

MANAGEMENT
An Introduction

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WELCOME & OVERVIEW



MGMT Module Instructors



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Agenda Overview

SCHEDULE

Morning

- Welcome & Housekeeping
- MGMT Module Overview
- Budgeting

Afternoon

- Fiscal Responsibility
- Sustainability & Fundraising
- Wrap-Up & Assignments
- Mentor Group Break-outs

GOALS FOR TODAY

Community

- Coming Together as a Group

Introduction to Content

- Understanding MGMT Module
- Clarity on Next Steps for Your Organization



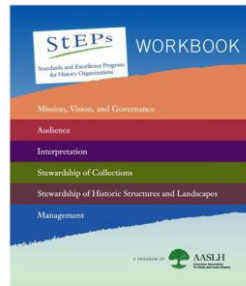
GROUND RULES



MANAGEMENT MODULE OVERVIEW

Introduction to Management (MGMT)

- Module Schedule
- Management Standards Overview
- Unacceptable Organizational Practices Within This Module



MGMT Module Schedule



November 26, 2018

Full-day Workshop | Management: An Introduction

December 17, 2018

Half-day Skills Lab | Building a Fundraising Plan

January 2019 (date to be negotiated with Mentor)

Mentor Site Visits | Work on Your Individual Projects

February 25, 2019

Full-Day Workshop | Managing \$\$\$, People, Things & Activities

MGMT Module Overview


This module covers:

- Fiscal Responsibility & Budgeting
- Sustainability & Fundraising
- Institutional Planning
- Managing People
- Managing Things & Activities
- Safety & Security
- Emergency Planning
- Records Management & Compliance

Refer to page 241 of your StEPs Workbook

HANDS-ON ACTIVITY #1

MANAGEMENT STANDARDS: THE GAME



Hands-on Management Standards: The Game
HANDS-ON ACTIVITY #1 • 30 minutes
StEPs Management Standards: The Game

Instructions:

1. Divide into two teams.
2. Using your existing knowledge of the StEPs Management Standards, each team will alternate answering 5 questions by providing examples from their museum or their knowledge of "best practices."
3. Answer the question aloud.
4. The team with the most points wins chocolate!

MGMT Standard 1 The institution legally, ethically, and responsibly acquires, manages, and allocates its financial resources in a way that advances its mission.

MGMT Standard 2 The institution operates in a fiscally responsible manner that promotes its long-term sustainability.

MGMT Standard 3 The institution allocates its space and uses its facilities to meet the needs of the collection, audience, and staff.

MGMT Standard 4 The institution has appropriate measures to ensure the safety and security of people, its collections, and its facilities, and the facilities are in good order.

MGMT Standard 5 The institution has an effective program for the care and long-term maintenance of its facilities.

MGMT Standard 6 The institution is clean and well-maintained, and provides for the visitor's needs.

MGMT Standard 7 The institution takes appropriate measures to protect itself against potential risk and harm.

MGMT Standard 8 The institution complies with local, state, and federal laws, codes, and regulations applicable to its facilities, operations, and administration.

MGMT Standard 9 The institution engages in ongoing and effective institutional planning that includes assessment of its mission and community.

MGMT Standard 10 The institution establishes measures of success and uses them to evaluate and adjust its actions.

MGMT Standard 11 The institution systematically manages its records both for current business needs and to support its permanent record collections.

- 1) Divide into two teams.
- 2) Each team will alternate answering 5 questions by providing examples from their museums or their knowledge of "best practices."
- 3) 2-minute time limit per question.
- 4) Answers to final question count double.
- 5) The team with the most points wins chocolate!



MGMT Standard 1



How can an institution legally, ethically, and responsibly acquire, manage, and allocate its financial resources in a way that advances its mission?



MGMT Standard 2

StEPs

Give examples of how an institution can operate in a fiscally responsible manner that promotes its long-term sustainability.



MGMT Standard 3

StEPs

How can an institution best allocate its space and use its facilities to meet the needs of the collections, audience, and staff?

➤ **HINT:** *Do staff and governing authority have a clear understanding of the relationship between facility use and institutional mission?*



MGMT Standard 4

StEPs

Give examples of appropriate measures an institution can use to ensure the safety and security of people, its collections and/or objects, and the facilities it owns or uses.

➤ **HINT:** *Does the institution have policies and procedures to ensure the safety and security of people, collections and facilities?*



MGMT Standard 5

StEPs

What should an institution include in its program for the effective care and long-term maintenance of its facilities?



MGMT Standard 6

StEPs

How can an institution remain clean and well-maintained, and provide for its visitors' needs?



MGMT Standard 7

StEPs

What are appropriate measures – such as internal controls or policies and procedures – that an institution takes to protect itself against potential risk and loss?



MGMT Standard 8

StEPs

How can an institution ensure it complies with the local, state, and federal laws, codes, and regulations applicable to its facilities, operations, and administration?



MGMT Standard 9

StEPs

Give examples of how an institution can engage in ongoing and reflective institutional planning that includes involvement of its audiences and community.



MGMT Standard 10

StEPs

How can an institution establish measures of success and use them to evaluate and adjust its activities?

- **HINT:** Does the institution have a set of criteria it uses to measure success?
- **HINT:** Do staff and governing authority members participate in job performance evaluations?



MGMT Standard 11

StEPs

How can an institution appropriately manage its records both for current business needs and to maintain a permanent record of its activities?



MGMT Unacceptable Practices

- **Information**
Lack of public trust, transparency, confidentiality
- **Leadership**
Personal vs. institutional best interest, conflicts of interest
- **Finances**
Conflation of personal vs. institutional funds, misuse of \$
- **Due Diligence**
Inattention to duties and responsibilities, safety, and laws

What THIS Workshop Covers Today

- Budgeting
- Fiscal Responsibility
- Sustainability & Fundraising



BUDGETING

Stewardship & Maintaining Public Trust

“Stewardship is... being responsible for something valuable on behalf of someone who has entrusted it to our care, and implies a deep level of trust, accountability & responsibility.”

- Museums should strive to **maintain transparency** in their operations, including financial.
- **Sound fiscal management** is crucial to upholding the public trust and stewardship role of the museum.

Cinnamon Cottlin-Legutko & Stacy Klingler, *Small Museum Toolkit*, Altamira Press, 2012.

Making a Budget = Having a Plan

Budgeting is the process of estimating how much money you will need to pursue your goals and carry out your activities AND how much you expect to collect.



A Budget Is Simply a List



- Estimated **INCOME** = how much you expect to reap in grants, contributions, fees, sales, etc.
- Estimated **EXPENSES** = what you expect to spend on day-to-day items (rent, utilities, office supplies), capital expenses (computers, office furniture), etc.

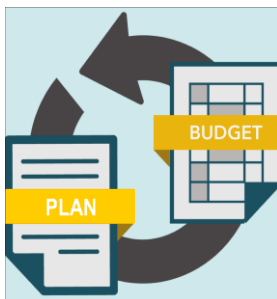
What's a Balanced Budget?

When Income and Expenses Are Equal



Which Comes First?

Your Strategic Plan or Your Budget?



Distinguish Between Expenses

ADMINISTRATION

- Fixed Costs / Overhead
- Basic costs that keep museum running
- Exist independently of any programs or activities the museum conducts



PROGRAM

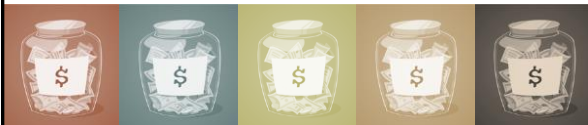
- Variable Costs
- Associated with specific activities the museum conducts



Allocation of \$\$\$

Attribute both your Income and Expenses to General Administration and to each of your Programs

WHY?



Suggested Budget Layout

- Separate vertical column for administration
- Separate vertical columns for each program
- Horizontal rows for specific income and expenses
- Track restricted income

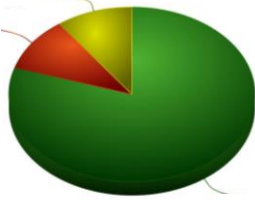
Peri Pakroo, Starting and Building a Nonprofit:
A Practical Guide

	Administration (General Fund)	Program 1	Program 2	Program 3	TOTAL
Income					
Endowment					
Foundation / Grants					
Special Events					
Membership					
Admission Income					
Gifts / Donations					
Other Income					
Expenses					
Acquisition					
Program Staff / Honoraria					
Travel / Travel / Food					
Supplies & Equipment					
Printing					
Marketing					
Traveling					
Insurance					
Program Support					
Salaries					
Utilities					
Telephone					
Supplies					
Travel & Shipping					
Website Hosting					
Accounting Costs					
Legal & Insurance					
Post Office					
Traveling					
Collection Insurance					
Facility Maintenance					
Marketing					
Restricted Income					
Corporate / Private / Endowment					
Office Furniture					
Capital Equipment					
Capital Expenses					
Interest					
Depreciation					
Other					
Other Income					
TOTAL EXPENSES					
NET ANNUAL REVENUE					

80 - 10 - 10 Goal for Expenses

10% = to administration

10% = to fundraising



80% = to charitable purpose

Build Your Budget

ESTIMATE YOUR INCOME

Museum of the Good, the Bad & the Ugly Turkeys

	Administration (unrestricted)	Adopt a Turkey Public Program	Turkey Exhibition	Journal of Turkey Stories	TOTAL
INCOME					
Individuals	\$2,000				\$2,000
Institutions	\$1,500		\$1,000*		\$2,500
Foundations / Grants	\$3,000	\$2,000*			\$5,000
Special Events	\$2,500				\$2,500
Membership	0				
Earned Income (admissions, shop, etc.)	0				
Govt. Funding	0				
Total Income	\$9,000	\$2,000	\$1,000	\$0	\$12,000

* Anticipated restricted income - mark with an asterisk to easily identify

Build Your Budget

ESTIMATE PROGRAM EXPENSES

Museum of the Good, the Bad & the Ugly Turkeys

	Administration (unrestricted)	Adopt a Turkey Public Program	Turkey Exhibition	Journal of Turkey Stories	TOTAL
PROGRAM COSTS					
Acquisitions					
Project Staff / Honoraria					
Trans. (van rental)		\$300	\$375		
Travel (gas)		\$100	\$250		
Food		\$600	\$1,125		
Supplies & Equip (rental)		\$200			
Printing				\$500	
Marketing					
Training					
Insurance		\$150	\$125		
Fees (day use & camp)		\$50	\$50		
Program Subtotal	\$0	\$1,400	\$1,925	\$500	\$3,825

Build Your Budget

ESTIMATE ADMINISTRATION EXPENSES

	Administration (unrestricted)	Adopt a Turkey Public Program	Turkey Exhibition	Journal of Turkey Stories	TOTAL
ADMINISTRATION (FIXED) COSTS	Rent	\$1,800			\$1,800
	Salaries	\$1,350			\$1,350
	Utilities	\$600			\$600
	Telephone	\$600			\$600
	Supplies	\$600			\$600
	Postage & Shipping	\$300			\$300
	Website Hosting	\$120			\$120
	Fundraising Costs	\$600			\$600
	Liability Insurance	\$1,200			\$1,200
	Prof. Services	\$600			\$600
	Conservation				
	Training				
	Collections Insurance				
	Facility Maintenance				
	Miscellaneous	\$600			\$600
	Fixed Costs Subtotal	\$7,770	\$0	\$0	\$7,770

Build Your Budget

ESTIMATE CAPITAL EXPENSES

Museum of the Good, the Bad & the Ugly Turkeys

	Administration (unrestricted)	Adopt a Turkey Public Program	Turkey Exhibition	Journal of Turkey Stories	TOTAL
CAPITAL EXPENSES	Computer/ Phone Equip	\$750			\$750
	Office Furniture	\$150			\$150
	Camping Equipment		\$750		\$750
	Capital Subtotal	\$900	\$750	\$0	\$1,650

Build Your Budget

ESTIMATE START-UP EXPENSES

Museum of the Good, the Bad & the Ugly Turkeys FUNDRAISING PROJECT

	Administration (unrestricted)	Adopt a Turkey Public Program	Turkey Exhibition	Journal of Turkey Stories	TOTAL
START-UP COSTS	Printing	\$300			\$300
	Website	\$250			\$250
	Telephone	\$75			\$75
	Fees	\$35			\$35
	Startup Subtotal	\$660	\$0	\$0	\$660

Assemble Your Budget

INCOME

- What are your income trends? Continue or change? New competition or opportunities?
- How many of your current grants or income sources may be renewed and at what levels?
- How healthy is the current financial environment? Will it affect your previous donors' abilities to give?
- Are you likely to increase individual giving or special-events revenue?

EXPENSES

- Duration of all employee employment periods? Annual raises? Additional staffing needed?
- Benefits? Don't forget increases that kick-in after an employee has worked for certain periods (e.g., 6+ months or 5+ years).
- When does your lease obligate you to pay for rent increases or taxes?
- Rate increases for utilities, postage, or other services?
- New technology? Upgraded hardware, software, website?

Completed Budget

Museum of the Good, the Bad & the Ugly Turkeys



	Administrative (unrestricted)	Animal Welfare Public Programs	Animal Welfare Exhibitions	Animal Welfare Events	TOTAL
INCOME					
Individuals	\$1,000				\$1,000
Institutions	\$1,500				\$1,500
Foundations	\$1,500	\$1,000*	\$1,000*		\$3,500
Special Events	\$2,500				\$2,500
Membership	\$1,000				\$1,000
Other Grants	\$1,000				\$1,000
Other	\$1,000				\$1,000
Total Income	\$10,000	\$2,000	\$1,000	\$0	\$13,000
EXPENSES					
Acquisition					
Project Staff (personnel)	\$100				\$100
Travel (airfare)	\$100				\$100
Food	\$500				\$500
Supplies & Equipment	\$100				\$100
Printing	\$100				\$100
Marketing	\$100				\$100
Training	\$100				\$100
Insurance	\$100				\$100
Postage (airfare & camp)	\$100				\$100
Program Salaries	\$0	\$1,400	\$1,400	\$0	\$2,800
ADMINISTRATIVE EXPENSES					
Rent	\$1,800				\$1,800
Utilities	\$1,200				\$1,200
Insurance	\$600				\$600
Supplies	\$600				\$600
Postage & Shipping	\$100				\$100
Website Hosting	\$100				\$100
Postage & Shipping	\$100				\$100
Liability Insurance	\$1,200				\$1,200
Postage & Shipping	\$100				\$100
Conservation	\$100				\$100
Training	\$100				\$100
Collection Insurance	\$100				\$100
Facility Maintenance	\$100				\$100
Miscellaneous	\$100				\$100
Administrative Salaries	\$1,700	\$0	\$0	\$0	\$1,700
GRANTS					
Computer/Phone Equip	\$100				\$100
Office Furniture	\$100				\$100
Equipment	\$100				\$100
GRANTS					
Project Staff	\$100	\$100	\$100	\$0	\$300
Travel	\$100	\$100	\$100	\$0	\$300
Food	\$100	\$100	\$100	\$0	\$300
Supplies	\$100	\$100	\$100	\$0	\$300
Printing	\$100	\$100	\$100	\$0	\$300
Marketing	\$100	\$100	\$100	\$0	\$300
Training	\$100	\$100	\$100	\$0	\$300
Insurance	\$100	\$100	\$100	\$0	\$300
Postage (airfare & camp)	\$100	\$100	\$100	\$0	\$300
TOTAL EXPENSES	\$10,000	\$2,000	\$1,000	\$0	\$13,000
NET ANNUAL REVENUE					\$0

* Anticipated restricted income

MGMT Standard 1(B)

Does the institution have a formally adopted budget?

BASIC

- **Staff compile** and recommend an annual budget and the **governing authority approves** it.
- The governing authority and staff review the budget at least **quarterly**.
 - ✓ Make sure organization has the resources to carry out its goals
 - ✓ Insist on good financial reporting

MGMT Standard 1(B)

**Does the institution have
a formally adopted budget?**

GOOD

- The annual budget anticipates and covers activities outlined in the institution's **strategic plan**.
 - ✓ Built around strategic plan and aligns with museum's policies
 - ✓ Maintains integrity of museum
 - ✓ Developed by staff & board
- The annual budget **adequately funds** staff work plans and assignments.
 - ✓ Plans for revenue to match expenses
 - ✓ Includes ongoing and one-off expenses

MGMT Standard 1(B)

**Does the institution have
a formally adopted budget?**

GOOD (cont'd)

- Development of the annual budget **includes input** from all programmatic areas (i.e., collections, education, maintenance, etc.).
- The governing authority approves **budget modifications** as needs and challenges arise.
 - ✓ Monthly review of financial reports in relation to budget
 - ✓ Board member(s) with financial expertise should train board how to read financial statements & 990
 - ✓ Good communication between museum leadership & board crucial
 - ✓ Ongoing monitoring, data gathering, analysis & revision

MGMT Standard 1(B)

**Does the institution have
a formally adopted budget?**

BETTER

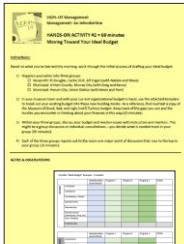
- The governing authority's Finance Committee and staff **work together** to develop and maintain a balanced budget.
 - ✓ Executive Director usually represents staff in financial discussions
 - ✓ Multi-year projections are based on the strategic plan
 - ✓ Can be simple but identifies achievable goals

MORNING BREAK – 15 minutes



HANDS-ON ACTIVITY #2

Moving Toward Your "Ideal" Budget



- 1) Organize three groups:
 - ✓ Nonprofit: Ft Douglas, Cache DUP, Alf Engen
 - ✓ Municipal: Uintah County, Murray City
 - ✓ Municipal: Hyrum City, Union Station
- 2) Individual museums use template to reorganize existing budget into these new building blocks (20 minutes).
- 3) In your three groups, discuss your budget and revision issues with instructors and mentors (30 minutes).
- 4) Three groups report out one major point that arose in discussions (10 minutes).

LUNCH BREAK – 60 minutes



FISCAL RESPONSIBILITY

MGMT Standard 1(A)

Does the Institution acquire funds only through legal methods that are in agreement with its mission?

BASIC

- The institution is **truthful and follows all laws** in its solicitation of financial donations.
 - ✓ Trust and responsibility are essential components of good stewardship, and indispensable to ethical fundraising
 - ✓ Gifts are to be held in trust for the public good

MGMT Standard 1(A)

Does the Institution acquire funds only through legal methods that are in agreement with its mission?

BASIC (cont'd)

- Staff and governing authority members **are aware of the role of ethics** in fundraising and financial accounting and reporting.
 - ✓ **HANDOUT | Fiscal Operations Policy Manual** (guidelines for financial controls and procedures) covering areas such as:

○ Governance	○ Audit
○ Internal controls	○ Federal/state reporting
○ Asset protection	○ Reconciliation of accounts

MGMT Standard 1(A)

Does the Institution acquire funds only through legal methods that are in agreement with its mission?

BASIC (cont'd)

- The institution **uses its mission** to guide fundraising efforts and in allocation of financial resources.
 - ✓ What is your museum's mission?
 - What are **priorities** as defined by mission?
 - What is the **cost** (monetary, time, other resources)?
 - What are **potential funding** sources?
 - ✓ Fundraising is an **intentional, people-focused process** built on genuine, personalized relationships

Adventures in Fundraising, Indiana Historical Society

MGMT Standard 1(A)

Does the Institution acquire funds only through legal methods that are in agreement with its mission?

BASIC (cont'd)

- The institution **never sells collection** items or historic properties in order to raise funds for general operating expenses.
 - ✓ Collection is held for **public benefit** – not disposable financial asset
 - ✓ Public trust means certain natural / cultural resources are preserved for public benefit. **Public "owns" the collections**, and they should be kept available for public study, education, enjoyment
 - ✓ May transfer / sell object to another museum, but **proceeds must be used** to acquire new objects or provide direct care to collection

American Alliance of Museums Ethics - Q & A: Selling objects from the Collection

MGMT Standard 1(A)

Does the Institution acquire funds only through legal methods that are in agreement with its mission?

GOOD

- The institution has a code of ethics that addresses financial management.
 - ✓ Standards may come from **outside the profession**. Look to:
 - Accounting standards
 - Nonprofit sector (e.g., fundraising with the public)
 - ✓ Beyond a code of ethics, **must foster a culture of ethical practice** and behavior
 - ✓ "Duty of Loyalty"

MGMT Standard 1(A)

Does the Institution acquire funds only through legal methods that are in agreement with its mission?

BETTER

- The institution publicly demonstrates responsible financial management through its annual **independent review or audit**.
- Staff and governing authority members are always mindful of the **relationship between** the institution's **mission and** how it acquires, manages, and spends **money**.

Financial Health of Organization

ASSETS

- Cash Reserves
- Other
 - ✓ Liabilities
 - ✓ Sustainability
- Funding Sources
- Cost Control



Management of Finances

BUDGETING & PROJECTING CASH FLOWS

- Monitoring and managing
- Watching cash reserves
- Decision making for the short and long term



Safekeeping Assets

- What is an asset?
- What needs to be protected and / or controlled?
- What is particularly vulnerable to theft or fraud?
- Internal Controls
 - ✓ Segregation of duties
 - ✓ Other controls
 - ✓ Compensating controls



HANDS-ON ACTIVITY #3

Assess Your Financial Management



- 1) Look at the questions posted around the room in these categories:
 - ✓ Human Resources (Staff & Volunteers)
 - ✓ Administrative & Accounting Records
 - ✓ Cash Receipts & Disbursements
 - ✓ Property & Equipment
 - ✓ Budgets & Financial Reporting
- 2) Put a dot next to each question where you can answer "YES" (15 minutes).
- 3) Spokesperson for each category briefly summarizes the results (15 minutes).
- 4) Let's discuss (15 minutes)!!!



JumpSTART Financial Management Checklists, Oklahoma Arts Council

AFTERNOON BREAK – 15 minutes



SUSTAINABILITY & FUNDRAISING

MGMT Standard 2(A)

**Does the Institution have a plan
for future financial needs?**

BASIC

- The governing authority and staff **discuss future needs** on a regular basis.
 - ✓ Do future needs fall within mission?
 - ✓ Are needs prioritized?
 - ✓ Are resources available to support these needs?
 - ✓ If resources not available, how will they be obtained?
 - ✓ What will need to be cut or modified in order to meet future needs?

MGMT Standard 2(A)

**Does the Institution have a plan
for future financial needs?**

BASIC (cont'd)

- The governing authority **reviews anticipated cash flow** at every meeting.
 - ✓ Governing body and staff review financial statements jointly
 - ✓ Establish effective budgeting to create useful cash flow forecasts
 - ✓ Essential for day-to-day and long-term fiscal health!
 - ✓ Vigilance and flexibility are required – be mindful of current or developing situations and modify plans accordingly
 - ✓ Who will review, approve and take corrective action to deal with potential cash flow problems?

MGMT Standard 2(A)

**Does the Institution have a plan
for future financial needs?**

GOOD

- The annual budget includes **capital planning** (facilities and equipment) and **staff development**.
 - ✓ It's not enough to talk about these issues
 - ✓ Write them down
 - ✓ Review regularly
 - ✓ Prioritize capital needs within fiscal constraints
 - ✓ Seek stakeholder input
 - ✓ Build a more resilient and vibrant future
 - ✓ Don't neglect staff development

MGMT Standard 2(A)

**Does the Institution have a plan
for future financial needs?**

BETTER

- The institution has some **cash reserves**.
 - ✓ What type of cash reserves are available?
 - ✓ Are reserves monitored regularly by governing authority?
 - ✓ What is the effect of short or long-term debt on reserves?
 - ✓ What is the ratio of assets to liabilities?
- The governing authority has discussed the appropriateness of an **endowment**.
 - ✓ Do you have an endowment? Should you?
 - ✓ If so, what is the value, and has it changed over time?
 - ✓ How much of the interest is used for operating expenses?
 - ✓ Is the investment monitored by a financial expert?

MGMT Standard 2(A)

**Does the Institution have a plan
for future financial needs?**

**Evaluate the financial
stability of your museum
over the next five years
from a broad
perspective**



HANDOUT | "PESTEL Model: Financial Stability of a Museum over the Next Five Years," from Samantha Chmellik, *Museum Operations, A Handbook of Tools, Templates, and Models*, (Rowman & Littlefield, 2017), page 51, table 4.14.

MGMT Standard 2(B)

Does the Institution have an institution-wide commitment to fundraising?

BASIC

- All governing authority members are encouraged to make a **personal financial contribution** to the institution.
 - ✓ The “third rail” of Board development
 - ✓ Find potential Board members who understand this role
 - ✓ Foster a culture within the organization so all staff are sensitive to potential funding or in-kind sources

MGMT Standard 2(B)

Does the Institution have an institution-wide commitment to fundraising?

GOOD

- The institution identifies a **variety of income sources** and **actively pursues** them.
 - ✓ What are your museum’s funding sources?
 - ✓ Are they sustainable?
 - ✓ How could you diversify? What are the pros & cons of doing so?
 - Earned income, grants, donors, sponsorships, special events...
- The governing authority and staff are **all involved** in fundraising efforts.
 - ✓ Who is involved? In what ways? Is it working? Sustainable?

A Healthy Fundraising Program

Evaluate fundraising effectiveness to provide a more complete picture of your museum’s fundraising health



Boardsource, Measuring Fundraising Effectiveness

MGMT Standard 2(B)

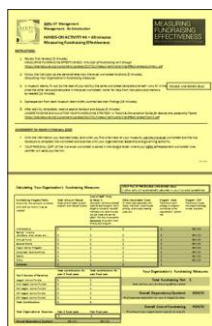
Does the Institution have an institution-wide commitment to fundraising?

BETTER

- The governing authority and staff **understand and accept responsibility** for fundraising.
 - ✓ One step at a time – fundraising is multi-faceted
 - Donor thank you calls, identify relationships, arrange meetings
- Governing authority members give financial contributions on a **regular basis** to demonstrate their support for the institution.
 - ✓ Establish clear expectations up front
 - ✓ Publicly acknowledge to the level of donor comfort

HANDS-ON ACTIVITY #4

Measuring Fundraising Effectiveness



- 1) Review HANDOUT (5 minutes).
MEASURING FUNDRAISING EFFECTIVENESS: Why Cost of Fundraising Isn't Enough
- 2) Follow the instructor as she demonstrates how the excel worksheet functions (5 minutes).
Calculating Your Organization's Fundraising Measures
- 3) In museum teams, fill out the worksheet template. Holler for help from instructors and mentors as needed (10 minutes).
- 4) Spokesperson from each museum team briefly summarizes their findings (15 minutes).
- 5) Receive HANDOUT and discuss (5 minutes).
UNDERSTANDING & EVALUATING YOUR FUNDRAISING STRATEGY: A Toolkit & Conversation Guide for Boards and Leadership Teams

Boardsource, Measuring Fundraising Effectiveness

Calculating Your Organization's Fundraising Measures

ONLY FILL IN THE GREEN CELLS - The other cells are automatically calculated and are locked.

Fundraising Program/Action	Total Amount	Fat Cost of Staff Time to Run	Other Associated Costs	Program Net	Program CDF
<i>Describe the sample numbers and add up each program over the past 3 years</i>	<i>Calculate the amount of staff cost for each program, including the leader - contribute to the total staff cost by each program. This may include some contribution if the staff cost is not included in the program's budget.</i>	<i>Calculate the amount of staff cost for each program, including the leader - contribute to the total staff cost by each program. This may include some contribution if the staff cost is not included in the program's budget.</i>	<i>Calculate the amount of staff cost for each program, including the leader - contribute to the total staff cost by each program. This may include some contribution if the staff cost is not included in the program's budget.</i>	<i>Calculate the amount of staff cost for each program, including the leader - contribute to the total staff cost by each program. This may include some contribution if the staff cost is not included in the program's budget.</i>	<i>Calculate the amount of staff cost for each program, including the leader - contribute to the total staff cost by each program. This may include some contribution if the staff cost is not included in the program's budget.</i>
Membership	\$ 100,000	\$ 10,000	\$ 60,000	\$ 30,000	2.33
Earned Income (admissions, store, etc.)	\$ 100,000	\$ 50,000	\$ 1,000	\$ 49,000	1.04
Annual Fund	\$ 250,000	\$ 20,000	\$ 10,000	\$ 220,000	0.74
Special Events	\$ 400,000	\$ 75,000	\$ 80,000	\$ 245,000	0.63
Major Donor Program	\$ 200,000	\$ 15,000	\$ 2,500	\$ 182,500	0.10
Corporate Sponsorships	\$ 100,000	\$ 10,000	\$ 5,000	\$ 85,000	0.18
Grants	\$ 250,000	\$ 40,000	\$ 500	\$ 209,500	0.19
Other	\$ 250,000	\$ 25,000	\$ 5,000	\$ 220,000	0.14
Subtotals (for entry into power)	\$ 1,850,000	\$ 245,000	\$ 164,000	\$ 1,241,000	
Total contributions					
Total contributions for past fiscal year					
Top 5 Sources of Revenue					
<i>(Should be based on giving over the past 3 years)</i>					
Largest donor/funder	\$ 300,000	\$ 100,000			
2nd largest donor/funder	\$ 100,000	\$ 50,000			
3rd largest donor/funder	\$ 50,000	\$ 10,000			
4th largest donor/funder	\$ 10,000	\$ 10,000			
5th largest donor/funder	\$ 10,000	\$ 10,000			
Total Contributions	\$ 450,000	\$ 180,000			
Total Organizational Expenses Past 3 fiscal year					
Past fiscal year					
Annual Dependency Quotient					
Overall Dependency Quotient					
Overall Cost of Fundraising					

FILL IN YOUR OWN BLANK SPREADSHEET WE WILL SEND YOU THE LINK

WRAP-UP

Quick Recap

What We Have Covered Today:

- Fiscal Responsibility
- Budgeting
- Fundraising & Sustainability



Recommended MGMT Resources

Catlin-Legutko, Cinnamon & Klingler, Stacy, *Small Museum Toolkit*, Altamira Press, 2012.

Chmelik, Samantha, *Museum Operations, A Handbook of Tools, Templates, and Models*, Rowman & Littlefield, 2017.

Pakroo, Peri J.D., *Starting and Building a Nonprofit: A Practical Guide*, Bang Printing, 2015.

Siciliano, Gene, *Finance for Non-Financial Manager* (2nd edition), Briefcase Books, McGraw Hill, 2015.

Council for Nonprofits, Internal Controls for Nonprofits
<https://www.councilofnonprofits.org/tools-resources/internal-controls-nonprofits>

Greater Washington Society of CPA's Educational Foundation's Nonprofit Accounting Basics
<https://www.nonprofitaccountingbasics.org/>

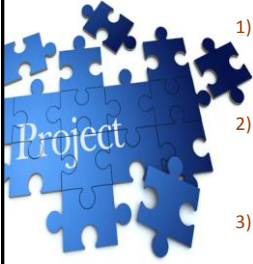
Safe Wise Consulting, Sample Financial Procedures
<http://www.safe-wise.com/downloads/SampleFinancialProceduresManual-MNNPCouncil.pdf>

* **HANDOUT** | Financial Management Checklist, JumpstART, Oklahoma Arts Council
https://www.arts.ok.gov/Arts_in_Communities/Nonprofit_Arts_Development/Chapter_8.html

* **HANDOUT** | PESTEL Model: Financial Stability of a Museum over the Next Five Years (from Chmelik, 2017)

* **HANDOUTS** | BoardSource, Measuring Fundraising Effectiveness
<https://boardsource.org/wp-content/uploads/2017/01/Measuring-Fundraising-Effectiveness-Summary.pdf>
<https://boardsource.org/wp-content/uploads/2017/01/Measuring-Fundraising-Effectiveness-Toolkit.pdf>

YOUR ASSIGNMENT



- 1) Build your Ideal Budget
 - ✓ Use the budget template provided to work through your existing budget and revise it toward this new format.
- 2) Measuring Fundraising Effectiveness
 - ✓ Use the toolkit readings and complete the Excel electronic worksheet with your leadership (Jennifer will send link to sheet).
- 3) Prepare to report out on both these activities in Month 4 (February).
- 4) Based on your StEPs self-assessment, work with your Mentor to identify and implement at least one additional project for this module.

Possible Projects for MGMT

- Written, board-approved budget
- Annual finance report and balance sheet
- Financial audit conducted by qualified outside professional
- Fundraising plan
- Code of Ethics or Conflict of Interest Policy
- Insurance coverage evaluation
- Security audit (e.g., key audit and policy)
- Personnel manual, staff and volunteer job descriptions, job performance evaluation form, staff training
- Operations manual
- Emergency operations plan
- Technology audit
- Institutional archives and records retention policy
- Building and grounds maintenance review

Wrap-Up

- **StEPs-UT is a partnership** between the Utah Division of Arts & Museums, Utah Humanities, and Utah Division of State History, and is supported by funding from the Utah Department of Heritage & Arts, the State of Utah, and the National Endowment for the Humanities.
- Questions? Anything else? Nametags to the basket please.
- **Mentor & Mentee Break-out Groups until 5pm.**

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