

2:00 p.m.–3:15 p.m.

Strategies for Evaluating Revenue Centers

REGENCY BALLROOM A


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

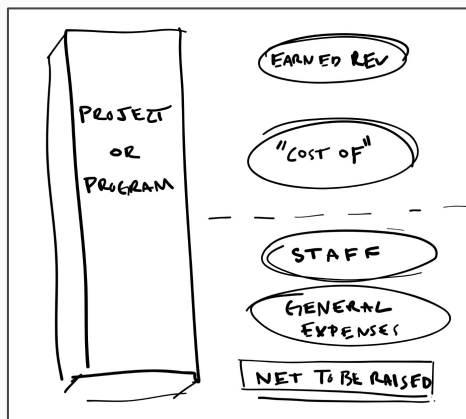
- Introduction of 3 tools
- Proforma with case study
- Mapping Matrix Overview
- Impact Audit Overview
- Exercise: Program Audit
- Discussion: Challenges and Considerations

# The value of data-based analysis

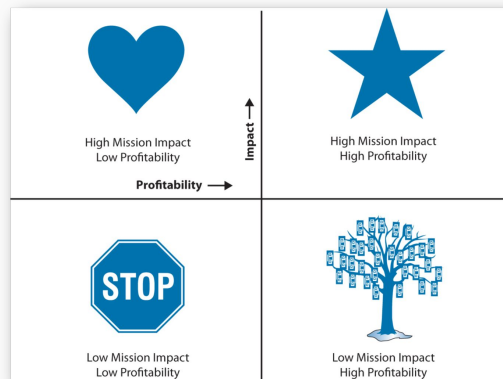
1. Evaluate revenue from activities
2. Determine the fully allocated true costs
3. Understand the activities as a mission-aligned strategy

# Three Tools

## Proforma



## Mapping Matrix



## Impact Audit

5.2 Mission Impact Criteria	
Potential Criteria	Definition
Contribution to intended impact	Relative to other programs, how well does this program contribute to what the overall organization aims to accomplish?
Excellence in execution	Is this program something that the organization delivers in an exceptional manner?
Scale	How many people are touched or influenced by this program?
Depth	How profound is the level of intervention with this program?
Significant Unmet Need	Is there significant competition or are there similar offerings of this program? Is there an adequate supply of services to meet the demand for them in our community?
Community Building	Does this program build community around the program or the organization as a whole?
Leverage	Does this program benefit from and nurture important relationships and partnerships inside and outside the organization?

THE SUSTAINABILITY MINDSET  
Shelley Zimmerman  
Jeanne Bell

# Similarities of the Tools



# Hey - I have an idea!

AFTER SCHOOL CARE

BICYCLE RENTALS

WEDDING RENTALS

BUILD A SCHOOL

COMMUNITY GARDEN

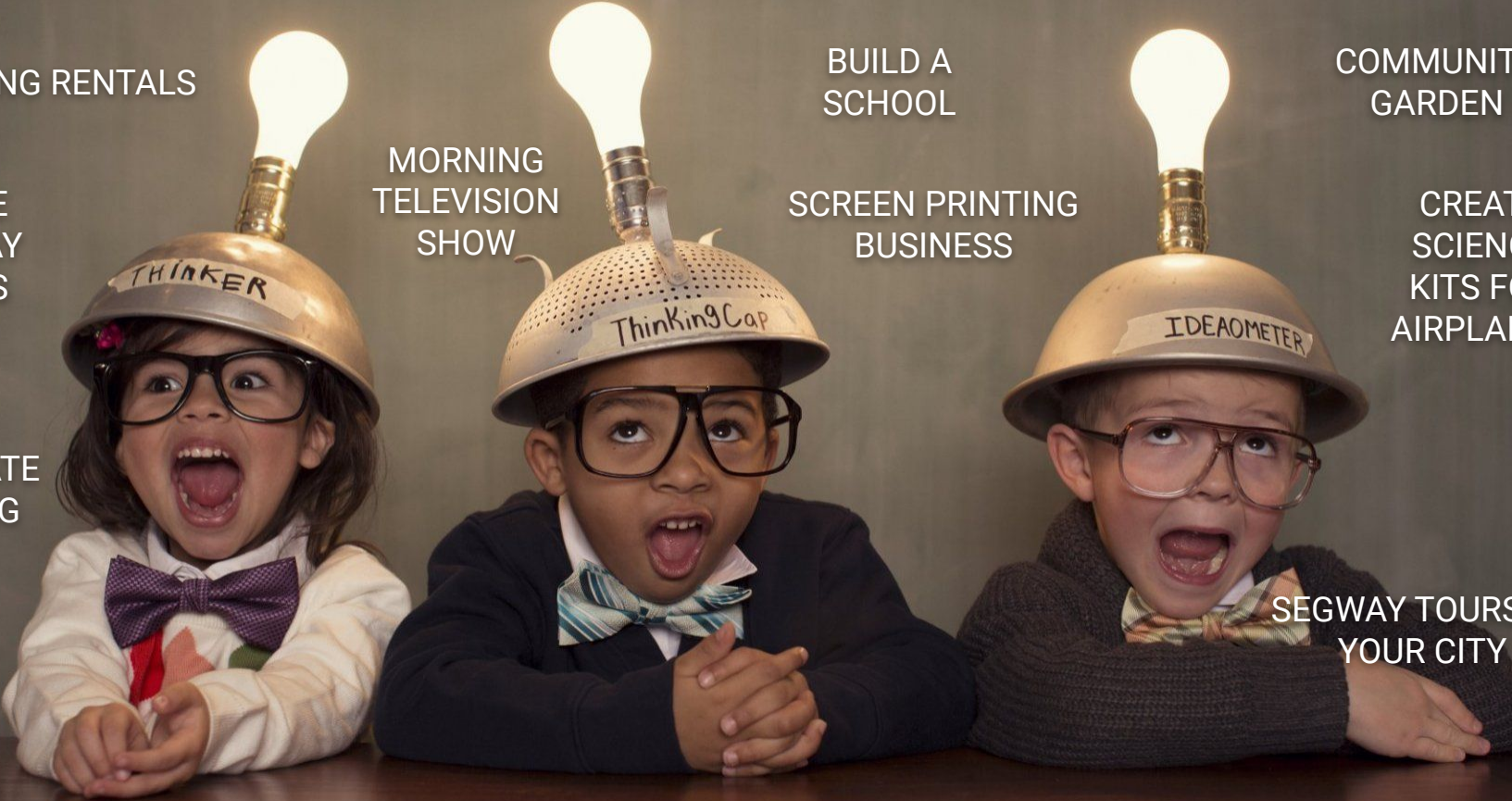
OFFSITE BIRTHDAY PARTIES

MORNING TELEVISION SHOW

SCREEN PRINTING BUSINESS

CREATE SCIENCE KITS FOR AIRPLANES

CORPORATE TRAINING



SEGWAY TOURS OF YOUR CITY



# Case Study

## Scott Family Amazeum

55,000 ft<sup>2</sup>

250,000 annual visitors

\$4.5M annual operating

MSA 535,000



# Case Study

## Innovation Center @ Amazeum

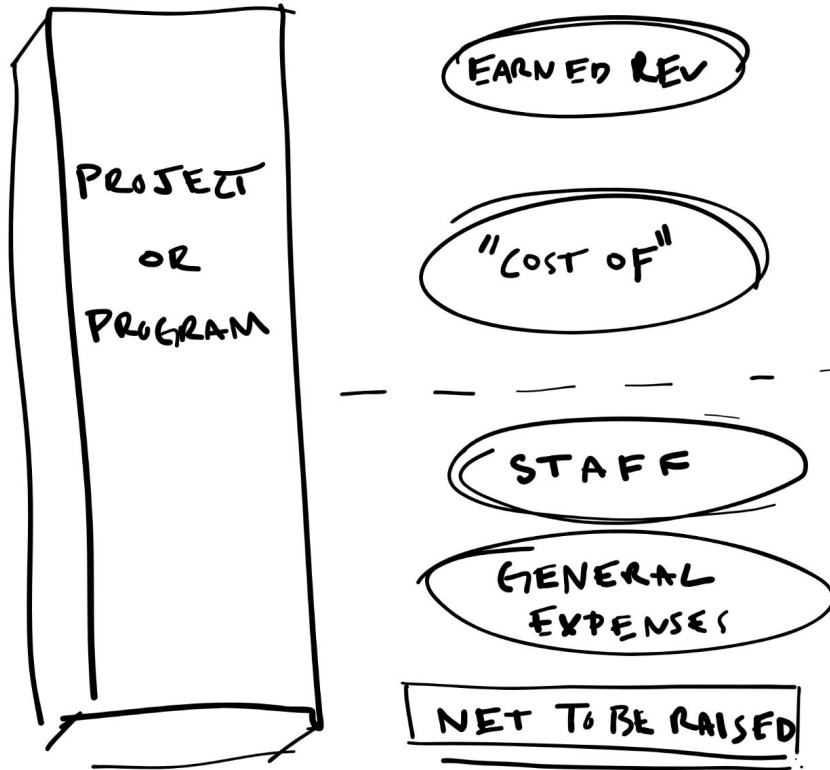
What it is?

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.

# Proforma Examples

Download at: [www.processcuriosity.com/ACM2022](http://www.processcuriosity.com/ACM2022)

Take one of your projects/programs and list:

- Earned Revenue
- “Cost of” Items
- Est. Staff Expense
- Other Fixed Expense Categories

YOUR LOGO HERE		EVENT PRO FORMA	
PROJECT	Maker Festival	DATE	Two Days in April
DEPT	Education	CAPACITY	1,000
General Expenses \$ 4,200	Tickets Sold 350	Fixed Cost of Items \$ 1,400	
Advertising Expenses \$ 1,000	Boxes \$ 13,363	Net \$ 12,962	
	Net \$ 12,962		
<b>TOTAL EXPENSES \$ 5,200</b>	<b>PROFIT (LOSS) \$ 6,362</b>	<b>TOTAL \$ 1,400</b>	

GENERAL COSTS		FIXED COST OF ITEMS		Estimated Revenue TICKET PRICING	
Expense Name 1 \$ -	Goods \$ 600	Comps \$ 100			
Expense Name 2 \$ 400	Contract Labor \$ 500	Merchandise \$ 100			
Expense Name 3 \$ 600	P/E \$ 300	Tickets Sold \$ 400			
Expense Name 4 \$ 700	Other \$ -	Ticket Price B \$ 250			
Expense Name 5 \$ -	Other \$ -	Tickets Sold \$ 250			
Expense Name 6 \$ 300	Other \$ -	Ticket Price C \$ 300			
Expense Name 7 \$ 300	Other \$ -	Tickets Sold \$ 0			
Expense Name 8 \$ -					
Expense Name 9 \$ -					
Expense Name 10 \$ -					
Expense Name 11 \$ -					
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Expense Name 16 \$ -					
Expense Name 17 \$ -					
Expense Name 18 \$ -					
Expense Name 19 \$ -					
Expense Name 20 \$ -					
Expense Name 21 \$ 300					
Expense Name 22 \$ 1,500					
Expense Name 23 \$ -					
Expense Name 24 \$ -					
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Expense Name 100 \$ -					
<b>TOTAL \$ 4,200</b>					

ADVERTISING		EXPENSES	
RADIO \$ -	NET \$ 12,962	Event & Adv. Exp. \$ 5,200	
TV \$ -	NET PROFIT (LOSS) \$ 17,722	<b>TOTAL EXPENSES \$ 5,200</b>	
NEWSPAPER \$ -	Break Even		
POSTERS \$ -			
SPONSOR \$ -			
MISC. "see note" \$ 1,000			
<b>TOTAL \$ 1,000</b>			

In-house promotion - no outside promot

Marketing amount is an average based previous year.

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Expenses	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Profit	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
...	...	...	...	...	...	...	...	...	...	...	...	...

# Case Study: Innovation Center - a membership-based makerspace

## Revenue lines:

Tiered Memberships

Daily Passes

Classes & Workshops

Space & Tool Rental

Programming Grants



# Case Study: Innovation Center - a membership-based makerspace



## Expense lines:

Staffing

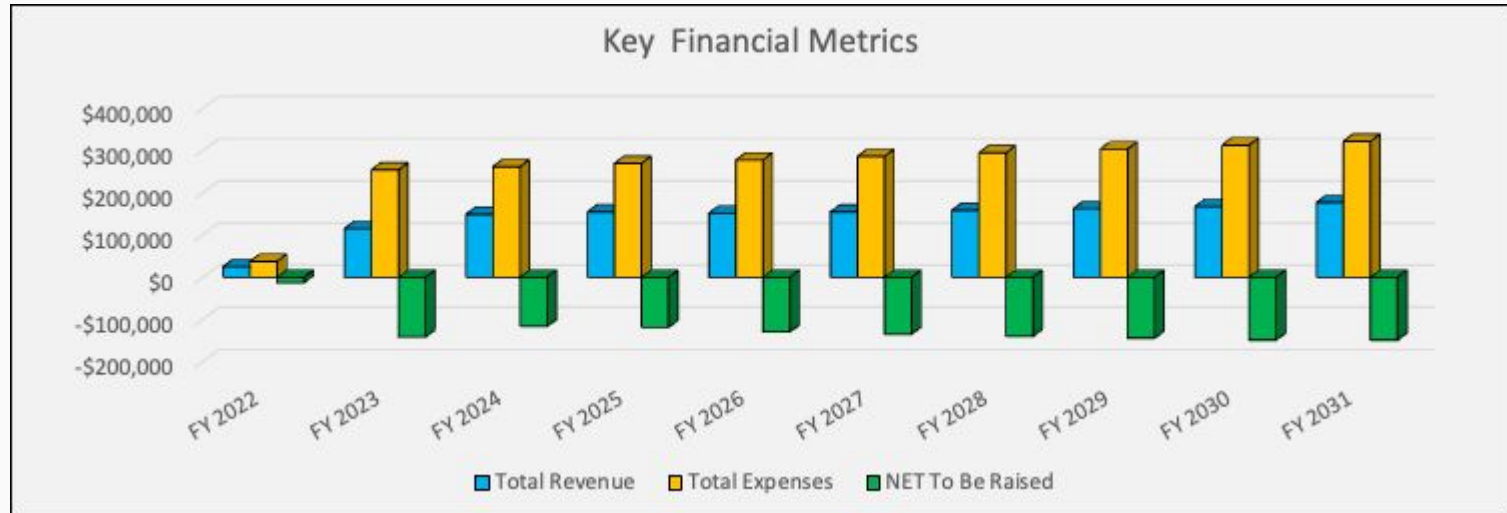
Artist stipends

Utilities

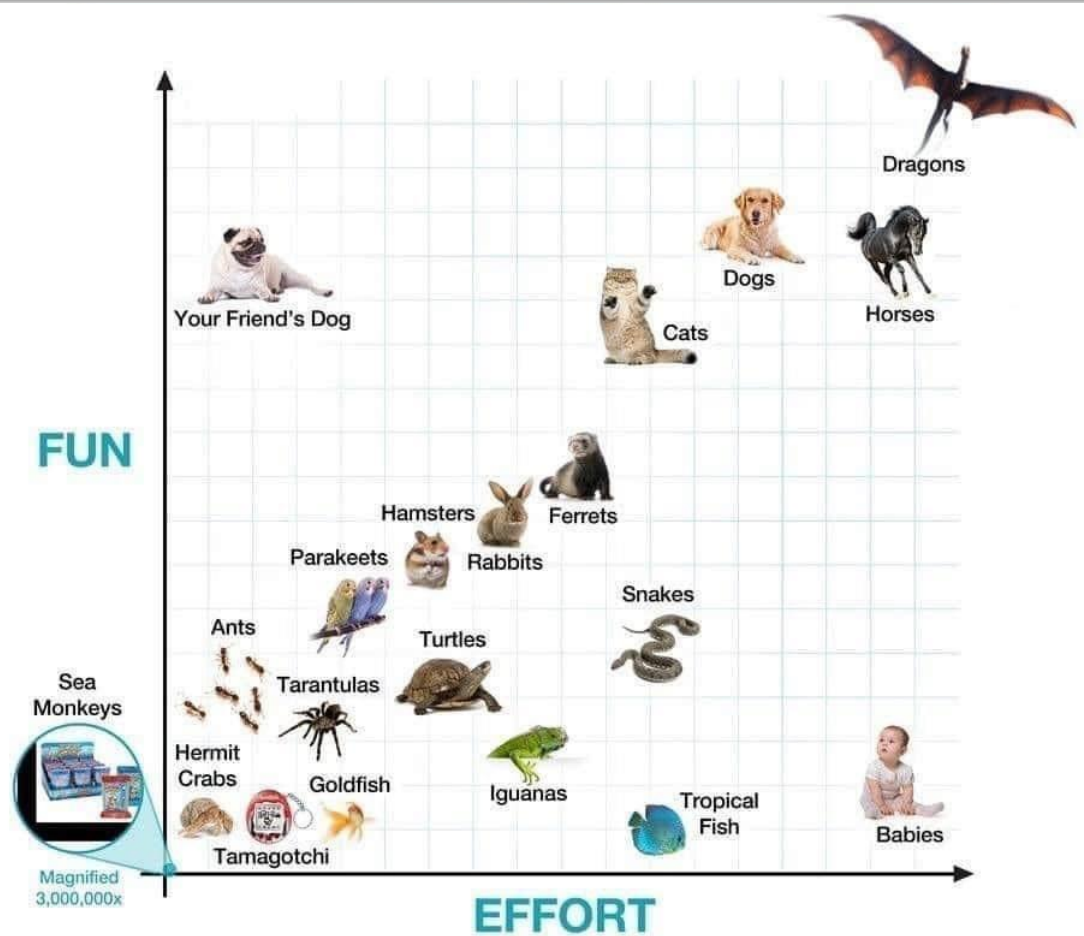
Supplies

Administrative

# Case-study: Innovation Center a membership-based makerspace

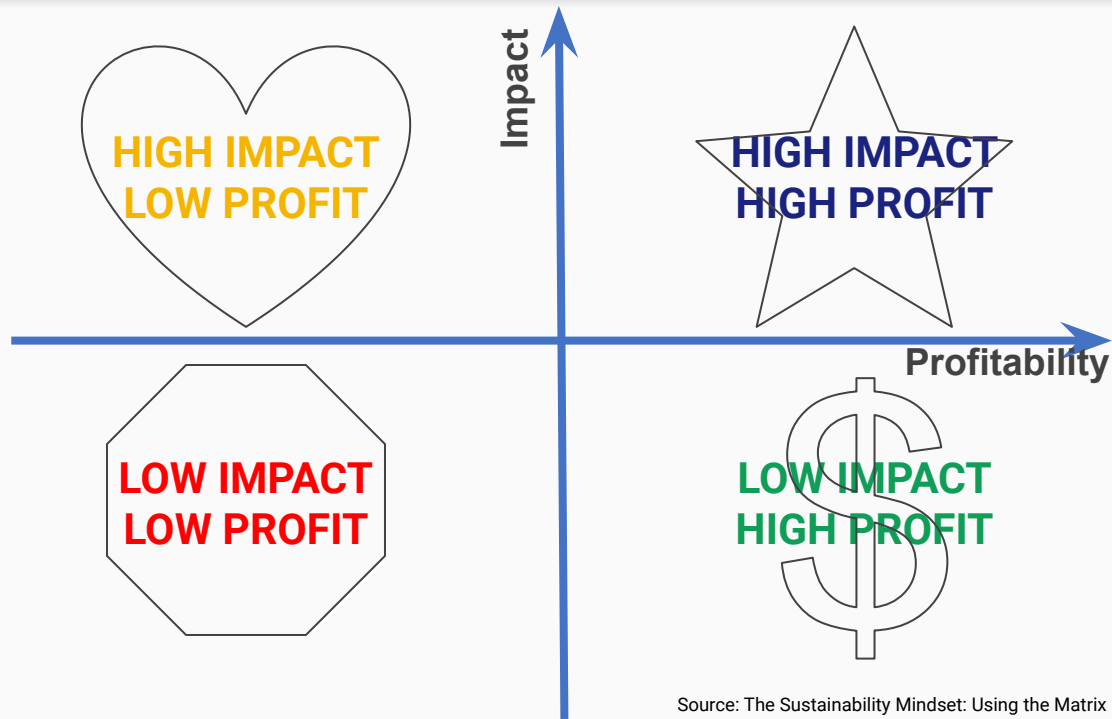


# PETS: FUN vs EFFORT

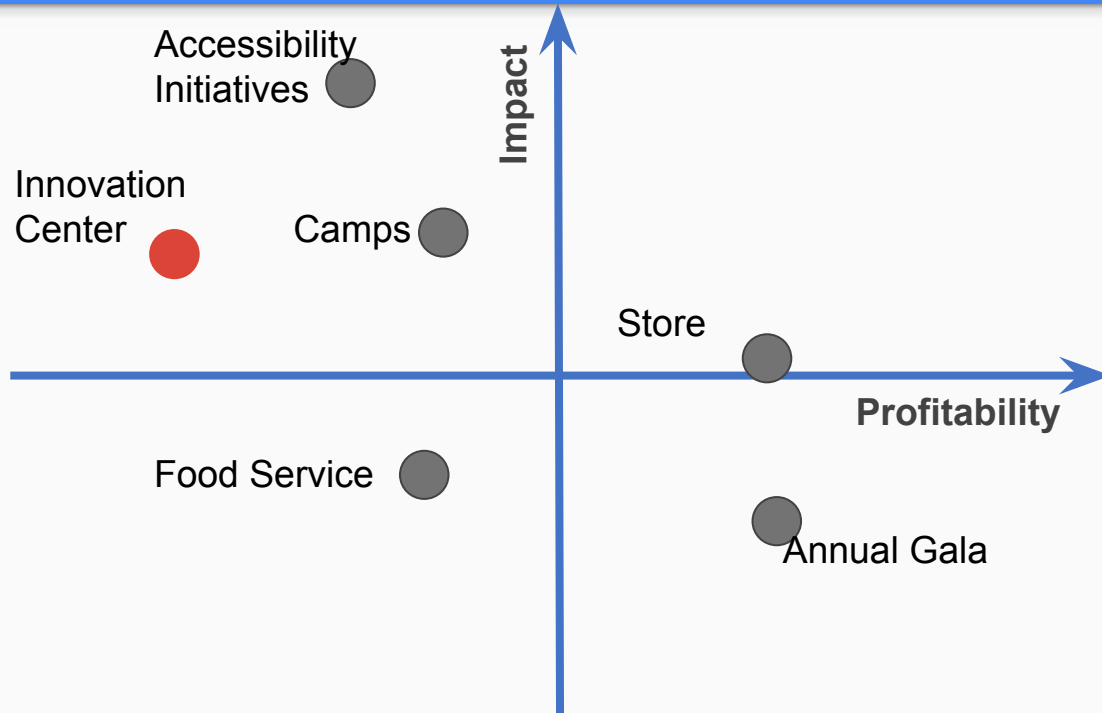




# Matrix Map



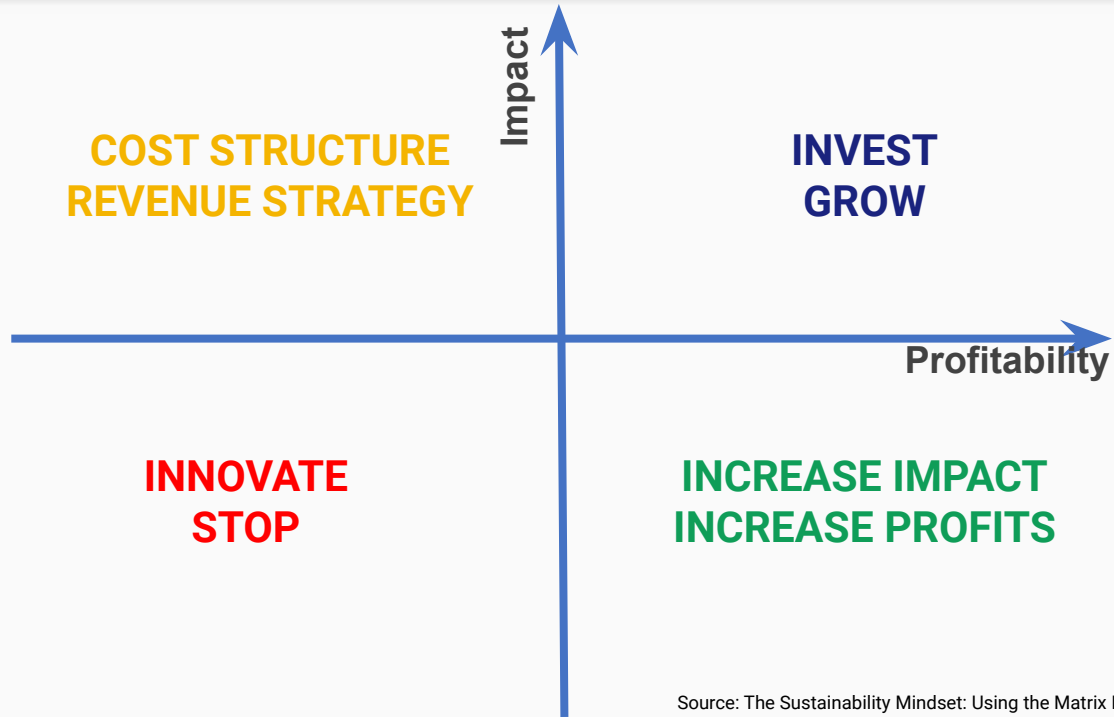
# Matrix Map



# Matrix Map



# Matrix Map



# Impact Audit

A word cloud centered around the word "IMPACT". The word "IMPACT" is the largest and most prominent. Other words of varying sizes are scattered around it, including: UNMET NEEDS, DEPTH, ATTENDANCE, ACCOUNTABILITY, MISSION, EXPERTISE, OPTICS, SCALE, EVIDENCE, COMMUNITY BUILDING, LEVERAGE, EXCELLENT EXECUTION, POSITIONING, NET PROMOTER SCORE, and BREADTH.

UNMET NEEDS

DEPTH

ATTENDANCE

ACCOUNTABILITY

MISSION

EXPERTISE

**IMPACT**

OPTICS

SCALE

EVIDENCE

COMMUNITY BUILDING

LEVERAGE

EXCELLENT EXECUTION

POSITIONING

NET PROMOTER SCORE

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

# Criteria - example

## **Community Building:**

Does the program help build community around the organization—the community in which the organization works?

# Outreach Education

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

# Share Audit Components

**At your table, share the impact criteria you selected and why you chose them?**

**How did you assign costs?**

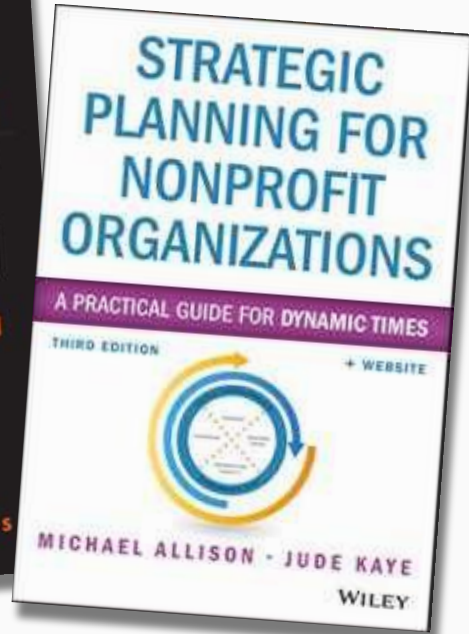
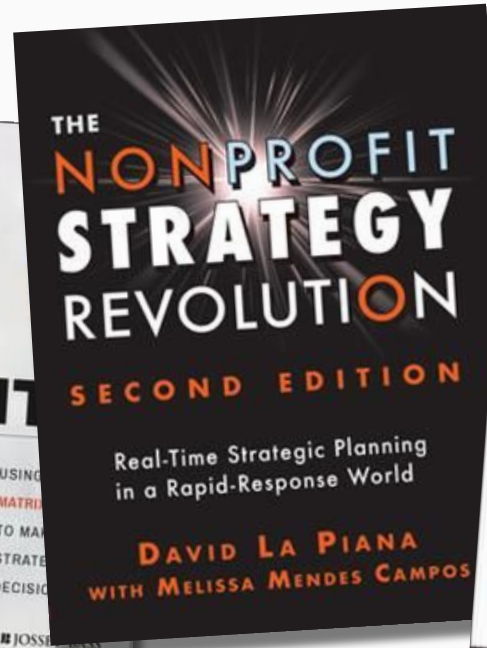
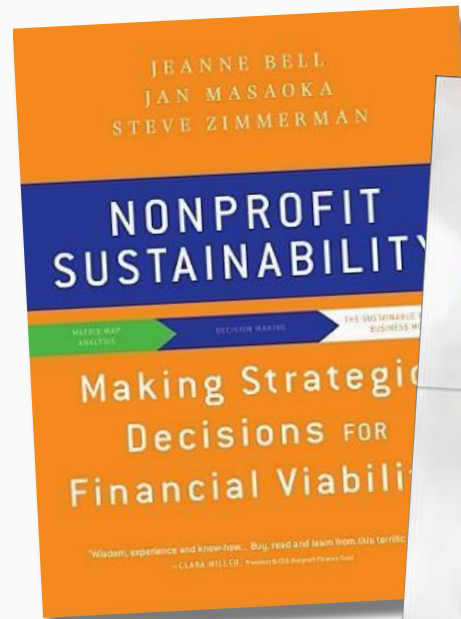
# Discussion

**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

**5.2** Mission Impact Criteria

Potential Criteria	Definition
Contribution to intended impact	Relative to other programs, how well does this program contribute to what the organization aims to accomplish?
Excellence in execution	Is this program something that the organization delivers in an exceptional manner?
Scale	How many people are touched or impacted by the program?
Depth	How profound is the level of impact from the program?
Significant Unmet Need	Is there significant competition or a gap in offerings of this program? Is there an unmet supply of services to meet the demand of the community?
Community Building	Does this program build community within the organization or the organization as a whole?
Leverage	Does this program benefit from and nurture important relationships and partnerships inside and outside the organization?

**7.1** Blank Matrix Map

**THE SUSTAINABILITY MINDSET**  
Steve Zimmerman  
Jeanne Bell

**THE SUSTAINABILITY MINDSET**  
Steve Zimmerman  
Jeanne Bell

**LOGO HERE** EVENT PRO FORMA

PROJECT: Maker Festival DATE: Two Days in April  
DEPT: Education CAPACITY: 1,000

Summary		Fixed Cost of Items	
General Expenses	\$ 4,200	Tickets Sold	350
Advertising Expenses	\$ 1,000	Goods	\$ 15,363
TOTAL EXPENSES	\$ 5,200	Profit (Loss)	\$ 12,962
		TOTAL	\$

GENERAL COSTS	FIXED COST OF ITEMS	Estimated Revenue TICKET PRICE
Expense Name 1	\$ -	Comps
Expense Name 2	\$ -	Contract Labor
Expense Name 3	\$ 300	Music
Expense Name 4	\$ 700	Other
Expense Name 5	\$ -	Ticket Price B
Expense Name 6	\$ 300	Ticket Price C
Expense Name 7	\$ -	Ticket Price D
Expense Name 8	\$ -	Ticket Price E
Expense Name 9	\$ -	TOTAL TICKETS SOLD
Expense Name 10	\$ -	TOTAL ATTENDANCE
Expense Name 11	\$ -	Ticket Service Fee
Expense Name 12	\$ -	GROSS
Expense Name 13	\$ -	COF Sale
Expense Name 14	\$ -	NET
Expense Name 15	\$ -	DEVELOPER
Expense Name 16	\$ -	POSTERS
Expense Name 17	\$ -	POSTER
Expense Name 18	\$ -	MSIC
Expense Name 19	\$ -	TOTAL
Expense Name 20	\$ -	EXPENSES
Expense Name 21	\$ 300	Cont & Adv Exp
Expense Name 22	\$ 1,000	TOTAL EXPENSES
Expense Name 23	\$ -	
Expense Name 24	\$ -	
Expense Name 25	\$ -	
Expense Name 26	\$ -	
Expense Name 27	\$ -	
Expense Name 28	\$ -	
Expense Name 29	\$ -	
Other	\$ -	
Other	\$ -	
Other	\$ -	
Other	\$ -	
Other	\$ -	
Other	\$ -	
TOTAL	\$ 4,200	

In-house promotion - no outside promot  
\* Marketing amount is an average based previous year.

Event Pro Forma		Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue																			
Expenses																			
Profit																			

**MARKETING EXPENSES**

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Marketing																	

# Resources

1. Proforma templates ([www.processcuriosity.com/ACM2022](http://www.processcuriosity.com/ACM2022))
2. Mapping matrix templates ([www.nonprofitsustainability.org/matrixmap](http://www.nonprofitsustainability.org/matrixmap))
3. Impact Audit templates ([www.nonprofitsustainability.org/assessingimpact](http://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