The choice of this new form of externalization was linked both to questions of improving the quality of service and to the organizational demands of flexibility in managing the personnel.

Table 5.6 Internal employees and contract workers

Year	Full-time employees						External personnel costs (mill. lire)			Total personnel costs (mill. lire)		
	Units			Costs (mill. lire)			Other museums	Ducale	Total	Other museums	Ducale	Total
	Other museums	Ducale	Total	Other museums	Ducale	Total						
1991	95	30	125	3,811	1,232	5,043	1,777	1,100	2,877	5,588	2,332	7,920
1992	77	22	99	2,891	914	3,805	1,700	1,200	2,900	4,591	2,114	6,705
1993	80	20	100	2,995	818	3,813	1,595	1,734	3,329	4,590	2,552	7,142
1994	99	15	114	3,919	601	4,520	1,489	1,780	3,269	5,408	2,381	7,789
1995	90	15	105	3,470	735	4,205	1,716	1,655	3,371	5,186	2,390	7,576
1996	95	8	103	3,906	608	4,514	2,042	2,340	4,382	5,948	2,948	8,896
1997	88	8	96	4,112	608	4,720	2,036	2,350	4,386	6,148	2,958	9,106
1998	83	9	92	4,116	510	4,626			5,743	4,116	510	10,369
1999			79			4,043			2,738	0	0	6,781
2000			74			4,725				0	0	4,725

Table 5.7 Personnel assigned to front-line services

		Per capita			Total		
		Number of positions	Sum of hours per position	Annual costs (million lire)	Overall sum of hours	Overall cost (million lire)	Average hourly cost (lire)
1998	City employees	45	1,600	35	72,000	1,575	21,875
	Contract workers	79	2,900		229,100	5,743	25,068
	Total	124	4,500		301,100	7,318	
1999	City employees	32	1,600	35	51,200	1,120	21,875
	Contract workers (until 31.07.99)	73	1,500		109,500	2,738	25,005
	Positions created under the general contractor (01.08.99)	67	1,400		93,800	2,038	21,727
	Total		4,500		254,500	5,896	
2000	City employees	28	1,600	35	44,800	980	21,875
	Positions created under the single management	87	2,900		252,300	6,557	25,989
	Total	115	4,500		297,100	7,537	

Overall, the number of internal workers was reduced to 74, from 92 in 1998 and 125 in 1991. The intervention affected, in particular, the personnel dedicated to front-line services (Table 5.7), which highlights a number of points:

- (a) The use of an external general contractor had an initial impact on savings: total costs fell from 7.3 to 5.8 billion lire from 1998 to 1999.
- (b) The hourly cost of external personnel under the external general contractor was only lower at the start of the arrangement, subsequently increasing to 25,000L/h. In fact, the initial cost reduction was caused by a reduction in the overall number of hours, or, in other terms, by a productivity effect.
- (c) Finally, there has been a continual growth in work under the general contractor since the initial negotiations in 1999, measured in working position – from 67 to 74 and then to 87 positions, calculated on the hypothesis of 2900-hour years, or a rise from 162,000 to 252,000 working-hours – as a result of increases in services.

In 2000, 85 per cent of the overall manpower (around 300,000 hours) was under the externalization to the general contractor.

(4) Changes and financial results

By 2000, the situation of the municipal museums had changed radically. The entities involved had grown in number and were organized under a unified structure; the services offered were quantitatively and qualitatively improved (Zanon et al., 2003); the organization of labour and the organizational boundaries themselves were significantly modified (in terms of internalization/externalization).

This was accompanied by an improvement in financial performance, which began to present a situation of positive margins between 1998 and 2000 (Table 5.8).

This is truly exceptional among Italian museums, and was achieved at the end of a consistent process of reorganization. The general unavailability of financial data for Italian museums – both because they lack individual accountability, being subordinate parts in vast public entities (such as the Cultural Departments of the municipality or local branches of the ministry), and because of a widespread reluctance toward information disclosure even for private museums – makes comparison difficult, but funding is anomalous in both public and private institutions.

Table 5.8 Income, costs and margins of the MCV (million lire)

Year	Palazzo Ducale			Other museums			Total	
	Costs	Income	Margin	Costs	Income	Margin	Costs	Income
1991	5,450	6,450	1,000	7,011	956	-6,055	12,461	7,406
1992	5,007	6,985	1,978	7,007	717	-6,290	12,014	7,702
1993	5,290	7,937	2,647	7,214	1,150	-6,064	12,504	9,087
1994	6,563	11,500	4,937	9,095	1,000	-8,095	15,658	12,500
1995	5,543	13,132	7,589	9,246	1,406	-7,840	14,789	14,538
1996	7,594	12,633	5,039	10,425	3,653	-6,772	18,019	16,286
1997	8,374	12,118	3,744	12,325	7,204	-5,121	20,699	19,322
1998							19,309	21,110
1999*							17,840	20,032
2000*							18,909	21,033

Note: * consolidated data from the MCV and single management, of which

	MCV (net)		Mngmt.		Total
in 1999	17,994		2,038		20,032
in 2000	14,476		6,557		21,033

- Generally, public museums depend heavily on governmental and municipal funding, above 80 per cent in many situations in Italy.
- In private museums the earnings from ticket sales barely cover the costs, creating a reliance on other forms of separate sustenance (endowments, grants, sponsorships and so on) as opposed to self-reliance.

Having said this, the pervasiveness of change makes it difficult to interpret the financial results not only for reasons of inconsistency; it is often difficult or even impossible to trace the data in the desired form because the office which produced that information may no longer exist, and the costs of reproducing it would be prohibitive in an organizational sense.

However, a primary observation should be confirmed: break-even is not an initial condition – where one may find a consistent deficit of 5 million lire (equal to 40 per cent of the costs) – but instead the result of the kind of processes mentioned above.

Second, the overall result is, at a closer look, the sum of two realities that present extremely differentiated dynamics – Palazzo Ducale and the rest of the municipal museums – with a consistent phenomenon of cross-subsidization. The former generates margins that allow for the financing of the latter (within a context of increasing levels of services offered).

Palazzo Ducale (1991–97)

Palazzo Ducale brings to the MCV strong economies of scale: more than 1.2 million people visit this monument, with operating costs that do not increase with the number of visitors and are also lower than any other museum of similar size. Once the monument is restored and re-opened, the costly back office work which normally plagues the management of museums will no longer be necessary, leaving only the costs of front-line activity. A crucial element is the cost per visitor, which for the Palazzo Ducale in 1996 was around 5560 lire: perhaps among the lowest to be found, not only in Italian museums (around 30,000 lire per visitor for museums with a good tourist flow), but elsewhere (the very low £5.50 per visitor for the British Museum, thanks to its 6 million visitors).

This has not come about naturally, but is the fruit of significant intervention into the organization of operations. And in fact the initial margin of a million lire increases to 3.7 billion lire in 1997, after having reached even higher levels. The explanation is linked to a sustained dynamic in the earnings, which practically doubled during the

period (from 6.4 to 12.1 billion lire), regardless of a parallel dynamic in costs (from 5.4 to 8.3 billion lire). What exactly is behind these changes? On the one hand there is a consistent pricing effect: income rises though the number of visitors remains fairly stable. On the other hand there is the increase in operating costs, only partially linked to the rise of personnel costs (see Table 5.5, with the total costs of the personnel that rise from 2.3 to 2.9 billion lire in 1997). Although longitudinal data are missing, an increase in spending resulting from an improvement in the services offered is what is involved.

Other municipal museums (1991–97)

The other museums always present a deficit, from the initial 6 billion (equal to 86 per cent of the costs) to 5 billion in 1997 (41.5 per cent of the costs), with intermediate points which were higher. If the deficit is consistent, one notes an improvement in the declining percentage. Also in this case, a sustained dynamic of earnings can be observed (from 0.9 to 7.2 billion lire), caused by a decisive intervention on the price variable. In particular this derives from the benefits of administrative allocation of the proceeds linked to the introduction of the new forms of ticketing, first the joint ticketing of the Palazzo Ducale and the Correr Museum (effective since 1996 but only with an effect on the entire year starting in 1997), and then the entire area of Marciana: it was, in fact, the 'other museums' that obtained the greatest benefit, as was the case in relation to the administrative rules adopted. Here, again, costs increase decisively, a sign itself of the organizational and economic effort on the municipal museums.

The turnaround of the financial year results (1998–2000)

The break-even point was not reached until 1998, with consistent numbers (around 2 billion lire) equal to nearly 10 per cent of income in 1999–2000 (taking aggregate income, that is, consolidating MCV and the external general contractor for comparison purposes). Unfortunately, the individual details for Palazzo Ducale and the other museums are not available, representing in itself a potentially critical element from a procedural point of view, the loss of control over individual results for each museum site.

The result is linked to an actual price (actual inflow per visitor, weighting full entrance fees and free entrance as in Table 5.3) which exceeds that of other museums (15,300 lire in 2000). This is the result of both the effect of the pricing policy of the joint tickets and the reduction of free entrance, multiplied by extremely consistent visitor numbers, linked to the mass appeal of Palazzo Ducale. On the other

hand, average costs are also extremely low (13,300 lire per visitor, with an even greater profitability for Palazzo Ducale).

In terms of dynamic, there is an increase of 1–2 billion lire of income in comparison to 1997 (probably as a consequence of proceeds from services offered, while entrance fees and number of visitors remained stable), in parallel to a reduction of around 2 billion in costs. If 1999 was a year of transition (with the external general contractor involved for half the period), it is noteworthy that the overall costs in 2000 are practically in line with 1998 (consolidating the direct costs and proceeds of the MCV and the external activity for comparison purposes). There are not, therefore, significant savings due to the outsourcing policy, but rather an improved organization of the services offered and human resource management that gives better qualitative results. It should be noticed that in dealing with spending allowances, costs often simply move discretionally towards the minor or major allocations obtained.

5.2 Effectiveness: a more in-depth view

Inevitably, the activity of the MCV – as in any museum – is much more complex and multidimensional than simply the relation with visitors or the organization of the labour of front-line workers, although these are indeed crucial aspects. Similarly, an assessment of supply-side aspects (above all in terms of efficiency in the use of financial and human resources) cannot ignore the assessment of demand-side aspects (with reference to various segments of the publics served: the general visitors, schools, and peers in the academic community and professional groups), and the assessment of back office aspects (which, in the case of museums, is more important than in most other organizations: the intrinsic value of collections, their development over time in terms of consistency, acquisition, donations, and so on). In short, what is needed in the evaluation of performance of any museum is a framework which takes into account its multidimensional nature, while focusing on the trade-offs between efficiency and effectiveness on one hand, and the very articulation of the concept of effectiveness on the other (effectiveness in terms of professional values, and also in the eyes of the user, as shown in Figure 1.1).

In this regard, the MCV simultaneously achieves successful results and raises development issues, which are greater than they appear to be at first glance.

Representing results and problems using an articulated notion of effectiveness is not easy for several reasons, starting from the intrinsic limits of metrics in themselves (for instance, in the case of an academic, totalling the number of exams is undoubtedly a simpler task than assessing the value of his or her publications). In the museum sector, moreover, the difficulty for management experts in applying abstract notions of performance (see the document on 'Efficiency and Effectiveness', DCMS, 1999) is paralleled by the difficulty of professionals (curators, art historians and so on) in recognizing the importance of some – possibly non-trivial – forms of accounting for predominantly public collections and resources. The multi-unit reality of the MCV and – paradoxically – the enormous value of the collections themselves make this task even more difficult.

The following is a tentative performance representation, developed involving different actors within the MCV: somehow it provides a quantitative view, sometimes just an impressionistic description of the situation, and at times only a set of unanswered questions (in this way some substantive and procedural aspects are confused rather than being kept distinct, as they should). Still avoiding any bureaucratic shift, it would be appropriate to transform this attempt into a sort of annual or periodic report, in which the MCV tell the rest of the world the fruit of their activity, according to criteria that the same internal players could/should determine, giving voice to the professionals' view. This type of report hosted on the home page could integrate the illustration of collections and activities of the MCV.

(1) Collections

An appropriate representation of the collections should include a description of their consistency and importance, of their recent evolution through acquisition and donations, and an evaluation of the conservation state of items within them.

Composition

Describing the characteristics and distinctive quality of the collections of the MCV would require space and descriptions not available here. It would, however, be indispensable to provide user-friendly descriptions on the website, as it were as 'business cards' for the entire MCV, and with reference to individual institutions.

At risk of sounding somewhat trite, it is worth noting the absolute significance of the Venetian collections and museums which are

Table 5.9 Collections of the Correr Museum

Class	Collection	Number of items
I	Paintings	2,373
II	Miniatures	725
III	Drawings	8,632
IV	Majolica	710
V	Porcelain	850
VI	Glass	978
VII	Mosaics and works relating to stone	39
VIII	Enamel on metal	46
IX	Niello	5
X	Gold and silver work	118
XI	Bronzes	1,545
XII	Damask work	38
XIII	Ironwork	162
XIV	Armour and war collections	1,708
XV	Equestrian and military tools	247
XVI	Banners and flags	172
XVII	Ivory	271
XVIII	Bone	32
XIX	Works in wood	400
XX	Works in wax	27
XXI	Works of different materials	254
XXII	Furniture and room decorations	855
XXIII	Tapestries, textiles, and embroidery	710
XXIIIa	Lacework	819
XXIV	Clothing	761
XXV	Marble	1,089
XXVI	Plaster	181
XXVII	Terracotta	388
XXVIII	Musical instruments	58
XXIX	Scientific instruments	112
XXX	Toys	155
XXXIa	Precious stones and cameos	537
XXXIb	Scarabs and amulets	107
XXXII	Various curiosities and patriotic memorabilia	366
XXXIII	Printing prototypes in metal and wood	1,569
XXXIV	Single or collective prints	42,000
XXXV	Authoritative signs and decoration	101
XXXVI	Crests and seals	469
XXXVII	Cones, forms, and models for money and medals	194
XXXVIII	Primitive and numismatic Venetian money	3,404
	Numismatic Venetian replicas	2,106
	Replicas of osella	353
	Italian mint	1,519
	Consular coins	2,199
	Roman imperial coins	9,007
	Foreign imperial coins	270

Table 5.9 Collections of the Correr Museum – *continued*

Class	Collection	Number of items
XXXIX	Doge's stamps	236
	Papal stamps	62
	Medals	5,378
XLIV	Geographic maps	250
XLV	Renaissance and patriotic memorabilia	3,078
	Numismatic collection Papadopoli Aldobrandini	17,367
		115,032

Notes

This deals with works that appear in the inventory of the Correr Museum but that can be found in various locations of Venetian museums. In addition to the above:

Palazzo Mocenigo and the Lace Museum of Burano:

- Grassi fund, acquired in the 1970s (2,325 textiles; 13,000 figures; 50 dresses; 90 magazines; 6,000 volumes)
- Cini fund, acquired in the 1980s (172 textiles)
- Guggenheim fund, donation, circa 1985 (10 dresses)

Glass Museum of Murano

In this site, all of Class VI is preserved, in which nearly 10,000 pieces were added that were the property of the Museum of Murano.

Modern Art Museum in Ca' Pesaro

The works preserved at Ca' Pesaro (Paintings: 1,810; drawings and prints: 3,092; sculptures: 413) are only partially included in the inventory classes of the Correr Museum, due to the fact that works were passed from the Correr to the Ca' Pesaro and were re-listed in the inventory of Ca' Pesaro, without retaining the Correr inventory number.

Recent donations:

Ca' Rezzonico, 2001: Martini donation (250 paintings); Mestrovich donation (15 paintings)

Museo del Vetro, 2001: Vito Manca Collection (105 pieces); 1990s: donations of contemporary works from private donors or glass artists (total of nearly 200 pieces)

among the most important in the world. Table 5.9 offers a quantitative illustrations of some items held in the Correr Museum and its associated institutions.

A monetary evaluation of collections does not exist, nor is it perceived as necessary, even in the assumption of institutional transformation of MCV.

Acquisitions and donations

Whereas the most recent major acquisitions date back to the 1970s or 1980s, a few important donations should be noted that have significantly increased the assets of the MCV in recent years. Donations are particularly important in that they represent an alternative to acquisition in a context of scarce resources. They are also a manifestation of

trust and identification with the museum by the local community. Above all they enrich the intrinsic value of collections:

- Martini donation (264 paintings from the Venetian school, with an estimated value between 50 and 70 billion lire) and the Mestrovich donation (15 paintings) to Ca' Rezzonico;
- the Vito Manca collection (105 pieces) to the Museo Vetrario in 2000, aside from a donation of contemporary works in the last decade for a total of nearly 200 pieces;
- lastly, the work *Lion's Tail* by Oldenburg, donated at the conclusion of the Oldenburg exhibition in 1999.

Restoration

Available figures may fail to illustrate appropriately the full extent of restoration efforts undertaken in the 1990s, which have accompanied, in some cases, the reopening of museum sites (for example, in the case of the Ca' Rezzonico, in which around 70 per cent of the works had been restored). The lack of an annual bulletin about MCV activity makes any reasonably accurate reconstruction impossible. However, the situation of conservation of the objects – as understood – should not be critical, despite the size of the collections. The book *From Paolo Veneziano to Canova. Masterpieces of museums of Veneto restored by the Region of Veneto 1984–2000* (Fossaluzza, 2000), provides an idea of the overall activity of restoration on the diverse museum sites, corroborating what is said above. Table 5.10 gives restoration figures from 1985–2000.

Table 5.11 gives the costs of restoration in the 1990s, around 3.6 billion lire in the various sites. In addition, the Palazzo Ducale faced a restoration cost of 9.9 billion lire from 1991–97, including building maintenance. The choice was made to rely completely on externalization, without proposing internal solutions of any kind, a solution that in other analogous situations presented positive long-term aspects (see, for instance, Narduzzo and Zan, 1999).

Cataloguing

Inventories of objects in the MCV collections are available and easily accessible (see Table 5.9), regardless of the abundance but, above all, the articulation of types of objects (the classes of Table 5.9). Regarding the computerized version of the inventories, there is criticism of the delay and of the scarce resources to be used on this project. Other than this, only minor problems are evident in regards to cataloguing, and solutions to these are being sought:

Table 5.10 Restorations

Restorations by branch 1984–2000								
Museo Correr	Paintings							188
	Flags							2
	Frescoes							2
	Drawings and prints							124
	Stonework							76
	Majolica							25
	Medals							38
	Wood works							7
Ca' Rezzonico	Paintings							76
	Furniture							40
	Clothing and cloth							4
	Ceramics and majolica							2
Ca' Pesaro	Paintings							282
	Drawings and prints							106
	Sculptures							28
Fortuny	Paintings							51
Mocenigo	Paintings							9
	Clothing and cloth							87
	Furniture							2
Museo Vetrario	Glasswork							150
	Stonework material							10
	Tapestries							3
Correr: details from 1985–98								
	Paintings	Flags	Frescoes	Drawings and prints	Stonework	Majolica	Medals	Wood works
1985	5			1				
1986	11	1	1	1				
1987	14	1		3				
1988	17							1
1989	12			5				
1990	22				21			
1991			1	48	31			
1992	17			20				
1993	24			8				1
1994	28			13				
1995	8			23		25		
1996	12			1	6			
1997	13				2		38	
1998	5			1	16			5
1985–98	188	2	2	124	76	25	38	7

Table 5.11 Restoration costs for artworks and building maintenance costs (million lire)

Year	Restoration of artwork		Maintenance costs of building/site			Total
	Costs	No.	Other museums	Ducale	Total	
1991	475	19	610	1,942	2,552	3,027
1992	528	21	667	1,543	2,210	2,738
1993	405	14	565	1,410	1,975	2,380
1994	449	15	591	1,886	2,477	2,926
1995	353	24	1,304	1,174	2,478	2,831
1996	280	12	1,164	1,000	2,164	2,444
1997	200	10	1,158	1,000	2,158	2,358
1998	428	20			1,200	1,628
1999	203	9			1,300	1,503
2000	278	10			3,000	3,278
Cumulative	3,599	154			21,514	25,113

- Ca' Pesaro: some but not all of the artwork is included in the classes of inventory of the Correr Museum, above all as regards paintings, sculpture and drawings. It is not possible, however, to establish exactly how many works were passed from Correr to Ca' Pesaro over the last fifty years, given poor inventory maintenance at the beginning of that period: works passed from the Correr to the Ca' Pesaro were re-entered in the inventory of the Ca' Pesaro, without conserving the inventory number of the Correr.
- Glass Museum: the inventories do not allow for the identification of the glass, given descriptions which are too generic (the computerized cataloguing will soon resolve this problem).

From a procedural and organizational point of view, there is no office that 'summarizes' the specific information about collections (composition, cataloguing, donations, loans). Such information is somehow dispersed among the individual curators, significantly raising the costs of retrieving the information (for example, there is nothing reported about the scientific collections of the Natural History Museum, if it is not orally described directly by the curator of the museum).

(2) Sites

As always in historical cities – and perhaps in Venice more than elsewhere – the identity of the museum is also associated with the exhibi-

tion sites, monuments of prestige and value, and in their maintenance. The abundance of laws and special financing for Venice have made possible consistent restoration interventions over the years.

In that direction, the efforts of the recent years have been focused. In the attempt to overcome what was perceived as an emergency, in 1997 a systematic restoration plan for the Venetian museums and libraries was proposed – the Museum Project – in which the characteristics of the various areas were illustrated and recovery and restructuring projects (those already financed and those still awaiting financing) defined. The plan also determined the overall needs for further financing equal to a total of 165 billion lire.

In relation to the administrative innovations introduced by a national law concerning public sector outsourcing practices (the ‘Merloni law’), new procedures were defined that year after year give way to a structured programme of intervention. This involves the identification of preliminary projects (with financing needs per project), which is followed by the preparation of a Triennial Programme of Public Works including financial resources needed, of which an Annual List is selected of the works that are intended to be covered in the coming year. Once finance is obtained annual programming follows, with details of the projects, outsourcing procedures, direction of work, tests, and follow-up reports.

What emerges is a resolute policy for restoration of spaces and monuments, a crucial and positive element in substantive terms. At Ca’ Rezzonico, 1064 square metres were recovered; at Palazzo Reale in the last years, the total renovation of available spaces – formerly given over to other uses – for exhibition purposes was completed.

In procedural terms, it was not possible to acquire data to quantify this effort (due to deadlines and the work-loads of individual interviewees), which highlights a defect in the procedures. Complex and updated data exist of the available spaces (Table 5.12), yet without focusing on the sustained improvements, identifying the spaces recovered in a dynamic way. The only thing that can be said is that in terms of resources, the updating of the 2001 plan highlights the overall need for 154 billion lire (Table 5.13), from which it can be deduced that work was done to the value of at least 12 billion lire from the 1997 plan.

The most negative element of the entire situation is the decline in the level of service deriving from site closures, which is perhaps the weakest area in terms of effectiveness in the entire MCV. Assuming that Ca’ Rezzonico reopened as planned, in 2001 the situation would have been as follows:

Table 5.12 Museum areas (square metres)

	Palazzo Ducale	Museo Corre	Casa Goldoni	Museo Fortuny	Museo Ca' Pesaro	Fontego dei turchi	Ca' Rezzonico	Palazzo Mocenigo	Museo Vetrario	Museo del Merletto	Total
Exhibition space	9,726	3,052	139		1,031	1,715	3,936	616	789	316	21,320
Temporary exhibition space	137	878		918	755						2,688
Management offices	352	274	41	191	230	240	261	158	42	33	1,822
Educational space	120	163	20	101		168		115			687
Library, book deposit, and archives		1,415	217			252		304	31		2,219
Museum/archive deposit	316	1,043		1,334	1,273	568	103	626	113	12	5,388
Multipurpose spaces				512			361	110			983
Laboratories and collections				226		495					721
Technical space	165				239	36	72	80			592
Ticket office/bookshop/welcoming area	367	124	43	20	144	175	291	78	13	60	1,315
Spaces for the personnel/changing rooms/services	110	160	9	80	186	100	301	66	5	50	1,067
Rest-rooms for the museum	48	39	11	20	34	60	77	5	7	2	303
Cafeteria	184	81			88		108				461
Gardens/open space	2,800	200	90	80	120	830	1,500		1,300		6,920
Total	14,325	7,429	570	3,482	4,100	4,639	7,010	2,158	2,300	473	46,486

Table 5.13 Restoration plan, updated 2001 (million lire)

	Marciana area project	Palazzo Ducale	Correr Museum	Clock tower	ex Pilsen Library	Ca' Rezzonico	Palazzo Mocenigo	Casa Goldoni	Ca' Pesaro	Palazzo Fortuny	Museum of Natural History	Museo Vetrario	Museo del Merletto	Total
Technical fixtures	9,200	660	2,800		2,900	350	2,030		2,950	2,650		3,060		26,600
Structural work	5,600	270	1,408		1,245		850		720	3,480		5,700		19,273
Building work, restoration and refinishing	8,200	8,700	1,000		2,665	4,600	3,854		4,000	8,631	2,090	2,600	350	46,690
Layout and set-up	10,100	1,450	1,100		430		770		1,960	1,230	3,650	2,120	120	22,930
External area											560	156		716
Total	33,100	11,080	6,308		7,240	4,950	7,504		9,630	15,991	6,300	13,636	470	116,209
Other expenses	10,000	3,220	2,492		2,160	1,760	2,696		2,770	4,809	2,600	4,564	120	37,191
Total	43,100	14,300	8,800		9,400	6,710	10,200		12,400	20,800	8,900	18,200	590	153,400

- Casa Goldoni (closed in 1997, reopened in October 2001);
- Ca' Pesaro (closed in 1993, opening foreseen initially in 2001, updated to 2002);
- Palazzo Fortuny (partially closed in 1991, only the first floor and the ground floor are used as exhibition space);
- Natural History Museum (closed since 1992, estimated opening 2004);
- Clock Tower (closed for security/safety reasons).

The technical complexity of renovations within a city that is in itself a museum, the scale of the building assets of the MCV, and the significant sums necessary are the underlying causes of the long periods of closure. On top of this, bureaucratic difficulties often force breakdowns of the restoration work due to financing difficulties, with consequent lengthening delays. Sites may be partly opened during renovation delays, with the aim of keeping the museum alive and maintaining contact with the citizens. Then the site will close for new restoration work, as far as the next financial tranche will go. The idea is to minimize the loss of services. However, this can generate an impression of unending work. Ca' Rezzonico is a good example. Work began in 1978, an acceleration of the renovation in 1994 completed the ground floor and the structure of the first floor and the fitting of a bar, bookshop and toilet facilities; from 1995 to 2000, the first floor was open, showing the important Tiepolo and Casanova exhibitions in 1996 and 1998, before the museum was completely closed again in 2000 for work on the upper floors.

Although this represented a serious fall in the level of service provided, hopefully it may be recognized as transitory period. The positive side is the scale of the renovation effort for buildings and sites, which should have reopened relatively shortly thereafter (1–2 years), with the exception of the Clock Tower, which will remain closed for safety reasons.

(3) Exhibitions and exhibition spaces

The exhibition initiatives from 1995–2000 are reported in Table 5.14. The precise reconstruction of costs and visitors' data is not always possible, because of the organizational dynamics of the exhibition office over time, and the lack of systematic reporting and data preservation. All of which, under pressure, heavy workloads and deadlines, makes the costs of recovering the full data prohibitive.

Table 5.14 Exhibitions, 1995–2000

Year	Title	Site	Period
1995	Splendori del '700 Veneziano	Ca' Rezzonico	May 25–July 30, 1995 (extended until Sept. 30)
	Venezia e la Biennale, Per una Storia del Gusto	Palazzo Ducale, Ca' Pesaro	June 11–Oct. 15, 1995
	Astolfo De Maria	Palazzo Fortuny	Oct./Dec., 1995
1996	Hugo Pratt, viaggiatore incantato	Ca' Pesaro	Apr. 23–July 14, 1996
	Il Bestiario di Murano	Palazzo Ducale	June 21–Oct. 31, 1996
	Giambattista Tiepolo	Ca' Rezzonico	Sept. 5–Dec. 8, 1996
	Aperto Vetro	Palazzo Ducale, Correr Museum, Ca' Pesaro, Museo Vetrario – Murano, Palazzo Franchetti	Sept. 13–Nov. 10, 1996
1997	Venezia Contemporaneo Project	Capannone Pilkington-SIV, Marghera	June 15–Nov. 10, 1997
	Venezia-Marghera: fotografia e trasformazioni nella città contemporanea	Zona Industriale	June 15–Oct. 12, 1997
	Dennis Oppenheim	Capannone Pilkington-SIV, Marghera Industrial Zone	June 15–Oct. 9, 1997
	Anselm Kiefer	Correr Museum	June 15–Nov. 9, 1997
	L'officina del contemporaneo. Venezia 1950–1960	Palazzo Fortuny	Sept. 14–Dec. 8, 1997
	Dai Dogi agli Imperatori: la fine della Repubblica tra storia e mito	Palazzo Ducale, Correr Museum	

Table 5.14 Exhibitions, 1995–2000 – *continued*

Year	Title	Site	Period
1998	Vetri Veneziani – Ohira Venezia Novecento: Reale Fotografia Giacomelli Il Mondo di Giacomo Casanova: un Veneziano in Europa 1725–1798 Aperto Vetro: International New Glass	Correr Museum Palazzo Fortuny Ca' Rezzonico Palazzo Ducale, Palazzo Fortuny, Fondazione Bevilacqua La Masa, Istituto Statale d'Arte, Centro Studio Vetro di Murano Correr Museum	March 13–Apr. 30, 1998 May 30–Sept. 20, 1998 Sept. 12, 1998–Jan. 10, 1999 Oct. 16, 1998–Jan. 16, 1999
	Venezia 1848	Correr Museum	Nov. 14, 1998–Mar. 7, 1999
1999	Emanuele Luzzati Avventure – Massimo Nordio Claes Oldenburg – Coosje Van Bruggen A volo d'uccello: Jacopo De' Barbari e le rappresentazioni di città nell'europa del Rinascimento Mariano Fortuny	Palazzo Fortuny Correr Museum Correr Museum Correr Museum	Feb. 6–Mar. 21, 1999 Mar. 27–May 9, 1999 May 23–Oct. 3, 1999 Nov. 20, 1999–Feb. 27, 2000
2000	Balthus, Alberto e Diego Giacometti, Henri Cartier-Bresson, Martine Franck Babetto Sciamani e dervisci dalle steppe del Prete Gianni: religiosità del Kazakhstan e percezione del fantastico a Venezia Strano ma vetro – Maria Grazia Rosin Aperto Vetro Satiri, Centauri e Pulcinelli: gli affreschi restaurati di Giamdomenico Tiepolo conservati a Ca' Rezzonico	Palazzo Fortuny Correr Museum, Salone Napoleonico Correr Museum Correr Museum, Salone Napoleonico Correr Museum Correr Museum Correr Museum, Salone Napoleonico	Dec. 11, 1999–July 2, 2000 Feb. 19–Apr. 2, 2000 Apr. 15–June 18, 2000 Apr. 21–July 16, 2000 Sept. 2–Oct. 8, 2000 Oct. 15, 2000–Jan. 14, 2001 Oct. 21, 2000–Jan. 14, 2001

Some elements that characterize the exhibition policies emerge, with some major streams and other minor initiatives with a less systematic character.

1. *Eighteenth-century Venice* is a recurrent theme that attaches to a variety of important initiatives of broad public appeal, with strong connotations also in terms of the exhibition site (for example, the *Splendori Veneziani*, Tiepolo and Casanova exhibitions at the Ca' Rezzonico). It can also be connected with restoration work of the typical Venetian house of the time (for example, the exhibition on the renovation of Tiepolo's work at the Ca' Rezzonico).
2. *Contemporary Art* featured in a series of initiatives run in parallel with *Biennale*: a celebration of the history of the Biennale on the occasion of its centennial in 1995. A series of exhibitions were held in different locations in 1997, including that of Anselm Kiefer. Another theme was that of working with contemporary art 'in real time' (a 1997 exhibition featured Venice between 1950 and 1960). In 1999 Claes Oldenburg was exhibited at the Correr.
3. *Aperto Vetro* involves a periodical initiative focused on contemporary glass, held jointly in various sites, aiming to characterize itself as a 'biennale' at a worldwide level, given the obvious identification of the city with glassmaking.
4. *The historic theme* continues to explore new initiatives that find specific opportunities linked to the history of the 'Serenissima' (the Fall of the Republic; Venice 1848) or that look at the city's past in more general terms.

An overall assessment of exhibition policies and achievements is not simple. Aside from the difficulty in the reconstruction of data, the issue is made problematic by the lack of a precise policy in terms of entrance fees: some exhibitions have their own tickets, others do not. If this creates uncertainty for the visitor, it also makes comparison difficult for the analyst (in the case of the free exhibitions, obliging reliance on doubtful estimates: for example, Anselm Keifer, the Fall of the Republic, Venice 1848).

The greater public success of initiatives linked to the *Splendori del '700 Veneziano* seems evident (at least in the case of the Ca' Rezzonico, which was able to handle 100,000 visitors over the course of the exhibition), with extraordinary attendance at the Tiepolo exhibition, but with much more limited success at other sites, as in the case of Babetto at the Correr. Contemporary exhibitions also meet with more limited success.

This is not to suggest that visitor numbers are the only or central element for orienting or evaluating exhibition policies – a sort of ‘audience syndrome’ – so much as to emphasize its importance as *one* of the validating factors of the exposition activity.

Other and maybe more important elements – difficult to measure – through which the exhibition policy may be evaluated are the construction and strengthening of the reputation of the MCV. From this point of view, in terms of exhibition policies and exposition spaces, some important opportunities have been lost.

- First, with regard to contemporary art, where the initial idea was to systematically recover spaces in the garden of the *Biennale*, through a collaboration between the Biennale itself, the Guggenheim museum in Venice, and a group of private collectors.
- Second, in relation to the development of the structure of the *Procuratie* within the overall project by Jerome Dourdin, that would have transformed Piazza San Marco into a museum itinerary and the only exhibition of its kind in the world.

For the outside observer, it is difficult to gain access to sources and documents that explain the abandonment of such courageous development projects. Answers may lie in questions of local politics rather than in a lack of technical, aesthetic, museum or economic feasibility (the plan of Piazza San Marco was already detailed at an operative level).

(4) Education

Educational activity (Table 5.15) achieved important improvements in the last decade. Three distinct phases can be identified in which the offerings are enriched in content as well as extended as to available sites.

1. From 1990–94, a series of thematic itineraries was activated, first at the Correr and Ca'Rezzonico and then at Palazzo Mocenigo and Museo Vetrario, mainly addressed to schools, free, with around 100–150 classes, and sometime 350 (therefore 5,000–10,000 visitors) each year.
2. From 1994, laboratory and various other kinds of practical activities were developed. These were technical (internships on textiles and textile painting, frescoes, tempera, oil and table paintings), and also related to composition techniques (perspective, light, colour), held at the Palazzo Ducale, Correr and Mocenigo. Nearly 100 classes are

Table 5.15 Educational activity

	Total classes or number of initiatives	Total attendees ^(a)
Itinerary		
Correr Museum	115	2,530
Palazzo Ducale	95	2,090
Mocenigo Museum	30	660
Museo Vetrario	10	220
Museo del Merletto	8	176
Itinerary total	258	5,676
Laboratory		
Carousel of Time	18	396
Capitals	16	352
Urban Form	15	330
Frescoes (3 meetings–3 hrs each)	20	440
Oil Paintings (3 meetings–3 hrs each)	20	440
Cloth Prints (Mocenigo) (3 meetings–3 hrs each)	4	88
Cloth Prints (Fortuny) (3 meetings–3 hrs each)	10	220
Textiles – Kilim (3 meetings–3 hrs each)	13	286
Perspectives (3 meetings–3.30 hrs each)	10	220
A Whale In The Lagoon	40	880
Laboratory total	166	3,652
Total itinerary + Laboratory attendance	424	9,328
Activities for adults Fortuny prints		60
Projects for families at the museum		
Laboratories in the entire museum	61	1,342
Haunted house (Burattini – 80 Seats at Palazzo Mocenigo)	5	400
Treasure hunts (Per Family Group – 90 Persons Per Group)	9	810
Spaces of fear (30 Persons Per Group)	9	270
20 mag.Cortile of Pal. Ducale	8	200
Festival: Total Laboratory Spaces Sold		400
(Festival: Total Laboratory Companion)		
Total families in museum	92	3,422
Total	516	12,810

Note: a. average 22 children per class.

offered each year, some with several meetings. It was not possible to satisfy all schools because the activities can be expensive to set up, requiring materials and time. Starting in 2000, a set fee was introduced, even if purely symbolic (2000 lire per person for an itinerary, 3000 per laboratory for one lesson, 6000 per laboratory for 2 or 4 lessons). Whereas until now the service has been geared towards the City of Venice, in the near future these activities should be extended to the province.

3. In 1999, a new project, 'Families at the Museum', was initiated. This consists of events held at the museums on Sundays for children and their parents, in groups of 20 people, with family tickets at only 5000 lire in 2000. Sometimes adults and children together might take part in a sort of treasure hunt, sometimes there will be separate visits for adults and children. Aside from its success (2000 people in 1999 and 3500 in 2000), the operation is interesting in that it has restored a relationship with a public that, in many cases, had not set foot inside a museum in nearly a decade.

Overall, in 2000 it was estimated that nearly 13,000 people used the educational services, and this was expected to rise to 15,000 at the end of 2001, at a cost of around 240 million lire (data from 2000).

(5) Other services

There are a number of other functions beyond the collections, the activities, and the types of service outlined above that are perhaps less obvious, but that contribute in an important way to the image of the MCV (see Table 5.16).

Loans

The importance of the collection and of the activity within the MCV is underlined by the loans to other museums: in 2000, in fact, the MCV collaborated in loaning nearly 400 works from their collections to 40 exhibitions organized in Italy and abroad.

Print and drawing room

In the course of 2001, nearly a hundred scholars had consulted the collections of etchings, with an average of 15 pieces per person and, therefore, for a total of 1500 pieces. Twenty scholars had had access to the collection of drawings, consulting, however, entire groups of drawings, such as the nearly 300 Guardi drawings, 200 by Longhi, 350 by Tiepolo, and 250 by Novelli, making a total of around 1000 works.

Table 5.16 Other services

	Users	Objects consulted	Units
Prints and drawings room			
Consultations of the etching collection	100	1,500	
Consultation of the drawing collection	20	1,100	
Photo archive			
Museum negatives			46,021
Various negatives			22,025
Transparencies			4,010
Consultations	300		
Orders for on-site reproduction			391
Approx. number of orders			4,000
Orders for correspondence			380
Centre for cataloguing and multimedia production			
Items catalogued on the Queresis system			14,000
Items added in 2001			1,500
Updated items from the Ca' Rezzonico			3,000
Listing for the computerized catalogue			7,000
Museo Correr library of art history			
Consistency of volumes and prints			119,523
Consistency of other materials			15,344
Increase in publications in 2000			1,227
Increase in publications in 2001 (Sett.)			914
Readings and consultations (2000)	4,620	27,720	
Readings and consultations (Sett. 2001)	3,988	23,998	
Loans of works for exhibitions			
Exhibitions in which works were loaned (2001)			40
Loaned works			400

Photographic archive

The photographic archive contains the following:

- negatives of the works which come from the collections of the municipal museums: 46,021;
- various negatives of works which do not come from the collections of the municipal museums: 22,025;
- transparencies: 4010.

The photographic archive is consulted by ten people each day. The archive is open to the public during office hours and in the course of 2000 had to satisfy:

- 391 orders for materials required on site by scholars for publications of various kinds at an average of ten reproductions per person and for a total, therefore, of around 3910 copies;
- 119 orders for photographic materials required for correspondence, with a total of 240 copies in black and white and 140 in colour.

Catalogue and multimedia production centre in the MCV

In 2000 there were around 14,000 items catalogued electronically on the Queresis system on the ICCD, including paintings, drawings, wood, majolica, bronze, ivory, works in bone, enamel, wax, marble, etchings, historical paper, furniture, scientific instruments, glass and paintings from the Fortuny Museum.

In 2001 nearly 15,000 new items were added: 500 in historical cartography, 80 drawings, 140 scientific instruments, 500 relating to the furniture collections in Ca' Rezzonico and Ca' Mocenigo. Three hundred entries for paintings at Ca' Rezzonico were updated. Seven thousand digital recordings were made for the computerized catalogue of works, for editorial initiatives and exhibitions, and for studies and research.

Library of art and history of the Correr Museum

The library of the Correr Museum is open to the public from Monday through Friday (Mon., Wed., Fri., 8:30–13:30, Tues., Thurs., 9–17:00). Its assets are as follows: volumes and prints 119,523, current periodicals 733, out-of-print periodicals 125, current newspapers 21, out-of-print newspapers 283, manuscripts in envelopes 1505, other manuscripts 10,813, illuminated manuscripts 700, incunabulum 786, rarities 378.

Between January and December 2000, the collection increased by 1227 publications.

In the same period almost 4620 readers visited the library, with 27,720 publications consulted.

5.3 Efficiency and effectiveness: a question of trade-offs

Contrary to what is often said in mainstream management, efficiency and effectiveness do not necessarily coexist harmoniously in the life of organizations, as if it were a point toward which management control systems would automatically drive. Particularly in the cultural sector, it is easy to demonstrate how efficiency and effectiveness are often conflicting notions: close galleries, reduce operating hours, cut the number of orchestra members, and costs will drop and efficiency will increase, albeit to the detriment of overall effectiveness. In fact, the trade-off between efficiency and effectiveness, between the level of service and resources available, is a crucial issue. The question is difficult in itself, and becomes more difficult in the context of public administration, where the exercise of superficial rhetoric risks shattering the logic of consistency between objectives and resources which characterizes management discourse in itself. In such a setting, the negotiation process concerning the trade-offs between the conflicting objectives of efficiency and effectiveness deserves to be explicit and clearly supported.

In this context, the case of the MCV is very telling. On the basis of a multifaceted process that does not allow for simplifications the efficiency and effectiveness picture can be summarized as follows (see also Figure 5.1):

- The potential intrinsic efficiency is elevated in relation to the existence of a museum cum monument such as the Palazzo Ducale.
- The development in the 1990s was able to reap this potential, which is neither a given nor a natural phenomenon (it was achieved only following reforms, and is not realized today in similar contexts).
- In parallel, an organizational restructuring process was undertaken through externalization, outsourcing lower professional content tasks, and gaining distinct improvements in efficiency, rarely replicated in similar organizations elsewhere.
- The efforts have engaged other aspects and dimensions of the curatorial discourse, in certain ways notably increasing their effectiveness (renovation and restoration, for example), at least in terms of current operations, although with opportunity losses concerning development projects (in contemporary art and the project for Piazza San Marco).

EFFECTIVENESS			EFFICIENCY
	Historical-aesthetic value (<i>Back office</i>)	Customer orientation (<i>Demand-side</i>)	Resources orientation (<i>Supply-side</i>)
Substantive aspects	Collections • <i>Composition</i>: primary importance at the national level • <i>Acquisitions and donations</i>: important recent acquisitions (Martini, Mestrovich, Manca) • <i>Preservation</i>: important restorations in the reopening phases of the sites (e.g. Ca' Rezzonico) Sites : (The same sites are often primary monuments at the international level) • Intensive project of renovation and reopening of the sites in the completion process • Renovation of the important exhibition spaces (P. Ducale, Ca' Rezzonico)	Mass-consumption, with a drop from 1997 to 2000 (~15%) Offering of important public services (drawing and prints room, photographic archive, cataloguing centre for art and history library) Long-term decline in the level of service due to site closures (even though this will soon be overcome)	Surplus situation linked to the particular context, but also to the management choices: • increases in price and revenues • costs reduction Foreseeable inversion for trade-off between efficiency and effectiveness: tendency towards the erosion of historical margins for the reopening of the sites and increase in services Lack of internal human resources (in terms of type and higher professional positions) Strong turning towards externalization
	Procedural aspects Cataloguing: satisfying situations, with minor organizational problems Systematic plan (Museum Project) with minor limits in reporting procedures Lost opportunities (Polo Contemporaneo and Piazza S. Marco)	Improvements in the characteristics of the service: • Integration of the joint ticket in the Marciana area • Improvement of the added services • Increase in the educational activities offered Exposition activity of the four principle areas Systematic analysis of demand Some difficulties in the systematic reporting of the exhibition activity	Selective externalization process, turning to external general contractor, yet maintaining control Need to re-adapt the control systems, using the reporting in an 'integrated' way between internal and external systems Organizational problems: • overall design of coordination of the system of the municipal museums • obstacles in the sizing and management of human resources • risks of a marginal position of professional competencies in the overall municipal administration • possible trend towards the reform of institutional setting

Figure 5.1 Efficiency and effectiveness of the municipal museums of Venice

- This has been achieved despite the ongoing problems or site closures. This is undoubtedly linked to more serious architectural and maintenance problems, currently under the responsibility of no one in particular. What is interesting, however, is that such a situation has had, paradoxically (regardless of the fall in the service level and the loss of effectiveness in respect to the consumer), a positive effect in economic terms, on overall financial results, with minor costs (and higher margins), as might have been anticipated if all the museums had remained open.

Curiously, the not-so-irrelevant contribution margins that the MCV makes available could be considered under a different light, as the result of a process that in managerial slang could be referred to as 'milking' or 'cash cow', in which the anomalous efficiency is the result (in part, if not wholly) of a reduction in the museological effectiveness in terms of site closings. Vice-versa, it is likely that the expected reopening of the sites in the next one or two years will have as a direct effect that of reducing the overall margins, and therefore the efficiency of the network of the Venetian municipal museums. The 'star pupil' (when well managed) is a single case: Palazzo Ducale, with margins per visitor which are rarely matched elsewhere. The other sites present more usual conditions, with costs per visitor which are hardly covered by the ticket sales, and are therefore far from break-even conditions. Consequently, 'reopening' will demonstrate the transitory nature of the situation in which income exceeds costs. In other words, positive contribution margins (entirely pertaining to Palazzo Ducale) will be reabsorbed to cover the incremental costs (also net of the incremental income) that will derive from the reopening of previously closed sites.

At that time, the precise calculations of this process (costs and exact timing) was yet to be determined in relation to the progress of the reopening of the sites. The perception was that in the short term it was likely that the positive current margin would disappear. The growing number of visitors and increasing income was expected to be offset by the increasing level of service linked to the opening of the new sites and increased use of the external general contractor,¹ and the net income of the MCV was not estimated to increase in the following year, according to budget estimates for 2001. This trend would have continued through the opening of Ca' Pesaro and the Museum of Natural History (see MCV, 2001). The estimates predicted break-even in 2005 thus eroding the surplus.

Nonetheless, this is still exceptional among Italian museums: one of the few – if not the only – situations of break-even.

5.4 Organizational and institutional settings

Apart from the foreseen reduction in the contribution margin, there is an important variable that requires great attention: the organizational setting, which threatens a damaging process of deterioration of the overall climate, in relation to the internal and external relationships of the MCV.

(1) Internal relations

A first problem is internal, regarding the organization of labour, the distribution of tasks, and the coordination between the curatorial staff of the MCV.

One of the questions under discussion is the basic characteristic of the organizational model to adopt, between a departmental logic (with responsibility allocated around collections) and the logic of each site. In a situation of scarce resources, a sort of organizational ambiguity has been chosen between the two logics, which certainly has the advantage of flexibility, but in the long run is not consistent with a process of managerial growth of the overall structure. Perhaps the dimensions and complexities that come into play in the MCV system require more incisive forms of orientation towards activities and the results of the single museum, also calling for new forms of planning and control procedures, and accounting systems, that should be tailored around individual entities.

(2) External relations: the MCV within the municipal administration

The second series of problems with potentially critical effects is linked to the position of the MCV within the municipal administration, where a paradoxical situation can be identified. A positive solution has been found with reference to work positions of lower professional content through externalization processes, which have proved successful beyond any expectation in terms of identity and motivation of the individuals involved. However, a satisfactory solution to the problems of labour of higher professional content remains to be found.

Two major elements are involved: the quantitative understaffing, and a process of addressing attention away from professional competencies (with the eventual effect of the destruction of the professional identity of curators).

Professional understaffing occurs at various levels:

- The curatorial level, with only five curators in total; despite the worldwide importance of these museums each of the sites is effectively a single-staffed entity. In comparative terms – with a benchmarking perspective using indicators such as curators per square metre, number of object preserved, number of visitors – the anomaly would become quite clear.
- Middle management is also badly understaffed.
- Some offices of crucial value (exhibitions, education) are also just single-staffed.

Such a situation is not a consequence of externalization processes (top positions and strategic functions usually remain strongly internal, as is the case in most firms, even in the private sector and with reference to mass production goods). Rather, it is a further sign of the above-mentioned process of ‘milking’ the MCV by the municipality, together with a second aspect, the loss of focus on the professional and curatorial competencies in the municipal administration.

The relative marginalization of the museological-curatorial professional competencies can be discerned in a number different episodes during the recent history of the MCV.

- (i) From a structural point of view, the merging of tourism and cultural activities within a single department inside the municipal administrative structure has weakened the visibility of the MCV, externally and also internally, in a way in which the time and attention of the top management becomes ‘distracted’ from the principal curatorial vocation. Such a process is typical of the municipal museums of many cities: this is perhaps one of the reasons for a widespread tendency to structure municipal museums in more autonomous forms, such as foundations, in part as an answer to the ignoring of the issues of specific professional competencies, with difficulties in acknowledging the internal differentiation within the municipal administration.
- (ii) In terms of human resources management, beyond the general issues pertaining to the local administration, an unfortunate episode can be referred to (although the situation resolved itself in time). During the revision of the organizational structure in 2000, a reduction in the hierarchical level of four curators of the MCV was adopted, in virtue of the unification and aggregating of offices

previously run under a different department, that is, tourism. The specific, distinctive competence of a curatorship nature was, in a sense, killed by the lack of attention to the roles and competencies inside the MCV. Mistakes can always happen: however, aside from the impact in terms of demotivation and conflict that this decision has provoked, it is typical of a behaviour that removes the emphasis from different identities and competencies of a museum curator, diluting these in a more opaque organizational entity that combines museums, culture and tourism (within which organizational positions are bargained and assigned).

- (iii) From a procedural point of view, the process of programming and control has difficulty – also in the Venetian landscape – in playing a supportive role in the managerialization processes in museum management. The very fact that a study such as this is necessary underlines the absence of an accountability and administrative system capable of interacting directly and intellectually with the professional bodies of museums. The vagueness (and the centre-biased vision) of the indicators used in the programming procedure of the management control system of the municipality (PEG) indicates the failure to provide relevant information for guiding managerial decisions to curators and other managers, or at least to acknowledge it through forms of performance representation which are relevant and meaningful from the curators' point of view (as attempted in these pages). The scarce significance of efficiency indicators used in the PEG ('average costs per user', 'average cost per service', 'average cost per working day') is linked to their inability to acknowledge the anomaly of the positive margin, or even break-even, of the MCV ('ability to cover the expenses with the ticket income'; 'ability to cover the expenditures with contributed income'). Yet this is still nothing in respect to the lack of any effectiveness indicators pertinent to the museum activity (which the previous pages try to provide).
- (iv) From a strategic development point of view, the same difficulties are seen in running long-term projects already at an advanced stage of definition (as in contemporary art and San Marco projects) or any other possible projects adequate to the uniqueness of Venice. There is evidence of a relative marginalization of the museological discourse within the public administration's way of managing, with a lack of commitment in complex decision-making, coupled with the likely resistance and conflicts between the numerous institutions involved, making this, in fact, a stagnant situation.

The problem is shared by many municipal (or public, in general) administrations. It was correct to call for a more managerial attitude by directors and curators. What is needed, however, is an appropriate way to apply this approach to the specific characteristics of museum operations and of art production, with a more precise definition of the roles and responsibilities in managing museum collections and exhibitions. Otherwise, this will turn once again into a sterile rhetorical exercise instead of activating forms of managerial behaviour, and will have the paradoxical effect of increasing central bureaucracy concealed though it may be under managerial vocabulary. Rather, professionalism and competencies should be promoted, building structural and procedural organizational conditions that assist in motivation and accountability not in abstract terms, but with regard to the specific and professional aspects of museum activity: in a sense, finding adequate ways to measure 'cultural productivity' within the MCV.

A final issue refers to the institutional design that is needed to support managerial processes.

(3) Rethinking the institutional settings

Indeed, something crucial seems to emerge from this analysis: the need for a new design of the organizational and institutional settings of the MCV, providing solutions to some phenomena of 'organizational stress' within the MCV, but above all rethinking structures and procedures with a focus on the needs of the periphery rather than the centre (the museums rather than the municipality as a whole). In principle there are not so many solutions available.

- One alternative is the redefinition of structures, mechanisms, and procedures within a strong logic of autonomy, yet still keeping the MCV within the municipal administration. Such a solution should not be discarded immediately; it requires, however, a strong commitment in order to avoid the logic of effectiveness of the museum management being flattened out within the central vision and the demands for integration of the macro procedure, as seen from the centre (starting with PEG, the aggregate budget for the whole municipality). The failure to recognize the specific capabilities required and the professional skills necessary for the qualification of a director within this sector, or vice versa the possibility that a director of the MCV could, according to this logic, be transferred into running other sectors – as is actually the case with local authority administration – is not the most encouraging sign (this is also widespread in local administrations, although it does not lessen the seriousness of the matter).

- A second alternative is an institutional transformation in the form of the 'institution' in the specific meaning of law 142 1990. Many routes have been tried, but not satisfactorily as yet (see the case of the GAM of Bologna: Boari and Zan, 1999), either in terms of bypassing the limits of public accounting that tend to persist, or in terms of the management of human resources that remain for the greater part unaltered (not to mention the difficulty in 'disciplining' the relationship between politics and administration, particularly in the case of Bologna).
- Finally, there is the transformation into a foundation, in the form of operative foundations, what is referred to as a 'managing foundation', with responsibility over operations while property rights remains unchanged (see Chapter 4). This alternative allows for the resolution of many problems at one time, constructing a structure which encourages responsibility and accountability, with a clear and profound identity and 'mission', without weakening the necessary professional identity and competencies. This could also be an opportunity to revisit the internal organizational structure within the MCV, allowing for the rethinking and further developing of the externalization process put into play (the institutional transformation could give way to a redefinition of the previous choices). The new structure could better attract the attention of private bodies – sponsors or participating partners – precisely to the positive values of new visibility, accountability and responsibility. All of this takes place within a more structured and transparent framework, in which the dialogue between the politicians and the governing body can be disciplined within an organic arrangement of tasks and bodies defined at the statute level. An explicit agreement between the city and the foundation would articulate – without the often devastating bureaucratic complications – the definition of the expected services linked to the allocated resources, giving the foundation the freedom to select the best way in which to structure itself.

The writer is convinced that this last solution, even if not the easiest, is the one which would encourage a positive dialogue between various managerial needs, characterizing a context of high technical-professional competence.

Furthermore, the possible objections – from workers, politicians, citizens and civil society – can be met with strong counter-arguments. The following are the three main objections that might be proposed.

- The risk of political favouritism in assigning institutional positions of the foundation is certainly an element to consider. A precise definition of the professional prerequisites for the various positions and a transparent handling of the whole process in respect to the press and media can be important antidotes. In the long run, however, it should be observed that the same risk exists however – often without any antidotes – also in the two other alternatives.
- The possibility of a loss in grants and funding linked to the special laws for Venice would discourage this choice, given the importance of the overall process of extraordinary recovery and maintenance. As an operative, managing foundation, the city retains ownership (or the central government, as in the case of the Palazzo Ducale), linked to burdens and prerogatives in terms of assets, for which the situation should not change under this profile.
- The operation would create negative economic effects for the city which would also discourage this solution. Here a clear understanding is necessary: if they have current margins in mind, this should quickly be eliminated taking into account the already implemented strategy of reopening sites. Indeed, in the short term, the decision whether or not to make the MCV an autonomous entity would have no economic effects on the municipality: an entity could be externalized with a probable zero margin result. Certainly it would be silly to think that there are no ‘emergent costs’ linked to the creation of a new entity, without budgeting for which the new structure would find itself in difficulty within a period of few months. However, the anomaly of a museum system reaching a break-even point would reduce the significance of the operational costs (in comparison to consistent museums costs for the municipality in most other local contexts). With few additional resources, it would be possible to construct a structure of high visibility and strategic capability, given the uniqueness of Venice. This would also encourage participation by the private sector and corporations, raising the possibility of substantial private funding – and, much more, in the face of a decisive relaunch of the MCV as a network of *municipal* museums of Venice. Or maybe even, in the development and new projects for the Venetian museums *in general*, overcoming the self-referential distortion based on a proprietary view which is of no interest at all for the visitor, the curator, the donors, the sponsors, and most of the current or future stakeholders.

Note

1. From 1999 until 2001, in relation to the greater services assigned, the contribution of the general contractor had increased from 27 per cent to 43.6 per cent.

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