

# Success in Failure: The National Centre for Popular Music

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Abstract Management Studies would much rather deal with success than failure. Its treatment of failure is consequently peremptory, defining failure in simple, financial terms. Yet, failure is complex. This paper looks in detail at the case of the National Centre for Popular Music in Sheffield, England. Though the Centre was an unmitigated disaster, individual managers were still able to interpret the part each played as successful. Why was the project outcome so much less than the sum of these individual parts? The dynamics of failure are intriguing. Understanding them would seem to be essential to understanding what brings about success.

Keywords: failure, success, National Centre for Popular Music, Sheffield, management.

#### Introduction

There is nothing new under the sun. Merton's elaboration of unintended consequences states that both organised and unorganised actions result in unanticipated and undesirable outcomes. Michels' Iron Law of Oligarchy asserts that the oligarchical propensity exists in even democratic organisations. Boudon's study of perverse effects illustrates that purposive actions have contradictory and unintended results. Schelling's model of segregation depicts a situation in which the aggregate of the behaviour of individual non-segregationists evolves into total segregation.

Failure may comprise success, and success may exist in failure. The Icarus Paradox warns that early success leads to later failure.<sup>5</sup> In a less linear and chronological sense, smaller and fractional success may combine to create bigger, and ultimate, failure. Nonetheless, in most management literature, failure and success are presented as opposite ends of the same scale, completely separate from each other. In general, there are four perspectives on failure in management research. Business finance research attempts to predict failure, namely bankruptcy, years in advance, based on the company's financial health.<sup>6</sup> The Industrial Organisation<sup>7</sup> and Organisation Studies<sup>8</sup> literatures trace the causes of failure to the organisation's external environment, and to internal process and behaviour

respectively. And the learning from failure literature focuses on the positive effects of failure on future managerial conduct. Small differences may exist as writers use different terms, such as 'decline', 'exit', 'crisis' or organisational 'death', but failure is always taken simply as 'economic adversity'.

A paradoxical phenomenon exists: a business failure often incorporates successes of the various participants, and the many small interactions of these participants' actions and their successes unexpectedly result in failure at the aggregate level. It may be that failure is associated with each participant's action, yet does not stem from it. It is the juxtaposition of each party's actions that produces undesirable aggregate effects. This paper is based on a case study of the National Centre for Popular Music (NCPM) in Sheffield, England. Through unbundling the dynamics of various elements that led to the NCPM's demise, it seeks to present an example of failure comprising various small and individual successes, and argues that simplistic attribution of failure is misguided. Reasons for failure need to be sought in an understanding of this seeming paradox. Bigger failure may consist of smaller success. Fractional success coexists with total failure.

This paper is organised as follows: first, it shows the chronology of the NCPM project's development. Background information will be presented, following the project's short life, from the rise of the idea for the Centre in Sheffield, to its insolvency only seven months after the opening, and its final closure after a further ten months. Second, various understandings of the reasons for the Centre's failure are presented. Third, the paper illustrates the dynamics embedded in the project's development, the various individual successes, and their unintended contribution to the project's failure.

#### The Rise and Fall of the NCPM

The use of cultural and creative industries as a major economic driver for Sheffield has been considered by Sheffield City Council since the early 1980s. Sheffield used to be known worldwide as the capital of steel. The economy of the city was always driven by steel production and heavy engineering. Over the last two decades, steel production in Sheffield and the economy of the city have suffered serious decline. South Yorkshire, the county in which Sheffield is located, was designated an Objective 2 area in 1988 and an Objective 1 area for the period 2000–06, allowing the region to benefit from payments from the European Union (EU) Structural Fund. In Sheffield, a Cultural Industries Quarter (CIQ) was planned to revitalise a dilapidated area around the railway and coach stations. The National Centre for Popular Music (NCPM) was to be one of the major contributions to CIQ regeneration.

Following the success in acquiring lottery grants from the Arts Council of England, the European Regional Development Fund (ERDF), and other partnership funds, the NCPM soon became a high profile capital project attracting lots of media attention. Local government regarded it as an investment to make the city an attractive location, and expected it to assist in stabilising the local economy and in contributing to future growth. But more exposed to the media and the public were the Centre's short life and its quick demise. It became insolvent seven months after opening and was closed after only 17 months of operation. After a further two years of uncertainty, the building was eventually sold to a regional development agency at about one tenth of its original cost. In as much as this was such a high profile project with an even higher profile failure, it is likely to offer valuable

lessons. Yet more valuable, though, is the evidence offered of the dynamics embedded in the project and their implications.

The idea of a centre for popular music emerged from the decision of a steering group set up by Sheffield City Council. The steering group members were working on developing the CIQ. It remained no more than an aspiration until the early 1990s. Then a few more people from the music industry were invited to joint the City Council's representatives to develop the idea. The inspiration came from the National Museum of Photography, Film and Television in Bradford, which gave the Council confidence to study 'music museum type provision', <sup>10</sup> nurturing a dream to turn Sheffield into a '24-hour city'. 11 A sociologist was commissioned by the City Council to carry out a market study and the result was said to be encouraging. The group had been thinking about a small project and was looking for private money to support the project. A person working for the City Council with experience in the music industry was appointed as development director. A musician was invited to join the group. He was also a well-connected patent lawyer who had just moved to the local office of an established law firm. Team members went to the United States to visit its Rock n' Roll Hall of Fame, which had successfully regenerated Cleveland in Ohio. The team was confident that the NCPM would out-jazz this sister project and expected the Centre to become Sheffield's major tourist attraction.

Coopers & Lybrand was commissioned to produce the business plan, and smaller consultants advised on architecture, construction and catering. In 1995, Music Heritage Ltd (MHL) was registered as an educational charity and non-profit distributing company to develop and manage the NCPM. The original scale of the project was £3.5m–£6m. By 1996, the project had received more than £1.5m from the National Lottery for design and preparatory work and nearly £1.9m from the European Commission. More was expected from the lottery. Later in 1996, a further grant of £9.5m was approved by the Arts Council of England. Sheffield beat London for the British Music Centre Project, and was said to be a fitting location for the NCPM because it was home to several popular bands (Human League, Babybird, Pulp) and a 'lively entertainment scene'. The British Tourist Authority predicted that the NCPM would be an 'instant hit' and would attract at least 2,000 visitors a day. Sheffield City Council was praised for its support of the project, setting 'an example for councils everywhere'.

So, the project scale soon tripled. In a project summary in 1996, the total capital funding of £15m was: the Arts Council of England's National Lottery Fund provided £11m, the European Regional Development Fund £2m, English Partnership £1m, and another £1m came from investment, sponsorship and fundraising. This lottery funding for the Centre was by then the fourth largest grant given to projects outside London, and was the twelfth biggest of all the amounts given by the Arts Council's Lottery Department. According to the business plan, the Centre was predicted to have 400,000 visitors per year. A chief executive was recruited and the construction work of £7.8m was started on 16 June 1997. This was completed on time on 30 September 1998. The revolutionary design, a vast drum-like structure, covered with the city's most famous product, Sheffield steel, was much acclaimed and the building was widely regarded as spectacular and iconic.

In April 1998, the first booking of 100 people was secured. The then marketing manager of the Centre said that 'the interest in the centre has been phenomenal with groups from all over the UK as well as overseas requesting more information on bookings and opening activities'. Staff recruitment started in October 1998. David Blunkett, the then Education and Employment Secretary, said that 'I am very

pleased indeed that years of planning and investment are now coming to fruition', 'the recruitment program offers hope to unemployed people and new opportunities for Sheffield'.<sup>17</sup> In the same month, a tour of the Centre for journalists was organised in order to encourage international tourism.

The NCPM was being criticised in the national press over its contents long before it was opened to the public on 1 March 1999 to mixed national reviews. The Centre was the first in the world to provide highly interactive insight into the creative and artistic workings of the music industry. It was promoted not as a museum, but rather as a high-tech machine to let visitors experience the workings of pop music through their own senses. In May 1999, 13 weeks after the opening, nine out of 79 jobs were axed as a result of 'restructuring' and the chief executive declined to release any attendance figures. In July 1999, the NCPM offered visitors reduced entrance fees plus books of money-saving vouchers. The chief executive resigned in August to satisfy his desire for a 'new challenge'. <sup>18</sup> In September 1999, the Centre admitted it had financial difficulties, but the management insisted this was just a minor issue. Only 104,000 visitors came through the door of the NCPM in the first six months: 400,000 visitors per year had been targeted. There were rumours that creditors were being asked to take partial payment of debts and that the Centre would need more time to reach its targets. A new chief executive took over on 18 October 1999. Only then did management admit that the targets were over optimistic and that discussions were being held with the funding bodies.

In October 1999, PricewaterhouseCoopers (PwC) was called in as insolvency adviser. The NCPM was shown to be unable to meet a debt of £1.1m with 200 creditors and was technically insolvent. Creditors were offered 10p for every £1 owed and this corporate voluntary agreement was accepted in a creditors' meeting on 2 November 1999. PwC stated that only 65,000 of the 104,000 visitors had actually paid to get into the Centre and the highest possible value of the attraction was something like £1.5m. In January 2000, the newly appointed chief executive quit his job for a more remunerative post in London, leading some to speculate that the Centre's problems were more serious than anyone had suspected.

In February 2000, a City Council director took over as the interim chairman of the MHL board. A parliamentary meeting was called by the then Culture Minster, Chris Smith, who backed plans for an 'intense redevelopment study', which was to be led by a key music industry consultant. Despite the creditors' support, the NCPM continued to experience disappointing visitor figures and cash flow problems. Dubbed the 'Dome for Popular Music', at was seen as a northern equivalent of the Millenium Dome in Greenwich, Britain's most controversial millennium project. This notorious lottery project used up more than £600m, and closed within a year. In June 2000, Sheffield Hallam University admitted having discussions with the Centre for the future use of the site and the building. Chris Smith was to have visited the NCPM on 23 June 2000, but pulled out and was replaced by his deputy, Janet Anderson, the Tourism, Film and Broadcasting Minister.

The NCPM was eventually closed on 30 July 2000 to 'allow for major development'. In August 2000, a grant of £270,000 was confirmed by the Arts Council for the Centre's recovery on condition that a viable business plan was delivered that would follow the strict guidelines laid down by the Arts Council. A further grant of £90,000 was matched by other partner contributions to cover the costs of developing a new business plan. In March 2001, the NCPM won the right to operate as a nightclub, which was seen as a temporary solution to keep the

**Table 1.** The chronology of the National Centre for Popular Music

1987	Initial studies commissioned by Sheffield City Council			
1991	Project team formed			
1993	Chairman appointed			
1994	Location selected			
1995	Music Heritage Ltd registered to develop project			
	Architect selected			
	Lottery grants of £1.5m and ERDF of £1.9m for design work			
1996	Chief executive recruited			
	Further lottery grant of £9.5m confirmed			
June 1997	Construction work started			
September 1998	Construction work finished			
April 1998	First booking of 100 visitors			
October 1998	Recruitment begins			
March 1999	Centre opened			
May 1999	Nine out of 79 jobs cut			
August 1999	Chief executive resigned			
September 1999	Centre admitted financial difficulties			
October 1999	Technically insolvent			
	New CEO took over			
November 1999	Corporate voluntary agreement reached			
January 2000	New CEO left for job in London			
February 2000	New interim chairman takes over			
,	Parliamentary meeting called for 'redevelopment studies'			
July 2000	Centre closed			
August 2000	Further grants from ACE confirmed			
July 2002	Building sold to Yorkshire Forward for about £1.8m			

building open. In mid-2001, the chief executive of the Cultural Industrial Quarter Agency was appointed as the new chairman of the NCPM board. After two years of operation under uncertainty, the Centre failed to deliver a viable new business plan. The spectacular building, sold to a regional development agency in July 2002, was to be taken over by Sheffield Hallam University in March 2003 (see Table 1).

### Reasons for the Failure

### The Business Plan

Those interviewed about the reasons for the demise of the NCPM almost always emphasised the over-estimation of visitor figures and the 'completely wrong' business plan produced by Coopers & Lybrand. At the early stage of project development, the estimated visitor number was 800,000 per year. The board was deeply sceptical and returned the report for checking. The consultants came back with the figure halved to 400,000 visitors per year. The calculation was based on a population within a two-hour drive, with a 1.5% penetration rate. The board and the management team remained sceptical and based their plans on a further reduced figure of 200,000-250,000 visitors per year. The actual visitor numbers were half of this. One ex-director complained that 'the market research study was flawed, the actual population in Sheffield was not sufficiently researched. Those other visitor attractions [that] succeeded had good market study conducted'.<sup>22</sup> Another ex-board director commented that those consultants 'sort of brought

those statistical figures, charts, selling everywhere around'.<sup>23</sup> However, consultants were probably not the only gung-ho tribe, some ex-board members were also blinded by excitement: 'We were very enthusiastic, we wanted to hear good things. We lacked the experience to sort out those things being exaggerated'.<sup>24</sup>

Coopers & Lybrand was the firm that delivered the business plan. There were two parts in the delivery of this document. The initial market and feasibility study was conducted by a leisure consultancy unit in London, which was part of the consultancy arm of the firm. The business plan was produced by a unit of corporate finance, which was part of the business advisory and assurance arm. The earliest market study 'final' reports found were dated August and December 1992. The business plan was delivered in March 1995. The corporate finance staff stated that they had no input to the feasibility study, but only used the figures in the report and spent 12–18 months producing financial forecasts and the business plan.

Many interviewees believed that there were also incentives to predict inflated visitor numbers. One suspected reason is that higher estimated figures would help the consultants please the client.<sup>27</sup> Such figures would produce a stronger financial forecast, and put the NCPM project in a better position in applying for the lottery grant. Thus, the consultants would please the board and management, and ensure client satisfaction. With hindsight, some interviewees criticised the consultants for peddling their handy methods and products rather than doing genuine market research and feasibility studies.

And the worst thing is that we listened to Coopers & Lybrand at that time. The market research study they did was wrong. Those population figures—people in the area within two hours' drive—they are unrealistic. They sort of brought those statistical figures, charts, selling everywhere around.<sup>28</sup>

That was far too ambitious. Think about it, that had to be 8,000 per week, all going into that little site in Sheffield? If asked about the reasons for the failure, I would say it's a mix of wrong location, no car parking, and the exhibits.<sup>29</sup>

Some board members said they did not believe the business plan and remained sceptical after its revision, but still accepted the report, although they later prepared the operational budget based on a figure that was half the consultants' final prediction. Some noted the 'need' for the inflated estimated figures: optimistic prediction was required to succeed in the bid for lottery funding. It is said that, in order to get the lottery money, the proposal had to claim that the project would attract lots of visitors and hence would generate lots of revenue income. At that time, a major concern of the lottery funding from the Arts Council to support popular arts was that its funds should not be used to replace Exchequer funding. The lottery funding was available only for capital spending, which had long been excluded from most Arts Council expenditure. To succeed in application for lottery funding, the applicant had to submit a business plan that showed that enough revenue income could be generated to support maintenance and operation. For visitor attractions, this meant that there had to be enough visitors coming through the door to sustain the project.

Nobody in the board took it on face value. If you don't tell it's going to get many visitors, you are not going to get paid, and won't get the money for the project. . . . I believed that there were incentives to inflate the number to get the money.<sup>30</sup>

People from different organisations all have different views. They want to be enthusiastic, fabricate ludicrous figures. That's a death knell, largely from those accountants or consultants. 400,000 estimated visitors—ludicrous. In that area, it is impossible. In fact, consultants were misleading. They don't want to be a decrier of the project. And the entrance fee should be £4, not £8.5 [with] no concession for children at all. Of course no one wants to go.<sup>31</sup>

### The Concept

Some critics believe that the idea of the NCPM was flawed, that the whole concept of a centre for popular music was completely wrong. The Centre was claimed to be the first of its kind in the world to provide highly interactive insights into the creative and artistic workings of the music industry. However, in the eyes of the critics, it was not so much a visitor attraction as a high profile building. In February 1999, one month before the Centre's opening, it was compared with 'its big brother in Greenwich', which raised 'the question of whether it was money well spent'. The 'drums' of the building (the architect had created a structure resembling four stainless steel drums) were likened to lavatory hand-dryers; and the centre was criticised as 'scandalously ill-conceived . . . [valuing] presentation more than content'. The Sunday Times described the NCPM as 'an utter failure in terms of form, content and artistic aspiration'. The feasibility study and business plan were thought to have taken no account of rapidly changing tastes and were ridden with miscalculation.

For these critics, the Centre was a failure even before it opened and before any performance figures were available. They criticised the Centre as 'a classic case of style over content'.<sup>36</sup> From their point of view, what mattered was not the financial performance, but the exhibits of the Centre and how they fitted with the proclaimed theme of the project. In their eyes, the Centre's contents were a profound disappointment. As journalists working on arts subjects, these critics based their judgment on the criteria used in judging arts programmes and valued the Centre according to these standards.

Some ex-directors believed that more visitors would have been attracted to the Centre had it offered more interactive activities. The two musicians on the board suggested live music fairs, events and fan clubs in the Centre. Many other interviewees agreed that this would have attracted more people to the NCPM. But the NCPM's management preferred to run the Centre more like a museum, closing at six in the evening. The contents of the NCPM were considered boring even by some of its directors. 'I felt very anxious, I wouldn't think why people would come back'.<sup>37</sup> It is said that the inside appealed only to 16-year-olds, yet the Centre was expected to be a place for family group outings. One ex-director noted:

I took my family there before it was opened. My daughter [a teenager] told me it was boring. It's their friends who were going to pay to get in.<sup>38</sup>

### Another involved in the project commented:

People paid £8.50 to go in and got charged for seeing [an] exhibition of rubbish. Of course no one will come back. People want to explore . . . But what's the experience in it? Music production that sort of stuff. If kids want to know this, they can easily get more from websites. <sup>39</sup>

The Centre was widely regarded as a pop museum. According to one critic from the *Independent on Sunday*, the concept of a pop museum runs counter to the spirit of pop; it institutionalises pop music, which does not belong to museums. Pop is supposed to be anti-establishment. There was no organic need for such a museum. So, there was a flaw in the whole concept, resulted from organisations and people who had no idea what pop was and who tried to use culture to give Sheffield brand recognition. 40

Yet a long-time academic critic of the project believes that museum-type attractions offer more insights and tend to attract repeat visitors; the NCPM failed because it did not offer original artefacts of any significance and relied too much on interactive experience.<sup>41</sup>

What people want to see when they go to a museum, is . . . the real thing, not just interpretation, or some electronic gadgets.

She argues that the problem was more serious than whether the Centre should be a museum or an interactive operation. The Centre failed to take account of the declining popularity of purpose-built attractions, and unfavourable social, economic and demographic factors.<sup>42</sup> Common criticism among the interviewees was that it did not deliver anything exciting, and that the inside was simply unimaginative.

### The Expertise and Leadership

The board and the management were aware that the NCPM was a high-risk project. After the award of the lottery grant, the Centre became a high profile project. No one had done anything like it before and nobody knew whether it would work; there was nothing with which to compare. A chief executive was recruited to build the Centre and realise the project. The board and chief executive alike saw him playing a building role: 'to secure the money and build it'. Interviewees generally shared the view that the success of the NCPM in its early stage is that it was built on time and to cost, exactly according to plan, not like many other lottery projects that were much over-spent and delayed.

A building role is, however, different from a management role. Two months after the opening, the management realised the Centre was experiencing difficulties with visitor figures. Job cuts were announced 13 weeks after the opening. The then chief executive denied any problem and refused to release any attendance figures to the public. A spokeswoman said: 'It would be unfortunate if people thought the Centre was failing because we have shed some staff as that is not the case'. <sup>43</sup> The chief executive took action by instituting special offers, but failed to halt the decline. He resigned in August 1999 amid mounting debts and speculation over the future of the building. He denied his resignation was a reaction to disappointing visitor figures; rather, it was a desire for a 'new challenge' and he 'had to persuade the board' that he should leave.

This is my only disappointment as I leave . . . In mitigation you could say that the same applies to other regional attractions all around the country. . . . All my life working in theatre and arts centres I have seen people building things and then leave almost immediately once it has opened. I always thought that was strange, but now I understand it. You have worked with one clear goal and then you achieve it.<sup>44</sup>

When the Centre first admitted its financial difficulties, the management insisted that these were just 'teething problems'. The leaving chief executive declined to comment on the rumour that creditors had been asked to take partial payment of debts and said:

The NCPM is not insolvent. We have some financial difficulties that we are resolving with the help of our funding bodies . . . We are most definitely a going concern. All new businesses need time to build and the Centre is no different. We are doing everything that a new attraction should do to ensure we have a bright and long future.<sup>46</sup>

In retrospect, he conceded that the problem was more complicated:

The problem is that it was a high-risk project. Nobody knew whether it would work . . . I didn't know whether and how it would work. I was only involved to secure the money and build it. . . . Probably it's the idea that didn't work. Hard to say, bad ideas? or wrong place? . . . A whole array of reasons. The building in terms of its architectural design is wonderful.<sup>47</sup>

A new chief executive was appointed, carrying the hopes of the board that the Centre could be saved. But he left the job within three months to take up a London post for which he had been in negotiation before joining the NCPM. It was not long before long-term board members began to quit and a City Council director took over as the interim chairman. Later, the CIQ Agency director took over the chair. The project team members regarded this leadership as a compromised role. They thought that the NCPM should be run by people from the music industry, but after this high-profile failure it was difficult to find such a candidate and people from the music industry regarded the Centre as something altogether irrelevant.

... this shows the weakness of the company (MHL): the centre should be run by a musical person, but with the current status of the Centre, it was difficult to get music people to do it.<sup>48</sup>

It [the NCPM] also needs a lot more support from the music industry, which feels the NCPM is irrelevant to their business. They are quite right.<sup>49</sup>

[The relevance?] It is hard to say. I would imagine it was to be an institution sort of stuff. Current relevance? Not particularly at the moment. It is not functioning, not doing anything, not open to the public, not doing what it was supposed to do. <sup>50</sup>

Some interviewees pointed out that one problem of the management had been that the board members of the Centre were all voluntary. One ex-board director admitted: 'I am always busy and I have my own company to run'. The board members all had their own jobs to do and could not afford to give much time to this project. They would advise on policies and strategic issues, but would not 'do the job'. Some board directors felt that their advice was not taken seriously by the paid management. As one noted: 'The dynamics between unpaid board members and paid managements are rather curious'. Some other interviewees felt that the chairman was too busy, put too little time into the project, and was not strong enough in dealing with the local authority.

The board consisted of local entrepreneurs, musicians, Sheffield City Council representatives, and people working in the music industry. While a few had experience of the music industry, none had any experience of running a visitor attraction. As a voluntary and 'amateur' board, it relied heavily on external business consultants for everything from the initial market research and business plan to such operational matters as catering. One consultant working on the project noted:

When it came to the stage of drawing up a business plan, there was still no detail on the contents of the Centre. There was only a concept and everybody liked the idea, saying that it was a good idea. It was a broad idea and nobody quite knew how to get into it. There was always a question in my mind: not how to get this good idea, but how to turn it into reality and make people to get interested and get into it. . . . There were various suggestions and practical issues of the project, such as the parking and people's reliance on the assurance of local authority. They didn't seem to be aware of the significance of those issues.<sup>53</sup>

### An ex-board director reflected:

The board could not run the Centre. All members had their own jobs. We could only direct policy. . . . These public bodies have weak boards. It was pretty hard to find people with relevant experiences. No one has done it before. . . . They could only make suggestions. To a large extent, the NCPM was over-burdened by experts. All sorts of people were paid to suggest and they were all wrong. . . . Probably [the Centre would have been] better off without those people. <sup>54</sup>

When the Centre became insolvent, one director commented that it was facing 'the same issue as other attractions'. <sup>55</sup> One ex-director noted:

We employed a wide range of consultants and market research people at every stage of the planning to predict its number of visitors and budget accordingly. We now know these estimates were a lot higher than actual attendance and the attraction is having to employ a realistic response to a real level of visitors. <sup>56</sup>

The project was funded mainly by the National Lottery grant used for 'good causes', distributed through the Arts Council of England. At that time, many other National Lottery projects and visitor attractions were faring no better than the NCPM. In Yorkshire, the Royal Armouries in Leeds was almost forced to close because of a £20m debt, and the Earth Centre in Doncaster made 20 staff redundant because of very low visitor numbers. The board members felt the difficulties of the NCPM to be unexceptional in comparison with other attractions. When problems surfaced, these directors naturally saw them in terms of false reports from consultants, an unpropitious market climate for visitor attractions, and the general incompetence and inadequacy of others. The Centre was just another case of a visitor attraction in trouble.

## The Institutions

The Arts Council of England. The Arts Council of England was the major sponsor of the project through the allocation of the National Lottery grant. It is

the national development agency for the arts in England, distributing public money from government and the National Lottery. The Arts Council was frequently criticised for its emphasis on the NCPM building and lack of proper monitoring of the project's development. Many interviewees felt that too much money was spent on the building, and not enough on the contents (only £1.5m out of £15m). They particularly regretted that absolutely no revenue support had been provided for the operation. Some interviewees even lamented that it was the availability of the National Lottery grant that led the project down the road to disaster. National Lottery funds used for good causes may not be used to replace Exchequer money for the arts and may support only capital expenditure. Money for contents and other uses, such as basic maintenance of buildings, must be sought from other sources. The NCPM was expected to generate revenue income for its maintenance from visitors. This is the way that most lottery projects are run and many have pointed to this as a reason for their vulnerability.

The Arts Council's interest in the project centred on its capital spending: it was very keen to influence how the lottery grant was spent on the building. As for the building's contents, there were only guidelines that the contents should be arts-related. The Council brought in yet more consultants to advise on contents, but there was little monitoring or control.

The Arts Council was never happy with what was proposed for the exhibits, but managed to get on with it. They contracted some architects to look at it. [The architects] were always critical of the design. The Arts Council of England, they were not totally happy, but felt OK.<sup>57</sup>

Maybe it can be said that if the Lottery has not taken it down this road, there would be no this building. Then it would grow small and slowly, and probably would not have [been] this failure.<sup>58</sup>

If it is a small £3m-£4m project, start small, and get revenue income for the maintenance. It will probably work better. But if you are told that others want to pay for a £12m project not a £4m one, what can you say? If there was no Lottery money, it would probably [have] started small, like this [café]. It could generate some revenues for maintenance of a small operation. It would probably succeed and then grow slowly.<sup>59</sup>

Board members and managers could hardly believe their luck in getting this grant. The project team was even invited by the Arts Council to enlarge the project in order to have a 'landmark building for the city'. <sup>60</sup> At that time, there were huge moral and political pressures on National Lottery distributors to support large regional visitor attractions. <sup>61</sup> When the NCPM team applied for National Lottery money, there was much criticism of the proportion of lottery money that had gone to London. There was pressure to put more money into the regions. Sheffield is not on tourist maps, but the NCPM project had everything the Arts Council wanted: an arts-related project located in a run-down area with local authority support. The team had been working on the idea for several years before the application. The proposal was immediately welcomed by the Arts Council, and a second-stage application was invited 'with a view to deliver a substantial, new landmark building for the city . . . the Company was invited to increase the cost estimates for the

project'. 62 The NCPM was not originally a building-based project, but with the lottery grant everything was changed.

The Arts Council advised the NCPM that its proposal was not ambitious enough, and asked for an architect's panel to be set up as advisers to secure a landmark building for the project.<sup>63</sup>

And then the Lottery money became available and it completely changed the whole thing. We had everything fit for the criteria to apply for lottery money: run-down area, arts related and local support etc. There was someone in the Council responsible for the European Community money to apply for European money. . . . Together with the concept of 'landmark building' and the rush to do everything before the new millennium, it suddenly got lots of money and became a high profile project in one go.<sup>64</sup>

The Arts Council of England [ACE] was naïve, I can only said that. Projects like this, all have to work well.... They have to work at all levels. Anything is wrong, would not do any good to the project... The ACE promoted this sort of capital project. I could say they are just naïve. Better to be tougher.<sup>65</sup>

Sheffield City Council. When the Centre became insolvent, the City Council chief executive commented: 'although the NCPM is not a council project, it has an important role to play in Sheffield's regeneration and we and our partners will be doing what we can to help the Centre through the difficult period'.<sup>66</sup> A Sheffield MP, one of the city council representatives sitting on the board during the project, still insists the Centre was a 'very good thing'<sup>67</sup> for Sheffield, despite the financial catastrophe.

At the early stage of the project, the City Council was more than supportive; it was the steering force behind the project. But many project team members were critical of the City Council's role in the later development of the Centre. The NCPM was a major part of the Council's regeneration plans for the Cultural Industrial Quarter (CIQ). Other possible sites for the NCPM had been offered and recommended by the management. One was a free site near Meadowhall, a large shopping mall in the north of the city. En route to Meadowhall there is another venue, the Arena, that frequently holds large-scale music events. Many people are attracted to the Arena and Meadowhall so the company (MHL) management thought that locating the NCPM in this area would let the Centre benefit from the large population travelling to these two places. However, the City Council insisted the Centre be located in the CIQ area. This was a condition for securing local authority support, which was one of the major requirements of the National Lottery. The company remained sceptical though. It had to pay £250,000 to the City Council for the site, which is near the railway station and next to the coach station. It was in a semi-industrial district outside the city centre, and sufficiently far from the shopping area in the city centre to preclude any combined activities. No car park was built around the Centre: visitors were directed to walk from the railway station or coach station. The nominated car park was even further away. The management felt there was political pressure at that time for the company to accept this site. From Sheffield City Council's point of view, support for the development of a significant project was provided in exchange for expected regeneration of a local community.

We had some other options of the site, but the Council wanted it to be here, otherwise they would not provide the 'local support'. . . . It's a very political thing for the City Council. They just wanted to have something done, but didn't care what it was and how it should be done. They didn't care about music at all. There were lots of power and politics stuff involved.<sup>68</sup>

... [Later there was] no support from the City Council at all. The Council gave support at the beginning. But in later stages, no practical support. We actually bought the site from the Council. But there were some political pressures. It was not exerted directly, no direct blackmail etc. But the people who developed the idea were from the CIQ and they wanted it to be in the CIQ, to boost the area. About 4 to 5 key members of the board.<sup>69</sup>

The NCPM was a significant project for the city of Sheffield and was often referred to as a 'spectacular building' located next to the city centre. Many exboard members criticised Sheffield City Council's involvement in the later stage of the project. They believed that the selected site was not suitable for such a visitor attraction and was one of the major reasons for the Centre's demise. The City Council exerted political pressure to ensure the Centre was built in the CIQ in order to implement the Council's regeneration plan for the area, regardless of the site's economic and commercial suitability for the Centre. Perhaps not surprisingly, the work relationship between the City Council and the company (MHL) was less than productive and cooperative.

They [MHL] became ashamed of the Council's involvement. They saw it as bureaucracy, not enterprising, risk-taking. . . . They didn't want the Council's involvement. They didn't want the Council's logo in its promotional materials . . . Their argument was that they were targeting the private sector. The Council would not be helpful in that. They were pretty naïve. This kind of project should be a mixed involvement. <sup>70</sup>

Just like the Arts Council, the City Council regarded the NCPM as a self-sufficient project and provided no funding for subsequent support. The Centre would have to operate on its own admission revenue. Some interviewees criticised the City Council's apathy towards the Centre's operation, arguing that other successful visitor attractions are all massively subsidised by local authorities. But the City Council saw the NCPM as a benefit, not a cost.

The NCPM is a very political issue to Sheffield. An unsuitable site, which was chosen for political reasons (to revitalise the area). We offered a free site, but the Council wanted to do it in that area and we needed to pay £250,000 to the Council for the site. It's a bad part of the city, no car park, walk from the train station, coach station . . . No one wants to do that. I don't believe it couldn't succeed. It can still succeed with the right management. It requires starting small. The Council wanted to start big, hired lots of people, gave hope to the long-term unemployed, and then their hope burst. <sup>71</sup>

### **Individual Success and Aggregate Failure**

The eventual outcome of the NCPM was total failure: the operation was closed as it could not generate sufficient income to support even the basic maintenance of the building, and failed to bring the expected regeneration value to the city of Sheffield. The actors involved in the project inevitably expected the Centre to succeed; they put in effort, time and energy, and did what they thought appropriate in their own areas. However, the project outcome did not equate to simple accumulation of individual effort.

The consultants tend to be blamed for the 'completely wrong business plan', mainly for visitor figures that were quite unrealistic. The initial market and feasibility studies, such as visitor figures and entrance fees, were prepared by the London unit of the consulting firm, separate from the service unit based in Sheffield that delivered the business plan. The consultants for the business plan based their financial projection for the Centre entirely on the figures provided in the market studies and admitted that they had made no input to those figures. Preparing the business plan and helping the project team secure the lottery grant and ERDF were their responsibilities. The consultants also helped present the project to the funding bodies—'gave them a hand to talk to the Lottery people'. They were aware that the project team's operational plan lacked details, but did not raise the matter with either the project team or the funding bodies. As far as the consultants were concerned, this was not part of their contractual responsibilities to their client, and they were simply doing what they were supposed to do. The goal of the consultants was to have the business plan ready, present the plan to, and for, their client (the project team), and help the project team secure the grant. In this sense, they did their job.

It is argued that fundamental to management consultancy is the relationship with clients: management consultants are in a relationship business. <sup>72</sup> Management consultants like to proclaim they are professionals. It is common sense that professionals should maintain a good relationship with their clients. In fact, this is one of the key features of professional services, one that encourages repeat business and ensures profitability. Management consultants are frequently criticised for their determination to please the client. <sup>73</sup> It is argued that the paramount importance of client–consultant relationship in consulting services tends to compromise the quality of work. <sup>74</sup> The NCPM case may become one more bit of evidence for those who question the professionalism of management consultants. Many interviewees felt that the consultants had peddled universal methods and statistics without taking account of the local situation.

Although the critics of the consultants may have failed to understand the division of labour in delivering that fatal business plan, the consultants also failed to consider the feasibility of the estimated figures. Instead, they accepted the initial study unquestioningly, and simply returned with a halved figure when the company first raised doubts over the original visitor figures. No further effort was put into the market study. The consultants also withheld their concern about the lack of detail in the operational plan. Had they alerted the project team and the funding bodies, the viability of the Centre might have been questioned. The explanations are many. The possible impact on the clientconsultant relationship may explain why they chose to ignore the issue and not to upset the client. Presenting a much lower visitor figure would have made the project seem less financially viable, and would have made funding less likely. This would have suited neither the project team nor the consultants. So, the consultants delivered the project plan and helped the project team secure the lottery money. The achievement of this goal was their success, but it paved the way to future crisis.

The first chief executive recruited to the project resigned amid uncertainty over the future of the building. He saw his role in the project as securing the money, and making sure the building was built and opened. In the words of one board director, he was recruited to 'make it happen' and 'he succeeded'. In this sense, this chief executive had carried out his own job responsibilities and achieved what he was supposed to do. He successfully helped the project secure National Lottery grants from the Arts Council of England and ERDF (the European Regional Development Fund), the building construction was finished on time, to budget (unlike most other lottery projects, which were usually delayed and over-budget), and the Centre was opened according to plan. After the first two months, when it had become obvious that the visitor figures were lower than estimated, the chief executive responded by reducing the scale of the operation, through job cuts and more marketing. He thought he had done everything he should have done and that it was the project itself that did not work. But, then, he had not been involved with the concept and the contents of the Centre. Upon this chief executive's appointment, the board agreed on a division of responsibility between him and other managers in the project. So, the chief executive was able to focus on construction of the building, leaving the contents to be overseen by others. In fact, he had no experience or expertise in the content design of visitor attractions or any similar undertakings; his background was in running arts centres and theatres. But the Centre required much more than the timely opening of the building. A fantastic building without attractive contents did not guarantee the success of the Centre.

The board saw the project to fruition after nearly a decade's effort, only for it to come to a miserable end. The board was said to be still sceptical about even the revised visitor figures provided by consultants. However, it did not raise this doubt with the consultants or the funding bodies. The board was there to organise the realisation of the project. The initial application was immediately welcomed by the Arts Council of England, but was regarded as insufficiently ambitious, and the team was invited to increase the project cost and scale. The board and the company management were very keen to present a strong case in their grant application. To secure the grant, the project team was aware that it needed to present a viable project that could sustain itself through income, which meant a large number of visitors. At this stage, the board aimed at securing the money to realise the project, and so tolerated the unrealistic visitor figures. Both the lottery grant and ERDF grant were approved.

Board composition was also problematic. As a voluntary and 'amateur' board, the directors were constrained by their lack of appropriate experience and by the power dynamics in the project. They did not have the expertise to oversee the content design of the Centre, which was contracted out to other consultancies. Some directors raised concerns about the contents, but failed to reach consensus with other directors. They had no experience in establishing and running visitor attractions, and in dealing with the power and interest dynamics in a public board involving parties representing vastly differing interests. Almost everyone complained about the issue of site selection: the directors favoured another site altogether, but failed to win over the City Council, which insisted on placing the Centre in the CIQ to help regenerate the area. There was even friction between voluntary board members and the paid management in the project team. Board members felt they could commit only part of their time and energy, as they all had other jobs. They could advise on policy, but how their advice was used was, they felt,

beyond their responsibility. The board did not insist on resolving problems as they arose, and was content to be pragmatic. Its success came at the expense of the long-term viability of the Centre.

As a distributor of National Lottery grants, the Arts Council of England was keen to support regional arts programmes, or at least be seen to be doing that. The political pressure at the time, and the readiness of the NCPM project, enabled the Arts Council to invite the project team to increase the project scale. The project was enlarged and transformed to a building-based project. The resulting landmark building in a run-down area fitted with the Arts Council's aim of supporting regions. The contents of the Centre were arts-related, and this complied with the Council's guidelines for lottery projects. The Arts Council had rules regulating the spending of the lottery grant, which focused on capital expenditure. In following these rules, other issues relevant to the viability of the Centre were largely overlooked, such as the contents and the detailed operational plan. The regional government office distributing the ERDF grant was concerned with the same issues. Interested in establishing regional visitor attractions and creating employment according to specific EU initiatives, the regional government office did not realise that the long-term prospects of the Centre depended on other pressing issues. It had no experience in similar undertakings, and expertise only in helping projects to apply for ERDF grants. Both funding bodies looked upon the implementation of the project as fulfilment of their official responsibilities. Neither paid enough attention to its long-term prospects.

The ERDF grant was allocated through the budget of the then Department of National Heritage, now the Department of Culture, Media and Sport, with an Objective 2 programme to create 15 new attractions and 4,000 new jobs in South Yorkshire in the period from 1994 to 1996. In February 2000, a parliamentary meeting was called by the then culture minister, Chris Smith, to discuss a way forward for the Centre. Many interviewees believed that the earmarked money was provided because of this meeting and the departments involvement. For the Arts Council, the NCPM represented the Council's support of regional arts programmes in the form of 'proper' allocation of the lottery money and the attainment of an iconic building for Sheffield. For the regional government office responsible for allocating EU funds, it was one of the regional development projects that could meet EU policy requirements. In securing success in their official duties, both the Arts Council and the regional government office were ignorant of their lack of experience in such projects. They had no inkling that their initial achievement in establishing the project would eventually become a 'sensitive issue' and an embarrassment.

Sheffield City Council initiated and supported the NCPM project because the city of Sheffield was in urgent need of regeneration projects. Concern for regeneration drove the City Council to insist that the Centre be located in the designated area. When the project management team raised doubts about the site, the City Council insisted on its original plan as the condition for local government support for the lottery grant. Gaining a spectacular landmark building in a dilapidated area of the city fitted well with the Council's agenda of regeneration. After all, it was even within the Arts Council's guidelines that such lottery projects be used to revitalise run-down areas, and they were naturally expected to be located in run-down areas. That was the *raison d'être* of the project. In hindsight, some contend that it was myopic to have insisted on a specific site, but not on commercial viability. The initial feasibility study supported the Council's confidence, but the

public appetite for visitor attractions declined over the years from the initial study to when the Centre was opened. Like the Arts Council, Sheffield City Council supported the Centre as a self-sufficient project, partly constrained by the City Council's own financial difficulties at the time. The significance for the Council and the city was being awarded the lottery grant—an unprecedented feat for an industrial city in the North—and the acquisition of a spectacular building with wide architectural acclaim. Attaining a visitor attraction in the designated area for regeneration blinded the Council to the need for other considerations vital for the project. The grant was approved, the building was opened in the chosen area, and the project received wide coverage in the national press: all the initial successes met official objectives. Of course, the expected regeneration value was not realised, the new jobs soon vanished, and hope eventually faded away.

#### Conclusion

It is not too far-fetched to say that all those who participated in the NCPM project wanted it to succeed. The Centre's success would hugely benefit the city, and would bring personal and professional pride to project participants. Inevitably, there is division of labour in any enterprise above a certain scale, and each participant will concentrate on specific responsibilities. All participants had their own success in the project, and also played their part in the project's failure. It is human tendency to blame someone else when things go wrong. Yet, in the NCPM case, no single entity accepted the blame for the Centre's demise. Participants were constrained by inexperience and by rules and conditions, so that little attention was paid to the possible consequences of their narrow focus, and the impact of their individual decisions and actions on the project as a whole. In achieving their individual successes, they unintentionally contributed to the project's eventual failure.

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