

Introducing ACM's Benchmarking Calculator

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ACM Benchmark Calculator

Thank You!

*To those who completed the 2010
survey, and an extra thanks to
those that answered all the
questions.*



Presentation Topics

- ◆ Definitions
- ◆ Project Process
- ◆ Applications
- ◆ Sample report
- ◆ Choosing comparables
- ◆ Sample charts from each of the topic categories



What is Benchmarking?

Benchmarking is the process of comparing your institution's standards and operating performance metrics against internal (your historic data) and/or external (other museums) points of reference, to help you set goals and develop standards, evaluate performance, and make decisions.



What are KPIs?

Key Performance Indicators (KPI) are quantitative measurements that help an organization define and measure progress towards organizational goals.

They help identify areas that may need improvement as well as areas of success.

Examples are:

- ◆ Operating expenses per building sq. foot
- ◆ Personnel expenses as a percentage of total expenses
- ◆ Earned revenue per visitor



Project Development

- ◆ Project Team: ACM, White Oak and a group of 8 advisors: 6 from children's museums, 2 museum associations - AAM and ASTC
- ◆ Developed a list of potential Key Performance Indicators which were voted on by the advisory committee to come up with a shorter final list
- ◆ ACM Surveyed wider group of museums in regard to the KPIs and the criteria for choosing comparables
- ◆ Adjusted the ACM survey questions to include any missing questions that were data points needed for the KPIs
- ◆ Developed draft versions of the reports, which were reviewed and edited by the advisors
- ◆ Issued final reports to be incorporated by the software co.



Applications

- ◆ Existing museums – how am I doing?
- ◆ Plan new museums and expansions
- ◆ Proof of need and / or success to Board, management, media and potential funders
- ◆ Analyze industry trends – prepare for the future



Caveat 1

- ◆ It is only one year of data and does not explain any anomalies that might have occurred that year.
 - i.e. Popular traveling exhibit, exhibits closed for renovation, utilities and grounds covered by another entity, etc. etc.
- ◆ Use the ACM on-line member survey data and queries to look up your selected comparable museums to check for anomalies in their data



Caveat 2

Although much of the data provided by the museums has been verified there are still data points that may not be accurate.



The Reports

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2010 ACM Survey Respondents

179 Respondents – Type of Museum:

- ◆ 156 Children's Museums
- ◆ 10 Science/Technology
- ◆ 8 Other
- ◆ 2 Natural History/Anthropology
- ◆ 1 Each: General, History, Specialized



2010 ACM Survey Respondents

Geography:

- ◆ 168 United States
- ◆ 4 Canada
- ◆ 7 Other International

Fiscal Year of Data:

- ◆ Mostly 2009, some 2010



of Reports and Categories

- ◆ 5 Attendance
- ◆ 6 Expenses
- ◆ 5 Revenue
- ◆ 1 Finance
- ◆ 1 Staffing
- ◆ 1 Membership

Some reports include more than one KPI



Report Content

- ◆ What the key performance indicators (KPI) show and how they are calculated
- ◆ Management policy and implications
- ◆ Data tables and charts for your museum and the comparables you have chosen
- ◆ Management considerations and questions



Sample Report – Facility Cost KPI

WHAT THIS KEY PERFORMANCE INDICATOR (KPI) SHOWS

This KPI is expressed as facility operations and maintenance costs divided by total building sq. footage.

Facility costs, per the 2010 survey, include all costs for facilities, such as security, custodial, building maintenance and utility costs. It also includes contract labor in these areas for positions that are not on staff. No staff payroll or rent and mortgage costs are included. It is unclear whether insurance was included in this category or some other category.

This KPI indicates how much it costs you to maintain and operate your facility. A low number means you are not spending much money per square foot and a high number means you are spending more.

MANAGEMENT POLICY AND IMPLICATIONS

A critical concern is whether you are spending too much just to maintain and operate your facility and whether that is taking funding away from your programs and other learning activities.

When comparing your data to your peers, keep in mind that there may be many anomalies. Some museums with on-going public funding have utilities, grounds maintenance, security or other expenses covered in-kind or by cash transfers from another entity. Others may have had extraordinary costs that were expensed in that year. Some museums may be in a very old and inefficient building and others might be in a new and energy efficient building. The ACM survey included questions regarding in-kind and costs covered by others, so you can research this area among the comparables by looking up the data in the survey. There is also a question in the survey as to whether a museum is LEED certified or undergoing LEED certification, although it does not distinguish between the two.



Sample Report - Facility Cost KPI

DATA FROM THE ACM 2010 MEMBERSHIP SURVEY

Summary Data for Facility, Operations and Maintenance Costs – All Respondents

	Costs per Building SF	Costs as a % of Total Exps
NUMBER OF RESPONDENTS	N=119	N=117
Average	\$4.44	10%
Median	\$2.93	8%

Table 1

Source: Data derived from the 2010 ACM Membership Survey

INDICATORS FOR YOUR SELECTED MUSEUMS

Facility, Operations and Maintenance Costs per Building SF [Fac Oper Exp (Sec. 8 Q 14) divided by Bld Sq Ft (Sec. 2 Q 10)]

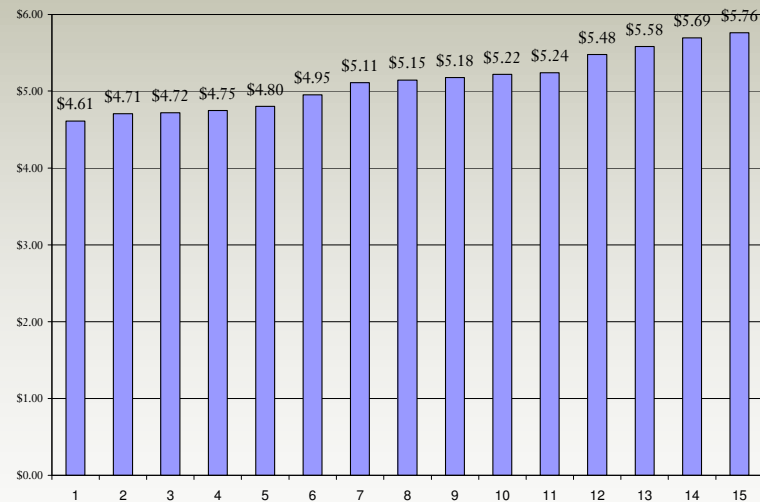


Chart 1

Source: Data derived from the 2010 ACM Membership Survey



Sample Report - Facility Cost KPI

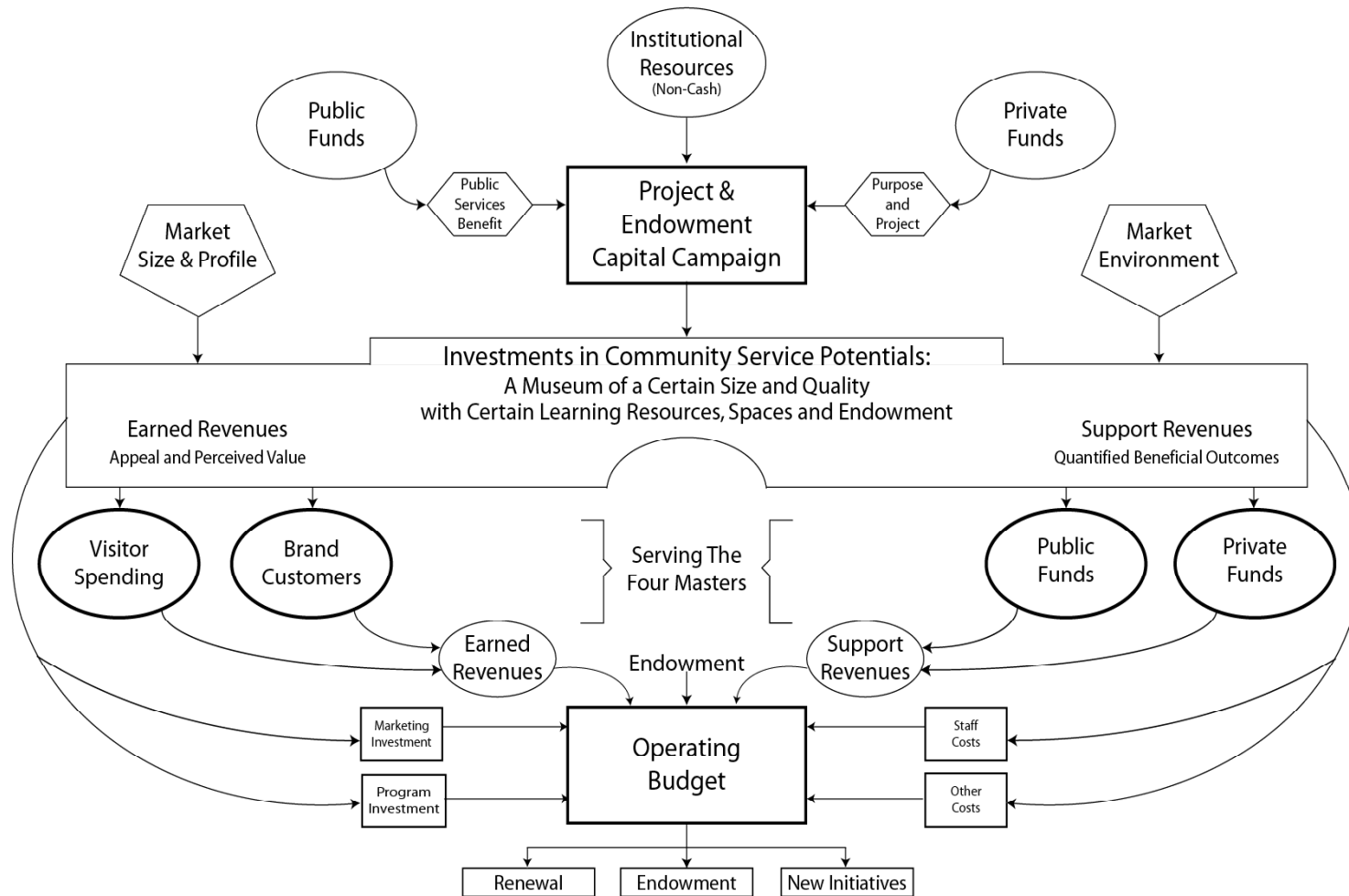
MANAGEMENT CONSIDERATIONS REGARDING THE KPIS:

- 1 Where does your institution fit among the comparable museums?
- 2 Does museum leadership want to change the value of this KPI, and if so, are they aware of and willing to support the implications?
- 3 Does changing this KPI impact other KPIS and museum operations? If so, is that OK?
- 4 What anomalies are there at your museum that affect this KPI? For the reporting year? On an on-going basis? For example, do you have a large outdoor area that requires maintenance and increases your costs?
- 5 If you have a low KPI, are you spending enough money to maintain your building or are you building up years of maintenance needs that will require a capital campaign just to cover the costs?
- 6 Have you done visitor surveys regarding satisfaction levels and are there negative or positive comments about the state of the building?
- 7 If you have a high KPI are there cost-reduction measures you can take (E.g. turning down the thermostat)? For old buildings, a LEED renovation of your facility systems may lower operating costs; in some cases, investment in greener facility systems can have better returns than endowment.
- 8 What kinds of expertise do you have to evaluate these costs? Do you have a building committee and do they regularly review facility operations?



Integrated Economic Model

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White Oak Associates



Working with the Reports

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Process

1. Choose your comparables
2. Select and print benchmark reports
3. Review the reports and data
4. Check if your data looks correct - check original input data
5. Conduct follow-up research on potential anomalies by looking at individual data for the comparable museums (request a data query from ACM for your selected comparable museums) or use the on-line tool to look up each museum's data separately
6. Present findings to staff and/or management and board
7. Adjust goals and strategies based on findings



Choosing Comparables



Choosing Comparables

You are unique!

There is no other organization exactly like you, so how do you choose comparables?



Levels of Comparison

◆ By Geography

- Globally
- Your country only
- Your region or state

◆ By Sector

- Your sector only – e.g. children’s museums
- Children’s museums and e.g. science centers



Choosing Comparables

It is all right to include one or two “outlier” museums to see if there is a significant difference in their data points. They may also show you upper or lower boundaries for your museum.



Choosing Comparables

Topic	Low	High
Annual operating expenses	\$1,000,000	\$2,000,000
Total on-site attendance		
MSA/Metro population		
Total building sq. footage	40,000	50,000
Total exhibit sq. footage		

It may make sense to only choose one or two parameters instead of all five.



Choosing Comparables

Topic	Use
Annual operating expenses	Operating Costs
Total on-site attendance	Operating Revenue and Costs; Staffing Levels
MSA/Metro population	Compare Attendance
Total building sq. footage	Operating and Building Costs; Capacity
Total exhibit sq. footage	Operating Costs and Exhibit Costs; Capacity



Reviewing and Analyzing the Data



Analyzing the Data

- ◆ Review your own data to make sure it looks accurate
- ◆ Identify areas where you are deviating significantly from the comparables
 - Research areas where you might be over/under performing – justify why
- ◆ Budgeting for the future
 - Where are your projections out of line?
Research and justify



Beware of Anomalies—the Yes, buts...

- ◆ Attendance is extremely high, but admission is free
- ◆ Attendance is extremely high in a small community because their city is in a major tourist destination
- ◆ Expenses are low, but they receive utilities and grounds maintenance as in-kind from their city or another entity
- ◆ Earned revenue is extremely high, they have two or three ticketed venues
- ◆ % of earned revenue is extremely low, they have significant annual government funding



Sample Charts from Each of the Report Categories

Source Data: 2010 ACM Member Survey



Museum Characteristics for Sample Charts

Topic	Low	High
Annual operating expenses	\$600,000	\$5.1 MM
Total on-site attendance	61,000	308,000
MSA population	300,000	5.3 MM
Total building sq. footage	19,000	79,000
Total exhibit sq. footage	7,500	41,500
Geographic location	East coast	Mid-west

These parameters are too broad. When choosing comparables choose smaller ranges with at most one or two “outliers.”



Attendance Indicators and Ratios



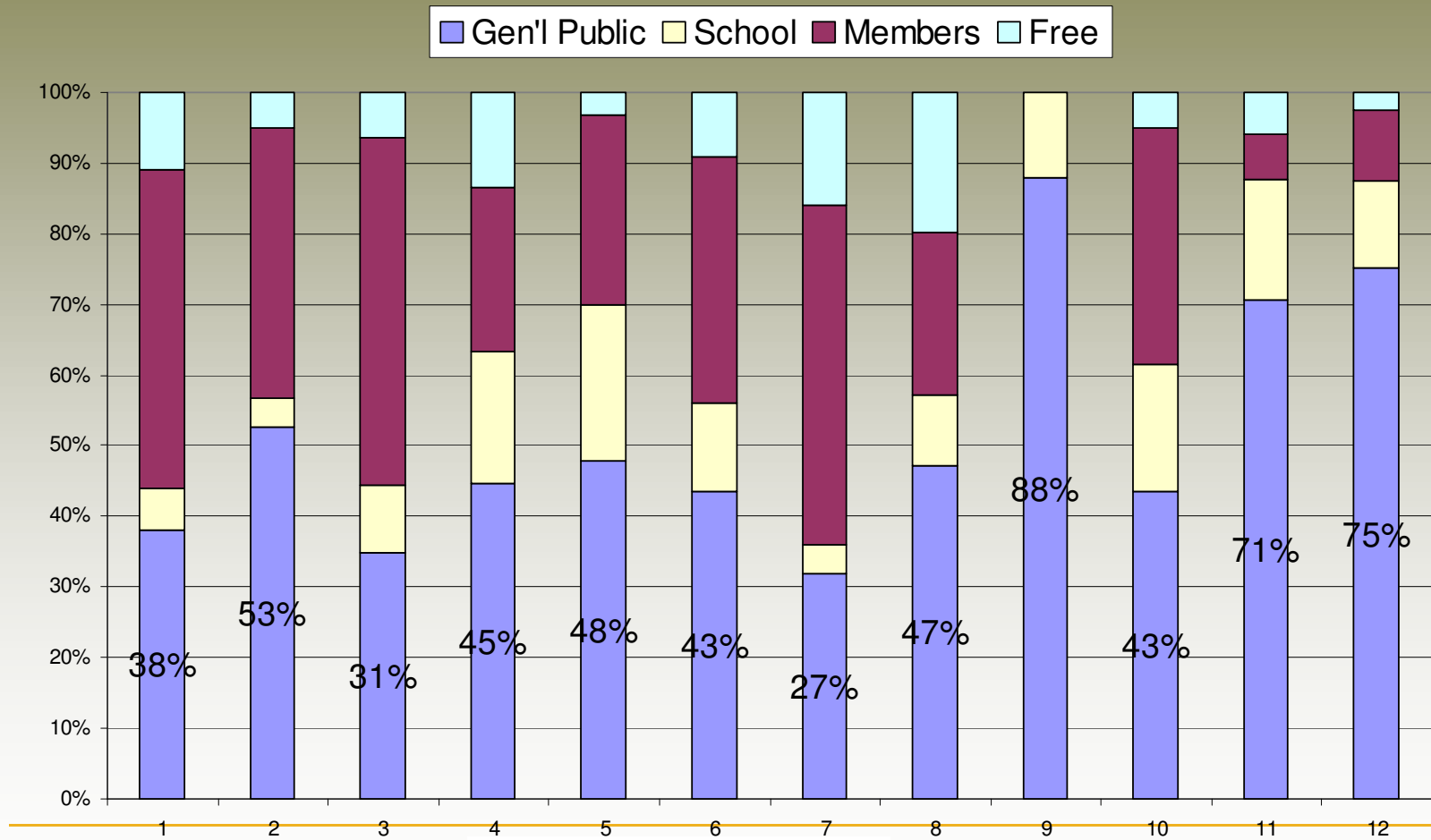
Attendance Ratios/KPIs

1. On-site attendance to resident population ratios
 2. Ratio of school children served to population
 - Gate admissions to resident population
 - On-site and off-site to resident population
 3. Gate admissions visitors by category:
general public, school, members, free
 4. Attendance to facility size
 - Gate admission attendance per interior exhibit Sq. Foot
 - On-site engagements per building SF
 5. Shares of visitor and program customers
 - Gate admissions share of on-site attendance
 - Program customer's share of on-site attend.
-



Admissions Attendance

Gate Admissions Attendance by Category



Attendance/Population Ratios

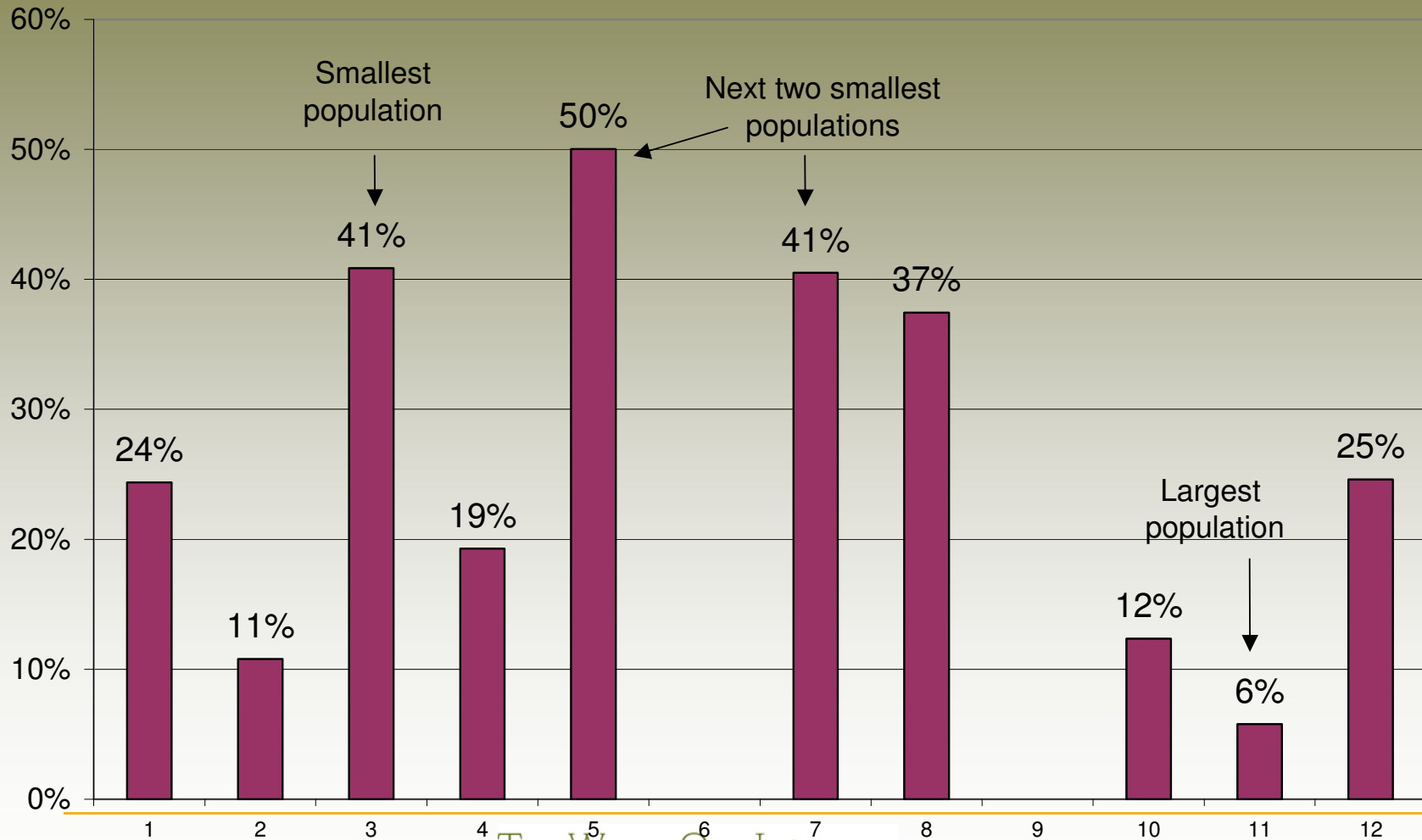
Generally –

- ◆ The larger the population the smaller the ratio percentage
- ◆ The smaller the population the higher the ratio percentage
- ◆ Large tourist populations can boost the percentage
- ◆ Free exhibit galleries can increase attendance and the percentage



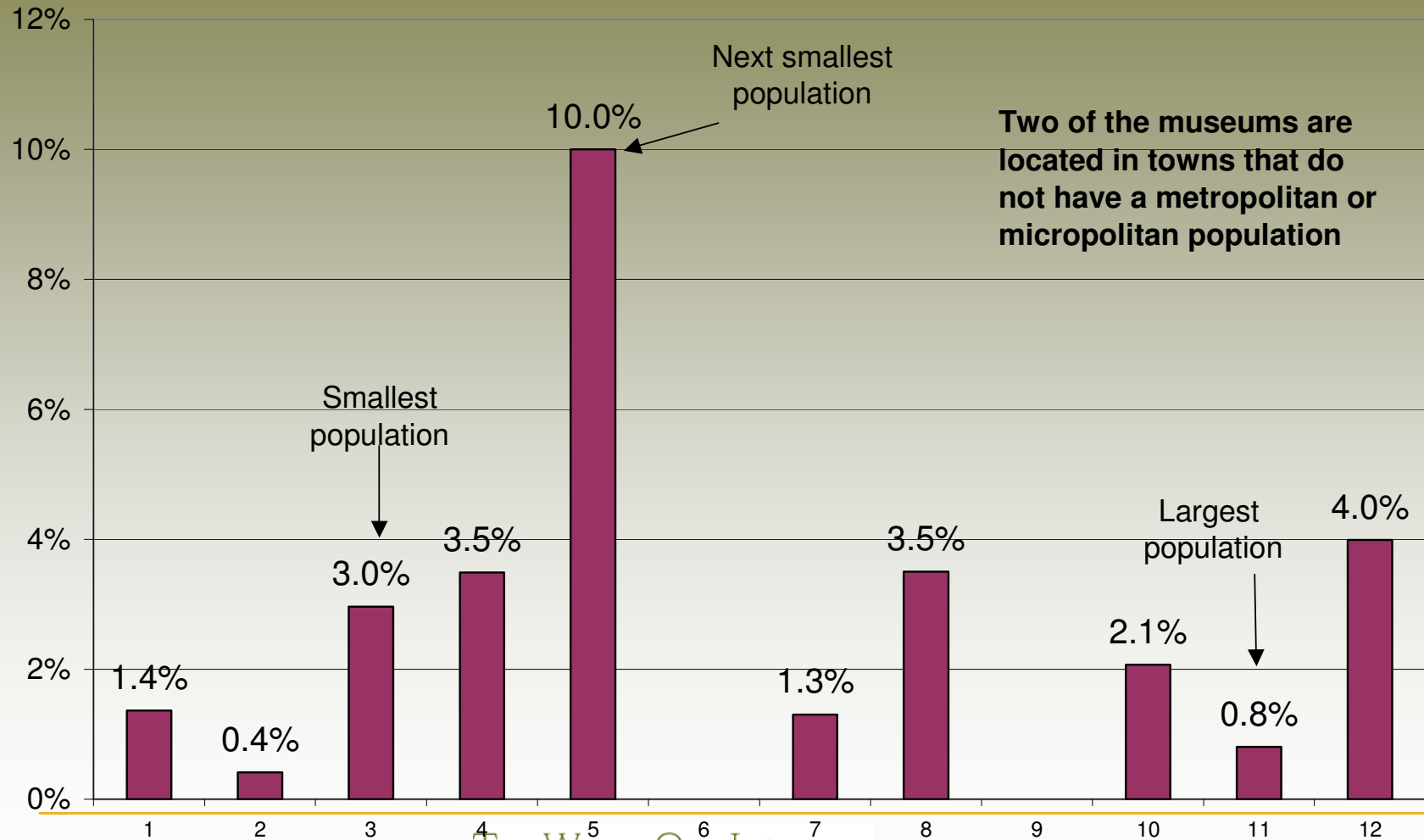
Attendance Ratios

On-Site Attendance to Population Ratio



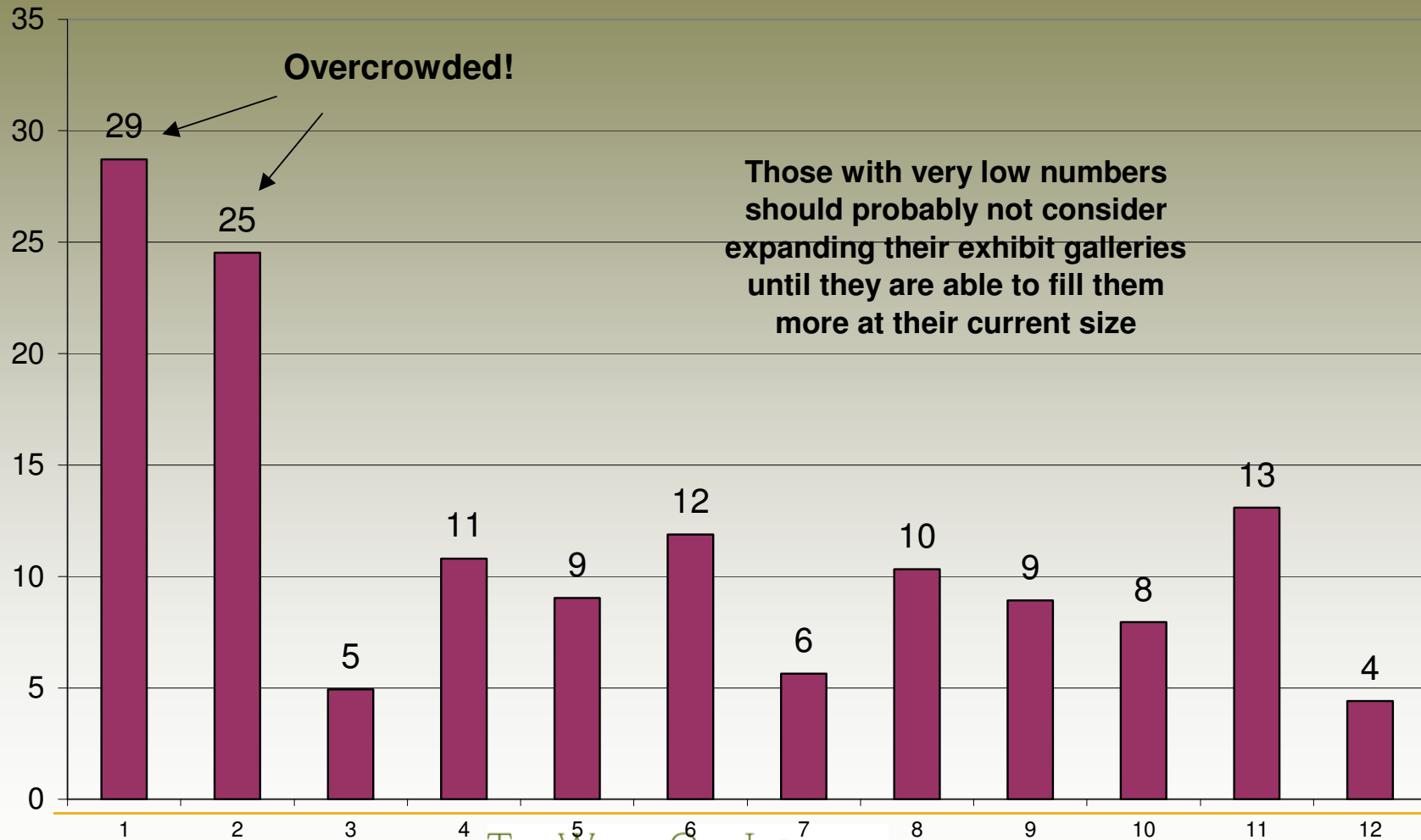
Attendance Ratios

School Admission Attendance to Population Ratio



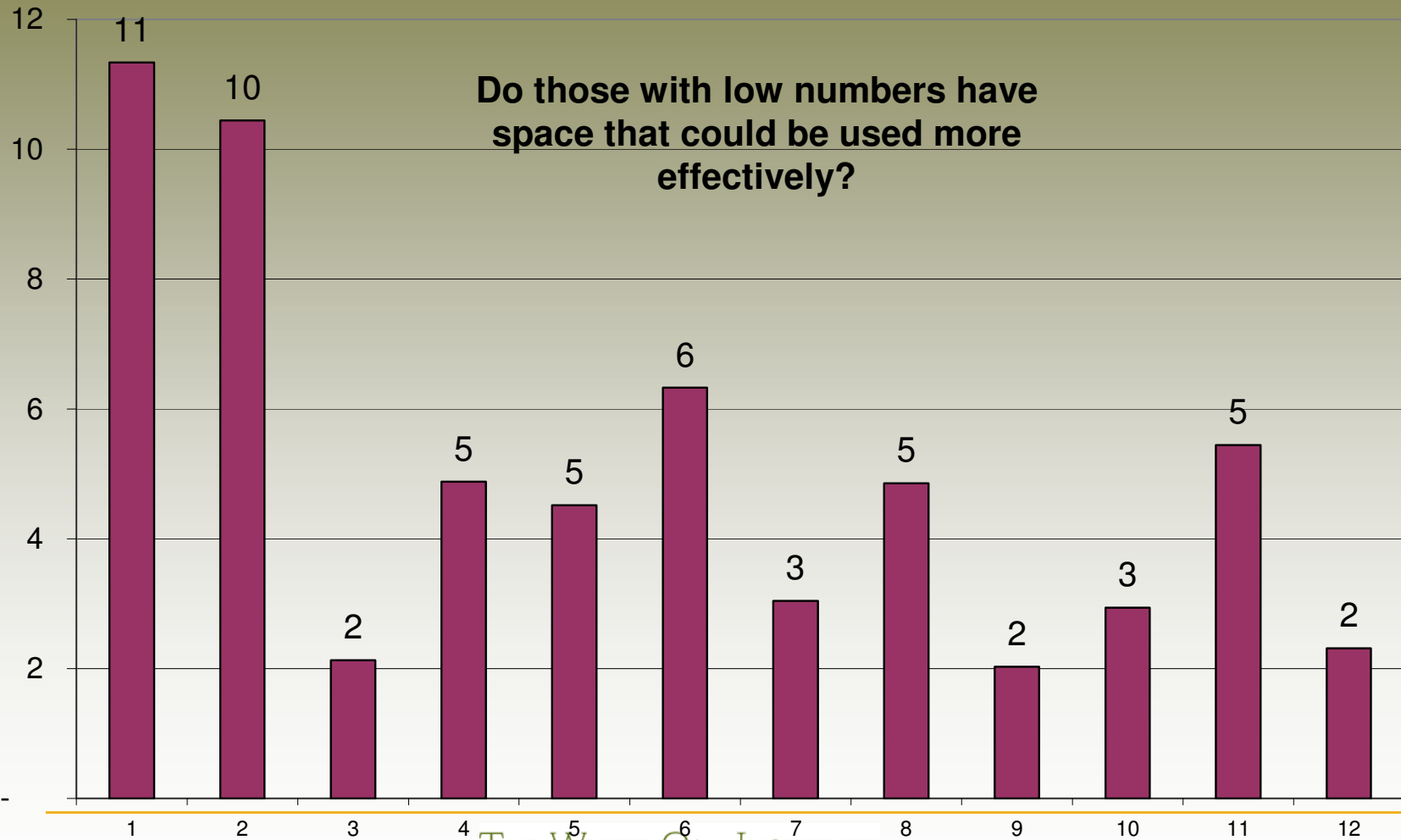
Attendance Ratios

Gate Admission Attendance per Exhibit Sq. Foot



Attendance Ratios

On-site Attendance per Building Sq. Footage

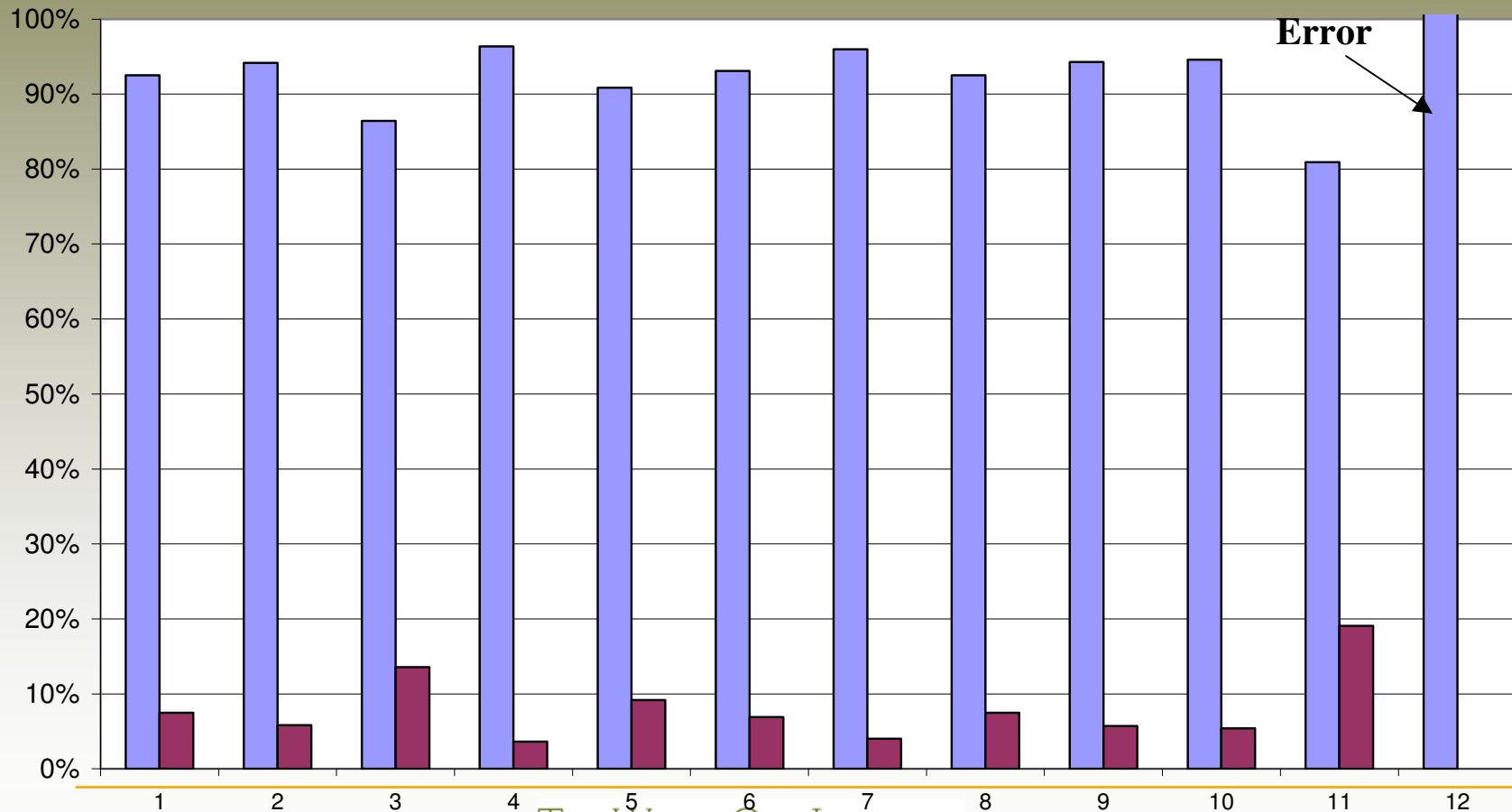


Attendance Ratios

Attendance: Visitors and Program Customers

Gate Admissions Program Customers

Highest number can not be greater than 100%. Both columns combined should total 100%.



Error



Expense Indicators and Ratios



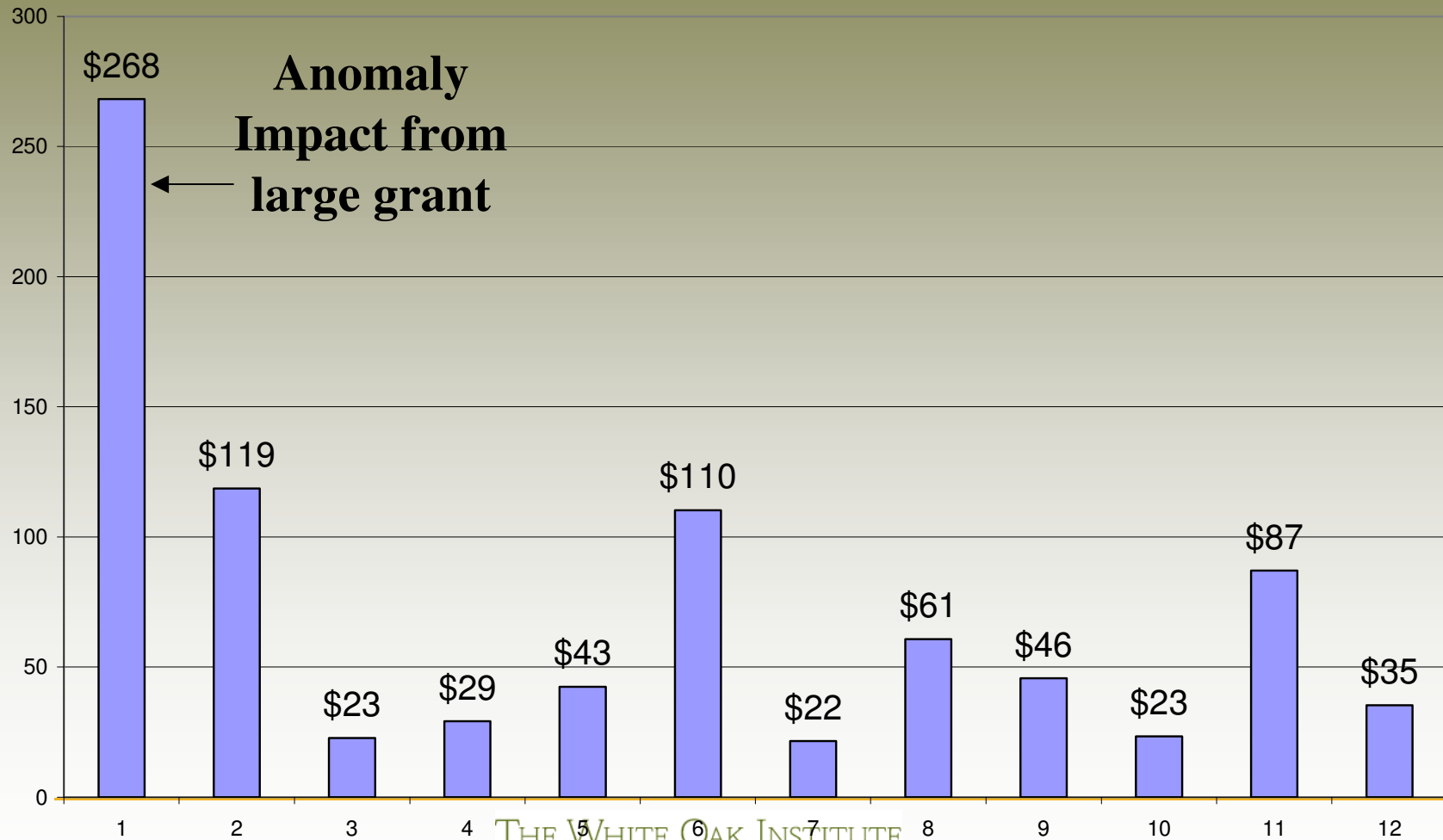
Expense Ratios

1. Expenses per building sq. foot (SF) and per on-site visitor
 2. Percentage of expenses by category
 3. Payroll and benefits as % of total expenses
 4. Facility operations and maintenance costs per building SF
 5. PR/advertising/marketing expenses per on-site visitor
 6. Exhibit and visitor services costs per interior exhibit SF
-



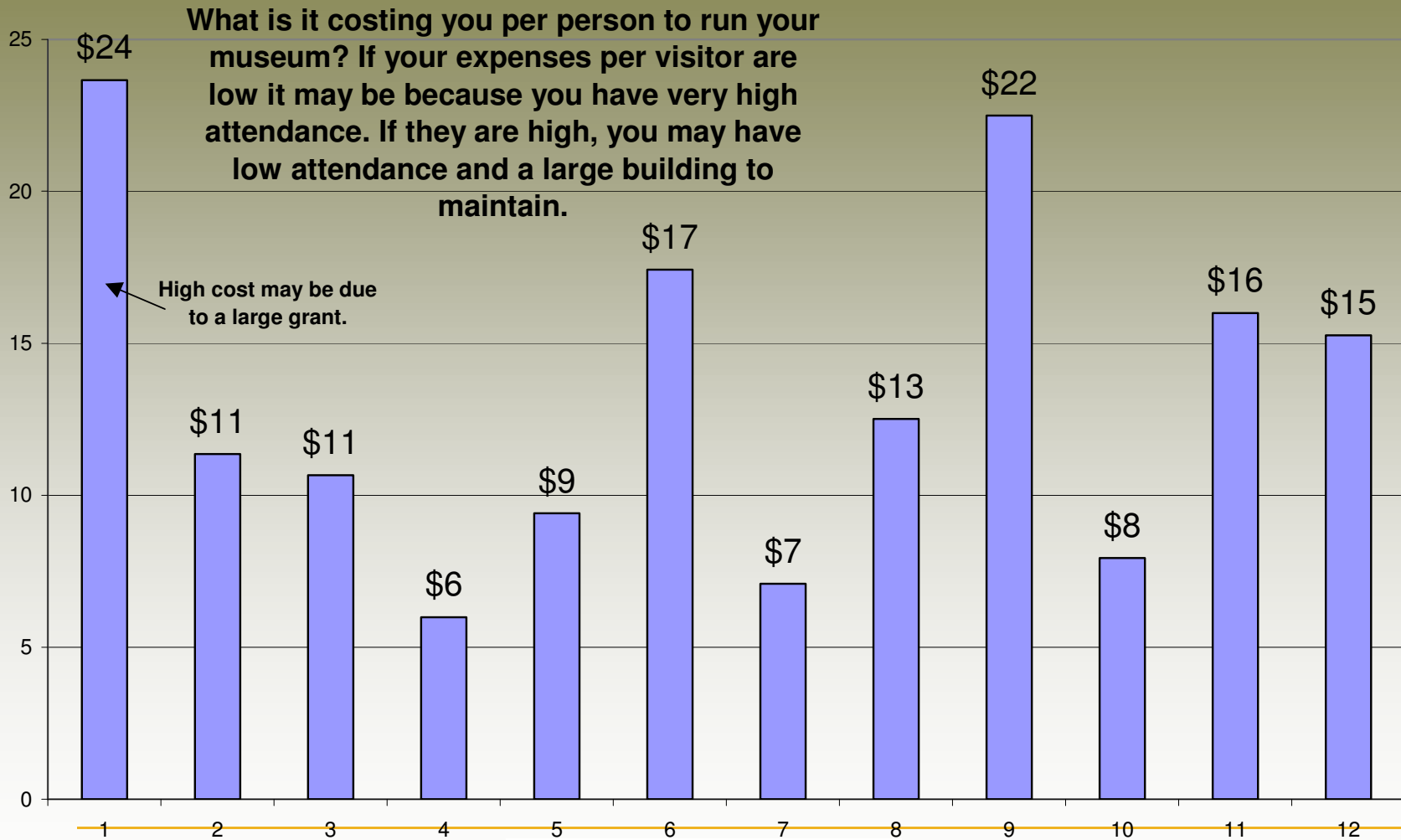
Expense Ratios

Expenses per Building Sq. Foot



Expenses Ratios

Expenses per On-site Visitor



Expense Ratios

1. Where does your institution fit among the comparable museums?
2. Does museum leadership want to change the value of this KPI, and if so, are they aware of and willing to support the implications?
3. Does changing this KPI impact other KPIs and museum operations? If so, is that OK?
4. What anomalies are there at your museum that affect this KPI? For the reporting year? On an on-going basis? For example, did you lease an expensive traveling exhibit that boosted costs in the reporting year or did you have other one-time operating costs in that year?



Expense Ratios

5. If your ratio of on-site expenses to building sq. footage is low, why is it low?

Are your personnel expenses lower than average?

Are you understaffed?

Are you spending enough to maintain the building and/or exhibits?

Are utilities, grounds keeping or some other cost covered by another entity?



Expense Ratios

6. If your costs per visit are low, is it because you have extremely high attendance or you have utilities or other costs covered by another entity?

Or are you not investing enough in exhibits and programs?



Expense Ratios

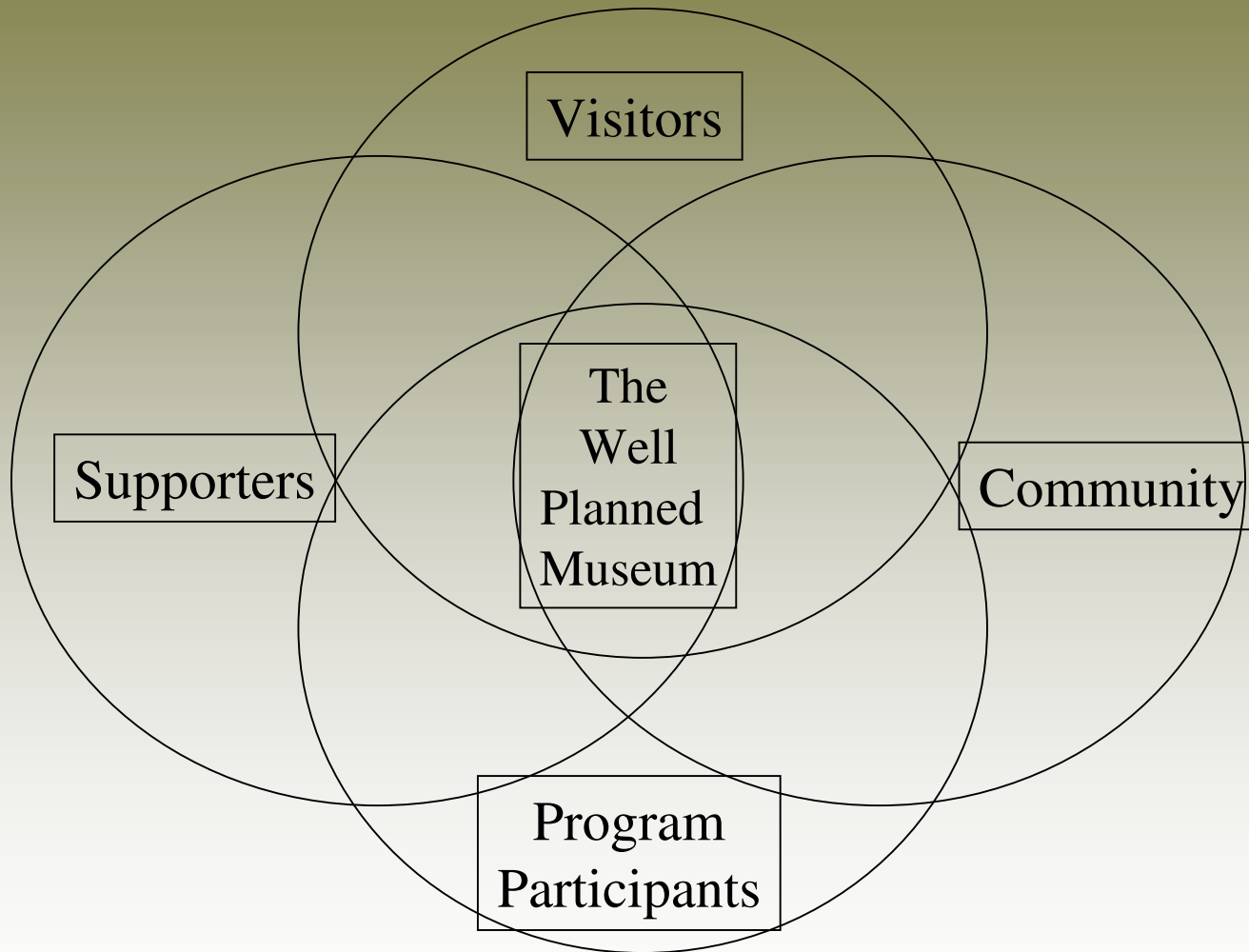
7. Are you seeing other indicators that spending per visit is low, such as declining satisfaction ratings?
8. If your expenses per building sq. foot are high, how does it correlate to expenses per visit? If expenses per visit are low, but costs per building sq. foot are high, you may not be spending enough on your visitors or you have very high attendance.



Revenue Indicators and Ratios



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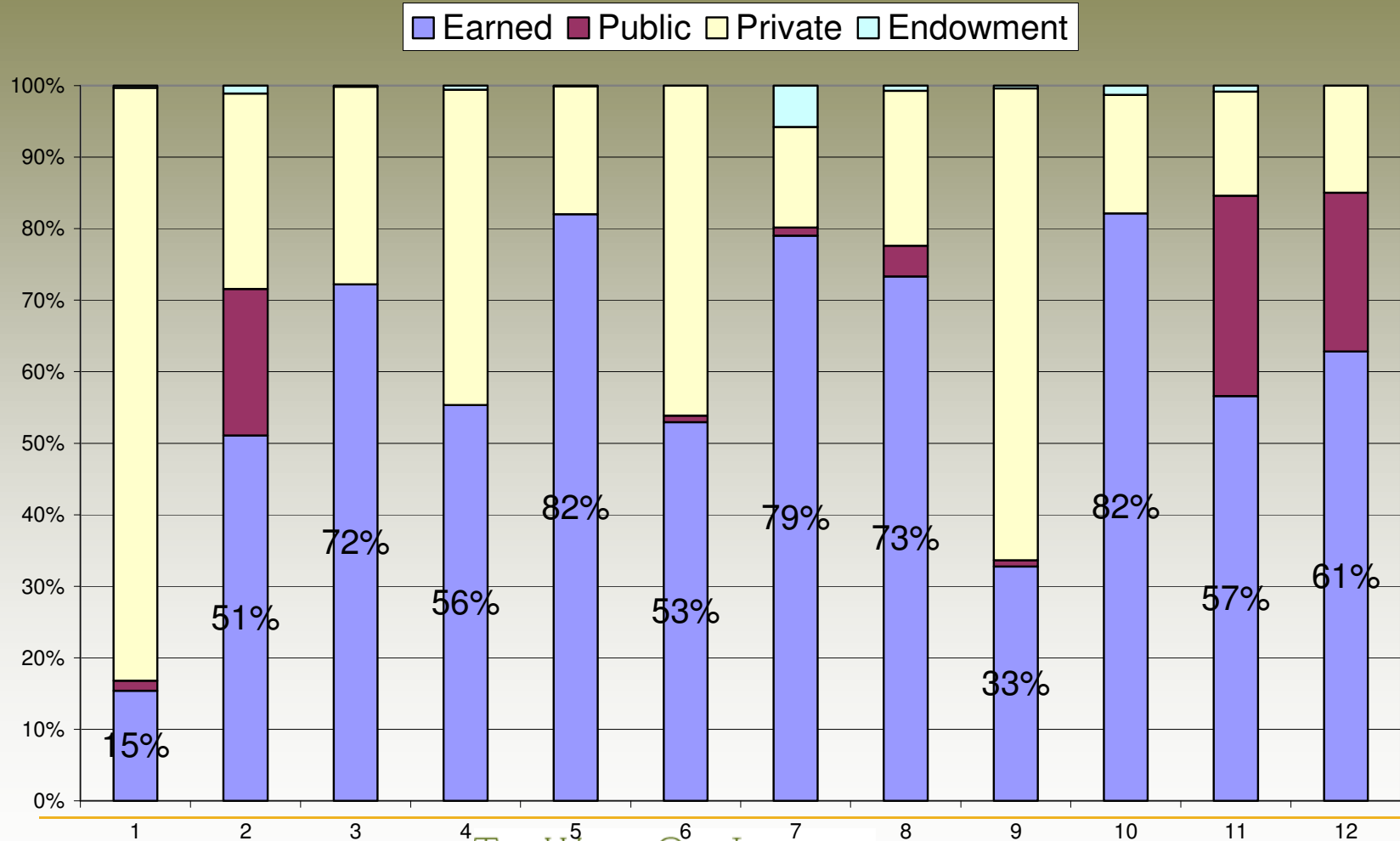
Revenue Indicators and Ratios

1. Percentage of revenue by category
2. Gate admission % of earned and total revenue
3. Average ticket price
4. Support revenue by category
5. Earned revenue per on-site visitor
6. Gift shop gross sales per on-site visitor



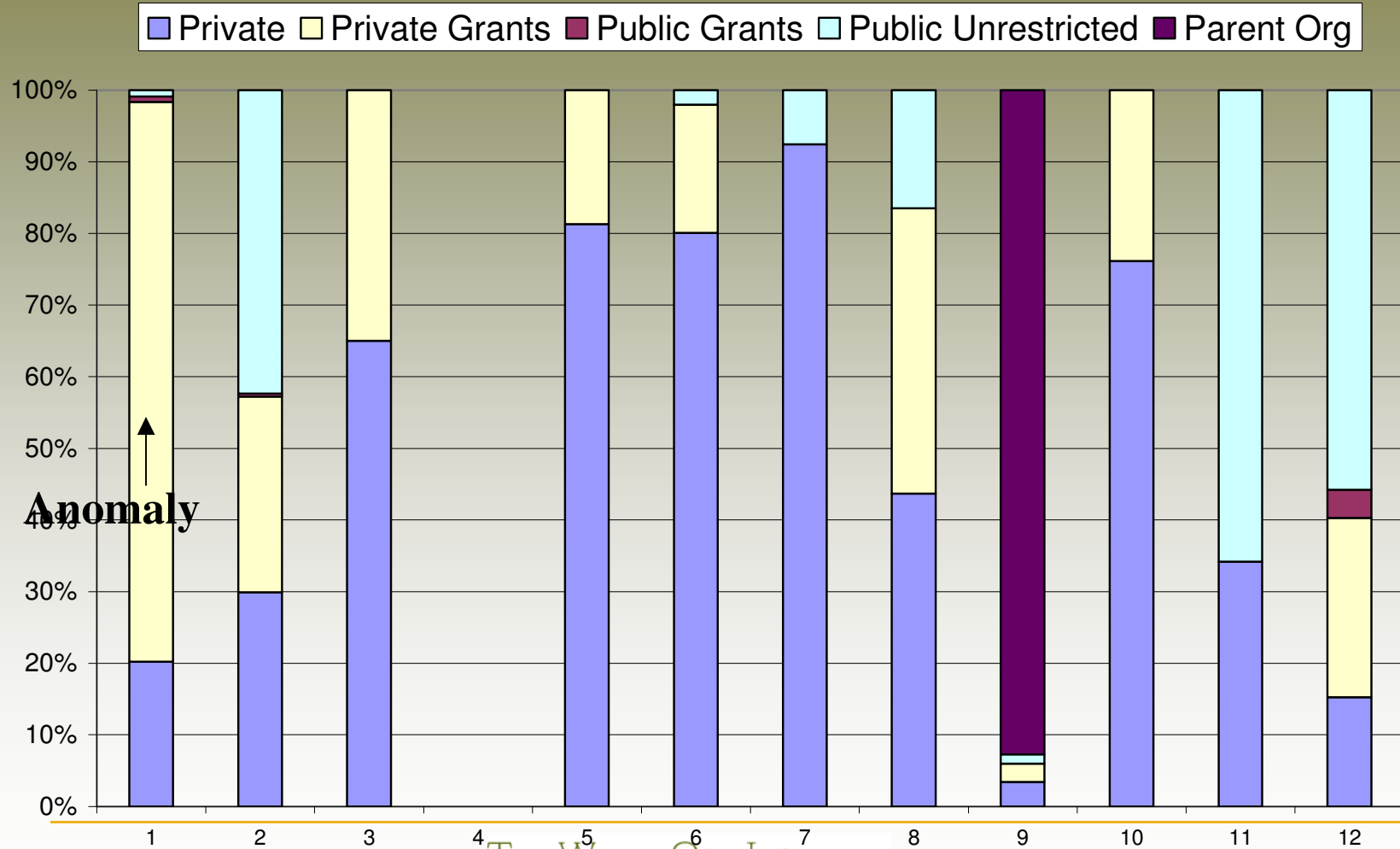
Revenue Indicators

% Revenue by Category



Revenue Indicators

Support Revenue by Category



Earned Revenue

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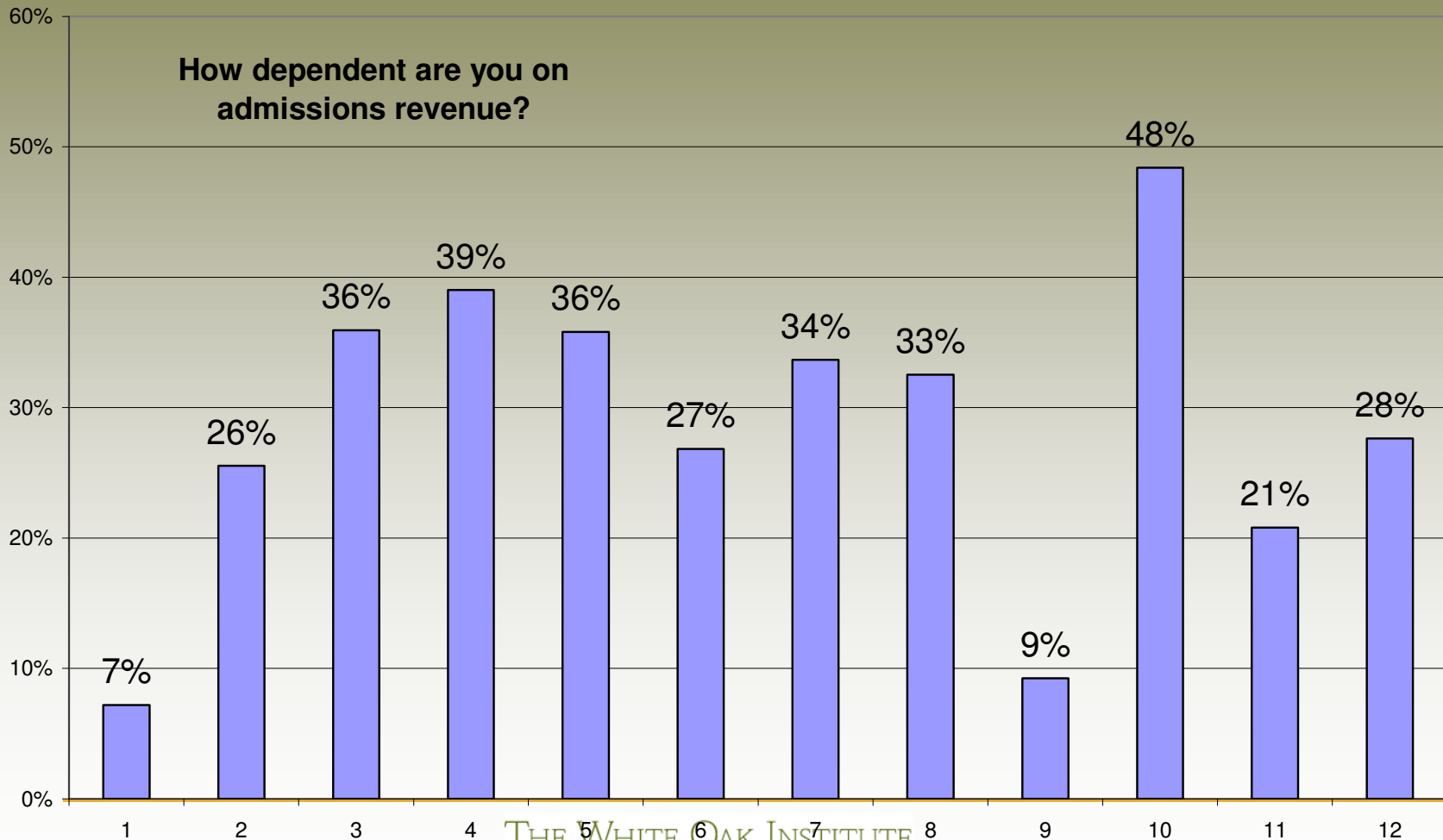
Revenue Indicators and Ratios

Earned Revenue per On-site Visitor



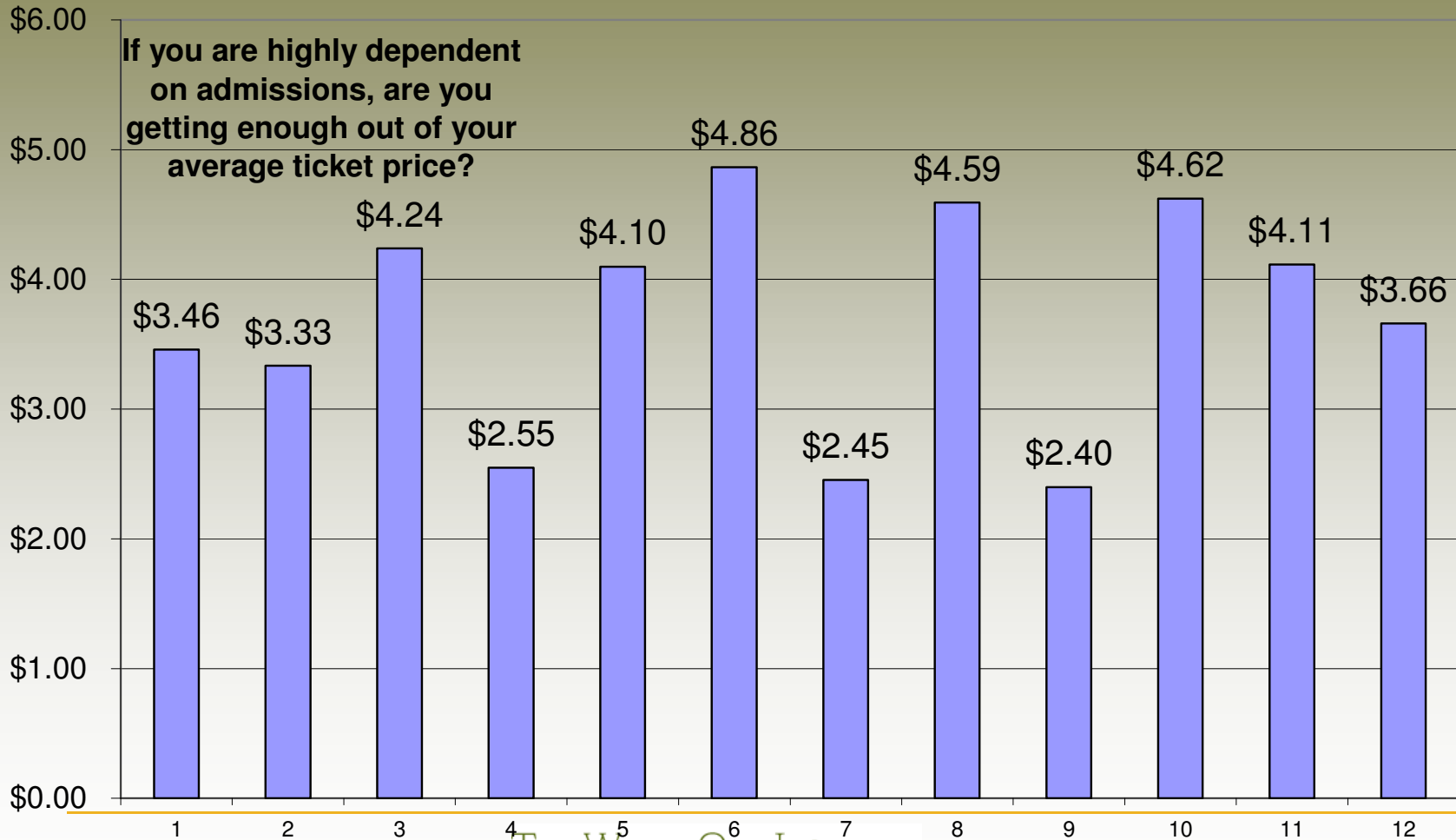
Revenue Indicators and Ratios

Admissions Revenue % of Total Revenue



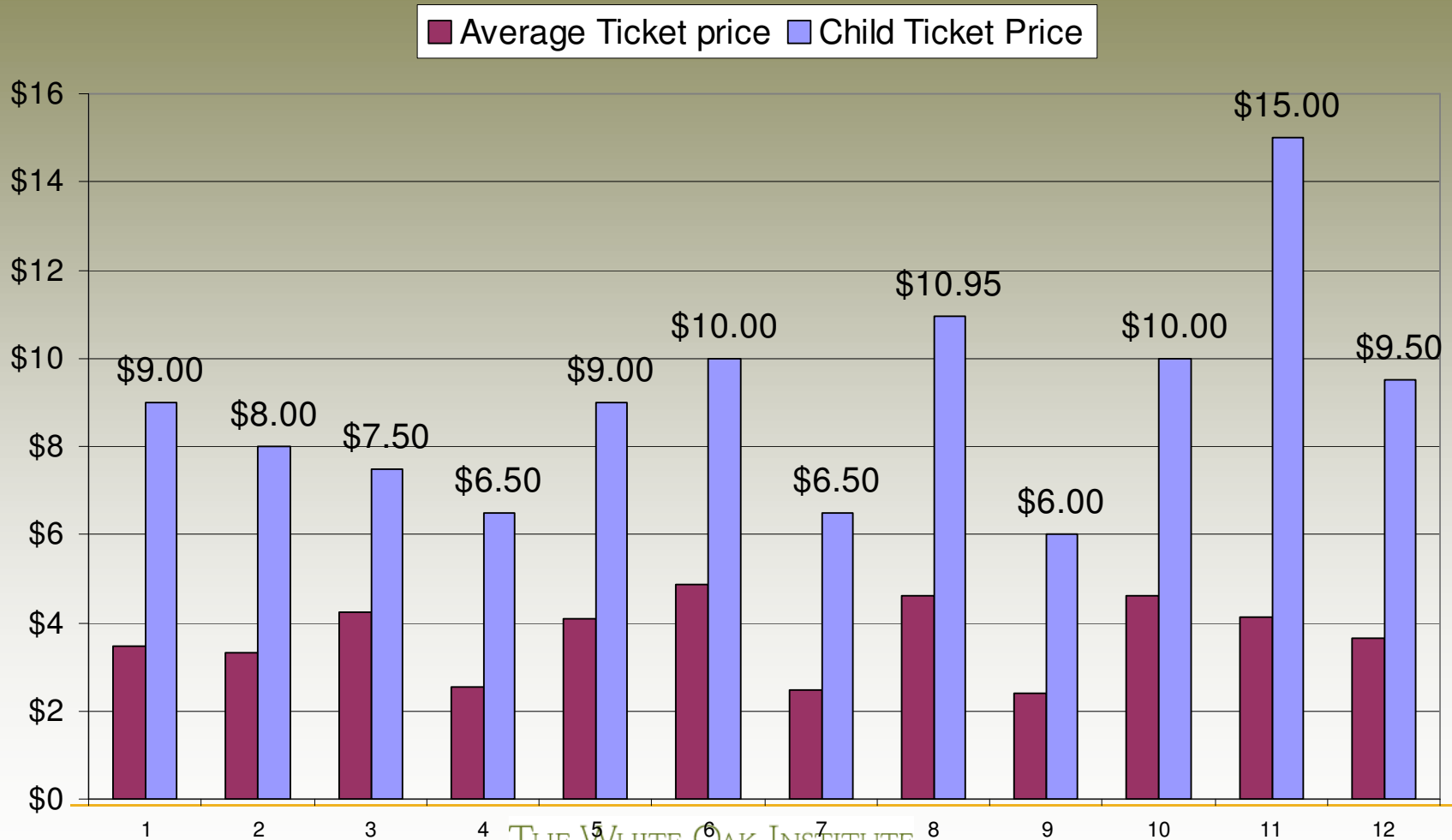
Revenue Indicators and Ratios

Average Ticket Price



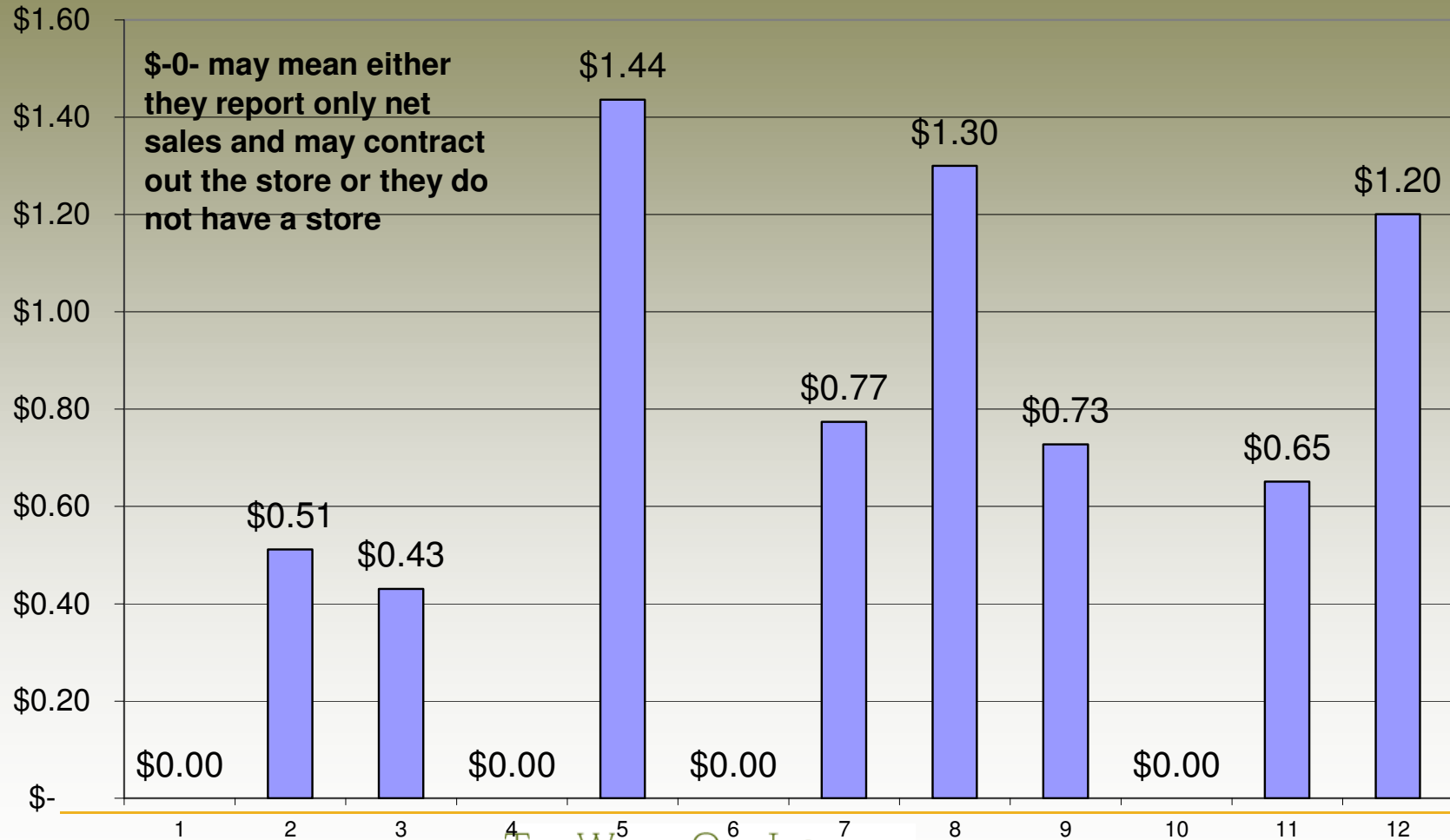
Revenue Indicators and Ratios

Average Ticket Price and Child Ticket



Revenue Indicators and Ratios

Gift Shop Gross Sales per On-site Visitor



Finance Indicators and Ratios



Finance Ratio

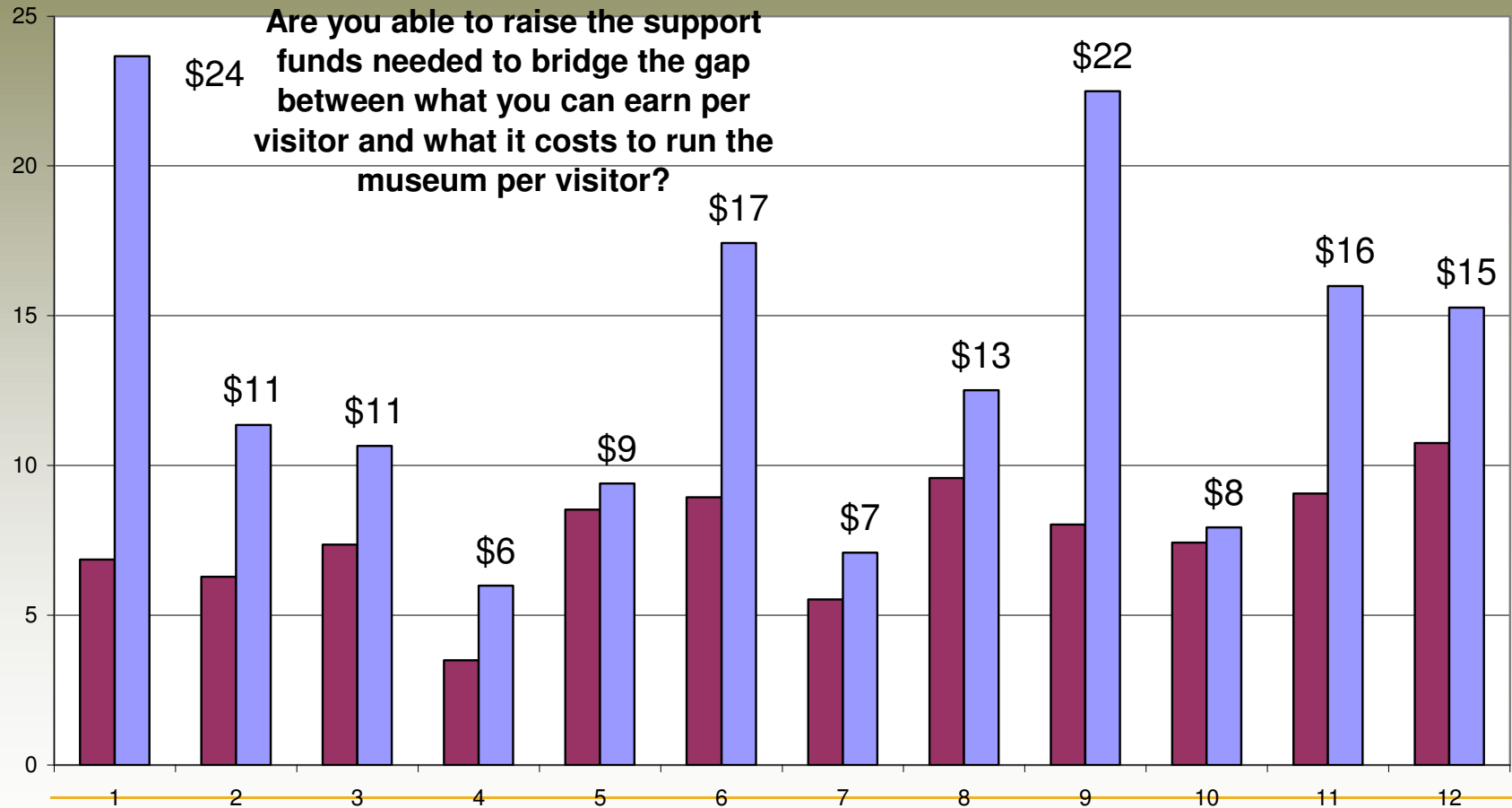
1. Earned revenue and expenses per on-site visitor



Finance Ratio

Earned \$ and Expenses per On-site Visitor

■ Earned Rev/On-site Visitor ■ Expenses/On-site Visitor



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Membership Indicators and Ratios



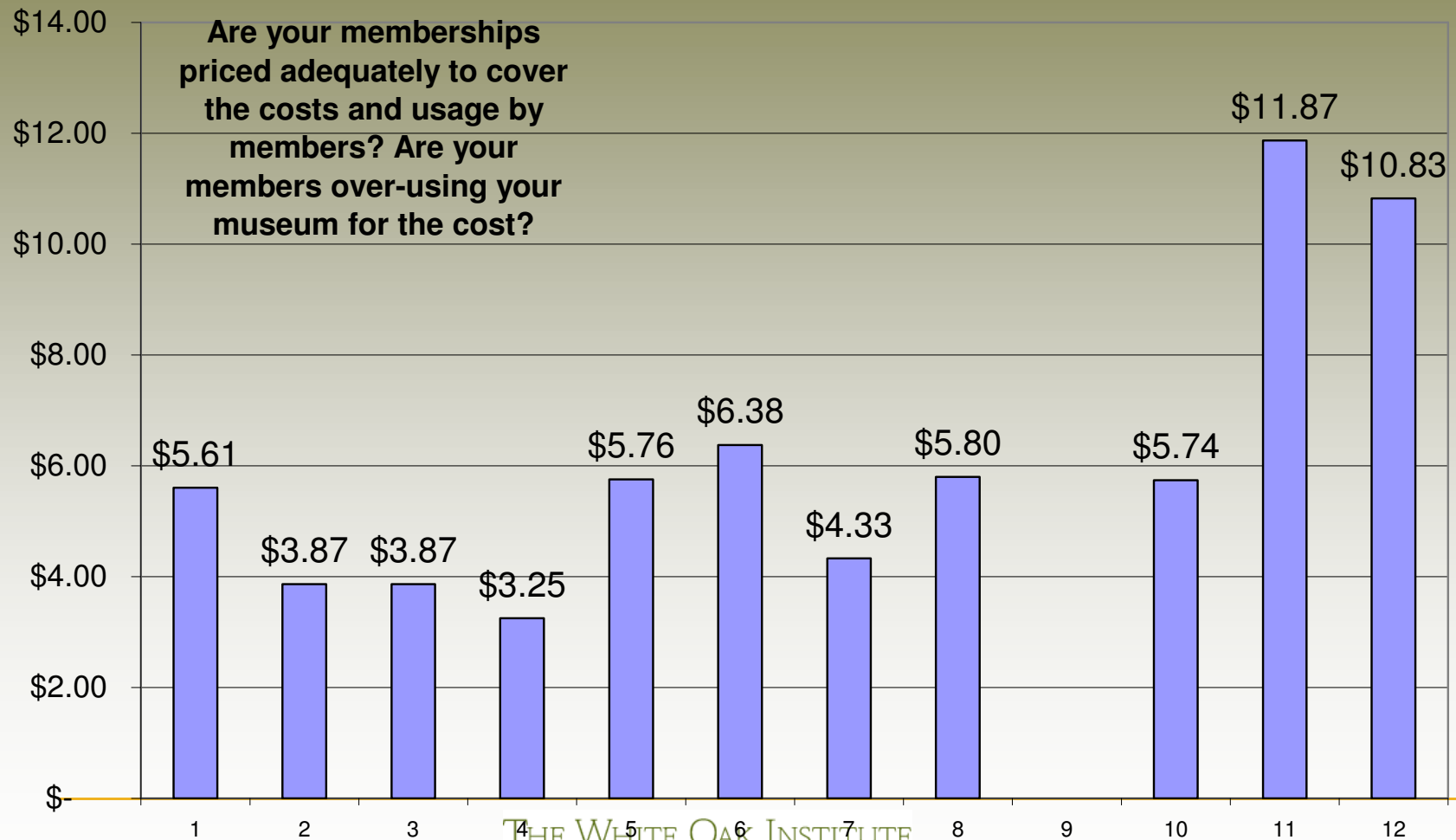
Membership Indicators/Ratios

1. Non-corporate membership as a % of earned revenue
2. Average revenue per membership for non-corporate members



Membership Indicators/Ratios

Membership Revenue per Member Visit



Staffing Indicators and Ratios



Staffing Indicators and Ratios

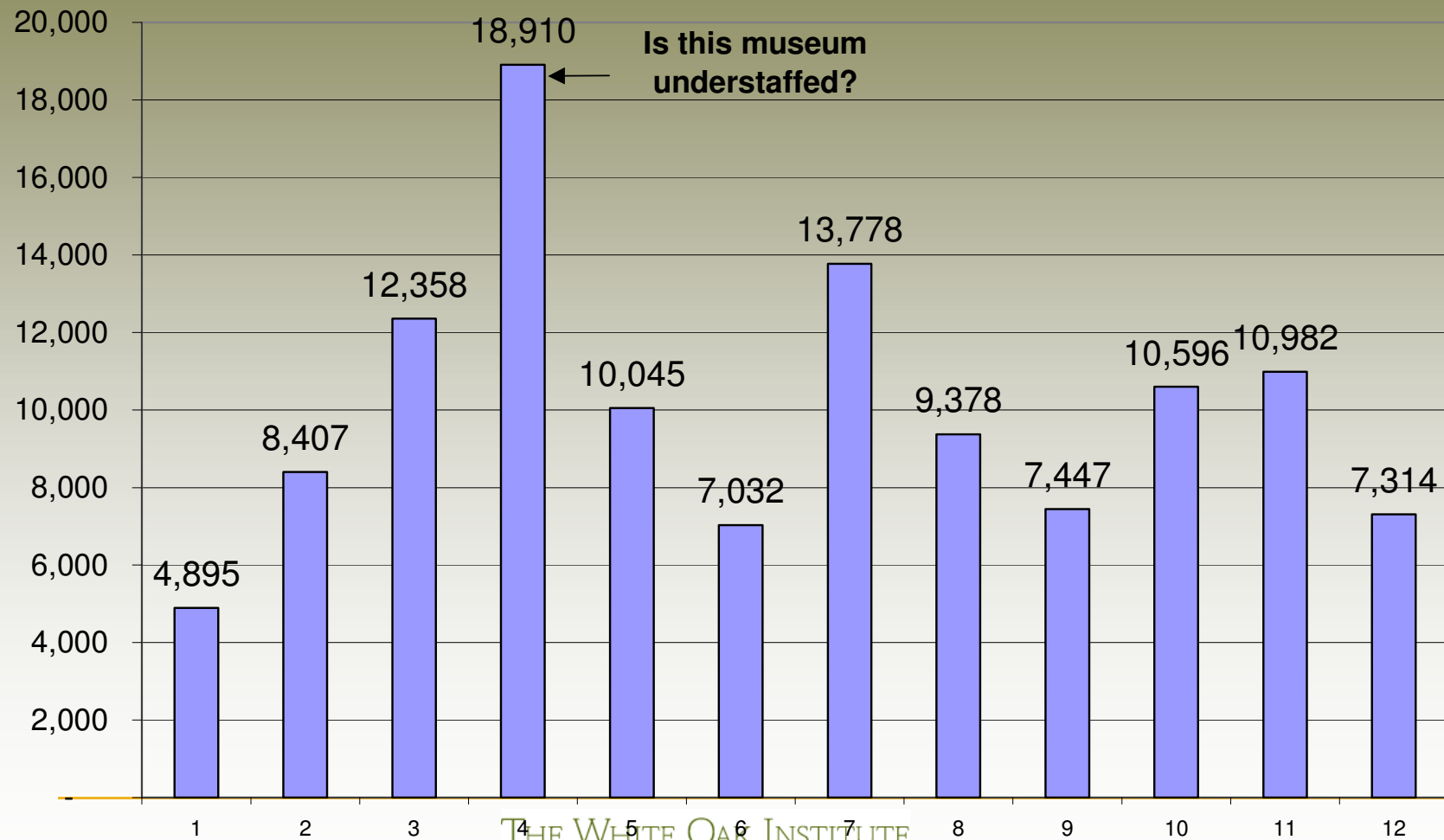
1. On-site attendance per full-time equivalent (FTE) staff
2. Ratio of FTE's to operating expenses

Total number of FTEs was one of the hardest questions for survey respondents to answer accurately



Staffing Indicators and Ratios

On-site Visitors per FTE Staff



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