Heritage Organisations and Resilience

English Heritage and Heritage Lottery Fund

Findings across the case studies and recommendations

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BOP
CONSULTING

Contents

1. Introduction

1.1 Why resilience?

The present age of austerity for the heritage sector has its roots in the credit crunch and the subsequent recession. These reduced the value of endowments and investments held by the major Trusts and Foundations which fund heritage, and hit corporate giving, before subsequently leading to public spending cuts. As funders and custodians of the heritage sector, English Heritage and the Heritage Lottery Fund (HLF) are naturally keen to help the sector to navigate the choppy waters of change and to achieve sustainability and resilience.

The concept of resilience is explored in more depth later on in this report, but it is useful to say a few things about it and its relationship to this project here.

- This research is partly exploratory, and is one of several studies aiming to better understand resilience.

- The case studies were chosen for their interesting and positive responses to challenging times. This might be thought of as resilient behaviour. The sample size is not large, though, and we have tried to avoid making sweeping generalisations.

- Resilient behaviour is often a reflection of internal conditions within an organisation – their strength and effectiveness as an enterprise. Making distinctions between a strong organisation and a resilient one is not straightforward. Furthermore, resilience is an ongoing process, one that is affected by particular operating contexts.

1.2 The brief

In order to gain a better understanding of what resilience within the heritage sector means, and what organisations can do to become better at it, BOP Consulting was commissioned to undertake research on:

- how heritage organisations have adapted to the changing economic, social and political climate and the issues they face, and

- how organisations have changed to become more resilient, the factors which contributed and any further support they need.

The brief specified a case study-based approach to the research, with the aim of identifying a set of organisations that have interesting stories to tell about the ways in which they have adapted to change in recent years.

At least some of the resulting case studies will be published within Heritage Counts 2012, which will ensure a wide readership throughout the heritage sector, policymakers and the media. Ultimately, it is hoped that this will encourage knowledge transfer within the sector, while also demonstrating the sector's adaptability to external parties.

Our full methodology is set out in Appendix 1.

1.3 Status of this report

The 15 case studies report in detail on the specific challenges identified by each of the organisations, as well as on the responses that were chosen to deal with these challenges to try and secure a more sustainable future for their organisation or project. The experiences of the case study organisations provide valuable lessons that will be of use to readers from across the sector. (The case studies are described in a separate report.)

This report aims to complement the 15 case studies by documenting our overall observations and findings across the organisations. We recognise the limitations of the small sample size, but nonetheless we were struck by some apparent commonalities shared by the 15 organisations that seemed to us to offer lessons for other heritage organisations. We also conducted a literature review which provided a conceptual framework to shape our conversations with the case studies.

We tested and refined our observations in two workshops, one with English Heritage and HLF and one with ten leaders of the case study organisations (usually the director or CEO). The conclusions and recommendations set out in this report are therefore very much a joint

effort. We hope that they will be helpful for understanding the organisational characteristics and behaviours that English Heritage and HLF might encourage within the sector through their investment, advocacy, skills development and knowledge transfer activities.

Acknowledgements

We would like to thank all those who participated in this research – particularly the leaders of the case study organisations – and who provided us with valuable information and insight, and their time, to ensure its success.

A full list of participants is included in Appendix 2.

2. Perspectives on resilience

2.1 Introduction

In a separate project BOP Consulting is also researching business models in the culture and sports sector for the DCMS's Culture and Sport Evidence programme (CASE), to see if any particular business model in the sector can be regarded as more effective than others. The project is still ongoing, but the literature review has been completed, and it provides food for thought for this chapter, which explores some of the literature on what resilience might mean in practice.

2.2 The concept of resilience

Resilience as a concept originated in studies of the environment and ecological systems[1]. More recently, the idea has been adapted for use in the cultural sector, most notably in a report by Mark Robinson for Arts Council England[2]. Robinson argued that 'resilience is not simply about self-defence or self-preservation, but also includes continual adaptation and redesign in pursuit of core purpose'. In his view, resilience involves acceptance of the idea that change is 'normal and necessary'. He defined the notion of adaptive resilience (his preferred term) as 'the capacity to remain productive and true to core purpose and identity whilst absorbing disturbance and adapting with integrity in response to changing circumstances'.

In its original context, resilience referred to systems rather than individuals[3]. In his report, Robinson acknowledges the dangers of importing ideas from one field to another, but nonetheless applies this notion to the level of the individual organisation in the cultural sector. With that significant proviso, Robinson's exploration of resilience in arts organisations would seem to offer a useful starting point for a discussion of the concept in the heritage sector.

Robinson suggests there are four sets of resources and four adaptive skills that characterise a resilient arts organisation. They are:

Resources

- a culture of shared purpose and values rooted in a strong organisational memory, avoiding mission-drift but consciously evolving

- predictable financial resources derived from a robust business model and a range of activities and 'customers', allowing some financial flexibility to be retained

- strong networks (internal or external), with an absence of 'silos', and collaboration at all levels to make the organisation vital and connected

- intellectual, human and physical assets used to maximise impact in pursuit of core purpose, with appropriate investment in the creation and exploitation of new assets

Adaptive skills

- adaptive capacity: innovation and experimentation are embedded in reflective practice, with change seen as natural and actively prepared for

- leadership, management and governance provide clarity internally and externally, with clear roles and responsibilities and strong improvement focus

- situation awareness of environment and performance, with good gathering, sharing and consideration of intelligence and information to inform decisions

- management of key vulnerabilities is regular and integrated into planning and preparation for disruption

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[1] See e.g. Walker, B. and Salt, D. (2008) *Resilience Thinking: Sustaining ecosystems and people in a changing world*, Island Press
[2] Robinson, M. (2010) *Making Adaptive Resilience Real*, Arts Council England
[3] It is the resilience of a system that matters, rather than the individual organisms within that system. A resilient system is indifferent to the fate of its individual components as long as the system as a whole is able to survive and adapt to change.

Robinson believes that resilient organisations need (and exhibit) both sets, though they do not necessarily need all of them at any one time. He also makes the interesting point that organisations that are extremely lean and efficient are potentially vulnerable to change, as they have little slack with which to respond to new challenges.

2.3 Notion of change

Robinson's analysis is useful, but the literature review suggests some further refinements may be possible. In everyday life, the idea of change usually has positive connotations. Traditional organisational and economic theory has also tended to argue that change should benefit organisations, and those which cannot adapt to change will fail in the long run. Since the late 1970s, however, this has been challenged by a growing body of work that argues that change is risky, and increases the chance of organisational failure.

This newer literature suggests that resistance to change, or inertia, is an unintended consequence of success, one that has benefits as well as costs. It argues that the pressures of competition tend to favour organisations which are reliable and accountable in terms of organisational structure and processes – which can, in other words, deliver a consistent product or service time after time. Such organisations tend to be highly structured, and dependent on a limited set of routines to achieve this.

A related concept, developed in fields such as evolutionary economics, is known as 'path dependency'. This concept implies that history matters, and that the set of decisions an organisation can take at any one time is constrained by decisions that have been taken in the past, even when those past circumstances are not relevant to the organisation's current situation. Path dependency thus emphasises how difficult it can be for organisations to break out of established routines and structures.

In a new book[4], the economist Tim Harford picks up on this theme. He points out that it is rare for companies to make big structural changes,

because these are perceived as threatening and are hard to achieve. He suggests that an 'adapt-lite' approach is more likely to succeed – making small-scale adaptations and conducting experiments. Fear of failure is a challenge, though: 'it's not easy to direct and sustain adaptability at a company level'.

2.4 Innovation

These explorations of the difficulties of making changes are picked up in the literature on innovation. The CASE research draws heavily on business and management literature, which suggests that a capacity to innovate, which can be thought of as a proxy for the ability to adapt to change, is constrained in many organisations by two types of 'rigidities'[5]. These are factors which reduce the flexibility and speed of response to change. The first set of rigidities focuses on resources: the organisation is constrained in some way from securing the financial or labour-force resources it needs to develop innovative practices. Examples include a lack of working capital to invest in experimentation and change; a lack of suitably skilled labour; or where external investors or funders place restrictions or performance requirements on those they are funding.

The second set of rigidities focuses on routines. All companies or organisations develop systems or processes which allow them to, for example, provide a consistent level of service to their customers. Indeed, routines are an important element in what makes an organisation successful. Nevertheless, in times of change they can become a straitjacket. Examples might include senior management or board members without the requisite skillset to help an organisation deal with change; staff unable to think in an entrepreneurial way; or organisational structures which are no longer 'fit for purpose'.

In the heritage sector there are also some specific legal and regulatory requirements that organisations have to conform to, around listed building status and conservation standards, for example.

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[4] Harford, T. (2012) *Adapt: why success always starts with failure*, Abacus

[5] See, for instance, Gilbert, C. (2005) Unbundling the structure of inertia: resource versus routine rigidity, *Academy of Management Journal*, Vol. 48, No. 5, 741-763.

The research literature referring directly to the heritage and cultural sectors is only a small part of the total literature in this field, but it suggests that these sectors are heavily constrained by such 'resource' and 'routine' rigidities.

2.5 Business models

A further area of research that may be relevant focuses on business models. It should be pointed out that this literature is dogged by a lack of agreement on what constitutes a business model. It also tends to focus on private sector activity, and therefore examines ways in which firms try to generate income or maximise profits. Despite this, there are some general insights to be gained from this field. One in particular comes from the academics Hagel and Singer. In their 1999 paper, *Unbundling the Corporation*[6], they suggested that there are three kinds of businesses 'under the bonnet' of most organisations. They are:

- Customer relationship business, which finds customers and builds relationships with them

- Product innovation business, which conceives attractive new products and services and how to bring them to market

- Infrastructure business, which builds and manages facilities for high-volume, repetitive operational tasks such as logistics.

Hagel and Singer argue that although these three business types 'are organisationally intertwined, these businesses are actually very different. They each play a unique role; they each employ different types of people and they each have different economic, competitive, and even cultural imperatives'. It would seem plausible that many heritage organisations are dominated by the infrastructure element of their business – in other words, by their efforts to conserve the core heritage asset, which may be a built or natural environmental asset or a collection.

2.6 Summary of resilience

For the heritage sector, resilience is an ongoing process, rather than a final outcome. Organisations may exhibit or develop traits which should help them to be more resilient in times of economic or financial pressure, but it is impossible to say definitively that an organisation is resilient, as so much depends on the context in which that organisation functions, which may shift at any time.

The literature review suggests resilience and strength are related – many of the factors Robinson identifies, for example, might be thought of as good business practice by any successful organisation. However, the review points out that a strong organisation can still suffer from rigidities of different kinds. If a resilient organisation is more than just a strong one, it is because it includes notions of flexibility, adaptability, and a capacity to bounce back. In this sense, being strong can be thought of as a necessary but not sufficient condition for resilience.

The literature review in this chapter has suggested what some of these traits of a resilient organisation might be. However, these have to serve the organisation's core purpose and goals, so identifying that core purpose is also a pre-requisite of improving resilience. The traits include:

- Flexibility and speed of response in dealing with challenges

- Diversity (in everything from income streams to management skillsets)

- Willingness to embrace small-scale change and experimentation

- Awareness and anticipation of trends or challenges facing the sector

- Sound financial planning skills

- Willingness to tackle more than one constraint at a time

These were among the issues we explored with the case study organisations.

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[6] Hagel. J. and Singer, M. (1999) Unbundling the corporation, *Harvard Business Review*, March-April

3. Responses by the case study organisations

How, then, can the resilience of heritage organisations be assessed? The preferred approach in this project was to look in detail at 15 case studies. This, though, raises further questions. The heritage sector is a large and diverse one. How can 15 organisations represent the sector as a whole? BOP's approach was to draw up a 'dimensions of change' framework to guide the selection of the case studies, which would allow us to explore practices that contribute to building resilience.

In particular we drew on the idea of rigidities (or constraints) described in the literature review. If an organisation is to respond to challenges, it has to find a way of breaking out of the constraints placed upon it. BOP identified six possible responses to constraints in the heritage sector (three for routine rigidities, three for resource rigidities). They were:

3.1 Routines

1a New organisational structures

This might take the form of moving from local authority to trust/private management (including asset transfer), or establishing a new subsidiary charity or trading arm.

1b Management and staff interventions

These might include Board and trustee development, the up-skilling of staff to encourage entrepreneurialism, or redesigning management or staff structures.

1c Fresh perspectives/outsourcing

Examples include outsourcing income generation functions or other functions e.g. exhibitions, education; extended use of outside expertise e.g. consultants, mentors, advisors; or creating new posts for people from outside the sector.

3.2 Resources

2a Shared resources

This might mean introducing shared services, shared or bulk procurement, or shared posts.

2b Making greater use of volunteers

Using volunteers to increase capacity (e.g. longer opening hours), or recruiting volunteers with specific skillsets.

2c New income sources

New sources of income might include self-generated income e.g. through a shop or café; membership, friends or patrons schemes; selling rights and assets; new financial instruments, such as endowments; or new fundraising sources or programmes.

3.2.1 Selection of case studies

Guided by this framework, English Heritage and HLF – with input from BOP – identified 15 organisations that were considered interesting examples and which covered the six response areas (although when we interviewed the organisations, they sometimes saw their responses falling into different categories from those that were initially suggested).

The case studies were also chosen from across three 'domains' of heritage activity. These were museums, archives and libraries (MLA); land and biodiversity (L&B); and historic buildings and industrial heritage (HB&I). The choice also aimed to include organisations of varied sizes and ages. The resulting framework (fig. 1) suggests that good coverage was achieved across the domains.

Figure 1 'Dimensions of change' framework and case studies

Organisation	Sector	1a New structures	1b Mgt and staff interventions	1c Fresh perspectives/ outsourcing	2a Sharing resources	2b More volunteers	2c New income
Luton Culture	MLA	X		X	X		X
Colchester and Ipswich Museums	MLA	X	X		X		
London Met Archives	MLA	X		X	X		X
NW Film Archive	MLA			X	X		
Beamish Museum	MLA	X	X	X			X
Bat Conservation Trust	L&B		X			X	X
Arnos Vale Cemetery	L&B	X	X	X		X	X
Woodland Trust	L&B		X			X	
Apsley Paper Trail	HB&I		X			X	X
Glasgow BP Trust	HB&I		X				X
Battersea Arts Centre	HB&I	X	X	X			X
Birmingham Conservation Trust	HB&I		X			X	X
Drystone Craft International	HB&I	X		X			X
Hodsock Priory	HB&I		X	X			X
Headley Forge	HB&I			X			

As the framework shows, all bar one of the case studies have adopted more than one response to potential constraints, with several choosing four, and one (Arnos Vale) adopting five. All of them are trying to tackle both routine and resource rigidities.

3.3 Types of response

For each of the responses, there are a wide range of practical steps that could be taken. Here we look at examples from our case studies.

1a New organisational structures

- Luton Culture and Beamish left local authority ownership to become independent charities

- London Metropolitan Archives was formed through the merger of three previously separate services within a single local authority

- Arnos Vale established a new Trust to manage the cemetery

- Battersea Arts Centre established a trading arm to handle catering and event hire operations

- Drystone Craft International has turned itself into a co-operative

lb Management and staff interventions

- Battersea Arts Centre, Arnos Vale and Beamish established matrix management structures

- London Metropolitan Archives and Beamish restructured opening hours and service delivery

- Bat Conservation Trust and Woodland Trust created central support for staff working with volunteers

- Apsley became, in effect, a wholly voluntary organisation for a time

- Birmingham Conservation Trust, Luton Culture and Glasgow Building Preservation Trust recruited Boards with more varied skillsets

- Hodsock Priory intends to 'professionalise' its operations by introducing formal Board structures for each area of the business

1c Fresh perspectives, outsourcing

- Beamish, Battersea Arts Centre and Arnos Vale appointed new dynamic Directors

- London Metropolitan Archives imported museum outreach practice

- North West Film Archive (NWFA) joined the Archives+ coalition of Manchester archives and, as part of that, is moving to a new public facility

- Headley Forge was bought by a private developer and adapted into business offices

2a Shared resources

- Colchester and Ipswich museums services merged

- Luton Culture merged its arts, libraries and museums services into one body

- NWFA will share resources and public space with fellow Archives+ members

- London Metropolitan Archives consolidated onto one much cheaper site; and combined film archives across London

2b Making greater use of volunteers

- Arnos Vale restructured volunteering around its four new executive teams

- Bat Conservation Trust and Woodland Trust introduced central support and regional structures to their volunteering

- Apsley relies much more on volunteers than it used to

- Birmingham Conservation Trust intends to build up a volunteer base as part of its new public face

2c New income sources

- Beamish has revised admissions, introduced events, and on-site franchises

- Battersea Arts Centre is growing its events hire business

- Birmingham Conservation Trust is converting some space to offices for rent

- Luton has devised the Luton Culture card to offer promotions and cross-marketing

- London Metropolitan Archives signed a commercial digitisation deal with Ancestry.com

- Hodsock Priory has become a wedding venue, and also hosts an events programme

- Drystone Craft International has expanded overseas and developed new markets in the UK for its skills

3.4 Pattern of responses

While all bar one of the case studies have adopted more than one of the possible responses to the constraints they face, there are nonetheless certain patterns apparent across the domains. The sample size of 15 is perhaps too small to draw firm conclusions based on these observations, but they do suggest where the opportunities to make changes are greatest for each sub-sector.

- The museums, libraries and archives sector's favoured solutions were 1a new structures, 1c fresh perspectives/outsourcing, and 2a sharing resources.

- For land and biodiversity the preferred responses are 1b management and staff interventions, and 2b more volunteers.

- For historic buildings & industrial heritage, the favoured options are 1b management and staff interventions, and 2c new income sources.

Heritage organisations looking to improve their resilience might therefore start by looking at the favoured methods in their particular domain.

4. Our findings

4.1 Organisational priorities

Many of the leaders of case study organisations recognise elements of the Hagel and Singer concept (of three business sub-types) in their own organisation. They tend to agree that their organisations are predominantly infrastructure-led. This is unsurprising: it is often the infrastructure asset – the collection, the historic building – that defines the organisation as being part of the heritage sector.

However, they also agree that heritage organisations can often become 'bogged down' in the battle to maintain infrastructure, and thus neglect the need to engage the public (the customer relations strand of an organisation). One leader pointed out that "we are here to make a heritage asset available to the public ... it's not about preserving something for its own sake". There is a recognition that a successful heritage organisation should balance the three business types (infrastructure, customer relationships and product or service innovation).

The Bat Conservation Trust is different as it owns no infrastructure. Perhaps for this reason, the Trust has a highly developed customer focus and a track record of developing new innovative products.

4.2 Development pathway

We started our dialogue with all the case study organisations by asking about the effects of the recession, but it quickly became clear that most of the leaders (and their colleagues) see their organisations as being on a long term pathway of development and growth that was not primarily driven by, and often predated, the recession. They tend to cite internal factors to explain their development, such as strong leadership, passion, skills, and a flexible and entrepreneurial organisational culture. Another important factor was having a sense of urgency – having the antennae to pick up news of opportunities, and the fleetness of foot to be able to take them up. They feel that because the internal conditions have been got

right, they are able to navigate the challenging climate. One example is Beamish Museum moving to a position of sustainable operation and virtual financial independence. The primary drivers were renewed leadership and customer focus, which in turn enabled entrepreneurial new initiatives and more efficient operations, despite the recession. This raises the question of whether greater emphasis should be placed on getting internal conditions right, before exploring new business models or income streams.

4.3 Adaptation or transformation?

Some characteristics of the heritage sector may make resilience harder to achieve. Organisations in the sector often struggle to find adequate funding, are dependent to a significant extent on the passion and goodwill of staff and volunteers, and have to operate within a stringent legal and regulatory framework. A heritage organisation's capacity to respond quickly to major changes in its operating environment is often limited. As one leader put it: "there is a tiny balance point between success and failure". However, it does seem that the best heritage organisations are able to continually adapt to smaller-scale changes in their environment, and look ahead to see what is 'coming down the line'. Indeed for the large majority of case study organisations, the recession brought a series of smaller shocks that they were able to foresee or to adapt to without major stress.

Birmingham Conservation Trust and Apsley Paper Trail are the exceptions to this: both saw large financial arrangements, which were vital to their business plans, fall through as a result of the credit crunch and subsequent market conditions. However – again partly due to the internal factors listed above – both organisations were ultimately able to withstand these shocks and to find new ways to continue through a radical transformation of their business model. Commercial organisations would have been unlikely to survive such dramatic reverses.

Their survival is due to a mix of factors, some of which stem from their being heritage organisations, some of which do not. Both organisations were able to call on considerable goodwill and support from their volunteers and board, and from the wider community. Birmingham

Conservation Trust brought together several public bodies to explore its options, while Apsley launched a fundraising campaign among local businesses. Apsley also went outside the sector to get help from a recovery consultant, whose advice was critical to their survival. (This openness to ideas from outside the heritage sector was seen in some of the other case studies as well.) This suggests that:

- There is a limit to how much change a typical heritage organisation can be expected to deal with within its existing business model

- Two different types of support for heritage organisations may be needed: one to support organisations to improve their resilience and ability to adapt to small shocks and fluctuations in the economic cycle; and another to enable radical transformation for organisations in serious difficulty that merit saving.

4.4 Leadership and communication

All the case study organisations benefit from strong leaders who champion the organisation and unlock the energy and passion within it, and have an eye for an opportunity. Most of them emphasise the importance to their leadership style of communicating clearly, consistently and openly with all staff as well as with stakeholders and supporters. They also emphasise the importance of communication between staff departments and teams. Some of the techniques used to support external and internal communication are:

- Networking – as a leader, being well connected beyond the heritage circle and 'flying the flag' in many different contexts. Several leaders felt that they learn more from sectors outside the heritage field.

- Regular team meetings, briefings and future planning sessions.

- Matrix management – bringing together staff from different teams (plus volunteers) to collaborate on projects, thus breaking down silos and hierarchies and connecting skills from across the organisation.

- Performance indicators – sharing indicators with staff and supporters quickly, to gain their understanding and ownership of the organisation's performance; and to reward and share success.

- Focus on long-term vision – linking new initiatives back to the vision, particularly to get longstanding supporters on board with change.

4.5 Business planning

All the leaders of the case study organisations show a strong understanding of how their organisation functions as a business (their markets, risks, income streams, fixed and variable costs, and so on) – and how this links back to their vision. Thus they are able to make conscious choices about how they operate and to act on new opportunities appropriately and realistically.

This observation by BOP led to a debate among the leaders on the relationship between long-term planning and short-term opportunism. The consensus view that emerged is:

- A long-term vision should be established, underpinned by an understanding of how the organisation functions as a business (often but not always enshrined within a formal business plan document)

- One role of leaders is to locate new opportunities in the short term (perhaps up to 12 months ahead) that can sustain or develop the organisation – this means new funding, products or markets

- Business plans may have to change in response to short-term opportunities – but beware getting drawn into projects that skew or change what the organisation is fundamentally aiming to do

- This also requires leaders to know when to say no. Turn down a grant if it is too big a commitment (noting that grant administration is not always related to grant size).

One heritage sector-specific business skill cited was working with the modest financial resources at hand. People from a commercial background can sometimes struggle to work effectively with limited resources.

4.6 Board skills

All organisations advocate the need for strong boards; and tend to back this up with a structured approach to recruitment. They identify the skills

needed (sometimes on an annual basis); review current board members' contributions; and recruit to fill gaps. The skills that are most sought-after are financial acumen and legal and human resources expertise. The Woodland Trust, the largest of the case study organisations, agreed but added a note of caution: there is a need to find a balance in terms of bringing in such business skills and retaining heritage expertise and passion – making sure that passionate people (who have been involved for longer) don't feel 'over-professionalised'.

The interface between board members and staff is felt to be important. Leadership from the board provides a sense of security to the staff. In many heritage organisations, board members play hands-on roles alongside staff and have an active role in championing the organisation. Some organisations are now looking to explicitly bring together board skills with those of core teams – for example, pairing a trustee with fundraising expertise with the development team.

4.7 Volunteers and supporters

We see the same degree of thoughtfulness that these organisations put into board recruitment in their relationships with volunteers and supporters. The organisations have a thorough understanding of:

- Who their volunteer and supporter base is and what motivates and rewards them (recognising that not all volunteers and supporters are the same or are at the same stage of engagement with the cause)

- How they can use this knowledge to design specific opportunities tailored to each type of volunteer or supporter

- The coordination, training and support needed to get the most out of volunteers, and to support staff members who work with volunteers.

Size of organisations is a factor. Larger organisations tend to have a more diverse volunteer and supporter base as well as greater resources to analyse it then create tailored opportunities. A few organisations, such as the Bat Conservation Trust used time-limited projects (or capital projects) to galvanise their supporter base and to set up volunteering structures, thus leaving a legacy of improved capacity.

4.8 Exploiting assets

All of the leaders of the case study organisations were comfortable talking about commercial exploitation of their assets. Various tips and approaches emerged from the case studies, including:

- Identify your organisation's unique selling points that make it stand out from purely commercial competitors

- Aim to attract diverse income sources to avoid dependence on any one source (where possible, avoiding public sector dependence)

- Share services and ventures with partners where this makes for more efficient delivery (partners could be other heritage organisations or commercial businesses operating outsourced services)

- Measure the true cost of income generation, avoiding hidden costs (for example, when assessing the income secured through hosting an event, take into account the staff time spent attracting the event and servicing it)

- Assess risks and seek to minimise them, where possible testing new products and services at a small scale before scaling up.

4.9 Being pioneers

Many leaders of the organisations spoke of the challenges of operating at the cutting edge of the sector. They recognise that their entrepreneurial activities challenge assumptions about what is considered usual practice within the heritage sector, and make some people in the sector uncomfortable. Two examples of this are:

- Paying for online access to digital material

- Promoting diverse non-heritage activities on a sensitive heritage site

Several leaders felt they have missed out on grants because of funders' lack of understanding, or because they are being 'penalised' for their pragmatism and success. On the other hand, many leaders believe that success generates success and it is vital to be seen to be maintaining ambition and momentum in the current climate – retreating into your shell is not an option.

5. Characteristics of a resilient organisation

We have drawn on the case study findings and the literature review to suggest five characteristics of a resilient heritage organisation. We tested and refined these characteristics in the workshops with English Heritage/ HLF and the leaders of the case study organisations. These characteristics might be developed into a simple checklist to interrogate the strengths and weaknesses of any heritage organisation, and thus to start a discussion on that organisation's resilience. Such a checklist might be accompanied by a simple implementation toolkit. Alternatively, they might form part of the criteria for a grant programme focused on organisational resilience.

A number of these points can be thought of as good practice in any business or organisation. We have therefore also included a short section after the table identifying possible challenges for the heritage sector in realising these characteristics.

A resilient heritage organisation:		
1.	Combines stewardship with business acumen	• Has a strong understanding of how the organisation functions as a business, backed up by a formal business planning process
		• Balances investment in its heritage assets, with efforts to understand its customer and supporter base, and to develop new products and offers that unlock income and support
		• Reviews its legal status and considers the merits of alternative models (e.g. trust status, shared services, trading arm, outsourcing)
2.	Applies its business acumen to exploit its assets commercially	• Identifies its unique selling points that make it stand out from purely commercial competitors
		• Seeks to attract diverse income sources to avoid dependence on any one source (where possible, avoiding public sector dependence)
		• Shares services and ventures with partners where this makes for more efficient delivery
		• Measures the true cost of income generation
		• Assesses risks and seeks to minimise them, where possible testing new products and services at a small scale before scaling up
3.	Makes time for communication	• Identifies and draws on staff members' passions and their full range of interests and skills, connecting staff across departments
		• Supports staff but is realistic about when change is needed, and is not afraid of change
		• Has a management style that is approachable and transparent, welcoming debate with staff and sharing performance information

4.	Is visible and connected	• Is championed by its Director and Board – they are advocates for the organisation in other public forums
		• Is networked beyond its immediate local area and the heritage sector (and considers recruiting from other sectors)
		• Horizon scans for changes in its operating environment and for new opportunities that fit its vision and help deliver its business plan
5.	Maximises the value of its volunteers and supporters	• Invests in coordination, training and support for volunteers, and for the staff members who work with volunteers
		• Analyses its volunteer and supporter base to identify what motivates and rewards them, using this knowledge to tailor opportunities
		• Audits Board skills, regularly reviewing the Board and recruiting to fill any gaps

It could be argued that many of these are good practice for all kinds of business. So why might they be less familiar or prevalent within the heritage sector? The discussions with our case studies suggested what some of the potential problems might be.

One issue is that the organisation may focus on the heritage asset that is typically at the heart of such an organisation rather than the business opportunities it potentially offers. In part this may be a reflection of a public-sector culture which regards (laudably enough) the social and community value of a service as being at least as important as its commercial value.

Another issue may be a lack of confidence about networking or building bridges outside the sector, or about finding skilled people from outside the sector. The evidence from our case studies was that having links outside the sector could be crucial in difficult times, but the organisation has to have the confidence and the foresight to have built those links.

Other problems may be associated with managing change and communicating the need for change with (often long-serving) staff. Heritage organisation managers often suffer from a lack of resources (including time) with which to carry out change programmes, and may lack some of the requisite skills.

A further danger for heritage organisations lies in 'hunkering down' during the current economic difficulties. The case studies' leaders said that you have to always be alert for opportunities and be willing to experiment even in tough times. Most of them were on long-term pathways of development – a tolerance of risk and change has to become part of the organisational culture.

Nevertheless, many heritage organisations also have strengths that they can draw on that are not always available to commercial organisations, such as the goodwill of the public and volunteers, which can contribute to resilience.

6. Promoting resilience

6.1 Within heritage organisations

It is clear that many improvements have to start at home, i.e. within the organisation itself. The main aim has to be to establish the right management style and organisational culture. This implies that Boards and leaders/management teams of heritage organisations might:

- Review and develop the skills of existing leaders, when necessary recruiting new leaders with suitable skills and experience

- Make a greater priority of business planning, Board skills audits, horizon scanning, fully researching income opportunities, and so on

- Review management structures and introduce new structures and tools where necessary to get the most out of staff.

- Use the checklist above to interrogate the strengths and weaknesses of their organisation

In many cases improvements can be made within existing organisational resources and by drawing on guidance already available for free within the cultural and voluntary sectors. In some circumstances it will make sense to invest in training and consultancy, or to recruit new posts to lead specific improvements or new activities.

6.2 Through networks

The leaders of the case study organisations agree that heritage organisations can do more to learn from each other. They identify several types of network that they value and which help them to improve and to lead effective organisations.

- Umbrella associations – principally The Heritage Alliance – which provide advocacy and policy input on issues that cut across the entire

sector, such as VAT changes to listed building work, and which share relevant information across the sector.

- 'Trade associations' that bring together close peers to advocate the very precise needs of their type of heritage organisation. Two examples are the Association of Building Trusts in Scotland, and Film Archives UK. Leaders need their own support network ("It's lonely at the top") and these groups also provide opportunities to build deeper relationships between peers

- Regional and local networks for voluntary sector organisations, social enterprises and the tourism industry (as appropriate)

- Boards – a couple of leaders found sitting on Boards to be useful, either for national / regional organisations like the National Trust and HLF, or for other heritage organisations. They find it valuable to see how other organisations operate and achieve change. They note that sitting on a board provides more in-depth and consistent contact than once-a-year networking events

- Opportunities for all staff, not just leaders, to network and learn.

All of these could be promoted more widely within the heritage sector. But leaders also recognised that there are gaps in the networking opportunities available to heritage organisations. In fact, it emerged in discussion that there are wide variations in networking opportunities, with differences across regions and within heritage sub-sectors.

Leaders recognise that learning is most likely to flow from a large organisation to a small one, and as the leaders of successful organisations, they might have more to give than to get through networking.

There was also a recognition that organisations can learn much from bodies or organisations from outside the heritage sector. Apsley Paper Trail is a good example – its willingness to look for help from outside led it to the recovery consultant who was critical in keeping Apsley in business.

6.3 Lead agencies and funders

6.3.1 Increasing awareness

English Heritage, HLF and partners are starting to promote resilience and awareness of how heritage organisations can improve, via Heritage Counts 2012. As this is a complex subject, Heritage Counts 2012 might usefully be followed up by further research and guidance. For example:

- Checklist of characteristics of a resilient heritage organisation to interrogate the strengths and weaknesses of any heritage organisation, to start a discussion on its resilience

- Simple implementation toolkit providing accessible guidance on tools and models that are suitable for heritage organisations, including collating resources that are already available for free

- Detailed focus on the specific needs of certain types of organisation that are undergoing major change, such as local authority services

English Heritage and HLF officers can also start to introduce the concept of resilience, and suitable tools and models, into their discussions with the heritage organisations that they fund or work with.

6.3.2 Promoting network opportunities

English Heritage and HLF might promote the value of the five types of network listed above, and help heritage organisations to find the networks relevant to them (through the toolkit and through discussions).

There is a case for encouraging new networks in regions or subsectors where there is agreed to be a real gap and there is the will and energy to sustain a new network. But English Heritage and HLF must avoid imposing a one-size-fits-all model or replicating existing provision.

English Heritage and HLF are considering two new networking opportunities:

As part of the onward dissemination of Heritage Counts, English Heritage intends to hold workshops around the country that bring together heritage organisations to share ideas and offer support.

Organisations will be invited to attend with the intention of forming a self- supporting network.

HLF is exploring ways to encourage online networking among its stakeholders.

6.3.3 Funding levers

English Heritage and HLF's funding materials and processes can be powerful mechanisms for influencing awareness, improvement and knowledge transfer. For instance, HLF plans to make organisational sustainability a more prominent factor in its guidance to funding applicants; and to ask more explicitly whether applicants need support for business planning.

The leaders of the case study organisations discussed at the workshop what else English Heritage and HLF might do (though some of these ideas are already in train). Five recommendations emerged:

- A more streamlined grant process with more alignment between each funder's reporting requirements on multi-funder projects. This would reduce project administration time and make it viable to apply for more grants

- Easing restrictions on what can't be funded. For example, being able to count staff time as an in-kind contribution towards HLF awards. (Voluntary and community organisations can already do this in some circumstances.) Marketing is another area

- Encouraging applicants to ensure that projects permanently increase organisational capacity or income generating capacity

- Encouraging applicants to build mentoring and skills development in to projects. The HLF has considered including a number of days for senior persons to be mentored and to mentor others. Successful projects often receive more requests for advice than they can deal with

- Putting awardees in touch with people going through the same grant procedures or similar project challenges.

6.3.4 More radical solutions

In addition to the useful recommendations by the leaders of the case study organisations, BOP suggests that English Heritage and HLF consider these ideas for further interventions to promote resilience in the sector:

- Offer more flexible funding opportunities to enable experimentation, leading to better understanding of what responses work best for which type of organisation and circumstance. There is no single route to resilience but a diverse range of responses than can deliver improvement.

- Introduce funding opportunities specifically for ambitious transformation projects which aim to save heritage organisations in urgent need of change (and which will provide valuable learning for the rest of the sector). This might be similar to Arts Council England's *Thrive* programme.

- Invest in leadership development for the next generation of heritage organisation leaders, who might act as change agents in various organisations and roles within the sector, throughout their careers. This might draw on the Clore or the Cultural Leadership Programmes models.

- Review the training courses on offer to heritage professionals and if necessary invest in strengthening their coverage of business planning, income generation, effective management, and so on.

- Identify and seek to influence the wider sectoral processes which may incentivise improvement (or slow it down). These might include, for example, Museum Accreditation and similar improvement processes.

It should be noted that the discussions which shaped these suggestions were held before the release of HLF's strategic framework for 2013-15. The HLF has announced transition funding strands within some of its funding schemes, aimed at reviewing strategies and business plans, and (with mentoring help if necessary) at developing a more sustainable approach.

7. Appendix 1: Research methodology

As a first step, BOP Consulting established a selection framework to inform the selection of a number of case studies which would be suitable for this research project. The framework was built around a set of identified 'dimensions of change' which organisations might typically apply, in order to become more resilient. More information about the framework and how it was used to identify the case studies can be found in Section 3 of the report.

The framework was informed by another project BOP Consulting is currently engaged on, for DCMS's CASE (Culture and Sport Evidence) programme[7]. The CASE project is investigating the question of 'What characteristics of publicly funded organisations in the culture, heritage and sport sector contribute to their sustainability'. Research is based on both a substantive literature review and an analysis of secondary data, and provided useful insights that could be transferred to the Heritage Organisations and Resilience project. Our observations are laid out in detail in Section 3 and 4 of this report.

Based on the framework, and with input from English Heritage and HLF, 15 organisations were selected to be included in the research and presented as case studies in the report. Throughout the selection process, special care was taken to include as wide a group of organisations as possible, in order to ensure representation of a diverse range of heritage domains. The selected list thus includes organisations from the natural heritage sector, the built environment and from

organisations based on collections, as well as a variety of sizes and ages of organisations.

In the course of the research, we held telephone interviews with the directors of each of the 15 selected organisations and completed 12 site visits. These visits were aimed at gaining a first-hand impression of the organisation and included focus group meetings, which provided an opportunity to talk to a larger group of stakeholders. Attendees at these focus groups included a wide range of people, from senior staff such as education or fundraising managers, to volunteers, Board members and local council representatives, who were able to bring different points of view to the discussion. In several cases, the site visit was followed by further telephone interviews. In one case (Glasgow Building Preservation Trust), a range of telephone calls with various stakeholders was substituted for the visit for logistical reasons, while for Drystone Craft International and Headley Forge a site visit was deemed unnecessary. In total, 69 people were consulted.

Following the completion of the interviews and site visits, 15 case studies were prepared for sign-off by English Heritage and HLF as well as by the directors of the organisations.

BOP Consulting subsequently reviewed all case studies in order to identify a set of key findings across the 15 organisations. BOP Consulting also hosted two workshops - an internal workshop with English Heritage and HLF managers and a subsequent external workshop to which all directors of the case study organisations were invited – at which our findings were presented and feedback invited from the participants. Of the 12 case studies which had been selected at that point, 11 organisations confirmed their attendance at the external workshop, with one representative dropping out at the last minute due to unforeseen circumstances. The 'missing' organisations were subsequently informed of the results of the workshop via email and invited to feedback by telephone.

Three additional case studies were added to the process after the workshop.

More information on the content as well as lists of the participants at both workshops can be found in Appendix 2.

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[7] Led by DCMS in association with Arts Council England, English Heritage and Sport England

8. Appendix 2: Research participants

8.1 Case study organisations

We would like to thank the following key contacts from each of the 12 organisations we consulted for the time and thought they put into this project. These thanks are extended to the many more people who participated in the focus groups we held at each of these organisations.

Organisation	Key Contact	
Apsley Paper Trail	Jacky Bennett	Chair of Trustees
	Peter Burford	General Manager and HLF project manager
Arnos Vale Cemetery Trust	Juliette Randall	Chief Executive
Battersea Arts Centre	Sarah Preece	Executive Director
	Jo Hunter	Strategic Development Manager
Bat Conservation Trust	Julia Hanmer	Chief Executive
Beamish Museum	Richard Evans	Director
Birmingham Conservation Trust	Elizabeth Perkins	Trust Director
Colchester and Ipswich Museum Service	Peter Berridge	Museum Manager
Drystone Craft International	Paul Scott	Part/Owner and Director of Stonework Construction, Education and Training
Glasgow Building Preservation Trust	Anne McChlery	Director
	Patricia Chalmers	Vice Chair of Trustees
Headley Forge	Paul Furr	Owner and Director
Hodsock Priory	George Buchanan	Owner and General Manager
London Metropolitan Archive	Deborah Jenkins	Heritage Services Director
	Tim Harris	Head of Access and Buildings Archivist
Luton Culture	Maggie Appleton	Chief Executive
North West Film Archive	Marion Hewitt	Service Manager
Woodland Trust	Ann Rooney	Fund-raising Manager (Grants & Trusts)

8.2 Workshop attendees

8.2.1 English Heritage and HLF managers workshop

30 April 2012, Offices of the Heritage Lottery Fund, London

This first workshop was held in order for BOP Consulting to present our preliminary findings from both the literature review around the concept of 'resilience' and the site visits to a wider group of representatives from EH and HLF, and to invite their feedback. Following a presentation by Chris Gibbon and Alex Homfray from BOP Consulting, the discussion focused on examining understandings of 'resilient' heritage organisations and on possible responses to the research by the funding bodies, as well as further steps in the development of the project.

The participants were:

HLF

Gareth Maeer, Head of Research

Anne Young, Head of Strategic Business Development

Karen Brookfield, Deputy Director (Strategy & Business Development)

Fiona Talbott, Head of Museums, Libraries and Archives

Jo Reilly, Head of Participation and Learning

Drew Bennelick, Head of Natural Heritage

Ian Morrison, Head of Historic Built Environment

English Heritage

Jenny Frew, Head of Social and Economic Research

Owain Lloyd James, Historic Environment Intelligence Analyst (Local Government Impacts)

Russell Walters, Head of Operations

Maria Ala-Kauppila, Policy Adviser, Yorkshire

Louisa Moore, Policy Advisor, West Midlands

BOP Consulting

Alex Homfray, Director

Chris Gibbon, Senior Consultant

Bethany Lewis, Research Consultant

8.2.2 Case Study project managers workshop

18 May 2012, the Archive Room at St Andrews Church, London

The second workshop provided an opportunity for BOP Consulting to present our findings - including our initial impression of the characteristics of a 'resilient heritage organisation' based on the site visits - to the project managers of the initial 12 case studies, and invite their feedback. A subsequent discussion was lead by Alex Homfray and focused specifically around the questions:

1. Do heritage organisations have unique strengths or weaknesses that influence their resilience?

2. What leadership and skills are particularly important at present, to underpin resilience?

3. What can heritage organisations do to improve their resilience?

4. What can lead agencies do to help?

The participants at this workshop were:

Case Study Representatives

Peter Burford, Apsley Paper Trail

Juliette Randall, Arnos Vale Cemetery

Jo Hunter, Battersea Art Centre

Julia Hanmer, Bat Conservation Trust

Elizabeth Perkins, Birmingham Conservation Trust

Peter Berridge, Colchester and Ipswich Museum Service

Patricia Chalmers, Glasgow Building Preservation Trust

Tim Harris, London Metropolitan Archive

Marion Hewitt, North West Film Archive

Ann Rooney, Woodland Trust

HLF

Gareth Maeer, Head of Research

Anne Young, Head of Strategic Business Development

English Heritage

Jenny Frew, Head of Social and Economic Research

BOP Consulting

Alex Homfray, Director

Chris Gibbon, Senior Consultant

Bethany Lewis, Research Consultant