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Commercialisation of Non-Profit Organisations

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Abstract

The non-profit sector is undergoing a period of radical change. There has been an explosion in the number of non-profit organisations over the past thirty years on the global scale. This is a response to rapidly changing environmental, social and economic conditions, for example, the impact of climatic changes, increasing national debt, the emergence of new diseases, the breakdown of some political structures, and an ongoing succession of armed conflicts. Furthermore, organisations such as European Union, the World bank and the International Monetary Fund have also influenced the development of nonprofits through their capacity to exert influence over the politics adopted by individual governments in a general trend towards globalisation. There are also considerable changes taking place in the way in which the sector operates within individual national boundaries.

The purpose of the paper is to scrutinize the changes in an artistic non-profit organisation, namely The Tampere Short Film Festival Association. The starting point of the study is to recognise the basic structure of the organisation and its network by utilising the network approach. Furthermore, I try to recognise different phases in the commercialisation process and factors affecting them.

After the literature review, the content of the empirical material was analysed by categorising the material in themes driven from the literature review. In the paper, I first discuss the concept of a non-profit organisation and commercialisations of non-profit organisations as well as networks of non-profit organisations. Then, the network approach is shortly introduced. Thereafter, the empirical evidence is introduced and analysed. Finally, the conclusions are drawn.

An interesting question raised by this study is the trade-off between the mission and economic effectiveness of the non-profit organisation. The different stakeholders set different, sometimes adverse expectations on the organisation. This issue calls for further research in the future.

Introduction

The non-profit sector has grown both in numbers and importance over the past decades. According to Etzioni (1975) these institutions evolved to supplement the private and public sectors – either when the organisation’s purpose is considered of crucial importance to the public and the potential profitability is low, or to avoid increasing reliance on the governmental bureaucracy. Other characteristics that appear in non-profit organisations include the intangibility of service and the possible existence of multiple service objectives (Greenberg 1982).

The non-profit sector is undergoing a period of radical change. There has been an explosion in the number of non-profit organisations over the past thirty years on the global scale. This is a response to rapidly changing environmental, social and economic conditions, for example, the impact of climatic changes, increasing national debt, the emergence of new diseases, the breakdown of some political structures, and an ongoing succession of armed conflicts. Furthermore, organisations such as European Union, the World bank and the International Monetary Fund have also influenced the development of nonprofits through their capacity to exert influence over the politics adopted by individual governments in a general trend towards globalisation. There are also considerable changes taking place in the way in which the sector operates within individual national boundaries. For instance, in the UK many non-profits are coming ever more to resemble business organisations in the manner in which they are operated or managed. (Sargeant 1999). In Finland, the responsibilities of public and private sectors in producing common welfare have been clearly distinctive. However, the recession in the early 1990’s as well as global economic development after the failure of the ‘new economy’ has forced authorities and national decision makers to share financial responsibility with non-profit organisations. The amount of public funding in these organisations has decreased. This leads to a situation where non-profit organisations have to adopt commercial activities to survive.

Purpose and Methodology of the Paper

The purpose of the paper is to scrutinize the changes in an artistic non-profit organisation, namely The Tampere Short Film Festival Association. The starting point of the study is to recognise the basic structure of the organisation and its network by utilising the network approach. Furthermore, I try to recognise different phases in the commercialisation process and factors affecting them.

The pre-understanding of the case stems from the research cooperation between the marketing research course of the Department of Business Administration and the association. Since 1997 we study the audiences in the Tampere Short Film Festivals. Furthermore, a study concerned with the association’s communication with its stakeholder groups has been conducted. Further data was gained from the documents of the organisation as well as from the interviews with the association’s two executive directors. In addition to this, web sites of different stakeholders of the case organisation were visited to further the understanding.

After the literature review, the content of the empirical material was analysed by categorising the material in themes driven from the literature review. The interviews included themes such as funding and other economic factors, physical resources and facilities, personnel, expertise and experience and influence and prestige. Further themes were audiences, competition and collaboration.

Once the material was analysed, the case analysis was written using the themes products of the festival, the festival organisation, the development of the festival, the funding, other resources of the festival and the commercialisation of the festival.

The rest of the paper is organised in the following way: First I discuss the concept of a non-profit organisation and commercialisations of non-profit organisations as well as networks of non-

profit organisations. Then, the network approach is shortly introduced. Thereafter, the empirical evidence is introduced and analysed. Finally, the conclusions are drawn.

On the Concept of Non-Profit Organisation

According to Hansmann (1980) a non-profit organisation is, in essence, an organisation that is barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers, directors, or trustees. By “net earnings” Hausmann means pure profits – that is, earnings in excess of the amount needed to pay for services rendered to the organisation. In general, a non-profit is free to pay reasonable compensation to any person for labour or capital he or she provides, whether or not that person exercises some control over the organisation. As Hausmann notes, a non-profit organisation is not barred from earning a profit. Many non-profits in fact consistently show an annual accounting plus.

Non-profit organisations are driven by the mission, not by the profit. The difference between businesses, government and non-profit organisations is in what they do. According to Drucker (1992, xiv),

It is that they (non-profit organisations) *do* something very different from either business or government. Business supplies, either goods or services. Government controls. A business has discharged its task when the customer buys the product, pays for it, and is satisfied with it. Government has discharged its function when its politics are effective. The “non-profit” institution neither supplies goods or services nor controls. Its “product” is neither a pair of shoes nor an effective regulation. Its product is a *changed human being*.

Following the lines of Hausmann and Drucker, Sargeant (1999) defines a non-profit organisation as one that exists to provide for the general betterment of society, through the marshalling of appropriate resources and/or the provision of physical goods and services. Such organisations do not exist to provide for personal profit or gain and do not, as a result, distribute profits or surpluses to shareholders or members. They may, however, employ staff and engage in revenue-generating activities designed to assist them in fulfilling their mission.

Over the years many authors have developed widely differing terminology for what is ostensibly the same type or organisation. Sargeant (1999) has identified the following terms: Not for profit organisation (NFP), not for gain organisation (NFGO), private voluntary organisation (PVO), non governmental organisation (NGO), government organised non governmental organisation (GONGO), quasi autonomous non governmental organisations QUANGOs), business organised non governmental organisations (BONGOs), funder organised non governmental organisations (FONGOs), and political non governmental organisations (PONGOs). Furthermore, texts may refer to the ‘voluntary sector’ and the more general ‘third sector’.

Non-profit organisations have been categorised according to the nature of the work that they are engaged in. There exists a variety of typologies. Hausmann (1980) categorises nonprofits according to the manner in which they are financed and controlled. His classification produces for categories of non-profit organisations: donative mutual, donative entrepreneurial, commercial mutual and commercial entrepreneurial. Donative nonprofits receive most or all of their income in the form of grants or donations. Examples of these are the Salvation Army and the Red Cross. Commercial nonprofits, in turn, receive bulk of their income from prices charged for their services. Hausmann identifies most hospital and nursing homes in the USA as commercial non-profits. He points out that all nonprofits do not neatly fit in these categories. Most American universities rely heavily

upon donations as well as upon income from the sale of services – i.e., tuition – and thus lie somewhere between the categories.

Mutual non-profit organisations, like country clubs, are controlled by their patrons while non-profits that are largely free from the exercise of formal control by their patrons are entrepreneurial non-profits.

Even though nonprofits labelled ‘mutual’ by Hausmann may bear some resemblance to cooperatives, they are not the same thing. Cooperative corporation statutes typically permit a cooperative’s net earnings to be distributed to its patrons and investors, who may in turn exercise control over the organisation. Thus, cooperatives are not subject to the non-distribution constraint that is the defining characteristic of non-profit organisations. (Hausmann 1980)

The International Classification of Non Profit Organisations (ICNPO) from the 1990s includes twelve groups. The first group includes culture and recreation. The second concerns with education and research with such subcategories as primary and secondary education, higher education and fundraising organisations, other education and research. Other main groups are health, social services, environment, development and housing, law advocacy and politics, philanthropic intermediaries and volunteerism promotion, international activities, religion, business, and professional associations and unions. The last group is headed ‘not elsewhere classified’. Sergeant (1999) argues that not all the categories listed have a relevance to each society around the globe. Salamon and Anheier (1992) suggest that there are five sets of factors which are important in explaining the scope and scale of the non-profit sector in any one given country. These are:

- 1) Heterogeneity - The more diverse a given population, the larger the size of the non-profit sector is likely to be. This factor seems to derive from the needs of various ethnic communities to preserve and protect their own unique cultures and identities. In most cases this task can best be accomplished through the formation of a variety of non-profit organisations, which are by definition less susceptible to influence from either government or the private sector.
- 2) Scope of the welfare state – The scope of a non-profit sector will vary widely depending on the scope of government involvement in social welfare. The sector will usually expand to fill the most important gaps left by the state.
- 3) Level of development – Less developed countries are found to have more traditions of mutual aid and collaboration, but they lack the ‘middle class’ base which has proved important in the development of the non-profit sector in the developed world. The middle classes have traditionally, by virtue of their position within a society, been quick to recognise the needs of the poorest, or most under-privileged segments of their population and been amongst the first to invest both their time and capital in the relief thereof. As economies make the transition from developing to developed, therefore, the number of non-profit organisations is likely to increase substantially.
- 4) Legal framework – Interestingly, common law systems are found to be more conducive to the growth of the non-profit sector than civil law systems.
- 5) Historical traditions – Historical and religious traditions can act either to encourage or discourage the voluntary sector. Each society thus evolves its own pattern of societal supports.

Commercialisation of Non-Profit Organisations

All non-profit organisations, just like profit seeking ones, ultimately must cover the full economic cost of all resources that they consume. These costs include both the cost of labour and all other variable inputs and a reasonable return on any capital employed in their activities. The distinction between a non-profit and a for-profit organisations lies, not in how much the services cost, but in

who pays and under what conditions they pay. Traditionally, non-profits often receive cost subsidies, public and private, direct and indirect.

By the early 1970s, non-profit organisations began implementing the techniques practised by businesses, including advertising, public relations, financial planning, and accounting. The latest of these functional areas to be applied to the non-profit sector has been strategic management. (Greenberg 1982). Due to the hardening competition also in the third sector, non-profits scramble for resources and compete over clients or users or potential members, and sponsors and their loyalty. In her article, Greenberg has identified areas of competition for non-profits, both internal and external to organisations. She identifies resources such as funding and other economic factors, physical resources and facilities, personnel, expertise and experience, and influence and prestige which are internal to the organisation. As external to the organisation she mentions clients, customers, or audience, and competing organisations, such as enterprise competitors, product form competitors and generic competitors.

In 1980s non-profits entered industries dominated by for-profits in the USA. In most cases the non-profits have done this to develop a supplementary source of revenue that is related, but not central, to the non-profit organisation's mission. For example, museums, universities and other cultural organisations have organised tours and expanded gift shops in competition with for-profits. Non-profits also have increased their presence in industries with charitable and public sectors such as nursing homes, hospitals and health clubs. Other industries like research and development laboratories, vocational and technical schools and performing arts institutions retained a fairly stable mix of non-profits and for-profits over time. (Rose-Ackermann 1990).

The phenomenon described above, commercialisation of non-profit organisations is taking place also in the Nordic welfare states. Joint for-profit/non-profit commercial ventures appear to grow in importance as well as long-term sponsorships between non-profits and businesses. Some recent developments in Finnish art and culture show that the scarcity of public money at both state and municipal levels have put pressure on reallocating resources among local services. This pressure reinforces the need for cultural organisations turn to other types of resource acquisitions, such as engaging in relationships with business sponsors. (Ropo and Sauer 1999).

According to Olkkonen (2002), cultural sponsorship represents one of the most interesting individual marketing developments in recent years since it has bridged together different types of social fields, namely those of business and the arts and culture.

Networks of Non-Profit Organisations

Most non-profits are less concerned with profit than they are with meeting some particular need in society. The role of marketing¹ in this context is therefore to facilitate the exchange process between the organisation and its publics, so that some societal need can be fulfilled. Kotler and Levy (1969) were the first to discuss on the relevance of the marketing concept to organisations in the non-profit sector. They felt that all organisations have customers, whether they choose to refer to them as such or not. In the tightening competition, the role of strategic marketing and management is increasing in non-profit organisations. The capacity of marketing to aid charities and non-profits in general to survive in an increasingly hostile and demanding environment is crucial.

According to Sargeant (1999), charities' key customer groups are volunteers, individual donors, corporate donors, charitable trusts and recipients of goods and services. Art organisations, in turn, have such key customer groups as visitors, audiences, corporate sponsors and art funding bodies. Key customers of healthcare trust include such groups as patients, visitors or relatives of patient,

¹ Marketing represents a philosophy or approach to management that places the customer right at the centre of everything that an organisation does.

general practitioners, insurance companies and government funders. Finally, education's key customers are students, alumni, industry, research funders, local communities and local/national government. We can label the groups mentioned above as the networks of non-profit organisations.

Within the arts sector, the audience is an integral part of an artistic experience. It is vital for more practical purposes too. Art which does not generate revenues, whether from box office receipts or funding bodies and sponsors. Therefore, arts organisations need marketing to develop audiences. This means that the main task of arts marketing is to motivate people to attend performances and exhibitions or purchase art works or crafts, encouraging them to share in the artistic experience being provided. (Hill, Sullivan & Sullivan 1997) The authors distinguish three meanings for the term audience. Audiences can be seen as 'art receptors' as Lamos and Stewart (1983) have done. They imply that the audience consists simply of those who experience art. Schlosser (1983) views the audience as customers being involved in a transaction with an artist or arts organisation. Hill et al. present audiences as associates comprising all those with whom an individual or organisation has some form of communication. This may include all those who support the arts in any way, or who have an interest in their development. Attenders of art events are obviously central to this, but the authors state that the definition also refers to those with less direct contact with the organisation. They name actors such as central government funding bodies, regional art boards, local authorities, charitable trusts, and primary, secondary and tertiary educational establishments. Further important actors are local, national and regional press and media and local, regional or national business sponsors. Today, international and global media, associations and sponsors may be important associates of arts organisations. Hill et al. (1997) further identify potential customers for ancillary services, such as catering, space hire or costumes as well as friends or members, trustees or governors of arts organisations.

Hill et al. (1997) have mapped potential audience of arts organisation by dividing them into separate groups or 'publics' to identify the relations to be managed. The map is depicted in Figure 1.

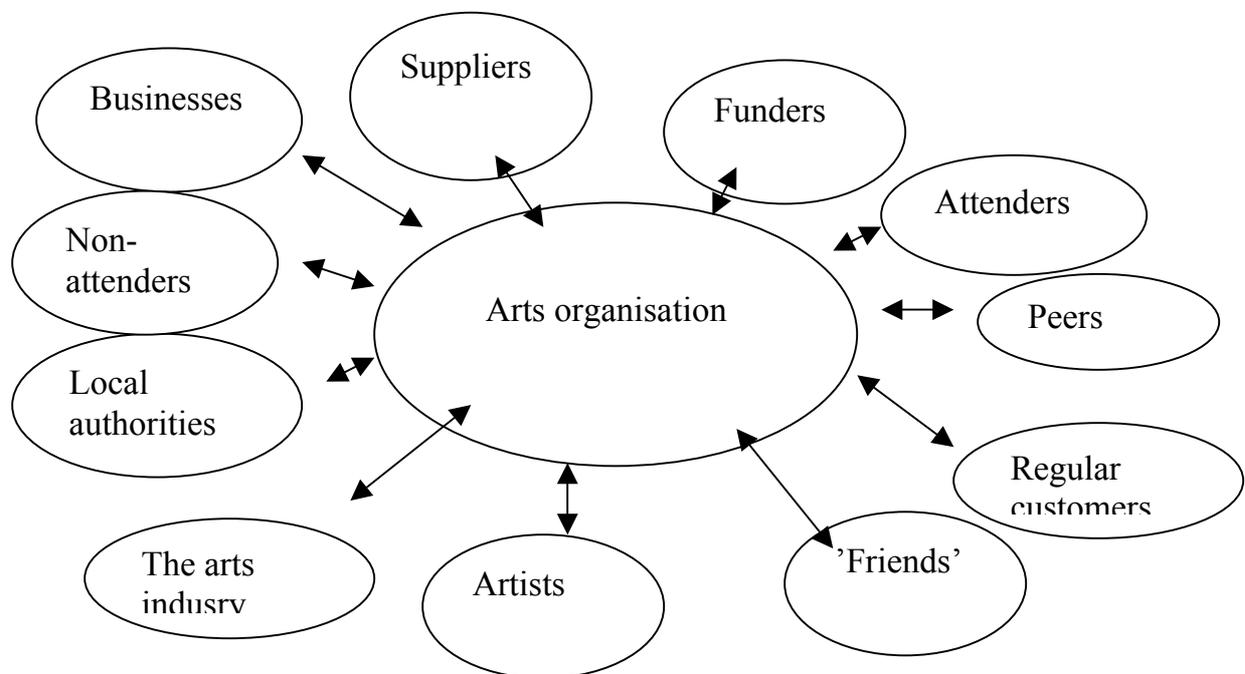


Figure 1. Publics of an arts organisation (source Hill et al 1997).

The Network Approach

The multiplicity of different actors engaged in the performance of artistic and other non-profit organisations lead me to apply the network approach in analysing the commercialisation process of a non-profit organisation.

On the basis of theories from several intellectual roots and empirical studies of industrial marketing and purchasing practices in five European countries in the 1970s, the IMP (Industrial/International Marketing and Purchasing) Group introduced The Interaction Approach to industrial markets (Håkansson 1982). The focus of the approach is on a two-party relationship, but the approach can also be applied to a multi-party relationship. The interaction model is based on research of buyers and sellers of industrial goods and it has four basic elements: the interaction process, the participants in the interaction process, the environment within which interaction takes place, and the atmosphere that affects and is affected by the interaction.

Further work of the IMP Group has produced another research approach, The Network Approach. This approach focuses on relationships in business markets. It is anchored in the recognition that industrial markets can be represented as exchange relationships between multiple organisations (Möller 1993). The approach draws its intellectual content mainly from the notion of inter-organisational resource dependence, the theory of social structure and exchange, and systems theory.

Anderson, Håkansson and Johanson (1994) characterise the function of business relationships with respect to three essential components: actors, activities and resources. Håkansson and Snehota (1995, 1997) state that three layers of the 'substance' of a business relationship can be identified by using the ARA model. According to them: "A relationship develops between two companies as some activity links, resource ties or actor bonds are formed between two companies. These links, ties and bonds make up a relationship that can be conceived as a 'quasi-organisation' " (1997: 168). The 'quasi-organisation' is a form of 'group' introduced by Alderson (1957). It also seems to correspond to Gummesson's (1997) concept of imaginary organisation.

Actors control activities and/or resources. Individuals and collective actors form a two-level hierarchy. Further, collective actors can be either groups of individuals, parts of organisations, organisations, or groups of organisations. Actors develop and maintain relationships with each other. Within a business relationship, the concept of an actor depends to a great extent on the context in which it is used. In the network context, firms can be conceptualised as collective actors (cf. Emerson 1981). However, within the interacting organisations there are usually multiple individual human and technical actors affecting the holistic relationships between them.

Although business relationships between collective actors tend to be long-term, the nature and substance of them does not stay unchanged. The impact of different single actors on a holistic relationship may change over time as the relationship evolves. People involved in the relationship may vary, and technical development opens new ways of doing things in the relationship. One example is the development of computer systems with which a customer and a materials provider are connected to each other in order to initiate and execute purchase decisions automatically. (cf. Grönroos 1994; Halinen 1994; Lehtinen and Järvinen 1996)

Human actors attend the activities with all of their personality, not just with some specific role character; they bring along their own knowledge and feelings and share them with other human actors.

Resources are connected to the actors as well as to the activities. In order to complete the activities, the actors need resources. Furthermore, resources are used in activities that are needed in order to change other resources. Gadde and Håkansson (1992) distinguish among five different types of resources: human, technical, financial, procurement, and marketing. In his work concerning

the fine paper sector, Rosenbröijer (1998) uses a typology based on financial, physical, organisational, human, technological, and reputation resources.

All of these types of resources are strongly dependent upon one another. If one of them is changed or has to be changed, some or all of the others may also change or need be changed. The different actors within a business are counterparts to each other, a part of each other's resources. However, only human resources have the capacity to learn and reflect and to determine the use of other resources.

Easton and Araujo (1996) have identified several dimensions or attributes to be studied for the resource layer: existence (creatability, decreatability, durability), evaluation (valuation, evaluatability, scarcity, positive or negative value), relationships to actors (controllability, accessibility, tradeability), and relationships to other resources and activities (integrity, versatility, complementarity, understandability). According to Håkansson (1992), a resource is mainly evaluated with regard to its use and not to any intrinsic attributes it may have. Easton and Araujo (1996) claim that the more difficult it is to access, own and control a resource, the more individual firms and organisations have to rely on exchange relationships and specialisation of resources and activities.

Activities are based on resources. Resources are used during the activities in order to cultivate other resources. This is the case for both production and commercial activities. The activities, in this way, bind resources to each other; they even give value to resources. Resources and activities are usually interwoven (cf. Håkansson 1992). According to Vuorinen (1989), activities in interaction networks are accumulating processes where relationships are created, developed, maintained and terminated in order to achieve short-term profits or to guarantee long-term survival.

In this study, the idea of network approach underlies the analysing the intra-organisational development of one actor, the arts organisation, and its inter-organisational network development in its commercialisation process.

Case Analysis

The Tampere Short Film Festival Association's mission is to further the success of short films. The association and its festival mainly serve a marginal group of short film professionals and amateurs. In addition to this, the aim is to enhance the awareness of short films among larger audiences. This is done by yearly organising an international short film festival in week 10 (March) in Tampere, Finland as well as participating in the International Short Film Conference ISFC and the European Coordination of Film Festivals EEIG.

Tampere Film Festival (later referred as TFF) evolved from Tampere Short Film Days, a cinema event held in Tampere around the end of February 1969. The first Tampere International Short Film Festival was held the following year, 1970, with the support of the Ministry of Education, the Finnish Film Foundation and the City of Tampere. The festival is the oldest of its kind in the Nordic countries; the second longest-running film festival in the area, Göteborg Film Festival, started only in 1979.

The festival is a meeting place for different ideologies and for film makers from all countries who aim at world piece and social equity. The artistic standard has continually risen. As the appreciation of the Tampere Film Festival has increased in the world, it has become one of Europe's most important short film festivals.

Products of the Tampere Short Film Festival

The festival offers competitions, short film screenings, business possibilities (film market), seminars as well as exhibitions and lectures open to all visitors. It consists of an international competition since 1970, a national competition since 1978 and a yearly changing special programme with different themes. Until 1986, children's films had a category of its own but due to the decrease in quality, it was excluded. In 2002, a new competition on micro movies was added to the programme. In 2003, there were about 120 screenings including both rare films of the famous film directors and works of new film makers. It is a five days' festival with the exception of 2001-2002 when it was integrated with another festival and changed into a six days' event.

The aim of the international competition is to bring the most interesting short films to the screens every year. The selection is made by people working for the festival to have a well balanced cross-section of the world of short film. In the competition and also in awards given, fiction, documentary and animated films have an equal status. The time limit of films in competition is 30 minutes.

In national competition there are two categories: films under and over 30 minutes. In national competition all categories of films are included. TFF aims to maintain its position as the most appreciated place to have their film shown for Finnish filmmakers as well as the best place to see the best of short and documentary films.

The special programmes change yearly. Every year focuses on different themes. To take an example from the 2002 Festival, the programme consisted of such themes as Orson Welles, Jay Rosenblatt, Focus on Indonesia, Australian Retrospective, Archives Treasures etc. Usually, there are over 20 themes. In special programmes TFF focuses on different audiences and interest groups. Each year there is a special showcase for films made by mentally handicapped and other special groups. In special programmes the European experience is in focus in a series of screenings exploring sore points on national existence of different countries and areas. Furthermore, TFF screens films from developing countries to increase and deepen understanding to the problems in these countries.

Within the IT industry, the art of short film is becoming important for new communication technologies as they search for meaningful contents for new devices. In 2002 Tampere Film Festival launched a new competition for micro movies not longer than 3,14 minutes and meant for smaller screens than traditional short films. In the future, TFF aims to be a meeting place for new technology and creative film makers to meet and create new ways to collaborate. TFF is interested in contents, not the technology. New technologies have a lot to give to film makers and it is a possibility to reach new audiences. TFF does not see the future of short films in new devices, but it is a small interesting area connected to traditional art film worth exploring. In the future, the overall share of new technologies in the festival's programming will not exceed 10 %.

A film market for accredited professionals is open during the Festival. All the preview tapes are automatically entered in the film market and made available for individual viewing unless stated otherwise in a written instruction submitted to the festival. Film market is strictly limited to professionals only. In the future, TFF will develop its film market so that it will remain its position as the most important place in Northern Europe to keep in touch with the development of short film in the world. The focus will be in the traditional short film, but new ways of distributing films will be noticed in organised discussions.

Besides film screenings TFF is known for as a good and effective meeting place for film professionals in Europe. Seminars and exhibitions organised with business partners are an integral part of the festival. In the future, discussions and meetings between filmmakers and audiences will be developed.

Festival Organisation

The management of the film festival organisation has varied over the years. The first two international festivals were organised by the founder of the festival. After the difficulties in 1971, the city of Tampere took over the charge and appointed its representative to a festival director. He acted as a festival director until 2000. During this time, the organisation had in the 1980s an executive director, and in the 1990s an executive team with five members with different functional responsibilities. These areas included administration and finance, international relations, film traffic, marketing and communication. In the latter half of the 1990s, there were changes in the team because some members left the organisation.

In 2000, all the employees were discharged by notice and the organisation was renewed. There were also changes in the executive board. The number of members was increased by two when the city as the main funder of the festivals got two additional places. There were changes in people as well. The city appointed representatives on political basis. Today, the executive board members represent, for instance, the association, the funder, the industry, the media (long term partner TV2) and Tampere-house (a long-term venue partner).

From 2000 to 2002 there was an executive director who also acted as a festival director. From 2002 on, after the exit of the director, the responsibilities are divided between two persons. As comes to the personnel, the organisation employs two persons throughout the year. From the fall on, more personnel is recruited for different functions. At the time of the festival, volunteers and students, who participate in organising the festival as a part of their studies are a crucial part of the festival organisation. Yearly, more helpers are eager to join than what is actually needed. The festival recruits about 100 of those who apply at their office. In addition there are arts and media students and students from the University of Tampere. Altogether, there are around 250 volunteers. They act as doormen, offer their help for guests at information desks and are responsible for lights and sound at festival venues. Students edit the Festival News magazine as well as the Festival news at TV Tampere. Furthermore, visitor research is conducted by university students since 1997.

Development of the Tampere Short Film Festival

The major changes of the 33-year old festival have occurred with interval of approximately ten years. The first international Short Film Festival was held in the middle of the city in three premises. In 1971 and 1973-1981, the vent was held a fair distance from the city centre. In 1980, the young director Aki Kaurismäki, stated: "the festival cannot operate on plain yoghurt, but smoking must be allowed in the lobby area, and there must also be a restaurant serving beer for the spectators and even wine for our foreign guests." The festival returned to the city centre 1982 and stayed there until 1991. They had to move because the theatre stopped showing movies. From 1992 to 2001, the festival's main screenings were given in two places which are located approximately 2 kilometres from the city centre. In 2002, part of the screenings were moved to the city centre again. The organisation hired some theatres from a commercial movie centre.

According to Nikku (1990), the festival's progress has not been a bed of roses. It originated from the activities of a film club and a short film festival organised in 1969. The main purpose of the first festival was to offer short foreign films to the domestic public, and to encourage Finnish film makers to make short films. The short film had become an important means for social criticism in the world. However, the Finnish contribution was still non-existent.

In the 1970's, the festival had two failures. In 1971 it was branded as a left-wing phenomenon resulting in the cancellation of the event the following year. However, the organisers wanted it to preserve, and from 1973 on it is held annually. In 1979 the festival had another setback as the promised foreign material did not show up, and the venue turned out to be unsuitable. In 1981 the

festival finally was granted the use of the film theatre which has become one of the festival's symbols.

In 1984 the festival employed a person who was active in creating and maintaining international relationships with other festivals as well as with local and national authorities. Thus networks started emerging. In 1985, first surveys among the visitors were made to get written feedback. The first advertisements were sold for the 1988 festival programme. In 1989 the organisation negotiated its first sponsor agreement with the bank. The growth of the festival visitors was 50 % during the last half of the 1980s. In 1989 the number of visitors was 15.000.

The event experienced a heavy growth in the 1990s. The number of venues increased as did the number of screenings at every festival until, in 2003, the number of screenings decreased. In the 1990s, the number of visitors exceed 20.000 in the best years. In 2003, there were 12.500 paying visitors. Only 20 of the screenings were sold out.

Collaboration with business increased in the 1990s as well. After the sponsor agreement with the bank was over, the festival was without sponsors for some time. Then, they started collaboration with Finnkino, a distributor of commercial films in Finland, and TV2, a local television channel. These relationships are still ongoing. Today, Finnkino finances the award of the national competition. Furthermore, it hires out its movie theatres to the festival. TV2 is represented in the executive committee of the association.

Since 1995 the organisation is a member of the European Coordination of Film Festivals (ECFF), a network of 200 audio-visual festivals with strong roots in the regions of Europe. Its member festivals are dynamic, cultural events which have made a commitment to promote the diversity of the European moving image. The European Coordination of Film Festivals was incorporated as a European Economic Interest Grouping (EEIG) in 1997. (<http://www.eurofilmfest.org>)

The Coordination is a resource for its members and for organisations with an interest in audio-visual festivals. It offers such resources as research² and conferences³, training and staff mobility, information and communication, lobbying, and opportunities for partnership.

The development of partnerships is the key to the artistic, educational and commercial success of film festivals. ECFF is a strong advocate of the range of partnerships offered by festivals. The Corporate Membership Scheme was introduced in 2000 for organisations with a strong interest in audio-visual festivals as policy maker, funder or programme maker and distributor.

Since 1999, the European Coordination of Film Festivals and Jameson Irish Whiskey have developed a groundbreaking pan-European partnership for projects like the launch of 15by15: The European Film Heritage, the hosting of Jameson Clubs at selected members' festivals of the ECFF and key media industry events, and the creation of the Jameson Short Film Awards. The Tampere Short Film Festival is one of the selected members in this collaboration.

In fall 2002, the new executive director who also acted as a festival director was employed. As a consequence, there were remarkable changes in the activities. The visual appearance of the festival was changed and there were changes in festival suppliers etc. In 2002, the festival centre and screenings were moved from Tampere-house to the city centre. This served the purpose of enhancing the awareness of the event among ordinary movie goers but, on the other side, decreased the coherence of the event. Despite some negative feedback from the audiences, TFF decided to arrange the 2003 festival on the same venues. To increase the coherence, a festival centre was hired to bring the professionals together during the days.

In the 2002 festival, the organisers engaged in a research project with Nokia and Sonera MSpace, a research unit, to explore new kind of content for communication technology. They launched a

² see the report on 'The Cultural and Socio-economic Impact of Film Festivals' 1999 (<http://www.eurofilmfest.org>)

³ For instance, thematic roundtables on issues related to the impact of festivals are organised by members throughout Europe with the support of the Coordination

new competition, micro movies, organised a seminar on the subject and studied users' opinions on the usability of micro movies in palm devices. Naturally, this new area interested the media, and the publicity gained through micro movies was great. However, the new competition screenings did not sell very well either in 2002 or in 2003.

Within the Coordination, TFF received some negative feedback in the round table discussions when the members expressed their concern on the art of short film to be overtaken by the new media. However, some festivals, for instance, in Japan have expressed their interest in micro movies.

In the future, the aim of TFF is to maintain its position as the most important short film festival in the Northern Europe. It will remain its profile as a festival that yearly brings the best and most important short films in the world to big screens and also shows broadly Finnish short and documentary films for domestic and international audiences. TFF will be a general film festival and will show fiction, documentary and animated films as well as new, less defined genres and artistic and technological experiments.

Commercialisation of the Tampere Short Film Festival

Tampere Short Film Festival has long traditions in producing the event in collaboration with non-profit and for-profit organisations. On the supplier side, the venues used, the agreements with private restaurants and accommodation facilities, transportation firms etc. have always required commercial negotiations. The continuous growth of the event has demanded ongoing growth of resources to organise the event. The growth has been possible partly by the volunteer and semi-volunteer work of individuals and partly by the commercial activities taken by the personnel. The commercialisation of the case organisation will next be analysed under the themes of covering the cost of the resources, competition and techniques practiced by business which were discussed in the theoretical part.

Covering the Cost of Resources

Non-profit organisations ultimately must cover the full economic cost of all resources that they consume. In the case organisation, the lack of resources is a constant phenomenon in the organisation. As Nikku (1990) writes

“as long as severe economical difficulties cause problems for the organisers, the future of the festival remains questionable. The Tampere Short Film Festival is the only film festival of its size which is organised with so few personnel and such a small budget. It is still organised to a great extent on a semi-volunteer basis. The further development needs, however, an increased financial support.”

In 2003, the situation has not changed. The organisation has to struggle hard to cover the cost of the festival events. They are covered by financial cost subsidies, both public and private, by non-monetary exchange in addition to sponsor agreements and incomes from the ticket sales and supplementary products.

Traditionally, the three main public funders of the TFF are the Ministry of Education, the City of Tampere, and the Finnish Film Foundation⁴. In 1984, the

⁴ The Finnish Film Foundation grants support for professional film production in Finland. The Foundation's goal is to promote high-quality, versatile and original Finnish film production. The support is based on the Act on the Promotion of Film Art (28/2000). The Finnish Film Foundation promotes the exhibition of the films and film distribution in Finland and is responsible for the cultural export of Finnish film. The goal of the International Department is to make

total amount received from those sources was € 93.000. It increased to €161.500 by the year 1990, to € 267.400 by the year 2000 and is € 280500 in 2003. The share paid by the city of Tampere was 38 % in 1984 while today the share is 57 %. In the same time the budget of the festival has increased from € 132.000 to € 407.351 in 2002. In conclusion, the share of public funding by the main funders has remained the same, that is 70% of the budget.

In the last half on the 1990s, the organisation has yearly received funding also from the Ministry of Foreign Affairs (appr. € 17.000), the Foreign Department of the Ministry of Education (€ 17.000), from the European Commission (from 15.000 to 30.000 euros in general and 40.000 to 45.000 euros for film market in 1998-2000). In 2002 and 2003 TFF received no funding from the European Commission.

The amount of private funding and ticket sales has varied in 1995-2002 between € 214.500 in 1998 and € 119.000 in 2002. The income from the ticket sales varies a lot depending of the attractiveness of the festival. In 2001, the income was € 71.000 while in 2002, it was only € 48.000. incomes from the sponsor agreements in 2001 were € 32.000 and in 2002 € 11.500.

In addition to the funders mentioned before, TFF receives money for the publication of the festival catalogue from The Promotion Centre for Audio-Visual Culture in Finland AVEK⁵. The Award of the national competition is financed by a sponsor.

The non-monetary covering of the cost includes different kinds of collaboration or barter. For instance, the department of arts and communication of Tampere Polytechnics as well as media schools provide materials, equipment and volunteers as well as paid employees for the festival. In return, they can pay tickets at a lower price, get opportunities to show their films in screenings and lectures given by the TFF personnel. Also university units collaborate with the Tampere Short Film Festival.

One of the most important resource of the TFF is the Finnish Film Archive⁶ which collaborates with the festival to organise screenings of the old Finnish short films. Another partner is the Finnish Union of Film and Video Workers, SET⁷. Every year SET invites filmmakers from abroad to the festival to get acquainted with their Finnish colleagues, and is involved in various forms of international cooperation. The union is a member of MEI (Media and entertainment International),

Finland, Finnish film art and Finnish culture known abroad and to promote international sales of Finnish films. The goal is to screen Finnish films at as many as possible internationally significant film festivals abroad and other events. In addition to the activities mentioned above, the International Department is also responsible for the Short and Documentary Film Cultural Promotion Project which is carried out in co-operation with AVEK – The Promotion Centre for Audio-Visual Culture in Finland. (<http://www.ses.fi>)

⁵ AVEK was established in 1987 by the joint Finnish copyright organization Kopiosto to promote cinema, video and television culture. It is responsible for the management of funds which arise from author's copyright entitlements for levies on blank video tapes and are used for the right owners' common interests. AVEK's support activities cover the entire field of audiovisual culture, emphasis being on the production support of short films and documentaries. The other two activity sections are training and audiovisual culture in general. (<http://www.kopiosto.fi/avek>)

⁶ Finnish Film Archive has attended to film preservation since 1957. The Archive became a state institution in 1979 and its duties were specified as the acquisition of films and related material, the preservation and restoration of films, the promotion and dissemination of knowledge about cinema, and the screening of films of artistic, historical or otherwise significant interest. (<http://www.sea.fi>)

⁷ SET is a trade union of workers and artists in the fields of film and video. Its members include, for example, sound designers, film editors, light designers, set designers, cameramen and directors. People studying the field can also join the union. SET negotiates the collective agreement on terms of the field's employment. Wages and working hours for productions made outside television companies are defined in the agreement. The union also provides its members counseling in matters concerning employment and copyright.

the international association of media workers, and operate in its Nordic and European branches (Festival News 8.3.2003).

As the overall economic situation of the public sector has weakened, the role of sponsors in covering the cost has increased. In 2002, for example, Nokia sponsored the lecturers of the Micro Movies seminar which made the seminar profitable for the TFF. However, in some other seminars organised in collaboration with partners, the festival organisation has made even considerable losses. Other examples of sponsorships are the awards of the competitions as well as lending of the technical equipment to the festival.

On the customer side, screenings offered in the festivals for the public have always been subject to a charge. However, due to the mission of the association as well as the financial status of most of the festival visitors (mainly students), the price of the tickets has to be kept considerably low compared, for instance, with the tickets of commercial movies. Over the years, the festival has sold different products such as festival catalogues, t-shirts, pins etc. to gain additional income.

Competition

In the theoretical part competition was divided into internal and external. In this analyses, external competition will be discussed at two levels which are business-to-business competition and competition over visiting customers.

Due to the nature of the organisation and the event, *internal competition* occurs when allocating resources to different competitions, special programme and other festival activities. These resources include both financial, time and human resources as well as venues and technical equipment.

The issues of expertise and experience, influence and prestige identified in the theory occur within the association and the festival organisation. First, there is the issue of board members. As the main funder, the city of Tampere want to have influence on the board. Second, an example of the issues on the association level is the incident in 2000 when the organisation was renewed. In search of a new executive director, experienced old workers of the organisation lost the competition in favour of an innovative new person. However, after only a couple of years, a person with a long experience in the organisation was nominated a new executive director and team work was again valued in the organisation.

At the festival organisation level, the issues of expertise and experience play a role, for example, in the selection of films for national and international competitions. It is the responsibility of one person to select the films for national competition while the pre-selection of international films lies in the hands of the executive director and the festival director. Earlier, the choice of the special programme was made by one person while, in the recent years, it has become team work. The timetable of screenings is an outcome of internal negotiations in experienced organising committee.

Experience and expertise also play a role when engaging part-time employees, semi-volunteers and volunteers in the event. There is a need for technical experts to build and run the movie equipment. Experience is also needed in coordination and customer service as well as in communication, i.e. marketing and public relations.

External competition can be divided into competition over financial resources, human resources, clients, i.e. representatives of commercial film industry such as film directors, producers and distributors, representatives of other film festivals as well as over film makers who send their films to competitions, and films of the special programme. This level of competition can be labelled as business-to-business competition the other level being the competition of visiting customers or audiences.

Competition over financial resources is ongoing. Applications for public funding as well as reports of the use of the money have to be made every year. Furthermore, negotiations over

sponsorships are conducted yearly because most sponsors are not willing to engage in long-term agreements.

Competition over semi-volunteers and volunteers is not heavy due to the festival's attractiveness among potential workers. However, yearly negotiations have to be conducted with the organisations sending their students to the festival. Time is also needed to employ part-time workers and to select volunteers on the basis of their applications.

Competition over the films, both for the festival competitions and for the special programme is global. The best films are seen in many festivals and they are bought by television etc. Due to the time of the Tampere Film Festival they often are the first to screen new films in their competitions which is an advantage when competing with other festivals.

Business-to-business competition includes competition with other festival organisations, especially those with the similar concept as that of the case festival. On the other hand, collaboration with other festivals takes place at the same time. The membership of the European Coordination of Film Festivals stands for both collaboration and, at the coordination level, internal competition.

In the competition over visiting customers, i.e. ordinary film lovers and movie goers we can say that the case event competes mainly with other Finnish film festivals. It also competes with enterprise competitors, that is commercial cinemas. The third category of competitors is generic competitors such as other events, theatres, restaurants, cinemas, TV, sports and other leisure time activities available at the time of the film festival.

Techniques Used by Businesses

As the theory suggests, non-profit organisations implement the techniques practised by businesses to survive and foster their performance. These practices include advertising, public relations, financial planning, accounting and strategic management.

Along its history, the Tampere Short Film has advertised the festival by posters, by delivering programmes to every household in Tampere etc., depending on the economic situation of the organisation. Today, they utilise newspapers, banderols, television, internet etc. to communicate their existence.

The role of media is important to the success of the event. According to our studies, the majority of festival visitors get the information about the festival from the daily papers, television and other media. Therefore, relations with the media are in the central focus of the festival organisation. There is even a representative of TV channel in the board of directors.

Relations with the press and other media are taken care of by sending releases, giving interviews and inviting representatives to participate in the event as accredited persons. This means that they have special treatment, that is, for instance, free tickets to screenings and invitations to seminars and festival parties.

The problem with the traditional media, the visibility of the festival only during the event is overcome by the WWW home pages of the festival. These is a permanent marketing and information medium which can be seen serving different stakeholder groups of the organisation.

Financial planning of the event has not been very long-term due to the nature of funding. Even though the main funders stay unchanged, there may occur changes such as the dropping off of the funding from the European Commission. Furthermore, as stated before, money for covering the festival budget has to be applied yearly. In the case of heavy losses in one event, the economic status of the festival organisation may change radically which affects the planning of consequent events. There are some restrictions that have to be taken in consideration in the financial planning. For instance, due to the Ethic Code of the Coordination, film makers can not be charged for sending

their film for competition. Furthermore, public funders require that the price charged for seminars has to be kept at the level that enables film makers to attend them.

As to accounting, it is essential for both internal and external control and planning. In the festival organisation, accounting is outsourced.

In the middle of the 1980s the organisation started collecting feedback from the visitors by questionnaires at the festival. This can be interpreted as a commercial activity, i.e. marketing research. In 1988, the organisation started selling places for advertisements in their festival programme. In 1989, the first sponsor relationship was negotiated. In the 1990s, T-shirts and other promotional goods were introduced to the visitors. Business customers are approached by offering them products, i.e., tailored screenings etc. In the beginning of the new millennium, research and development collaboration with for-profit companies was started.

Discussion

Commercialisation of the Tampere Short Film Festival appears to have developed at two levels. At the national level, the activities conducted by the festival organisation and its public funders affect the degree of commercialisation of the festival. In the organisation, the commercialisation process is still going on. Some commercial elements have existed from the beginning such as hiring venues. Other activities have been adapted in the run of the time.

Traditional marketing functions concerned with product, place and price have been issues from the beginning of the event. Promotion, i.e. advertising and active public relations were adapted in the 1980's. Sponsorships were started in the late 1980's, networking started in the mid of the 1990's and partnering in the beginning of the new millennium.

The case organisation has a long term functional strategy while no long-term strategies for marketing, acquiring human resources or sponsorship exist. However, the organisation is moving towards strategic management. During the loan negotiations which are currently conducted with the city of Tampere the organisation has committed to a five year strategic plan which includes the financial planning.

At the international level the activities of the European Coordination of Film Festivals in, for example, partnering with for-profit companies affect the commercialisation of the focal festival. The Jameson award and the Jameson Club are examples of this.

The lack of resources reflects in sponsorship relations of the organisation. There is no personnel for ongoing dialogue with the potential and existing sponsors. The finding is in accordance with Olkkonen's (2002) finding in Kiasma's sponsor relationships.

Conclusions

Following the typology by Hausmann (1980), Tampere Short Film Association is a donative nonprofit while it receives most of its income in the form of grants. More precisely, it is a mutual non-profit, while being controlled by the main funder, the city of Tampere.

The network approach enabled the researcher to identify different actors, resources and activities in the development process of the case organisation and its stakeholder nets. The audiences introduced by Hill et al (1997) are relevant also for the case organisation. However, the international nature of the service (event) provided by TFF adds another level of networks to the complexity of the activity context of the case company.

Commercialisation of non-profit organisations as a concept is not well defined in the theory.

On the basis of this study I would define it as a strategic process of developing an organisation's mission into products and services (productising?), marketing and management of stakeholder relations and relationships, both internal and external.

An interesting question raised by this study is the trade-off between the mission and economic effectiveness of a non-profit organisation. The different stakeholders set different, sometimes adverse expectations on the organisation. This issue calls for further research in the future.

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