



INTERNATIONAL AFRICAN AMERICAN MUSEUM

Strategic Business and Operations Plan: Executive Summary

Lord Cultural Resources is a global professional practice dedicated to creating cultural capital worldwide.

We assist people, communities and organizations to realize and enhance cultural meaning and expression.

We distinguish ourselves through a comprehensive and integrated full-service offering built on a foundation of key competencies: visioning, planning and implementation.

We value and believe in cultural expression as essential for all people. We conduct ourselves with respect for collaboration, local adaptation and cultural diversity, embodying the highest standards of integrity, ethics and professional practice.

We help clients clarify their goals; we provide them with the tools to achieve those goals; and we leave a legacy as a result of training and collaboration.

Executive Summary

Lord Cultural Resources was engaged to prepare a business plan and projections based on the analyses conducted in this study as well as agreed assumptions for the project. The scope of work included site tours, internal workshops, an external interview process, as well as contextual, comparables, and market analyses.

The agreed core planning assumptions that underlie the projections of attendance, operating revenues and expenses for the integrated International African American Museum are as follows. The IAAM will:

- Be located at Gadsden Wharf along the Charleston waterfront. Not only does the site offer immense historical importance, it offers proximity to the South Carolina Aquarium, Liberty Square - Fort Sumter Interpretive Center, the cruise ship terminal, Charleston Harbor Tours, Maritime Center and other waterfront opportunities.
- Include about 32,750 net square feet of useable indoor space, or approximately 45,850 gross square feet. In addition to exhibition, programming and revenue generation spaces, the IAAM includes a Center for Family History, offering on-site and virtual opportunities to assist people of African descent in tracing their family genealogy. There is also an outdoor Memorial Garden available to visitors.
- Collect artifacts and artwork only for purposes of display. About 75% of IAAM's exhibition space will feature a core exhibition utilizing long-term loans and/or the permanent collection. The story will follow Africans' journey from West Africa across the Atlantic and into the Americas and beyond, ending with the formation of new African-American communities in the 21st century. Short-term temporary exhibitions from other institutions in America or Africa and a wide range of public and educational programming opportunities will help to increase repeat visitation.
- Operate daily on a year-round basis from 9 a.m. to 5 p.m. with one evening opening to 9 p.m. per week. Closing at 5 p.m. will allow adequate time for evening rentals.
- Be governed as a not for profit 501(c)3 museum with a staff of 32 full-time equivalent (FTE) positions, supported by contract staff and volunteers.
- Offer the following admission charges for the opening three years of operation.

Admission Ticket Category	Charge
Adult (25-62)	\$14.00
Senior (63+)/Military/Veterans	\$11.00
Youth (13-24)	\$9.00
Child (6-12)	\$7.00
School Group, teacher guided	\$0.00
Non-School Group (15 or more) per person	\$8.50 (avg.)
Indirect Paid (members, programs, rentals visitors) and unpaid	\$0.00

- Implement initiatives to maximize attendance and earned income levels, including a focus on evening rentals, and a lower level membership program based on value for money and an upper level membership program based on altruism and support of the mission of the IAAM.

This study details projections of attendance, operating revenue and expenses for the IAAM for the opening three years of operation, assuming the stabilized Year 3 will be representative of subsequent years of operation. As is commonly found, attendance levels will be the highest in the opening year, estimated at 145,000 visitors and stabilizing at 125,000 visitors in Year 3.

Based on the analyses and assumptions in this report, we project that the total operating budget for the IAAM will be about \$4.1 to \$4.3 million. Earned income levels and interest on an assumed endowment are projected to be in the range of 53-54% of the total operating budget after the opening year. This is somewhat higher than the 36% average earned income for African-American museums.

The amount required to break even on operations each year from a combination of government and private sources is in the range of \$1.7 to \$2.0 million.

Summary of Attendance and Financial Projections

The following table summarizes our projections of attendance, operating revenue, and expenses for the IAAM for the opening three years of operation, assuming the stabilized year three will be representative of subsequent years of operation. The projections reflect the analyses and assumptions in this report and the judgment and experience of the consultants.

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Summary of Attendance, Operating Revenue and Expense Projections	Year 1	Year 2	Year 3	Year 1 %	Year 2 %	Year 2 %
Annual Attendance	145,000	130,000	125,000			
Projected Operating Revenues						
Admissions	\$1,062,741	\$944,158	\$907,844	25.7%	22.3%	21%
Retail Sales	\$130,500	\$130,000	\$131,250	3.2%	3.1%	3.1%
Venue Rental, Catering Commission, Café (net)	\$363,300	\$363,300	\$363,300	8.8%	8.6%	8.5%
Membership	\$345,000	\$330,400	\$324,000	8.3%	7.8%	7.5%
Educational and Public Programs	\$101,500	\$97,500	\$100,000	2.5%	2.3%	2.3%
Other Earned Income	\$20,000	\$25,000	\$30,000	0.5%	0.6%	0.7%
Assumed Endowment Revenue	\$400,000	\$400,000	\$400,000	9.7%	9.4%	9.3%
Total Revenue Projected	\$2,423,041	\$2,290,358	\$2,256,394	58.6%	54.0%	52.6%
Projected Operating Expenses						
Salaries, Wages, Benefits	\$2,536,380	\$2,549,062	\$2,581,310	61.4%	60.1%	60.1%
Occupancy	\$389,725	\$403,480	\$412,650	9.4%	9.5%	9.6%
Exhibitions	\$105,000	\$315,000	\$320,000	2.5%	7.4%	7.5%
Public and Educational Programs	\$304,500	\$243,750	\$250,000	7.4%	5.7%	5.8%
Collections Care	\$25,000	\$20,000	\$20,000	0.6%	0.5%	0.5%
General and Administrative	\$355,093	\$331,378	\$335,570	8.6%	7.8%	7.8%
Marketing	\$246,500	\$208,000	\$200,000	6.0%	4.9%	4.7%
Retail Cost of Goods Sold	\$71,775	\$71,500	\$72,188	1.7%	1.7%	1.7%
Contingency	\$100,000	\$100,000	\$100,000	2.4%	2.4%	2.3%
Total Expenses	\$4,133,973	\$4,242,170	\$4,291,719	100.0%	100.0%	100.0%
Amount Required from Government and Private Sources to Break Even on Operations Each Year	(\$1,710,932)	(\$1,951,812)	(\$2,035,325)	-41.4%	-46.0%	-47.4%