Strategies for Evaluating Revenue Centers

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Outreach programs, museum stores, birthday parties, and adult nights may be familiar revenue streams. But how do you evaluate these and other business centers for sustainability? Using three different tools, this session will dissect some familiar revenue centers and show how to apply these techniques at your own institution. These tools will provide you with a deeper understanding of existing revenue streams and help you assess future ideas for generating sustainable revenue and impact. The session will conclude with strategies and food for thought when communicating about revenue centers with stakeholders.

Erik Smith, National Children's Museum
Blake Wigdahl, Process Curiosity
Chip Lindsey, Discovery Lab
Strategies for Evaluating Revenue Centers

- Erik Smith, National Children's Museum
- Blake Wigdahl, Process Curiosity
- Chip Lindsey, Discovery Lab
- Samuel Dean, Scott Family Amazeum
Session Goals

1. Present 3 data-based tools for evaluating programs/activities.
2. Share insights, limitations, and considerations when using the tools.
3. Provide resources for implementing the tools at your institution.
Session Agenda

● Introduction of 3 tools
● Proforma with case study
● Mapping Matrix Overview
● Impact Audit Overview
● Exercise: Program Audit
● Discussion: Challenges and Considerations
The value of data-based analysis

1. Evaluate revenue from activities
2. Determine the fully allocated true costs
3. Understand the activities as a mission-aligned strategy
Three Tools

Proforma

Mapping Matrix

Impact Audit
Similarities of the Tools
Hey - I have an idea!

- Wedding Rentals
- Offsite Birthday Parties
- Corporate Training
- After School Care
- Screen Printing Business
- Build a School
- Community Garden
- Bicycle Rentals
- Morning Television Show
- Create Science Kits for Airplanes
- Segway Tours of Your City
Case Study

Scott Family Amazeum

55,000 ft²

250,000 annual visitors

$4.5M annual operating

MSA 535,000
Case Study

Innovation Center @ Amazeum

What it is?
How the idea evolved?
Why we needed a proforma?
Proforma

- Center around just **Earned Revenue**
- "Cost of" Items - scale with use: i.e. materials/goods, labor - Direct to Program/Project
- Fixed **Staff** - Specific or % of FTE
- **General Expenses** - used across or in general
- **NET to be Raised** - instead of placing contributed revenue above the expense lines, place it as net for internal decision making.
Take one of your projects/programs and list:

- Earned Revenue
- “Cost of” Items
- Est. Staff Expense
- Other Fixed Expense Categories
Case Study: Innovation Center - a membership-based makerspace

Revenue lines:
- Tiered Memberships
- Daily Passes
- Classes & Workshops
- Space & Tool Rental
- Programming Grants

Expense lines:
- Staffing
- Artist stipends
- Utilities
- Consumable supplies
- Administrative
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Case-study: Innovation Center
a membership-based makerspace
PETS: FUN vs EFFORT
Matrix Map

Source: The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions; Zimmerman and Bell
Matrix Map

COST STRUCTURE
REVENUE STRATEGY

INNOVATE
STOP

INVEST
GROW

INCREASE IMPACT
INCREASE PROFITS

Impact

Profitability

Source: The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions; Zimmerman and Bell
Impact Audit

UNMET NEEDS
ACCOUNTABILITY
EXPERTISE
SCALE
LEVERAGE
EVIDENCE
COMMUNITY BUILDING
EXCELLENT EXECUTION
NET PROMOTER SCORE
ATTENDANCE
MISSION
OPTICS
POSITIONING
BREADTH
Impact Audit: Criteria

1. Contribution to intended organizational impact
2. Excellence in execution
3. Scale
4. Depth
5. Significant unmet need
6. Community building
7. Leverage
Community Building:

Does the program help build community around the organization—the community in which the organization works?
Outreach Education provides hour-long museum experiences to 4700 children across the region without ever leaving their classrooms each year.

Mission Impact: Is this program aligned with the mission of the Museum?”
Impact Audit: Additional Criteria

1. Optics
2. Expertise
3. Positioning
Reflection: At your table

Audit one of your own institution’s program:

Choose 4-6 impact criteria to evaluate impact

What costs would you assign
At your table, share the impact criteria you selected and why you chose them?

How did you assign costs?
Discussion

How do your answers compare with others?

What challenges did you encounter in selecting criteria?

What challenges did you encounter in parsing out costs?
Resources
Resources

1. Proforma templates (www.processcuriosity.com/ACM2022)
2. Mapping matrix templates (www.nonprofitsustainability.org/matrixmap)
3. Impact Audit templates (www.nonprofitsustainability.org/assessingimpact)
4. Literature
   a. The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions; Zimmerman and Bell
   b. Nonprofit Sustainability: Making Strategic Decisions for Financial Stability; Masaoka, Zimmerman, and Bell
   c. Nonprofit Strategy Revolution: Real-time Strategic Planning in a Rapid-response World; LaPiana
   d. Strategic Planning for Nonprofit Organizations: A Practical Guide for Dynamic Times; Allison and Kaye