Business Plan Template

Business Planning for
Historic Site Sustainability

July 2009

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BUSINESS PLAN

EXECUTIVE SUMMARY

The Executive Summary is often the most important part of a business plan. It is a succinct summary/restatement of the overall business plan. Things to include in the Summary are the overall categories of the business plan itself, but with far less detail. Those categories include: where the historic site stands, future goals, and recommendations on how to achieve those goals. By reading the summary, a reader should be able to glean all relevant and necessary information about the plan that follows and not much more. The Executive Summary should be 1 to 2 pages, maximum.

Obviously, far less detail will be in the Executive Summary than is in the rest of the business plan. The rest of the plan should restate and expand upon what is described and laid out in the Summary. The challenge of a well-executed Summary is to balance the information given to the reader. There should be enough information given regarding what the plan outlines so the reader feels comfortable, but also not so much detail that the Summary goes on and on.

The audience for the Executive Summary is varied and includes parties such as: members of the Board of Directors, site staff, volunteers and docents, and major donors. Assume a relatively high level of knowledge when preparing the Executive Summary.

Some questions to consider when writing the Executive Summary:

1. How is the historic site doing?
   - Is it financially stable?
   - Are there enough staff?
   - Does the Board function appropriately and effectively?
   - Are there any major red flags coming up for the site such as intensive repair projects?
2. What is the vision for this historic site?
   - In light of where the historic site stands today, where can/should it go in the future?
   - Is the site missing any major revenue opportunities such as event rentals, school groups, or community events?
   - Does the governance or staffing need to be restructured or collaboration with other museums/community groups increased?
   - Should it no longer focus on actually being a museum? Revolving fund possibilities?
3. What are the overall, major recommendations on how to achieve the vision laid out above?
   - How does the site earn more money to support the ideas/vision suggested?
   - Where does the site save money to support the ideas/vision suggested?
   - What are the general (specifics will be laid out in the actual plan) recommendations for moving the site from where it currently stands to where it should be in order to be a financially stable, viable entity.

MISSION AND VISION

Begin the business plan with a small amount of background information about the museum, including when it was established as a museum, where, by whom, and who currently manages it, if different from the founding individual or organization. Present the museum's mission statement here – these are the guiding principles for the business plan, and all activities are done in support of this philosophy. The vision statement lays out where the organization wants to go in the future – think big here!

1. Does the mission statement reflect the organization's values?
2. What does the organization envision the museum being in the future?

Audience / Target Market

This section will address who the organization is trying to appeal to; the type of visitors they want coming to the property, who they intend to advertise to, and rationale for why these visitors are the best fit for the institution. Typically, there are two dominant groups to be addressed; the local community and the tourist markets. Organizations will use this section to address local and regional population statistics, local and regional income levels, and area demographics. Based on this information, the organization can determine the ideal group, or groups, of visitors to direct their efforts towards.

Some questions to consider when writing the audience/target market:

1. What does the census data (2000, or 2010, when available) tell us about the town and/or region the organization is located in? What is the average age? Median income? Family demographics?
2. Does the local tourist council have statistics on the number of visitors to the area? How are they spending their time? What percentage of time and monies is being dedicated to museums?
3. How does the organization currently advertise with the tourist community? If it does not, should it? Is the tourist market strong enough to warrant time and energy by the organization? Is there a package offering the tourism council can sell to tourists at the site?
4. Who are the stakeholders in the organization? Does this give insight to who the target audience should be?

Governance

Board Composition and Terms

This should detail the current layout of the Board of Directors as written in the bylaws.

The following questions should be answered in the governance section:

1. How many Board members currently sit on the Board? What is the maximum? Minimum?
2. How are Board members elected?
3. What are the term limits for Board members? Can Board members serve successive terms?
4. What are the criteria for becoming a Board member?
5. Are all current Board members active organization members and do they donate time and money to the organization?
6. Does the organization need to add additional Board members?
7. What changes need to be made to the Board to become a more efficient organization?
8. Is the Board accountable to the mission of the organization?

Board Responsibilities

This section is intended to list out the various responsibilities of the Board of Directors; often executed through the existence of various committees. In order to have a Board that holds itself accountable, committees are essential to the sustainability and financial health of an organization. A brief explanation of the duties of each type of committee is listed below; organizations can modify these definitions based on the individual institutions needs.

<u>Some key questions to ask in the board responsibilities section</u>:

1. Does the organization have actively staffed committees who are meeting regularly to address current needs? If not, what committees need to be formed in order to fulfill this requirement? How will each committee be staffed (i.e. Chairperson and X amount of volunteers)?
2. Which committees are essential to the organization and its mission? Do they exist?
3. Based on current committees in place, are there too many committees under operating? Can committees be consolidated to increase efficiency and prevent wasted energy?
4. Are the roles of each committee clearly defined? Are there handbooks in place for each committee detailing their activities and actions to date?

Executive Committee

This section needs to detail the individual and group responsibilities of the President, Vice President, Treasurer, and Secretary. It should include term limits and how Officers are elected.

Other Committees

The following is a list of potential committees for an institution to implement. As mentioned previously, alternate committees may be necessary depending on the operations of the organization.

Development

This committee oversees the fundraising, membership, annual appeal, major donor, or corporate sponsorship tasks. This often includes involvement in any events held to specifically raise money for the institution. The committee works to solicit money for the organization. The committee needs to stay current on philanthropic trends in order to guarantee the most money for the institution, including grant monies.

Museum and Collections

This committee oversees the acquisition, care, and exhibit of all collections in the organizations inventory. The committee should make recommendations on acquisitions and deaccessioning of any given items to ensure the collection is in line with the organizations mission. The committee should actively update any collection policies, including an acquisition policy to ensure any donated items are relevant to the interpretive stories in the museum.

Building and Grounds

This committee oversees the property and house belonging to the organization. Regular maintenance schedules and necessary house repairs will be recorded by the committee to ensure proper stewardship of the site.

Marketing and Publicity

This committee oversees the messages being published to the public for the institution, including: brochures, press releases, organization website, newsletter, advertising, event announcements, and other marketing materials. The committee ensures the institutions "brand", or the name connected with the organization, is consistent in all messaging to the public.

Education

This committee oversees all activities related to local school programming and adult education series. This includes onsite and in-classroom activities, lecture series, and curriculum planning. This committee is responsible for ensuring any education initiatives properly fulfill State requirements and documents how the program accomplishes this.

Events

Any and all events held at the site are managed by this committee. This includes working with the marketing committee for promotional materials. Based on the events the organization holds, this can include public events and private rentals.

Volunteer Coordination

This committee ensures the site is properly staffed and managed by the necessary volunteers. They are responsible for soliciting new volunteers to the organization and initiating such volunteers in their assigned area.

Tours

This committee ensures all tours correspond with the desired interpretive theme of the site. The committee proposes new tour themes and makes certain current tours are historically accurate and up to date.

Gift Shop

This committee oversees the management of the gift shop, including: purchasing decisions, margin analysis on income and cost to create plus over normal income streams, managing any online content relating to items for sale on the organizations website, replenishment of "hot sellers", ensuring all items for sale are relevant to the exhibits and interpretive themes at the site, and staffing the gift shop.

Organizational Management

The organizational management section details the roles and responsibilities of those within the organization that are not members of the Board of Directors. Specifically, any paid staff the organization may employ and the volunteers the organization has been able to attract.

Staff

Many preservation organizations find the hiring of professional staff necessary to the fulfillment of their mission and vision. This is brought on either by an increase in size or complexity to the point where the Board of Directors and a force of volunteers cannot effectively manage the operations of the organization. This section of the business plan should outline the activities of the organization's paid staff.

<u>If the organization is in the process of deciding if hiring paid staff is the right thing for them, the following questions should be answered</u>:

1. How will paid staff benefit the organization beyond the abilities of the current volunteers?
2. Do these benefits outweigh the cost of salary and benefits for the paid staff person under consideration?
3. How will the hiring of paid staff change the culture of the organization?

To make the decision as to whether a professional staff is necessary for the management of the organization the Board of Directors must determine if the addition of professional staff will benefit the organization to an extent greater than the cost of their salary and benefits and if the culture change brought on by the hiring of professional staff will be positive to the organization as a whole or if it will erode the motivation and enthusiasm of the volunteer labor force.

Volunteers

With most preservation organizations relying heavily on volunteer labor, this section should be dedicated to an analysis of the responsibilities and capabilities of the organization's volunteer force. Careful thought should be given to the needs of the organization that must be fulfilled by volunteers and the number of volunteers necessary to meet those needs. Most organizations have difficulty in recruiting large numbers of dedicated volunteers.

<u>Careful consideration should be given to the following in the volunteer section</u>:

1. How many people do we need?
2. What kind of skills should we look for in our volunteers?
3. Where can the organization find additional volunteers?
4. How can the organization foster dedication and enthusiasm?

Associations and Affiliations

Many historic sites belong to professional organizations; list out these memberships and detail how they assist the site in furthering their mission, best practices, and stewardship. The business plan should also tell the reader about any regional affiliations the site may belong to and what the shared benefits are in being part of this association. Suggestions can be made for future affiliations or professional memberships the organization would like to belong to and why.

<u>Some key questions to ask in the associations and affiliations section are:</u>

1. What organizations does the organization currently belong to? What are the advantages/benefits of being a member (publicity, discounts, professional development, networking)?
2. Are there memberships the organization currently belongs to that are unnecessary? If so, should the monies be redirected elsewhere?
3. Are there associations or affiliations the organization wants to join? If so, what advantages will the membership give the site?

Marketing and Sales

Marketing

The marketing section encompasses everything the organization does to promote itself to the public from the organization's own website and blogs to print media and newsletters. In writing this section, it is important to consider the benefit, cost, and effort required to maintain each marketing outlet.

<u>In creating a marketing plan, the organization should consider</u>:

1. Who is our target audience?

2. How does that audience search for information and make decisions about the various products the organization is promoting?
3. How can the organization best promote itself to its various stakeholders?
4. How can the organization make the most effective use of the media outlets available to it?

Sales

The sales section details all of the ways in which the organization earns income and evaluates whether or not these activities are earning an adequate amount of income for the organization or if there are changes that should be made to the pricing structure. Common ways in which a preservation organization earns income are:

- Admissions
- Gift Shop Sales
- Special Events
- Event Venue Rentals

Each of these revenue streams should be analyzed in detail with special attention being paid to competitive pricing and margin maximization. If an organization is to become sustainable, it must rely on its earned income for its operating budget because as long as there is a significant reliance on grants for funding, the organization will remain unstable.

Service / Product

Hours of Operation

In this section, describe the museum's open hours and days. Specify if the museum is open seasonally or year-round.

1. Are these hours adequate to reach the populations the organization has identified as the target audience? (i.e. during leisure hours or after work) If not, plan how to shift staff to when visitors can come.
2. How would a seasonal model impact the operations? Does it streamline or limit what the site does?

Interpretation

Use this section to describe the museum's interpretive plan. Briefly outline the major themes a tour may cover. Also outline the types of tours the museum offers (i.e. guided, cell phone, audio, text panels, no interpretation).

1. Does the museum have an interpretive plan? If not, how would the organization go about formalizing one?
2. Do the collections reinforce or distract from the interpretive plan?
3. What are some unexplored themes inspired by the history of the building, archives, and collections that lend themselves to research and programming?
4. Is the interpretation of the site interesting to the audiences being reached? Would it be worthwhile to refocus what is emphasized?
5. What strengths do the staff and/or volunteer cadre have that will be helpful in developing new interpretive themes? (i.e. research, performance, engaging children's audiences)
6. Where can a rotating exhibit be created to highlight artifacts and themes from the collection that are not currently on display?

Education

Give an overview of any school programs the site hosts or brings into the classroom. Include the programs' content and activities, as well as who implements them (docents, teachers, staff, etc.). State the grades and number of children the museum serves. Consider other topics in the museum's history and collections that lend themselves to educational programming. If the museum conducts any adult education programs, describe those here.

1. What fee is charged, if any, for school visits? Is this fee adequate given the offerings provided?
2. Does the program meet State standards?
3. Do teachers and students evaluate the educational programming? If so, what are their responses?
4. What contacts does the organization have among teachers and school departments who would be interested in developing new programs?
5. What fee does the museum charge for adult education programs? What themes would attract affinity groups or lifetime learners?
6. Who can be recruited to hold adult education workshops on site, thus reducing the burden on the staff to develop new programs? Examples may include local professionals, artisans, scholars, and craftspeople.

Programming

List and describe any programs the museum organizes and runs, including who staffs them. Give a sense of who attends these programs, and what attendance fees the museum charges. Complete a margin analysis to determine which programs are the most financially successful.

1. If the museum's programs include vendors, is the site charging reasonable booth prices based on current market rates?
2. How can promotion of membership and visitation at the programs be expanded?
3. Would a rotating, or biannual, cycle of programs suit the museum better?

Event Venue

Describe any instances when external organizations or programs use the site (i.e. weddings, company parties, summer camps, art groups, etc.) This may be coordinated with the museum's programs.

1. What revenue is generated from operating as an event venue?
2. What compatible museums, organizations, or nonprofits would be a good partner in events on the site?

Collaboration

In this section, list and describe the museum's partners and collaborators, and any associated responsibilities. Collaborations can include shared events, themed programming, joint ticketing, or cross promotion. Make a note of any thematic or regional coalitions or alliances the museum belongs to, or would like to join.

1. Evaluate the success of the museum's current partnerships (some possibilities to gauge success include charting attendance, earned income, and audience responses).
2. What other potential partnerships can be identified?
3. What programs would the organization like to see happen in the future? Whose buy-in is needed to make this possible?

Site Assets and Policies

Buildings

Describe the buildings and structures on site. Include their dates of construction, current condition, and any known needs and upcoming repairs. Also, identify who cares for and maintains the buildings. Discuss any distinctive features that make the structures on the site unique and worth preserving.

1. Does the museum have a disaster plan? A maintenance plan?
2. Are the buildings handicapped accessible? If not, what is the cost of adapting the structures?
3. Are the finances stable enough to handle a capital repair? Or are the repairs primarily funded by grants?
4. What percentage of the operating budget goes to maintenance and repairs?
5. Are any on-site structures appropriate for rent or use by other organizations or individuals?

Grounds

In this section, briefly describe the layout and condition of the museum's grounds. Include any parking and accessibility issues here. State how frequently they are maintained and by whom. Identify how much maintenance and repair costs annually.

1. What local partners (horticulture clubs, nature clubs, landscapers) can donate their time and resources to maintain the museum's grounds?
2. Is signage from the road adequate and clear? Consider open signs, special events announcements, open hours, even the name of the museum.

Collections

Explain how the museum's collections were acquired – bequest, purchase, donation, etc. If relevant, identify how many are original to the museum or individual the site focuses on. State if the museum has a collections plan. If the museum maintains an inventory, identify how it is catalogued (i.e. PastPerfect, The Museum System, handwritten). Distinguish between objects and library archives here.

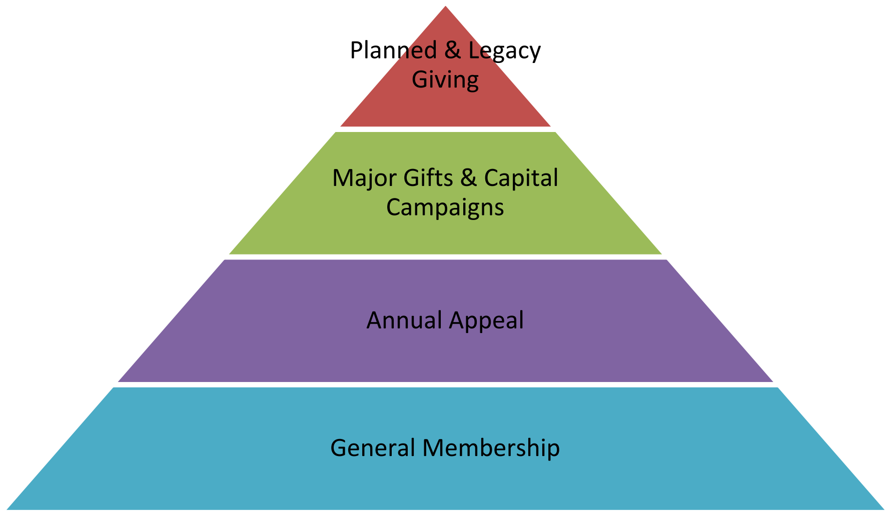
1. Are the collections handled and stored according to best practices? Does the museum monitor environmental conditions in galleries and storage?
2. Does the scope of the collections fit the museum's mission and interpretive theme? Are de-accessioning policies in place to remove inappropriate items?
3. What collections items would the organization like to highlight in upcoming exhibits or research projects?

Financials

The purpose of the Financials section is to add weight and numbers to both the description of the current state of the historic site largely laid out in the prior sections and to the recommendations the organization will make in the next section. Verbal descriptions of the site's current financial or organizational state listed above are very useful, but use this section to really drive that point home. This section should be very chart and graph heavy.

There are three major parts to the Financials section: Revenue, Costs, and Development. The latter is unique to nonprofits, but is a critical part of any nonprofit's success and must be included. For each of the three categories in the Financials section, discuss 1) where the site stands and 2) where it should be.

The following is an overview of an ideal development strategy. The organization should tailor this strategy based on the specific needs of the organization.



Membership encompasses a wide swath of the community. Anyone and everyone can and should be a member of the organization. Memberships encourage participation in the museum and are the basis for the foundation of the organization's support. The site should have a heightened focus during annual renewals on moving members up to higher categories. Membership is the foundation of the development pyramid.

The annual appeal, distinct from membership, is timed during a separate point during the year. A measure of success among givers is an increase of 50% over last year's gift.

Major givers and capital campaign supporters are donors that need to be cultivated by members of the board and executive directors of the organization. The site can purchase giving capacity research software to inform the organization about the potential giving capacity of the stakeholders. Capital campaigns are meant for specific physical projects and repairs, whereas major gifts are preferably unrestricted.

Planned and legacy giving is the culmination of an ongoing sustaining relationship with the organization. Target populations include lifetime and long-term members, older members, and current and former board members.

Revenue should provide an overall picture of where the site gets their income from. Show trends from past years to demonstrate either the variability of revenue to the site, or a generally stable revenue picture. In this section, one should also show breakdowns of revenue sources such as the percentage earned from membership, grants, earned income and the like. Is the site earning enough from the appropriate, sustainable, channels? If the site is relying very heavily on grants, for example, that is not sustainable. A healthy nonprofit will have a sizeable endowment, strong membership base, and healthy annual appeal contributions.

<u>Overall, this is the section that answers the question</u>:
Is the site under-funded?

- If so, by how much?
- And if so, how should/can the site make up the difference?

<u>Other questions to answer in the Financials section:</u>

1. How much is the site bringing in revenue-wise?

- Revenue: In what categories?
  -Break down income and show areas that are not bringing in enough revenue to justify their costs (both financial costs and also cost associated with staff or volunteer time)
- Highlight earned income, especially since the idea of a business plan is to shift sites from relying on grants to actually sustaining their operation through their own efforts
  -Some categories to highlights are: membership dollars, annual appeals, endowment funds, and earned income such as gift shops, event rentals, special events, and tours

2. Costs: How much is the site spending and in what categories?
- Are there obvious areas of cost savings such as, expensive newsletters, inefficient mailings?
- Are there some big-ticket items on the horizon that will need to be paid for in the near future?
  -New staffing needs?
  -Major improvement or repair projects?
- How will costs increase in the future?
  -Operating expenses such as heating and cooling will increase at a relatively steady rate and should be projected and accounted for in this section.

3. How much will my recommendations bring in revenue-wise for the historic site?
- This is a very important section as it demonstrates the financial success of the recommendations. Project out future income over the next 3-5 years to show that the recommendations are financially successful.

4. Development: What is the current state of the site's development plan?
- How much is the site earning from categories such as Membership, Annual Appeal, Major Donors, Fundraising, Grants, and Corporate Sponsorship?
- For each of the sections above, show (with numbers, charts, and graphs) and explain where the site stands and then where they should be. Do they need to double their membership base in 3 years? Raise membership rates? Start an annual appeal program or a major donors program?
- Include a Gifts by Size chart in this section that shows the level at which most donors are giving.

RECOMMENDATIONS

This is the last section of the business plan the reviewer reads. This section must succinctly cover all recommendations made in the body of the plan with suggestions on immediate, mid-term, and long term timelines for implementation. In order to include all the recommendations made, use corresponding headers from the body of the plan with the immediate, mid-term, and long-term advice under each. As an example:

GOVERNANCE

Immediate

- *The organization will impose term limits for the President of the Board; the change will reflect a maximum of two (2) successive terms, or six (6) years.*

Mid-Term

- *The organization will actively recruit two new Board Members with experience in development.*

Long-Term

- *ETC.*

APPENDIX

The Appendix is the place to include all relevant and useful back-up materials that are either referred to in the report, or that enhance the case for the business plan's recommendations.

This is where to include things like:

- maps of the site,
- organization by-laws,
- site-improvement plans,
- deeds,
- zoning restrictions,
- screen shots of the site's website,
- pdf's of marketing or promotional materials,
- other similar documents.

It is tempting to put a great deal of information in the Appendix, but this tends to dilute the usefulness of this section. Much like with the Executive Summary, only include information or documentation that augments the plan and the outlined recommendations. For example, if the by-laws are not necessary, do not include them. However, if a recommendation is to change those by-laws to better streamline Board governance, then do include them. The overall rule of thumb is "less is more," but do not leave out pertinent documents or information simply because the Appendix already has a number of documents in it. If it is relevant, it is useful to the reader.

<u>Some questions to ask when deciding what to put in the Appendix:</u>

1. How does this enhance the story I'm telling with this business plan?
2. Is there any mention of this document, or an area the document pertains to, in the business plan? (if no, then do not include)
3. Is this document easy to read and understand? If the copy or pdf to be included in the Appendix is grainy, dark, or hard to read, leave it out.
4. Overall, is this document compelling? Does it make sense? Does it add to the story I'm trying to tell with this plan, or simply distract by providing extra information?