

Ethical guidelines 3 -Trading and Commercial Activities

1. Introduction Most museums undertake activities that generate income to support their aims and objectives. They trade with visitors through shops and cafes, or by charging for admission and educational activities; they trade with businesses such as publishers; they have commercial relationships with sponsors; in addition they may hire out their premises, or offer consultancy services to other organisations.

The extent to which museums need to levy charges directly on the users of their services, and engage in trading activities in support of their core role, depends on their particular constitutional arrangements. For some it is the principal means of funding their day-to-day operations. Even museums supported out of public funds may be financially dependent on charging for services, trading activities and sponsorship.

A museum's fundamental charitable purpose may be supported by activities that are ethically consistent with it, but are not necessarily charitable in nature. A museum must be clear about the way in which its trading and commercial activities contribute to its fundamental purpose. It is important to have explicit principles underlying commercial and trading activities, including the charges levied and the level of surplus or subsidy planned for. While markets are seen as a method of optimising benefits to the consumer, their application to museums can only be partial, not least because much of a museum's duty is to the future.

These guidelines have been prepared by the Museums Association's Ethics Committee to help museums take account of ethical principles in their commercial and trading activities. They are aimed at all who work in or for museums,

including staff, members of governing bodies, friends, other membership groups, and directors and employees of companies contracted to provide services to museums. Members of the public do not distinguish between services provided by a museum itself or a subsidiary company, contractor agent or franchise holder and any contract between a museum and a service agent should take full account of these guidelines.

These guidelines include basic principles, which are derived from the Museums Association's ethical codes (which also underpin the Museums and Galleries Commission's registration scheme). These basic principles should always be upheld. They also give some more flexible advice. Judgement will be required to apply these suggestions to specific circumstances. If there is doubt about a proposed course of action - or a worry that it may breach these guidelines - then the Museums Association Ethics Committee can provide specific (and confidential) advice. The public reputation of museums as a whole is harmed if a museum behaves unethically.

The Museums and Galleries Commission supports these guidelines and joins the Museums Association in commending them to museums (although the guidelines are not a formal part of the Museums and Galleries Commission's registration scheme).

2. Basic Principles

These basic principles should always be followed by museums and those who work for museums, including subsidiary companies or contractors

2a It is important to have principles underlying charging for services, including recognition of the ability of the user to pay. Principles must also inform trading activities and sponsorship. It must always be remembered that museums are non-profit-distributing charitable organisations.

2b Trading and commercial activities must be

consistent with the museum's purpose and should not conflict with the Museums Association's Code of Practice for Museum Governing Bodies. Where possible, they should enhance the quality of the museum. They should not bring the museum into disrepute.

2c Wherever possible, trading and commercial activities should aim to enhance public access, education and enjoyment. They must not reduce public access to the collection and information about it.

2d Trading and commercial activities must not subject the museum's collection to unacceptable risks.

2e If offering professional services to other organisations, a museum must fulfil all its contractual obligations.

2f Museums should be familiar with copyright law and its effect on their collections.

2g People who work in or for museums should respect other people's codes of conduct, where consistent with these guidelines and the Museums Association's Code of Conduct for People who Work in Museums and Code of Practice for Museum Governing Bodies.

2h People who work in or for museums should never accept from any person or organisation any personal gift or favour that might subsequently be interpreted as an inducement to trade with that person or organisation.

2i People who work in museum trading or commercial activities should see their role as supporting the fundamental purpose and aims of the museum and should respect the limitations this may put on their activities; on the other hand, people involved in other areas of museum work should support their commercial endeavours and respect their expertise.

2j All revenue raised through trading and other commercial activities should be used for the direct benefit of the museum and be additional

to its revenue income.

2k Trading and commercial activities must not jeopardise the financial viability of the museum. Museums should not make unrealistic projections of future income.

2l When deciding whether a service (such as catering or retailing) should be provided directly or by a contractor, a museum should take account of ethical as well as commercial considerations.

3. Pricing Policy

3a A museum's pricing policy should reflect the museum's fundamental purpose and its overall aims (also see 2A).

3b Whenever a charge of any kind is made, a museum should strive to offer good value for money.

3c Admission charges

A decision about whether to charge for admission generally or to a special event or exhibition should be based on the objectives of the museum, particularly its public access policies, not just on the potential to raise income (also see appendix).

3d Research

The tradition of free public access to museum collections, records and museum libraries for the purposes of research should be maintained. If charges are made for responding to research enquiries, there should be a flexible pricing policy that distinguishes between research for commercial organisations and that for private individuals, scholars and not-for-profit organisations. Charges to other museums are discouraged, although each case should be judged on its merits (see 3J).

3e Reproduction fees and photographic charges

Charges for photographs or reproduction fees

should distinguish between purely commercial undertakings and not-for-profit organisations, scholars and private individuals. Consider not charging other museums for the use of images in publications, but judge each case on its merits

(see 3J).

3f Loans

Museums hold collections on behalf of the public. Therefore fees or charges for loans of artefacts, payable in cash or in kind, to other museums are not acceptable. It is in the public interest to minimise unavoidable charges for essential conservation, packing, photography, etc. Conservation costs should be charged to the borrower only if the work required is inconsistent with the lender's collections management policy.

When considering raising income from corporate loans of objects from collections to non-museum premises take careful account of the requirements of conservation, public access (including researchers) and security.

3g Consultancy

If a museum is offering consultancy work to other organisations then it should conduct itself in a businesslike manner by:

- ∞ establishing all costs at the beginning of the job
- ∞ ensuring the work is completed on time and to budget
- ∞ providing a professional service at all times

In providing such services, the museum should state explicitly that it upholds the tenets of the Code of Practice for Museum Governing Bodies and that the staff involved in delivering the services will abide by the Code of Conduct for People who Work in Museums. (For

consultancy services provided to the museum see 9C).

3h Premises hire

Museum premises represent a valuable resource and it is therefore reasonable to levy a charge for their use for events, films, etc. However, the scale of hire charges should allow for flexibility if the proposed use will be of direct benefit to the museum or directly serve its objectives.

3i Education services

Charges for education services, particularly for schools, should reflect the minimum required to sustain the service at a viable and responsive level.

3j Charges between museums

The public benefits from the long tradition of co-operation between museums; charges between museums may jeopardise this tradition. In addition:

- ∞ unnecessary transaction costs are created by charges between museums
- ∞ unless tailored to the financial resources of the purchaser, such costs penalise small museums

For museums in the UK funded out of taxation it could be argued that there is a presumption against such charges. This is not necessarily true of charges to museums in other countries, although it may be appropriate to take into account the ability of the purchaser to pay when setting a scale of charges.

4. Shops

4A A museum shop provides a public service and is not solely for generating income. It also serves an educational purpose and can enhance public access to information about the collection.

4b Museums should have a clear boundary between shop and gallery areas so that visitors are able to make a clear distinction between objects for sale and those on display as part of the collection.

4c When buying products for resale it is desirable to:

i use suppliers that manufacture and trade ethically

ii avoid products that may damage the museum's public reputation

iii establish a policy regarding naturally finite materials and endeavour to sell products made from renewable resources

iv establish a policy regarding the sale of historic artefacts and natural specimens such as fossils and minerals. Some museums refuse to sell even replica birds' eggs or fossils because they feel that to do so may encourage people to collect indiscriminately or illegally. Take account of the risk that historical artefacts or natural specimens may become confused in the public mind with material in the collection

v replicas of historic artefacts, natural specimens or other items in museum collections should be clearly and permanently marked to show that they are replicas and not original objects

vi items for sale made 'in the style of' (such as Taiwanese copies of Navaho jewellery) should be clearly marked as such

vii replicas and other products derived from items in a museum's collection should be accompanied by information about the object and the museum

viii if an object from the collection is sent outside the museum for reproduction, it must be properly safeguarded the whole time it is off museum premises

ix any product specially created by or for a museum should have relevance to the collection or serve an educational purpose. The product, or its packaging, should include the name of the museum.

5. Cafes and catering

5a Catering provides a public service and is not solely for generating income. Good quality food and drink enhances visitors' enjoyment of the museum.

5b Museum catering should aim to meet the needs of a wide range of visitors and not, for example, be restricted to full meals. Free drinking water should be available for all visitors.

5c Museum catering outlets should be designed and located to minimise risks to the collections.

6. Premises Hire

6A If a museum hires out any part of its buildings or grounds for corporate hospitality, conferences, product launches, functions, meetings, classes or filming, then procedures should be drawn up to safeguard the collections and the fabric of the building during events.

6b Premises hire should not unduly restrict public access to a part of the museum's premises normally open to the public.

6c Hire of museum premises should be subject to a written agreement with those who are hiring the premises, stipulating what is and is not permissible. Emergency procedures should be clearly explained.

6d A representative of the museum should be in attendance throughout the event in order to ensure compliance with the agreement, and to cope with any alterations to the programme that may affect the museum. The level of authority required to supervise the event should be considered carefully.

6e Endeavour to ensure that private events on

museum premises do not damage the museum's reputation. A museum should have a policy about which events and activities are acceptable; this should include guidance defining those bookings which should be considered for refusal.

6f Museums should consider carefully the implications of holding an auction or other public sale, and be aware that it may reflect poorly on the museum's reputation and cause confusion in the mind of the public as to whether the museum is selling its collections.

6g Museums should also consider carefully the implications of holding valuation days. They may conflict with a museum's fundamental objectives and damage public perception of the role of the museum.

Also see 3H

7. Copyright, Licensing and Reproduction Rights

For detailed advice on copyright see Museums Briefing 13 (see publications below)

7a Museums should be familiar with copyright law and its effect on their collections. Museums must take all reasonable steps to establish the ownership of copyright in any artistic, literary, dramatic or recorded work that they intend to use for whatever purpose. If attempts to establish the owner of a copyright are unsuccessful, but publication (etc) proceeds, then consider declaring that all reasonable steps have been taken and inviting unidentified copyright owners to contact the museum.

7b Reproduction, publication and licensing can enhance public access to museum collections and are encouraged. In some cases it may be appropriate not to charge a reproduction fee (also see 3E).

7c A museum should never grant indefinite or perpetual exclusive rights to reproduce or otherwise use any item or image in its collection.

7d Publication should be done in such a way that public access is enhanced rather than restricted. For example, if a commercial organisation makes an expensive facsimile of an illuminated manuscript, the photographs created at the expense of the publisher may allow the museum to make an additional less expensive publication. Publication of previously unpublished material must be approached with care to ensure that the museum does not inadvertently give 'publication right' to others.

7e In situations where a museum does not hold copyright of an item in its collection that is to be reproduced by a publisher, the onus is on the publisher to obtain permission to reproduce from the copyright holder. The museum should make this clear to the publisher and may in some cases wish to reserve the right to refuse to supply photographic material unless the publisher can produce written authority from the copyright holder to reproduce the item.

8. Sponsorship

8a Sponsorship, in kind or in cash, offers many benefits for museums but it is important to establish a clearly defined relationship with the sponsor. Museums need to recognise sponsors' needs and priorities but they should also safeguard their own needs, objectives and reputation.

8b The sponsorship agreement should be designed to avoid undue influence by sponsors on museum activities. There must never be any editorial input by sponsors that would affect the contents or design of an exhibition, display, publication, etc, other than agreed credits and acknowledgements.

8c The agreement should specify the extent to which sponsors may display their corporate logo on museum premises and publicity, and the extent to which the sponsor may use the museum's name and logo. Some museums prohibit the association of the institution's name with the sponsor's products.

8d A museum should carefully consider the propriety of any permanent or temporary display of the sponsor's promotional material or products within the museum. Some museums prohibit the display of promotional material and products.

8e Public access to the museum should not be adversely affected by privileges granted to the sponsor.

Note: Museums should be aware that sponsorship rather than donation may render the museum liable for VAT. For some museums the proceeds of sponsorship may be subject to taxation

9. Letting Contracts

9a In reviewing, establishing or developing services such as retail and catering a museum will need to assess the comparative benefits of providing services directly or letting the activity to a commercial operator through a form of contract. Both ethical and commercial considerations need to be taken into account.

9b The contract should enshrine and protect the museum's objectives. It is incumbent on the museum to draw attention to ethical considerations. If the principles outlined in these guidelines and the Museums Association's Code of Practice for Museum Governing Bodies and Code of Conduct for People who Work in Museums are not covered in the basic agreement with a contractor, it may be difficult to enforce them.

9c Museums that out-source work (such as design, feasibility studies, management consultancy) to specialist museum contractors are advised to ensure that the contractors demonstrate explicitly that they adhere to the Museums Association's ethical codes and that they agree to work within the requirements of the codes.

**Further
Information**

Contacts for advice

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The Museums Association Ethics Committee
can provide confidential advice on specific
questions

The Museum Trading and Publishing Group,
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Oxford OX1 3BG

Tel: 01865 277108

E-mail: reh@bodley.ox.ac.uk

The Museums and Galleries Copyright Working
Group, c/o Heather Wilson, Museums and
Galleries Commission, 16 Queen Anne's Gate,
London SW1H 9AA

Tel: 020 7233 4200

Fax: 020 7233 3686

Publications

Museum Basics, Tim Ambrose and Crispin
Paine, 1993, Routledge/ICOM.

*Code of Practice for Museum Governing
Bodies*, Museums Association, 1994

*Code of Conduct for People who Work in
Museums*, Museums Association, 1997

Guidelines on Reproduction Fees, Museum
Trading and Publishing Group

Museums Briefing 13, New Developments in
Copyright, Museums Association, 1997
(available to members only; free of charge)

*Where's the Party? Functions in Museums and
Galleries*, Museum Professionals Group, 1991