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AMERICA'S HISTORIC SITES AT A CROSSROADS

CRISIS OR TRANSITION? DIAGNOSING SUCCESS AT HISTORIC SITES

By Max A. van Balgooy

At the 2007 Forum on Historic Site Stewardship in the 21st Century at Kykuit, we never determined whether there is a crisis facing historic house museums. We shared lots of anecdotes and strong opinions, but there was no consensus. A few days later, George McDaniel (executive director of Drayton Hall in Charleston, S.C.) and I taught a workshop on historic house museum management in Massachusetts for the American Association for State and Local History, so I asked the group, "If you continued operating in the same manner as you are today, would your organization be in crisis in five to ten years?" Of the 25 different historic house museums represented in the room, only one person raised her hand — and her site had just suffered a major fire. Some might venture to guess that these groups refused to recognize the serious situation that faced them. Others might say this proves most historic house museums aren't in any danger, and obviously they're working on improving their situation because they're engaged in training. Despite the contradictory opinions, it does verify one of the major recommendations from the Kykuit Forum — the need for detailed examinations and more research.

In an attempt to suggest where we might look for answers, I've been reviewing the areas that many leaders in the field suggest are either symptoms or causes of the difficulties facing historic house museums. The crisis is different depending on where you look and with whom you speak, but ultimately it focuses on two key areas — attendance and finances — and raises a fundamental question: How do we measure success?

ATTENDANCE REIGNS SUPREME

In its various forms, public participation is the most frequently cited statistic to gauge success, whether it's magazine circulation, church membership, hotel occupancy, or website visits. For a historic house museum, visitor attendance is a key factor in determining its health. Newspapers have used declining attendance at Colonial Williamsburg, Old Sturbridge Village, and the Newport Mansions to imply failure, or the predicted record-breaking crowds at Mount Vernon, Lindenwald, and Valley Forge to signal progress.[1] This puts most historic house museums in a tough spot because it suggests that if these hallowed sites are threatened, or if success is possible only through magical high-tech exhibits, stunning visitor centers, or painstaking restoration (and the mega-millions needed to complete them), it can only spell doom for the rest of us.

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But here's the reality: *Attendance shouldn't be the only measure of success and it isn't the most reliable.*

First of all, if we put historic house museums in a larger context, we'll see their experience isn't so unusual. According to Roger Putnam, professor of public policy at Harvard University, membership in museums, attendance at symphonies and operas, playing on softball teams or in bowling leagues, and participation in service clubs and PTAs have been trending downward for *decades*. In *Bowling Alone*, his careful study of community life in the United States, Putnam states that

> For the first two-thirds of the twentieth century a powerful tide bore Americans into ever deeper engagement in the life of their communities, but a few decades later — silently, without warning — that tide reversed and we were overtaken by a treacherous rip current. Without at first noticing, we have been pulled apart from one another and from our communities over the last third of the century.[2]

The causes cited by Putnam and others are legion and seemingly insurmountable: influence of television, home entertainment, and the internet; changing demographics; increasing work demands and decreasing leisure time; expanding roles of women; and shift in mode of vacation travel from automobile to air.[3]

Perhaps there's some reassurance that we're not alone in our struggles, but we're also caught in a dilemma. If attendance at historic sites is declining, it goes against other major trends of growth. The National Endowment for the Arts' decennial survey shows that visitation at historic sites has grown 6 percent since 1982.[4] According to the Travel Industry Association, travel volume has grown by more than 10 percent over the past decade and most adults included a cultural or historic activity while traveling — this currently represents nearly 120 million people.[5] A nationwide study showed that Americans have a broad interest in heritage and regularly participate in historical activities.[6] Even outdoor enthusiasts stated that along with walking and jogging, they most enjoyed visiting historic sites.[7]

Unfortunately, national statistics on attendance at historic sites aren't widely available, reliable, or consistent, so most of our information is anecdotal.[8] My study of attendance at two dozen National Trust Historic Sites shows that walk-in daily attendance for 1998–2005 (which includes 9/11) is flat overall. But like the stock market, when you examine performance at individual sites, it's a different story. For two-thirds of the sites, attendance declined for five or more consecutive years. Conversely, attendance at one-third of the sites has increased for five or more consecutive years. There seems to be no obvious pattern to explain these differences — not location, changes in management, catastrophic events, staffing, endowment, or assets.

It further demonstrates the inability of attendance figures by themselves to explain success or failure. Certainly having no visitors is a bad situation, but having little knowledge of our visitors may be even worse. It's like a restaurant noticing that sales are down, but not knowing whether it's happening at breakfast, lunch, or dinner, or due to the food, service, price, or neighborhood. In order to make any meaning out of attendance, we need to refine our measurements by recording a visitor's demographics and behavior (e.g., age, residence, repeat visit) against the site's programming (e.g., tours, events, site rentals) consistently over several years.

Now if we really want to expand our thinking, historic house museums should move beyond quantitative measures to qualitative ones. The National Trust for

To enhance the visitor experience, tour groups visiting the Philip Johnson Glass House in New Canaan, Conn., are purposely kept small so that the house is empty when first encountered by visitors and the presence of other people is minimalized when inside. Photo by Max A. van Balgooy.

Historic Preservation has established "engaging one million people" as one of its strategic goals. Although some have quibbled about the number, it is "engagement" that's caused the greatest stir. Simply counting attendance or membership numbers isn't sufficient. To be "engaged" with the National Trust, the activity must advance our mission and have occurred in the last 24 months, and participants must recognize they have engaged with the National Trust for Historic Preservation and must provide their contact information so we can continue the relationship. It's a major shift in thinking, because getting people to become members or pay admission is not the goal but a means to a larger one: the protection, enhancement, and enjoyment of places that matter to them.

Other qualitative measures include expanding the idea of preservation beyond the buildings to include the visitor experience. Although located on 47 acres, the visibility into and out of the Philip Johnson Glass House in New Canaan, Conn., is a paramount experience that can be spoiled by just a handful of visitors. We at the National Trust have thus carefully orchestrated the tour schedule and reduced the group size so that the house is empty when it is first encountered by visitors and the presence of other people is minimized when inside. This self-imposed limit on capacity has resulted in sold-out tours and lots of buzz for the first two years but also created frustrations for people who are unable to visit. In this instance, public access is trumped by visitor experience — not many historic house museums are willing to take that stand.

Moreover, research on our visitors is causing us to rethink assumptions about what is important to them. Surveys at Decatur House in Washington, D.C., suggest that visitors to historic sites are not the same as those who visit other types of museums,

National Trust sites, such as Lyndhurst pictured above, are exploring other ways of measuring success in addition to attendance, such as staff time required, mission relevance, and local community appeal. Photo by Max A. van Balgooy.

including history museums.[9] This probably means that strategies adopted by these cultural institutions may not succeed at historic houses because they attract different audiences; thus museum-like activities, such as films and exhibits, may not increase attendance over the long term.

Interviews with visitors to James Madison's Montpelier in Virginia show that touring this rural historic site is not the sole activity for the day but part of a longer itinerary that includes exploring Monticello, shopping in a nearby town, eating in a local restaurant, and visiting a winery.[10] Visitors don't want to be at a historic site all day but just a couple hours, so they have time to do other things. Offering a menu of specialized activities and expecting most visitors to stay throughout the day is probably unrealistic, and it would be more productive to promote complementary local attractions.

Finally, we are also introducing other ways to measure success. At Lyndhurst, in Tarrytown, N.Y., each activity is now being evaluated afterward more broadly. In addition to attendance, the site tracks revenue, donations, expenses, and profitability. It also judges its activities by qualitative factors on a scale of low to high, such as staff time required, mission relevance, cross-marketing opportunities, and local community appeal. This set of measures helps staff decide annually which activities to pursue, how they can be improved, and what to eliminate.

In addition to Lyndhurst, we are currently working with Decatur House, Drayton Hall, and Shadows-on-the-Teche (La.) to develop measurable objectives in advance for program planning and visitor experience. This has been a difficult process because board members and staffs often disagree about their mission and what visitors should learn and experience. We often could not go beyond vague immeasurable statements that began with "discover," "understand," "appreciate," and "enjoy." At some sites consensus was reached with hesitation, and at others it was impossible. This exercise suggests why so many historic sites thus rely on attendance — it's hard to quibble about numbers and everyone assumes that more is better. As a result, we've painted ourselves into a corner, asking the public to support us for work that can't be judged or evaluated except through the least reliable method: attendance.

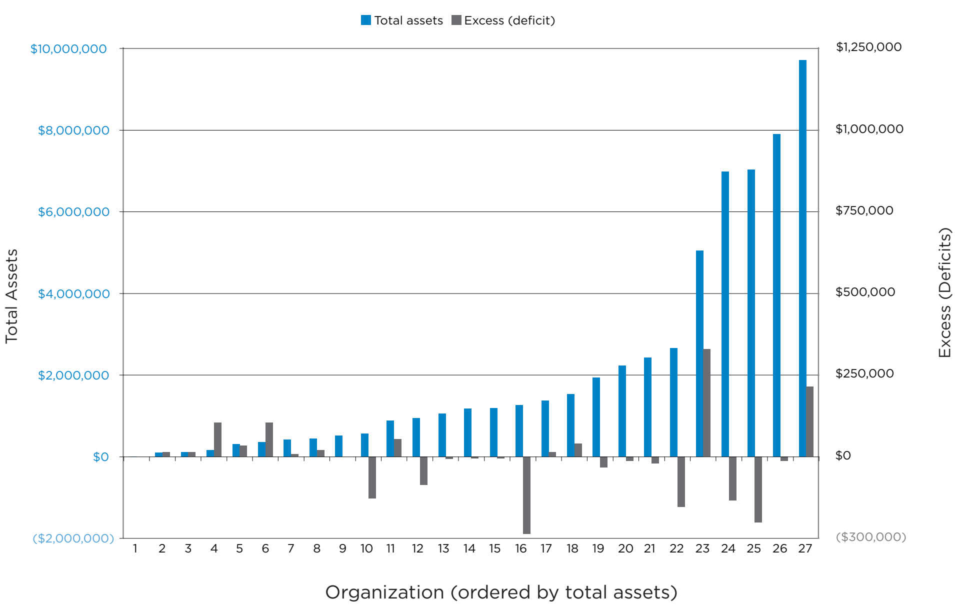
MONEY IN A NONPROFIT WORLD

As nonprofit organizations, historic house museums dislike talking about money and find discussing financial struggles difficult. Yet historic sites need funds to survive and grow, and fundraising consumes most of a board's and site director's time. At the Kykuit Forum, we deliberately avoided a conversation about funding because we feared it would devolve into endless discussion on the lack of money and a mere sharing of woes. We agreed that funding and capitalization at historic house museums is weak but more money wouldn't solve our major challenges. Indeed, an initial financial analysis suggests that it may even make matters worse.

In order to gain a better understanding of the finances at historic house museums, I analyzed the annual financial reports of 27 nonprofit organizations across the United States that manage historic houses and whose assets range from $5,000 to $10 million.[11] One measure of a potential crisis is a deficit — spending more than you earn. Surprisingly, more than half of the organizations ended 2005 with a deficit.[12] Even more startling is that deficits are *more* prevalent for those organizations with assets over $500,000 than for the smaller organizations. The situation doesn't simply grow worse as the assets increase; it's the organizations in the middle range that have the biggest struggle.

Organizations with assets between $500,000 and $2.5 million not only face deficits more frequently but the magnitude is much greater. A worst-case example is the Susan B. Anthony House in Rochester, N.Y., (#16 in the chart below) which had assets of $1.3 million and annual revenues of $181,278 in 2005, but had expenses of $464,484, leaving an operating deficit of $276,206 — more than 20 percent of its assets.[13] That's a serious financial situation that will require years of recovery, even if it's a one-time inci-

Historic House Museums Financial Condition, 2005



dent and now fully under control. Although this organization's experience is extreme, it is not uncommon. The one glimmer of hope is that in larger organizations (those with budgets of over $2.5 million), the financial deficits are much smaller in proportion to their overall assets and thus deficits are not as threatening to the organization's viability.

A closer analysis shows that the financial situation changes as the organization's assets increase.[14] Small organizations (assets of less than $500,000) rely primarily on donations rather than earned income and their financial situation is fragile. Loss of a grant or major donor can seriously squeeze operations, and a major emergency or expense could mean bankruptcy. Yet they seem to be extremely resourceful and better able than larger organizations to provide more programming at lower cost, they rarely have deficits, and they regularly place surplus funds into reserve.

One could assume that large organizations (assets of more than $2.5 million) would have overcome these challenges; however, they not only have many of these same problems but many more. Large organizations have mastered some areas of financial management. Financial deficits are common but are smaller in relation to overall assets, thus are not as threatening. Large organizations also have diversified their income sources and are better able to adapt to changes in the economy. A greater proportion of their assets are difficult to liquidate, typically tied up in real estate or restricted endowment funds. This lack of flexibility contributes to increased challenges in cash flow, which makes it more difficult to pay ongoing operational expenses, expands the use of credit, and places a greater emphasis on professional fundraising.

Medium-sized organizations (assets between $500,000 and $2.5 million) have complex finances that require continual monitoring. They've increased income from admission fees, retail sales, membership dues, rentals, and investments so that they are no longer primarily supported by donations and no longer subject to the whims of an individual donor or the winds of politics. This diversity allows them to respond more flexibly to emergencies or changes in the economy, but it also makes financial management much more complex and they seem to have increasing difficulties in managing cash flow and protecting cash reserves. As a result, deficits become more common, the use of credit is expanded, and expenses are shifted from programming to administration and fundraising.

Which of these organizations are in financial crisis? All of them would welcome more money and we could speculate how they would handle an extra $1 million — but for some, that probably would not solve the crisis. I suspect that organizations of medium size would return to a state of trouble because they appear to have the most difficulty in managing finances. Administering the finances of these institutions is particularly complex because income sources are so diverse and expenses so numerous that a single person can no longer adequately monitor them. Mid-range organizations require more careful management by several experienced staff members, which requires uncommon skills and expertise, the delegation of authority, good teamwork, and higher salaries. At the same time, assets have grown to a point to make staff and trustees more complacent. They may assume that daily cash shortfalls can be addressed by purchasing on credit or by quick fundraising and that any serious problem can ultimately be solved by laying off staff, digging into the endowment, or selling surplus assets.

Financial mismanagement can put an organization into crisis; however, from my studies of award-winning programs and consultation with dozens of historic house museums across the country, no correlation exists between size of assets and professional performance. There are some organizations with huge endowments that do little more than dull guided tours of stagnant period rooms. Others struggle to pay utility bills and yet manage to produce popular events, engaging websites, and outstanding school programs. Wealth does not hold a monopoly on performance or success.

MEASURING SUCCESS

Attendance and financial assets are not the best ways to measure success but we're only beginning to determine alternatives. As the Kykuit Forum recommended, we "must develop new measures, beyond attendance, that document the quality of visitor engagement at sites and the extent of community outreach beyond the bounds of historic sites." This should include more frequent and comprehensive visitor research as well as a comparison of costs to benefits, attendance to capacity, and program participation to market size. Furthermore, it must include qualitative as well as quantitative measures to adequately evaluate performance. Agreement on criteria other than attendance will be a difficult task, but if we avoid the challenge of examining our value and benefit to society, we do not deserve its support.

The Kykuit Forum also recommended that grant-making organizations "focus their support on sites taking positive steps to achieve long-term sustainability" — and I hope that will include improved training for staff and boards in strategic planning and financial management. Historic sites are complex organizations and yet there is little financial support for projects other than educational programs, new initiatives, and building restoration. Funders and donors should examine organizations more holistically and ensure that they are addressing all aspects of organizations' operations in some manner.

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Crisis is a frightening word because it can mean an unstable and uncertain situation that can spell doom. In German, it's sometimes called *torschlusspanik*, or the fear of being on the wrong side of a closing door. But perhaps we can adopt the alternative usage from the medical profession, which means the turning point in a disease. Historic sites may be currently ill at ease but there is still hope for recovery and good health if we make a good diagnosis.

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[1] Laura Tillman, “Thank the Museums for the Malls: Cultural Institutions Attract Companies, but Struggle for Visitors,” *Brownsville Herald*, December 8, 2007; Carlos Santos, “A view of the past that’s more complex, inclusive: Museum to weave story about Africans, Indians in America’s early days,” *Richmond Times-Dispatch*, December 3, 2007; Tracie Rozhon, “Homes Sell, and History Goes Private,” *New York Times*, December 31, 2006; Elizabeth Kolbert, “Van Buren’s House is a Home Once More,” *New York Times*, June 2, 1988; Edward Rothstein, “More of Washington, but Still Mysterious,” *New York Times*, October 27, 2006; Brian MacQuarrie, “Living History Attraction in Sturbridge, Mass., Falls on Hard Times,” *Boston Globe*, November 2, 2003; Bill Van Siclen, “Newport’s Gems Lose a Bit of Their Shine: In its 60th year, the Preservation Society of Newport County Struggles to Shore up Steady Erosion in the Number of Visitors to its Gilded Age Mansions,” *Providence Journal*, August 7, 2005; Annie Gowen, “Old Places, New Marketing; As Visits to Historic Sites Approach Historic Lows, Officials Make Cuts and Look for Fresh Funding,” *Washington Post*, April 27, 2003.

[2] Roger Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000), page 27.

[3] Putnam, *Bowling Alone* (2000); Juliet Schor, *The Overworked American: The Unexpected Decline of Leisure* (Basic Books, 1991); Ron Crouch, “Rules for a New Demographic Ballgame” *Museum News*, May/June 2004, pp. 43 ff; and Bruce Courson, “Why Rural Museums are Becoming Ancient History,” *Opinion Journal*, December 27, 2005.

[4] *2002 Survey of Public Participation in the Arts* (National Endowment for the Arts, July 2003). Please note that “Historic Sites” includes parks, monuments, historic buildings, and neighborhoods and the data relies on the self-reporting of survey participants.

[5] *Historic/Cultural Traveler* (Travel Industry Association, 2003).

[6] Roy Rosensweig and David Thelen, *The Presence of the Past: Popular Uses of History in American Life* (New York: Columbia University Press, 1998).

[7] *Think Outside: Promoting Natural Assets and Experiences in the Philadelphia Region*, Osiris Group, Inc. (Philadelphia: Greater Philadelphia Tourism Marketing Corporation, 2005).

[8] Museums not only differ on terms (e.g., “children” is defined by differing age ranges) and activities measured (e.g., tours, school programs, events, site rentals, off-site activities, website visitors) but the same organization will change these over time. Furthermore, museums rarely release detailed information and only report aggregate numbers in their annual reports.

[9] Randi Korn and Associates, “Audience Research: Visitor Survey Prepared for the Stephen Decatur House Museum,” (National Trust for Historic Preservation, 2006).

[10] Randi Korn and Associates, “Audience Research Results from In-depth Interviews with Adults Prepared for James Madison’s Montpelier,” (Montpelier Foundation, 2006).

[11] Financial data is based on IRS Form 990 for 2005, the latest complete year available online at Guidestar.org. This analysis is not statistically valid; however, this preliminary study suggests issues that should be explored further.

[12] Organizations with deficits may be difficult to identify in the chart at this scale, so for clarification they are numbers 1, 9, 10, 12, 13, 14, 15, 16, 19, 20, 21, 22, 24, 25, and 26.

[13] For organizations that incurred deficits in 2005, the average rate was that deficits represented about 5 percent of assets.

[14] This analysis is intended solely as a broad comparative overview rather than the evaluation of an individual organization. Furthermore, this analysis is based on a single year and a comparison over a longer period would uncover idiosyncratic events and identify additional patterns.

[15] Although the idea of strategic planning has been widely adopted, it is typically poorly designed and executed. Randi Korn suggests a better approach in her article, “The Case for Holistic Intentionality” in *Curator* 50:2 (2007), pp. 255 ff.