



Leveraging leadership into income growth the LUX approach

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1 Executive Summary

One benefit of the current economic climate is that it sets into clear relief the need for arts organisations to diversify their income structures beyond public grant funding structures and private grant giving foundations. It also provides the opportunity for organisations such as LUX who have been leading the development of earned income structures in the Artists Moving Image (AMI) arena for a number of years (for both organisations and artists) to share the findings of their work and articulate the next steps for the sector.

This paper looks at how the models for the development of mixed income streams in non-profit arts organisations are evolving, how organisations such as LUX are leading these developments and the opportunities this presents for the development of artists moving image (AMI) as a whole and the potential benefits for the artists, commercial galleries and public institutions in particular.

This is in the wider context of AMI development where we see ongoing development of institutional recognition alongside growth in the market for AMI works as both institutions and collections seek to catch up both with previously overlooked histories and current work. AMI is also benefiting from greater stability of media, higher technical quality and the greater ease with which video may be accessed over the internet. These developments mean that both the cultural and economic value of the work has increased due in part to being more permanently in public view. These changes also allow for serious scholarship for the first time and the development of cohesive critical theory for the area of practice. Looking forward it is reasonable to expect that AMI work will become further removed from traditional media formats and will be finished, transported and exhibited in file formats which remove the need for large physical storage & shipping.

LUX is unique in the leadership role it plays in the support and development of artists moving image (AMI) work in the UK in that it combines the management of a collection with the promotion of the work to arts institutions around the world and the ongoing support & development of artists and their practice at this point of convergence between the visual arts and film sectors. LUX is recognised both nationally and internationally, by artists, curators and institutions as a key player in the development of AMI.

LUX acts as an anchor for AMI practice in the UK. The negotiation of the meeting point between the film sector and the visual arts and the balancing of the different business models these sectors use continues to be important. The active management of the collection & the new commissions give LUX a platform and a means through which to lead the ongoing critical debate in AMI practice. The raising of the profile of many lesser known works to curators adds depth to the discussions; diversity to AMI programmes and reinforces the message that LUX leads and represents an evolution in AMI practice which spans several decades.

The LUX approach of defining & progressing AMI practice through the delivery of 'definitional projects' is not only a method for analysing the current state of the sector and the areas where LUX could effect the greatest change it is also a mechanism prioritising the use of its own resources. The sectoral development needs will always be greater than LUX resources, thus instead of continuing to foot the bill for all the projects LUX needs to be able to lead in the early stages but pass a project on once it

has become established. This approach can be seen in the way that screening programmes that once were solely the preserve of LUX are now delivered by TATE, Whitechapel and ICA. Of course working out what would be 'definitional' requires a view of the area of practice as a whole. As LUX works with a large number of world-class art institutions, commercial galleries as well as emerging and established artists they have both a birds eye view and a view from ground level.

LUX's proactive approach to the growth of the market for loan of works over the last few years has resulted in more regular programming of seasons of AMI work, greater demand for the most well known works and the extension of many curators knowledge of AMI. LUX will be continuing to grow the demand for loans both nationally and internationally. Given the advancements in streaming technologies and the growing demand for internet delivery (iplayer etc) LUX will also be undertaking feasibility work to explore whether some of its collection could be made available in these newer formats.

LUX also has a leadership & sector support role to play through its development relationships with artists. The majority of projects with artists involve a degree of mentoring and staff deliver 1:1 sessions with artists both in London and when travelling. Projects such as the Associate Artists Programme then build upon this baseline of activity to offer sustained developmental support at key points in an artists career.

LUX recognises that the grant funding climate that has facilitated its growth over the past few years is, at best, in a state of flux and that it cannot be relied on to meet the uplifts in the cost base that will be required if LUX is to fulfil the responsibility that comes with being a sector leader. Furthermore, as the Creative Industries and technological developments are opening up new channels and platforms for screen based content there is an opportunity to position some AMI works to take advantage of the increases in demand for content. To do this LUX will need to find the funds to invest in what are essentially pilots of second order activities and it is unlikely that the traditional arts grants funding will have the flexibility to be used for this work. Therefore LUX needs to build its current earned income streams and establish new ones.

It will also be very important for LUX to manage how this extension of earned income models fits with the ongoing need for grant funding of core activities. Many of LUX's key deliverables in terms of both sector leadership and sector support can never be expected to be financially self sustaining, nor is it likely that there will be sufficient profit from the trading activities to support the core programme. It will be crucial therefore to continue to communicate how the first order activities meet the expectations and needs of key grant funders such as Arts Council England.

The opportunity to develop a set of research activities based both on the content of the collection and the relationships with audiences, institutions and artists is not only a chance to increase the breadth of partners and demonstrate the value of LUX's work in an academic research setting but it is also an important opportunity to connect LUX into an additional public grant funding stream which would therefore spread the risk and reduce the overall dependence on ACE grants.

2 Background

LUX is an international arts agency that supports and promotes artists working with the moving image. Founded in 2002 as a charity (no. 1094936) and not-for-profit limited company, it builds on a lineage of its predecessor organisations (The London Filmmakers Co-operative, London Video Arts and The Lux Centre) which stretches back to the 1960s. LUX is the only organisation of its kind in the UK, it represents the country's only significant collection of artists' film and video and is the largest distributor of such work in Europe (representing 5000+ works by approximately 1500 artists from 1920s to the present day). LUX works with a large number of major institutions including museums, galleries, festivals and educational establishments, as well as directly with the public and artists.

LUX has a national remit to develop the medium of and the context for artists moving image art works. LUX is an Arts Council England client with Regularly Funded Organisation status whose funding contributes to overheads and main programme delivery costs. Whilst LUX has operated publicly accessible spaces over the years (a cinema and more recently a gallery space) it is not the relationship between the organisation and a building that defines or represents it. Instead it is the relationship between the organisation and the collection of AMI works that it holds that forms the basis of all of LUX's programmes & projects.

Understanding the basis on which LUX defines itself as an organisation is crucial not only for those who work in and with LUX but also because it is the basis on which LUX makes its strategic choices as to the future direction it will take in the leadership and development of AMI work in the UK and abroad.

In defining itself in relation to the collection it holds, rather than as the owner of a series of objects, LUX establishes a dynamic relationship with the work. This juxtaposition as opposed to ownership approach is influenced by the legal contracts between LUX and the artists whose work it distributes but more importantly makes a statement about the type of relationship with artists that LUX promotes as best practice in the sector. In this sense LUX is clearly articulating a model which demonstrates commonalities with film sector models for the distribution of works for performance purposes in venues which take on no ownership role as separate to the visual arts structures where access to a work is provided within the structure (public institution or private collection) which owns the work. This would perhaps be taken for granted in a film context but is very definitely not the norm in the visual arts. Importantly it also establishes a structure which is open to change in that distribution and display models that are not pre-defined or set in stone by an ownership model. This means that whilst a series of curatorial questions will always be asked when any change of display format is being considered, the works and related commissioning processes have the potential to be much more flexible and adaptable. This sensitivity to the context in which a work is seen which is crucial in the art world but is largely absent in the film sector and it is thus important for LUX to continue to raise these questions.

These structural differences take on a whole new role when LUX seeks to establish either new income streams (both for itself and artists) and seeks to change the balance of existing income streams in order to incorporate a greater percentage of demand led financially self-sustaining activities. LUX's role in developing income streams for artists working in AMI will continue to be important in a section of the art

world where the works are still less saleable than the outputs of a more object based practice; where the production costs cannot be met by through the sales of works and thus artists continue to need other sources of income both for living costs and to fund the cost of work even when their reputations are fairly established.

Arts Council England has stated that it is encouraging all RFO's to increase their income from other sources so that ACE funds represent a smaller percentage of an organisations total income. This is a very significant shift from the position of most RFO's a decade ago where income from ACE could easily (and comfortably) be 80-90% of an organisations income. From the perspective of an organisation such as LUX the challenge is two-fold - replacing existing funding and then finding new income so that growth is not limited to uplifts in grants.

Anecdotal evidence based on conversations with other organisations of a similar profile - i.e. where audiences are not based on footfall into a gallery or other arts institution building - suggests that there is a glass ceiling which limits the amount of funding that arts organisations of this type can attract from public and private grant giving bodies. It seems easier to justify increasing the size of grants given to organisations operating a gallery or other publicly accessible space. It would appear that this glass ceiling sits at around the £500k-750k/annum turnover level. Without a separate study into the extent to which a glass ceiling exists one cannot do any more than speculate as to the reasons for it or what could be done to remove it however it would seem that without a building organisations are simply less visible and appear less permanent to the organisations who fund them.

This presents a very particular challenge for organisations such as LUX. The levels of grants from main funders such as ACE are unlikely to grow significantly and will, at best, stay the same. The latter is only likely to be the case if LUX can increase it's income from other sources i.e. whilst the amount from ACE may not go down in real terms it needs to become a smaller percentage of a larger total income figure.

Organisations who attract large numbers of visitors to their public spaces e.g. Tate, Whitechapel, ICA etc can leverage their capital assets, brand and changes in trends in leisure activities to build new income streams through cafes, restaurants, bars & shops. Such avenues are not open to organisations such as LUX.

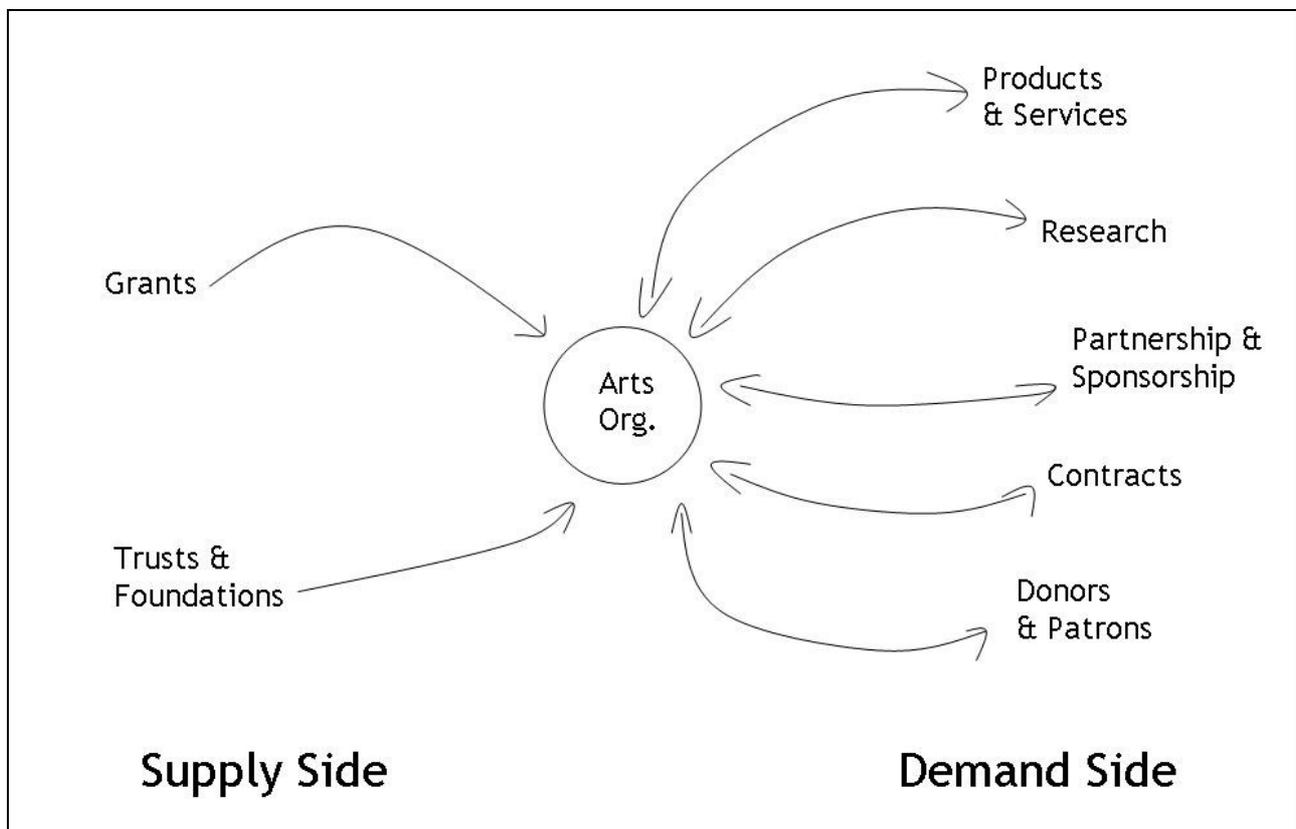
Many creative based organisations at the £300-750k turnover stage are starting to consider how they leverage their set of intellectual assets that result from their first order activities¹. If their growth to date has been funded through the arts grants systems (as opposed to delivery of commercial contracts for clients) then the particular challenge that they face is that these grant funding systems tend to be based around covering the labour and other resources required to delivery first order activities but tend not to feel comfortable with investing in the pump priming of second order activities. This is either because such investment is seen as funding activities which will deliver commercial benefit or they are seen as too risky. In many senses the arts funders are the anomaly in the public grants world as a grant based approach has been used for many years to support both innovation in mature sectors (BERR and Technology Strategy Board programmes for example) and to support emerging markets.

¹ Capitalising Creativity, Sarah Thelwall 2007 - Cultural Snapshot 14, www.proboscis.org.uk

It is however very important for LUX to develop beyond the £300-700k or 2-10 employee stage given the national and international leadership role that it plays in AMI. This very substantial national and international role is simply too large to be achieved by an organisation whose growth is currently severely limited by the grant funding model – LUX’s responsibility is substantially larger than the resources it currently commands to fulfil it. LUX needs therefore to grow its capacity and resource base and must therefore expand its current earned income streams and develop new ones in.

Such growth will also allow the organisation to develop appropriate systems and processes to increase the impact of its intellectual assets. These intellectual assets are currently held in the heads of key staff. The process of translating this implicit experiential knowledge into scalable systems & processes is a key aspect of LUX’s growth over the medium term. Furthermore LUX needs to get beyond the ‘Feed the Monster’² stage which is characterised by having enough income to cover the cost base but insufficient financial resources (either in terms of confirmed forward cashflow or in terms of surplus) to invest in the development of products & services which will enable the organisation to grow beyond this stage which feels like treading-water.

If the lack of capital assets, absence of grant funds to pump prime second order activities limit LUX’s ability to grow its core funding base and the now standard models of income growth through retail and other on-site trading activities are also inappropriate then LUX needs a set of alternative models for income generation and growth. The diagram below summarises the main five options for income growth for non-profit arts organisations such as LUX.



² MyCake Benchmark Bulletin 3, June 2009 available from www.mycake.org

The mix that is appropriate for LUX depends on the way in which the organisation wishes to develop its AMI leadership role going forward. Therefore before we look at the income choices that LUX has made we need to look more closely at LUX's leadership role.

3 LUX's leadership role in Artists Moving Image

LUX continues to undertake a leadership role locally, nationally and internationally in the ongoing development of critical discourse in artists moving image work; in the expansion of the market for the work in both the public institutions and private collections; in the diversification of distribution models; the setting of best practice both for distribution and related education activities and in the support and nurturing of artists working in this arena. As such LUX has a unique role as it is not only the breadth and depth of their work but the continuity of their commitment and their ongoing innovation in the methods and processes by which they deliver their work.

Discussions were held with a wide range of stakeholders in the research that lead up to this paper. Understanding their views on the role that LUX plays, the leadership that it delivers and thus the relationship between sector leadership and development of new income models (both for LUX and for artists) is therefore key to LUX's strategic development of earned income approaches going forward. In the section that follows we will articulate each area of leadership and then use it as a lens through which to view the challenges and opportunities of new income models.

3.1.1 LUX embodies Artists Moving Image as an area of practice

One of the challenges particular to artists moving image as an area of practice is its combination of the ephemerality of the work and the importance of the environment in which it is shown (along with any technical specificities). For example if it is seen simply as an offshoot of the film sector one loses the crucial context of the visual arts and art history. If on the other hand one only considers it as a medium within the varied media that artists employ one misses out on the distinctiveness of a medium where value can be increased as distribution is increased whereas rarefaction of the work and access to it is the norm in much of the visual arts.

As an organisation and in its relationship to the collection it manages LUX embodies and explains this very particular location of artists moving image in both film and visual art contexts. This is not to say that the definitions are set in aspic. Whilst LUX has indeed defined the best practice for the showing of particular works (usually in discussion with the artists concerned) they are also responsible for devising new approaches to both individual works and AMI as a whole in the light of technological advances – clearly the protocols for the showing of work made pre-internet need to be revisited if the work is to benefit from the new audiences & routes to market that such new channels enable.

LUX therefore acts as an anchor for the artists moving image as an area of practice. A related leadership role is that of LUX's embodiment of the history of working with artists in this area of practice. The collection that LUX manages is of global significance when one is considering the development of artists moving image work. Therefore the work that LUX undertakes to increase access to the works in the collection and to promote lesser known works to curators and other sector specialists is of particular importance. Again this is not about making singular definitions about works but about supporting an ongoing dialogue about the work in relation to

contemporary visual culture. Thus the activities that LUX undertakes with both emerging and established artists ensures not only that new work is supported but that it can be seen as part of a continuous trajectory in art practice.

Although LUX has operated both a gallery and a cinema the value that it offers is not in the distribution and exhibition of work through a dedicated location. Indeed such an approach would likely hinder the development of AMI as it is the very distributable nature of the work which is a key feature of the medium. In this sense it is LUX's expertise as a collaborator with venue based organisations such as Tate or the ICA which is key to the ongoing growth of audiences for AMI works. Whilst it is unlikely that LUX will ever see equal billing in such collaborations, if only for the fact that audiences are walking into a highly branded venue, the opportunity that LUX exploits is the ability to be in fifteen places at once. This ability to maintain an agile and flexible organisation that is capable of both setting the compass for the sector's development whilst being responsive to the impact of innovations in related sectors is of course a key skill for an organisation which is not relying on a building to define it or keep it visible. To be seen as one of the cornerstones of artists film activity in London along with Tate is a clear sign of LUX's skills in this regard. Indeed responses from those interviewed went as far as to suggest that artists moving image might not exist as a separately defined area of practice if it were not for LUX and that the strength of AMI in the UK is attributable to LUX's ongoing presence.

3.1.2 Definition through doing

LUX's leadership in terms of defining artists moving image as an area of practice is achieved through the distribution activities, programmes and projects it undertakes. A key question that it asks of any potential project is whether or not the project will have a definitional role for AMI. This is true not only in the development of new areas of work but also in decisions as to which of the activities that it has seeded and developed no longer need LUX to deliver them. For example whilst LUX will continue to be involved in the development of exhibition and screening programmes the strength of programmes delivered by major institutions is such that LUX no longer needs to maintain its own screening programme as a major strand of its work. This focus on 'definitional projects' going forward is not only key to LUX's strategy but an important message for LUX to convey both as an organisation and when talking about the goal and positioning of individual projects.

The ability to make such decisions is based in part on LUX's unique position in relation to both artists and galleries (public, private and commercial). It requires a depth of understanding of and relationships with not only the public gallery system nationally and internationally but also the development needs of emerging, mid-career and established artists and the growth trajectory of commercial galleries representing these artists.

LUX's relationships with public galleries are usually based around the process of distributing work for display. Relationships with commercial galleries are often based around distribution activities as commercial gallery may sub-contract the distribution of AMI works for the artists they represent. Relationships with artists are often a combination of mentoring and distributing processes. In all these examples we see working relationships focussed on delivery of artistic product. It is this that gives LUX its nuanced understanding of the whole sector in a way that either a partial or academic role would not achieve. It is also relatively unusual for a non-profit

organisation to have such a complete understanding of the art market and the intersection between the market and the public gallery system. Again this is derived from a set of working relationships with artists and commercial galleries. The outputs of this ability to map the sector are now being seen in projects such as the consultancy for ACE on approaches to collecting strategies in AMI.

This sectoral overview is unusual. It is however precisely this perspective that enables LUX to think about the long term needs of artists moving image and use this as the backdrop for establishing internationally ground-breaking programmes such as the LUX Associate Artists Programme – a post-academic development programme for artists working with moving image.

When combined with LUX's own commissioning & collection based activities this sectoral knowledge emerges as the development of critical language and new discourse. By providing a clear focal point for such developments LUX not only generates the discourse but acts as an amplifier for it in a way that would be hard to achieve if such debate was distributed across a number of organisations whose activities were not focussed on a single area of practice. Why then does AMI need an organisation with such a singular focus if other media or areas of practice do not?

AMI sits between the processes of rarefaction which operate in the visual art world and the processes of amplification of distributable media which occur in the film & screen based sectors. In the art market low edition numbers are favoured; commercial galleries favour sales to key public & private collections and consideration is not given to the wider audience for the work. In the film world the focus on increasing distribution mechanisms to achieve higher viewing levels drives decisions in the supply chain and is driving innovations in delivery formats such as iplayer. AMI works require consideration of the models, preferences and prejudices of both sectors when considering the theatrical & performative life of the work as well as the income generation models that each offers. In combination these reasons mean that AMI works will continue to need to be positioned, both in general and for individual works, at this intersection between two very different models for the creation of reputation and income. Such an activity is likely to continue to need be the singular focus of an organisation particularly given the rapid changes in technology & distribution formats in the film & screen sectors.

3.1.3 Distribution of AMI works & Audience Development

Of equal importance to the sectoral development work through the activities undertaken in relation to the collection is LUX's work to develop distribution mechanisms and demand for the work in institutions around the world. LUX has a key leadership role in establishing an audience for AMI work and developing an AMI culture within a curatorial setting both nationally and internationally.

There are a number of facets to this role but the main three areas are:

- Development, negotiation & maintenance of appropriate distributable formats for the AMI works that LUX manages
- Development & maintenance of distribution mechanisms that increase audiences for AMI works in the long term

- Support of curatorial development to increase knowledge of works in the AMI canon and thus to increase the overall levels of AMI work shown in museums & galleries around the world

In establishing a role as a focal point for AMI work in the UK without seeking to own the main exhibition routes for the work LUX is well placed to support but not compete with curatorial activity in this field. Where it might be difficult for curators to seek support from venue based curatorial colleagues on the basis that in some senses there is a degree of competition with them this is unlikely to be an issue with conversations with LUX. Indeed as the point of contact for loaning works LUX are uniquely well placed to contribute to the curatorial decision making process and often advise not only on the best practice for showing an individual piece but also on other appropriate works from their collection and on occasion a wider programme of AMI works. The impact of this level of advocacy can be seen in the significant development of AMI programming by Tate Modern and the ICA. Curatorial discussions naturally lead on to related topics of education and audience development approaches.

LUX's nuanced understanding of the needs of both artist and institution also enables them to be flexible in their negotiations on artist fees. For established artists with a clear demand for their work then LUX can take a firmer role to ensure a growth in fee income but with emerging artists it is often more important that the work is shown in key venues than they achieve an income stream from such loans. This is an important role given the significant disparity between the substantial production costs for new works and the relatively low levels of income (from loan & sale) that can be derived from them.

LUX are often better placed to undertake these negotiations than artists are both on the basis of their knowledge of the value of the work to the institution but also because they are simply more familiar with the contractual details appropriate to AMI works than artists are - where often AMI works are only a part of their artistic output as is the case in the relationships between LUX and Lucy Skaer, Ryan Gander & Shezad Dawood.

This is particularly the case when the artists in question do not have commercial representation and therefore do not have access to specialists with knowledge of the fiscal value of the work in question.

3.1.4 Artist development

LUX works in a number of ways with artists. As with all of LUX's activities the starting point is the relationship between the collection (and the works in it) and the organisation. The most common relationship that LUX seeks to develop with an artist is based on a relationship which either generates new AMI work or negotiates management of contracts relating to existing AMI works. The income for an individual artist from such management contracts is typically fairly small even for established artists - perhaps £3,000-5,000 per annum with most artists seeing more like a few hundred pounds per annum. This gives an indication of the scale of the challenge that artists working predominantly in moving image face when trying to achieve an income from their work. However the generation of these loan fees also acts as a marker for both artists and LUX as to the ongoing interest in and demand for the work and artists have indicated the value of both the income itself and the regular contact with LUX over the years.

There are however a series of other interactions with artists which deliver a combination of artists professional development support and audience development.

LUX staff are regularly drawn in to key discussions about practice by artists. This can be seen both in formal programmes such as the Associate Artists Programme but is also evident in the less visible more informal relationships that LUX staff have with many artists. Mentoring is also built in to most of LUX's activities with artists.

In addition to these one to one relationships there are strands of LUX activity such as the salon events which not only develop audiences for some of the lesser known works in the collection but also provide an opportunity for social exchange between those already interested in or working with AMI works. In the same way that Artquest's Jumble Sale offers a networking and social exchange opportunity so do LUX salon events provide an additional reason for artists and other professionals to meet and develop ideas. It is also worth noting that the key staff in LUX purposely make themselves very accessible and regularly set up 1:1 sessions with artists on the back of other activities around the UK.

These activities deliver both benefit to the artist and enhance the position of LUX within the arts ecology as they enable LUX to influence & enhance the careers of the artists they work with. Whilst it would be rash to suggest that LUX have single-handedly 'made' certain artists careers there seems to be consensus amongst other AMI specialists that LUX have played and continue to play a key role in artists careers and that this is due in part to the very focussed role that LUX undertakes.

4 What income models best suit LUX's AMI leadership role?

Based on the leadership role that LUX plays in the above areas the question is which of the income models would support and enhance their work? There is a clear fit between LUX's activities and the development of greater trading activities. This would help put such work onto a more solid commercial footing for at least some parts of their distribution activities. Research activities are also a clear fit as this would provide ongoing support to the collection and might also be leveraged into key developmental projects. Whilst the traditional public donor programmes are not likely to achieve a return on the investment for LUX the development of a donor base amongst art & academic institutions would be a good way to leverage the respect that the sector has for LUX's activities.

4.1 Trading

This broad heading covers a number of different current & potential income streams which include:

- Distribution & exhibition fees
- Sales of products & services
- Licensing or franchising of the LUX model and systems

4.1.1 Distribution & exhibition fees

Clearly LUX already earn an income both for the organisation and the artists whose works they distribute. There is potential to grow the market for these works through the traditional exhibition models both through the increase in the number of institutional clients and in the increase of the numbers of artists and pieces of work

they distribute. This is a fairly standard process of growing the market and market share.

In addition to the current charging models that LUX operates for the distribution of AMI works there are number of other related products & services which LUX already offers to the same institutional client group, these include:

- Curatorial consultancy as to the best way to show the work
- Technical support relating to the showing & sales of work
- Oversight of the production of editions of new work, specifically the technical challenges
- Provision of staff & liaison with artists for talks, workshops etc
- Development of curators understanding of AMI works e.g. through the provision of sampler DVDs, 1:1 meetings & CPD

LUX also works with institutions such as Tate and Whitechapel Gallery in order to curate and deliver programmes of AMI work within the wider film and exhibition programmes. Over the long term this raises awareness with audiences and builds overall demand for the work. As these programmes do not promote the LUX brand as much as the client brand they should be seen differently to the exhibition programmes that LUX leads.

In addition to these standard forms of distribution of work LUX is also exploring how it can leverage a variety of technological developments to bring AMI works both to increase the ease (and reduce the cost base) with which current clients needs are fulfilled and to bring the work to new audiences.

For example, rather than sending tapes and DVD's to institutions around the world, tracking the copies and ensuring that they are returned to LUX it may soon be possible to deliver the work to the gallery by providing an time-limited access code to a work held on a server so that the work can be streamed directly into the gallery. This would reduce the cost of delivering the work to exhibitions and would also make it far easier for curators to see a work before selecting it for exhibition.

The ability to stream artworks over the internet opens up not only new distribution channels to existing client groups but may well provide a route into entirely new audiences. Instead of the works only being available in gallery or cinema locations where the audience comes to the location the technological innovations mean that the work could be included in channels such as YouTube or iPlayer. Clearly there are curatorial issues to be discussed as to which of the many new channels would be appropriate for LUX but nonetheless this represents a very significant opportunity to extend the reach of the work.

4.1.2 Sales of products & services

LUX currently has three key areas of work under this heading:

- Publishing & distribution of AMI works and related books & monographs
- Consultancy on collecting strategies for AMI works
- Programme development consultancy - this will be launched in 2010

LUX already undertakes regular publishing projects, often in association with an artist's commercial gallery or with a public institution. This leverages their substantial knowledge base in this area, creates critical mass for both the work and the publishing pipeline. There are opportunities for growth in this area with the caveat that such projects must ensure that they build in a contribution to overheads and that contributions of time or skills are properly remunerated. With a growing publishing reputation it is reasonable to suggest that there would be opportunities for a LUX branded 'store'. This is unlikely to be a stand-alone retail outlet (with the exception of web sales) however it could be a branded area within other specialist art publications retailers around the world e.g. Koenig Books, Tate, Guggenheim, MOMA etc or within commercial galleries who represent artists whose work is held in the LUX collection.

LUX is well placed to deliver consultancy on AMI collecting strategies and clients for this already include Arts Council England and a number of private collections. LUX's leadership role both nationally and internationally gives an authority to their opinions which is hard to match. The first question is how to package this expertise so that it is charged out at an appropriate rate rather than given away or assumed to be built in to other activities as standard. The next question is how to build the topic in to existing conversations with client institutions or acquire new clients who are specifically seeking this sort of consultancy. This will require LUX to be clear on how the consultancy offer is different and separate to the types of conversations that LUX staff already pursue with curatorial colleagues. The difference is probably in two areas – firstly the contact within the client organisation is more likely to be part of the management team than the curatorial team and secondly the consultancy is more likely to be about the structure, strategy and logistical challenges of developing an AMI collection rather than the content of the collection itself. In order to grow consultancy in this area LUX is raising awareness of their expertise to a different network within their client organisations.

4.1.3 Licensing or franchising of the LUX model & systems

As an organisation with an international leadership role in AMI LUX has the opportunity to capitalise on this position. One mechanism for leveraging this intellectual asset base is to syndicate the operating model through licensing or franchising to countries or organisations who would like to improve the support and distribution of AMI works. Furthermore as technological developments make digital delivery of work to client institutions easier the ability to syndicate the LUX model will also become easier not least because both the investment in server based delivery and associated knowhow are likely to be concentrated in only a handful of organisations (of which LUX will be one) which increases the value that LUX offers to the market, makes it more tangible than intellectual assets alone and raises barriers to the entry of competitors.

So, much as the Guggenheim has extended its brand into other countries, LUX could leverage its brand recognition in the AMI arena to negotiate international hubs in countries, cities or regions who wish to develop their AMI network. As ever the devil is in the detail and there are many questions about whether such syndication should be as stand alone entities vs. embedded in existing organisations, the extent to which they should be government funded vs. built on distribution fees etc. It is not unreasonable to suggest that LUX will probably try several variations of these and other possibilities in the coming years but that the overall goals will remain the same:

- leveraging LUX's position whilst extending it's international reach

- formalising the international business & brand
- developing the market for the export of work by British artists, for the importing of work by foreign artists into the UK and for the development of more exhibition opportunities abroad

A by-product of such extended programming activities would be to put down roots in other countries which would both build the network and the market.

LUX's trading activities are both growing existing markets and leading the development of new ones as summarised below.

Growth	Leadership
Distribution of AMI works in standard formats to visual arts institutions around the world	Provision of access to AMI works for both curatorial research and exhibition purposes via time-limited server access
Increasing the number of institutional and academic clients accessing the LUX collection for educational and exhibition purposes	Provision of sampler DVD's to visual arts institutions & the development of a subscription or membership model for institutional and academic clients
Increasing the number of artists whose AMI works are distributed by LUX. This will come in part from an increased number of non-UK based artists.	Provision of samples of AMI works held in the LUX collection via www.lux.org.uk
Development of publishing pipeline	Exploration of subscription & membership models for academic and visual arts institutions to access the LUX collection on demand via servers.
Development of consultancy opportunities - consultancy on AMI collection strategies	Exploration of new distribution channels such as YouTube and iPlayer, establishment of appropriate contexts for the work in these situations with associated payment models.
	Exploration of opportunities to develop a LUX 'store' within existing art book retailers and commercial galleries.
	Set up of international syndication of the model through licensing or franchising

4.2 Research

LUX is one of a number³ of contemporary visual arts organisations who are exploring research opportunities with Higher Education Institution (HEI) partners. Recent work published⁴ as part of the Creator cluster⁵ demonstrates that research is not limited to

³ <http://jumpin.ning.com/> - a discussion site for those involved in research collaborations

⁴ Cultivating Research, Sarah Thelwall 2009 - www.proboscis.org.uk (Cultural Snapshot 16)

⁵ www.creatorproject.org

large institutions who maintain substantial permanent collections but also includes those whose asset base is intellectual rather than capital or object based. Several of the research councils including the Arts & Humanities Research Council, Economic & Social Research Council and Engineering & Physical Sciences Research Council are now funding projects which include arts organisations in the research team.

4.2.1 Academic Research

The notable shift in practice here is that whilst previously artists and arts organisations might have been the subjects of research they are demonstrating that they can be the researchers. Not only that but, in collaboration with HEI based academics, they have the experience and expertise to co-develop new research methods as well as deliver research using tried and tested methods. The results of such collaborative research are already achieving success in peer reviewed journals and can therefore such work can be said to be capable of achieving an equivalent standard to research conducted exclusively by HEI based academics.

Although a precedent has been set this change in practice is far from being well established indeed there are currently few if any well trodden paths between academia and arts organisations. LUX therefore has the challenge not only of locating academics with research interests which overlap with their own areas of development but in finding an HEI with a sufficiently strong research reputation as to be able to leverage it into this new way of working with arts organisations.

There are a number of areas where LUX offers unique research capabilities. These fall into two key areas:

- **Methods & Processes**
 - very experienced in delivering public facing & public engagement activities (relatively unusual in an academic setting)
 - well recognised for the delivery of outputs such as symposia, publishing (books & dvd's)
- **Sectoral expertise in Artists Moving Image**
 - History & developments of the sector, key artists, key works (often held in the LUX collection)
 - New areas of interest and key topics in the contemporary practice of artists and for organisations working with AMI works

Early stage responses indicate that several HEI's recognise the potential that LUX offers in research terms.

4.2.2 Teaching

A separate avenue for the leverage of LUX's intellectual asset base with HEI's is the transfer of knowledge into teaching structures & content. This could work on a number of levels from sporadic contributions as an associate lecturer on existing BA's or MA's to the development of short courses or full BA or MA programmes. Such teaching may or may not be connected to research activities.

It is fairly common for artists and other visual arts specialists to moonlight as lecturers in art colleges but whilst this offers an income supplement to the individual and a

mechanism for investing in the profile of both LUX and AMI in general to a next generation of artists, curators and managers it adds relatively little to the organisations reach, impact or capabilities in the short term. By collaborating with an HEI on the design and delivery of short courses or degrees LUX would be able to achieve an income in the form of a percentage of the fees charged to students. Again this is not a currently a common route for arts organisations to take but examples include Whitechapel Gallery’s MA with London Metropolitan University which has been developed as a partnership MA with fees accruing to both organisations. LUX is currently in discussion with Central Saint Martins about the development of a collaborative Mres programme. Short courses could also be structured to deliver fee income to LUX and may be a simpler place to start in that they could be promoted to the existing network of curators and exhibition programmers in the UK and abroad as CPD activities for staff working within public institutions.

LUX’s research activities are both extending existing connections and leading the development of new opportunities as summarised below.

Growth	Leadership
MRes with CSM	Research where LUX are paid to deliver key methods & processes through a sub-contractor relationship with an HEI
	Research where LUX has been sought out as a sector expert e.g. where the collection is the subject of the research and LUX is therefore paid to assist in the research or provide access to the collection
	Development of short courses (with an HEI) as CPD for arts professionals
	Development of short courses with a more commercial basis e.g. with Sothebys Institute

4.3 Donations

It seems relatively unlikely that LUX would establish a public donor programme along the lines of say Cancer Research or the National Trust. Organisations such as the Tate or ICA run a specialist department to manage both individual and corporate giving programmes but it is unlikely that a small organisation would achieve sufficient return on an investment in setting up such a specialised team. The absence of a building based ongoing exhibition programme is perhaps an additional barrier to pursuance of this traditional donor route.

In LUX’s case the focus will be on setting up donations from large arts & academic institutions in what is essentially a patronage model built on the idea that LUX fulfils a unique role and that they merit support from others in the sector who benefit from their presence and their work.

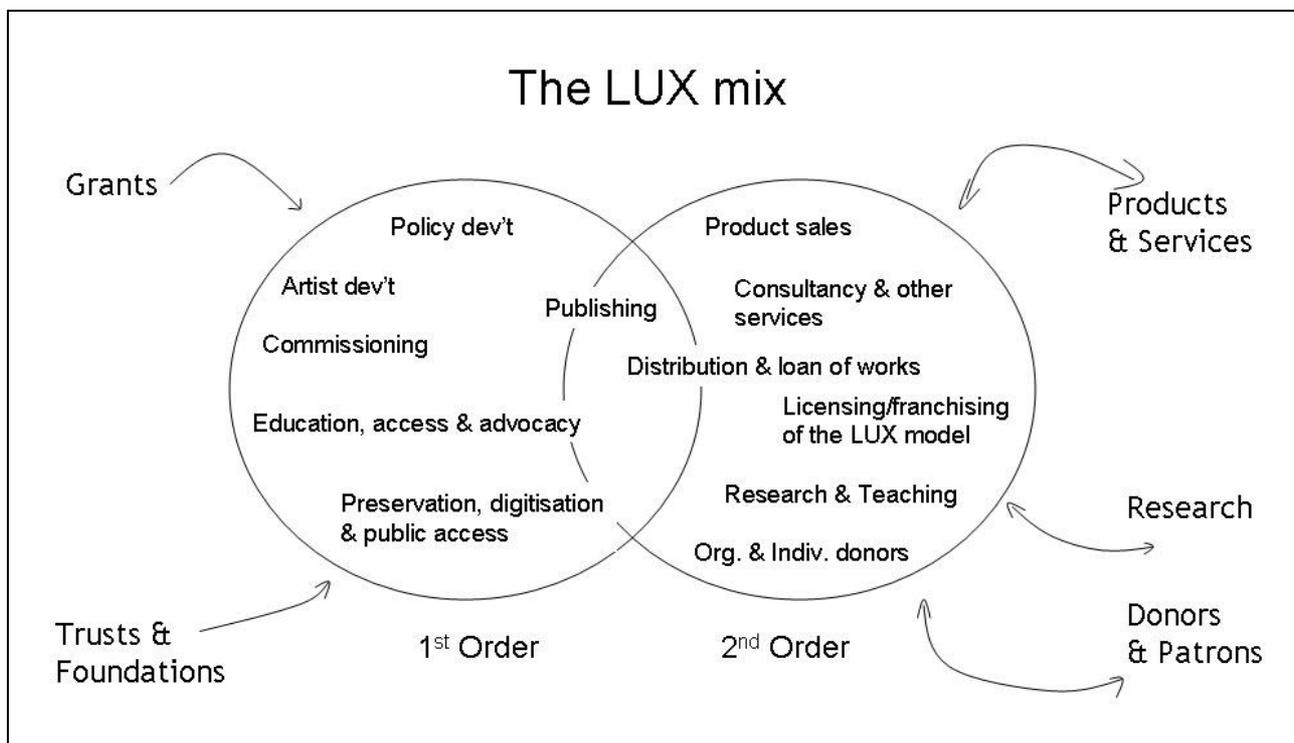
An equivalent would be the relationship between the large commercial galleries and Zoo art fair – galleries such as White Cube participate in Frieze but donate as

corporate sponsors to Zoo as a non-profit entity as it enables a clutch of smaller/younger galleries to be active in London and thus enrich the art scene beyond what the Frieze participants alone could achieve.

The goal therefore is to establish a set of donation packages and target large art institutions and major arts universities and colleges. In return for the donation they receive a series of benefits such as sampler DVD's which have already built up a following informally amongst institutional curators.

5 Conclusions

LUX has developed a clear role in the leadership of AMI in the UK. They are not alone in their commitment to this development and their strategic developments are often delivered in concert with organisations such as Tate or the ICA. However, whilst they create a path which other organisations with an AMI remit may participate in or follow they are unique in the breadth and depth of responsibility for sectoral development that they have assumed. The fulfilment of this responsibility requires LUX to make a series of changes in their business model going forward in that the grant funding model is unlikely to deliver the uplift in income or the investment in the development of second order activities. This sense of need for change is heightened by the sense of insecurity that pervades the grants funding system in the arts at present. That said it will continue to be crucial to LUX to ringfence the current grant funding to support the first order activities. The risk is one of the perception by the funding systems - if the success of development of earned income streams is interpreted as a reduction in need for grant funding this would cause serious issues as the first order activities are where innovations in leadership are piloted and such extensive work couldn't be funded through profit from second order products & services. The anticipated mix of first and second order activities and related income streams for LUX going forward is summarised in the diagram below.



Trading activities, be they loans of work or sale of goods, have been an important part of LUX activities to date. The challenge is for LUX to up their game and develop this into a financially sustainable model which, in an ideal world, delivers a surplus back to the organisation. To do this LUX will need to clearly articulate the various service packages they offer to arts institutions, start charging for activities which to date have been implicit and informal and increase their customer base in terms of the institutions they work with. Building on the NESTA funded work with Huge Entertainment LUX will also seek to develop a set of commercial clients for the works in their collection. These may be clients in terms of channel owners such as BBC iplayer or content distributors.

The combination of a significant collection and an ongoing sectoral development role should make LUX an attractive research partner for Higher Education Institutions (HEI's). Furthermore their audience development expertise and ongoing set of relationships with artists and curators is a valuable asset to HEI's who wish to undertake arts research but who often do not have existing cohorts to study. The MRes discussions with Central St Martins indicate that the collection and expertise do have a value beyond simply a learning resource and this track record can now be leveraged into the design of short courses. The development of both the research base and the teaching is likely to take several years to deliver a significant income stream to LUX but it represents an important shift away from arts grant funding and is thus important not only in terms of the value of the work but as a means of spreading the risk across several different supply side funding mechanisms (as distinct from the demand lead trading activities).

LUX's programmes and ongoing sectoral development activities have a value to both arts and academic institutions. One way in which LUX intend to capitalise on this is to set up an institutional donor programme. In reality this will mean that those employees of major institutions who have a fairly low level of discretionary budget to spend will be able to become a patron, on behalf of their organisation, and in return receive benefits such as the sampler DVDs. This approach to donation programmes should not only deliver income to the organisation but enable LUX to more clearly put a fiscal value to what are often very informal yet committed working relationships between respected colleagues.

In order for LUX to fulfil it's role as the leader of AMI development in the UK it needs to substantially increase the resources of the organisation. Given the state and trends of the grant systems this means developing the self-generated income significantly over the medium term. In real terms the goal is to shift from 1/3 self-generated : 2/3 grant income to 2/3 self-generated : 1/3 grant income - a 100% growth in self-generated income in say the next three years. This is an ambitious goal for any organisation be they commercial or non-profit. It is a particularly ambitious goal for a small arts organisation which has not typically included sales or marketing skill sets in the core team. However LUX is well placed both in terms of operating in a sector being liberated by technological developments and in terms of LUX's international reputation. The growth of the Creative Industries and the related political and policy focus may also be of benefit to LUX in terms of development funds available through organisations such as the Technology Strategy Board which could be used to pump-prime second order activities. The Arts & Humanities Research Council has also

funded an increasing amount of activity in the Creative Industries and this again could be leveraged through HEI research partners.

Whilst there will be no shortage of challenges in meeting this income target LUX are ahead of the curve in so far as they have recognised that supply side grant based income streams will not be sufficient either to ensure the stability of the organisation at its current level nor as a source of increased resources. By leveraging their skills and reputation into this combination of trading, research and donor development LUX is demonstrating that self-generated income streams need not be dependent on the alternate use of capital assets as shops & cafes. If LUX can succeed in these growth goals they will be leading not only AMI but also the development of business models in the arts & culture sector in the UK.