



European
Commission



EXECUTIVE SUMMARY OF THE STUDY HERITAGE HOUSES FOR EUROPE

The first Pan-European Study on family-owned heritage houses. Assessing their added value for Europe as well as identifying innovative business models.

Heritage Houses for Europe. Exchange & Innovate.

Heritage Houses for Europe is the **first Pan-European Study** on **family-owned heritage houses**. It is assessing their **added value** for Europe as well as identifying **innovative business models**.

This Executive Summary outlines the results of this key project. Through this study we gained an improved **bottom-up understanding of the socio-economic contribution of those houses** and **how innovative models can support and help their sustainable preservation**. The ultimate goal was to **strengthen their position** within our society, by reinforcing their skillset and capacity, while raising awareness of **their value** for European citizens and society as a whole. This study and executive summary formulate **policy recommendations** for the European Commission and other stakeholders on how they can support the sustainability of the sector in Europe. This project is an **important first step and many more are required** to preserve our common cultural heritage across Europe.

This is a Preparatory Action of the **European Parliament implemented by the European Commission**. This project has been granted in July 2018 to the consortium European Landowners' Organisation, the European Historic Houses Association and IDEA Consult.

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Read the study:

- Final study Heritage houses for Europe. Exchange and Innovate.

Read more in the support documents:

1. EU Funding guide to family-owners of heritage houses
2. Illustrative Practices on **innovative business model** cases of European family-owned heritage houses
3. Illustrative Practices on the **socio-economic contribution** of European family-owned heritage houses
4. **Technical Sheet** on existing business models of European family-owned heritage houses

Explore the hands-on tools:

- Online Business Model Toolkit
- Colouring book for children

1. Family-owned heritage houses core values and contribution

More than 40% of European heritage houses belong to families. However, their contribution to European society **has never been valued properly at European scale**. A better understanding of the sector is crucial to unleash its potential. This study underlines the **multiples contributions** that family-owned heritage houses generate, not merely through the conservation and maintenance of the houses, but also by generating **cultural, economic, social, educational and environmental benefits** that reach far beyond the physical boundaries of their properties as displayed in Figure 1.

Figure 1: Core Values and Contribution framework of family-owned heritage houses



Cultural contributions

Half of the family-owned heritage houses owners¹, consulted for the study, **host cultural activities** such as **concerts, festivals, plays, exhibitions**, etc. They also innovate by setting up **artist-in-resident programmes** or cooperating with other cultural institutions.

Social contributions

Family-owned heritage houses involve local communities, volunteers, school children, local associations in their activities. **44%¹** collaborate with **local associations** and **34%¹** work with **volunteers**. Through these activities, they also contribute to the social cohesion across Europe by embodying a 'European identity' and more specifically by **preserving social ties within rural areas**.

Educational contributions

Family-owned heritage houses support both cultural education and the development of specialised skills. **40%¹** hosts **school visits** while **more than 1 in 5** organizes **educational events** or collaborates with **research institutes, schools or professional arts- and craftsmen**.

Environmental contributions

Wise management of private gardens and parks play a crucial role in the **protection of biodiversity**. **55%** of family-owned heritage houses¹ open their house and/or **surrounding land to visitors** and contribute to **access and enjoyment** by European citizens to the natural environment. More than **50%** of the owners consulted indicate that they made **investments** in the last 3 years to meet **energy or thermal efficiency requirements**.

Economic contributions

Heritage houses consulted for this study provide much needed quality jobs with **68% employing one or more staff**. They also contribute to the local economy by maintaining the house and/or developing (business) activity as a large share of their purchases is procured with **local suppliers** and in the **construction sector**. They also make an undisputable contribution to the tourism: **family-owned heritage houses across Europe are estimated to have hosted 52 million visitors² in 2018**.

Methodology

The content and data available in this report come from a triangulation of research methods i.e. a combination of different types of data (quantitative and qualitative) and information gathered from different sources:

- literature review offered a first glimpse, understanding of the sector,
- online survey, **answered by 1,084 owners**, provided a better understanding and key figures of the sector,
- workshops and meetings to exchange and share knowledge among stakeholders,
- expert interviews: **owners, policy makers, academics, heritage and cultural innovators**.

In order to gain a **better understanding of the existing business models** and **shed light** on their **actual or potential innovation**, the study analysed more in depth **67 cases of family-owned heritage houses**. All that information is available in the "Technical Sheets on existing business models of European family-owned heritage houses".

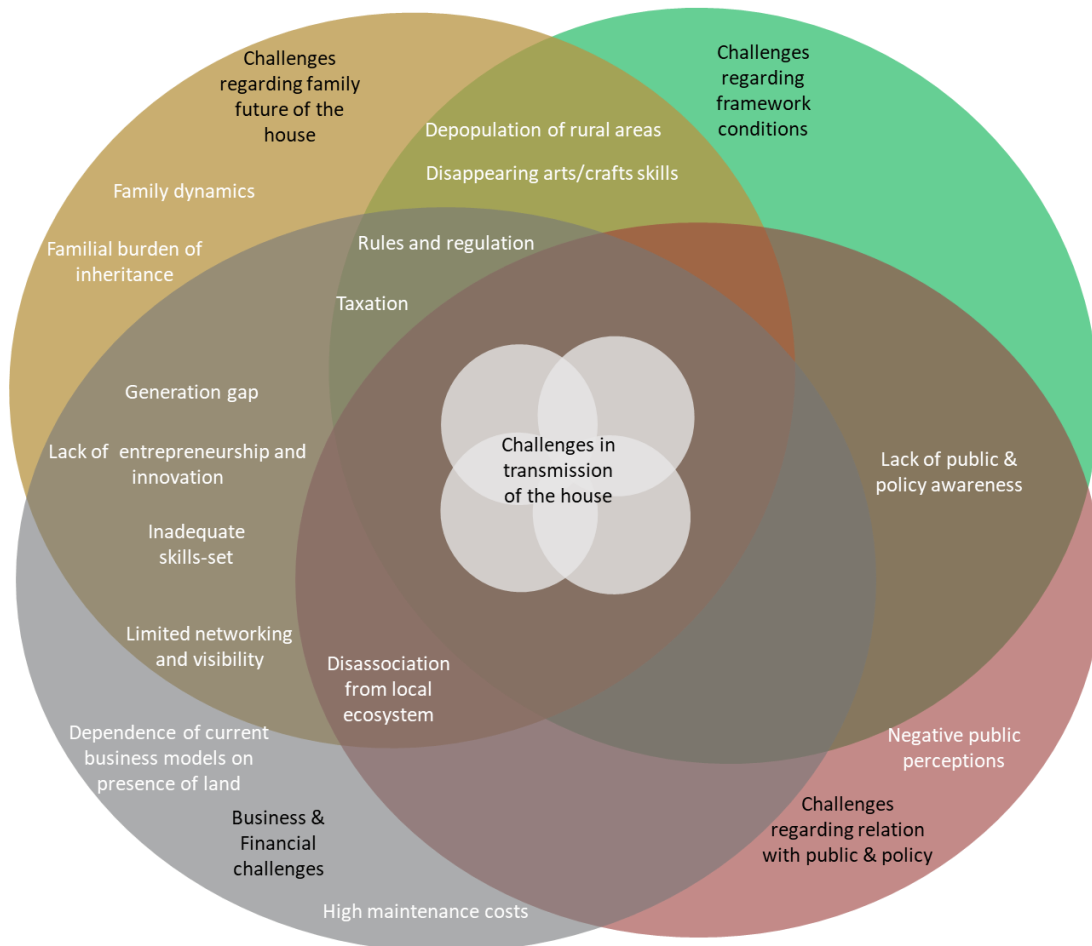
¹ that used their house (partly) as a business resource

² Extrapolations from the online survey

2. Severe challenges threaten their future

Despite their contribution to society, family-owners are confronted with a number of challenges to safeguard their properties. The study provides a unique portrait of their **distinctive and fragile** position.

Figure 2: Challenges faced by heritage house owners



Business and financial:

- dependence on the presence & size of land
- high maintenance costs
- lack of entrepreneurship and innovation
- limited visibility

Framework conditions:

- regulations & taxation measures
- depopulation of rural areas
- disappearance of arts/crafts skills

Family future:

- family-dynamics
- burden of inheritance
- generation gap

Relation with the public & policy makers:

- lack of public or policy awareness
- negative public perception, seen as healthy
- disassociation from their local community

The clusters of challenges do not stand alone, but are interrelated and reinforce each other. An **overarching challenge** for many family owners is the **transmission of the house**: it combines framework conditions, the sometimes complex relation with the public and policymakers, the management difficulties as well as family dynamics. **Family-owned heritage houses are often not financially sustainable. 45% are making a loss** and owners need to contribute personal funds to the business activity in order to keep it open to the public. In order to **overcome these challenges**, pro-active management and **business model innovation is key to secure the future** of family-owned heritage houses in Europe.

3. Triggering business models innovation

This Study provides an overview of existing business models, their activities, strategies, SWOT analysis. Although some of them are innovative, most of them are not. It is therefore **important to trigger innovation**. The full study provides a concrete number of suggestions for heritage houses owners.

3.1 Pick the right business strategy

The lack of awareness of one's business strategy is identified as one of the main hurdles towards innovation. There are three main types. **Product Leadership** is the one most adopted by heritage house owners, especially in the hospitality sector, followed by **Customer Intimacy** and **Operational Excellence**. Product Leadership is a quality-based strategy where owners can demand a higher price for their product or service.

To pick the most suitable business strategy for your heritage house, use the online toolkit on: <https://www.europeanlandowners.org/heritage-houses-for-europe/innovate/> and read the study's support document 2 : Illustrative Practices on innovative business model cases.

3.2 Improve your business model

The study has identified several building blocks to enable owners to take better advantage of their strengths and reap more opportunities. They are presented hereunder:

Anchorage in local community & economy

Through **employment, use of volunteers** and immersion in the **local community**, heritage houses can build strong and rewarding relationships, creating opportunities for both the **local economy and the family**. Local engagement is an excellent source of recognition and marketing.

Focus on uniqueness and story-telling

Having a story to tell is a unique feature shared by all those houses. Organising activities around **this uniqueness** has become a successful approach. The transformation from **static to dynamic** and often **interactive storytelling** is innovative and can be used in heritage houses. Yet, digitalization is not the only option. **Escape rooms in the house as well as discovery and adventure trails** in the garden or park are popular examples.

Contributing to wellbeing

Access to open space and reconnection with **nature impact positively our health**. Heritage houses situated in rural areas therefore **have the potential to host a wide range of activities** contributing to both mental and physical wellbeing.

Use of digital tools

The overall usage of digital tools **remains extremely low among** heritage houses owners. But they do use digital solutions for more **operational actions** such as reservation systems, which has improved their communication with visitors. Given the investment that "digital shift" can represent, sector support organisations **could guide their members** in facilitating online ticketing, digital marketing and online communication.

Networking of heritage houses

Owners share a common set of challenges. Whether **through associations, partnerships**, at **local level** or even **in consortium at EU level**, **increased cooperation** through networks is a crucial path to find, share and implement innovation.

Diversification of financing mix

Non-traditional mechanisms **to raise additional funds** can support owners in developing innovative projects. **Micro-contributions, public-private partnerships** and **market-based financial transactions**, including **crowdfunding**, might lead to sustainable and innovative heritage houses.

Multifunctionality

While in the past, houses on large plots of land were mainly involved in a single activity such as agriculture or forestry, nowadays those estates have the tendency to **develop additional activities**, turning **multifunctional**. By diversifying the sources of income, they are **able to neutralize income fluctuations** due to market circumstances or weather/climate related problems.

Sustainability

Climate change and biodiversity loss are pressing global issues. An increasing amount of people want to act. By promoting **eco-friendly activities**, **using sustainable materials**, installing **sustainable energy sources**, etc. heritage houses owners can attract a new segment of customers.

3.3 Learn from other owners

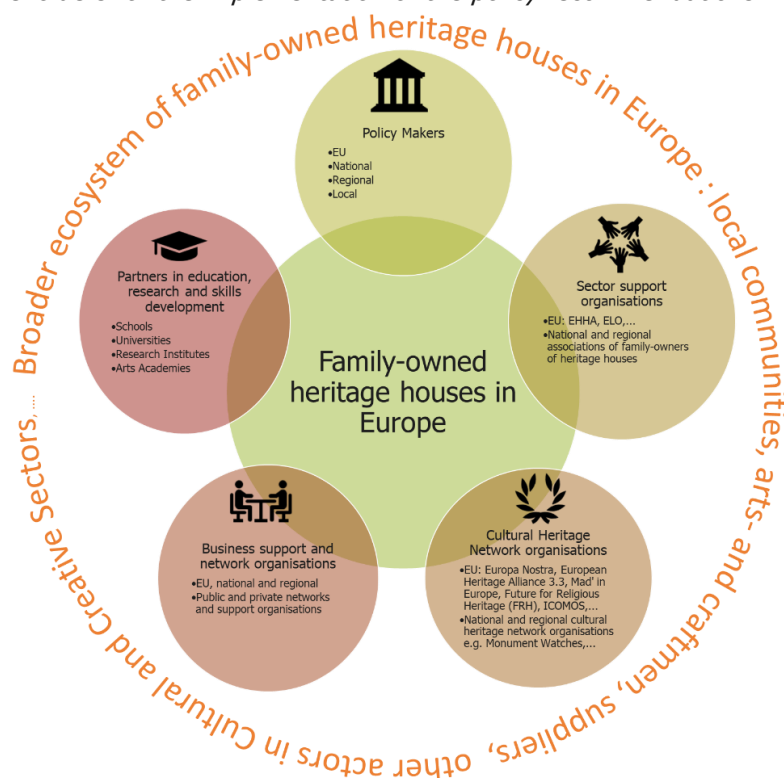
The **online business model toolkit** is available to **guide and inspire owners**. Use it on: <https://www.europeanlandowners.org/heritage-houses-for-europe/innovate/>

First, the heritage house owner needs to answer a couple of questions to define his/her **estate profile and business strategy**. **Tips and tricks to innovate** are then showcased. In order to root those opportunities, in a tangible and concrete ground, the user is guided - depending on the profile identified - towards several of the **67 technical sheets**. The owner can **find inspiration** in those **successful business models of houses** with the **same profile** and **with relatable challenges and opportunities**.

4. Policy recommendations: unlocking the potential of family-owned heritage houses

In order to further boost their **multidimensional contribution in European society**, it is important that family-owned heritage house owners can thrive in an environment that supports innovation, entrepreneurship and investments. We have prioritised **6 areas for policy actions** where different **groups of stakeholders** can contribute.

Figure 3: Main stakeholders for the implementation of the policy recommendations



4.1 Improving access to finance

Family-owned heritage houses' median annual costs³ by far exceed their annual median turnover⁴. On the one hand, there is a **clear need for improving access to finance**. On the other hand, family-owned heritage houses can play an important role in the economic and social (re-) generation of rural areas. This contribution can also be supported through public funds, at local, regional, national and EU level. Therefore, we recommend improving the access to **(a) public funding** at all levels and **(b) complementary financing instruments**.

Improve access to public funding at all levels

We recommend that at the EU level current and future EU funding instruments are unlocked:

- **Support projects which foster innovation, digitization and new technology** in private historic buildings through the **new Horizon Europe Programme**.
- Support (a) **competitiveness of and innovation** by family-owned heritage houses as well as (b) their **contribution to rural development** through e.g. **COSME or the new ESI Funds** – especially through the European Regional Development Fund (ERDF) and the European Agricultural Fund for Rural Development (EAFRD).
- Ensure that the new proposed financial instruments for the cultural and creative sectors, under the **Creative Europe Programme 2021-2027** and **“Invest EU Fund”**, are also accessible to entrepreneurs in family-owned heritage houses.

Also at local, regional and national level, policymakers should stimulate access to public funds for private heritage houses to further support their socio-economic contribution to local and regional development.

In order to unlock these public funding instruments to family-owners, we recommend that:

- **Sector support organisations at EU/national level guide, support and/or co-ordinate the application processes** to EU and other public funding instruments;
- **EU and other policymakers** design feasible criteria for sector support organisations as well as for owners to access the public funding portfolio.

Improve access to complementary financing instruments (national/regional/local level)

Access to complementary financing instruments (complementary to public funding) can also be facilitated at national/regional/local levels and can be opened up (more) to family-owners. In this domain, we recommend that **national/regional/local policymakers facilitate the access to complementary finance such as crowdfunding, microcredits, philanthropy, ... by facilitating their uptake by private owners of heritage houses** through:

- the **simplification of the framework conditions** regarding these instruments;
- the **replication of best practices in the domain**, such as the system of Heritage Lottery Funds in the UK and France.

4.2 Supporting capacity building

We recommend supporting and stimulating **the development of training programmes in order to provide family-owners with adequate skills and knowledge to sustain their historic buildings** i.e. to develop their business, understand regulatory and legal frameworks, improve financial management skills, optimize the financing mix, improve digital skills, This action can be taken up by **European/national/regional sector support organisations** in collaboration **with higher education institutions**, possibly with support under the Erasmus+ Sector Alliances.

³ Estimated at €50,000 procurement plus cost for 1 full-time and 1 part-time employee

⁴ Estimated at €62,500

The study also revealed disappearing arts/crafts skills as an important threat. We recommend:

- **stimulating the development at EU-level of arts-crafts skills among European youth** through (a) the further promotion of the European Solidarity Corps as a platform where young volunteers can be mobilised for the benefit of family-owned heritage houses and (b) funds within Erasmus+ and Erasmus for Young Entrepreneurs (and their follow-up programmes) for exchanges/collaborations in the field of heritage, arts and crafts.
- **supporting knowledge exchange, capacity building, as well as pooling of resources among craftsmen in Europe.**

4.3 Raising awareness on their contribution and fragile position

The lack of **both public and policy** awareness regarding the importance and social contributions of family-owned heritage houses and the challenges they face is an important threat. We recommend that **EU, national and regional sector support organisations actively and continuously press the case of family-owned heritage houses** with European, national and regional policymakers, stressing their important role and contributions in society.

4.4 Sharing knowledge & networking

We recommend **stimulating knowledge sharing and networking between family-owners as well as between policymakers.** This can be achieved through the following **actions at EU, national and regional level:**

- Setting up an EU observatory and community building platform on family-owned heritage houses. It would help to share knowledge between owners as well as between policymakers – on an EU, national and regional level.
- Setting up **networks that support Peer2Peer exchange and networking** between owners to share experiences, best (management) practices as well as failures. (Via Erasmus+ or Creative Europe).
- **The inclusion of family-owned heritage houses and their specific needs in the future Open Method of Coordination (OMC) discussions / agenda / Work Plan** for culture in order to share and analyse innovative business models, innovative policy measures as well as legal, regulatory and fiscal frameworks benefitting the sector.
- The current Work Plan for Culture 2019-2022⁵ includes several priorities and actions that are highly relevant for family-owned heritage houses as well, such as e.g. on alternative funding or adaptation to climate change.
- **The creation of national forums/learning networks by national authorities / policymakers**, gathering representatives of heritage houses, public authorities and civil society which could serve as structures for regular consultation and dialogue among stakeholders.

4.5 Improving framework conditions

The framework conditions are very diverse across Europe and pose multiple challenges. We therefore recommend that **national/regional/local policymakers create a more holistic, coherent vision and communication on the regulatory, fiscal and legal framework for the sector** though:

- **Optimizing legal and fiscal frameworks** to stimulate sustainable business development. We suggest focusing especially on those houses that have limited grounds, as these are the most vulnerable to financial pressures. In this context, we also recommend that EU policymakers initiate a mapping study on the fiscal frameworks across Europe for owners, highlighting best practices.
- **Streamlining the regulatory framework** that affects family-owned heritage. Most importantly, we recommend **streamlining the communication between private owners and regulatory instances**, focusing on supportive communication to help owners find their way in the regulatory process and **reducing the administrative burden** to e.g. apply for funding for renovation works. This could be achieved by setting up **a one-stop-shop** in each country for private owners of (officially protected or inventoried/listed) heritage houses.

⁵ See <http://data.consilium.europa.eu/doc/document/ST-13948-2018-INIT/en/pdf>

4.6 Supporting new partnerships

Private heritage houses often lack visibility, especially those located in more remote rural areas. In order to counter this, we suggest **supporting new partnerships** within the sector as well as between the sector and other stakeholders such as public authorities or stakeholders from other sectors (e.g. tourism/hospitality sector). More specifically, we recommend that:

- **National/regional policymakers** stimulate **public/private partnerships** between publicly-owned and privately-owned heritage houses to leverage the impact of cultural heritage and increase the visibility of the houses.
- **EU policymakers** finance a feasibility study for the creation of a **European Brand Name for family-owned Historic Houses as a marketing tool**, to increase the visibility and attract more tourists to the houses, especially those located in more remote areas. When the feasibility study positively evaluates such a tool, the actual **implementation and management** of the **brand** could be taken up by **EU sector support organisations such** as European Historic Houses Association.



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