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Fund-raising systems in children's museums: An analysis of fund-raising behavior and philanthropic income trends

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INFORMATION TO USERS

FUND-RAISING SYSTEMS IN CHILDREN'S MUSEUMS: AN ANALYSIS OF FUND-RAISING BEHAVIOR AND PHILANTHROPIC INCOME TRENDS

A DISSERTATION SUBMITTED TO
THE FACULTY OF WALDEN UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

ADMINISTRATION/MANAGEMENT

BY

ELIZABETH A. POTTER

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UMI Number: 9633606

UMI
300 North Zeeb Road
Ann Arbor, MI 48103

WALDEN UNIVERSITY

DISSERTATION APPROVAL

Fund-Raising Systems in Children's Museums: An Analysis of Fund-Raising Behavior and Philanthropic Income Trends

Elizabeth Ann Potter

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J. Kent Morrison, Ph.D. Vice President, Academic Affairs	3/14/96 DATE	Whittemore, Abel Member, Review Committe	3/11/96 DATE
Dave Palmer President, Walden University	5/20/96 DATE		

DOCTOR OF PHILOSOPHY DISSERTATION

OF

ELIZABETH A. POTTER

APPROVED:

J. KENT MORRISON
VICE PRESIDENT FOR ACADEMIC AFFAIRS

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1996

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Elizabeth Ann Potter

and have found that it is complete and satisfactory in all respects,
and that any and all revisions required by
the review committee have been made.

Dr. Philip Chamberlain

Committee Chair

Philip Chamberlain

Signature

April 23, 1996

Date

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Dr. Norman Pearson

Committee Member

Norman Pearson

Signature

April 25th 1996

Date

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Dr. Abel Whittemore

Committee Member

Signature

Date

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Dr. Gwen Hillesheim

Office of Academic Affairs Representative

Signature

4-22-96

Date

ABSTRACT

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Abstract

The Problem Under Investigation: This dissertation analyzed philanthropic donations and fund-raising behavior in children's museums. The research embodies a descriptive, inductive, and deductive study which infers that philanthropic donations increase gradually and are influenced by an organization's fund-raising behavior.

The Subjects: A stratified random sample of 10 small, 10 medium, and 10 large U.S. children's museums were surveyed; operating budgets determined museum size.

The Methodology: Time-series statistical techniques and economic data measures calculated the change in children's museum philanthropic donations from 1990-1994. Correlation coefficients determined the relationships between the income variables. The fund-raising behavior variables, nominal data, were calculated in percentage/frequency tables. The chi-square test statistic checked for dependency between the behavioral variables and museum size.

The Findings: This analysis showed the complex relationships between fund-raising systems and their philanthropic environment. The results demonstrate the strong tie between philanthropy and fund-raising. They illustrate that fund-raising cannot be an isolated management function. The data indicate how fund-raising behavior, donor attitudes, and economic conditions influence giving fluctuations. It discloses organizational donor preferences, and the control those donors might have over internal

management decisions. The effects of donor networks, political lobbying, and geographic location were also detected in the figures.

Conclusions: This study affirmed that persistent organizational funding requires diversified, balanced relationships between nonprofit organizations and the philanthropic sector. Children's museums need a fund-raising philosophy; voluntary giving must become a core institutional value. This philosophy must be espoused by the Chief Executive Officer who works with and through a Board President and Board of Directors who embrace the same fund-raising rationale. The organizations also need trained personnel to administer the philosophy.

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CHAPTER I

THE PROBLEM

Introduction

According to Sanoff, Solorzano, Moore, Kalb, and Budiansky (1987, p. 86), there have been widespread cries of alarm that America--a nation founded by people steeped in philosophy and history--has evolved into a land of cultural illiterates. Whether the subject is history, literature, science, or geography, America does not measure up to the nations it competes against in the global marketplace. For example, Japan packs more into a high-school education by keeping schools open about 240 days a year compared with approximately 180 days in most of the U.S. "Western European countries and Japan assume that everybody who has finished high-school knows his own language, history, and culture," observed Dr. Steven Beering, president of Purdue University (Sanoff et al., 1987, p. 86).

Best-selling books and scholarly reports have said that even as Americans go to school more, they come away knowing less. For instance, University of Chicago philosopher Allan Bloom, who authored The Closing of the American Mind, stated, "Today's select students are so much slacker intellectually that they make their predecessors look like prodigies of culture" (Sanoff et al., 1987, p. 86). Additionally, scholar Ernest Boyer, president of the Carnegie Foundation for the Advancement of Teaching, contended that the crux of the problem is the curriculum which has become so diffuse and undemanding that there is no longer a core of information that most Americans possess (Sanoff et al., 1987, p. 86).

Sanoff et al. (1987) also reported that The National Opinion Research Center conducted a study which showed that regardless of the length of one's education, the more recently people attend school, the poorer their reading vocabulary tends to be (p. 88). Likewise, the authors established that scientific ignorance is even worse. They recounted Jon Miller, of Northern Illinois University, who concluded that only 5% of the American public qualifies as scientifically literate. Miller, who headed the Public Opinion Laboratory at the University's Social Science Research Institute, said that only 12% of Americans can explain the basic principle involved in telephone operations; namely that the functions convert voices into electrical signals and then reverse the process (p. 88).

Sanoff et al. (1987) went on to say that reformers would like to see science, literature, and other basic subjects taught so that they stir young peoples' imagination and creativity instead of killing their interest. For example, they quoted Diane Ravitch who argued, "There is a need to squeeze out some of the junk from the curriculum. History, literature, math, science, and the arts should be taught throughout thirteen years of schooling--all are the basic foundation of a lifelong education" (p. 94). Former Secretary of Education William Bennett (p. 94) was also cited, "We should want every student to know how mountains are made and that for most action there is an equal and opposite reaction" (Sanoff et al., 1987, p. 94).

Research physicist Eric Chaisson (1987) was also an education advocate who maintained, " ... we must guard against education's confining itself to objectives that are exclusively practical and have only immediate utility" (p. 212). He affirmed Julian Huxley who wrote, " ... knowledge for the sake of knowing, discovery for the sake of discovering, beauty because it is beautiful, art and music and literature for their power of moving the human spirit, ... " (p. 212). Similarly, Chaisson expressly agreed with Bennett's scientific philosophy when he reiterated Louis Agassiz who said more than a century ago:

> The time has come when scientific truth must cease to be the property of the few, when it must be woven into the common life of the world; for we have reached the point when the results of science touch the very problem of existence. (Chaisson, 1987, p. 214)

According to Chaisson (1987), Albert Einstein made an even more intense educational appeal when he said:

> It is of great importance that the general public be given an opportunity to experience--consciously and intelligently--the efforts and results of scientific research. It is not sufficient that each result be taken up, elaborated, and applied by a few specialists in the field. Restricting the body of knowledge to a small group deadens the philosophical spirit of a people and leads to spiritual poverty. (Chaisson, 1987, p. 214)

Like Chaisson, this dissertation author believed that these educational and cultural issues lie with the world's museums; museums can assist in educating Americans when other institutions fall short. Museums should assume general education responsibility at all levels, from elementary school, through college, and on to adult education. The world's museums are well-suited to present a broader, unified view among subject matter. Whether they be art, science, or history, they must begin to teach, to synthesize information for adults and students alike. If education is engaging as well as instructional, the populace will respond favorably (Chaisson, 1987).

Twenty-five years ago many art and history museums ranked their educational missions third, behind collections and research. Artifact preservation was, and still is, an essential mission in those institutions (Falk & Dierking, 1992). However, children's museums, without those antiques or works-of-art, were founded at the turn-of-the-century wholly to educate the public.

Children's museums were originally established for younger, 8 to 14 year old age groups. Their interactive exhibits enable young people to study their own chosen topics and advance at their own pace. Visitors learn through hands-on exhibits and multisensory experiences. The museums' interactive exhibits help individuals develop perceptual skills allowing for discovering new relationships on their own.

The first children's museum opened in 1899 in Brooklyn, NY. Within the next ten years, others opened in Boston, MA, Indianapolis, IN, and Detroit, MI. Until the 1970s, a few additional museums opened each decade. Then, learning theory caught up with the children's museum philosophy that children learn by doing, and the children's museum explosion began. Over 75% of the Association of Youth Museum (AYM) member museums opened after 1970. As the children's museum population grew, a pattern emerged wherein smaller neighborhood educators and parents sought such conveniently located hands-on-learning opportunities for their children.

Like the American educational community, children's museums recognized that the math and science capabilities of our girls and boys needed strengthening; however, such museums are highly multidisciplinary. They combine scientific exploratory activities with creative artistic activities (Johnson, 1994). For example, their diversified activities can keep children in rapt attention as they handle rocks, play African drums, or experiment with magnets and inoffensive chemicals (Pitman-Gelles, 1981). The traditional museum definition, taxonomic collections behind glass cases, touchable only by scholars and conservators, expanded (Grinnel, 1992).

During the 1970s and 1980s, children's museums began to penetrate the museum industry. In 1991, the AYM estimated that such museums totaled at least 250 nationwide, with another 150 museums about to be founded (Dummer, 1991). This dissertation author was a charter member of a like institution, the Above and Beyond Children's Museum, which was established in 1992 and is located in Sheboygan, WI. She experienced what nonprofit sector scholars had observed; children's museum educational missions were complicated by complex funding responsibilities.

Children's museums are distinguished by their income sources. A substantial portion of their income comes from voluntary, philanthropic donations (Hansmann, 1987). Children's museums, like other nonprofit arts, cultural, and recreation organizations, have a charitable funding pattern in which private giving, whether from individuals, corporations, or foundations, is the largest single income source. This voluntary funding system's central failure is its inability to generate adequate resources to cope with all nonprofit service problems. Such philanthropic insufficiency can result from adverse economic fluctuations which hinder benevolent donors (Salamon, 1987). Hence, this study informed children's museum governance about philanthropic conditions and the fund-raising methods needed to encounter them.

For example, even though private sector giving went up in record breaking amounts every year of the Reagan administration, 8-11% per year until 1987, it would have had to increase by 40% per year to keep pace with federal cutbacks. Therefore, since, 1982, philanthropic giving did not equal the need (Klein, 1988). Thus, the voluntary system, despite its meaningful sense of social obligation and legitimacy, does not generate reliable resources to respond adequately to all nonprofit, especially children's museum, needs (Salamon, 1987).

Economists have assumed that the nonprofit arts firm, children's museum inclusive, attempts to survive in this unpredictable philanthropic environment. But, only with a few exceptions (Frey & Pommerehue 1980, Hansmann 1981), they have paid little attention to the complex non-market survival determinants in a grants economy (DiMaggio, 1987). Similarly, this dissertation author observed that the fledgling Above and Beyond Children's Museum, like other nonprofit arts organizations, did not understand its funding arenas.

Rather than developing both educational and fund-raising philosophies, the Above and Beyond Children's Museum contrarily focused more on educational mission than financial development. The board of directors believed that their organizational youth concept would easily sell itself to philanthropic donors and that resultant monetary contributions would be effortlessly forthcoming. They did not appear to know how to build a donor constituency. Fund-raising efforts, such as direct mail campaigns, were sporadic and poorly planned. The governing board tended to rely too heavily on one major donor and did not establish diversified funding sources. These museum founders did not seem to understand philanthropic donor trends nor their organization's need for more enterprising behavior. Their educational mission and financial concerns did not unite in common institutional goals.

The institutional spheres providing children's museum resources are known as funding arenas. A funding arena is an organization or collection of organizations, such as governmental bodies, corporations, foundations, individuals, and other nonprofits, which provide resources and have a distinctive set of norms to govern their grant application and funding decision processes. They also have a representative network which exchanges information and influences funding decisions. When children's museums, such as Above and Beyond, do not adapt their internal operations to funding arena expectations, they cannot become solidly institutionalized (Milofsky, 1987).

Hence, children's museums need open system planning, a process by which administrators distance themselves from their organizations and systematically examine the relationship between their organizations and the funding environment. Following a definition of their funding environment and their strategy in it, children's museum administrators can specify their environmental demands and the resultant implications for organizational outputs, people, structures, culture, processes, and behavior. If children's museums compare their actual social system states with required fund-raising states, integrated fund-raising plans can be developed (Beer, 1980).

Consequently, this project analyzed market effects on philanthropic donations which necessitate broad, integrated financial development methods in children's museums. The project examined children's museums to determine their philanthropic donation status and fund-raising methods. This study explored children's museum enterprise and their fund-raising systems to discern their future organizational stability.

Enterprise, used here, means sustained activity, related but not customary to the organization, designed to earn money. Enterprise has an unclear and sometimes negative connotation among nonprofit staff and board members. According to Skloot (1987), nonprofit museums might actively shy away from words like profit and earnings because they erroneously believe that nonprofits cannot earn money. Or, they may lack commercial training or experience which makes business terminology and commercial strategies unfamiliar and sometimes unwelcome (Skloot, 1987). Yet, as the Fox Cities Children's Museum in Appleton, WI, reported, "The biggest need for all children's museums is the ability to be like a business" (McKeel, 1994, p. 197).

Enterprising institutions evaluate their market positions. Likewise, children's museums must research their competitors' market positions and then position themselves in the cultural and philanthropic marketplace. To position themselves they must design their image and value offer so that targeted patrons and donors understand and appreciate the children's museum standing compared to other competitors. Positioning consists of three steps: (a) selecting a competitive advantage, (b) exploiting the competitive advantage, and (c) signaling the market of the museum's chosen position (Kotler, 1988). A children's museum's competitive advantage is its strong client-centered approach which focuses on hands-on education and family participation.

Children are usually at introductory learning levels. Therefore, museum exhibits and programs must correspond to the interests, knowledge, and learning capabilities of these young clients. Children are curious about their immediate experiential world. Thus, children's museum exhibits must feature familiar cosmopolitan aspects, rather than distant history, culture, or geography. Children learn best by doing. Hence, children's museum exhibits must be predominantly hands-on and designed to attract and hold their active involvement. Most childhood learning takes place in settings which are not divided into academic disciplines, such as art, science, or history. Consequently, children's museums must blend scientific and artistic activities. Children are physically smaller than adults. Accordingly, children's museum exhibits must be child-size, at appropriate visual and tactile levels, and take their physical capabilities fully into account (Johnson, 1994).

The family participation trait is another market aspect that children's museums should capitalize on. For instance, Falk and Dierking (1992) reported that 70% of British Natural History Museum visitors who were not in school groups attended in other social groups, of which 60% were family units. Similar patterns were observed at U.S. museums; families and children were most often found at children's museums, followed by zoos and science and technology centers (Falk & Dierking, 1992).

In contrast, fewer families and children visited natural history and history museums. Similarly, family visits to art museums were rare. On the other hand, family groups constituted 80% of science center visitors, yet they represented less than 10% at art museums. When asked about their museum expectations, family visitors responded that they anticipated (a) things that everyone in the family could do and enjoy, (b) an attractive, friendly, safe, environment, (c) things they had not seen before, and (d) opportunities to do more than just look (Falk & Dierking, 1992).

According to the U.S. Census Bureau, 347.8 million people visited museums in 1985. Five years later, in 1990, the American Association of Museums estimated visitor totals at around 500 million per year. In fact, most museum visitors attended in family groups. The parents were usually aged 30 to 50, and the children were 8 to 12 years old (Falk & Dierking, 1992).

Thus, one can say that a children's museum's strength depends on market position, supportive constituents, and subsequent monetary support. However, most organizations, whether vulnerable or not, perilously ignore their competitive environment. According to Young (1987), "Even organizational giants such as the Bell System, New York City, and Chrysler Corporation, not to mention hundreds of other private and nonprofit organizations, have not been immune to environmental change in recent years" (Young, 1987, p. 168). Consequently, this study could resolve that a children's museum's ever changing philanthropic funding environment can impede its development, unless museum administrators promote its competitive advantage through well orchestrated economic-development methods.

Background of the Problem

During the 1990s, already profound stressors on the nonprofit business sector became even stronger. To meet social needs, nonprofit organizations, like children's museums, multiplied while the resources required to achieve their objectives did not increase at the same rate. The nonprofit sector's financial needs outpaced resource development and, thus, required more efficient resource development programs. Nonprofit children's museums needed to recognize these environmental stressors and their economic consequences (Prince & File, 1994). Notably, there were more museums in the U.S. than other cultural organizations, such as ballet companies and symphony orchestras, which made the pressure on such available funds very great (Hartman, 1989).

Children's museums, like other nonprofit organizations, had to continue their important work. Yet, their survival was usually in foundation, corporate, government, and individual hands. The typical children's museum created a host of programs in concert with its mission and then randomly sought grant money to support them. When programs were fresh and innovative, the fund raising task was easier. But, as programs became more commonplace, regardless of their need and importance, the task got more difficult.

Flanagan (1991) defined a grant as, " ... simply a donation, usually relatively large, from an institution rather than an individual or a person. Grants range in size from hundreds of dollars to millions. Unlike a loan, a grant does not need to be paid back" (Flanagan, 1991, p. 230). There are different kinds of grant makers, such as foundations, corporations, and government agencies. The grants they issue cover select organizational programs and general operational expenses (Hopewood, 1992).

The special grant's environment was getting more and more competitive every day. General support grants were even more difficult to come by. Privatization was growing. Government retrenchment continued. Corporate monies were available, but in shorter supply, and increased mergers and acquisitions meant there were fewer entities to tap. Many individual givers, usually reached via direct mail campaigns, found it more difficult to repeat previous year donations. Yet, nonprofit children's museums had to balance their budgets. Foundations and public funding agencies did not appreciate deficit spending. So, what was a nonprofit children's museum to do?

Children's museums needed to improve their organizational/ environmental linkage transactions through integrated financial development programs. Environmental linkages are bridges from institutions to potential donors. Therefore, this project evaluated how integrated financial development methods could strengthen the bonds between children's museums and their donors. The essence of raising money lies in the relationship between an organization and its constituency. A development program must concern itself with how it deals with its supporters, be they companies or individuals, large givers or small; as well as how it asks for support. The interrelation between an organization and its supporters progresses from awareness, to familiarity with emerging interest, to involvement, and finally to a contribution (Howe, 1991).

Statement of the Problem

Children's museum professionals tended to think that their nonprofit organizations were charitable objects whose altruistic pursuits guaranteed their survival. However, important as their institutions were, their future survival was by no means insured (Firstenberg, 1986). Children's museums needed to improve their organizational/ environmental linkage transactions through integrated financial development programs. Environmental linkages are bridges from institutions to potential donors. Crucial resource relationships change over time as broader social and economic trends favor some funders and not others. Resource relationships also change as new fund-raising practices become established and widely shared among funders or fund recipients. Changes in resource relationships and subsequent monetary contributions affect overall museum growth and development. Therefore, children's museum administrators had to be alerted to economic conditions, philanthropic trends, and institutional fund-raising capacities.

Consequently, financial research was needed to observe donor and fund-raising patterns or norms. Very stable or very turbulent funding patterns would reflect the strengths and weaknesses of different museum financial strategies. Funding turbulence is the largest contribution that any funding source makes to a museum's overall, annual growth or decline.

Time-series analyses was required to show how far back in time certain funding patterns existed. Such evaluations reveal overall funding certainty, instability, unpredictability, complexity, and continuity (Gronbjerg, 1993). A time-series assessment would (a) show how specific donor components changed, (b) expose the institutionalization of particular funding sources, and (c) disclose whether museums which relied on similar funding sources varied greatly in funding turbulence. Such an appraisal could determine whether individual funding streams had similar ranges of overall funding shifts. Categorical monetary donations say something about their specific institutional economic impact. Thus, funding research was necessary to expose the overall donation mix and dollar shifts. A funding shift comparison was essential to indicate the extent to which an annual change in a given revenue source contributed to a museum's overall growth or decline.

However, a trend analysis would also indicate how each funding source controlled children's museums. For example, heavy corporate support could control museum educational themes depending on the corporations' preferences. Weighty governmental support could control museum budgets via taxpayer moods toward taxation. A high reliance on a single funding stream could predict fateful consequences if the stream was suddenly cut off. Proceeds from special events tend to be flexible, but government grants are highly restrictive. Therefore, reliance on inflexible funding sources would expose museums with external control over internal management arrangements (Gronbjerg, 1993). As a result, funding research was needed to put financial predictability, continuity, and control back into children's museum hands.

Funding patterns would highlight the need to examine the fund-raising dynamics of individual children's museums, because positive or negative fund-raising trends could be linked to specific fund-raising methods. This correlation concept poses two questions: (a) How do funding strategies affect each donor category?, and (b) Does a progressive, evolutionary fund-raising stage coincide with a museum's organizational development stage? The donation patterns themselves could reflect individual museum fund-raising strategies. However, a cross-sectional study of museum fund-raising behavior (techniques) could reinforce the actual monetary findings.

Children's museums needed to understand how the overall economic situation affects philanthropic donor attitudes and how to formulate their financial development programs accordingly. Correspondingly, they had to comprehend imperative museum/donee linkages because various philanthropic relationships require complex negotiation processes. As a result, this project analyzed the status of children's museum philanthropic contributions and institutional fund-raising preparedness. Essential, supplemental earned income ventures were also addressed. This project helped justify that institutional development requires sustained fund-raising activity that is well integrated throughout an entire children's museum's organizational structure.

Purpose of the Study

This project's objectives resolved to:

1. Examine philanthropic donor behavior.

2. Identify integrated financial development methods.

3. Measure children's museum philanthropic donor trends from 1990 through 1994.

4. Measure fund-raising behavior in children's museums.

6. Evaluate children's museum earned income ventures.

7. Explain that children's museum organizational survival required a balanced mission/enterprise, fund-raising philosophy.

These objectives address the resource development task to which all museum mission advocates must adhere. As primary stewards of the philanthropic spirit, they should ensure that their organizations function continuously (Rosso, 1991).

Theoretical Basis for the Study

Economic Reports

Contemporary philanthropic reports hastened this study of children's museum resource dependency and institutional development. For instance, Americans gave an estimated $126.2 billion to charity in 1993. That was 3.55% more than 1992, but not enough to cover escalating costs. Giving to arts, cultural, and humanities institutions, museum inclusive, rose only 2.6% to $9.6 billion. The 1993 overall increase was less robust than 1992's 4.1% (Moore, 1994).

According to Moore (1994), Americans saw their personal income grow by 4.7% in 1993, but their contributions increased only 3.4%. Money donated through bequests rose 4.9%, to $8.5 billion. Many nonprofits more aggressively persuaded donors to include them in their wills (Moore, 1994).

Moore (1994) also reported that private and community foundations increased their grant making by 6.6% in 1993. The additional money came from new foundations and from existing foundations that expanded their giving. However, foundation giving growth was not as rapid as their assets which increased by 8% in 1982. Most foundations base their grants' budgets on the previous year's assets (Moore, 1994).

Moore (1994) also stated that businesses, which gave 4.7% of all gifts, donated the same amount in 1993 as in

1992; $5.9 billion. Inflation outpaced company giving for the sixth year in a row in 1993. In 1993, as in almost every other year in the past decade, corporate foundations paid out more in grants than they received from their parent companies. Hence, some companies tended to rebuild their foundation assets rather than immediately increase outright charitable gifts (Moore, 1994).

Children's museums reported that they experienced these philanthropic declines. For instance, the public relations director for the Seattle Children's Museum said that grants were coming in from the same sources, but in smaller amounts. As a result, their resource discovery tactics became more creative and skillful (Skolnik, 1992).

The Brooklyn Children's Museum provided another example. In 1991, New York City chopped $20 million off the $87 million Department of Cultural Affairs budget, which passed the damage down the line to 31 cultural institutions --zoos, botanical gardens, museums--whose buildings and/or land are city owned. The Brooklyn Children's Museum, which received more than 60% of its budget from the city, was in bad financial shape (Larson, 1992).

In contrast, Milwaukee's Discovery World Museum was struggling with success. However, its future still depended on boosted attendance and revenues. Therefore, it followed a San Diego and Cincinnati cluster site tactic and created a three-part attraction which included the Milwaukee Public Museum and an I-Max theater (Hayes, 1995). Discovery

World's enterprising behavior depicted the entrepreneurial mind-set which the nonprofit environment dictated.

Earlier economic downturns also prompted this project, which addressed the nonprofit sector's financial status within the national economy. The economic lesson of the 1970s and 1980s was that inflation does not affect revenues and expenses equally. Income does not rise at the same rate as the price level. Inflation, especially combined with recession, tends to hold down nonprofit income growth relative to expense growth. Accordingly, the blunt fact of life is that unless an organization's real, after inflation revenues expand, it must curtail its programs. This static productivity dilemma is a central vulnerability of almost all nonprofit organizations and compels them to change their goals and operation mode (Firstenberg, 1986). Hence, if children's museum administrators wanted to expand programs, they had to find ways to increase their organizational revenues at a faster rate than their inflated expenses.

Even after the national economy improved, many nonprofit organizations encountered severe financial problems. Nonprofits faced a financial dilemma that was related to their own business economies, not just general economic performance. They can expect to be hard-pressed even if the general economy performs well. Rapidly escalating nonprofit costs, compared to the entire economy's costs, stem from the static productivity which characterizes such service industries. Most nonprofits are service industries with relatively constant, or static, productivity (Firstenberg, 1986).

Throughout the 20th century, private sector productivity, measured by output per employee hour, went up at a remarkably steady rate until the mid 1960s. But, the factors which cause productivity gains--new technology, capital investment in new technology, and large scale production economies--simply did not affect the education or arts industries like they affected most manufacturing industries. Education and the arts, museums included, are inherently labor intensive (Firstenberg, 1986). For instance, in children's museums there is no substitute for personal interaction between patron and docent, and as yet, no technological substitute for this human relationship.

Based on Firstenberg's (1986) nonprofit industry analysis, then, children's museums are wage driven. They must increase their wages, based on the economy's general wage level, to attract and hold people. Insofar as productivity is not increased, wage increases translate into higher-unit labor costs that must be passed on to service purchasers, or must otherwise be funded through other revenue sources. Technological progress and capital accumulation press costs upward in any industry that does not enjoy increased productivity (Firstenberg, 1986).

Firstenberg (1986) stated that the service industry's labor-intensive nature--usually more than 50% of the organization's budget will be devoted to personnel costs--

makes their costs more vulnerable to inflation-driven wages than industries with a lower wages-to-total-costs ratio. At the same time that costs skyrocket, nonprofit incomes suffer when support from private sources, public funders, and endowment income tapers off (Firstenberg, 1986). Children's museum administrators cannot hope to chart new organizational courses if real resources are shrinking.

What trends will the next 10 years bring? Federal and state spending will not increase above inflation. The federal deficit and popular tax aversion made major new domestic initiatives or significant spending increases arithmetically impossible. The Bush Administration (1989-1992) continued President Reagan's process and turned more social program funding over to the states. Unfortunately, many state governments were in deeper financial crisis than the federal government, and states were required to balance their budgets annually. This political philosophy translated to funding streams that scarcely kept up with inflation. Although the overall funding rate remained constant, organizational support tended to depend on political winds. For example, substance abuse treatment received the largest social funding increase from the federal government within a 5-year period (Brinckerhoff, 1994).

Service demands grew in almost every nonprofit area. A better-educated public wanted children's museums nearer and more accessible. For example, a second Milwaukee children's museum, the Betty Brinn Children's Museum, opened in April 1995 and competed with Discovery World. Even the supporters of each wondered if the market could support two major museums whose exhibits were targeted toward children. Discovery World President Michael J. Cudahy (1995) said, "I think in fund-raising, there's always problems in conflict with other fund-raisers. Especially in Milwaukee. It's a tough town" (p. D1). However, Discovery World and Betty Brinn also explored marketing partnerships to attract families away from other leisure activities (Daykin, 1995).

Service needs continuously grew faster than the population as a whole. Society had turned to nonprofits increasingly within a 30 year period and was accustomed to seeking help there. As a result, children's museums experienced a more competitive future amongst themselves and the entire nonprofit sector.

Children's museums competed for clients, patrons, funding from traditional sources, funding from new sources, donations, visibility, donated air time and advertising, volunteers, and staff. Funders wanted the best productivity and the most mission for their money. Volunteers wanted to spend their time wisely. Quality staff wanted to work with organizations that were financially viable and state-of-the-art in service terms. Businesses that donated services wanted to associate with top caliber organizations (Brinckerhoff, 1994).

Analogous to Brinckerhoff's (1994) nonprofit analysis, children's museums that hoped to survive into the 21st century needed technology to further their missions. The nonprofit sector had lagged behind in using available technology partly because the sector was predominantly social service/educational. However costly, rapidly advancing technology was a fact of life (Brinckerhoff, 1994).

In retrospect, steady organizational funding (see Figure 1) could not bring children's museums much comfort. Consequently, they required enterprising philosophies to enhance their monetary solicitation methods and to promote alternative revenue sources. They had to learn how to adapt to their funding environment.

However, the fund-raising function's external environmental complexity is compounded by internal managerial requirements. Certain administrative requisites intensify the fund-raising dilemma and command attention before museum management and governing boards can implement broad fund-raising methods.

Administrative Requirements

According to Rosso (1991):

1. An overall internal and external needs statement and a fund-raising plan must be reviewed and approved by the governing board, with board members placing their full support behind the plan.

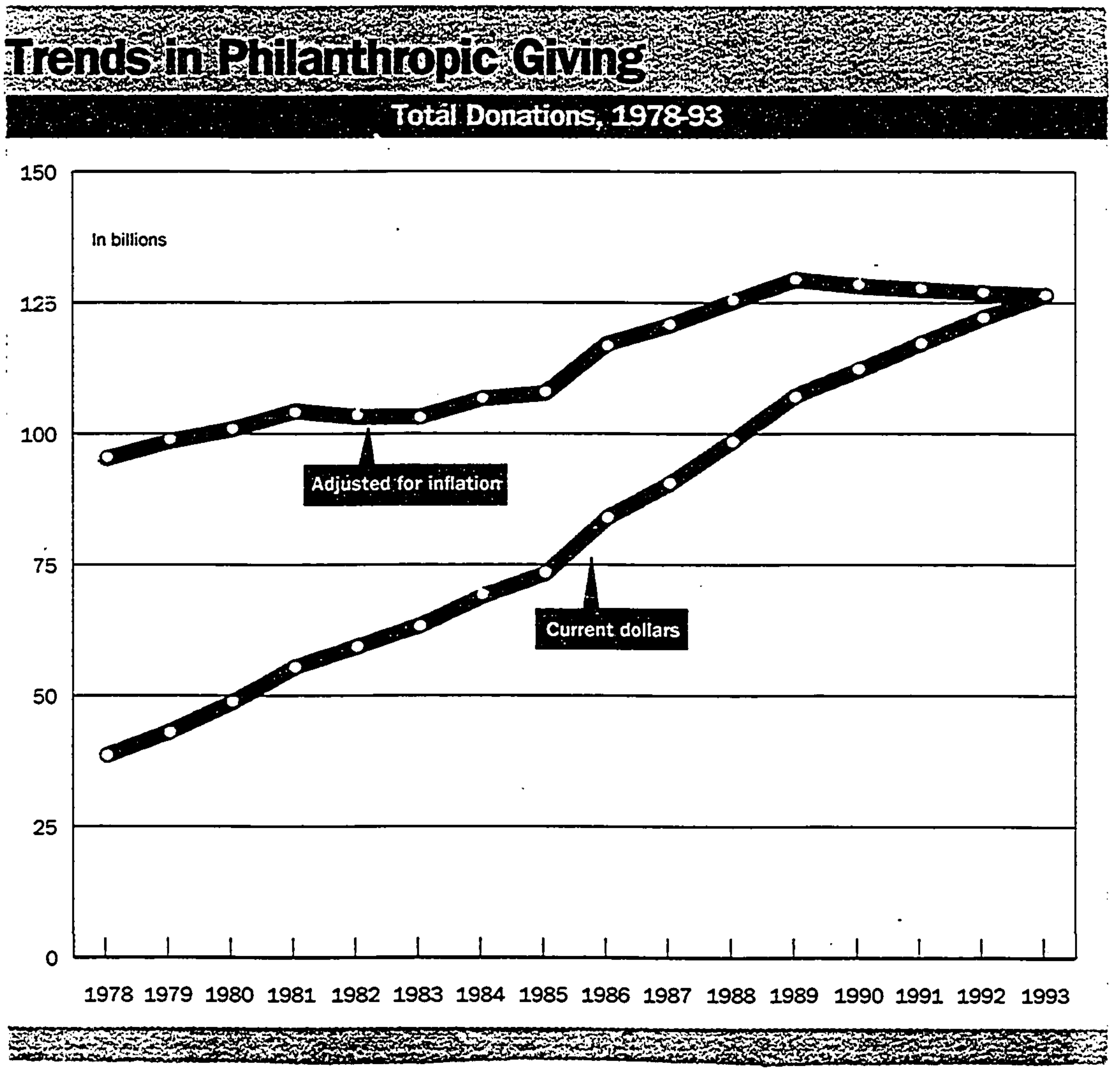


Figure 1. Giving has not shown dramatic spurts.

Source: The Chronicle of Philanthropy, May 31, 1994

2. The museum director must constantly champion the development program and its goals, serving as the principle advocate of the organization's mission and the inspirational force advancing the organization into the future. Articulating and communicating the organization's values to its constituency is the responsibility of the senior management group, including the board of trustees.

3. The program staff's competence and commitment allcws motivation in monetary giving and volunteer involvement. Therefore, key program staff members should team with board members and other volunteers to explain the museum's accomplishments to potential contributors.

4. The staff's ability to plan, organize, and administer programs determines fund-raising outcomes. However, administration is not the single most conducive factor to effective results. Other compelling factors are adequate budgets, proper office space, competent support staff, and sincere acknowledgment by program and management staff that fund-raising is an integral organization aspect.

All four factors contribute to successful fund-raising; they are interrelated and must not remain in bureaucratic isolation. None should be viewed as weaker or subservient to the others. All four are integral interdependent parts of the organization's structure (Rosso, 1991). They can intensify communication between children's museums and their donors.

Resource strategy demands obligate children's museums to strengthen their environmental communication. Optimum transactions must occur between important organizational variables and the philanthropic environment to encourage forthcoming donations. For instance, organizational case statements, programs, leadership, structures, and resources --woven with an organizational fund-raising philosophy--can enhance a children's museum's enabling, functional, normative, and diffuse environmental linkages (Chamberlain, 1987).

Organizational Variables

Case Statements. Unlike mission statements, which are internal definitions of children's museum purposes, programs, and priorities, case statements outwardly aim toward the public. The case statement compellingly asks prospective supporters to contribute. It interprets and explains the organization's mission from the supporter's point of view. The case statement is an investment prospectus.

The case need not be a written statement. Rather, it is a concept readily adaptable for written proposals, printed pamphlets, public meetings, or personal solicitation. The case must be persuasively written.

The support case will be strongest if it is based on the focus problem: What is out there in the community that must be done? Then, the case can address what the organization does or will do to meet the focus problem.

The case framework must address four elements:

1. Why is the children's museum in business at all? What is the problem, the public need, that requires solutions, improvements, or programs that the organization provides?

2. What is the program or project's purpose, the organization's mission to fill that identified community need? How does the approach differ from what other organizations do?

3. How will the answer to the focus problem take shape? How will the organization go about its task; how will projects and programs be designed? What are the components and the methodologies? The case should elaborate on the shape, impacts, personnel, costs, and plans.

4. Who is the organization and how well has it served its constituency? A case should describe the organization's size, history, record, leadership, financing, and support. These details will interest the donor, but are not necessarily a basis for giving (Howe, 1991).

Programs. Service programs, which address the museum's central need, must be identified. Then, museum administrators should distinguish prospective contributors and provide them with enough information to show that programs can properly respond to community problems or capture potential opportunities. Program accomplishments, not budget requirements, will attract generous gift support (Rosso, 1991).

Leadership. Children's museums must have core development teams which include the CEO, the development director, the development committee chairperson, and the board chairperson. These individuals should transmit an organizational vision and structure which motivates and maintains the fund-raising function. Their involvement validates the fund-raising function's importance (Rosso, 1991).

Structure. Fund-raising must be a management process which is based on strong programs that adequately fulfill the organization's mission. Thus, successful children's museums must integrate fund-raising within the overall organizational structure. Each element in an organization's structure should offer potential synergism. Fund-raising can never function apart from the organization's mission, goals, program, governance, or management structure. The fund-raising function requires the acceptance of the chief fund-raising officer as an important member of the senior management team. Trustee, administrator, and program staff involvement can insure that key people become fully conversant with and supportive of the development function. A turbulent and challenging environment means the development function must be institutionalized.

Of all the factors that contribute to sustained fund-raising success, none may be more important than a cohesive, effective development team (Rosso, 1991). The full development team must be institutional in scope. Broadly drawn from the board, staff, and community, it must apply the institution's leadership standards and practices to fund-raising. Individual empowerment, via the team approach, advances fund-raising leadership.

The fund-raising function requires managerial lines of authority and recognized management spans. Therefore, a distinction should be made between the development team and the development committee. The full development team includes the development committee, professional staff, support staff, volunteers, and the core team members. However, the development committee should carry out the development team's principle functions. It should comprise board and non-board volunteers. The chairperson should be a board member and serve on the executive committee. Such structural behavior can greatly influence forthcoming philanthropic income (Rosso, 1991).

For example, in smaller children's museums this committee may execute all fund-raising functions, such as annual fund appeals, special events, phone appeals, and mail solicitations. The committee may function as a group in all fund-raising aspects, and may be as large as 10 to 12 people.

On the other hand, in larger children's museums the development committee should often constitute a steering committee which comprises several sub-committee chairpersons. With a steering committee model the membership is usually smaller, about five to seven people. In addition to the sub-committee chairpersons, there should be several at-large members, usually non-board volunteers, on the development steering committee. The development director, or the CEO if there is no development director, should staff either development committee type.

The development committee should work with the development officer to analyze financial needs, prepare the development plan, and put the plan to work. A committee job description should be prepared and used to enlist committee members (Rosso, 1991). The following resource strategy demands encumber the fund-raising function and reinforce these structural requirements.

Resource Strategy Requirements

According to Philip J. Bain Jr. (Rosso, 1991), a respected fund-raiser, four major income solicitation methods hold certain fund-raising implications. All four methods: (a) annual fund, (b) special gifts, (c) planned giving, and (d) capital campaigns, are interrelated; success cannot be achieved in isolation. Each method significantly supports the others. There is a logical progression from one method to another. Hence, children's museums must fully develop each method in relationship to the others (Rosso, 1991).

The strategies devised to address external children's museum needs create four distinct internal financial needs: (a) current program support, (b) special purpose needs,

(c) major and minor capital needs, and 4) endowment needs. The total financial development concept results from an institution's strategic plan which identifies an entire range of financial requirements. Everything that can be interpreted as an internal need can be gathered under a total development program. These needs should serve as separate unrelated programs for the fund-raising goal, or as part of the fully integrated total development plan (Rosso, 1991).

There are four financial needs areas and four fund-raising methods that can be used to meet those needs:

The Annual Fund. The annual fund's primary objective is current program support. By building a base of recurring gifts, the fund can insure an income level that will support both current programs and the annual operating budget. Few will give to meet operating-budget requirements. However, they will give to programs that are responsive to external needs because they can be construed as problem solutions. Contributors want to solve those problems, not balance an operating-budget.

The annual fund is the process by which a nonprofit reaches out and invites its constituency to help fulfill its mission. It is the most effective strategy to invite, involve, and bond the constituency to the organization, which makes it the organization's primary strength. This strength will enhance a children's museum's ability to raise funds for current program support, special purposes, and for capital and endowment development; the organization must ask a constituency that has been properly informed and conditioned by an effective annual fund to provide that support (Rosso, 1991).

<u>The Special Purpose Gift</u>. A thoughtfully conceived, comprehensive fund-raising plan should identify a broad array of special purpose needs. These needs can be program related, minor or major capital requirements, sophisticated equipment, or personnel additions. In each case, the need will provide opportunities to involve and solicit annual contributors, corporations, and foundations. The special purpose gift invites contributors to increase their support by giving for a special purpose, to meet a special need, or to help the children's museum do a better job to serve its mission. Invariably, the special gift will be larger than the annual fund donation, which lifts the contributor's sights (Rosso, 1991).

<u>The Capital or Asset Building Gift</u>. This funding level is intended to meet a nonprofit's capital or asset building needs. Gifts can be made in cash or in pledges which are payable over several years. Or, the donation may constitute property transfers, such as stock holdings, that have appreciated in value. Capital fund-raising can take several forms. The method can be a strategically designed major gift effort directed to limited donors who can make large gifts. Also, it can be just one part of the total

development plan which will be accomplished over a two year period or more (Rosso, 1991).

The Planned Gift. Planned gift solicitation seeks gifts from certain asset holdings or from the contributor's estate. The gift is committed at the conclusion of a solicitation, although its actual value is not available to the organization until the gift matures at the primary contributor's or surviving beneficiary's death or at the end of a term. Planned gifts include revocable or irrevocable trusts, gift annuities, pooled income funds, charitable lead trusts, bequests, and insurance. Planned giving is an ideal fund-raising method to attract gifts to build children's museum endowments (Rosso, 1991).

Capital Campaigns. One of the most important nonprofit fund-raising activities is the capital campaign. This intensified function is designed to raise a specified sum of money within a defined time period for the organization's varied asset building needs. These needs can include new building construction, the renovation or enlargement of an existing building, the purchase or improvement of land, the acquisition of furnishings or sophisticated technical equipment, and additions to endowment holdings. Once identified, all the needs are incorporated into a single goal and addressed through a fund-raising program which is spread over 5, 6, or 7 years (Rosso, 1991).

Efforts to contribute to the public good, to initiate change, to preserve our heritage, culture, or environment, and to reduce human suffering may begin with individuals. However, sustained efforts require support from others. Thus, successful resource strategies mean children's museums must adequately connect with their external environment. They must be able to respond to their environment's needs and its ability to respond to the museum's human and financial resource requirements (Tempel, 1991).

Gronbjerg (1993) espoused that nonprofits must decide how to link donor priorities with organizational mission, how to develop resource flexibility which cushions them against funding jolts, and how to engage in networking and other boundary spanning activities which develop and maintain financial resources. Likewise, the effective delivery of children's museum services requires tightly coupled relationships between museums and their philanthropic environment. However, coordinated environmental linkages are especially difficult to develop when organizations rely on several funding sources (Gronbjerg, 1993).

Therefore, this project examined priority linkages. It analyzed the transactions between children's museums and their donors via enabling, functional, normative, and diffuse linkages. These linkages were identified in Chamberlain's (1987) Institution Building Model and their essential attributes are further elaborated upon here.

<u>Environmental Linkage Requirements</u>

<u>Enabling Linkages</u>. Nonprofits are described in the 501(c)(3) Internal Revenue Service (IRS) Code as charitable

organizations because they conform to common-law charitable criteria. For instance, if children's museums establish themselves as nonprofits, they share the nonprofit organizational condition which means that they can generate profits but cannot distribute them to owners or other private persons. Hansmann (1980) refers to this rule as the nondistribution constraint.

These legal aspects can provide incentives for children's museums to establish themselves as nonprofit, charitable organizations and for donors to support them. As Simon (1987) related, the nonprofit sector is subject to special treatment under federal individual and corporate income taxes, estate and gift taxes, and certain excise taxes. For instance, under the principle exemption statute, 501 of the IRS Code, nonprofits are exempt from the federal income tax. Likewise, under 170 of the Code, individuals and corporations can deduct their cash or property contributions to these charitable groups from their income taxes. Under 2055 and 2522 of the Code, contributions are also deductible for estate and gift tax purposes (Simon, 1987).

Functional Linkages. According to Rosso (1991), all contributed support comes from just five sources which are called functional linkages:

1. Individuals: Individual giving occurs through membership dues, annual giving, fund-raising benefits,

donated securities and real property, and family foundations.

2. Government: Federal, state, and local governments allocate straight grants.

3. Businesses: Corporations donate either directly or through their corporate foundations.

4. Foundations: Independent and community, not business or family, foundations of all sizes are major nonprofit funding sources.

5. Nonprofit organizations: Nonprofit organizations, such as churches, professional associations, labor unions, and service clubs, regularly give to other nonprofit institutions, even when such grant-making is not their primary mission.

Children's museums must use all fund-raising sources because diversity is the key to financial stability. Organizations that limit their funding sources to direct mail, like Above and Beyond, or grantsmanship, special events, and planned giving weaken their structures. Such organizations probably do not perform long-term planning which continually assesses the human and societal needs which are germane to their missions. Likewise, they presumably do not communicate properly with their constituencies or do not devote time to case renewal. In either situation, they do not build a base of informed, involved, and supportive contributors (Rosso, 1991).

Normative Linkages. Normative linkages are fund-raising ethics which affect the organization's image. Fund-raising approaches mirror the organization's internal ethics. Hence, children's museum trustees must be aware of several ethical issues.

For instance, donations must be used for the donor's intended purpose; the temptation to stray can be strong. Also, children's museums should be prepared to disclose all accounting of fund-raising expenses and the portion of donations which directly serve the organization's charitable purposes.

From a responsibility standpoint, turning over fund-raising to outsiders can reflect an organization's efforts to escape fundamental responsibility. According to Howe (1991), it rarely works. Organizational members and volunteers tend to be far more effective than fund-raising consultants; donors see the difference. Contracted fund-raising puts the organization's reputation in another's hands (Howe, 1991).

Fund-raising thrusts leaders and managers into the philanthropic agenda. However, the philanthropic sector's morality is not an established identity. To be philanthropic requires continued consideration of the common good and voluntary actions to achieve the common good. Ethical decisions assign values to human behavior and organizational outcomes. Ethical decisions temper self-interest with community needs. The standards and ethics that govern fund-raising practices help define what philanthropic organizations contribute to the common good (Rosso, 1991).

Diffuse Linkages. Public communication, a diffuse linkage, is the means through which children's museums adapt and influence relevant publics. Communication has been described as a process which exchanges ideas between two entities. In this project, the entities are children's museums and their external publics which include both donors and non-donors. All successful communication programs are enhanced through effectively planned public relations and marketing techniques. When developing a communications program, children's museums should strive to achieve these goals:

1. All program components should carry a common theme and state the same purposes or needs. The planners should work from a case statement. The case statement ensures that a consistent message will be delivered. It also prevents donor confusion; a confused donor may become a nondonor.

2. All communications should demonstrate the organization's significance to society. People like to believe that their gifts do make an impact on society.

3. Children's museums should recognize donors and volunteers in their communications. Such action shows appreciation and bolsters the organization's image.

4. Communications should be timely, frequent, and regular.

5. The ultimate goal is to establish and maintain two-way communication between the children's museum and its public. Ideally, the organization's responsibility is to identify causes and solutions. Two-way communication occurs when the organization receives feedback. If done properly, that feedback will come in increased contributions and volunteer resources (Quinto, 1993).

Fund-raising which is based on strong transactions between the organization and its environment assures a dignity that flows from that strength and precludes staff or volunteer apologies for the fund-raising process. Fund-raising which is based on values and mission is a meaningful aspect of philanthropy. Hence, this project showed that children's museums must prepare themselves internally before they take their requirements to the public and seek philanthropic funds (Rosso, 1991).

First and foremost, children's museums must not view themselves as charities. They are businesses, albeit ones whose primary motivation is mission and not profit. In that mission pursuit, children's museums must act as businesses as much as possible without sacrificing their mission. Nonprofit does not mean no profit. Nowhere, in any state or federal law or regulation, does it say that a nonprofit must lose money or break even financially. In fact, in the IRS code it says that " ... the profits of the corporation shall not inure to the benefit of (various people)" (Brinckerhoff, 1994, p. 237).

If mission is important, so is money. However, this project does not suggest that money is paramount. Children's museums are not for-profits and should always be most concerned with mission. But, children's museums must realize that there is only so much money to work with. Thus, this project impelled children's museum administrators to make and keep more money so that they could further their mission without donor limitations. Flourishing, 21st century children's museums required financial empowerment.

Research Questions and Hypotheses

People give when they are assured that the cause is worthy and the organization is accountable (Rosso, 1991). Hence, this project was not only concerned with philanthropic dollar amounts, but also with the institutional ability to coordinate complex funder expectations and relationships. Therefore, this study examined how children's museums build adequate bridges to potential donors. The research questions asked: (a) How do children's museums transact with their funding environment? and, (b) What were the trends in children's museum philanthropic donations from 1990-1994?

Two hypotheses were used to test the ideas that museum size and fund-raising behavior depend on each other, and that there are strong relationships between various income sources:

H0 There is no difference between fund-raising behavior and museum size.

H1 There is a difference between fund-raising behavior and museum size.

H0 $R=0$ There is no relationship between the income sources.

H1 $R \neq 0$ There is a relationship between the income sources.

Significance of the Study

Children's museums are important to society because they supplement childhood education and family oriented recreational needs. They provide interactive exhibits which enable individuals of all ages to develop perceptual skills and discover new relationships on their own. According to Chamberlain (1995), schools cannot afford to provide such unique learning activities in their curriculum and counselors have said that families do not provide the hands-on multisensory activities which help children experience reasoning. Yet, the importance we place on the provision of such cultural learning experiences sets an example for future generations (P. Chamberlain, personal communication, 1995).

However, the U.S. does not have a strong cultural education base. In fact, O'Neil (1989) said that the arts world is a small segment within the nonprofit sector. For instance, the total annual funds received by arts firms is less than 3% of the nonprofit sector's total annual funds (O'Neil, 1989). Therefore, the art world's modest position requires strong sales methods in today's competitive market economy.

Consequently, this study could help ensure children's museum futures through knowledge about their unique funding requirements. It can make them aware of philanthropic funding uncertainty and donor competition. This research could help them build donor constituencies through appropriate program, structural, leadership, and resource strategies. A better economic and management understanding can help administrators position their institutions in the cultural and philanthropic marketplace through adept linkage efforts. Such knowledge could enhance a museum's ability to hire much needed personnel for its labor intensive services, such as exhibits and programs, and for functional administrative departments like marketing and fund-raising. Indeed, fund-raising expertise can strengthen a museum's competitive stance and further its growth and development (Flanagan, 1991).

This museum finance topic was original. While other studies, including Middleton (1989), Herman and Heimovics (1990), Sheppard (1995), Heimovics, Herman, and Coughlin (1993), and Glaskiewicz and Ronald (1991), emphasized board fund-raising attitudes, resource dependence, CEO leadership skills, and corporate networking, none were museum specific. Therefore, this study could be contributory because very little museum specific research existed. Although museums represent this country's oldest institutions, field-wide, up-to-date institutional data did not exist in 1987 when the American Association of Museums (AAM) started to plan the most expansive museum study in over 10 years. Sporadic attempts, over 20 prior years, produced limited field views. The last national survey was the 1979 Museum Program Survey sponsored by the Institute of Museum Services (IMS). The 1989 National Museum Survey was a direct response to the AAM report, Museums for a New Century, published in 1984. The Commission on Museums for a New Century, which produced the report, said that scarce museum information handicapped their work:

> There are no reliable data on the characteristics of the museum workforce, the availability of various kinds of public programming, or the financial picture in American museums. We cannot compare organization structure, nor do we know the extent of the development of policies in such areas as collection management. Even such simple information as the number, type, budget size, and regional distribution of museums is not regularly maintained. (American Association of Museums, 1992, p. 2)

Correspondingly, this project could provide the museum industry as a whole, and children's museums in particular, with a more complete understanding of the museum's philanthropic, fund-raising nature.

Definition of the Most Important Terms and Concepts

This project synthesized three concepts: (a) nonprofit organizations, (b) museums, and (c) philanthropy:

1. Nonprofit Organizations: Powell (1987) pointed out that nonprofits (a) are legally prohibited from earning and distributing monetary residuals, (b) provide socially useful services, and (c) are philanthropies which derive a large part of their revenues from tax-deductible contributions (Powell, 1987).

2. Museums: According to the AAM (1992), a museum is an institution that (a) is organized as a public or nonprofit institution, existing on a permanent basis for essentially educational or aesthetic purposes; (b) cares for and owns or uses tangible objects, whether animate or inanimate, and exhibits these on a regular basis; (c) has at least one professional staff member or the full-time equivalent, whether paid or unpaid, whose primary responsibility is the acquisition, care, or exhibition of objects owned or used by the museum; and (d) is open to the public on a regular basis, the general public can or may arrange to visit on at least 120 days per year (American Association of Museums, 1992).

3. Philanthropy: According to Robert Payton, philanthropy is voluntary action for the public good through

voluntary action, voluntary association, and voluntary giving (Rosso, 1991).

Assumptions and Limitations

This dissertation author assumed that all children's museums needed to understand philanthropic fund-raising. She based her opinion on comments in the Association of Youth Museums 1994 Membership Directory. Most comments stated that the biggest children's museum needs were money and business-like management (McKeel, 1994). This dissertation author also conferred with the AYM's Executive Director, Janet Rice Elman, who concurred that this project would benefit children's museums (J. Elman, personal communication, 1995).

Based on information in the Association of Youth Museums 1994 Membership Directory, this project researched children's museums that opened on or before 1990 and listed various funding sources. This dissertation author assumed that they kept financial records from which she could measure philanthropic funding trends. Other data sources, such as the AAM, implied that such financial material was available. Due to scarce museum industry research, yet necessary financial exploration, this study could benefit the museum community.

Although this project was somewhat limited to previous nonprofit sector research, rather than museum specific studies, it examined nonprofit rather than for-profit museums. So, the nonprofit financial culture is approximate in this study. The term <u>nonprofit</u> captures the dilemma that many such organizations face: how to prevent rational pre-occupation with financial success from overriding efforts to pursue normative and substantive goals (Gronbjerg, 1993).

Conclusion

Fund-raising has been philanthropy's servant since the seventeenth century when Puritans brought the concept to the new continent. The early fund-raising experience was unencumbered with the diverse exercises that characterize its function in the contemporary U.S. Current practices make fund-raising more diversified and complex than ever before (Rosso, 1991). Hence, this chapter informed children's museum governance about philanthropic conditions and the fund-raising methods needed to encounter them. In the next chapter, the Literature Review further investigated the complex structural, leadership, program, and resource strategies which children's museums require to establish effective relationships with their philanthropic environment.

CHAPTER II

LITERATURE REVIEW

Introduction and Organizational Structure

American museums developed slowly. The Charleston Museum, founded in 1773, leisurely collected natural history materials. The Smithsonian, which started in 1846, was chiefly a scientific research institution. In 1870, three great museums were founded which marked the entry of the United States into the museum market; they were the American Museum of Natural History, the Metropolitan Museum of Fine Art in New York, and the Museum of Fine Arts in Boston. Their collections and exhibits, which the public cannot handle, provide an educational function; these museums exist because their collected objects are worthy of study. An all important staff duty is to pass on the collections in pristine condition to future generations. The American Institute of Conservation requests that such museums set aside 10% of their annual budgets for preservation techniques, such as temperature and light control (Alexander, 1979).

In contrast, children's museums, which developed in the late 1890s, have no preservation concerns and are solely educational. These institutions consider the psychological, sociological, and motivational aspects of their permissive, informal educational exhibits. Their hands-on, multi-sensory exhibits appeal to children and teenagers who do not frequent other museums. Their multidisciplinary, interactive exhibits are educational tools which help young people experience reasoning.

Children's museum exhibits appeal to the senses through mechanisms such as concave and convex mirrors, whisper dishes, magnet tables, plants, and outer-space meals. Studies show that compared to traditional, stationary exhibits, such multisensory exhibits draw visitors immediately and their attraction lasts longer when they are automated (Draper, 1987). Attendance figures report that technical museums out-draw all others because their interactive exhibits also permit patrons to socially interact with their companions (Mintz, 1989).

These client-centered museums, designed specifically for children and their learning styles, opened their doors almost 100 years ago. However, the children's museum movement earnestly began in the 1970s. The 1994 AYM register listed 311 museums; children's museums are the fastest growing museum industry segment. Their growth is explained by their strong client-centered approach to children's educational needs and shared social activity (Johnson, 1994).

Such popular children's museums can help attract residents and visitors to communities. They can encourage business investment and tourist dollars. However, to ensure their own financial futures, they must clarify their societal significance. Their financial stability depends upon their ability to communicate that significance to their potential donors: (a) individuals, (b) corporations, (c) foundations, (d) government, and (e) other nonprofit organizations. Therefore, this literature review examined how children's museums can become more adroit at fund-raising.

This literature review was limited in its application of previous scholarly fund-raising research because few specific fund-raising journal articles were available; and none pertained to museums. A 1970-1989 survey of published articles on philanthropy, voluntarism, and nonprofit organizations substantiated this study's research dilemma. According to Hall (1991), the survey showed that 18 journal articles appeared between 1970 and 1974, 43 between 1975 and 1979, 38 between 1980 and 1984, and 74 between 1985 and 1989.

Despite the increase in scholarly publications, the most prestigious disciplinary journals did not embrace nonprofit issues. Of the 74 articles published between 1985 and 1989, three appeared in the Administration Science Quarterly, one in the American Journal of Sociology, one in the American Sociological Review, and one in the Journal of Social History. The vast majority appeared in highly specialized journals whose circulation totaled, at most, a few hundred each. Anecdotal evidence suggested that editors declined to publish nonprofit pieces.

Consequently, this literature review incorporates some pertinent funding studies in addition to books about philanthropy, voluntarism, and nonprofit organizations. The vast majority of these volumes resulted from the industry's commitment to build nonprofit scholarship by underwriting research and publication costs. Moreover, Jossey-Bass and The Foundation Center were the lead publishers (Hall, 1991). Specifically, this literature review includes finance related nonprofit studies which concern (a) corporate donor networks, (b) chief executive officer (CEO) leadership skills, (c) resource dependence, and (d) board member fund-raising attitudes.

Based on the available nonprofit literature, one can garner that financial development requires children's museum administrators to understand (a) the managerial functions which further nonprofit enterprise, (b) philanthropic donor issues, (c) earned income alternatives, and (d) a modified organizational mission fixation, which can obscure institutional development. This literature review addresses these four topics which parallel nonprofit fund-raising development.

Managerial Fund-Raising Functions

Arts and cultural organizations, such as children's museums, comprise a very small part of the nonprofit sector, only 3% of the organizations and 2% of the expenditures. Also, nonprofits tend to be a relatively small portion of the arts and recreation field. But, the nation's most serious cultural and artistic activity take place in nonprofit organizations (Salamon, 1992).

Nonproprietary organizations prevail in such cultural fields because profits cannot be made there. The arts are a service industry and are highly labor intensive. Whereas manufacturing firms can boost productivity through technical innovations, intractable production technologies sorely limit arts productivity increases (DiMaggio, 1987). For example, children's museums cannot construct attendance-enhancing exhibits every week.

Arts organizations operate in an economy which contains a large manufacturing sector. As manufacturing productivity rises, manufacturing wages increase. Because art establishments, other service organizations, and manufacturing firms compete for labor, manufacturing wages pull upward. These increased wages cause arts production costs to spiral beyond their earned income capabilities. Thus, arts organizations require philanthropic subsidy. However, economists have assumed that nonprofit arts firms have paid little attention to complex survival determinants in a grants economy (DiMaggio, 1987).

Who is usually expected to shoulder this financial responsibility? According to the findings of Heimovics, Herman, and Coughlin (1993), nonprofit CEOs occupy a socially construed position of psychological centrality because of their middle position in information flows, expertise, and full-time career commitments. Therefore, all organizational participants, including the CEOs themselves, hold them centrally responsible for critical outcomes (Heimovics et al., 1993).

The CEO customarily manages the organization's external relationships between its social, economic, and political environment, and controls the organization's internal operations. Externally, trustee, client, and funder relationships must be maintained on a daily basis; the executive must anticipate problems which stem from environmental change and identify and exploit new donor opportunities. Internally, the CEO must allocate resources, make workforce decisions, evaluate employee performance, make personnel decisions--recruit, promote, reward, address employee morale, articulate organizational plans, and deal with crises (Young, 1987).

This literature review addressed the CEO's internal managerial and human resource concerns first, because fund-raising activity requires an initial internal readiness analysis. Moreover, children's museums need to be in the business of business; they must avail themselves of state-of-the-art management techniques. Coherent fund-raising efforts require sophisticated strategic plans, market research, budgets, tax blueprints, personnel development, and board member recruitment (Firstenberg, 1986).

Too often, organizations start fund-raising with an honest belief that they have a clear program upon which everyone agrees when, in fact, significant inconsistencies exist; program directions are confused, priorities are contradictory, or board and staff do not agree. To begin with, clarified mission statements and long-range plans are essential.

The Mission Statement

A children's museum may prepare a mission statement in a single, carefully crafted paragraph that simply describes what the organization does. The mission statement can be used in annual reports, pamphlets, and brochures. However, such a limited statement is not helpful for fund-raising purposes. It can actually be harmful if, through its carefully managed wording, key issues are submerged or fundamental purposes are left unstated.

The mission statement, which is explicit about the organization's purpose and programs, is used internally. It should not be confused with the case statement which is an external document that tells prospective supporters why they would want to contribute (Howe, 1991).

Strategic Planning.

A structured strategic or long-range planning exercise is often the best approach to prepare the mission statement. The mission statement will come out of the planning exercise; it will be the core understanding around which clear, unambiguous purposes, programs, and priorities can be articulated. Such planning will also establish a base from which resource estimates and fund-raising programs can be forged (Howe, 1991).

A well-conceived strategic plan encompasses several integrated steps. It would determine a children's museum's mission and define what the organization should accomplish. Such a plan would evaluate competitor behavior. It should assess whether other institutions might change their direction and compete more intensely for one's revenue sources and market. Strategic plans should also propose multi-year expense and revenue trend projections. They should set specific financial and program goals which can serve as reference points to assess departmental progress (Firstenberg, 1986).

Institutional strategic planning is not easy. Planning efforts absorb time and energy. They often look inward only, assume that the mission is fixed, and produce lengthy reports that gather dust. Nevertheless, for fund-raising purposes, let alone management and oversight reasons, regular strategic planning should be undertaken (Howe, 1991).

Marketing

The marketing function informs an organization about consumer wants and needs. Thus, marketing helps children's museums determine preferred consumer services, funder expectations, and benefactor philosophies. Market plans are a strategic planning component. A marketing approach positions children's museum services and products relative to other competitors.

Ideally, a single professional should coordinate, implement, and monitor the entire marketing program. Activities that once were treated as semi-autonomous functions--sales, advertising, market research, and market planning--should be singly managed. Marketing is especially important to children's museums under pressure to expand their revenue bases. Such expansion requires new product markets (Firstenberg, 1986).

Two competing Milwaukee children's museums demonstrated that new revenue requirements require collaborative, market-driven service development. For instance, the Betty Brinn Children's Museum and Discovery World sponsored a trolley that moved people between the two museums. The Pittsburgh Children's Museum and the Carnegie Science Center provide another marketing example.

The Pittsburgh Children's Museum once attracted 125,000 visitors annually, until Buhl Planetarium moved from its adjacent museum location. After Buhl left and was transformed into the Carnegie Science Center, Pittsburgh's attendance dropped, according to Maggie Forbes, the Museum's executive director. Because Buhl drew 200,000 visitors annually, the children's museum was " ... bursting at the seams and we never spent money on marketing and advertising," Forbes said (Daykin, 1995, p. 10). Attendance has since been restored to more than 100,000 annually, which was partly due to an aggressive marketing campaign (Daykin, 1995).

Budgeting

Resource allocation powerfully focuses on children's museum priorities and shapes their operations. Budgeting ensures that museums put resources where their priorities are. The process can create an organizational environment that maximizes goal attainment. However, nonprofit executives rarely claim to be good at numbers. Many professionals hold specialty attitudes that resist quantitative organizational measures. Consequently, they abdicate their financial information systems to accountants (Firstenberg, 1986).

Tax Planning

The tax laws that apply to nonprofit organizations are very different from those that govern for-profit ones, but they are equally complex and important. Careful planning can shelter revenues which might otherwise be taxed. Failure to comply with the tax law and Internal Revenue Service (IRS) regulations can affect a museum's tax exemption. Hence, nonprofit children's museum tax planning should not be left to chance. Children's museums require the same expert advice as for-profits and should have expert tax attorneys.

The revenue search and the planning processes cannot be carried out without superb professional staff and able trustee support. For years, nonprofits tended to be managed through low-paid employees and voluntary board member help. However, a swing toward professional nonprofit management brought about full-time, qualified staff (Firstenberg, 1986).

Human Resources - Staff, Volunteers, and Board

Progressive children's museums cannot use organizational mission as employee compensation. Leading museums offer salary and benefit packages comparable to market rates in other nonprofit and for-profit organizations. Increasingly, such compensation programs provide outstanding performance incentives, rather than equal treatment without attention to work quality (Firstenberg, 1986).

Despite professionally paid staff, the labor intensive nature of children's museum's will customarily require volunteers. Without some voluntary help, they would neither survive nor prosper. Children's museums must recognize that people decide to volunteer for the same reasons that others seek paid employment: (a) to help others, (b) to gain work experience, (c) to use untapped educational skills, (d) to meet new people, (e) to make professional contacts, (f) to enter the job market, (g) to learn new skills, and (i) to make a contribution. Therefore, human resource development must be equally applied to salaried and non-salaried personnel. A volunteer program requires the same: (a) analysis, (b) policy development, (c) job development, (d) marketing and recruitment, (e) interviews and placement, (f) supervision, and (g) evaluation and feedback (Kumamoto & Cronin, 1987).

In conclusion, children's museums cannot lean on random, unorchestrated voluntary help to augment their enterprising demands. In addition to a superb CEO, the modern children's museum requires staff, board members, and volunteers with professional business skills equal to those who perform comparable tasks in the for-profit world. In particular, children's museums need board members who can produce income.

The sources, types, and amounts of resources that nonprofit organizations can mobilize are critically important to limit or determine the activities in which they will engage. The central link between resources and activities is the very nature or structure of the organization itself. Borrowing extensively from the organizational literature, one can advance the simple but powerful proposition that the greater a children's museum's resources, the larger its size, and the more formal or bureaucratic its structure (Hunter & Staggenborg, 1988).

However, Middleton (1989) found that nonprofit boards can, in fact, have problematic fund-raising histories and unsuccessful attempts to organize themselves more effectively to fulfill their monetary responsibilities. For example, the trustees in her East Coast Orchestra (ECO) case study said that other parts of the organization had more effectively filled the fund-raising function. For instance, the volunteers had provided fund-raising events; there were unanticipated profits from the orchestra's tours; and grants from a large local corporation had underwritten unprofitable concerts.

ECO's Development Committee demonstrated a lack of fund-raising leadership, but general board resistance was also an important factor. As a whole, the board did not like to fund-raise and often did not know how. Several trustees felt that their fund-raising connections were not being used effectively due to a lack of overall fund-raising direction and follow-through.

Middleton (1989) attributed ECO's historical, as well as current, fund-raising problem to the exchange relationships board members had with the organization and with each other. As one member said, "I'd like to think of ECO's success as artistic and not financial" (Middleton, 1989, p. 180). If for some trustees the relationship with the organization emphasizes social exchanges, then, fund-raising adds qualities such as increased professionalism and managerial competence that may contradict the basis of that relationship. Middleton turned to Foa (1971), who pointed out that it is difficult to add economic exchange components to a relationship that is essentially a social one.

Middleton (1989) also referred to Granovetter (1973), who discovered that when board members are strongly tied to each other, they may not have the external connections needed to raise money from diverse sources. Additionally, if some trustee relationships are exclusionary, they may close the organization's boundaries to non-members in fund-raising efforts. These ethnocentric dynamics lessen the board's adaptive capacities through reduced resource connections. As the ECO's recruitment data suggested, the board may have made trade-offs between creating a loyal, compatible inner group and expanding its fund-raising capacity. The ECO board did not strengthen the organization's external resource dependence (Middleton, 1989).

Like ECO, children's museums frequently resist administrative suggestions to recruit business professionals to broaden their financial base and audience mix. Such boards view diversification as a threat to their control over an important elite screening and socialization mechanism. This attitude may indicate that the social relationships among board members can impair an organization's capacity to attract new resources.

Like business people, children's museum governance must worry about raising capital, overcoming cash flow problems, and marketing museum ventures; if not among potential customers, then certainly among philanthropic donors. For instance, Sheppard (1995) examined the differences between surviving and failed resource dependence firms and discovered the importance of the board member's role in influencing the outcome. Although he studied for-profit firms, his results can also be related to nonprofit organizations. Sheppard quoted Pfeffer and Salancik (1978, p. 2), who said resource dependence theory argues that, "The key to organizational survival is the ability to acquire and maintain resources." Yet, one does a disservice to the theory if it is reduced to this degree. According to Pfeffer and Salancik (1978, p. 2), the theory details why organizations must enter into exchanges with others and how the organization can affect its survival through, " ... the management of demands, particularly the demands of interest groups upon which the organization depends for resources and support .... " (Sheppard, 1995).

Sheppard's (1995) research showed that industry profitability, all other things being equal, may not be important in preventing a firm's failure. The firm's strength when it enters the industry, the fit between the firm's talents and the industry's survival requirements, or the level of industry competition may more important to survival than simple industry profitability. His findings showed a weak relationship between survival and industry growth; the industries in which firms operate do not significantly discriminate failed from non-failed firms. However, industry instability does significantly differentiate between failed and non-failed firms.

On the other hand, Sheppard's (1995) results revealed that a firm's market share <u>does</u> meaningfully segregate failed from non-failed firms. Likewise, the number of board member interlocks, or environmental linkages, <u>does</u> critically distinguish failed from non-failed firms. However, the percentage of outside directors on a firm's board did not notably separate failed from non-failed firms (Sheppard, 1995).

Similarly, his findings showed that the number of joint ventures in which firms were involved did not critically segregate failed from non-failed firms. Additionally, there was no relationship between firm size or diversification and survival. However, there was a significant relationship between a firm's level of resources and survival (Sheppard, 1995).

Sheppard's (1995) research demonstrated that a firm's resource level and its influence with resource providers, via the number of board interlocks, is almost always a statistically significant variable in differentiating survivors from failures in all sample years except in the first sample year prior to potential failure: [$p < .1$] (Sheppard, 1995). One possible way that children's museum administrators can ensure their organization's continued existence may be through the manipulation of their political relationships with philanthropic funders. So, while it is important to have resources, children's museums must also influence resource providers through board interlocks. Hence, children's museum CEOs must work with their board presidents to develop boards that are linked to the philanthropic giving community.

In fact, Heimovics et al. (1993) found that effective nonprofit CEOs were more likely to employ a political administrative frame than executives not deemed especially effective:

> Given the relevance of diverse government agencies and officials to most nonprofit organizations--as regulators, funders, and policy setters--especially effective nonprofit chief executives have also learned to think and act politically. They act in relation to external resource dependencies in terms of mobilizing constituencies, forming coalitions, creating obligations, and negotiating and bargaining. (Heimovics et al., 1993, p. 426)

Such findings, according to the researchers, explain how effective executives work entrepreneurially to find resources and revitalize organizational mission (Heimovics et al., 1993). Therefore, this literature review evaluated the societal and individual giving perspectives that children's museum administrators must weigh when they solicit their philanthropic resources.

Societal Giving Perspectives

Key nonprofit funding sources--government, corporations, foundations, individuals, and other nonprofits--differ in their predictability and controllability. Thus, they differ in the uncertainty they introduce into organizational decision making. They require different managerial tasks and solicitation efforts. Some children's museum administrators may claim that any funding source is important, if it provides the organization with revenue.

However, some sources are more important than others either in competition, dollar amounts, or money management terms.

A resource is important if it is shared widely among organizations. Many children's museums obtain funding from a particular source, a macro-level characteristic, which is also important to those who do not have it, a micro-level impact. Widely shared funding sources become standard options which individual organizations regularly explore. Then, procurement and managerial procedures become institutionalized, normative expectations about how nonprofit managers can ensure successful solicitation. Therefore, children's museum administrators must understand donor expectations, if they want to implement effective fund raising techniques, promote their museums, and protect their own reputations (Gronbjerg, 1993).

Donor relationships change over time as broader social and economic trends support some funders and not others. Hence, children's museums face several new issues that challenge any business-as-usual attitude. Their ability to raise and allocate contributions is reshaped by major social, economic, political, and competitive pressures, as well as transformed donor views about charity. Although some environmental pressures enhance philanthropic donations, others threaten them.

Social Issues

Three social issues appeared most significant to children's museums. First, philanthropic support by the young was exacerbated by a proportional decline in this population group. The causes that underlay this effect combined institutional mistrust and a changed social outlook based on greed and consumption. Some analysts thought this decline stemmed from diminished real earning power.

Increased immigration from non-European areas was also an important influence. Many Hispanics and Asians were unaccustomed to charitable support; they preferred to address family and community needs on an individual basis. Their unique values tested philanthropy's ability to develop new offerings that addressed these differences.

The final threat was decreased wealthy giving. Families that earned less than $10,000 yearly tended to give 2.8% of their incomes, whereas those who earned more than $100,000 gave an average of 2.1% (Harvey & McCroban, 1990). A changed IRS code and lowered tax rates accompanied these shifted social values and ebbed donor attitudes.

Economic Issues

According to Howe (1991), the U.S. economy experienced economic changes that profoundly affected children's museum fund-raising. Increased working poor, flat economic growth and purchasing power, U.S. asset internalization, corporate mergers and acquisitions, strained small businesses, and shrinking middle management spurred philanthropic decreases. Furthermore, these trends increased social service demands. For example, double-income, middle-class families found the struggle to educate and provide child care more difficult than their parents did, which added other nonprofit service needs to this already under-financed industry.

Additional fund-raising strains resulted from fragmented corporate/philanthropy relationships that were associated with mergers and acquisitions, as well as American asset internalization. In the former case, children's museums had to educate new managers about their causes. In the latter case, they were required to inform foreign owners about the philanthropic concept.

Donor support was also affected by growing small businesses and gutted middle management positions which involved time and resource barriers. Small business solicitation was not cost effective, given their number, dispersion, philanthropic ability, and non-existent giving history. Furthermore, middle management reductions pointed to a resource squeeze on this potential donor group (Howe, 1991).

Political Issues

In 1986, tax reform changed several rules that affected giving behavior. This change altered corporate and individual giving. The legislation stated that individuals who did not itemize their deductions could not deduct philanthropic donations. The legislation left past law unchanged which allowed itemizers to deduct these donations to a 50% maximum of adjusted gross income. Still, another bill stated that only portions of appreciated property costs could be deducted, with the remainder subject to taxation.

The legislation also set the nonappreciated item limit at 25% of cost. Donated items valued in excess of $5,000 had to be independently appraised.

These changes hurt children's museums, which relied heavily on donors who did not itemize. However, the legislation also lowered individual and business tax rates, which increased disposable income and potentially larger gifts to museums from followers who were altruistically motivated. Still, the overall evidence suggested that giving rates declined when tax rates decreased because their deduction value was diminished.

Finally, there was increased pressure to reexamine current laws which defined, guided, and conferred a fund-raiser's tax-exempt status. There were calls from within and without the nonprofit sector to adopt accounting practices, annual report requirements, and fund-raising standards which control philanthropic management (Howe, 1991).

Competitive Issues

There were an estimated 850,000 nonprofit organizations, two thirds of which developed after 1960. The more recently founded organizations brought innovative fund-raising techniques to the marketplace, which resulted in unprecedented competition. Organizations that used a single-cause orientation and cause-related marketing posed special problems for multipurpose organizations that had greater difficulty communicating their mission to prospective donors. Human service privatization posed a direct threat because those causes and clients were once considered philanthropy's sole domain (Howe, 1991).

Ethical Issues

Fraudulent activities, excessive fund-raising expenses, and diverted project funds blighted the industry and intensified donor skepticism. Consequently, donations had to be used for the donor's intended purpose; the temptation to stray could be strong. Also, children's museums had to be prepared to disclose all accounting of fund-raising expenses and the portion of donations which directly served the organization's charitable purposes.

From a responsibility standpoint, turning over fund-raising to outsiders can reflect an organization's efforts to escape fundamental responsibility. Moreover, it rarely works. Organizational members and volunteers tend to be far more effective than fund-raising consultants; indeed, donors see the difference. Contracted fund-raising puts the organization's reputation in another's hands.

Professional fund-raising associations liked to adhere to an ethical standard that required members to work for a salary, a retainer fee, or a set fee rather than a commission based on the amount of money raised. They believed that commission-based rewards raised doubts about whether solicitations benefited the solicitor or the charitable organization, and whether commission selling put excessive pressure on the contributor. However, such strict ethical standards were sometimes construed as restraint of trade and competition. Another problem was the difficulty to draw a distinction between unwanted percentage-based compensation and legitimate bonus arrangements as strong performance rewards.

Planned giving specialists made an effort to eliminate rewards for financial advisors who arranged charitable gifts purely as tax shelters, instead of philanthropic purposes, and placed the gifts with institutions for a fee. The practice was viewed as selling charitable donations, which is a serious philanthropic distortion and can be viewed as tax evasion. Children's museums could avoid this difficulty by dealing directly with donors.

Board members, employees, and consultants should disclose in writing any interest they or their families have in any business association that seeks to contract with children's museums. Fund-raising counsel and other firms, such as lawyers, investment bankers, and real estate agents, must avoid participation when their occupational relationship comes into contact with the organization with which they have a fiduciary responsibility or a family relationship. Generally, children's museums should retain such legal, accounting, and fund-raising counsel as they require, even on a pro bona or reduced fee basis. Board member expertise can contribute to policy decisions and performance oversight, but members should not be asked to contribute what they sell professionally (Howe, 1991).

Collective societal pressures influence individual donor decisions which make the solicitation process complex. Complexity is high because children's museums should receive funding from many different sources and each type requires different solicitation skills. Therefore, children's museum administrators must master many exchange relationships. Many relationships can make varied donor interests and concerns less identifiable, which causes great uncertainty (Gronbjerg, 1993). To achieve new resource objectives and to manage the changing environment, children's museums must recognize that the giving base--whether individual, foundation, corporation, government, or nonprofit--is undergoing fundamental change (Harvey & McCroban, 1990). Consequently, this project also analyzed the major philanthropic income source perspectives which determine specific fund-raising strategies.

Philanthropic Income Source Perspectives

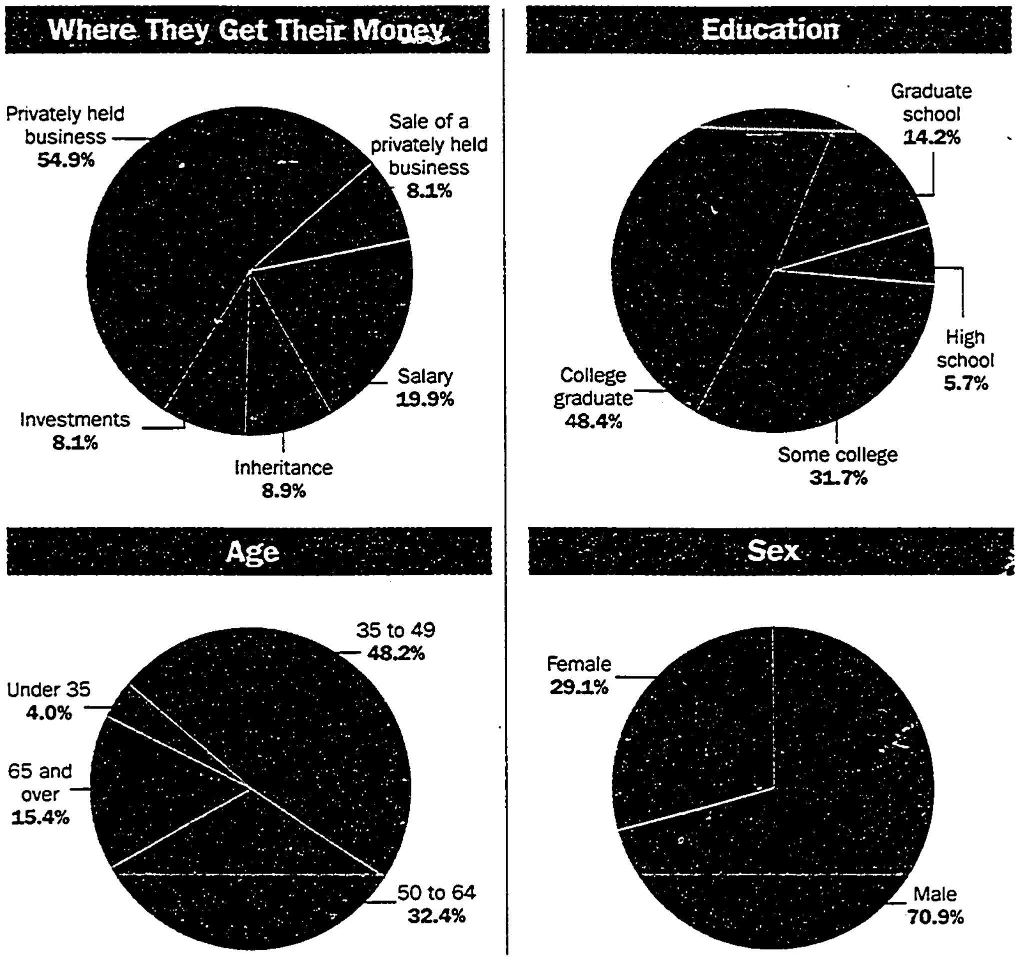
Private Individuals

According to Harvey and McCroban (1990), separate reports from Yale University's Program on Nonprofit Organizations and Independent Sector agreed that the wealthy were less generous than previously thought. Furthermore, volunteering was down among young, single adults, while skepticism toward philanthropy had increased. Another report, based on IRS data, indicated that upscale donor giving rates were lower in the mid-1980s than at the decade's beginning.

Skepticism about philanthropic purposes and fund-raising resulted in lower donor support, particularly from the young and wealthy individual givers. Diminished 18-to-49-year-old support, which represented the philanthropic mainstay during the 1990s, was especially worrisome and threatened long-term organization prospects. A greater threat was our nation's inability to depend on future philanthropic support from this younger generation. Evidence showed that contributor motivation was increasingly based on enlightened self-interest, rather than on blind altruism. Such documentation accentuated the need to articulate donor benefits. Milwaukee's Betty Brinn Children's Museum planned to circumvent the individual funding problem through donor requests to people other than those who were repeatedly solicited (Daykin, 1995).

To achieve new resource objectives and to manage the changing environment, children's museums had to recognize that the giving base--whether individual, foundation, corporation, government, or nonprofit--was undergoing fundamental change (Harvey & McCroban, 1990). Figures 2 and 3 report wealthy, museum donor motivations. These findings, more children's museum related, could be used to bolster museum fund-raising techniques.

Although gifts from corporations, foundations, and bequests amounted to only one fifth of the individual total, these markets received considerable attention from philanthropic organizations. Bequests especially enhance



How They Divide Among 7 Types of Donors

	Donors to museums	All wealthy donors*
Altruists: Contribute out of generosity and empathy	8.9%	9.0%
Communitarians: Give to improve the community	30.4	26.3
Devout: Give for religious reasons	8.9	20.9
Dynasts: Have family tradition of charitable giving	19.8	8.3
Investors: Give with one eye on the cause and one eye on tax and estate benefits	9.3	15.3
Repayers: Have typically benefited from charities they support	0.0	10.2
Socialites: Throw social functions for charity and have a good time doing it	22.7	10.8

* Percentages for all donors are taken from an earlier study.

Figure 2. Profile of wealthy donors to museums.

Source: The Chronicle of Philanthropy, Sept. 20, 1994

	Altruists	Communitarians	Devout	Dynasts	Investors	Repayers	Socialites	All
Enhance the quality of life in the community.	72.7%	88.0%	18.2%	46.9%	30.4%	—	14.3%	50.2%
Organization is businesslike in managing its resources.	0.0	34.7	0.0	8.2	78.3	--	0.0	19.4
Organization brings enjoyment and excitement into people's lives.	86.4	5.3	9.1	34.7	70.0	—	3.6	17.8
Value the continuing business and social relationships I can maintain through the organization's meetings and events.	0.0	37.3	0.0	0.0	4.3	—	94.6	33.2
Organization represents our civilization and culture.	45.5	4.0	77.3	32.7	4.3	—	21.4	23.9
Organization reflects our community.	0.0	85.3	13.6	2.0	0.0	—	0.0	27.5
Organization teaches values.	22.7	12.0	50.0	89.8	0.0	—	0.0	27.9
Organization creates opportunities for productive activities that engage and motivate people.	27.3	44.0	13.6	26.5	21.7	—	0.0	24.3
Organization enriches the lives of the people by offering participation in programs.	22.7	6.7	18.2	4.1	13.0	—	0.0	7.7
Personal attention I receive from high-ranking and high-profile people, leaders, and celebrities.	0.0	50.7	0.0	0.0	4.3	—	94.6	37.2
Provides me a venue to entertain clients, friends, and associates.	0.0	66.7	4.5	6.1	43.5	—	96.4	47.8
Recognition.	0.0	40.0	9.1	4.1	13.0	—	96.4	36.8
Brings together all ages, races, and economic levels of people to celebrate beauty and creativity.	90.9	4.0	72.7	0.0	0.0	—	0.0	15.8
Supporting the organization is an investment in the community.	0.0	92.0	13.6	0.0	87.0	—	0.0	37.2
Being directly involved in putting together fund-raising events.	0.0	0.0	0.0	0.0	0.0	—	73.2	16.6
Provides a venue for meeting prospective and current clients.	0.0	80.0	0.0	0.0	95.7	—	0.0	33.2
Attracts tourists and employs people.	0.0	80.0	0.0	0.0	82.6	—	0.0	32.0
Association with a renowned and prestigious institution.	0.0	30.7	0.0	0.0	8.7	—	96.4	32.0
Social events sponsored by the organization.	0.0	0.0	0.0	0.0	0.0	—	96.4	21.9
Supporting the organization results in cultural diversity.	18.2	0.0	95.5	0.0	0.0	—	0.0	10.1
Supporting the museum provides an opportunity to support creative endeavors.	90.9	4.0	4.5	4.1	0.0	—	0.0	10.5
Family has always supported the arts.	0.0	0.0	0.0	95.9	0.0	—	0.0	19.0

SOURCE: Prince & Associ[ates]

Figure 3. Why wealthy donors give to museums.

Source: The Chronicle of Philanthropy, Sept. 20, 1994 income-producing endowments which could support current activities. However, endowments tended to be the province of wealthier nonprofits, because smaller organizations used every dollar to meet current expenses (Firstenberg, 1986).

Children's museum endowment earnings should total at least 5% of annual income. This value means the endowment must be the same size as the annual budget. If an endowment earns 10% interest, it can be half the annual budget size. Established endowments are good marketing tools because they reflect steady income. Without endowments, museums can only ask for operating or special funds. However, endowments can attract larger funds from people who know that their gifts will keep on giving. Also, steady endowment income lessens other income lobbying efforts (Brinckerhoff, 1994).

Corporations

Corporate support concerns had also been expressed. A survey of The Council on Foundations (Harvey & McCroban, 1990) found that CEOs expressed increased pessimism about future corporate giving. The survey also indicated that the next generation's company leaders were likely to be more tight-fisted than the current group and were more intent that their donations advance the company's interests as well as the receiver's. Educational gifts were predicted to continue upward, but recreation, public policy, and arts support was expected to drop (Harvey & McCroban, 1990).

In fact, corporate giving to the arts dropped in 1994, according to a Business Committee for the Arts report

(Rocque, 1994). The report was based on information provided by 50 corporations. The companies said they planned to give an average of $1.6 million to the arts in 1994, down from $1.7 million in 1993. The report also found that businesses allocated 14% of their philanthropic budgets to the arts in 1994, compared with 17% in 1993 (Rocque, 1994).

Since individual corporate gifts were typically quite large, most nonprofits targeted prospective and past corporate givers. When such gifts were lost, the recipients were devastated. Compared to monetary donations, property, equipment, and property gifts had increased 200%. The most typical donations included medical supplies, books, food, and computers. Such gifts frequently required considerable brokering to put them to best use. Unfortunately, these in-kind gifts diminished recipient flexibility, increased administrative costs, and required an allocation system.

A significant corporate change was the principle of enlightened interest. This dual-agenda giving concept required a fit between corporate objectives and philanthropic objectives. This giving type was based on a market-driven approach to company goals which generated support from a target customer base. Whether a cause was supported depended on a corporate and customer needs' alignment. Such dual-agenda giving underscored that children's museum fund-raisers must better understand their fit in the larger economic and social system (Harvey & McCroban, 1990).

The transformation of museums into public relations agents for big business interests and their ideological allies can be dated from the mid-1960s. In that period, New York City's Metropolitan Museum of Art began to install temporary exhibitions with huge banners which indicated corporate sponsorship. American corporations spent $22 million on the arts in 1967. By the end of 1987, the outlay came close to $1 billion. From an economic standpoint, such arts involvement meant direct and tangible benefits to the corporation. It provided a company with extensive publicity and advertising, a brighter public reputation, and an improved corporate image. It built better customer relations, readier product acceptance, and a superior appraisal of their quality. Such arts promotion also improved employee morale and helped attract qualified personnel.

Mobil Oil Company provides an excellent arts promotion example. The company paid to keep several museums open one night a week and announced its generosity in the press. Needless to say, this practice affected exhibit themes; a corporation would not fund a show that did not enhance its image (Schiller, 1992).

Some corporations gave grants to promote ideological or philosophic interests. Others wanted to improve their community and employee image. Still, some industries invested in community organizations where their headquarters were located to attract employees. In distant cities, new-comer corporate philanthropists made local corporate leaders feel obliged to support local causes. Consequently, museums need representatives who are socially compatible with such corporate leaders to bridge the gap between the working class communities they serve and business people (Milofsky, 1987).

In fact, Galaskiequicz and Ronald (1991) drew three relevant corporate networking conclusions from their inter-organization contagion study. First, strong evidence supported that corporate funding officers share their nonprofit evaluations between companies, and their evaluations of nonprofit organizations vary due to the different network contacts made between these officers and nonprofit representatives. Second, other studies concurred that these evaluations do not spread through corporate officer contacts within occupational subcultures. Rather, the corporate CEOs and other superiors influence the funding officers. Third, their evaluation differences depend upon the object that requires funding, funding criterion, and the evaluator. For example, cultural contagion, or funding arguments, must be strong because cultural activities are more difficult to evaluate than health and welfare. The less a project is tied to empirical fact, the more contagion will affect a funding evaluation. Therefore, quality networking between nonprofit representatives and corporate funding officials is essential to assure a forthcoming contribution (Galaskieqicz & Ronald, 1991).

Government

The Federal Government. Federal fund raising requires grant writing skills and knowledge about Federal agency priorities. Agencies, like the National Endowment for the Arts and the National Endowment for the Humanities, receive many proposals from organizations they know little about. They base their isolated choices on technical sophistication, sensitivity to current issues, and fiscal and administrative controls which ensure accountability. Attention-gaining difficulty at the federal level should convince children's museums to become larger and more complex (Rosso, 1991).

State and Local Government. States and localities often distribute funds through community leaders who support local politicians or represent important political constituencies. Consequently, local decisions are based more on influence. Political networks tend to incorporate long-standing acquaintanceships and solid social networks. Therefore, children's museum administrators must build close ties with their state and local politicians (Rosso, 1991).

Heimovics et al. (1993) found that effective nonprofit CEOs have learned to think and act politically. Diverse government agencies and officials, who act as regulators, funders, and policy setters, prompt nonprofit CEOs to mobilize constituencies, form coalitions, create obligations, and bargain with them. Effective nonprofit chief executives have recognized that their organizations are interdependent actors in policy and political processes, and behave accordingly (Heimovics et al., 1993).

<u>Foundations</u>

Foundations are nonprofit entities that have been established to provide support to charitable organizations through grants. Although small in comparison to the total amount contributed each year by individuals collectively, foundations represent a major philanthropic force. As a rule, foundation grants are significantly larger that gifts from individuals. Foundations are set apart from their corporate and individual brethren because legally they must distribute some percentage of their assets, the principle fund or endowment, to charitable groups each year. According to Rosso (1991), foundations are divided into four specific types:

<u>Independent Foundations</u>. The IRS defines an independent foundation as a private foundation whose primary role is to meet the needs of the nonprofit community through grants. Most private foundations are established by individuals or families and tend to be funded through inherited wealth or wealth accumulated through business activity.

<u>Company Sponsored Foundations</u>. Businesses establish company sponsored foundations. In many instances, these

foundations will adapt giving philosophies that reflect the company's own mission. Therefore, they support nonprofits that enhance the company's objectives. Corporate foundations also tend to target grants to those communities in which the company operates and in which their employees reside.

Community Foundations. Community foundations are very similar to private foundations; both are established for charitable purposes. A key difference is that community foundations represent the resources of many donors rather than one individual family. As public charities, community foundations have more diverse boards to reflect the community's various constituents. To make grants, community foundations must obtain contributions. As such, these foundations must seek broad support which reflects the community that the foundation serves.

Operating Foundations. The IRS also considers operating foundations to be private. However, operating foundations are established by charter to fund specific research or other programs. Although operating foundations are often listed in philanthropic reference books, few make grants to outside charitable organizations. Like the federal government, national operating foundations receive many applications from strangers whose organizations are hard to evaluate from a distance.

Therefore, children's museums must be able to understand and interpret foundation guidelines. The most important questions they must ask are:

1. Does the foundation support other children's museums?

2. Does the foundation clearly state that it supports similar projects?

3. Does the foundation make grants in the children's museum's geographic area?

4. Does the foundation make grants in the children's museum's proposed monetary range?

If a children's museum can answer yes to all four questions, successful outcomes are greater (Rosso, 1991).

Independent Fund Raising

Children's museums can raise funds from membership dues, service fees, fund raising events, and other nonprofits. Such autonomous fund-raising can free museums to define their own goals and evolve their own distinctive styles. The other traditional funding entities--individuals, corporations, governments, and foundations--usually do not allow such freedom.

Children's museums may have difficulty raising funds from several arenas simultaneously because values conflict within the arenas. In most cases, they might be limited to one or two arenas because they lack the resources to pursue fund-raising efforts in many directions at once. Thus, funding arenas exercise the greatest constraint on small and informally structured children's museums. On the other hand, large museums with extended internal resources can make overtures in several arenas (Milofsky, 1987).

Fund-raising dependence is a unique children's museum aspect which adds greatly to their planning burdens. A key strategic planning task should shift resources from minimal potential markets to more fruitful ones. Strategies that effectively address such market segment shifts will surely test children's museum management.

Herman and Heimovics (1990) found that one common response to enhanced financial uncertainty has been the attempt to develop boards which are linked to the community and can solicit revenue from private sources, especially corporations and wealthy individuals. Other organizations have encouraged boards to influence public funding through active participation in the political arena. Some nonprofit CEOs have been much more effective in these strategies than others.

For instance, some CEOs have changed their board's composition and activity levels to include private fund-raising. Some have too obviously and personally recruited big donors, rather than utilizing current board members; and, then, alienated those board members without ever receiving a donation. Yet, others have guided their board members unobtrusively and effectively, and have persuaded them to recruit board representatives with monetary connections.

Another frequent answer to enhanced financial uncertainty has been to change the organization's program mix by reducing certain programs, expanding and adding others, and merging or developing collaborative arrangements with other nonprofit organizations. In some organizations, boards have resisted such plans as counter to mission and tradition. Such resistance has sometimes led to costly delays, intra-board conflicts, resignations, and CEO dismissals. In other organizations, CEOs have presented information and options more effectively, both earlier in the change process and with a mission emphasis, so that important program decisions became consensual board decisions. All such activities require skilled CEOs who worked with and through their boards.

Moreover, the Herman and Heimovics (1990) research concluded that effective nonprofit CEOs possess board leadership skills. Board leadership skills characterize capable CEOs who work with and through their boards. They position their organizations in a changing resource environment through stabilized operations and facilitated growth and development (Herman & Heimovics, 1990).

If possible, children's museum CEOs must extend their funding sources to include earned income ventures. Supplemental business ventures can provide more funding certainty. Business ventures range from traditional fee-for-service charges to full scale commercial activities.

Earned Income Alternatives

A distinction has long existed between doing charitable works and earning money. Although decades-old nonprofit enterprise can be found in all service delivery areas, business ventures are perceived as isolated, unusual instances. However, several examples demonstrate a long standing and growing nonprofit movement to diversify revenue sources. The trend has become particularly notable.

Before 1980, nonprofit enterprise and commerce went unnoticed. According to Skloot (1987), in 1975, the Filer Commission focused on philanthropic revenue sources, escalated operational costs, and complex nonprofit/ government interrelationships. In contrast, earned income activities, even service fees, received scant notice.

Nevertheless, commercial activity has long existed. Since the early part of the century, business ventures have been established to serve nonprofit members, alumni, or friends. In particular, the Metropolitan Museum of Art sold photographs of its collection for more than 80 years, and established its first official sales shop in 1908.

Nonprofit enterprise has expanded greatly since 1980 due to double-digit inflation, reduced federal domestic spending, a self-reliance philosophy, and invariable corporate and foundation giving. Thus, as nonprofits looked for new revenue opportunities, income-generating projects, once thought illegal, irrelevant, or inconsequential, became attractive (Skloot, 1987).

Venture income usually totals 10%-15% of nonprofit revenues. Figure 4 offers a museum industry earned income comparison. Venture income is a significant nonprofit budgetary portion, but will not replace fund raising events, foundation proposals, or government contracts. Venture income can provide children's museums with freedom and flexibility because the funds have no strings or commitments. The money can be used to support overhead costs, experiment with new services, leverage funds from traditional services, underwrite core programs, or raise salaries. Ventures can also advance organizational mission. A business venture can provide jobs and services to a new, museum client population. Such ventures can enhance children's museum reputations, increase visibility, and improve fund-raising (Landy, 1989).

Due to many unknowns, nonprofit start-up businesses are very difficult to finance. Service businesses, like children's museums, represent the greatest financial investment risk because they have such little collateral. Moreover, service businesses generally have lower profit margins than do manufacturing or real estate. Another risk consideration is the lack of business and management experience. A service business with no track record is harder to finance than one already underway. Lenders and investors are most persuaded by successful, ongoing activity. Expansion is the least risky investment situation because the venture has a track record against which future

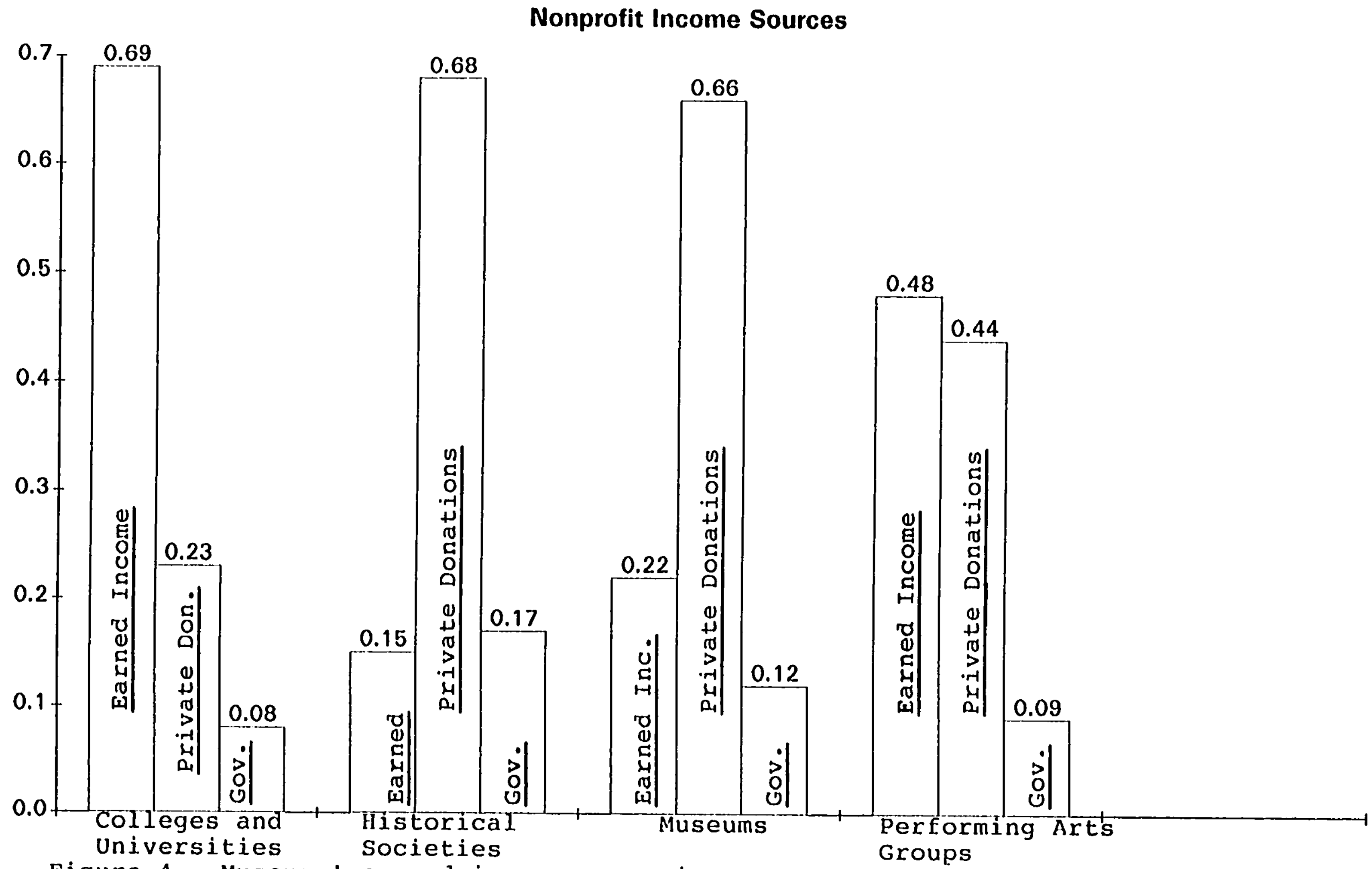


Figure 4. Museums' earned income comparison.
Source: The Chronicle of Philanthropy, Nov. 1, 1994

projections can be evaluated (Rick, 1988). The Denver Children's Museum provides several earned income examples which illustrate how they overcame such new venture hurtles. Denver conformed to the corporate sector's dual-agenda philosophy to further its earned income endeavors.

When the Denver Children's Museum implemented a marketing approach, the institution became self-supporting. The museum generates over 95% of its budget from stable product sales. The ebb and flow of grant money has been replaced with a steady income stream from several profit centers.

According to Simon, Farber Miller, and Lengsfelder (1984), to the Denver Children's Museum, marketing meant (a) matching the museum's assets and capabilities with corporate needs, (b) producing a product that would meet those needs, and (c) selling the product to the corporation at a price that included a museum profit. This enterprising philosophy conceived that

1. Foundations would invest in the museum because it provided self-sustaining programs.

2. Corporations would do business with the museum because it produced quality educational products that met their needs.

3. The museum could be managed like a profit centered business which provided predictable income and fostered high quality management and staff.

4. Museum users could receive free services because corporations underwrote their costs at prices that included museum profit.

5. A museum could diversify its income base through generated product and service sales.

The museum's successful marketing approach was based on the premise that a nonprofit organization can be managed like a business without jeopardizing quality programs, IRS status, or integrity. Due to their business relationships, they produced more exhibits, publications, and events; Denver reached a wider audience than if they had tried to sell their products directly to their users.

Marketing is essentially a matching game; it is a process that identifies who wants certain museum services and benefits. For instance, if a business needs an innovative way to reach its customers, families which children's museums know best, then, there must be a way that the two can cooperate. Simple questions, such as who needs? who wants? and, who can benefit from our services?, can offer many answers and opportunities.

Denver's marketing approach met business needs, as well as their own. Most businesses share certain basic needs - (a) increased traffic, (b) increased visibility, (c) increased sales, (d) positive image, and (e) effective advertising. The Denver Children's Museum designed products to meet those needs:

1. A mall rented travelling exhibits from the museum to increase customer traffic.

2. A business sponsored the museum's Annual Toy Trade because it increased the firm's visibility with families.

3. Star Kist bought the museum's publication, Kids and Pets, and offered it on its cat food bags because it increased product sales.

4. Citicorp gave away another museum booklet, Small Change, to their preferred customers because it promoted a positive customer image.

5. Businesses liked to sponsor the museum's school traveling exhibits because the return rate on the coupons they distributed with the exhibits let them measure their advertising effectiveness.

In each cooperative venture, business firms bolstered their own community image. The Children's Museum staff were recognized as expert educators. Their name on something was like the Good Housekeeping Seal of Approval, an educational endorsement. Businesses willingly purchased that endorsement. Likewise, business dollars helped the museum operate with quality and style.

All businesses have target audiences, people they try to reach. The Denver Children's Museum's target audience included families, children, grandparents, schools, day-care centers, Scouts, and any other children's group. Any business that had the same target audience was a likely museum business partner. Family restaurants, fast-food chains, toy stores, toy manufacturers, banks, real estate companies, retail stores, hair salons, food manufacturers, pediatricians, and dentists have all used the Denver Children's Museum's products or services to help them reach their target audiences. Anyone who needed the museum's audience wanted to do business with them.

The Denver Children's Museum's business associates treated them like an advertising agency. They bought the museum's product or service with money from their advertising budgets, not from their charitable donation budgets. Ad budgets can be much heftier. So, the museum positioned its products into typical advertising budgets.

The Denver Children's Museum covered its costs with grants or with loans. Exhibit money came almost exclusively from corporation seed grants because the corporations liked to see their names out in public places. These grants were relatively easy to get because businesses liked the idea that their donations were used as venture capital. The grants made money for the museum when exhibits were rented.

Denver's publications were sold twice. Few businesses would buy a publication from an outline. They wanted to see what the finished product would look like, so, the museum produced mockups. The museum financed its mockups through grants or loans. The Kids and Pets mockup was financed with a $13,500 loan from the American Humane Association. The museum used the mockup to sell the book to the Star Kist Corporation. Once that sale was made, the museum produced the final artwork and copy, and then printed it. Star Kist distributed the book. The museum repaid the American Humane Association from book-sale profits.

The Denver Children's Museum was a wholesaler. It almost never distributed products directly to the users. Instead, the museum sold them to businesses which distributed them to their customer network. The users got the product free and the museum was spared enormous distribution and time expenses. Similarly, the museum never publicized itself or its products and activities through direct advertising. They used existing networks to get the word out.

When the Denver Children's Museum wanted families to know they could nominate children for the Children's Challenge Award, United Banks included flyers in their monthly bank statements. When the museum wanted donated toys for the Toy Trade, the Trade's corporate sponsors acted as collection points. When the museum wanted children to donate money to their new building fund, Baskin & Robbins acted as a collection center and offered half price museum admission coupons to all children who brought money. When the museum wanted to radio advertise its Halloween Haunted House, they put a tag-line about the house at the end of a well-known family restaurant spot.

The museum marketed its memberships the same way; they let other organizations sell them. For example, Safeway Supermarkets printed a membership coupon on each large size bag. Over 12 million membership offers were distributed each year with no cost to the museum. Membership coupons appeared in several local coupon books which were distributed through the museum's own distribution networks. A local family restaurant printed a children's museum membership coupon on its children's menu, and a local bank gave away half-price membership coupons at Christmas time (Simon et al., 1984).

Children's museums might be attracted to other business ventures, such as boutiques, restaurants, bakeries, and publishing ventures. However, these enterprises show high failure rates. The American Bookseller Association reported that 50% of its member bookstores lose money. The restaurant world experiences a tremendous turnover, and the bankruptcy rate among gift shops is high (Crimmins & Keil, 1983).

In fact, children's museums should not undertake retail ventures unless annual memberships and attendance total at least 50,000 adults and families. When school children dominate museum audiences, attendance should total at least 100,000 annually. Such traffic can produce $50,000 - $200,000 in annual gross sales and a profit margin which exceeds 20% of sales (Lang, 1988).

Some businesses consume much capital before a single sale is made. Those that seemingly require little capital and talent may have little leverage, scale, or market position. Consequently, a business plan which addresses risk factors, projected profits, and competition must be compiled.

Ventures are not every museum's answer. No matter how successful business ventures may be, they cannot cure all financial ills. Some institutions, like the Denver Children's Museum, will perform spectacularly. Other museums will keep from going under or from deficit operations, but will rely on more traditional giving sources. Children's museums must evaluate their individual finances, clientele, employees, and trustees long before they commit to business ventures (Crimmins & Keil, 1983).

Children's museums should only consider business ventures if the anticipated financial reward is worth the risk. All other concerns, which include the organization's current and projected financial strength, the venture's ethical appropriateness, and available managerial talent, must be studied within a risk and reward framework.

Venture size should correspond to organizational size. In other words, smaller children's museums should take very modest risks. Small children's museums are likely to have fewer cash reserves and human resources which make them more vulnerable than million dollar museums. Early in the venture conceptualization process, executives and board members should agree upon an earned income amount. An established collective monetary vision can free the executive to dispose of impractical or inappropriate venture proposals (Skloot, 1988).

Based upon a Crimmins and Keil (1983) recommendation, this dissertation author recommends that medium and large museums create business venture directorships. In comparison, Director of Development implies fund-raising; Director of Marketing signifies institutional selling; and Director of Administration is an inside title, whereas venturing is an outside activity; and Director of Business Development emphasizes clientele. The designated position requires an entrepreneur, not a manager or an accountant.

In medium to large sized children's museums, four officers could report to the president or the museum director. They would include a program planner, fund-raiser, administrator, and entrepreneur. However, nonprofit entrepreneurial positions can cause problems. First, successful for-profit entrepreneurs are well rewarded. Therefore, children's museums must pay comparably to get comparable talent. Second, a business venture director can be paid on an incentive basis. Hence, extraordinary performance could make this employee's salary higher than the CEO's. Thus, other staff members must understand that this position's generated benefits outweigh presumable unfairness (Crimmins & Keil, 1983).

During the Denver Children's Museum's fledgling development stage, or first 10-year period, enterprising volunteers initiated its successful business ventures. Likewise, small start-up museums will need, and inevitably rely, on similar venture champions. Without such individual or team support, small museum ventures cannot succeed. Such champions must build venture support, which the money versus mission conflict makes a politically sensitive role (Landy, 1989).

Money Versus Mission Resolve

According to Landy (1989), the greatest staff and trustee fear is that the children's museum mission will be lost when fund-raising and earned income ventures are emphasized. They worry that clients will be lost, service quality will decline, and program integrity will be undermined. A clear vision of how enterprise fits into overall museum operations can deflect these worries. As the Denver Children's Museum demonstrated, a conceptual balance between enterprise and mission can be attained; both should provide strategic museum direction.

All museum supporters must understand what is and what is not possible. Board members and staff should be encouraged to make recommendations. Such collaborative participation can alleviate perceived threats.

For example, some staff may feel that an enterprise focus will change organizational values. They may worry that organizational culture will change drastically and that they will not fit into the new scheme. They may see displaced top management effort, from operations to financial development, and fret that their programs will not receive proper attention. Employees may think that they are unqualified to staff new ventures and feel uncertain about their work futures. Indeed, children's museum financial development might require new staff.

Similarly, museums may need to replace board members with others who have particular business skills. Once ventures are introduced into children's museums, several board members may resign. Business ventures especially represent potential threats to tradition and organizational stability. However, this project intended to educate museum trustees about the enhanced financial aspects of enterprising behavior.

Museum clientele must also be heeded. They may have valid perspectives about changes in traditional services. They may expect new business ventures to reduce fees, or provide job opportunities.

Functional funders--individuals, corporations, government, foundations, and other nonprofits--are a fourth constituency that must be considered. They may become capital sources for start-up venture operations. On the other hand, government funders have contract provisions which reduce their grants for every earned dollar. Consequently, funders may see ventures as termination opportunities. Some grant-making organizations may foresee potential administrative problems, if they are unsure about business venture support measures. So, museum administrators must talk with their funders, understand their concerns, and answer their questions; major contributors require special attention.

Finally, children's museums must consider other small business owners who may believe that they are subject to unfair competition. They might claim that the nonprofit's tax exempt status, lower postal rates, subsidized overhead costs, cheaper capital access, and captive market provide advantages not available to the small business community (Landy, 1989). Like the Denver Children's Museum, other museums must consider these likely challenges and suggest collaborative venture efforts which can diffuse potential conflicts.

Conclusion

What are the eventual benefits of enterprise to children's museums? Skloot (1988) said that income growth can further program activity. It can enhance financial development and cushion stagnant funding periods.

However, children's museums can also improve their management capabilities through enterprising behavior. Such behavior demands constant, concerned attention to bottom line considerations. Thus, monetary deliberations can inform policy choices. Additionally, specialized staff may be hired and their businesslike approaches can influence other employees. Further, management information systems might be created or upgraded. Hence, experience has shown that when management spends more time on the organization's financial consequences, it is generally more rigorous and realistic about other program decisions.

Thus, enterprising behavior brings a new organizational mind-set, one that is more calculating and skilled in directing an institution's course. A budgetary crises usually focuses organizational attention on new business ventures. However, significant monetary amounts cannot be earned quickly. Financial rescue will not come from T-shirt sales. Budgets do not develop by leaps and bounds (Skloot, 1988). Therefore, this project forewarned children's museum administrators about financial development concerns which should prod them to reassess their philanthropic donations and fund-raising efforts.

Rosso (1991) said that fund-raising projects the whole organization's values to the community whenever it seeks gift support. All governance aspects, administration, program, and resource development, are part of the whole. As such, these elements must be represented when resources are sought. Fund-raising cannot function apart from the organization; apart from its mission, goals, objectives, and programs; apart from a willingness to be held accountable for all its actions. Potential contributors do not view isolated fund-raising as sensible.

Fund-raising has been servant to philanthropy for over 1,000 years. Through the centuries, a thesis has been established that people want and have a need to give. People want to give to causes that serve the entire range of human and societal needs. They will give when they can be assured that these causes can demonstrate their worthiness and accountability in using the gift funds that they receive.

As the Denver Children's Museum exemplified, fund-raising is at its best when it strives to match the organization's needs with the contributor's need and desire to give. Gift seeking is justified when it exults the contributor, not the gift seeker. It is justified when its invitation gives greater meaning to the contributors' lives (Rosso, 1991). Chapters 3 and 4 provide a means to measure and assess such philanthropic income in children's museums.

CHAPTER III

METHODOLOGY

Overview

Although fund-raising relationships are complex, children's museum professionals tend to think that their nonprofit organizations are charitable objects whose altruistic pursuits guarantee their survival. However, important as their institutions are, their financial futures are not insured (Firstenberg, 1986). Therefore, children's museum administrators must understand their philanthropic donor status and the importance of integrated fund-raising methods. Hence, this project measured children's museum donor trends from 1990 through 1994 and their fund-raising behavior traits.

Children's museums must improve their organizational/ environmental funding relationships through integrated financial development methods. They must enhance their transactions with potential donors. Therefore, this cross-sectional study of small, medium, and large children's museums measured their current fund-raising practices. The essence of raising money lies in the relationship between an organization and its constituency. Children's museums must be concerned with how they interact with their supporters; be they companies or individuals, large givers or small (Howe, 1991).

This project's trend analysis asked two basic questions: (a) Do the philanthropic donations show an overall tendency to rise or fall over time periods?, and (b) Do the trends help identify more complex trends? (Keppel, 1973).

Trends are a popular alternative to randomness, especially in market literature. For example, philanthropic trends imply that donations do not adjust fully and instantaneously when new information, such as tax law changes, become available. Instead, donors will likely incorporate new information slowly. Trends result when the information is used imperfectly. Donors might be unable to interpret inflationary or recessionary rumors quickly and correctly. That slow interpretation could cause the same information to partially influence several donations. The fundamental trend idea is that several donations are similarly influenced either towards a positive conditional mean or a negative conditional mean (Taylor, 1986).

Research Questions and Hypotheses

People give when they are assured that the cause is worthy and the organization is accountable (Rosso, 1991). Hence, this project was not only concerned with philanthropic dollar amounts, but also with the institutional ability to coordinate complex funder expectations and relationships. Therefore, this project investigated whether children's museums build adequate bridges to potential donors. The research questions asked: (a) How do children's museums transact with their funding environment?, and (b) What were the trends in children's museum philanthropic donations from 1990 to 1994?

Two hypotheses were used to test the ideas that museum size and fund-raising behavior depend on each other, and that there are strong relationships between various income sources:

H0 There is no difference between fund-raising behavior and museum size.

H1 There is a difference between fund-raising behavior and museum size.

H0 $R=0$ There is no relationship between the income sources.

H1 $R\neq0$ There is a relationship between the income sources.

Research Design

This was a descriptive, inductive, and deductive study. Inductive research questions asked about philanthropic donations and fund-raising behavior. Answers to the questions permitted one to reason generalizations about fund-raising behavior in children's museums. The study was deductive as well because hypotheses tested the ideas that there is a difference between museum size and fund-raising behavior, and that there is a relationship between philanthropic income sources. Fund-raising behavior and philanthropic donations were described in a surveyed children's museum population. This research assessed the fund-raising methods that children's museums utilized and philanthropic donation changes. This project inferred the fund-raising strengths and weaknesses in children's museums and philanthropic donor trends which necessitated integrated financial development programs. For an open museum system, the entropic change caused by environmental interaction can be either positive or negative; therefore, this project inferred that positive, dependable philanthropic contributions rely entirely on orchestrated fund-raising energy flows across open museum boundaries (Chaisson, 1987).

The trend analysis embodied a time-series research design, whereas the fund-raising behavior analysis was cross-sectional. The time-series analysis evaluated financial data at regular yearly intervals from 1990 through 1994, whereas the cross sectional analysis examined fund-raising methods at one point in time.

The organizational and environmental fund-raising variables were presented in percentage/frequency distribution tables. This statistical procedure compared how extensively small, medium, and large children's museums implemented specific integrative fund-raising methods.

The dependent variable, financial development, depended on how organizational and environmental variables interfused (see Figure 5). Internal case statements, programs, leadership, organizational structures, and resource initiatives must effectively engage with the museum environment's legal enhancements, donors, ethical expectations, and publicity outlets.

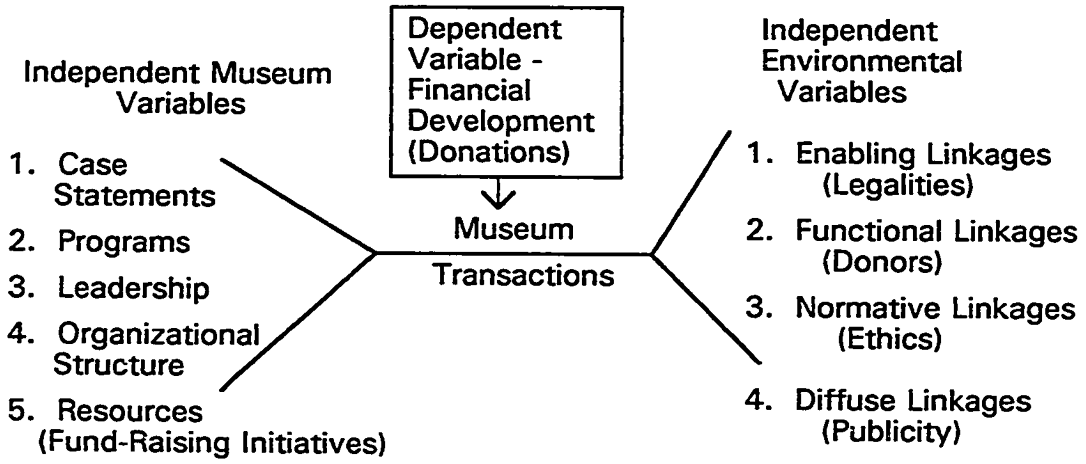


Figure 5. Schematic drawing of the research design's fund-raising variables.

A financial model was developed that compared total earned income, bequests, private individual donations, governmental donations, corporate donations, foundation donations, and other nonprofit contributions over a 5-year period. A key statistical tool was an interval analysis which showed a progression of categorical percentage increases or decreases, thus indicating positive or negative change.

General Characteristics of the Study Population

The U.S. museum community includes diverse institutions with very diverse collections. Their annual budgets vary in size from a few hundred dollars to over $200 million. Their organizational structures include public and private institutions, corporate entities, and university affiliates. Four categories provide examples: (a) institutions with living collections, such as aquariums; (b) outdoor sites, such as historic sites; (c) noncollecting institutions, such as children's museums; and (d) collecting institutions with nonliving indoor collections, such as art museums.

These institutions share two common goals: (a) to preserve our material culture and natural history, and (b) to exhibit and interpret this heritage to the public. They share a common mandate: to hold these collections and resources in public trust for both the present and future generations (American Association of Museums, 1992).

In contrast to most other museums, children's museums provide hands-on learning activities and exhibitions. Displays and programs are participatory or experimental in nature. Children's museums play a special role in contemporary education because they encourage multisensory exploration. For example, their diversified activities keep children in rapt attention as they handle rocks, play African drums, or experiment with magnets and inoffensive chemicals (Pitman-Gelles, 1981).

Location Or Setting In Which The Study Took Place

Children's museums are located throughout the world. In addition to the U.S., the 1995 Association of Youth Museums Membership Directory listed museums in Puerto Rico, Australia, Austria, Bermuda, Brazil, Canada, Columbia, Germany, Great Britain, Israel, Italy, Japan, Mexico, The

Netherlands, New Zealand, Panama, The Philippines, Sweden, and Zimbabwe. However, this study was limited to U.S. museums. Figure 6 details the research time span.

Task	Completion Dates
Proposal Completed	March - Sept. 1995
Data Collected	Oct. 1995 - Jan. 1996
Research Completed	May 1996

Figure 6. Research timetable.

Sampling Design and Procedures

The research strategy encompassed purposive cluster sampling which focused on the AAM New England, Mid-Atlantic, Southeastern, Midwest, Mountain/Plains, and Western regions (see Appendix A). This dissertation author preferred to limit this study to fewer regions or sole Midwestern children's museums; however, there were not enough children's museums located in any one area to constitute a legitimate sample.

This project included a stratified random sample of 82 children's museums from the Association of Youth Museums 1994 and 1995 Membership Directories. Fifteen small, 47 medium, and 20 large museums were selected, based on their annual budget sizes. According to the AAM, small children's museum budgets fall below $200,000 annually; medium-sized budgets range between $200,000 and $1,000,000; and, large museum budgets are above the $1,000,000 mark (American Association of Museums, 1992).

Surveys were mailed to 82 of the 137 AYM members. Museums were selected that had been operating since 1990 or earlier and could most likely provide the time-series financial data. Fifteen small museums, 47 medium museums, and 20 large museums were contacted. Fifty-four museums, or 65% of the total sample, responded. Four museums could not be used in the final analyses because (a) two museums did not identify their income categories on their surveys, (b) one medium museum indicated that it had merged with another museum, and (c) one small museum reported that it was not currently operating. The final response rates follow:

1. Seven of the 14 legitimate small sample museums responded, which was 50% of that sample.

2. Twenty-eight of the 46 legitimate medium sample museums responded, which was 60% of that sample.

3. Fifteen of the legitimate 20 large sample museums responded, which was 75% of that sample.

Museum contact people were identified through the AYM directories. The initial survey mailing was sent to them on October 31, 1995 (see Appendix B). Although the museum representatives were not requested to identify their museums on the surveys, some did provide this information. Their identity permitted this dissertation author to record the locations from which the responses were received. This accounting helped determine the number of each of the three subsequent reminders sent.

The first post-card reminders were mailed 12 days later on November 10, 1995 (see Appendix B). Two weeks after that, on November 24, 1995, reminder letters and extra surveys were sent out; in case some museum representatives had lost or misplaced their surveys (see Appendix B). The second survey was printed on blue paper, instead of white, to catch the attention of those who had not expeditiously returned the introductory ones. On December 9, 1995, the last follow-up post-cards were mailed (see Appendix B). The first and third mailings included self-addressed, stamped, return envelopes. The replies came back at this pace:

1.	Oct. 30th - Nov. 5th:	1.
2.	Nov. 6th - Nov. 12th:	14.
3.	Nov. 13th - Nov. 19th:	3.
4.	Nov. 20th - Nov. 26th:	5.
5.	Nov. 27th - Dec. 3rd:	4.
6.	Dec. 4th - Dec. 10th:	15.
7.	Dec. 11th - Dec. 17th:	7.
8.	Dec. 18th - Dec. 24th:	2.
9.	Dec. 25th - Dec. 31st:	1.
10.	Jan. 15 - 21, 1996:	1.
11.	Jan. 22 - 28, 1996:	1.
		54 Total

Data Collection Instruments

Two questionnaires gathered fund-raising and philanthropic donation data (see Appendix B). The fund-raising survey asked children's museum administrators about specific fund-raising behavior. The purpose of this survey was to quantify elements of value in fund-raising programs. The factual questions solicited either _yes_ or _no_ responses which could be indicated with a check mark. The questionnaire provided space where the respondents could add comments. This format allowed for open-ended as well as structured responses.

The philanthropic donor survey solicited factual monetary amounts. The data collection instrument included columns where the monetary categories were easily identified, and where amounts could be effortlessly recorded. The sample museums were asked to report giving from earned income, bequests, governmental units, corporations, foundations, individuals, and other nonprofits from 1990 through 1994.

Validity and Reliability

This research project was investigative/exploratory; the information sought was not available anywhere. For example, this dissertation author consulted with reliable sources such as the American Association of Museums (AAM), Association of Youth Museums (AYM), Institute of Museum Services (IMS), National Endowment for the Humanities (NEH), National Endowment for the Arts (NEA), and Independent

Sector. However, each organization replied that they did not have that type of data. Therefore, the surveys were based on criterion that were established by two fund-raising experts--Henry A. Rosso, the founding director and director emeritus of The Fund Raising School, a program of the Center on Philanthropy, Indiana University, Indianapolis; and Dr. Philip Chamberlain, who was affiliated with the Center on Philanthropy.

The fund-raising behavior survey was based on Dr. Chamberlain's (1987) Institution Building Model which had been used for fund-raising feasibility studies in colleges and universities, and had been used by other doctoral students (Chamberlain, 1987). The survey was adapted from his model.

The fund-raising behavior survey met the stability, equivalence, and internal consistency requirements that assure reliability. The survey criterion were stable in that they applied to all nonprofit organizations (Chamberlain, 1987, Rosso, 1991). They were equivalent because the responses could be correlated between nonprofit children's museums. The survey was internally consistent because all the questions correlated with fund-raising behavior (Chamberlain, 1987, Rosso, 1991, Simon & Francis, 1991).

The fund-raising behavioral survey was valid because the measurements strived to achieve the purpose for which they were designed. Each survey item measured predetermined fund-raising criterion (Chamberlain, 1987, Rosso, 1991). The most significant fund-raising components, which constituted each measure, were systematically identified (Simon & Francis, 1991). The survey questions also collected and compared more than two fund-raising measures at the same point in time which made the responses concurrently valid. The survey incorporated predictive validity because the results could be used to predict the quality of financial development programs (O'Sullivan & Rassel, 1989).

The philanthropic donor survey also met the stability, equivalence, and internal consistency requirements that assure reliability. The monetary categories were stable because they were the major nonprofit fund-raising sources (Rosso, 1991). They were equivalent because the monetary amounts could be correlated between nonprofit children's museums. The survey was internally consistent because all categories could be summed to measure total philanthropic donations (Rosso, 1991, Simon & Francis, 1991).

The philanthropic donor survey was valid because the measurements strived to achieve the purpose for which they were designed. Each monetary category measured predetermined philanthropic donations (Rosso, 1991). The most significant nonprofit donor categories, which constituted each measure, were systematically identified. The monetary categories collected and compared more than two donor categories at the same point in time which made the responses concurrently valid. The survey incorporated predictive validity because the results could be used to forecast trends in philanthropic donations (O'Sullivan & Rassel, 1989).

Babbie (1989) stated, "Survey research is generally weak on validity and strong on reliability" (Babbie, 1989, p. 255). Hence, as a result of their interpretations, some respondent answers may conflict. Therefore, the survey responses were only approximate indicators of financial contributions and fund-raising behavior. However, the respondents were experienced museum professionals who were familiar with nonprofit funding and could skillfully attest to the required information.

The philanthropic donor survey solicited monetary responses which the respondents could have deemed restricted and might have withheld. Therefore, valid replies were encouraged through assurances that the answers would be treated confidentially; the survey cover letter created a neutral response context and stressed accuracy. It asserted that the solicited information would be used to strengthen the museum industry (see Appendix B) (Fowler, 1988).

Both the behavioral and monetary data were measured in relatively simple models, such as percentage/frequency tables and indices. The products were summed over the most homogeneous groups and were tested with appropriate statistical techniques. Variance measurement was essential.

Pre-Testing the Data Collection Instruments

This dissertation author conferred with children's museum affiliates to ensure each survey's validity. She consulted with the AYM Executive Director, Janet Rice Elman. Above and Beyond Children's Museum board members were asked to critique the data solicitation letter and survey forms. Based on their museum experience, they could ascertain whether the survey terminology was self-explanatory and whether the letters' tones exuded trustworthiness. Their input lessened instrument design errors and increased validity.

Instruments, Tools for Measuring Variables

The cross-sectional, fund-raising behavior design incorporated appropriate statistical tests which included frequency/percentage tables and the standard error of the mean. Nominal data, such as the yes and no responses in the fund-raising survey, can only be described in frequency distributions or as ratios, proportions, and percentages (Horowitz, 1981). Hence, the responses were totaled, converted to percentages, and presented in percentage/ frequency tables for each small, medium, and large children's museum. The museums were also compared by size in cumulative tables. Additionally, charts were used to display and compare the data.

From the frequency/percentage tables, each variable's standard error of the mean was calculated. According to Horowitz (1981), data which deal with proportions should not be spoken of in terms of means, medians, modes, and standard deviations in original populations. He stated that we cannot visualize a normal distribution of some proportions within a population. However, when we get to samples we can see that the standard error of the mean concept does make some sense for proportions as well. For example, if 71% of small children's museums have case statements, repeated drawings of 7 small children's museums will give results very closely analogous to what happens with means; most of the values will cluster around the population value of 71%, some will be slightly removed from that 71% figure, and a few samples will give some extreme results. The data of all possible samples of a given size will distribute themselves normally, with the true proportion being the mean. All we have to know, then, to describe any such population is the standard error of the mean (Horowitz, 1981).

We frequently speak of proportional data in terms of _successes_ and _failures_. In the fund-raising behavior survey, the _yeses_--in all questions except #17--represented successes and the _nos_ represented failures. This dissertation author used the standard error of the mean formula (see Figure 7) in which the _P_ stands for the proportion of successes; _Q_ stands for the proportion of failures; and _n_ is the sample size (Horowitz, 1981).

$$\text{std. error} = \sqrt{\frac{PQ}{n}}$$

Figure 7. Standard error of the mean formula.

The chi-square test statistic was used to determine whether the fund-raising behavior variables and museum size were dependent upon each other. The null and alternate hypotheses stated:

H0 There is no difference between fund-raising behavior and museum size.

H1 There is a difference between fund-raising behavior and museum size.

Figure 8 depicts the chi-square formula. The observed frequencies are designated _fo_ and the expected frequencies are designated _fe_. The question answered by chi-square is whether the discrepancy(ies) between the observed and expected frequencies are so large as to cast doubt on assumptions that gave rise to the expected frequencies (Daniel & Terrell, 1989).

$$X^2 = \sum \left[\frac{(fo - fe)^2}{fe} \right]$$

Figure 8. Chi-square formula.

The time-series financial design incorporated appropriate statistical tests which included indices, and computations such as the percent change, arithmetic and geometric means, median, standard deviation, and multiple correlation. Line graphs were also used to accentuate changes in the financial data.

Indices conveniently expressed change in the heterogeneous variable groups. The index conversion method made it easier to assess numerically large financial compositions. Each index donor variable is called and item, and an index includes two or more items. As an interval analysis, the index conversion method showed a predominant progression of positive or negative philanthropic donor changes over time.

The index values were computed through equations that included all the items in a specific index. The result was a composite number which represented the index items. This study's index numbers were converted to percents which measured the changes in philanthropic donations from one time period to another. The philanthropic index formula, depicted in Figure 9, was applied.

$$(N2 - N1) / N1) \times (100) = \text{Percent Change}$$

Figure 9. Philanthropic index formula.

The variable's value at the earlier time [N1] was subtracted from the later value [N2] and the difference was divided by the earlier value. The result was multiplied by 100 to produce a percent. Percentage change can be positive or negative (O'Sullivan & Rassel, 1989).

The geometric mean formula was used to compute the average annual percent increases and decreases between the 1990 and 1994 income totals. The geometric, not arithmetic, mean formula was used to calculate the average yearly increases and decreases because an inaccurate figure would have resulted if the monetary values were simply divided by five years. Percent increases and decreases are like compounded annual interest; the base, upon which each succeeding year's growth is computed, changes (O'Sullivan & Rassel, 1989). Figure 10 depicts the geometric mean formula.

$$\text{G.M.} = \left[\sqrt[n-1]{\frac{\text{Value at end of period}}{\text{Value at beginning of period}}} - 1 \right]$$

Figure 10. Geometric mean formula.

In the formula, [*n* = the year span]. However, if there is an 11 year span, there are only 10 annual change rates. Therefore, the formula denotes [*n* - 1 and -1]. The final value is multiplied by 100 to express it as a percent.

The geometric mean of a positive number set is defined as the *nth* root of the product of *n* numbers. The formula gives a more conservative figure because extreme values do not heavily weight it. The calculated value will be equal to or less than the arithmetic mean (Mason & Lind, 1990). However, the arithmetic mean was used to calculate the average annual percent increases per museum and the dollar amounts in the seven different income categories.

The coefficient of multiple correlation technique was used to measure the strength of the association between one dependent income variable and two or more independent income variables. The strength between each single dependent income source and the other six independent sources was measured to determine the change between the categories. Figure 11 is the general multiple regression equation.

$$Y' = a + b1x1 + b2x2 + b3x3 \ldots\ldots b7x7$$

Figure 11. General form of the multiple regression equation.

The null and alternate hypotheses stated:

H0 $R=0$ There is no relationship between the income sources.

H1 $R\neq0$ There is a relationship between the income sources.

The coefficient of multiple correlation can have any value between [0] and [+1] inclusive and is designated _R_. An _R_ of [0] indicates no correlation; values near [1] mean strong correlation. An _R_ of [1.00] signifies perfect correlation. A coefficient of [.94] would indicate a very strong association between the variables; whereas a coefficient of [.09] would show a very weak relationship.

A more meaningful and precise measure of association is the coefficient of multiple determination, R^2, which is found by squaring the coefficient of multiple correlation. The coefficient of multiple determination is the proportion, or percent, of the total variation in the dependent variable that is explained by the set of independent variables. Coefficients of multiple determination explain the variation between the dependent and independent income sources.

Correlation matrixes were developed which show the simple correlation coefficients among all the variables. The negative sign indicates that as one variable increased the other decreased. A common rule of thumb is that correlations among the variables less than [.70], or [-.70], do not cause problems (Mason & Lind, 1990).

The averaged dollar amounts, percent change calculations, geometric mean computations, and correlation coefficient figures were summarized in individual and cumulative summary tables. A table was constructed that shows the number of years in which the museums experienced funding turbulence; that is, at least one funding source changed sufficiently to increase or decrease the total philanthropic donations. The table confirmed which museums have stable funding sources and which museums consistently experience higher degrees of funding turbulence (Gronbjerg, 1993).

This dissertation author intended to use the Durbin-Watson test to make a statistical statement about the relationship between philanthropic donations and inflation. This autocorrelation test would show philanthropic donor correlations which are separated by yearly time lags. Market activity variations can cause variance changes in yearly philanthropic donations. For instance, tax law changes, inflation, and recession can affect market activity. As these variables change from year to year, so can donor volatility. An annual financial time-series can contain an unknown number of market variables, also called jumps. According to Taylor (1986), Ali and Giacotto (1982) suggested that four jumps can occur in an 11-year period. Extraordinary jumps are rare, so only a few jumps are likely in a series (Taylor, 1986).

Inflation, which seems to consistently affect philanthropic donations, would have been the sole Durbin-Watson test consideration. A test for all possible market components does not exist (Zaremba, 1972). This dissertation author assumed that inflation has regular, periodic properties (Zaremba, 1972).

However, Dr. Wen-Jen Hsieh, professor of economics at the University of Wisconsin Sheboygan County Campus, explained that this study would have required at least 10-20 years of financial observations for the calculation to be useful. She said that the 4-year time lag in the 5-year time series data was not long enough to get an accurate reading. However, 10 years of financial data could not be gathered from every museum because some of the sample museums were not old enough to have such extensive financial records. John Abrams, a research department employee of the Independent Sector, explained that even the older museums would not have that information. He based his explanation on his review of respective incomplete I90 tax forms (J.

Abrams, personal communication, November 1995). Furthermore, Dr. Hsieh asserted that inflation over the past 5 years had not been that serious and was probably not that pertinent (W-J. Hsieh, personal communication, February 1996). Consequently, the relationship between philanthropic donations and inflation was not tested.

Data Processing Procedures

The categoric income percent change, geometric mean, arithmetic mean, and R^2 results were computed on a hand calculator. The financial means, medians, standard deviations, and correlation coefficients were tabulated via a Minitab statistical software package on this dissertation author's personal computer. The chi-square test of the behavior variables was calculated on the Statistical Package for the Social Sciences (SPSS), a software program on the computers at Marquette University in Milwaukee, WI. Fred Sutkiewicz, a statistics instructor at Marquette and a doctoral student there, assisted with the SPSS application. This dissertation author used her own computer's spreadsheet application to design the charts and graphs. Chapter 4 reports the computed research findings.

CHAPTER IV

FINDINGS

Introduction

This dissertation's research questions asked: (a) How do children's museums transact with their funding environment?, and (b) What were the trends in children's museum philanthropic donations from 1990-1994? The purpose of this study was to observe how the museums linked with their financial donors. This project questioned if children's museums favored certain funding sources and strategies over others, or whether they diversified and balanced their financial development programs. Both a fund-raising behavior questionnaire and a philanthropic donor survey were used to gather data which indicated how the museums interacted with their funding constituents, and how the forthcoming monetary allotments affected their financial status and overall internal operations.

This presentation of the research findings begins with the fund-raising behavior responses which showed the funding methods and sources that were pervasive among children's museums. The replies indicated the crowded fund-raising field and the competition children's museums were likely to face when they pursued different funding sources. The answers also revealed how museum structures, leadership, programs, and resources linked the organizations to their philanthropic environment.

The philanthropic donor amounts, which were evaluated later in the chapter, corroborated the behavior responses; positive or negative fund-raising trends could be tied to specific fund-raising priorities. This research project questioned which funding techniques the museums preferred and how their favored income sources influenced their financial standing. It looked for funding certainty, instability, unpredictability, complexity, and continuity.

The behavior and trend characteristics indicated how specific funding strategies were coordinated and institutionalized. The traits also provided insights into the control the income sources exerted over museum operations. For example, corporate donor preferences could control museum exhibit themes; and voter taxation attitudes could swing governmental support. Furthermore, a high reliance on a single income stream could predict fateful consequences if the stream was suddenly cut off. Additionally, proceeds from earned income tended to be flexible, whereas government grants were highly restrictive. So, reliance on inflexible funding would expose museums to external control over internal managerial decisions. Consequently, this dissertation author wanted these findings to provide children's museum administrators with a fund-raising awareness that would give them more control over their financial situations. The open-ended responses from the behavioral questionnaire were not used in this analysis, but can be reviewed in Appendix J.

Fund-Raising Behavior Findings

Table 1 compares the fund-raising behavioral responses across the small, medium, and large children's museums. The figures were taken from frequency/percentage tables for each museum size which can be found in Appendix C. The Appendix tables also include the standard error of the mean calculations.

Table 1

Fund-Raising Behavior Comparison - Small, Medium, and Large Children's Museums

Variable	% Yes			% No		
	S	M	L	S	M	L
1. Case Stmts.	71%	75%	53%	29%	21%	40%
2. Comm. Needs	100%	100%	93%	0%	0%	0%
3. F-R Teams	57%	64%	93%	43%	36%	0%
4. Master Plans	43%	50%	53%	57%	50%	40%
5. Annual Fund	71%	86%	80%	2%	14%	13%
6. Spec. Gifts	100%	100%	93%	0%	0%	0%
7. Capital Camp.	57%	61%	73%	43%	39%	20%
8. Planned Gifts	14%	21%	40%	86%	79%	60%
9. 501(c)(3)	100%	100%	100%	0%	0%	0%
10. Govt. Funds	100%	82%	93%	0%	18%	7%
11. Agency Money	100%	86%	93%	0%	14%	7%
12. Corp. Funds	100%	100%	100%	0%	0%	0%
13. Found. Funds	100%	100%	100%	0%	0%	0%
14. Nonp. Funds	57%	32%	47%	43%	68%	53%
15. Intended Purp.	71%	96%	100%	29%	4%	0%
16. Disclose Exp.	100%	93%	93%	0%	7%	0%
17. Outside F-R	14%	7%	33%	86%	93%	67%
18. Common Theme	86%	89%	67%	14%	7%	33%
19. Societal Sig.	86%	86%	80%	14%	11%	13%
20. Donor Recog.	86%	89%	67%	14%	7%	33%
21. Regular Comm.	100%	82%	87%	0%	11%	13%
22. Feedback	57%	64%	87%	43%	29%	7%

To simplify this evaluation, the variables were ordered from the highest to lowest percentage points by museum size in Tables 2, 3, and 4. This behavioral evaluation progresses from small, to medium, to large children's museums, and ends with a cumulative museum analysis.

Small Children's Museums

Table 2

Ordered Behavior Variables - Small Children's Museums

	Variable	% Yes
2.	Meet Community Needs	100%
6.	Solicit Special Purpose Gifts	100%
9.	Registered as 501(c)(3) Nonprofits	100%
10.	Seek Local, State, & Fed. Govt. Funds	100%
11.	Seek Local, State, & Fed. Agency Funds	100%
12.	Seek Corporate Funds	100%
13.	Seek Foundation Funds	100%
16.	Disclose All Fund-Raising Expenses	100%
21.	Timely, Frequent, Regular Commun.	100%
18.	Common Theme In Communications	86%
19.	Societal Significance In Communications	86%
20.	Recognize Donors and Volunteers In Comm.	86%
1.	Use Case Statements	71%
5.	Conduct Annual Fund-Raising Campaigns	71%
15.	Use Donations For Intended Purposes	71%
3.	Have Core Fund-Raising Teams	57%
7.	Conduct Capital Campaigns	57%
14.	Seek Funds From Other Nonprofits	57%
22.	Seek Feedback In Communications	57%
4.	Have Fund-Raising Master Plans	43%
8.	Solicit Planned Gifts	29%
17.	Turn Fund-Raising Over To Outsiders	14%

The small children's museums responded favorably to 12 behavioral variables which fell into the 75%-100% value category. These percentages indicated that the small museums emphasized programs, some resource strategies, and their enabling, functional, normative, and diffuse environmental linkages. They identified the societal needs that must be met through their educational programs. Their solicitation of special purpose gifts provided opportunities for regular contributors to increase their support by giving for special ends, which could lift the contributors' sights.

The museums' 501(c)(3) nonprofit status enabled or provided an incentive for donors to make financial contributions and then claim their contributions as tax deductions. The museums were functionally linked to four of the five major nonprofit funding sources (a) individuals, (b) government, (c) corporations, and (d) foundations which showed income diversification.

Their willingness to disclose all fund-raising expenditures, a normative linkage, could only enhance the museums' image. The museums also endeavored to influence their relevant publics through their communications which were timely, carried a common theme, expressed their societal significance, and recognized donors and volunteers. These diffuse communication attempts could bring in increased dollars.

The variables that fell into the 50%-75% value category again reflected the museums' preoccupation with boosted resources, and normative, functional, and diffuse linkages. For example, additional resource attention was directed towards annual fund-raising and capital campaigns. The annual fund campaigns not only supported programs and operating budgets, but invited museum constituents to help fulfill their mission. The capital campaigns were intended to meet capital or asset building needs, but also helped build a funding constituency.

In a normative vein, donations were used for their intended purposes which was an image-building practice. The museums functionally linked with their fifth major nonprofit funding source, nonprofit organizations; although, this income source was isolated from the other four functional sources. The feedback requested in their communications, a diffuse linkage, indicated their attempts to adapt to their environment. Additional fund-raising tactics, such as case statements and core fund-raising teams, showed up in this value category and pointed to the development of leadership and structure in their fund-raising efforts.

Fund-raising master plans, another funding tactic, received a lower survey response value, only 43%. The lack of such plans suggested insufficient fund-raising coordination. The solicitation of planned gifts also fell into the 25%-50% value category, with a mere 29% rating. Such a low score implied that endowments did not advance.

The behavior variable which received the least yes responses, just 14%, was the one which pertained to outside fund-raising assistance. Ethically, this response level displayed positive normative linkages between the museums and their environment; outside fund-raising assistance could mean a museum wants to escape responsibility.

<u>Medium Children's Museums</u>

Fifteen of the medium children's museums' behavior variables received response values between 75%-100% (see Table 3). Like the small museums, their responses indicated that they stressed programs, resource strategies, and their enabling, functional, normative, and diffuse environmental linkages. They identified their societal need which suggested their programs responded to community problems. The solicitation of special purpose gifts provided opportunities to involve and solicit annual givers like individuals, corporations, and foundations. This fund-raising tactic invited those regular donors to increase their support. If the special gifts were larger than their annual fund donations, the process raised the contributors' sights.

Similar to small museums, the medium museums' 501(c)(3) nonprofit status enabled or provided an incentive for donors to make financial contributions and to claim their contributions as tax deductions. Likewise, the medium museums were functionally linked to four of the five major nonprofit funding sources (a) individuals, (b) government,

(c) corporations, and (d) foundations which showed income diversification.

Table 3

Ordered Behavior Variables - Medium Children's Museums

	Variable	% Yes
2.	Meet Community Needs	100%
6.	Solicit Special Purpose Gifts	100%
9.	Registered As 501(c)(3) Nonprofits	100%
12.	Seek Corporate Funds	100%
13.	Seek Foundation Funds	100%
15.	Use Donations For Intended Purposes	96%
16.	Disclose All Fund-Raising Expenses	93%
18.	Common Theme In Communications	89%
20.	Commun. Recognize Donors and Volunteers	89%
5.	Have Annual Fund-Raising Campaigns	86%
11.	Seek Local, State, & Fed. Agency Funds	86%
19.	Common Theme In Communications	86%
10.	Seek Local, State, & Fed. Govt. Funds	82%
21.	Timely, Frequent, Regular Commun.	82%
1.	Use Case Statements	75%
3.	Have Core Fund-Raising Teams	64%
22.	Seek Feedback In Communications	64%
7.	Conduct Capital Campaigns	61%
4.	Have Fund-Raising Master Plans	50%
14.	Seek Funds From Other Nonprofits	32%
8.	Solicit Planned Gifts	21%
17.	Turn Fund-Raising Over To Outsiders	7%

As we saw in the small museums, fund-raising efforts mirror organizational ethics. Therefore, when the medium museums agreed to use donations for intended purposes and to disclose all fund-raising expenses, their normative environmental linkages were also strengthened.

The ultimate goal is to establish and maintain two-way communication between children's museums and their publics. Ideally, the organization's responsibility is to identify causes and solutions. Like small museums, then, the emphasis medium museums placed on their diffuse linkages--communications which were timely, carried common themes, recognized donors and volunteers, and expressed their societal significance--should have encouraged increased monetary contributions and volunteer resources.

The medium museums imposed more concern toward annual fund-raising campaigns and case statements than the small museums. The annual fund is the most effective strategy to invite, involve, and bond the constituency to the museum, which makes it the organization's primary strength. The museum must ask a constituency that has been properly informed and conditioned by an annual fund to provide that support. Consequently, case statements were essential to annual campaigns, or any solicitation technique, because they compellingly asked prospective supporters to contribute.

Between 50%-75% of the medium museums had core fund-raising teams, sought feedback in their communications, conducted capital campaigns, and had fund-raising master plans. All these variables, except the master plans, occurred in the same small museum value range. The medium museums' master plan technique added an important co-ordinating element to the leadership and structure provided by their case statements and core fund-raising teams. If their coordinated fund-raising efforts incorporated market feedback, their capital campaigns and other fund-raising techniques could garner increased funds. Here, we see the benefits of integrated fund-raising efforts.

Like small museums, medium museums isolated other nonprofit funds and gave them yet a lower response value of only 32%. That income category should be regarded as highly as the other functional income sources. The medium museums also assigned a smaller response value to planned gift solicitation, a mere 29%; presumably, endowments were not enhanced. Even fewer medium museums turned fund-raising over to outsiders, a scant 7%. Organizational members and volunteers tend to be far more effective than fund-raising consultants, and donors can see the difference. So, the medium museums' inside fund-raising efforts could only have intensified their normative linkages.

Large Children's Museums

Fourteen of the large museums' behavior variables received values between 75%-100% (see Table 4). Like the small and medium museums at this value level, they accented their enabling, functional, normative, and diffuse environmental linkages.

Table 4

Ordered Behavior Variables - Large Children's Museums

	Variable	% Yes
9.	Registered As 501(c)(3) Nonprofits	100%
12.	Seek Corporate Funds	100%
13.	Seek Foundation Funds	100%
15.	Use Donations For Intended Purposes	100%
2.	Meet Community Needs	93%
3.	Have Core Fund-Raising Teams	93%
6.	Solicit Special Purpose Gifts	93%
10.	Seek Local, State, & Fed. Govt. Funds	93%
11.	Seek Local, Sate, & Fed. Agency Funds	93%
16.	Disclose All Fund-Raising Expenses	93%
21.	Timely, Frequent, Regular Commun.	87%
22.	Seek Feedback In Communications	87%
5.	Conduct Annual Fund-Raising Campaigns	80%
19.	Societal Significance In Communications	80%
7.	Conduct Capital Campaigns	57%
18.	Common Theme In Communications	67%
20.	Recognize Donors And Volunteers In Comm.	67%
1.	Use Case Statements	53%
4.	Have Fund-Raising Master Plans	53%
14.	Seek Funds From Other Nonprofits	47%
8.	Solicit Planned Gifts	40%
17.	Turn Fund-Raising Over To Outsiders	33%

Likewise, the large museums emphasized the importance they placed on community needs. Akin to medium museums, they accentuated both special purpose gifts and annual fund campaigns within this value range. However, they gave fund-raising leadership, such as core fund-raising teams, more weight than the small and medium museums.

All of the large museums were registered as 501(3)(c) nonprofits. This legal aspect enabled these museums to establish themselves as nonprofits, and their supporters to deduct their cash or property contributions from their income taxes. Hence, their enabling environmental linkage was fortified. The museums were functionally linked to four of the five major nonprofit funding sources (a) individuals, (b) government, (c) corporations, and (d) foundations which showed income diversification.

Fund-raising thrusts leaders and managers into the philanthropic agenda. However, the philanthropic sector's morality is not an established identity. To be philanthropic requires continued consideration of the common good. Therefore, when the large museums used donations for their intended purposes and disclosed all fund-raising expenses, their ethical behavior intensified their normative environmental linkages.

The large museums' diffuse environmental linkages were also highly valued. They provided timely, frequent, regular communications; sought feedback; and expressed their societal significance in those communications which enhanced that environmental link. Along with their program endeavors which met community needs, such interactive communication could promote increased donor support.

Annual fund campaigns and special gift solicitations should be developed in relationship to each other. Thus, their elevated survey values insinuated that the large museums' resource tactics complimented each other. These coordinated funding tactics could be attributed to the museums' core fund-raising teams which received a 93% response value. That high value implied that their fund-raising efforts were structured and received leadership attention. In fact, capital campaigns were just below the 75%-100% value category, with a 73% response value. The three resource methods probably supported each other; actually, they should not function in isolation. Hence, their value alignment alluded to integrated fund-raising methods.

Between 50%-75% of the large museums improved their environmental relations when they transmitted common themes, and donor and volunteer recognition in their communications. Their use of case statements and fund-raising master plans, both with 53% values, hinted that structural and leadership elements were built into their fund-raising efforts.

The large museums' last three behavior variables were valued between 25%-50%. Like the small and medium museums, their funds from other nonprofit organizations were isolated from the other four functional resource categories. Similarly, less than half of the large museums solicited planned gifts, which could have suppressed their endowments. One third of the large museums turned their fund-raising over to outsiders. Such contracted fund-raising placed the museums' reputations in other hands which posed a threat to that normative environmental link.

Cumulative Fund-Raising Behavior Analysis

The cumulative fund-raising behavior variables for small, medium, and large children's museums are ordered in Table 5. The figures were taken from a frequency/percentage table in Appendix C which also lists the standard error of each mean.

As a whole, the museums were most similar in their 501(c)(3) nonprofit registrations and their efforts to obtain corporate and foundation funds (see chart in Appendix D). Their demand for corporate and foundation monies reflected the competition for those income sources. They were also alike in their responses about funds from other nonprofits, the solicitation of planned gifts, and outside fund-raising assistance (see chart in Appendix D).

The fact that only 50% of the museums had fund-raising master plans suggested that the their fund-raising efforts could be unbalanced; actually, two resource categories did receive extremely unequal values. For instance, the 40% value that was assigned to funds from other nonprofit organizations indicated that the income category was isolated from the other four functional environmental linkages (a) corporations, (b) foundations, (c) government, and (d) individuals. Additionally, planned gift solicitation was assigned a low 26% value, which separated that variable from the other three resource strategies: (a) annual funds, (b) special purpose gifts, and (c) capital campaigns. Such unevenness indicated that those fund-raising methods did not support each other.

Table 5

Ordered Fund-Raising Behavior Variables, Cumulative For Small, Medium, and Large Children's Museums

	Variable	% Yes
9.	Registered As 501(c)(3) Nonprofits	100%
12.	Seek Corporate Funds	100%
13.	Seek Foundation Funds	100%
2.	Meet Community Needs	98%
6.	Solicit Special Purpose Gifts	98%
15.	Use Donations For Intended Purposes	94%
16.	Disclose All Fund-Raising Expenses	94%
11.	Seek Local, State, & Fed. Agency Funds	90%
10.	Seek Local, State, & Fed. Govt. Funds	88%
21.	Timely, Regular, Frequent Commun.	86%
19.	Societal Significance in Communications	84%
5.	Conduct Annual Fund-Raising Campaigns	82%
18.	Common Theme In Communications	82%
20.	Recognize Donors and Volunteers In Commun.	82%
3.	Have Core Fund-Raising Teams	72%
22.	Seek Feedback In Communications	70%
21.	Use Case Statements	68%
7.	Conduct Capital Campaigns	64%
4.	Have Fund-Raising Master Plans	50%
14.	Seek Funds From Other Nonprofits	40%
8.	Solicit Planned Gifts	26%
17.	Turn Fund-Raising Over To Outsiders	16%

From an ethical standpoint, the 16% value that outside fund-raising assistance received indicated that the museums' normative linkages were firm. The negative replies suggested that most museums managed fund-raising on their own, a practice their constituents would favor.

Chi-Square Test Results

This dissertation author used the chi-square test statistic to determine whether the fund-raising behavior variables and museum size were dependent upon each other. Her null and alternate hypotheses stated:

H0 There is no difference between fund-raising behavior and museum size.

H1 There is a difference between fund-raising behavior and museum size.

The computations for each survey question can be found in Appendix E. With three exceptions, the test results indicated that there was no significant difference between fund-raising behavior and museum size. The three notable deviations were fund-raising teams, fund-raising master plans, and the communication of societal significance. Both the teams and master plans denote fund-raising structure and leadership. On the other hand, the societal significance message, a diffuse environmental link, lets donors know that their gifts do impact on society.

However, the test did not designate the direction of the dependence. In other words, the analysis did not discern whether museum size depends upon fund-raising teams, fund-raising master plans, and the communication of societal significance; or, if those three variables depend on museum size. Other environmental influences, such as the geographic area and the leadership it provides, could impact museum size and the three fund-raising behavior variables. Table 6 reports the values the museums assigned to these three variables.

Table 6

Fund-Raising Behavior Variables / Museum Size Dependency

Variable		% Yes		
		S	M	L
3.	Have Fund-Raising Teams	57%	64%	93%
4.	Have Fund-Raising Master Plans	43%	50%	53%
19.	Societal Significance In Commun.	86%	86%	80%

Following are the philanthropic income findings which accompanied the behavioral survey responses. To begin the discussion, one income category needs further clarification. Earned income signifies dues, fees, special events, sales, and business ventures.

Philanthropic Income Findings

Not all respondents provided their income information. Some explained that they did not have the time to record the data, and some said that the figures were not available.

Six small, 19 medium, and 10 large museums reported their philanthropic income, which was 42.6% of the sample. Therefore, the following results should be cautiously interpreted. Tables 7-13 summarize the philanthropic index information which is located in Appendix F.

Small Children's Museums

Table 7 shows the income trends in small children's museums from 1990-1994. This dissertation author divided each income category's average annual percent increase by six, representing six small museums, to arrive at the average annual percent increase per museum.

Table 7

Small Children's Museums' Philanthropic Income, 1990-1994

Income Category	1990	1994	% Change	Av. Ann. % Inc.	% Inc. Per Mus.
Other Nonp. Org.	13,200	10,200	-23%	-6%	-1%
Government	9,040	60,610	570%	61%	10%
Corporations	34,240	83,403	143%	25%	4%
Foundations	15,000	30,000	100%	19%	3%
Individuals	37,349	71,899	93%	18%	3%
Bequests	0	0	0%	0%	0%
Earned Income	82,085	217,512	165%	28%	5%

Indeed, when these figures were compared to the behavior survey results, one could see similarities. Both sets of findings showed that the nonprofit income category received less attention than the other functional income sources (a) government, (b) corporations, (c) foundations, and (d) individuals. Additionally, bequests showed no financial activity which coincided with the low priority small museums gave to planned giving in the behavior survey.

Similarities and differences were also noted between the individual museum averages and national 1993 giving averages. Per museum, individual donor increases were slightly more than the 2.6% national average for arts, cultural, and humanities institutions. Foundation donations fell below the 6.6% national average for private and community foundations. Corporate donations were just short of the 4.7% national average (Moore, 1994).

The topmost income change, 570%, resulted from government contributions. Per museum, governmental increases were more than the 2.6% inflation rate in 1994; and, inflation had been moderate during the prior 4 years ("Inflation No Raging Beast In '95", 1996). Like governmental support, earned income showed the next highest increase which coincided with the earned income opportunities children's museums provide. Evidently, receptive museum patrons championed governmental support.

Medium Children's Museums

Table 8 shows the income trends in medium children's museums from 1990-1994. This dissertation author divided each income category's average annual percent increase by 19, representing 19 medium museums, to arrive at the average annual percent increase per museum.

Table 8

Medium Children's Museums' Philanthropic Income, 1990-1994

Income Category	1990	1994	% Change	Av. Ann. % Inc.	% Inc. Per Mus.
Other Nonp. Org.	175,250	225,289	29%	6%	.3%
Government	945,714	1,641,588	74%	14%	.7%
Corporations	237,243	592,725	150%	26%	1%
Foundations	229,920	680,081	195%	31%	1%
Individuals	273,384	583,997	113%	21%	1%
Bequests	6,337	31,438	396%	49%	2.5%
Earned Income	2,175,408	4,618,319	112%	20%	1%

These figures substantiate the behavioral survey results which demonstrated that medium museums focused less on nonprofit funds than their other functional income sources (a) government, (b) corporations, (c) foundations, and (d) individuals. Few museums solicited planned gifts, and their 2.5% bequest increases actually fell below the

4.9% national average for 1994. However, the uppermost income change, 396%, transpired from bequests.

Earned income kept pace with the functional income sources. Per museum, however, the functional income increases fell short of the 1993 national averages for (a) corporations, 4.7%; (b) foundations, 6.6%; and (c) individuals, 2.6% (Moore, 1994). Their governmental income was also behind the moderate inflation rates which approximated 3% over a four year period ("Inflation No Raging Beast In '95", 1996). In fact, per museum, all income sources fell short of inflation.

Four museums provided aggregated financial data which combined more than one income category. Hence, a composite index of those income categories was created and can be found in Appendix F. Table 9 summarizes the aggregated Appendix index.

Table 9

Aggregated Philanthropic Income, 1990-1994, Medium Museums

Income Category	1990	1994	% Change	Av. Ann. % Inc.	% Inc. Per Mus.
Corporations and Individuals	94,121	148,663	58%	12%	.6%
Corporations and Foundations	85,730	206,549	141%	25%	1.3%
Corporations, Foundations, and Individuals	171,997	418,036	143%	25%	1.3%

The average increases per museum approximated the disaggregated income values.

Large Children's Museums

Table 10 shows the income trends in large children's museums from 1990-1994. This dissertation author divided each income category's average annual percent increase by 10, representing 10 large museums, to arrive at the average annual percent increase per museum.

Table 10

Large Children's Museums' Philanthropic Income, 1990-1994

Income Category	1990	1994	% Change	Av. Ann. % Inc.	% Inc. Per Mus.
Other Nonp.	35,000	29,450	-16%	-4%	-.4%
Govt.	4,275,178	8,044,335	88%	17%	1.7%
Corp.	2,218,295	814,599	-63%	-22%	-2.2%
Found.	331,610	1,222,397	267%	39%	3.9%
Individ.	1,049,701	1,067,961	2%	.4%	.04%
Bequests	0	1,981,822	0%	0%	0%
Earned Inc.	5,003,331	10,244,204	105%	20%	2%

When these figures were compared to the fund-raising behavior survey, similarities became apparent. For instance, low nonprofit income corresponded with the modest value the museums placed on that functional income source.

The behavioral questionnaire also indicated that the museums did not solicit planned gifts; little bequest activity on the income survey affirmed that response. Although corporate donations were down, the actual income amounts verified that this functional income source did receive attention. The positive governmental and foundation increases substantiated that those functional income sources were also sought.

Per museum, governmental support fell below the 1994 inflation rate, 2.6% ("Inflation No Raging Beast In '95", 1996). The drop in corporate income paralleled corporate giving to the arts in 1994. Companies said they planned to give an average of $1.6 million to the arts in 1994, down from $1.7 million in 1993 (Rocque, 1994).

Per museum, foundation increases fell below the 6.6% national giving average for 1993 (Moore, 1994). However, foundation change, 267%, was higher than the other monetary categories. Legally, foundations must distribute some percentage of their assets to charitable groups each year which could account for the increases (Rosso, 1991). Individual contributions fell short of the 1993 national average, 2.6% (Moore, 1994). Earned income showed a moderate increase.

Five museums sent aggregated financial data which combined more than one income category. Hence, a composite index of those income categories was constructed (see

Appendix F). Table 11 summarizes the aggregated Appendix index.

Table 11

Aggregated Philanthropic Income, 1990-1994, Large Museums

Income Category	1990	1994	% Change	Av. Ann. % Inc.	% Inc. Per Mus.
Corp., Foun.	149,569	974,659	551%	60%	6%
Govt., Ind., Corp., Foun.	434,280	832,982	91%	24%	2.4%
Corp., Foun., Ind.	213,717	1,788,236	736%	101%	10.1%

The growth in these aggregated income categories could be attributed to foundation funds which showed the most expansion in the disaggregated income totals.

Cumulative Philanthropic Income Analysis

This examination also includes a cumulative comparison of income changes, increases, averages, and turbulence. Table 12 compares the income changes and increases for all museum sizes.

Table 12

Changes and Increases In Income For Small, Medium, and Large Museums, 1990-1994

Income Category	% Change S	M	L	Av. Ann. % Inc. S	M	L
Other Nonprofits	-23%	29%	-16%	-6%	6%	-4%
Government	570%	74%	88%	61%	14%	17%
Corporations	143%	150%	-63%	25%	26%	-22%
Foundations	100%	195%	267%	19%	31%	39%
Individuals	93%	113%	2%	18%	21%	.4%
Bequests	0%	396%	0%	0%	49%	0%
Earned Income	165%	112%	105%	28%	20%	20%
Aggregated Income						
Corp. and Found.		141%	551%		25%	60%
Corp., Found., & Ind.		143%	736%		25%	101%

Table 13 reports the arithmetic means of the income categories for each museum size. Additional descriptive statistics, which include the median, trimmed mean, standard deviation, standard deviation of the mean, minimum and maximum values, and first and third quartiles can be found in Appendix G.

Table 13

Categoric Income Averages, Small, Medium, and Large Children's Museums, 1990-1994

Income Category	Small	Medium	Large	All Museums
Nonp.	18,238	214,905	30,699	87,947
Govt.	36,280	1,001,260	5,190,311	2,075,950
Corp.	84,533	426,431	1,225,215	578,276
Found.	24,290	429,402	949,974	467,889
Ind.	49,220	403,470	1,197,155	548,615
Bequests	1,635	13,256	586,554	200,481
Earned	155,604	3,387,890	7,441,256	3,661,583

The categoric income averages do not include the aggregated income data. However, the averages support the other income evaluations. Regardless of museum size, earned income was the largest monetary source. Bequests and other nonprofits provided the least income. The top functional income sources were (a) small museums--corporations, (b) medium museums--government, and (c) large museums--government. Government, corporations, and earned income were the highest income sources for the children's museum industry as a whole.

Table 14 indicates the number of years in which the small, medium, and large museums experienced funding turbulence.

Table 14

Funding Turbulence Table, Small, Medium, and Large Children's Museums, 1990-1994

Income Category	Number of Turbulent Years S	M	L	
Nonprofits	4	0	4	> Least Consistent
Govt.	3	0	1	
Corp.	3	0	2	
Found.	0	0	1	> Most Consistent
Ind.	4	0	0	
Bequests	4	2	2	> Least Consistent
Earned	3	0	2	

The nonprofit and bequest income categories aligned with previous evaluations and showed the least uniformity. Accordingly, foundation income upheld the same continuity that appeared in prior analyses. The small museums experienced the most funding turbulence, followed by the large institutions. In contrast, the medium museums experienced more funding equanimity. Line graphs and charts, which depict the income fluctuations, can be found in Appendix H.

Coefficient of Multiple Correlation

The coefficient of multiple correlation statistical technique measured the strength between the income variables. The null and alternate hypotheses stated:

H0 R=0 There is no relationship between the income sources.

H1 R≠0 There is a relationship between the income sources.

Tables 15-17 are correlation matrixes which report the coefficients for each small, medium, and large museum. Bar charts which display the relationships can be found in Appendix I. A common rule of thumb is that correlations among the independent variables less than [.70 or -.70] do not cause problems (Mason & Lind, 1990).

Small Museums

In the small museums, significant income alliances occurred between (a) nonprofit and corporate income, (b) nonprofit and bequest income, (c) governmental and earned income, and (d) corporate and foundation income (see Table 15).

Table 15

Categoric Income Coefficients For Small Children's Museums

	Nonp.	Govt.	Corp.	Found.	Ind.	Beq.
Govt.	-0.118					
Corp.	0.784	0.507				
Found.	0.590	0.572	0.807			
Ind.	-0.361	0.323	-0.221	0.381		
Beq.	0.769	-0.363	0.458	0.440	-0.195	
Earn.	-0.078	0.990	0.527	0.656	0.411	-0.274

The strongest relationship was between governmental and earned income. The proportion of the variance between (a) nonprofit and corporate income was 61%, (b) nonprofit and bequest income was 59%, (c) government and earned income was 98%, and (d) corporation and foundation income was 65%. Hence, the correlation analysis disclosed that the emphasis small museums placed on one income source could explain the variation in other income sources.

For example, government grants often require matching organizational funds which might explain the strong relationship between governmental support and earned income. Furthermore, corporate representatives might sway wealthy individuals to remember children's museums in their wills. Likewise, they could serve on several nonprofit boards where their influence would rouse forthcoming contributions. Moreover, the networking that occurs between corporate and foundation executives can influence their giving attitudes.

Medium Children's Museums

This correlation analysis upheld the other statistical tests which showed continuity among the income variables in medium children's museums. Based on the [.70 R] factor, as Table 16 indicates, all the income categories demonstrated some strong relationships.

Table 16

Categoric Income Coefficients For Medium Children's Museums

	Nonp.	Govt.	Corp.	Found.	Ind.	Beq.
Govt.	0.093					
Corp.	0.626	0.666				
Found.	0.588	0.785	0.935			
Ind.	0.528	0.682	0.725	0.913		
Beq.	0.113	0.830	0.832	0.839	0.679	
Earn.	0.729	0.720	0.952	0.967	0.825	0.733

The proportions which explain the income variances are:

1. Other Nonprofits/Earned Income - 53%.
2. Government/Foundations - 62%.
3. Government/Bequests - 69%.
4. Government/Earned Income - 52%.
5. Corporations/Foundations - 87%.
6. Corporations/Individuals - 53%.
7. Corporations/ Bequests - 69%.
8. Corporations/Earned Income - 91%.
9. Foundations/Individuals - 83%.
10. Foundations/Bequests - 70%.
11. Foundations/Earned Income - 94%.
12. Individuals/Earned Income - 68%.
13. Bequests/Earned Income - 54%.

Community size and location, museum size, and visibility could explain such categoric income consistency.

Most likely, higher income, medium sized communities would have lower substance abuse and homelessness problems than larger metropolitan areas. Hence, fewer societal issues would free-up money for cultural activities. Accordingly, there could be an optimum institutional size which improves total operations. Possibly, managerial control is easier to maintain at this organizational position. In the fund-raising behavioral surveys, 86% percent of the medium museums placed a high value on communicating their societal significance. Coupled with good management, then, highly visible children's museums could expect persistent, diverse financial support from communities who valued their services.

Large Museums

The large museums demonstrated a strong positive relationship between earned income and governmental support, and earned income and bequests; plus, a strong negative relationship between earned income and corporations (see Table 17). The variance proportions were 68%, 65%, and 66% respectively. The large children's museums were probably located in metropolitan areas, which accounted for their concentrated reliance on governmental and corporate funding. In heavily populated districts, many museum patrons would presumably press governmental bodies to lend financial support to their museums. Too, elected officials could recognize that children's museums are tourist attractions and invest tax dollars in them.

Table 17

Categoric Income Coefficients For Large Children's Museums

	Nonp.	Govt.	Corp.	Found.	Ind.	Beq.
Govt.	-0.161					
Corp.	0.058	-0.419				
Found.	-0.546	0.424	-0.462			
Ind.	0.319	-0.310	-0.575	-0.352		
Beq.	-0.297	0.983	-0.444	0.572	-0.367	
Earn.	0.095	0.824	-0.812	0.460	0.162	0.805

Local tax bases usually do not fluctuate and can provide solid museum income. Ordinarily, when governmental support is adequate, organizations do not seek other income sources. Most museum personnel would rather concentrate on mission than complex donor relationships and would be unlikely to expand the donor menu. So, their reliance on tax dollars probably explained the insignificant relationships between the other funding categories. Popular support can also explain the significant relationship between earned income and bequests; devoted museum backers remembered the museums in their wills.

Furthermore, several corporations would conceivably be located in a cosmopolitan region. However, large metropolitan museums could generate earned income through gift shops and other business ventures. Therefore, expanded earned income could explain the negative relationship between that income category and corporate contributions; why seek corporate funds when income is sufficient?

Combined Small, Medium, and Large Children's Museum Correlation

Table 18 depicts the results of a multiple correlation analysis which combined the income from the entire stratified museum sample. Several interrelated donor issues were evident in this breakdown. A combined income correlation bar chart can be reviewed in Appendix I.

Table 18

Categoric Income Coefficients For Small, Medium, And Large Children's Museums

	Non.	Govt.	Corp.	Found.	Ind.	Beq.
Govt.	-0.266					
Corp.	-0.119	0.693				
Found.	-0.025	0.834	0.563			
Ind.	-0.134	0.871	0.727	0.761		
Beq.	-0.255	0.788	0.288	0.664	0.425	
Earn.	0.010	0.940	0.644	0.879	0.919	0.673

The proportions which explain the variance between significant income relationships are:

1. Government/Foundations - 70%.
2. Government/Individuals - 76%.
3. Government/Bequests - 62%.
4. Government/Earned Income - 88%.

5. Corporations/Individuals - 53%.
6. Foundations/Individuals - 58%.
7. Foundations/Earned Income - 77%.
8. Individuals/Earned Income - 84%.

The insignificant relationship between other nonprofit income and the different income categories can probably be attributed to its lower standing among fund-raising techniques. However, the communication of societal significance was highly favored by all museums, which could account for the strong correlation between government and the other income categories. The variance proportions may show the influence the electorate has upon government.

For instance, earned income was the museums' major income source which demonstrated their marketplace acceptance and could be pleaded to legislators. The citizens identified a societal need which they supported through usage (earned income) plus private individual contributions and bequests. In turn, they argued their museums' significance to elected officials who provided governmental monies. When the museums applied for government agency grants, the agencies also pressured legislators to provide the dollars to meet those requests. Tax laws that shelter philanthropic donations could also account for the strong relationship between individual donations, bequests, and government. In fact, money donated through bequests rose 4.9%, to $8.5 billion in 1993. Many nonprofits more aggressively persuaded donors to include them in their wills (Moore, 1994). Hence, this correlation demonstrated the political intricacy which can advance societal needs.

The relationship between corporations and individuals was probably due to the affiliation between corporate donors and affluent individuals. Independent, company, and community foundations are also likely to be coupled with moneyed individuals; so, that connection probably explains the correlation between foundations and individuals. Corporate and foundation grants often require matching funds which could further explain the alliance between those income categories and individual giving. In retrospect, children's museum admiration probably resolves the relationship between earned income and private individual donations.

Conclusion

The measurement techniques applied to this study's findings have helped further an awareness of the fund-raising function's converging nature. A fund-raising system is more than its definable parts. Integral to any fund-raising system are the relationships between its parts, and their attributes and relationships. Therefore, museum fund-raising systems are complex functions with encompass both quantitative financial factors and qualitative human dimensions. In order to understand or work with any fund-raising system, one must know not only the system's income variables, but also their financial relationships, qualitative human aspects, and interdependence. This numerical analysis of a fund-raising behavior questionnaire and philanthropic income survey helped clarify the interactive characteristics of children's museum fund-raising. The conclusions in chapter 5 are based on this statistical assessment.

CHAPTER V

DISCUSSION

Restatement of the Problem and Its Outcomes

Children's museums are cultural, educational organizations. They are subsystems of the nonprofit sector, which is a subsystem of the economy at large. Their philanthropic position means that several fund-raising parts must be balanced simultaneously in order to manage the whole organization.

Therefore, the purpose of this study was to evaluate the integration and balance in children's museum fund-raising systems. To make that determination, this project measured internal fund-raising behavior and external philanthropic income trends in small, medium, and large children's museums. This internal and external environmental analysis helped assess the museums' fund-raising strategies. The comparisons between small, medium, and large museums pointed up areas where the museums were particularly weak or strong, and provided procedural guidance.

Economist Kenneth Boulding elaborated on the marketplace competition that organizations, like children's museums, are likely to face. He explained that once an organizational form is established--whether business enterprise, cult, school, party, or any distinct institution type such as a museum--imitation is not difficult. The nucleus does not have to be homogeneous with the structure that grows around it. Some agent or organization can set up a puppet in similar organizational form.

When a subsystem industry is cut off in its economic suprasystem, other industries will be able to take over the destroyed industry's functions. In the market economy, growth is organized by the principle of advantage; it takes place in the directions that pay off to the individuals who initiate it or are able to take advantage of the situation (Boulding, 1968).

Consequently, children's museum survival depends upon an administrative ability to build donor constituencies. Knowledge about universal fund-raising methods and philanthropic trends can help museums judge their fund-raising positions. Hence, the information this study generated could serve many purposes. Moreover, the behavior findings showed how fund-raising strategies either strengthened or weakened the museums' environmental linkages. Furthermore, philanthropic income fluctuations exposed funding certainty, instability, unpredictability, complexity, and continuity. Both data sets identified fund-raising equilibrium states.

Small Children's Museums

Fund-Raising Behavior Outcomes. With two exceptions, the small museums demonstrated balanced environmental linkages. They were linked to their philanthropic funding environment on four major fronts which would improve their financial standing. First, their 501(c)(3) nonprofit status provided an incentive for donors to make financial contributions and then claim their contributions as tax deductions.

The museums communicated their societal significance through diffuse links such as publicity channels and educational programs. These communication techniques were timely, carried a common theme, and recognized donors and volunteers. The communications requested feedback, which showed the museums' attempts to adapt to their environment.

The museums' functional, diverse income links were individuals, government, corporations, and foundations. They also used other resource tactics such as the solicitation of special purpose gifts, annual fund-raising, and capital campaigns. These pursuits not only brought in cash, but also helped build a funding constituency.

Ethical fund-raising practices provided normative environmental linkages; the museums disclosed all-fund-raising expenditures and used donations for their intended purposes. Both actions could only enhance their image. Few museums hired outside fund-raisers, which was another good custom because outside fund-raising assistance can mean an organization wants to escape responsibility.

One functional income source did not receive uniform development. Income from other nonprofit organizations, a major functional income avenue, seemed to go unrecognized. This income category should not go unnoticed because churches, professional associations, labor unions, and service clubs regularly give to other nonprofit institutions, even when such grant-making is not their primary mission. Small museums should use all fund-raising sources because diversity is the key to financial stability.

Planned giving was another funding tactic which, apparently, was not pursued. This funding method helps to build endowments; although, endowments tend to be the province of wealthier nonprofits since smaller organizations use every dollar to meet current expenses. Still, children's museum endowment earnings should total at least 5% of annual income. This value means that the endowment should be the same size as the annual budget. If an endowment earns 10% interest, it can be half the annual budget size. Established endowments are good marketing tools because they reflect steady income. Without endowments, museums can only ask for special or operating funds. On the other hand, endowments can attract larger funds from people who know that their gifts will keep on giving (Brinckerhoff, 1994).

Annual fund campaigns, special gift solicitations, capital campaigns, and planned giving are interrelated; success cannot be achieved in isolation. Each method significantly supports the others. There is a logical progression from one method to another. Hence, the small museums should develop each method in relationship to the others.

The small museums met some requisites to successful fund-raising; yet, one area was weak. As a whole, the small museums tended to use case statements and core fund-raising teams that pointed to leadership and structure in their fund-raising efforts. Case statements interpreted and explained the organizations' mission from their supporters' point of view; it was an investment prospectus. Of all the factors that contributed to sustained fund-raising success, none was more important than a cohesive, effective development team. The full development team must be institutional in scope. Broadly drawn from the board, staff, and community, it must apply the institution's leadership standards and practices to fund-raising.

Notwithstanding the case statements and fund-raising teams, master plans were underutilized. Consequently, the lack of such plans suggested weak financial formulation and fund-raising coordination. Long-term plans were needed to continually assess the human and societal needs which were germane to organizational mission. Such preparation would help to build cohesive bases of informed, involved, and supportive contributors.

Philanthropic Income Outcomes. Four of the small museums' income categories showed commensurate positive change from 1990-1994, corporations, foundations, private individuals, and earned income. Governmental support showed far greater positive change. Other nonprofit income and bequests showed negative change and no change respectively, which corresponded with the behavioral findings' low values.

Per museum, similarities and differences were noted between income patterns and national 1993 giving averages. From 1990-1994, private individual donations were slightly more than the 2.6% national average for arts, cultural, and humanities institutions. Foundation donations fell below the 6.6% national average for private and community foundations. Corporate donations were just short of their 4.7% national average. Governmental support was more than the 1994 2.6% inflation rate.

On the average, most small museum income was earned. Corporate donations were the next highest monetary category, followed by individuals, government, foundations, other nonprofits, and bequests. The pursuit of foundation grants may have stabilized small museum funding because foundations must distribute some percentage of their assets to charitable groups each year. In fact, from 1990-1994, the small museums experienced funding turbulence in every income category except foundations (see line graphs in Appendix H). The foundation donations were consistent from year-to-year; there were no extreme leaps.

The small museums seemed to have institutionalized their dependence on earned income and corporate donations. Proceeds from earned income and individuals tend to be flexible. Such autonomous fund-raising freed the museums to define their own goals and evolve their own distinctive styles.

However, corporate giving poses other considerations. CEOs have expressed pessimism over future corporate benevolence. They believe that the next generation's company leaders are likely to be more tight-fisted than the current group and more intent that their donations advance the company's interests as well as the receiver's. Hence, corporate donations are more restrictive; a museum's educational themes could depend on corporate preferences.

The strong positive change in governmental support indicated that small museums have convinced the electorate and legislators of their societal significance. Yet, governmental support professes other restraints. Governmental monies can control museum budgets based on taxpayer attitudes. Therefore, a reliance on inflexible funding sources, such as corporations and government, can expose museums to external control over their internal management arrangements.

There were many correlations between the income categories which evinced the importance of financial planning and coordination. Significant income relationships occurred between nonprofit and corporate income, nonprofit and bequest income, governmental and earned income, and corporate and foundation income (see bar chart in Appendix I). Hence, the importance the museums placed on one income source probably produced variations in other income sources.

For example, government grants could have required matching organizational funds which might explain the strong relationship between governmental support and earned income. Furthermore, corporate representatives may have encouraged wealthy individuals to remember the museums in their wills. Likewise, they could have served on several nonprofit boards where they stirred forthcoming contributions. Moreover, the networking that occurred between corporate and foundation executives possibly influenced their giving attitudes. This ripple effect exemplifies donor connections and justifies expanded donor bases.

For the most part, small children's museums are younger organizations. They can expect funding turbulence. Despite such turbulence, the sample museums demonstrated integrative environmental linkages and fund-raising techniques. However, the intricate relationships between their income sources accentuated the interconnectedness of their fund-raising components. Such complexity attested to the need for poised fund-raising systems. Therefore, managerial efforts to incorporate fund-raising master plans could expand their donor base even further, and possibly reduce funding turbulence. A turbulent environment means a comprehensive development function must be institutionalized.

<u>Medium Children's Museums</u>

<u>Fund-Raising Behavior Outcomes</u>. All in all, the medium museums' environmental linkages were equally utilized and

demonstrated fund-raising balance. Their 501(c)(3) nonprofit status enabled or provided an incentive for donors to make financial contributions and to claim their contributions as tax deductions. Likewise, the medium museums were functionally linked to four of the five major nonprofit funding sources: (a) individuals, (b) government, (c) corporations, and (d) foundations which showed income diversification.

Their fund-raising efforts mirrored their organizational ethics. When the museums agreed to use donations for their intended purposes and to disclose all fund-raising expenses, their normative environmental linkages were strengthened. Only 7% of the medium museums turned fund-raising over to outsiders. Organizational members and volunteers tend to be far more effective than fund-raising consultants, and donors can see the difference. So, the museums' inside fund-raising efforts could only have intensified their normative linkages.

The ultimate goal is to establish and maintain two-way communication between children's museums and their publics. Ideally, the organization's responsibility is to identify causes and solutions. Consequently, the museums' diffuse linkages, communication lines which sought feedback, showed their efforts to accommodate their constituents. Their communications were also timely, carried common themes, recognized donors and volunteers, and expressed their societal significance. These diffuse linkage attributes were insightful, and could have encouraged monetary contributions and volunteer resources.

Other resource tactics, which provided fund-raising uniformity, were also put to use. The museums addressed their societal need through their service programs. Program accomplishments, not budget requirements, are more likely to attract generous gift support. Additional money-making techniques were the solicitation of special purpose gifts, annual fund-raising campaigns, and capital campaigns.

The solicitation of special purpose gifts provided opportunities to involve and petition annual givers like individuals, corporations, and foundations. This fund-raising tactic invited regular donors to increase their support. If the special gifts were larger than their annual fund donations, the process elevated the contributors' perceptions.

The annual fund campaigns were the most effective means to invite, involve, and bond the museums' constituents. These monetary crusades were their primary strength. The museums had to ask benefactors, who were properly informed and conditioned by annual funds, to provide support.

Another important fund-raising activity was the capital campaign. This intensified function is designed to raise a specified sum of money within a defined time period for varied asset building needs. These needs can include building construction or renovation, and the acquisition of land, furnishings, technical equipment, and endowment holdings. Nevertheless, they also build donor constituencies.

Coequal structure and leadership were detected in the medium museums' fund-raising programs. They used case statements, core fund-raising teams, and master plans. Case statements outwardly aim toward the public. They interpret and explain the organization's mission from the supporter's point of view. They address what an organization does or will do to meet a community's focus problem. Each case's focus problems allowed fund-raising teams to transmit organizational visions which motivated the fund-raising systems. The teams provided structure which maintained the fund-raising function. The team members' individual involvement validated the fund-raising system's importance. Accompanying master plans would delineate purposes, programs, and priorities. The blueprints would establish bases from which resource estimates and fund-raising programs could be forged.

Two fund-rising behavior variables did not receive equitable values, income from other nonprofits and planned gifts. Such exclusions can impair expansion opportunities. For example, other nonprofits could be used as capital sources for start-up ventures. Museums may not want to invest their time in planned giving because bequests seem so sporadic. Yet, endowment growth is stifled when planned giving is not pursued.

Planned giving specialists have eliminated rewards to financial advisors who arrange charitable gifts purely as tax shelters, rather than for philanthropic purposes, and then bill the recipient institutions. The practice is viewed as selling charitable donations, a serious philanthropic distortion, and can be viewed as tax evasion. If this practice has hampered planned giving efforts, museums can deal directly with donors to avoid the worry.

Philanthropic Income Outcomes. The medium museums' philanthropic income trends reflected the consistency in their fund-raising behavior. All income categories showed homogeneous positive change from 1990-1994. Although bequests did not receive a high response value on the behavioral questionnaire, that income category showed the greatest positive change. Other nonprofit income indicated the lowest change which corresponded to its position in the behavior questionnaire.

Per museum, differences were noted between income patterns and nationwide 1993 giving averages. The functional income increases fell short of the 1993 averages for corporations, foundations, and individuals. Their governmental income was also behind the nation's moderate inflation rate. Although, their averaged earned income was three times higher than the income from their biggest donor, government. Reliance on this flexible funding source gave them more control over their internal managerial arrangements.

On the average, medium museums earned more money than they collected in donations. Governmental support was the next highest category, followed by foundations, corporations, individuals, nonprofit organizations, and bequests. The balanced averages across the income categories implied that the museums have not singled out specific donor sources. Albeit, bequests and other nonprofit income required mindfulness. Nevertheless, all their major donor sources appeared to be institutionalized. These steadfast fund-raising systems could explain why the museums did not hire outside fund-raisers. The only income category that experienced funding turbulence from 1990-1994 was bequests (see line graphs and charts in Appendix H).

Strong correlations existed among all the income categories. The correlations could be attributed to community size, geographic location, museum size, or visibility. Most likely, higher income, medium-sized communities would have lower substance abuse and homelessness problems than larger metropolitan areas. Hence, fewer societal issues would free-up money for cultural activities. Accordingly, there could be an optimal institutional size which improves total operations. Possibly, managerial control is easier to maintain in a mid-size institution.

Perhaps the communities provided trustees with fund-raising expertise or business skills. For instance, the high earned income levels could mean the museums were engaged in congruous business ventures. Steckel (1992) said that entrepreneurial nonprofits have begun to decrease their dependence on fund-raising and develop new ways to earn money. Strategies range from the sale of products and services related to the agencies' missions to the development of free-standing, for-profit businesses whose revenues subsidize the organization (Steckel, 1992).

In the fund-raising behavior survey, 86% of the medium museums responded favorably to the societal significance question. Coupled with good management, then, highly visible children's museums could expect persistent, diverse financial support from communities who valued their services. Whatever the variable mix, the medium children's museums portrayed integrated, balanced fund-raising.

Large Children's Museums

Fund-Raising Behavior Outcomes. Like the small and medium museums, the large museums balanced their enabling, functional, normative, and diffuse environmental linkages. All of the large museums were registered as 501(c)(3) nonprofits. This legal aspect enabled the museums to establish themselves as nonprofits, and their supporters to deduct their cash or property contributions from their income taxes. Hence, their enabling environmental linkage was sustained. The museums were functionally linked to four of the five major nonprofit funding sources, individuals, government, corporations, and foundations which showed income diversification.

Fund-raising thrusts leaders and managers into the philanthropic agenda. However, the philanthropic sector's morality is not an established identity. To be philanthropic requires continued consideration of the common good. Therefore, when the large museums used donations for their intended purposes and disclosed all fund-raising expenses, their ethical behavior intensified their normative environmental linkages. However, one third of the large museums turned their fund-raising over to outsiders. Such contracted fund-raising placed the museums' reputations in other peoples' hands which posed a threat to that normative link.

The large museums' diffuse environmental linkages were also wisely applied. They provided timely, frequent, regular communications; sought feedback; and expressed their societal significance through their communication channels. These interchanges transmitted common themes, and donor and volunteer recognition. Along with their educational programs, which met community needs, such concentrated interaction could increase donor support.

The large museums accentuated additional resource tactics, such as the solicitation of special purpose gifts, annual fund campaigns, and capital campaigns. The three resource methods supported each other; actually, they should not function in isolation. Hence, their alignment alluded to integrated fund-raising methods.

These coordinated funding tactics could be attributed to the museums' core fund-raising teams. In fact, they gave more weight to fund-raising teams than the small and medium museums. They also incorporated case statements and master plans, which suggested that structural and leadership elements were built into their fund-raising efforts. Fund-raising can never function apart from the organization's mission, goals, programs, governance, or management structure. Thus, such recognized fund-raising departments can synthesize the financial concept throughout organizations.

Like the small and medium museums, income from other nonprofit organizations was isolated from the distinct functional resource category. Similarly, less than half of the large museums solicited planned gifts, which could have suppressed their endowments. Regardless of size, children's museums should use all fund-raising sources. Organizations that limit their funding sources to grantsmanship, direct mail, or special events weaken their structures because they do not broaden their base of informed, involved, and supportive contributors.

Philanthropic Income Outcomes. Three of the large museum income categories showed distinguishable positive change from 1990-1994, government, foundations, and earned income. However, private individual income changed a mere .4%; bequests 0%; other nonprofit income −4%; and corporate donations −22%. The low nonprofit and bequest changes corresponded with the modest values the museums gave those categories on the behavioral questionnaire.

The drop in corporate income paralleled corporate giving to the arts in 1994. Companies said they planned to give an average of $1.6 million to the arts in 1994, down from $1.7 million in 1993 (Rocque, 1994). Even though 100% of the large museums endorsed that income source, the repercussions were apparent.

Per museum, individual contributions fell short of the 1993 national average, 2.6%. A 1985 Yankelovich survey of American giving reported that the generous giver's most important characteristics were related to perceptions and values. So, the lower 80% value the large museums placed on expressing their societal significance, compared to 86% for small and 86% for medium museums, might explain their minute change in individual contributions. Although, the small variation could also be attributed to upscale donor giving rates which declined in the mid-1980s (Harvey & McCroban, 1990). The trend has continued and demonstrates that museums should understand the philanthropic giver's viewpoint and desires.

Per museum, governmental support fell below the 1994 inflation rate, 2.6%. Presumably, privatization and government retrenchment accounted for the meager 1.7% increase. Foundation increases, 3.9%, also fell below the 6.6% national giving average for 1993. However, foundation income rose more than the other income categories. Legally, foundations must distribute some percentage of their assets to charitable groups each year which could account for the increases. Per museum, earned income showed a modest 2% increase.

There was a strong positive relationship between earned income and governmental support, and earned income and bequests; plus, a strong negative relationship between earned income and corporations (see bar charts in Appendix I). The large children's museums were probably located in metropolitan areas which accounted for their concentrated reliance on governmental and corporate funding. In heavily populated districts, many museum patrons would presumably press governmental bodies to lend financial support to their museums. Too, elected officials could have recognized that the museums were tourist attractions and invested tax dollars in them.

Local tax bases usually do not fluctuate and can provide solid museum income. Ordinarily, when governmental support is adequate, organizations do not seek other income sources. In all likelihood, museum personnel would rather concentrate on mission than complex donor relationships and improbably expand the donor menu. So, their reliance on tax dollars probably explained the insignificant relationships between the other funding categories. Popular support can also explain the significant relationship between earned income and bequests; devoted museum backers remembered the museums in their wills.

Furthermore, several corporations would conceivably be located in a cosmopolitan region. However, large metropolitan museums could generate earned income through gift shops and other business ventures. Therefore, expanded earned income could explain the negative relationship between that income category and corporate contributions; why seek corporate funds when income is sufficient?

On the average, earned and governmental income outpaced corporate and individual income by 7:1 and 5:1 margins. The boundaries between the other monetary sources and earned and governmental income were far greater. Seemingly, the large museums have institutionalized earned income and governmental donor support.

The museums' earned income outpaced governmental support by 2:1, which is a good symptom. Entrepreneurial nonprofits have recognized that government funds are unlikely to increase any time soon. They have developed revenue producing lines of business to replace the lost income. These business ventures were designed to provide stable, continuing revenue (Steckel, 1992). Federal and state spending were not expected to increase above inflation by the year 2005. The federal deficit and dissatisfied taxpayers made major new domestic initiatives or significant spending increases arithmetically impossible. The Bush Administration (1989-1992) continued President Reagan's philosophy and turned more social program funding over to the states. Unfortunately, many state governments were in a deeper financial crisis than the federal government, and states were required to balance their budgets annually. This political outlook translated into funding streams that barely kept up with inflation.

Separate funding arenas showed similar uncertainty (see line graphs and charts in Appendix H). Other nonprofit income and corporate donations experienced the most funding turbulence from 1990-1994. Private individual contributions were inconsistent during that time period. Governmental, foundation, and earned income trends were somewhat flat. Bequest income rose occasionally over the 5-year period, as none was reported in 1990. These trends personified philanthropic uncertainty from the donor's standpoint; they signaled large museums to cultivate all their contributor bases.

Children's Museum Industry Analysis

All told, the small, medium, and large museums were most similar in their 501(c)(3) nonprofit registrations and their efforts to obtain corporate and foundation funds (see chart in Appendix D). Their call for corporate and foundation monies resonated the demand for those resources. The museums were also alike in the low priority they gave to other nonprofit income, the solicitation of planned gifts, and outside fund-raising assistance. Although the first two income tactics probably did not generate substantial, immediate reserves, they are philanthropic mainstays and should not be disregarded. From an ethical standpoint, the

16% value that outside fund-raising assistance received indicated that the museums' normative linkages were secure. The negative responses suggested that most museums managed fund-raising on their own, a practice their constituents would favor.

Altogether, just 50% of the museums had fund-raising master plans, an indication that the fund-raising functions needed structure. In his study, The Tax Climate for Philanthropy, about donor decision making, T. Willard Hunter reported that the three most important elements which influenced major gifts were:

1. The donor's self-generated convictions as to the institution's worth.

2. The objectives of the institution and the plans to meet them.

3. The efficiency of the organization.

In other words, what an institution is, where it is going, and how it sees itself getting there are critical to donor assessments. Master plans define, chart, and articulate these elements. They are the most comprehensive means to satisfy donors and to inspire their forthcoming gifts (Cushman, 1990).

As a whole, government, corporations, and earned income were the highest income sources for the children's museum industry. Governments mandate the provision of social services and pay nonprofits to deliver them. But, the 1980s played havoc with this relatively dependable income source.

Over the decade, federal government grants decreased by 20% and nonprofit groups lost $30 billion in direct aid. Budget shortfalls at the state and local levels compounded the crisis. The 1990s delivered more of the same (Steckel, 1992).

Therefore, the museums were wise to undertake earned income projects. Entrepreneurial museums develop revenue-producing lines of business to replace the lost income. These business ventures can provide stable, continuing revenue.

Given the economy, the large museums' declining corporate donations were not a surprise. The slower economy meant there was less money to give. The 1986 Tax Reform Act lowered the top corporate tax rate which increased the cost of giving pretax dollars. Consequently, many companies offered corporate volunteers and in-kind contributions in lieu of cash (Steckel, 1992). Once more, the museums' earned income endeavors compensated for the corporate reductions. Revenue-producing ventures, with built-in profits, help pay overhead costs and buffer inflation.

The small museums experienced the most income turbulence, followed by the large institutions. In contrast, the medium museums experienced more funding equanimity. Line graphs and charts, which depict the income fluctuations, can be found in Appendix H. The somewhat younger, small museums probably tested different income sources which can explain their funding uncertainty. The large museums seemed to have institutionalized two funding sources, earned income and government, which could explain why the other income categories were rather unpredictable. Aside from earned income, the medium museums' income boundaries did not show extreme differences. Despite, the establishment of an earned income monetary base, their other income sources seemed equally shared.

Several interrelated donor issues could be correlated from museum-to-museum (see charts in Appendix I). For instance, there was a strong relationship between governmental support and the other income categories. These relationships might be traced back to an earned income explanation. After all, earned income was the museums' major income source which demonstrated their marketplace acceptance. Most likely, the citizenry identified a societal need which they supported through museum patronage (earned income) plus private contributions and bequests. In turn, they argued their museums' significance to elected officials who provided governmental monies. When the museums applied for governmental agency grants, the agencies also pressured legislators to provide the dollars to meet those requests.

Legislation that sheltered some philanthropic donations could also account for the strong relationship between individual donations, bequests, and government. In fact, money donated through bequests rose 4.9%, to $8.5 billion in

1993. Many nonprofits more aggressively persuaded donors to include them in their wills (Moore, 1994).

The strong relationship between corporations and individuals could be due to the affiliation between corporate donors and affluent individuals. The independent, company, and community foundations were also likely to be coupled with prosperous individuals; so, that connection probably explained the correlation between foundations and individuals. Corporate and foundation grants often require matching funds which could further explain the alliance between those income categories and individual giving.

These correlations demonstrate the networks and political intricacy which advanced the children's museum cause. We can see how the emphasis the museums placed on one donor influenced other contributors. Hence, one can conclude that a coordinated, expansive donor base enhances financial development.

Implications and Recommendations

As important as children's museums might be, their future survival is by no means insured. Crucial resource relationships change over time as broader social and economic trends favor some funders and not others. Changes in resource relationships and subsequent monetary contributions affect overall museum growth and development. Therefore, the purpose of this study was to alert children's museum administrators to economic conditions, philanthropic trends, and institutional fund-raising capacities which would encourage them to institutionalize a managerial fund-raising philosophy. Did this study help resolve that philosophical awareness problem?

Indeed, the sample museum respondents provided valuable insights about their fund-raising attitudes, trends, and structures which advanced an understanding of their funding strengths and weaknesses. This knowledge could guide their fund-raising function and help them adapt to their ever changing philanthropic environment.

This study's first research question asked: How do children's museums transact with their funding environment? Essentially, the results showed that the museums had established themselves in a nonprofit culture where they were credibly linked to their donors via their enabling, functional, normative, and diffuse linkages. They competed for monetary resources from government, corporations, foundations, private individuals, other nonprofit organizations, and bequests. These major nonprofit income sources helped them establish donor constituencies. Earned income, which demonstrated entrepreneurial behavior, supplemented the donor sources. The tenor depicted in those income categories answered this study's second research question: What were the trends in children's museum philanthropic donations from 1990-1994?

Four of the seven income categories showed positive change from 1990-1994: (a) government, (b) foundations,

(c) private individuals, and (d) earned income. Those classifications that showed negative change and no change at all were other nonprofit income, corporate donations, and bequests. These changes were not only influenced by donor perceptions and economic conditions, but also by the museums' fund-raising attitudes. The trend analysis upheld attitudes identified by the behavioral survey and distinguished other traits, which pointed to strong and weak points in the museums' fund-raising programs.

For example, other nonprofit income and bequests did not receive the intense attention that the governmental and corporate donors garnered. Although, the former income sources probably did not produce as much cash, they were important donor bases that should not have been ignored. An analysis of the findings exemplified donor interconnectedness and the positive influence one giver had over another.

Other nonprofit income and bequests were not targeted by the small, medium, and large museums. However, the remaining donor strategies seemed to vary by museum size. A donor outlook seemed to evolve from one museum size to another. For instance, the small museums' varied, yet turbulent, funding bases could have been due to their early development stage. The medium museums, in a middle development period, seemed to sustain the broad donor bases they acquired earlier. In the furthest growth stage, the large museums appeared to narrow their funding attention to select donors. Although contributor relationships are complex, the medium museums' stable income increases demonstrated the benefits of an evenly distributed donor base. Unpredictable donor perceptions and economic conditions presented a strong argument for such extensive income diversification.

One can conclude that each museum size dealt with funding uncertainty somewhat differently. The funding outlook seemed to change as the museums moved through evolutionary growth stages. They appeared to implement practical fund-raising techniques, which was understandable; but, they needed a broader fund-raising philosophy. Therefore, these research findings divulged the necessity for an institutionalized fund-raising philosophy, advanced by personnel with fund-raising training.

According to Payton, Rosso, and Tempel (1991), children's museums should recognize that, "Fund-raising is an essential part of American philanthropy; in turn, philanthropy - as voluntary action for the public good - is essential to American democracy" (Payton, Rosso, & Tempel, 1991, p. 4.). Therefore, voluntary giving must become a core institutional value in nonprofit children's museums. Fund-raising cannot be an isolated management function; it should receive the same distinction as the other functional departments it serves, such as exhibits and programs.

The fund-raising vision should begin with the CEO. As the Herman and Heimovics (1990) study concluded, the CEOs must develop boards which are linked to the community and can solicit revenue from private sources. Rosso (1991) emphasized the importance of such fund-raising organizational structure when he said that of all the factors that contribute to sustained fund-raising success, none may be more important than a cohesive, effective development team. The development team must be institutional in scope. Broadly drawn from the board, staff, and community, it must apply the institution's leadership standards and practices to fund-raising.

Rosso drew a distinction between the development team and the development committee. The full development team should include the development committee, professional staff, support staff, volunteers, and the core team members. Then, the development committee should carry out the development team's principle functions. The development committee should comprise board and non-board volunteers. The committee chairperson should be a board member and serve on the executive committee. In smaller children's museums, the development committee could execute all fund-raising functions, such as annual fund appeals, special events, phone appeals, and mail solicitations. This committee can function as a group in all fund-raising aspects, and may be as large as 10 to 12 people.

On the other hand, in larger children's museums, the development committee might constitute a steering committee which comprises several sub-committee chairpersons. With a steering committee model, the membership is usually smaller, five to seven people. In addition to the sub-committee chairpersons, there should be several at-large members, usually non-board volunteers, on the steering committee. The development director, or the CEO if there is no development director, should staff either development committee type.

The development committee should work with the development officer to analyze financial needs, prepare the development plan, and put the plan to work. A committee job description should be prepared and used to enlist committee members (Rosso, 1991).

Consequently, there may be limits to teaching generic management skills to nonprofit leaders. Though some skills may be transferable across industries, others, like fund-raising, may not. This study illustrated that children's museum managers need specialized fund-raising expertise in addition to standard management adeptness.

For example, children's museums should recognize that the complexity of managing different funding sources requires effective internal communication in order to articulate program and client needs in funding proposals. They must accept the fact that the funding sources that prevail among nonprofit organizations are sources they also are expected to use. The museums need to understand the competition they are likely to face when they pursue different contributors and, then, prepare for that competition.

This study revealed the economic conditions and donor attitudes which behoove children's museums to adopt a philosophy that will expand and integrate their donor constituencies. The investigation discovered the interdependent donor components which can influence a museum's financial standing. Therefore, this project urged children's museums to adapt their internal fund-raising operations to their external philanthropic environment.

Research Limitations

This study's dispersed, nationwide children's museum sample prohibited the dissertationer from interviewing the respondents. However, interviews could have broadened the understanding of the museums' financial development programs. For example, conversations with medium children's museum representatives could have helped ascertain their balanced fund-raising methods.

Additionally, the behavior questionnaires were designed to collect factual yes or no responses. However, rated responses were another alternative which might have been put to use. An open-ended remark from an anonymous questionnaire respondent provides an example:

> I'm not sure what this questionnaire measures. It appears to be setting goal ideals or standards asking if people are working optimally. Yes/no answers are unrealistic. People strive to get there, but are not ever there all the time. You'd have done better with a 4-5 point scale--rarely - occasionally - frequently - always (Anonymous questionnaire respondent, 1995).

However, the two surveys used in this study provided a check on each other. For instance, the financial data somewhat compensated for bias in the yes and no answers on the behavioral survey. Correspondingly, the behavioral questionnaires, for the most part completely answered, offset missing financial data.

Future Research Considerations

This study unfolded other research considerations, such as the assessment of specific fund-raising strategies. For example, using the Likert Scale, one could measure the quality of planning processes; individual, grant, or direct mail solicitation techniques; funding campaigns; and special events. Future researchers might also want to determine why different museum sizes select certain donor sources. Another research prospect is a cohort analysis; one could determine whether the time periods in which museums were founded influence their fund-raising methods.

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Appendix A

Sample Children's Museums

Small Museums	City and State
1. Children's Museum of the Desert	Rancho Mirage, CA
2. Pueblo Art Works	Pueblo, CO
3. Children's Museum of the Highlands	Sebring, FL
4. Children's Museum of Illinois	Decatur, IL
5. Exploration Station A Children's Museum	Bradley, IL
6. Muncie Children's Museum	Muncie, IN
7. Children's Museum of Kansas City	Kansas City, KS
8. Bootheel Youth Mus.	Malden, MO
9. Children's Museum at Saratoga	Saratoga Springs, NY
10. Youth Museum of the Finger Lakes	Canandaigua, NY
11. Children's Museum at Yunker Farm	Fargo, ND
12. Children's Discovery Workshop	Williamsport, PA
13. The Children's Museum in New Braunfels	New Braunfels, TX
14. Youth Museum of Southern, WV	Beckley, WV

<u>Small Museums Cont.</u>	<u>City and State</u>
15. Wyoming Children's Museum and Nature Center	Laramie, WY

Source: <u>Association of Youth Museums 1994 Membership Directory, and 1995 Membership Directory</u>

Medium Museums	City and State
1. Children's Hands-On Museum	Tuscaloosa, AL
2. Arizona Museum for Youth	Mesa, AZ
3. Lori Brock Children's Discovery Center	Bakersfield, CA
4. Children's Museum at La Habra, CA	La Habra, CA
5. Children's Museum of San Diego	San Diego, CA
6. Kidspace Museum	Pasadena, CA
7. Long Beach Children's Museum	Long Beach, CA
8. Randall Museum	San Francisco, CA
9. Children's Museum of Colorado Springs	Colorado Springs, CO
10. New Britain Youth Museum	New Britain, CT
11. Miami Youth Museum	Miami, FL
12. Young at Art Children's Museum	Plantation, FL
13. Children's Museum of Tampa	Tampa, FL
14. Hawaii Children's Museum	Honolulu, HI
15. Discovery Center Museum	Rockford, IL

Medium Museums Cont.	City and State
16. Elgin Children's Museum	Elgin, IL
17. DuPage Children's Museum	Wheaton, IL
18. The Children's Museum	Bettendorf, IA
19. Children's Museum of Wichita	Wichita, KS
20. Lexington Children's Museum	Lexington, KY
21. Baltimore Children's Museum	Baltimore, MD
22. Children's Museum in Dartmouth, Inc.	South Dartmouth, MA
23. Children's Museum at Holyoke	Holyoke, MA
24. Curious Kid's Museum	St.Joseph, MI
25. The Magic House, St. Louis Children's Museum	St. Louis, MO
26. Lincoln Children's Museum	Lincoln, NE
27. Omaha Children's Museum	Omaha, NE
28. Lied Discovery Children's Museum	Las Vegas, NV
29. Children's Museum of Portsmouth	Portsmouth, NH

Medium Museums Cont.		City and State
30.	Monmouth Museum/ Becker Children's Wing	Lincroft, NJ
31.	Santa Fe Children's Museum	Santa Fe, NM
32.	Discovery Center of the Southern Tier	Binghampton, NY
33.	Staten Island Children's Museum	Staten Island, NY
34.	The Junior Museum	Troy, NY
35.	Cleveland Children's Museum	Cleveland, OH
36.	Gilbert House Children's Museum	Salem, OR
37.	Portland Children's Museum	Portland, OR
38.	Hands-On House, Children's Museum of Lancaster	Lancaster, PA
39.	Children's Museum of Rhode Island	Pawtucket, RI
40.	Hands On Regional Museum	Johnson City, TN
41.	Children's Museum of Oak Ridge	Oak Ridge, TN
42.	Austin Children's Museum	Austin, TX

Medium Museums Cont.	City and State
43. The Children's Museum of Utah	Salt Lake City, UT
44. Richmond Children's Museum	Richmond, VA
45. Virginia Discovery Museum	Charlottesville, VA
46. Children's Museum of Tacoma	Tacoma, WA
47. Madison Children's Museum	Madison, WI

Source: Association of Youth Museums 1994 Membership Directory, and 1995 Membership Directory

Large Museums		City and State
1.	Montgomery Museum of Fine Arts	Montgomery, AL
2.	Children's Dis-covery Museum of San Jose	San Jose, CA
3.	Children's Museum of Denver	Denver, CO
4.	Chicago Children's Museum	Chicago, IL
5.	Kohl Children's Museum	Wilmette, IL
6.	The Children's Museum	Indianapolis, IN
7.	Louisiana Chil-drens Museum	New Orleans, LA
8.	The Children's Museum	Boston, MA
9.	Children's Museum	Detroit, MI
10.	Minnesota Chil-dren's Museum	St. Paul, MN
11.	Children's Museum of Manhattan	New York, NY
12.	The Brooklyn Children's Museum	Brooklyn, NY
13.	Natural Science Center of Greensboro	Greensboro, NC
14.	Children's Museum	Medford, OR
15.	Please Touch Mus.	Philadelphia, PA

Large Museums Cont.	City and State
16. Pittsburgh Children's Museum	Pittsburgh, PA
17. The Children's Museum of Memphis	Memphis, TN
18. Children's Museum of Houston	Houston, TX
19. Children's Museum of Virginia	Portsmouth, VA
20. The Children's Museum	Seattle, WA

Source: Association of Youth Museums 1994 Membership Directory, and 1995 Membership Directory

Appendix B

Data Collection Instruments

First Solicitation Letter

808 Green Tree Road
Kohler, WI 53044
October 30, 1995

Kathleen Hughes, Director
Children's Hand-On Museum
2213 University Blvd.
Tuscaloosa, AL 35403

Dear Ms. Hughes,

I am the personnel director for the Above and Beyond Children's Museum in Sheboygan, WI, and a doctoral student. Having access to the Association of Youth Museums 1994 and 1995 Membership Directories, I found that many youth museum advocates specify that money is their greatest need. Therefore, I want to address that issue in my doctoral research and dissertation through Walden University. I discussed this research endeavor with AYM Executive Director, Janet Rice Elman, who gave her approval and has copies of the enclosed surveys.

In reviewing the above Directories, I read about your museum. Your personal input and funding experience would make the study results of value to the museum community. Hence, I need your assistance to measure philanthropic contributor trends from 1990 through 1994, and fund-raising behavior. Although the enclosed survey forms appear lengthy, I believe they can be completed in a relatively short period of time. This study's reliability and validity depends on extensive museum representation and participation. I hope you can help me obtain sufficient results. All financial data and opinions are being collected anonymously. Thus, you can be completely assured that you and your museum will not be identified in my study, and none of the questions ask your donor sources' names.

The researchers conducting this study include myself and Dr. Philip C. Chamberlain. If you have questions, you may contact us at:

Elizabeth Potter, 414-452-6875
Dr. Philip C. Chamberlain, 812-856-8380

If you can assist me and the museum community, please complete the attached forms and return them to me by December 7, 1995. Enclosed please find a self-addressed, stamped envelope for your convenience in responding. Thank you for your time and consideration.

My completed study will be available after June 1996. Your decision whether or not to participate will not affect your current or future relations with Walden University.

Sincerely yours,

Elizabeth Potter
Personnel Director
Above and Beyond Children's Museum

PHILANTHROPIC GIVING AND FUND-RAISING BEHAVIOR IN

CHILDREN'S MUSEUMS

Study By:

Elizabeth A. Potter
808 Green Tree Road
Kohler, WI 53044
414-452-6875

MUSEUM FUND-RAISING SURVEY

Please check either a "yes" or "no" response. Comment space is provided at the end of the questionnaire.

1. Unlike the mission statement - which defines an organization's internal purposes, programs, and priorities - a case statement aims toward the public. It addresses prospective supporters; it looks at the organization from the supporter's point of view and defines why a community needs the organization.

Does your organization use a case statement to solicit funds? Yes _____ No _____

2. Do your programs strive to meet your community's needs? Yes _____ No _____

3. Do you have a core fund-raising team comprised of your CEO, board chairperson, and a development committee chairperson? Yes _____ No _____

4. Does a development officer and a development committee work from a fund-raising master plan which is coordinated through your trustees, development committee, and staff?
Yes _____ No _____

5. Do you conduct annual fund campaigns for current program support? Yes _____ No _____

6. Do you solicit special purpose gifts for programs, capital requirements, equipment, or personnel?
Yes _____ No _____

7. Do you conduct capital campaigns?
Yes _____ No _____

8. Do you solicit planned gifts, such as trusts, gift annuities, pooled income funds, charitable lead trusts, bequests, and insurance? Yes _____ No _____

9. Are you registered as a 501(c)(3) nonprofit organization?
Yes _____ No _____

10. Do you seek funds from local, state, or federal legislative bodies? Yes _____ No _____

11. Do you seek funds from local, state, or federal agencies? Yes _____ No _____

12. Do you seek funds from corporations?
Yes _____ No _____

13. Do you seek funds from foundations?
Yes _____ No _____

14. Do you seek funds from other nonprofit organizations?
Yes _____ No _____

15. Do you always use monetary donations for their intended purpose? Yes _____ No _____

16. Are you prepared to disclose all fund-raising expenses? Yes _____ No _____

17. Do you ever turn your fund-raising over to outside fund-raising organizations? Yes _____ No _____

The following publicity questions pertain to newsletters, magazines, annual fund appeals, in-person visits, telephone calls, annual reports, special events, press releases, and public service announcements?

18. Do your communications carry a common theme and state the same purposes or needs? Yes _____ No _____

19. Do your communications demonstrate your organization's societal significance? Yes _____ No _____

20. Do you use every opportunity to recognize donors and volunteers in your communications? Yes _____ No _____

21. Are your communications timely, frequent, and regular?
Yes _____ No _____

22. Do you ask for feedback in your communications?
Yes _____ No _____

If you desire, please comment on any of your responses:

____

____

____

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____

PHILANTHROPIC GIVING AND FUND-RAISING BEHAVIOR IN CHILDREN'S MUSEUMS

Study By:

Elizabeth A. Potter
808 Green Tree Road
Kohler, WI 53044
414-452-6875

MUSEUM DONATION FACT SHEET

Museum Annual Budget: ___ $0 - $200,000
___ $200,000 - $1,000,000
___ Above $1,000,000

Year

1990

Monetary Sources:	Amount in Dollars
Other Nonprofit Organizations	________
Government	________
Corporations	________
Foundations	________
Private Individuals	________
Bequests	________
Earned Income (Dues, Fees, Events, Sales, Business Ventures)	________

1991

Other Nonprofit Organizations	________
Government	________
Corporations	________
Foundations	________
Private Individuals	________
Bequests	________
Earned Income (Dues, Fees, Events, Sales, Business Ventures)	________

1992

Other Nonprofit Organizations	______
Government	______
Corporations	______
Foundations	______
Private Individuals	______
Bequests	______
Earned Income (Dues, Fees, Events, Sales, Business Ventures)	______

1993

Other Nonprofit Organizations	______
Government	______
Corporations	______
Foundations	______
Private Individuals	______
Bequests	______
Earned Income (Dues, Fees, Events, Sales, Business Ventures)	______

1994

Other Nonprofit Organizations	______
Government	______
Corporations	______
Foundations	______
Private Individuals	______
Bequests	______
Earned Income (Dues, Fees, Events, Sales, Business Ventures)	______

First Follow-Up Solicitation

Post Card Format

A REMINDER!

Dear Colleague,

Recently I sent you a philanthropic giving and fund-raising behavior survey. Although the return deadline is still December 7th, I am am writing to urge you to give the survey your attention. You have been selected to participate in the survey as a member of a valid random sample of 82 museums drawn from 137 AYM members. To be able to report valid and reliable information, I need participation from every institution in the sample.

Thank you.

Second Follow-Up Solicitation

November 24, 1995

Tara Sartorius
Montgomery Museum of the Arts
P.O. Box 230819
Montgomery, AL 36123

Dear Ms. Sartorius,

In late October, you should have received a questionnaire as part of a doctoral study through Walden University about philanthropic giving and fund-raising in children's museums. It is my hope that the survey results can be of value to the children's museum community, since fund-raising has been recognized by the museums themselves as their major challenge.

If you have completed and returned the survey, I want to thank you for your participation. Being involved with a newly established children's museum myself, I know the demands on your time and energy.

The study findings should reveal the pervasive fund-raising sources and techniques among children's museums, and those which children's museum professionals may want to use. The findings should also indicate the competition that children's museums are likely to face when they pursue different funding sources. The results may be helpful to policy-makers as well in their assessment of the role children's museums play and to better understand the financial demands faced by these museums.

If you have not thus far participated in the study, please take a look at the survey today. Let me again emphasize that all responses are completely anonymous. Responses from all institutional sizes is important and crucial to fully represent all aspects of the children's museum community in the final results. Although the researcher can make non-response adjustments, there is no substitute for inadequate museum participation. Consequently, the results could not be extrapolated into a beneficial report about children's museum's fund-raising.

Thank you again for your support and participation in this important project.

Sincerely yours,

Elizabeth Potter

Third Follow-Up Solicitation

Post Card Format

Dear Colleague,

Recently you should have received a Fund-Raising Behavior and Philanthropic Giving Survey in conjunction with a comprehensive children's museum study. If you have been reluctant to complete any any portion of the survey, due to time constraints or an inability to compile the financial data, please consider at least filling out the three page questionnaire and checking-off your museum's budget category on page 4. The return of any part of this survey will help us attain a broad sample in those areas.

Thank you for your participation.

Appendix C

Fund-Raising Behavior Findings

Frequency-Percentage Tables

FUNDRAISING BEHAVIOR IN SMALL CHILDREN'S MUSEUMS, ANNUAL BUDGET $0-$200,000

BEHAVIOR VARIABLES	FREQUENCY		TOTAL	% YES	% NO	STANDARD ERROR
	YES	NO				
1 Use Case Statements	5	2	7	71%	29%	0.171
2 Meet Com. Needs	7	0	7	100%	0%	0
3 Fund-Raising Teams	4	3	7	57%	43%	0.187
4 F-R Master Plans	3	4	7	43%	57%	0.187
5 Annual F-R Campaign	5	2	7	71%	29%	0.171
6 Special Purpose Gifts	7	0	7	100%	0%	0
7 Capital Campaigns	4	3	7	57%	43%	0.187
8 Planned Gifts	1	6	7	14%	86%	0.131
9 501(c)(3) Nonprofit	7	0	7	100%	0%	0
10 Gov. Money	7	0	7	100%	0%	0
11 Agency Money	7	0	7	100%	0%	0
12 Corporate Donations	7	0	7	100%	0%	0
13 Foundation Donations	7	0	7	100%	0%	0
14 Other Nonprofit Don.	4	3	7	57%	43%	0.187
15 Don. Used As Intended	5	2	7	71%	29%	0.171
16 Disclose F-R Expenses	7	0	7	100%	0%	0
17 Use F-R Outsiders	1	6	7	14%	86%	0.131
Communications Carry:						
18 Common Theme	6	1	7	86%	14%	0.131
19 Societal Significance	6	1	7	86%	14%	0.131
20 Donor Recognition	6	1	7	86%	14%	0.131
21 Timely Mailing	7	0	7	100%	0%	0
22 Seek Feedback	4	3	7	57%	43%	0.187

FUND-RAISING BEHAVIOR IN MEDIUM CHILDREN'S MUSEUMS, ANNUAL BUDGET $200,000-$1,000,000

BEHAVIOR VARIABLES	FREQUENCY			TOTAL	% YES	% NO	STANDARD ERROR
	NO RESPONSE	YES	NO				
1 Use Case Statements	1	21	6	28	75%	21%	0.075
2 Meet Com. Needs		28	0	28	100%	0%	0
3 Fund-Raising Teams		18	10	28	64%	36%	0.9
4 F-R Master Plans		14	14	28	50%	50%	0.094
5 Annual F-R Campaign		24	4	28	86%	14%	0.065
6 Special Purpose Gifts		28	0	28	100%	0%	0
7 Capital Campaigns		17	11	28	61%	39%	0.092
8 Planned Gifts		6	22	28	21%	79%	0.076
9 501(c)(3) Nonprofit		28	0	28	100%	0%	0
10 Gov. Money		23	5	28	82%	18%	0.072
11 Agency Money		24	4	28	86%	14%	0.065
12 Corporate Donations		28	0	28	100%	0%	0
13 Foundation Donations		28	0	28	100%	0%	0
14 Other Nonprofit Don.		9	19	28	32%	68%	0.088
15 Don. Used As Intended		27	1	28	96%	4%	0.037
16 Disclose F-R Expenses		26	2	28	93%	7%	0.048
17 Use F-R Outsiders		2	26	28	7%	93%	0.048
<u>Communications Carry:</u>							
18 Common Theme	1	25	2	28	89%	7%	0.047
19 Societal Significance	1	24	3	28	86%	11%	0.058
20 Donor Recognition	1	25	2	28	89%	7%	0.047
21 Timely Mailing	2	23	3	28	82%	11%	0.056
22 Seek Feedback	2	18	8	28	64%	29%	0.081

FUND-RAISING BEHAVIOR IN LARGE CHILDREN'S MUSEUMS, ANNUAL BUDGET ABOVE $1,000,000

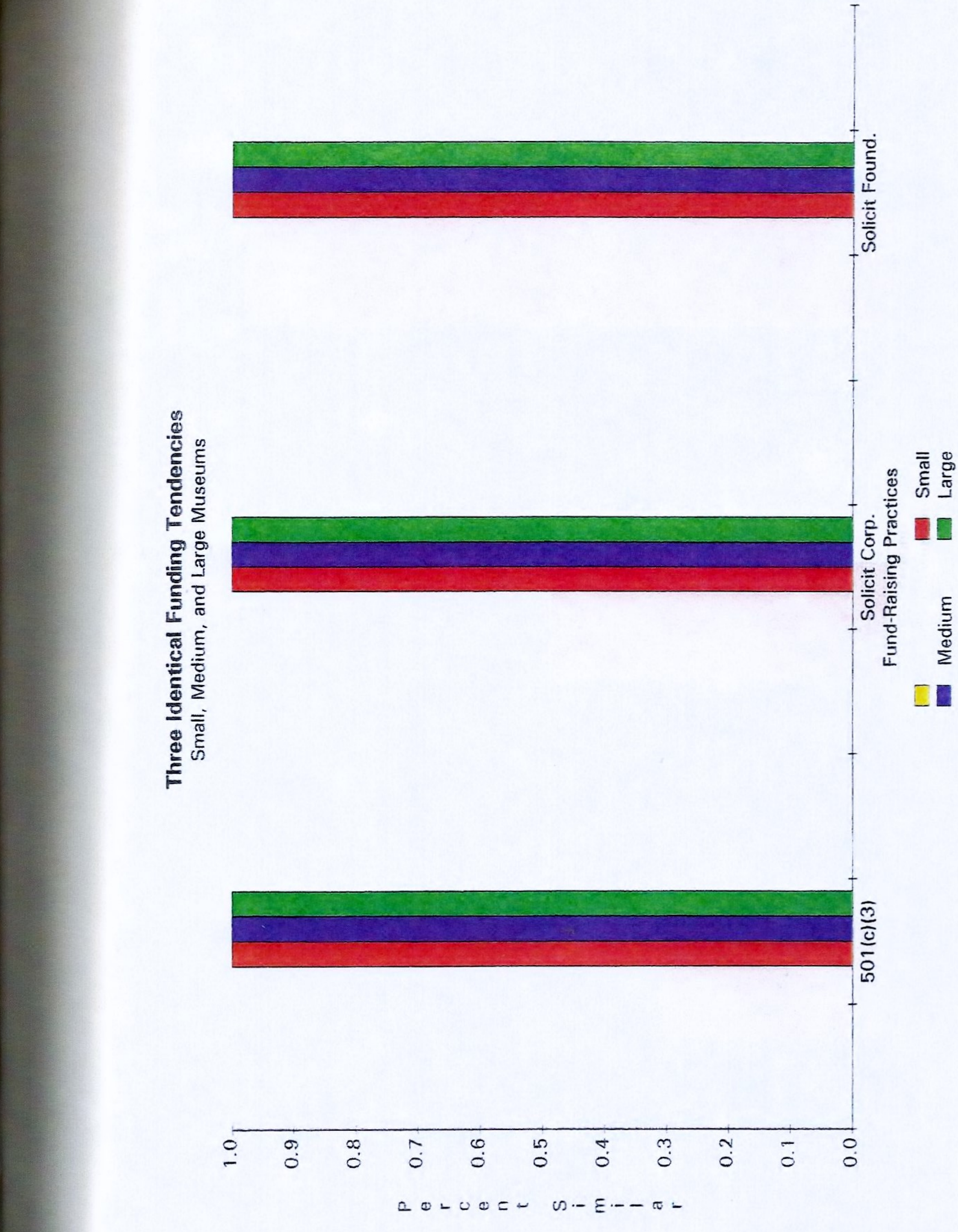
BEHAVIOR VARIABLES	FREQUENCY			TOTAL	% YES	% NO	STANDARD ERROR
	NO RESPONSE	YES	NO				
1 Use Case Statements	1	8	6	15	53%	40%	0.118
2 Meet Com. Needs	1	14	0	15	93%	0%	0
3 Fund-Raising Teams	1	14	0	15	93%	0%	0
4 F-R Master Plans	1	8	6	15	53%	40%	0.118
5 Annual F-R Campaign	1	12	2	15	80%	13%	0.083
6 Special Purpose Gifts	1	14	0	15	93%	0%	0
7 Capital Campaigns	1	11	3	15	73%	20%	0.098
8 Planned Gifts		6	9	15	40%	60%	0.126
9 501(c)(3) Nonprofit		15	0	15	100%	0%	0
10 Gov. Money		14	1	15	93%	7%	0.065
11 Agency Money		14	1	15	93%	7%	0.065
12 Corporate Donations		15	0	15	100%	0%	0
13 Foundation Donations		15	0	15	100%	0%	0
14 Other Nonprofit Don.		7	8	15	47%	53%	0.128
15 Don. Used As Intended		15	0	15	100%	0%	0
16 Disclose F-R Expenses	1	14	0	15	93%	0%	0
17 Use F-R Outsiders		5	10	15	33%	67%	0.121
<u>Communications Carry:</u>							
18 Common Theme		10	5	15	67%	33%	0.121
19 Societal Significance	1	12	2	15	80%	13%	0.083
20 Donor Recognition		10	5	15	67%	33%	0.121
21 Timely Mailing		13	2	15	87%	13%	0.086
22 Seek Feedback	1	13	1	15	87%	7%	0.063

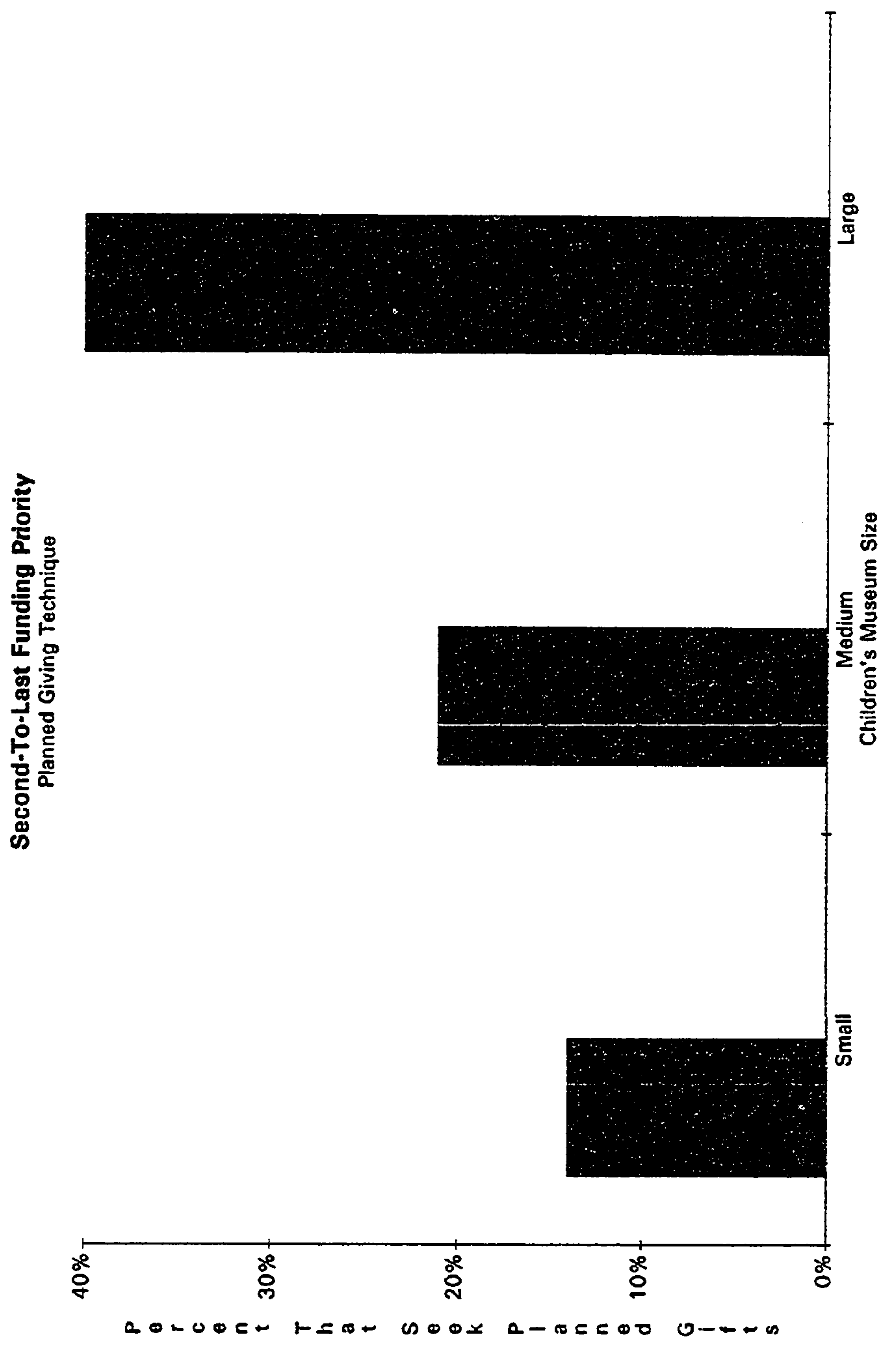
CUMULATIVE FUND-RAISING BEHAVIOR IN SMALL, MEDIUM, AND LARGE CHILDREN'S MUSEUMS

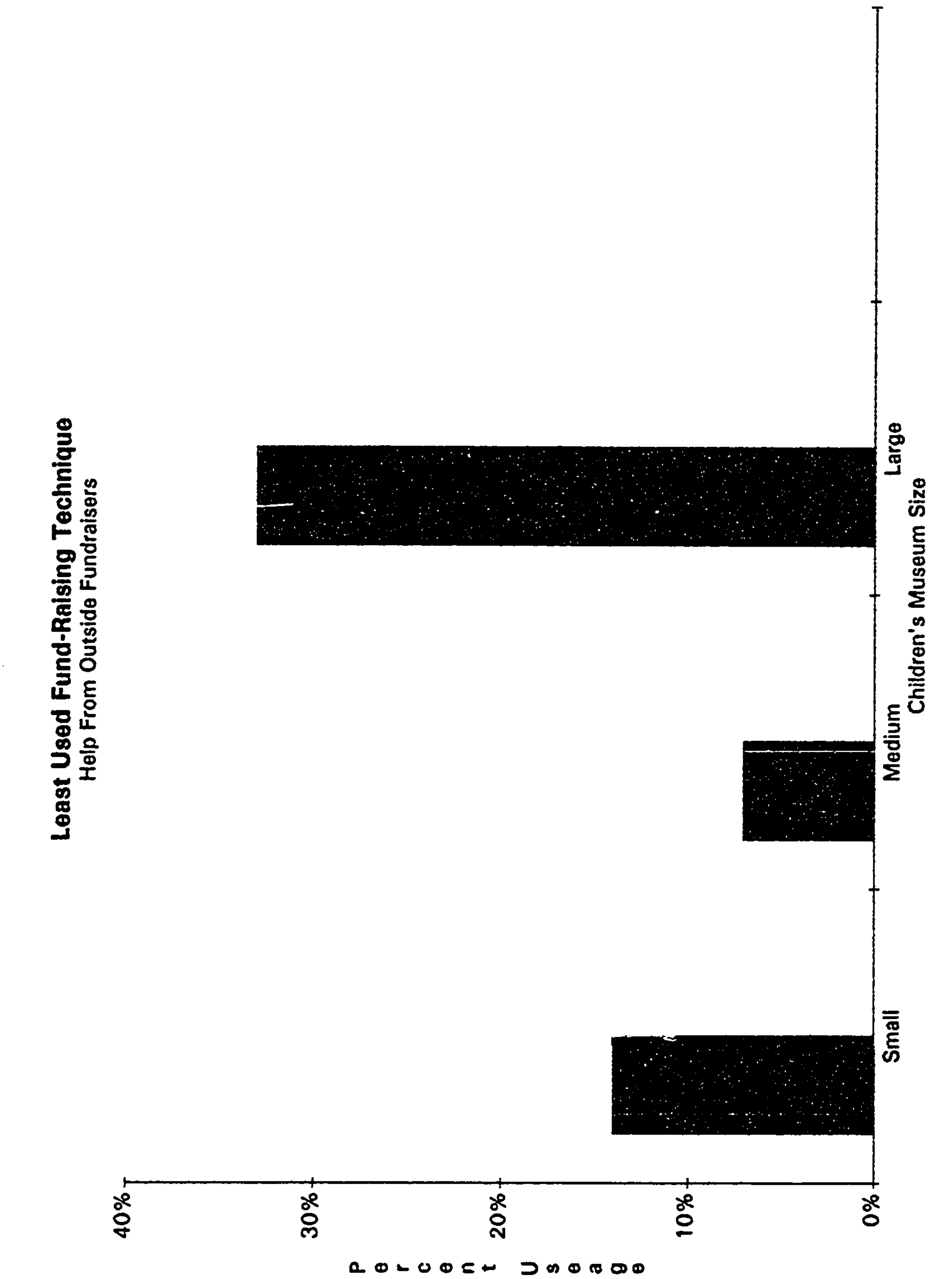
VARIABLE	NO RESPONSE	F YES	F NO	TOTAL	% YES	% NO	STANDARD ERROR
1 Use Case Statements	2	34	14	50	68%	28%	0.061
2 Meet Com. Needs	1	49	0	50	98%	0%	0
3 Fund-Raising Teams	1	36	13	50	72%	26%	0.061
4 F-R Master Plans	1	25	24	50	50%	48%	0.069
5 Annual F-R Campaign	1	41	8	50	82%	16%	0.051
6 Special Purpose Gifts	1	49	0	50	98%	0%	0
7 Capital Campaigns	1	32	17	50	64%	34%	0.065
8 Planned Gifts		13	37	50	26%	74%	0.062
9 501(c)(3) Nonprofit		50	0	50	100%	0%	0
10 Gov. Money		44	6	50	88%	12%	0.045
11 Agency Money		45	5	50	90%	10%	0.042
12 Corporate Donations		50	0	50	100%	0%	0
13 Foundation Donations		50	0	50	100%	0%	0
14 Other Nonprofit Don.		20	30	50	40%	60%	0.069
15 Don. Used As Intended		47	3	50	94%	6%	0.033
16 Disclose F-R Expenses	1	47	2	50	94%	4%	0.027
17 Use F-R Outsiders		8	42	50	16%	84%	0.051
Communications Carry:							
18 Common Theme	1	41	8	50	82%	16%	0.051
19 Societal Significance	2	42	6	50	84%	12%	0.044
20 Donor Recognition	1	41	8	50	82%	16%	0.051
21 Timely Mailing	2	43	5	50	86%	10%	0.041
22 Seek Feedback	3	35	12	50	70%	24%	0.057

Appendix D

Fund-Raising Behavior Bar Charts


Three Identical Funding Tendencies
Small, Medium, and Large Museums
Percent Similar
1.0
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0.0
501(c)(3)
Solicit Corp.
Solicit Found.
Fund-Raising Practices
Small
Medium
Large


Second-To-Last Funding Priority
Planned Giving Technique
Percent That Seek Planned Gifts
40%
30%
20%
10%
0%
Small
Medium
Large
Children's Museum Size


Least Used Fund-Raising Technique
Help From Outside Fundraisers
Percent Usage
40%
30%
20%
10%
0%
Small
Medium
Large
Children's Museum Size

Appendix E

Chi-Square Test on Fund-Raising Behavior Variables

Q1 Case Statement by SIZE Size of Museum

Q1	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	5	22	8	35 72.9
No	2	2	5	6	13 27.1
	Column Total	7 14.6	27 56.3	14 29.2	48 100.0

Page 1 of 1

Chi-Square	Value	DF	Significance
Pearson	2.77467	2	.24974
Likelihood Ratio	2.70010	2	.25923
Mantel-Haenszel test for linear association	1.09878	1	.29453

Minimum Expected Frequency - 1.896
Cells with Expected Frequency < 5 - 2 OF 6 (33.3%)

Number of Missing Observations: 2

Q2 Community Needs by SIZE Size of Museum

Page 1 of 1

Q2	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	26	14	47 95.9
No	2		2		2 4.1
	Column Total	7 14.3	28 57.1	14 28.6	49 100.0

Chi-Square	Value	DF	Significance
Pearson	1.56383	2	.45753
Likelihood Ratio	2.30208	2	.31631
Mantel-Haenszel test for linear association	.10213	1	.74929

Minimum Expected Frequency - .286
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q3 Fundraising Team by SIZE Size of Museum

Page 1 of 1

Q3	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	5	19	14	38 77.6
No	2	2	9		11 22.4
	Column Total	7 14.3	28 57.1	14 28.6	49 100.0

Chi-Square	Value	DF	Significance
Pearson	5.71471	2	.05742
Likelihood Ratio	8.64764	2	.01325
Mantel-Haenszel test for linear association	3.58852	1	.05818

Minimum Expected Frequency - 1.571
Cells with Expected Frequency < 5 - 2 OF 6 (33.3%)

Number of Missing Observations: 1

Q4 Master Plan by SIZE Size of Museum

Count	SIZE			Page 1 of 1
	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Q4 1 Yes	3	14	8	25 53.2
2 No	4	12	6	22 46.8
Column Total	7 14.9	26 55.3	14 29.8	47 100.0

Chi-Square	Value	DF	Significance
Pearson	.39253	2	.82180
Likelihood Ratio	.39242	2	.82184
Mantel-Haenszel test for linear association	.32099	1	.57101

Minimum Expected Frequency - 3.277
Cells with Expected Frequency < 5 - 2 OF 6 (33.3%)

Number of Missing Observations: 3

Q5 Annual Fund by SIZE Size of Museum

SIZE Page 1 of 1

Q5	Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	5	24	12	41 83.7
No	2	2	4	2	8 16.3
	Column Total	7 14.3	28 57.1	14 28.6	49 100.0

Chi-Square	Value	DF	Significance
Pearson	.89634	2	.63880
Likelihood Ratio	.78887	2	.67406
Mantel-Haenszel test for linear association	.46829	1	.49377

Minimum Expected Frequency - 1.143
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q6 Special Purpose Gifts by SIZE Size of Museum

Q6	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	28	14	49 100.0
	Column Total	7 14.3	28 57.1	14 28.6	49 100.0

Page 1 of 1

>Warning # 10307
>Statistics cannot be computed when the number of non-empty rows or columns
>is one.

Number of Missing Observations: 1

Q7 Capital Campaigns by SIZE Size of Museum

SIZE — Page 1 of 1

Q7	Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	4	16	11	31 67.4
No	2	3	10	2	15 32.6
	Column Total	7 15.2	26 56.5	13 28.3	46 100.0

Chi-Square	Value	DF	Significance
Pearson	2.49486	2	.28724
Likelihood Ratio	2.71670	2	.25708
Mantel-Haenszel test for linear association	2.02481	1	.15475

Minimum Expected Frequency - 2.283
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 4

Q8 Planned Gifts by SIZE Size of Museum

SIZE — Page 1 of 1

Q8	Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	1	6	6	13 26.0
No	2	6	22	9	37 74.0
	Column Total	7 14.0	28 56.0	15 30.0	50 100.0

Chi-Square	Value	DF	Significance
Pearson	2.33145	2	.31170
Likelihood Ratio	2.27724	2	.32026
Mantel-Haenszel test for linear association	2.09603	1	.14768

Minimum Expected Frequency - 1.820
Cells with Expected Frequency < 5 - 2 OF 6 (33.3%)

Number of Missing Observations: 0

Q9 501 (C) (3) by SIZE Size of Museum

SIZE Page 1 of 1

Q9	Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	28	15	50 100.0
	Column Total	7 14.0	28 56.0	15 30.0	50 100.0

>Warning # 10307
>Statistics cannot be computed when the number of non-empty rows or columns
>is one.

Number of Missing Observations: 0

Q10 Government Money by SIZE Size of Museum

Page 1 of 1

Q10	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	23	14	44 88.0
No	2		5	1	6 12.0
	Column Total	7 14.0	28 56.0	15 30.0	50 100.0

Chi-Square	Value	DF	Significance
Pearson	2.26822	2	.32171
Likelihood Ratio	3.06826	2	.21564
Mantel-Haenszel test for linear association	.00072	1	.97864

Minimum Expected Frequency - .840
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 0

Q11 Agency Money by SIZE Size of Museum

Page 1 of 1

Q11	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	24	14	45 91.8
No	2		4		4 8.2
	Column Total	7 14.3	28 57.1	14 28.6	49 100.0

Chi-Square	Value	DF	Significance
Pearson	3.26667	2	.19528
Likelihood Ratio	4.74190	2	.09339
Mantel-Haenszel test for linear association	.21333	1	.64417

Minimum Expected Frequency - .571
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q12 Corporate Funds by SIZE Size of Museum

SIZE Page 1 of 1

Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Q12 1 Yes	7	28	15	50 100.0
Column Total	7 14.0	28 56.0	15 30.0	50 100.0

>Warning # 10307
>Statistics cannot be computed when the number of non-empty rows or columns
>is one.

Number of Missing Observations: 0

Q13 Foundation Funds by SIZE Size of Museum

Q13	Count	SIZE Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	28	15	50 100.0
	Column Total	7 14.0	28 56.0	15 30.0	50 100.0

Page 1 of 1

>Warning # 10307
>Statistics cannot be computed when the number of non-empty rows or columns
>is one.

Number of Missing Observations: 0

Q14 Nonprofit Funds by SIZE Size of Museum

Q14	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	5	12	8	25 50.0
No	2	2	16	7	25 50.0
	Column Total	7 14.0	28 56.0	15 30.0	50 100.0

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Chi-Square	Value	DF	Significance
Pearson	1.92381	2	.38216
Likelihood Ratio	1.96839	2	.37374
Mantel-Haenszel test for linear association	.18919	1	.66359

Minimum Expected Frequency - 3.500
Cells with Expected Frequency < 5 - 2 OF 6 (33.3%)

Number of Missing Observations: 0

Q15 Intended Purpose by SIZE Size of Museum

Q15	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	5	27	14	46 92.0
No	2	2	1	1	4 8.0
	Column Total	7 14.0	28 56.0	15 30.0	50 100.0

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Chi-Square	Value	DF	Significance
Pearson	4.80719	2	.09039
Likelihood Ratio	3.52500	2	.17162
Mantel-Haenszel test for linear association	1.72841	1	.18861

Minimum Expected Frequency - .560
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 0

Q16 Disclose Expenses by SIZE Size of Museum

SIZE Page 1 of 1

Q16	Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	25	15	47 95.9
No	2		2		2 4.1
	Column Total	7 14.3	27 55.1	15 30.6	49 100.0

Chi-Square	Value	DF	Significance
Pearson	1.69898	2	.42763
Likelihood Ratio	2.45312	2	.29330
Mantel-Haenszel test for linear association	.12892	1	.71956

Minimum Expected Frequency - .286
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q17 Outside Fundraisers by SIZE Size of Museum

SIZE Page 1 of 1

Q17	Count	Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	1	2	4	7 14.3
No	2	6	26	10	42 85.7
	Column Total	7 14.3	28 57.1	14 28.6	49 100.0

Chi-Square	Value	DF	Significance
Pearson	3.50000	2	.17377
Likelihood Ratio	3.28838	2	.19317
Mantel-Haenszel test for linear association	1.60000	1	.20590

Minimum Expected Frequency - 1.000
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q18 Common Theme by SIZE Size of Museum

Q18	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	6	25	10	41 83.7
No	2	1	2	5	8 16.3
	Column Total	7 14.3	27 55.1	15 30.6	49 100.0

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Chi-Square	Value	DF	Significance
Pearson	4.76942	2	.09212
Likelihood Ratio	4.51855	2	.10443
Mantel-Haenszel test for linear association	2.51465	1	.11279

Minimum Expected Frequency - 1.143
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q19 Societal Significance by SIZE Size of Museum

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Q19	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	6	24	12	42 87.5
No	2	1	3	2	6 12.5
	Column Total	7 14.6	27 56.3	14 29.2	48 100.0

Chi-Square	Value	DF	Significance
Pearson	.10884	2	.94703
Likelihood Ratio	.10812	2	.94738
Mantel-Haenszel test for linear association	.00700	1	.93332

Minimum Expected Frequency - .875
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 2

Q20 Donor Recognition by SIZE Size of Museum

Q20	Count	SIZE Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	6	25	10	41 83.7
No	2	1	2	5	8 16.3
	Column Total	7 14.3	27 55.1	15 30.6	49 100.0

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Chi-Square	Value	DF	Significance
Pearson	4.76942	2	.09212
Likelihood Ratio	4.51855	2	.10443
Mantel-Haenszel test for linear association	2.51465	1	.11279

Minimum Expected Frequency - 1.143
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 1

Q21 Timely Communications by SIZE Size of Museum

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Q21	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	7	23	13	43 89.6
No	2		3	2	5 10.4
	Column Total	7 14.6	26 54.2	15 31.3	48 100.0

Chi-Square	Value	DF	Significance
Pearson	.98576	2	.61086
Likelihood Ratio	1.70086	2	.42723
Mantel-Haenszel test for linear association	.69107	1	.40580

Minimum Expected Frequency - .729
Cells with Expected Frequency < 5 - 3 OF 6 (50.0%)

Number of Missing Observations: 2

Q22 Feedback by SIZE Size of Museum

Q22	Count	SIZE: Small Museum 1	Medium Museum 2	Large Museum 3	Row Total
Yes	1	4	18	11	33 73.3
No	2	3	8	1	12 26.7
	Column Total	7 15.6	26 57.8	12 26.7	45 100.0

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Chi-Square	Value	DF	Significance
Pearson	3.22459	2	.19943
Likelihood Ratio	3.65102	2	.16114
Mantel-Haenszel test for linear association	3.01205	1	.08265

Minimum Expected Frequency - 1.867
Cells with Expected Frequency < 5 - 2 OF 6 (33.3%)

Number of Missing Observations: 5

Appendix F

Philanthropic Income Indexes

Income Trends In Small Children's Museums, 1990-1994, Annual Budgets $0-$200,000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
1	1990	0	5540	20690	10000	33561	0	50240
	1991	0	0	199915	10000	49099	0	48476
	1992	0	0	29725	15000	30849	0	52180
	1993	0	0	66213	15000	6903	0	77139
	1994	0	0	25470	15000	32431	0	58660
2	1990	13200	3500	13550	5000	3698	0	31845
	1991	10500	0	11550	8500	2365	0	50199
	1992	3700	30000	13737	5000	2231	0	36934
	1993	1185	2500	3000	10000	6600	0	69145
	1994	10200	9990	2933	12000	3537	0	55553
3	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	*	20000	*	5000	*	5000
	1993	*	*	60000	*	10000	*	10000
	1994	*	30000	50000	*	20000	*	15000
4	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	*	*	*	*	*	*
	1993	*	*	*	*	*	*	*
	1994	*	10000	5000	3000	10000	*	75000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
5	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	35000	33000	2600	4300	0	120000
	1993	50704	32000	45000	4000	15000	*	*
	1994	*	*	*	*	*	*	*
6	1990	*	*	*	*	*	*	*
	1991	900	9250	0	3000	3801	3496	3387
	1992	*	*	*	*	*	*	*
	1993	800	3000	2880	3350	706	4678	6044
	1994	*	10620	*	*	5931	*	13299

* No income amount reported

	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
<u>Totals:</u>	1990	13200	9040	34240	15000	37349	0	82085
	1991	11400	9250	31465	21500	55265	3496	101982
	1992	3700	65000	96462	22600	42380	0	214114
	1993	52689	37500	177093	32350	39209	4678	162328
	1994	10200	60610	83403	30000	71899	0	217512
<u>% Change:</u>		-23%	570%	143%	100%	93%	0%	165%
<u>Av. Annual % Inc.:</u>		-6%	61%	25%	19%	18%	0%	28%

Income Trends In Medium Children's Museums, 1990-1994, Annual Budgets $200,000-$1,000,000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
1	1990	0	3759	31273	83100	12416	0	268112
	1991	0	70567	93220	34320	9220	0	227197
	1992	0	0	47228	55008	18897	0	252260
	1993	0	0	24183	21503	20431	0	291821
	1994	0	42187	57361	31500	30957	0	288461
2	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	*	*	*	*	*	*
	1993	*	*	*	*	*	*	*
	1994	*	300000	5000	5000	5000	5000	80000
3	1990	*	78875	81070	22100	3885	*	159941
	1991	*	86966	91220	20600	178968	*	179453
	1992	*	133703	143478	20375	101053	*	256598
	1993	*	176230	119325	31600	81379	*	227221
	1994	*	162505	119934	12486	49289	*	397353
4	1990	*	5650	Agg.	*	Agg.	*	123944
	1991	*	63673	Agg.	2000	Agg.	*	129491
	1992	*	78023	Agg.	3000	Agg.	*	133272
	1993	*	94410	Agg.	1500	Agg.	*	147780
	1994	*	100740	Agg.	2659	Agg.	*	161624

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
5	1990	*	*	*	*	*	*	*
	1991	*	*	Agg.	Agg.	*	*	763819
	1992	*	*	Agg.	Agg.	*	*	715778
	1993	*	*	Agg.	Agg.	*	*	805400
	1994	*	*	Agg.	Agg.	*	*	809861
6	1990	6250	0	18500	10000	26751	*	50122
	1991	0	0	*	12900	38891	*	94625
	1992	16207	7119	15000	10000	30645	*	157875
	1993	15896	32173	35000	10000	41682	*	166075
	1994	12989	45726	40000	10000	37055	*	145275
7	1990	*	64000	5400	*	34000	*	166000
	1991	*	64000	3200	*	26000	*	228000
	1992	*	61000	5100	5250	16000	*	188000
	1993	*	67000	1200	3250	16000	*	180000
	1994	*	55000	3500	3550	22000	*	200000
8	1990	*	11000	7000	8000	5000	*	77000
	1991	*	19000	4000	18000	5000	*	100000
	1992	*	2500	25000	12000	16000	*	186000
	1993	*	4500	11000	40000	20000	*	246500
	1994	*	75000	9000	58000	37000	*	120000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
9	1990	0	0	10961	75000	11548	905	148054
	1991	0	0	15434	4860	12646	1982	162911
	1992	0	5000	16387	29824	21591	1522	173231
	1993	0	5000	8900	43355	15450	10000	178855
	1994	0	3750	25800	24390	43425	370	185912
10	1990	0	596000	Agg.	Agg.	90000	*	143000
	1991	*	*	*	*	*	*	*
	1992	*	*	*	*	*	*	*
	1993	*	*	*	*	*	*	*
	1994	*	461000	Agg.	Agg.	131000	12000	252000
11	1990	*	*	*	*	*	*	*
	1991	19000	115922	12000	1000	8000	*	121550
	1992	17675	124900	15000	3000	12500	*	119500
	1993	15907	197120	16500	15000	12000	*	120125
	1994	15000	95496	16500	10000	10000	*	142200
12	1990	0	0	6000	25000	30000	0	125000
	1991	0	0	12000	217000	84000	0	120000
	1992	0	0	14000	18000	50000	0	187000
	1993	0	0	60000	30000	25000	0	102000
	1994	0	0	22000	162000	28000	0	114000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
13	1990	0	72922	66337	2000	41134	5432	208552
	1991	0	68575	33230	1700	39226	*	191300
	1992	0	73480	28400	35257	33235	0	240626
	1993	0	78895	45625	29003	35083	15000	184898
	1994	0	79756	28845	28941	31876	14068	195611
14	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	320339	78008	153031	44308	*	314278
	1993	*	211271	98102	11498	71787	*	394784
	1994	*	126698	151877	99452	87266	*	430027
15	1990	*	*	2558	4000	4138	*	145904
	1991	*	*	28762	47000	15000	*	146963
	1992	*	*	26360	46000	812	*	292820
	1993	*	*	69225	87000	290	*	121825
	1994	*	*	48750	75500	375	*	325974
16	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	*	*	*	*	*	*
	1993	0	23963	10892	63177	30499	0	87140
	1994	0	25653	17958	61568	23008	0	128266

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
17	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	*
	1992	*	*	*	*	*	*	*
	1993	*	*	*	*	3500	*	54500
	1994	*	*	*	44900	12000	*	57900
18	1990	169000	15266	8414	720	14512	0	392443
	1991	200700	42856	31516	0	9832	0	212874
	1992	204300	33000	11838	0	1289	0	191904
	1993	184300	22253	51943	0	13717	0	194514
	1994	197300	25982	46200	50135	35706	0	379584
19	1990	*	98242	Agg.	Agg.	Agg.	*	167336
	1991	*	63967	Agg.	Agg.	Agg.	*	193734
	1992	*	14250	Agg.	Agg.	Agg.	*	182067
	1993	*	16845	Agg.	Agg.	Agg.	*	179161
	1994	*	42095	Agg.	Agg.	Agg.	*	204171

* No income amount reported
Agg. = Income amount aggregated with another income category

	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
Totals:	1990	175250	945714	237243	229920	273384	6337	2175408
	1991	219700	595526	324582	359380	426823	1982	2871917
	1992	238182	853314	425799	390745	346330	1522	3591207
	1993	216103	970160	551805	486886	386818	25000	3682599
	1994	225289	1641588	592725	680081	583997	31438	4618319
% Change:		29%	74%	150%	195%	113%	396%	112%
Av. Annual % Inc.:		6%	14%	26%	31%	21%	49%	20%

Aggregated Philanthropic Contributions Reported By Medium Children's Museums, 1990-1994, Budgets $200,000-$1,000,000

Museum	Year	Corp. & Ind.	Corp. & Found.	Corp., Found., & Ind.
4	1990	94121		
	1991	81220		
	1992	103485		
	1993	140462		
	1994	148663		
5	1990		*	
	1991		*	
	1992		24159	
	1993		33470	
	1994		69549	
10	1990		85730	
	1991		*	
	1992		*	
	1993		*	
	1994		137000	
19	1990			171997
	1991			201626
	1992			228640
	1993			224132
	1994			418036

* No income amount reported

Totals:	1990	94121	85730	171997
	1991	81220	*	201626
	1992	103485	24159	228640
	1993	140462	33470	224132
	1994	148663	206549	418036
% Change:		58%	141%	143%
Average Annual % Increase:		12%	25%	25%

Income Trends In Large Children's Museums, 1990-1994, Annual Budgets Over $1,000,000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
1	1990	*	$1,366,685	Agg.	Agg.	218567	*	297883
	1991	*	1390130	Agg.	Agg.	Agg.	*	697680
	1992	*	1507140	Agg.	Agg.	Agg.	*	661760
	1993	*	1593029	Agg.	Agg.	Agg.	*	657940
	1994	*	*	*	*	*	*	*
2	1990	*	175000	2059167	*	*	*	839435
	1991	*	300000	123333	*	479683	*	1626051
	1992	*	300000	719414	*	*	*	1322505
	1993	*	453942	170894	77744	376803	*	1269201
	1994	*	524683	208968	89108	137035	*	1400460
3	1990	0	Agg.	Agg.	Agg.	Agg.	0	880253
	1991	0	Agg.	Agg.	Agg.	Agg.	0	818894
	1992	0	Agg.	Agg.	Agg.	Agg.	0	1185398
	1993	0	Agg.	Agg.	Agg.	Agg.	0	1204675
	1994	0	231192	229963	479920	47450	0	1296506
4	1990	*	193796	Agg.	Agg.	728140	0	460225
	1991	*	200278	415284	350407	1030531	0	459362
	1992	*	212807	425673	796914	865205	367213	417060
	1993	*	189370	314361	567874	720550	583734	*
	1994	*	179818	Agg.	Agg.	699640	1981822	3662000

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
5	1990	35000	59068	43905	15500	*	0	211846
	1991	50040	21231	30237	52025	1825	0	443066
	1992	35606	20700	18757	15500	5000	0	547289
	1993	3400	0	19250	46500	*	0	572264
	1994	18450	0	45780	55000	1920	0	1152401
6	1990	*	64180	Agg.	Agg.	Agg.	0	566393
	1991	0	33865	Agg.	Agg.	Agg.	0	630866
	1992	0	138207	Agg.	Agg.	Agg.	0	561984
	1993	0	101806	Agg.	Agg.	Agg.	0	647091
	1994	0	4392426	Agg.	Agg.	Agg.	0	668341
7	1990	*	1120000	*	200000	21291	*	625934
	1991	*	1085000	*	*	21641	*	1165734
	1992	*	1085000	*	200000	100649	*	611559
	1993	*	1085000	Agg.	Agg.	80784	*	700237
	1994	*	1085000	*	27564	92750	*	96262
8	1990	0	1083211	5510	15130	56191	0	148289
	1991	0	1095857	2500	130	8138	0	158295
	1992	0	1065235	5200	4160	7741	0	174380
	1993	0	1264694	4285	160	9885	0	162262
	1994	11000	1354335	125	155	15236	0	293117

Museum	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
9	1990	*	213238	109713	1800980	25512	*	973073
	1991	*	183900	141055	155750	48708	*	1440130
	1992	*	176500	231136	342400	41525	*	1004185
	1993	*	128350	470961	586300	49443	*	1080962
	1994	*	276881	329763	620150	56560	*	1159866
10	1990	*	*	*	*	*	*	*
	1991	*	*	*	*	*	*	634972
	1992	*	*	*	*	*	*	546846
	1993	*	*	*	*	*	*	556094
	1994	*	*	*	*	*	*	515251

* No income amount reported
Agg. = Income amount aggregated with another income category

	Year	Nonprofits	Gov.	Corp.	Found.	Individuals	Bequests	Earned
<u>Totals:</u>	1990	35000	4275178	2218295	331610	1049701	0	5003331
	1991	50040	4310261	712949	558312	1590526	0	8075050
	1992	35606	4505589	1400480	1358974	1020120	367213	7032966
	1993	3400	4816191	979751	1278578	1237465	583734	6850726
	1994	29450	8044335	814599	1222397	1067961	1981822	10244204
<u>% Change:</u>		-16%	88%	-63%	267%	2%	0%	105%
<u>Av. Annual % Inc.:</u>		-4%	17%	-22%	39%	0.40%	0%	20%

Aggregated Philanthropic Contributions Reported by Large Children's Museums, 1990-1994, Budgets Over $1,000,000

Museum	Year	Corp. & Found.	Gov., Ind., Corp., & Found.	Corp., Found., & Ind.
1	1990	32577		
	1991	*		
	1992	*		
	1993	*		
	1994	*		
3	1990		434280	
	1991		691600	
	1992		753340	
	1993		832982	
	1994			
4	1990	116992		
	1991	*		
	1992	*		
	1993	*		
	1994	974659		
6	1990			213717
	1991			263479
	1992			1064478
	1993			5331017
	1994			1788236
7	1990	*		
	1991	*		
	1992	*		
	1993	*		
	1994	242350		

* No income amount reported

Totals:	Year	Corp. & Found.	Gov., Ind., Corp., & Found.	Corp., Found., & Ind.
	1990	149569	434280	213717
	1991	*	691600	263479
	1992	*	753340	1064478
	1993	242350	832982	5331017
	1994	974659	*	1788236
% Change:		551%	91%	736%
Av. Annual % Inc.:		60%	24%	101%

Appendix G

Descriptive Statistics of the Income Categories

SUMMARY SMALL CHILDREN'S MUSEUM INCOME 1990-1994

	N	MEAN	MEDIAN	TRMEAN	STDEV	SEMEAN
NONP	5	18238	11400	18238	19589	8761
GOVT	5	36280	37500	36280	26884	12023
CORP	5	84533	83403	84533	59280	26511
FOUND	5	24290	22600	24290	6973	3119
IND	5	49220	42380	49220	14481	6476
BEQ	5	1635	0	1635	2277	1018
EARN	5	155604	162328	155604	62413	27912

	MIN	MAX	Q1	Q3
NONP	3700	52689	6950	32945
GOVT	9040	65000	9145	62805
CORP	31465	177093	32852	136778
FOUND	15000	32350	18250	31175
IND	37349	71899	38279	63582
BEQ	0	4678	0	4087
EARN	82085	217512	92034	215813

SUMMARY MEDIUM CHILDREN'S MUSEUM INCOME, 1990-1994

	N	MEAN	MEDIAN	TRMEAN	STDEV	SEMEAN
NONP	5	214905	219700	214905	23699	10599
GOVT	5	1001260	945714	1001260	387486	173289
CORP	5	426431	425799	426431	149615	66910
FOUND	5	429402	390745	429402	167582	74945
IND	5	403470	386818	403470	115758	51769
BEQ	5	13256	6337	13256	13975	6250
EARN	5	3387890	3591207	3387890	919033	411004

	MIN	MAX	Q1	Q3
NONP	175250	238182	195676	231735
GOVT	595526	1641588	724420	1305874
CORP	237243	592725	280912	572265
FOUND	229920	680081	294650	583483
IND	273384	583997	309857	505410
BEQ	1522	31438	1752	28219
EARN	2175408	4618319	2523662	4150459

SUMMARY LARGE CHILDREN'S MUSEUM INCOME, 1990-1994

	N	MEAN	MEDIAN	TRMEAN	STDEV	SEMEAN
NONP	5	30699	35000	30699	17055	7627
GOVT	5	5190311	4505589	5190311	1609831	719938
CORP	5	1225215	979751	1225215	614044	274609
FOUND	5	949974	1222397	949974	470438	210386
IND	5	1197155	1067961	1197155	238827	106807
BEQ	5	586554	367213	586554	818991	366264
EARN	5	7441256	7032966	7441256	1918145	857820

	MIN	MAX	Q1	Q3
NONP	3400	50040	16425	42823
GOVT	4275178	8044335	4292720	6430263
CORP	712949	2218295	763774	1809388
FOUND	331610	1358974	444961	1318776
IND	1020120	1590526	1034911	1423995
BEQ	0	1981822	0	1282778
EARN	5003331	10244204	5927029	9159627

SUMMARY SMALL, MEDIUM, AND LARGE CHILDREN'S MUSEUM INCOME
1990-1994

	N	MEAN	MEDIAN	TRMEAN	STDEV	SEMEAN
NONP	15	87947	35606	82894	94951	24516
GOVT	15	2075950	945714	1775837	2479083	640097
CORP	15	578726	425799	494702	599919	154898
FOUND	15	467889	359380	434181	474426	122496
IND	15	548615	386818	507796	514779	132915
BEQ	15	200481	3496	78877	521126	134554
EARN	15	3661583	3591207	3430574	3288234	849018

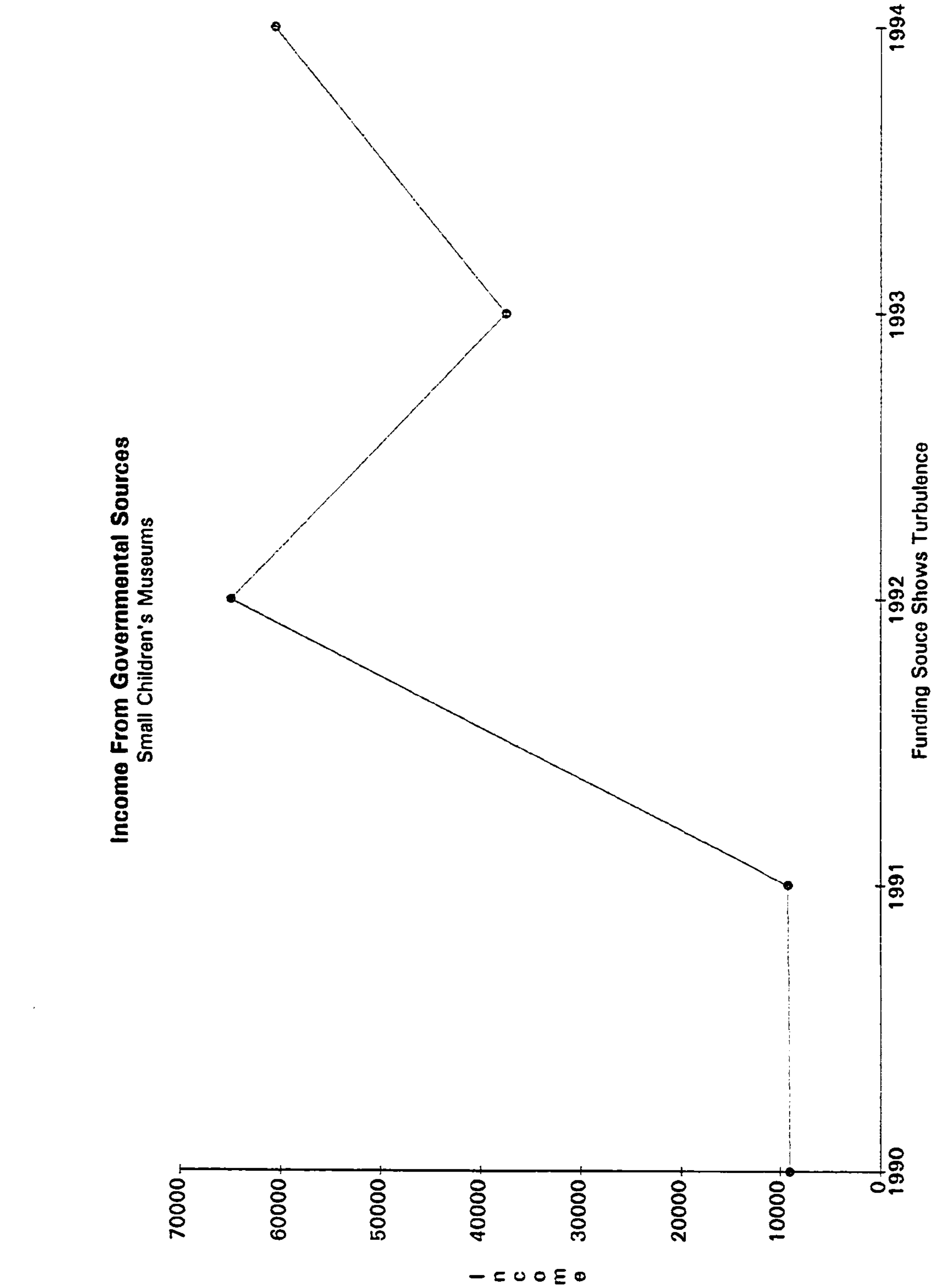
	MIN	MAX	Q1	Q3
NONP	3400	238182	11400	216103
GOVT	9040	8044335	60610	4310261
CORP	31465	2218295	96462	814599
FOUND	15000	1358974	30000	680081
IND	37349	1590526	55265	1049701
BEQ	0	1981822	0	31438
EARN	82085	10244204	214114	6850726

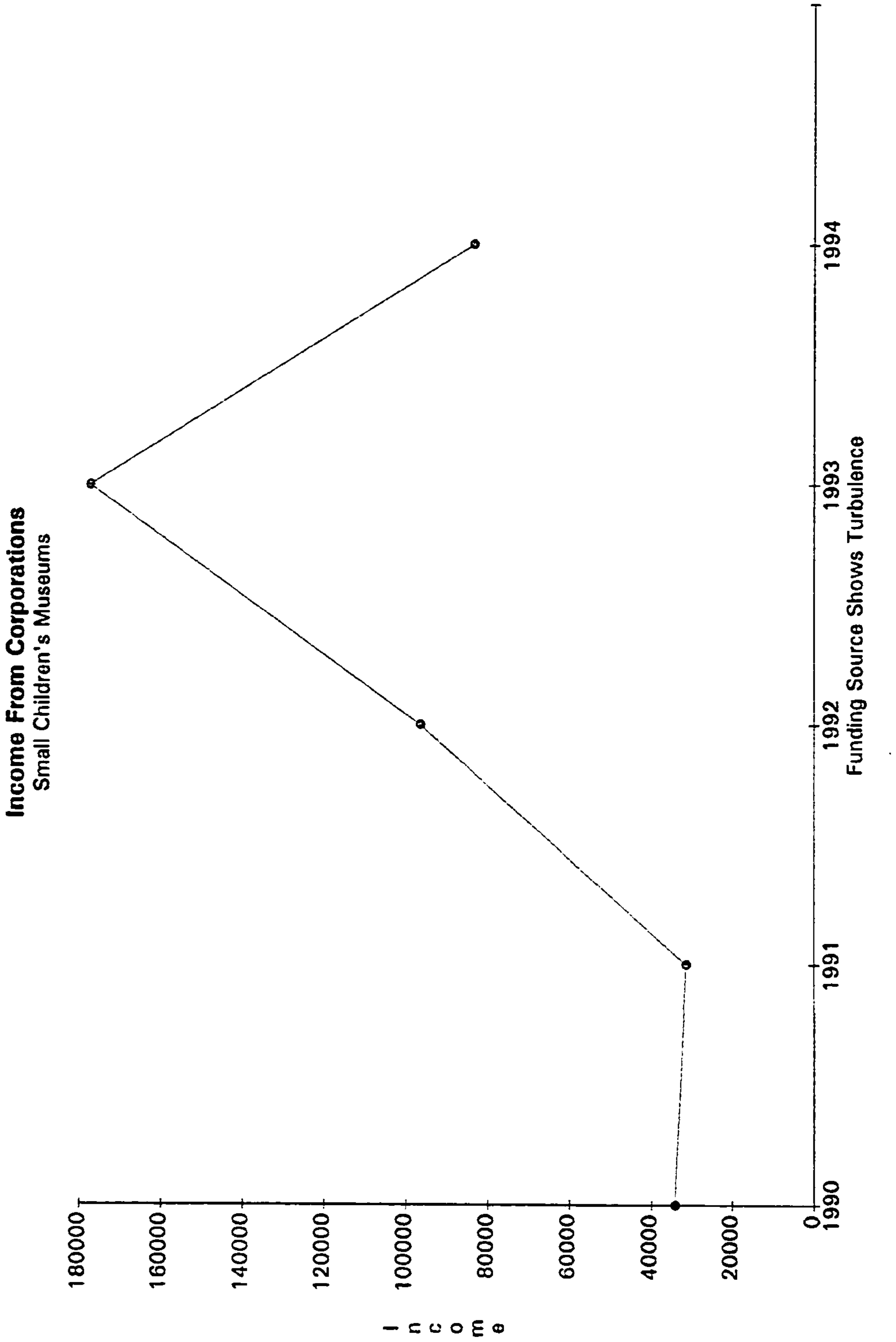
Appendix H

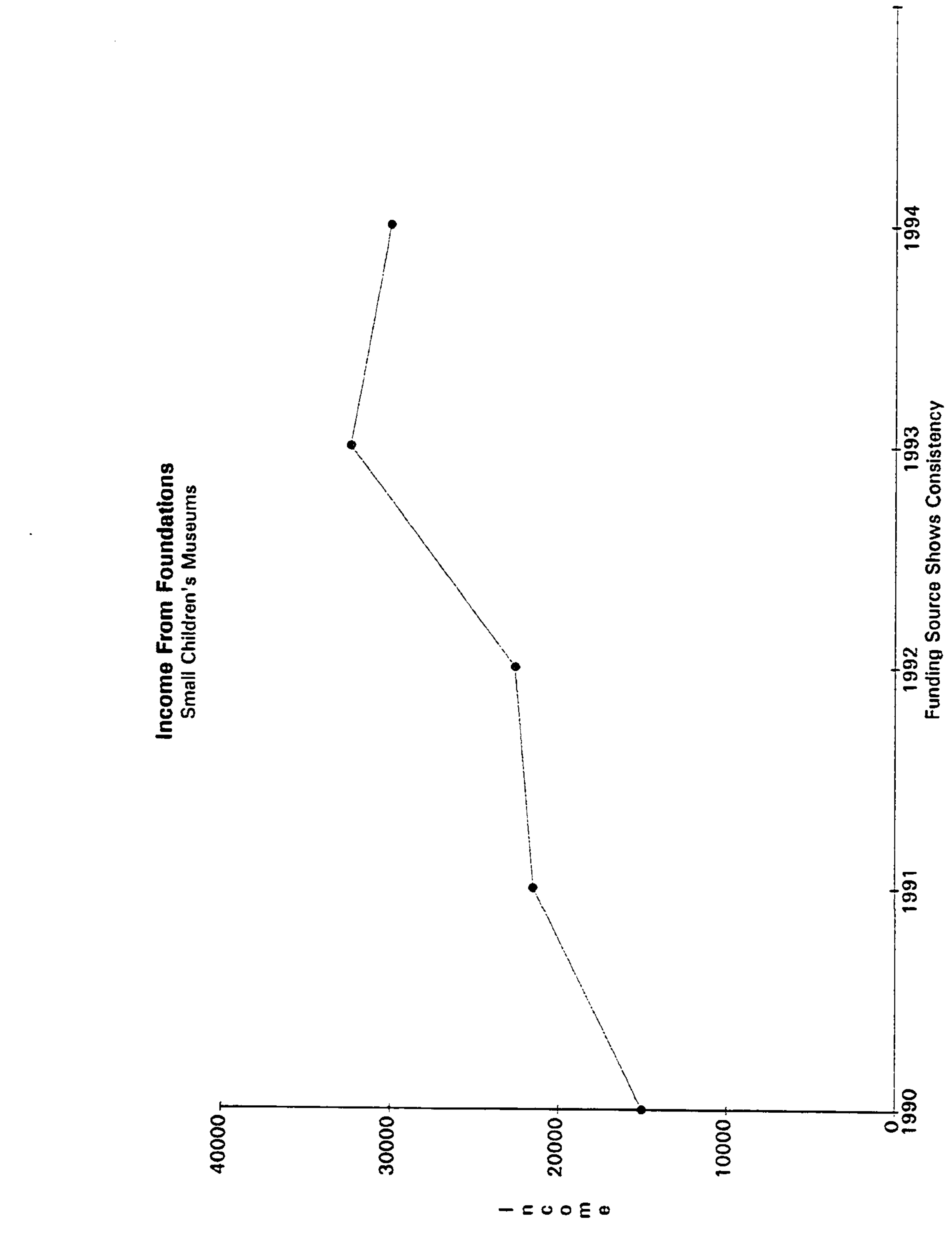
Line Graphs and Charts of the Income Categories

Income From Other Nonprofits
Small Children's Museums

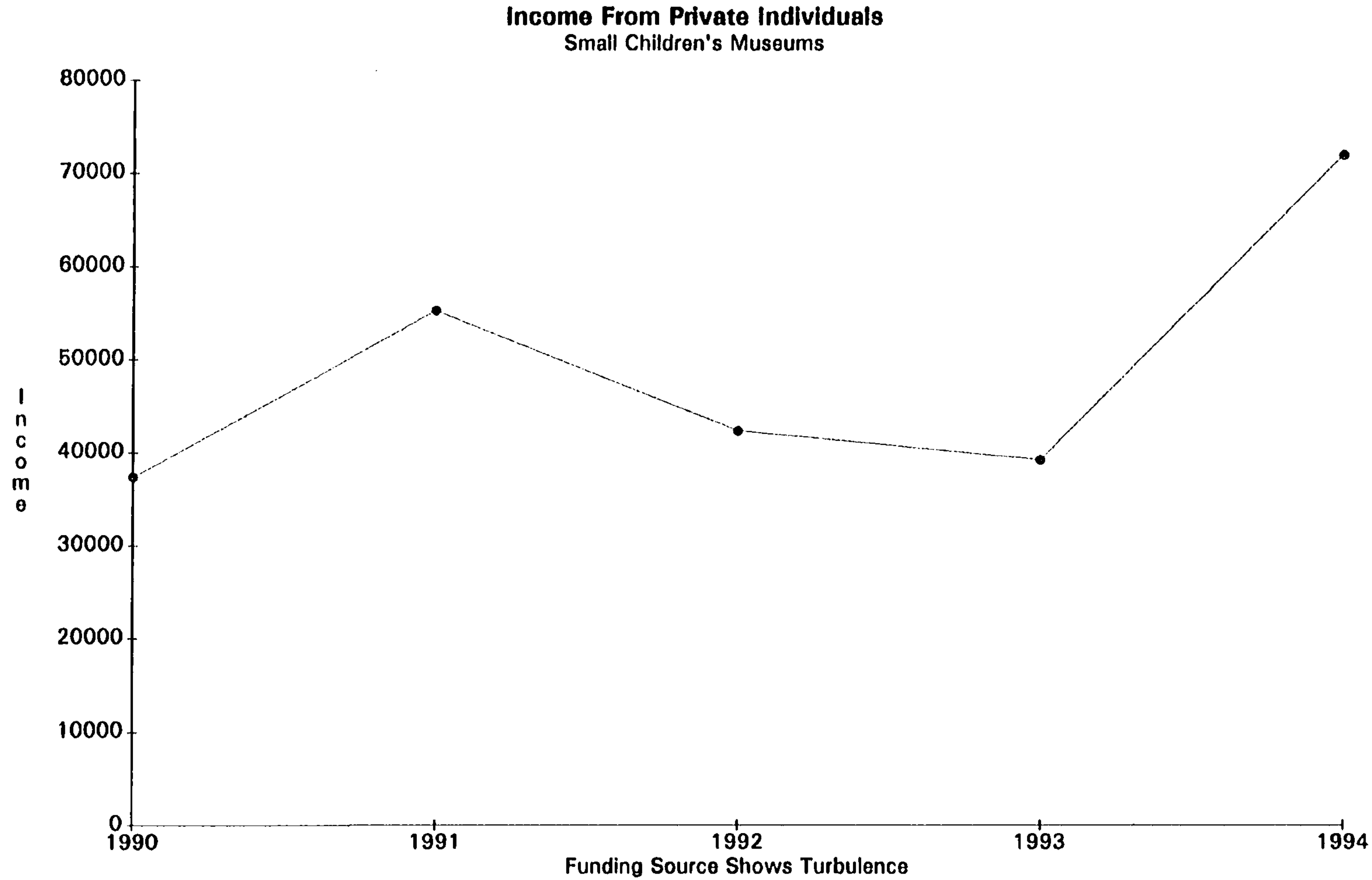
Funding Source Shows Turbulence

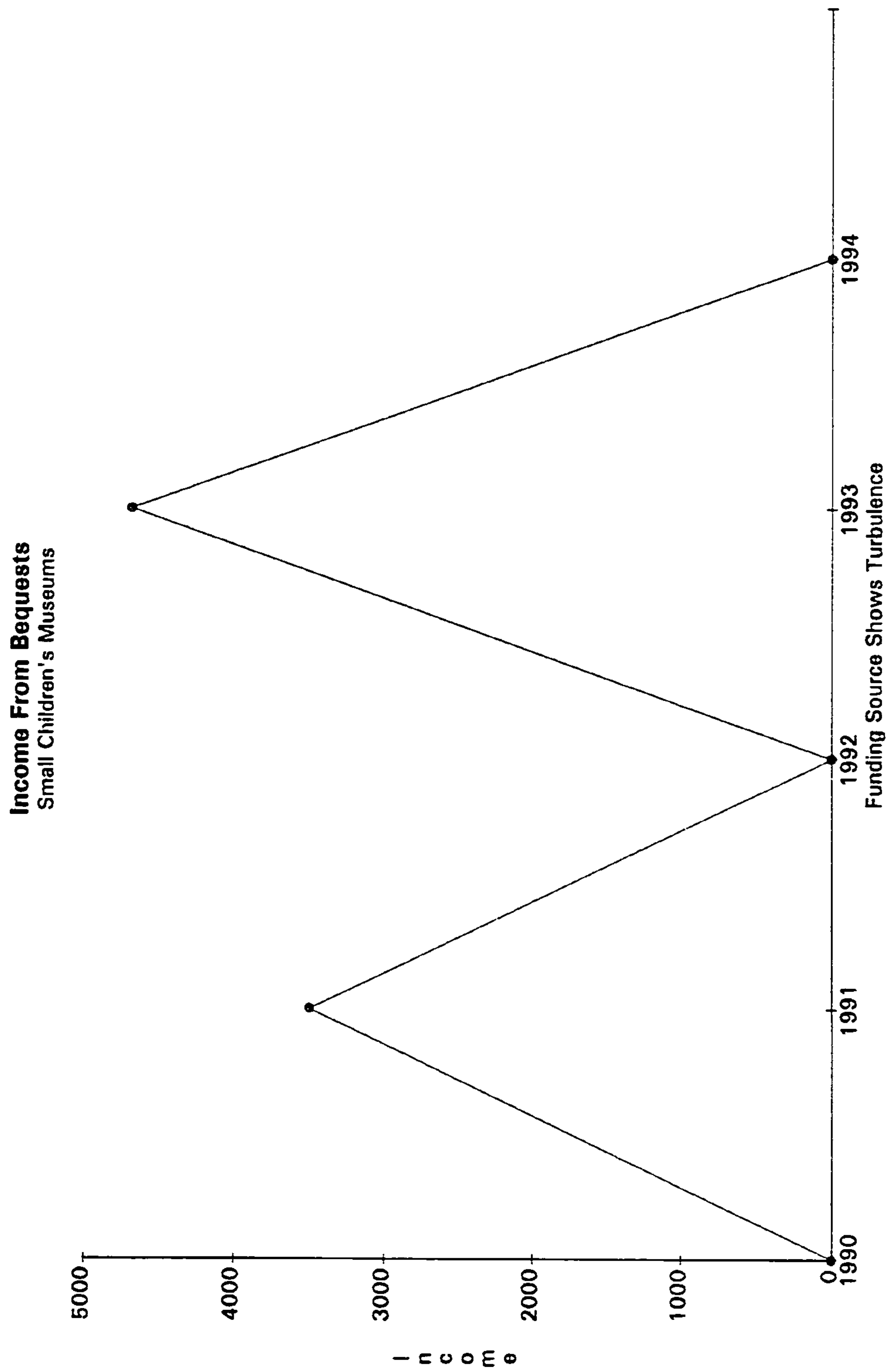

Income From Governmental Sources
Small Children's Museums
Income
70000
60000
50000
40000
30000
20000
10000
0
1990
1991
1992
1993
1994
Funding Souce Shows Turbulence


Income From Corporations
Small Children's Museums
Funding Source Shows Turbulence
Income
180000
160000
140000
120000
100000
80000
60000
40000
20000
0
1990
1991
1992
1993
1994

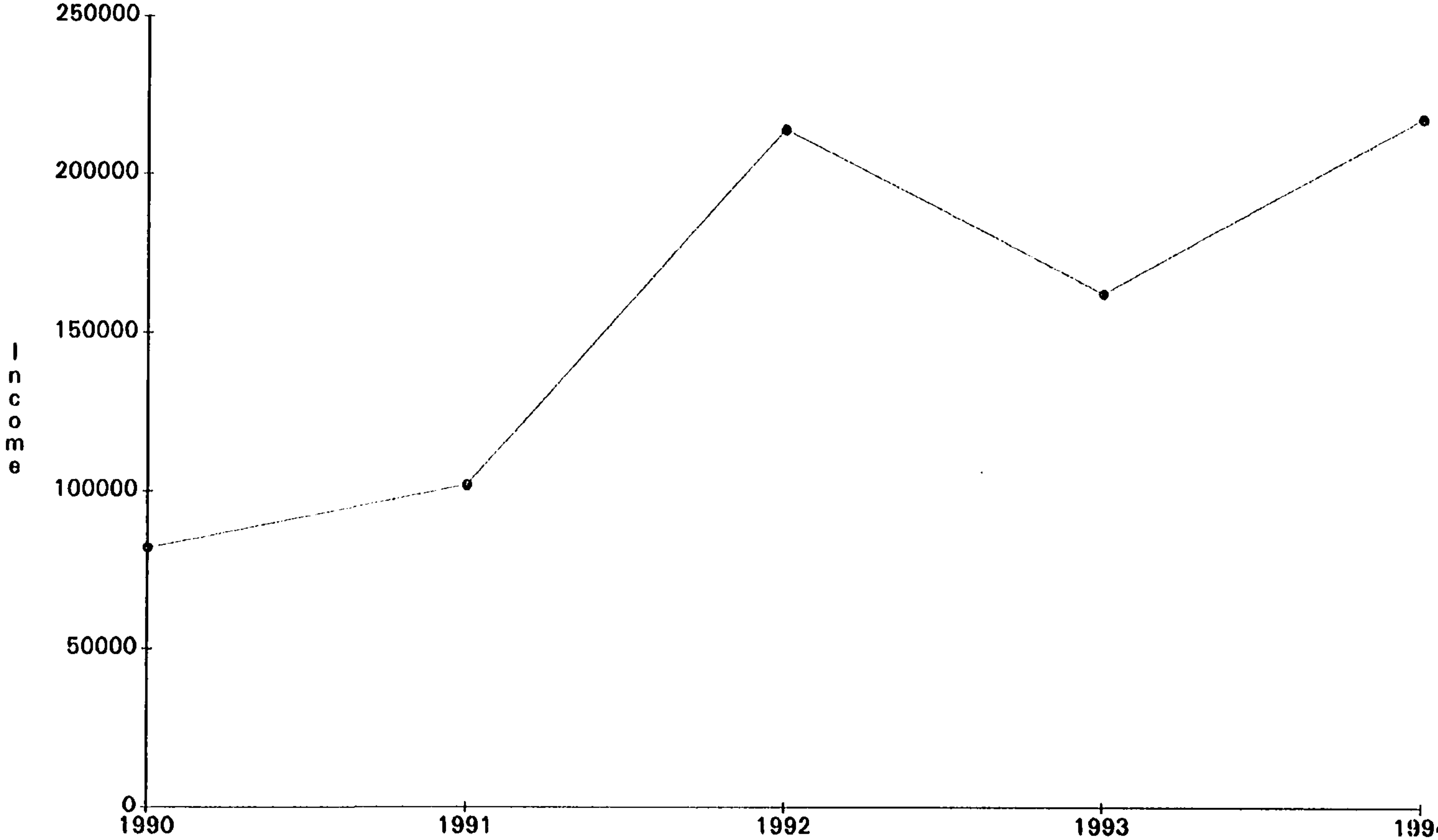


Income From Foundations
Small Children's Museums
Income
40000
30000
20000
10000
0
1990
1991
1992
1993
1994
Funding Source Shows Consistency

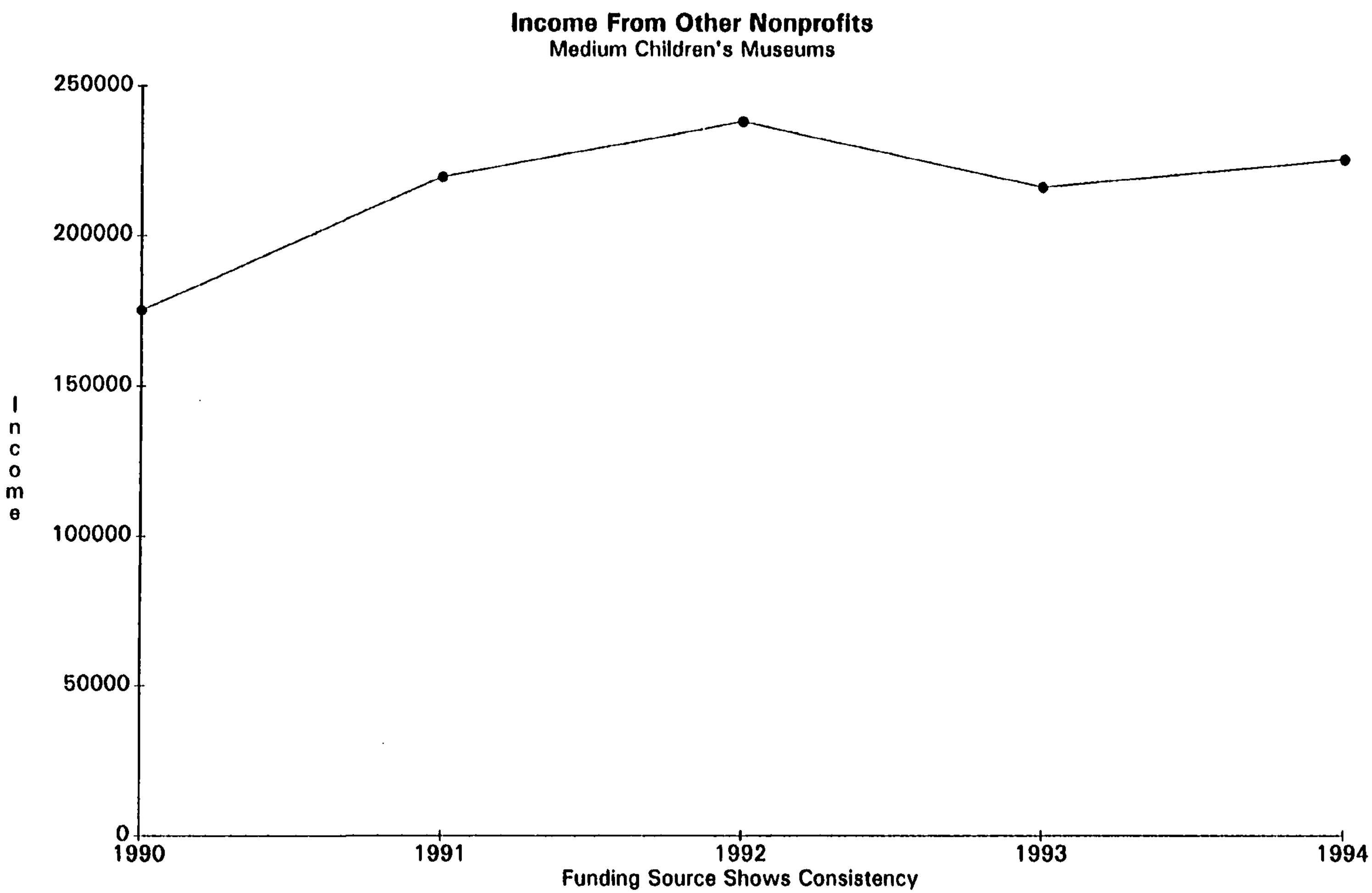

Income From Private Individuals
Small Children's Museums
80000
70000
60000
50000
40000
30000
20000
10000
0
Income
1990
1991
1992
1993
1994
Funding Source Shows Turbulence

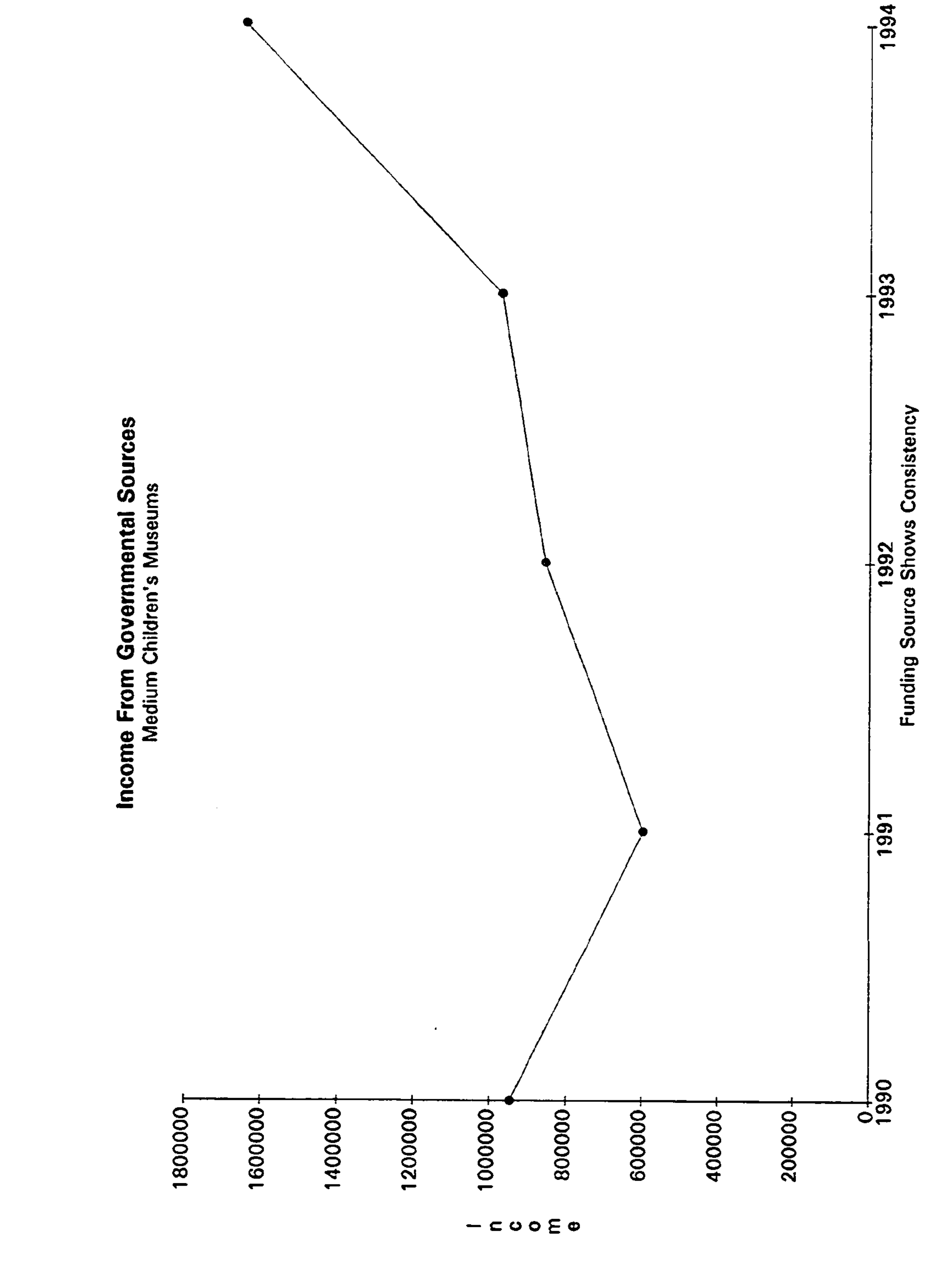

Income From Bequests
Small Children's Museums
I
n
c
o
m
e
5000
4000
3000
2000
1000
0
1990
1991
1992
1993
1994
Funding Source Shows Turbulence

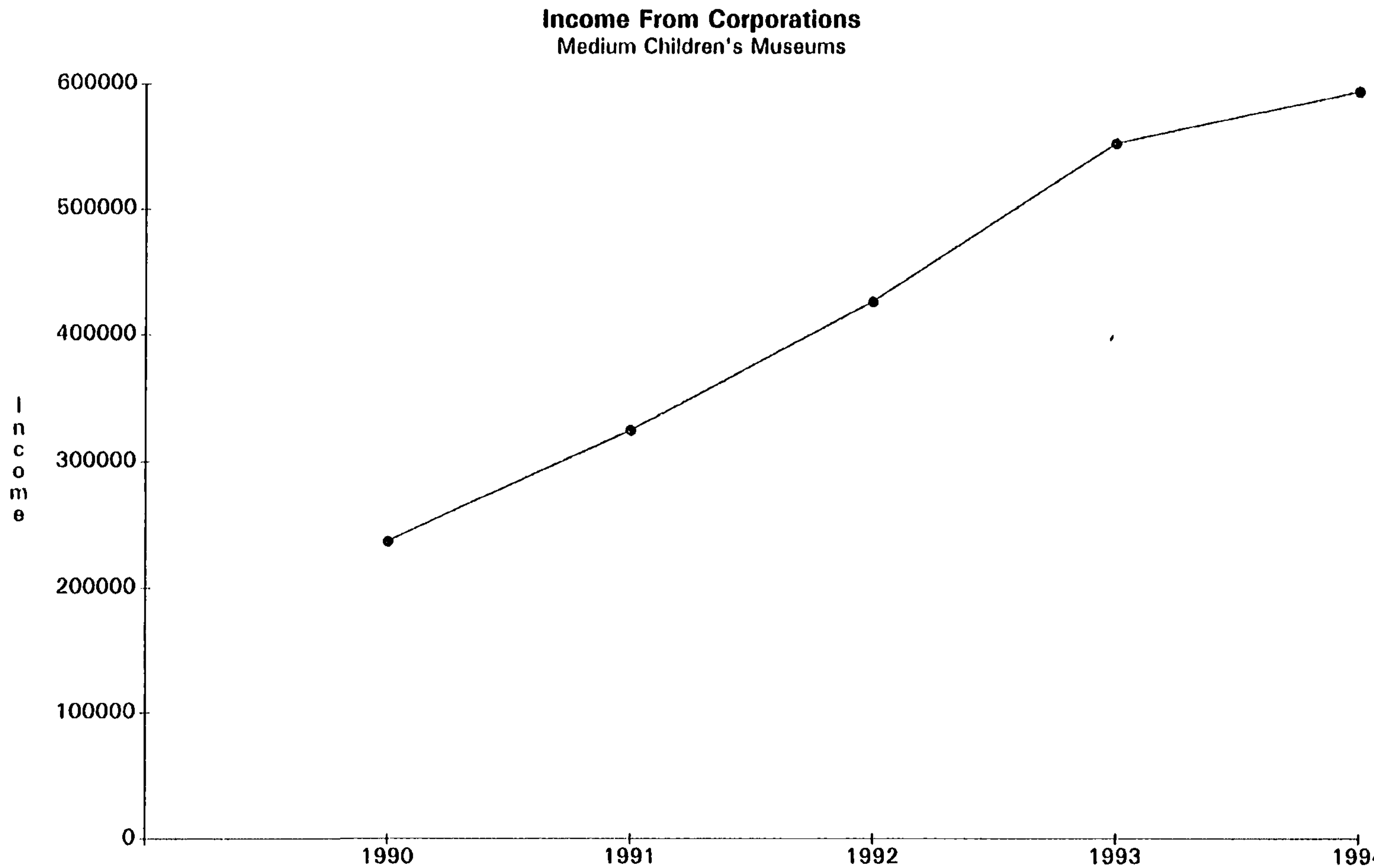
Earned Income
Small Children's Museums



Funding Source Shows Some Consistency


Income From Other Nonprofits
Medium Children's Museums
250000
200000
150000
100000
50000
0
Income
1990
1991
1992
1993
1994
Funding Source Shows Consistency

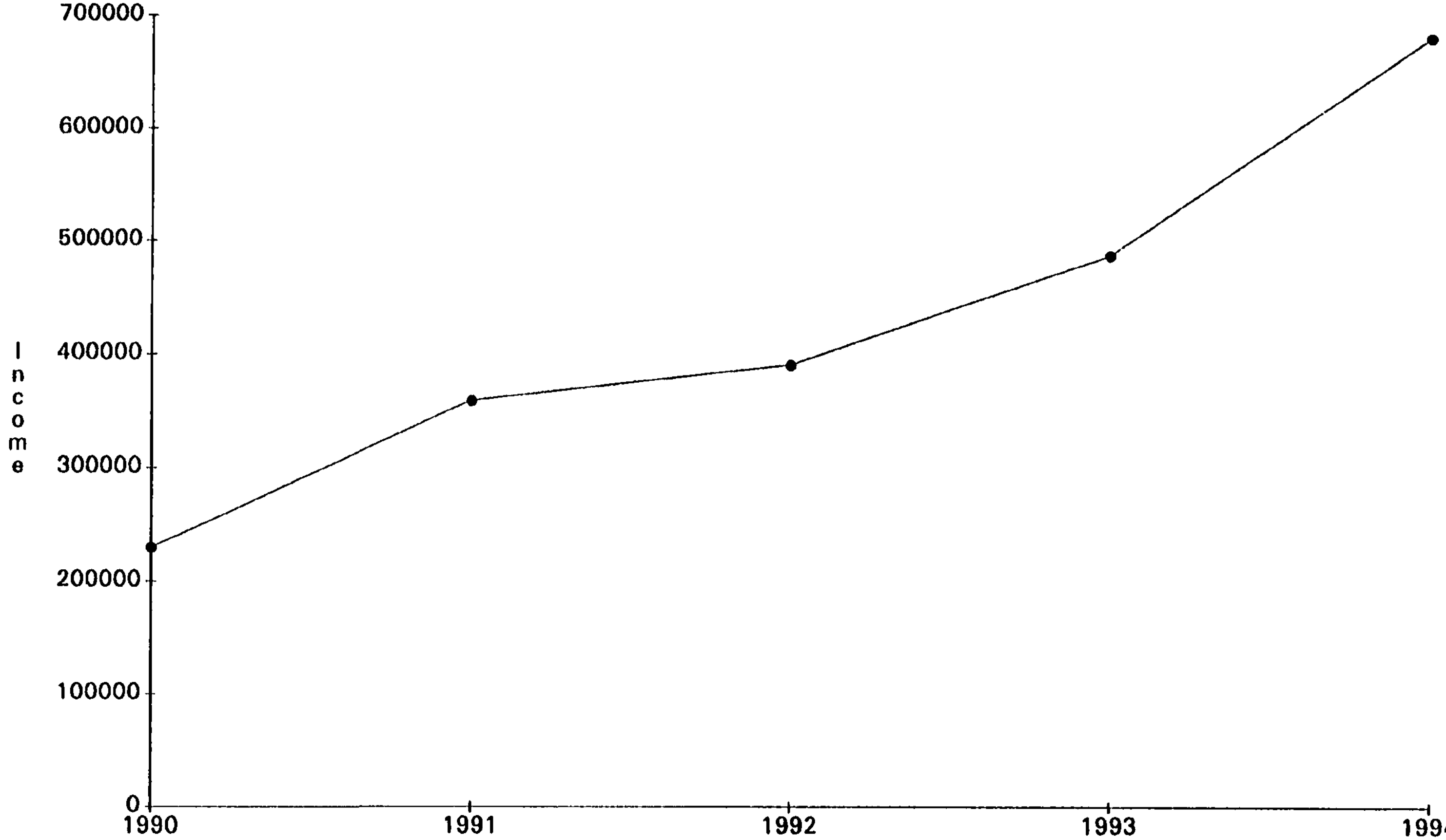

Income From Governmental Sources
Medium Children's Museums
Income
1800000
1600000
1400000
1200000
1000000
800000
600000
400000
200000
0
1990
1991
1992
1993
1994
Funding Source Shows Consistency



Funding Source Shows Consistency

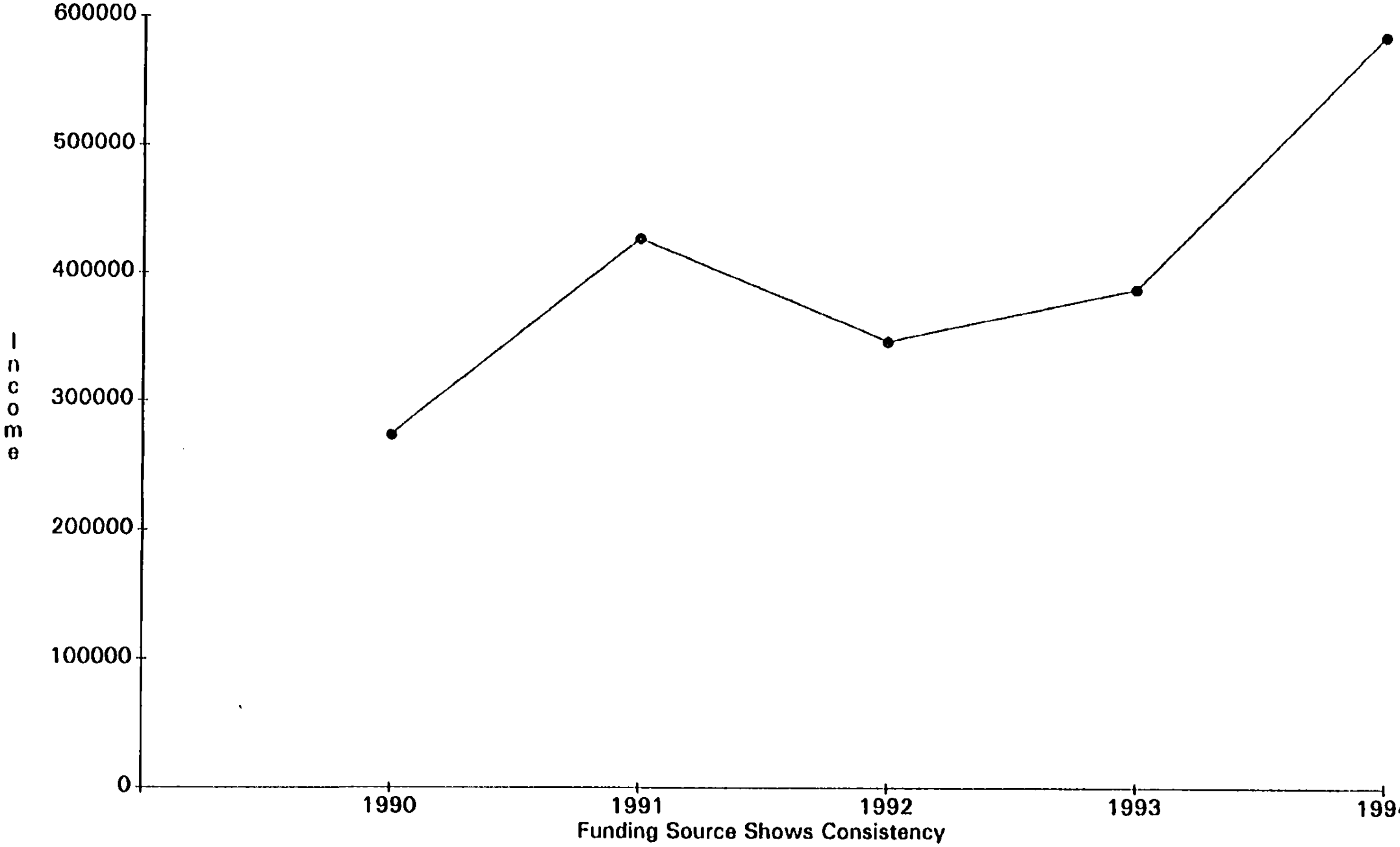
Income From Foundations

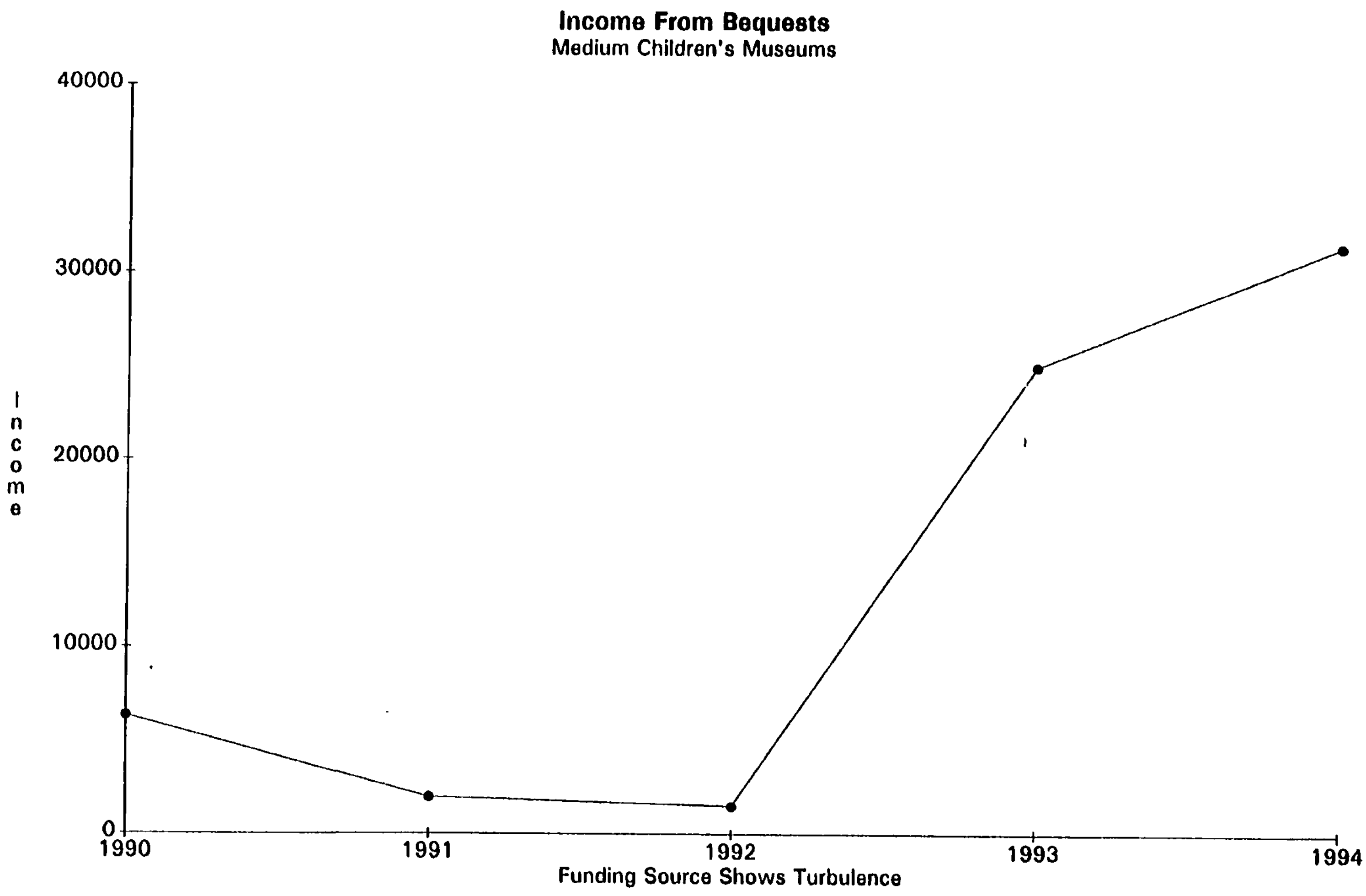
Medium Children's Museums



Funding Source Shows Consistency

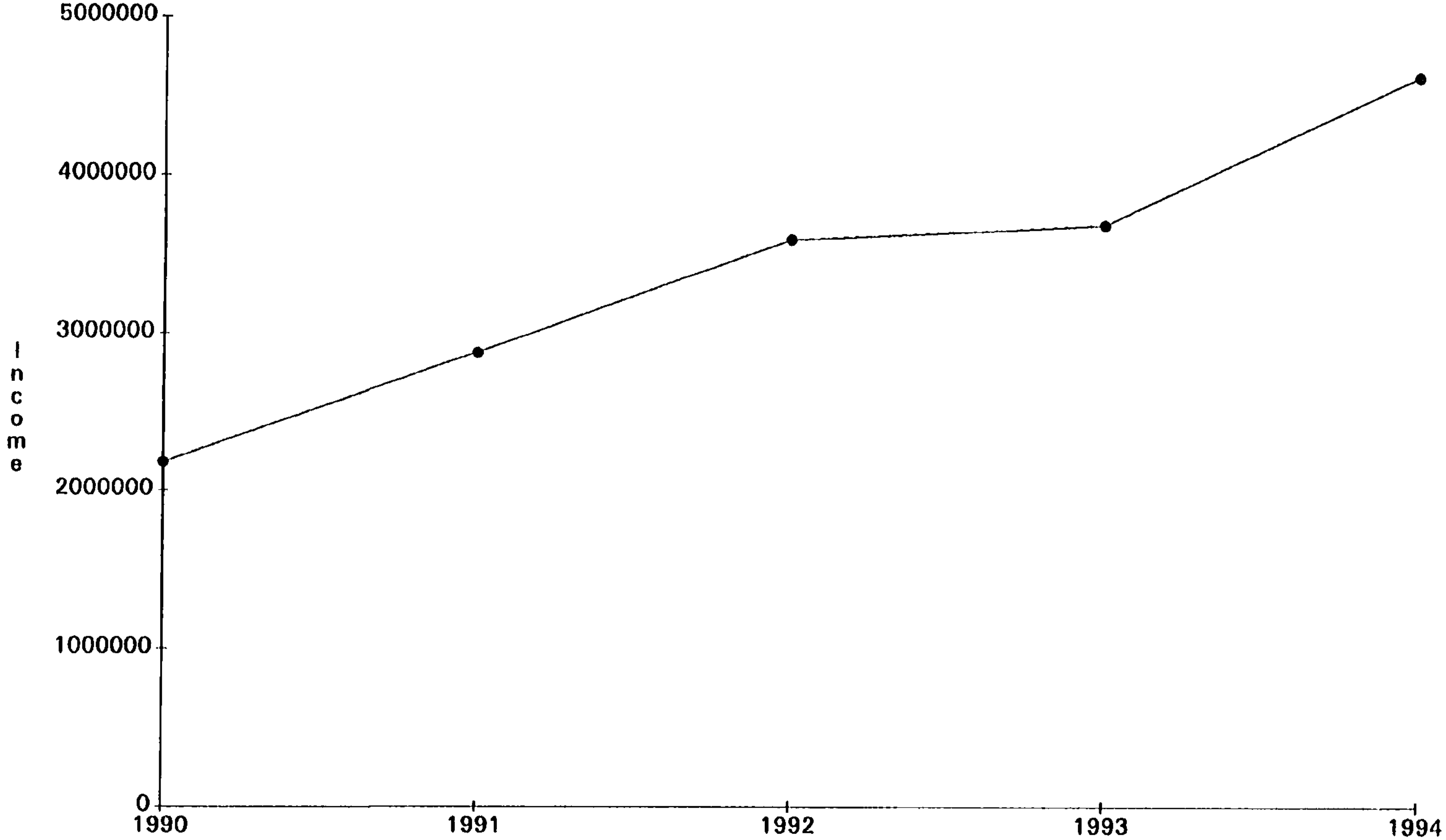
Income From Private Individuals
Medium Museums



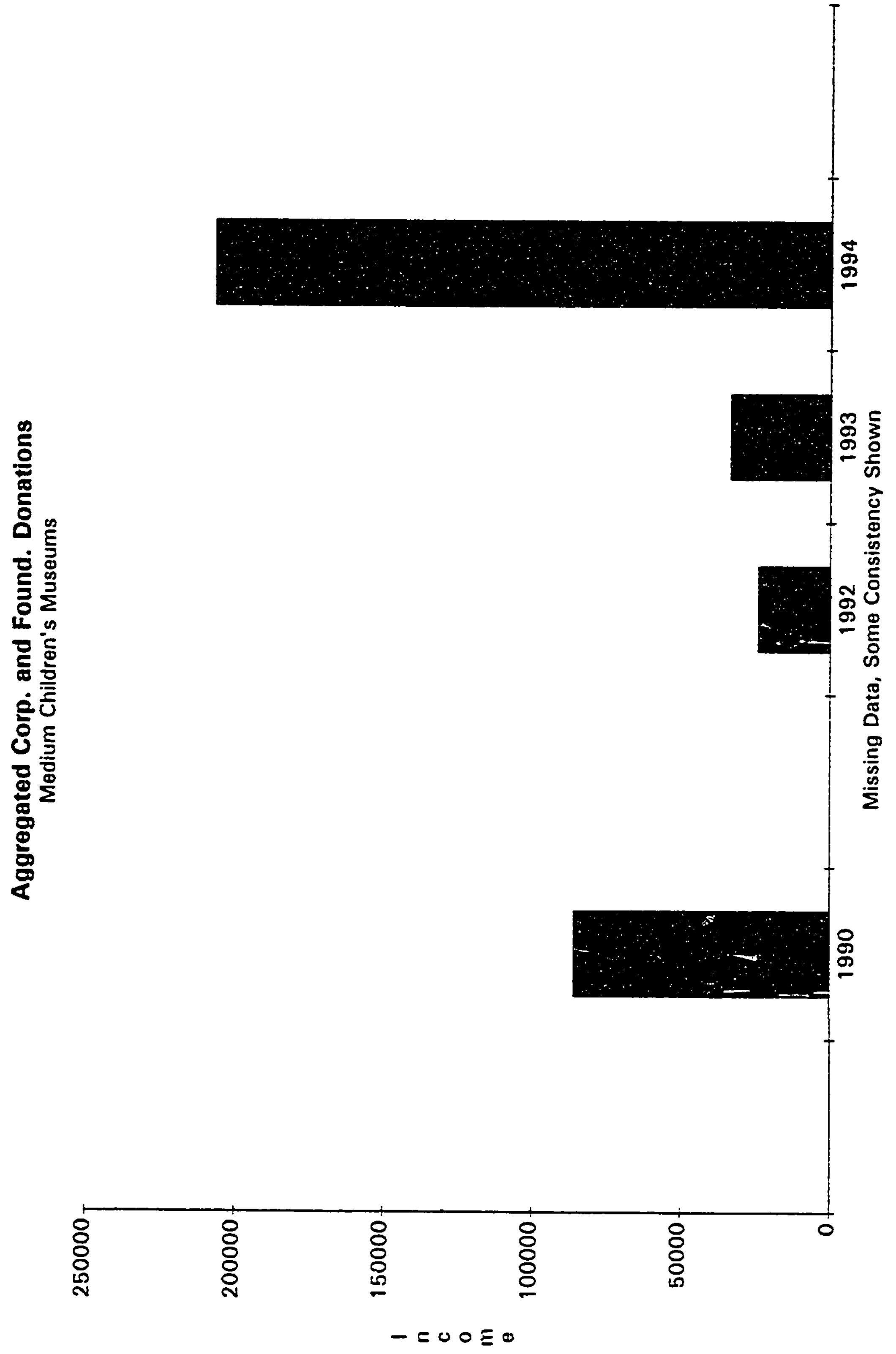

Income From Bequests
Medium Children's Museums
Income
40000
30000
20000
10000
0
1990
1991
1992
1993
1994
Funding Source Shows Turbulence

Earned Income

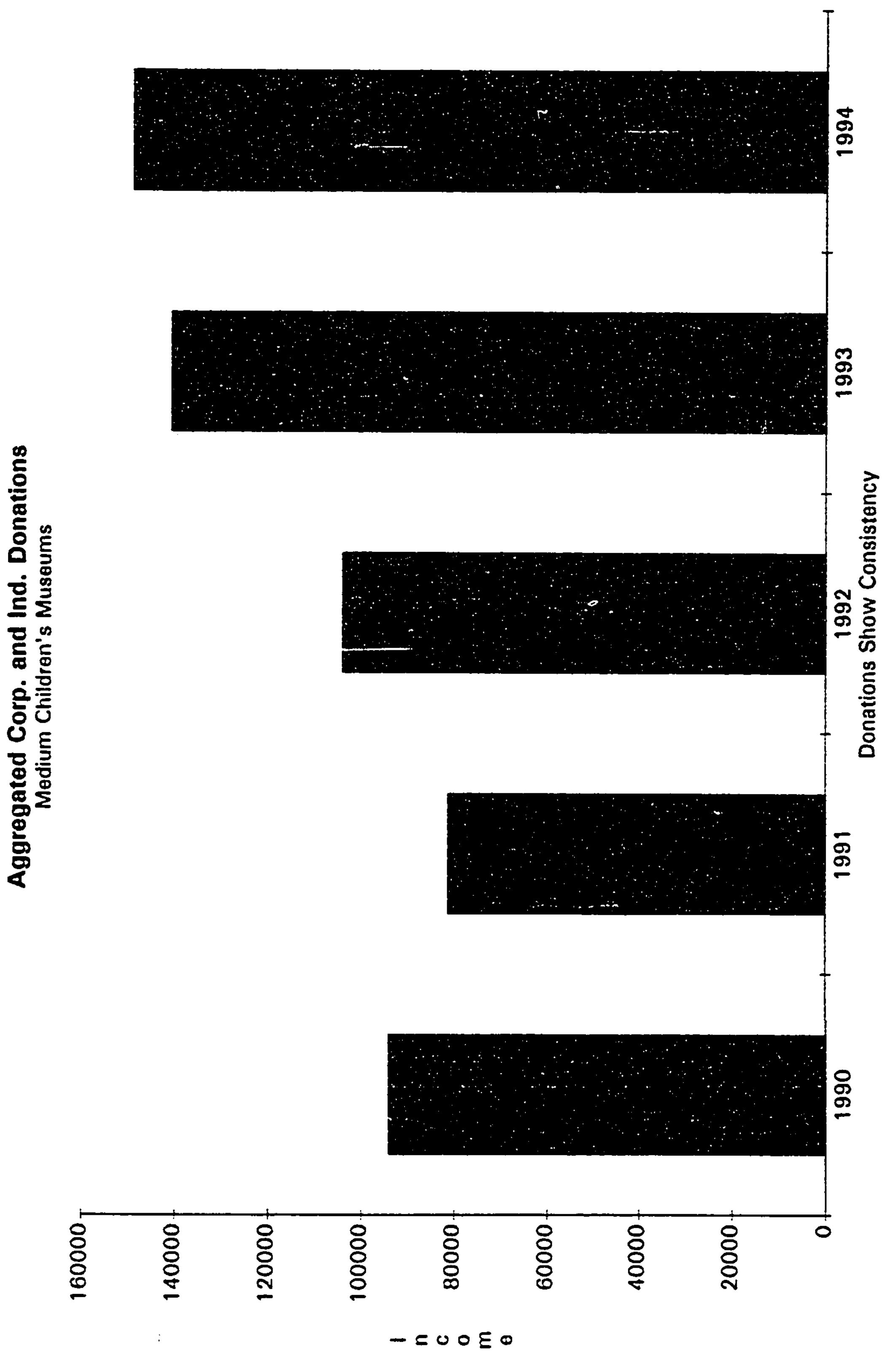
Medium Children's Museums



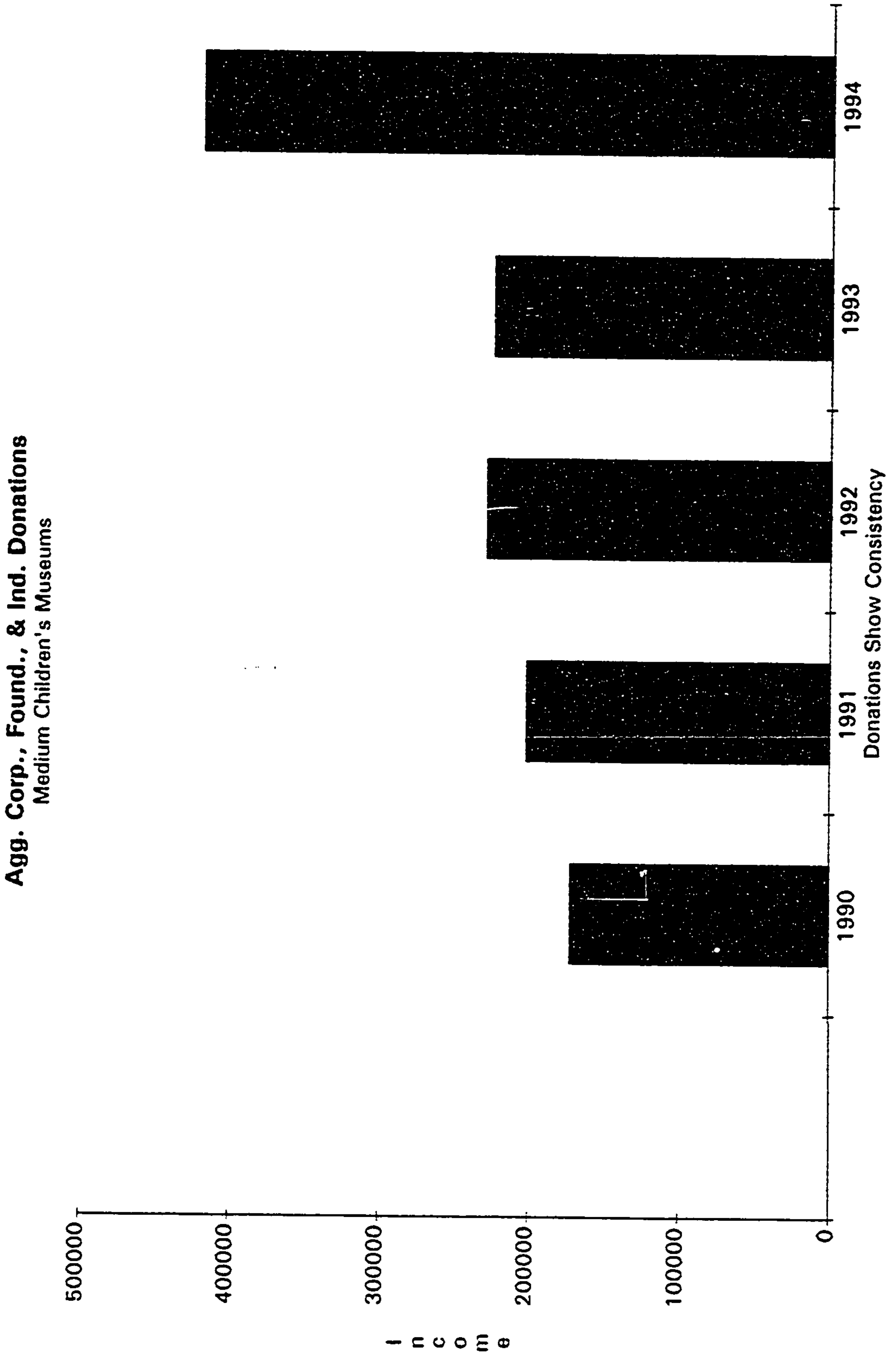
Funding Source Shows Consistency

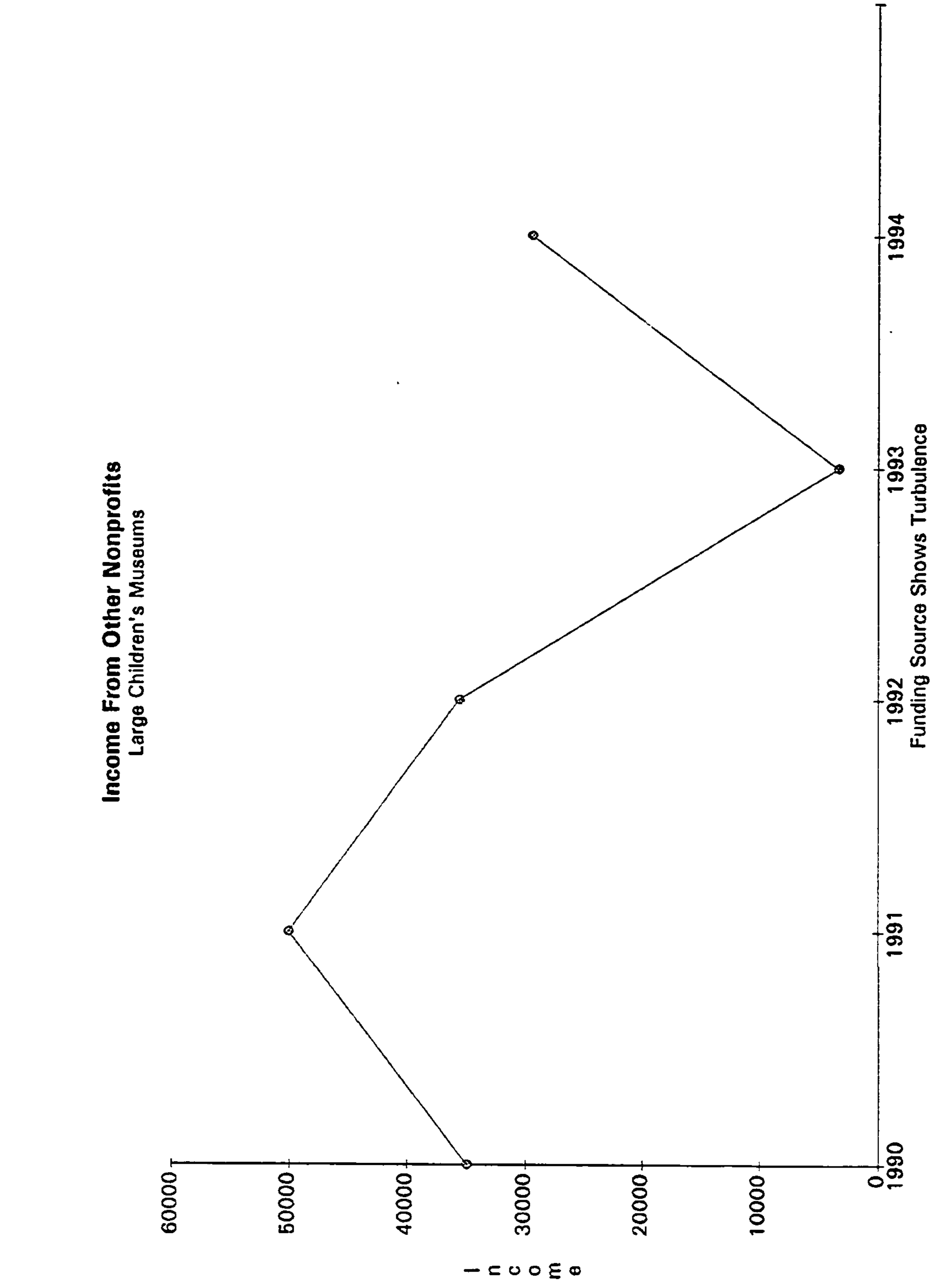


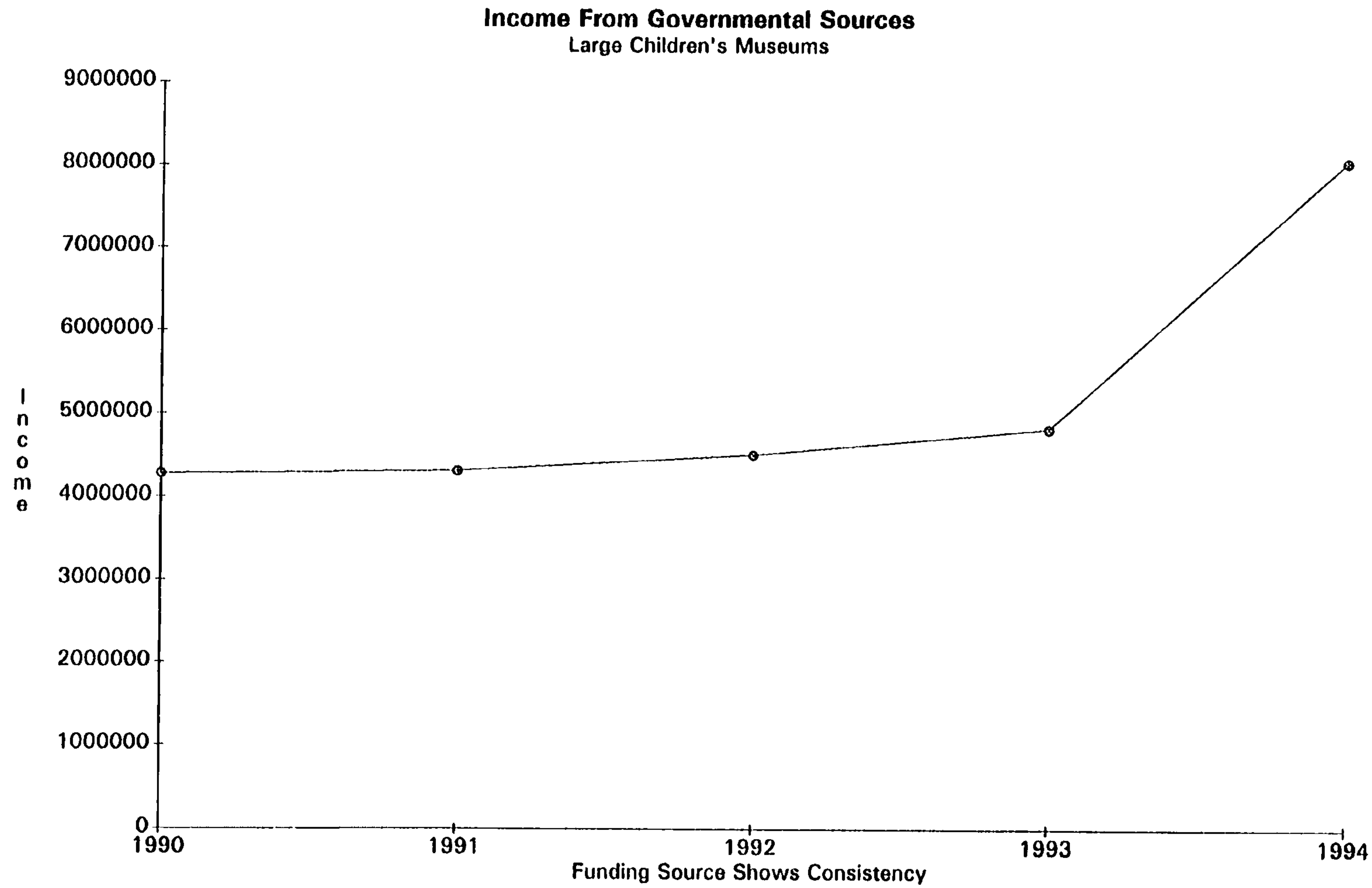
Aggregated Corp. and Found. Donations
Medium Children's Museums
Income
250000
200000
150000
100000
50000
0
1990
1992
1993
1994
Missing Data, Some Consistency Shown

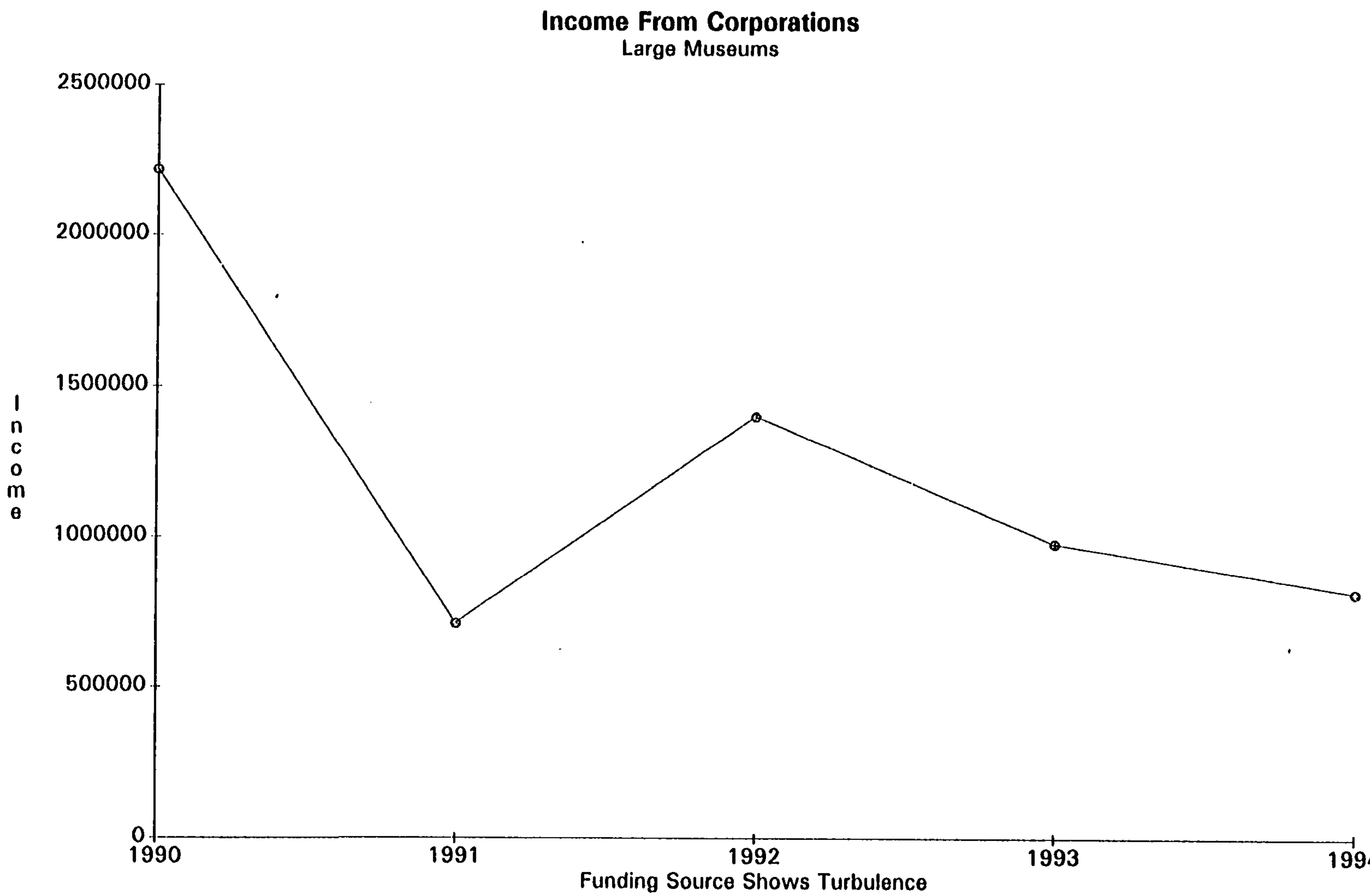


Aggregated Corp. and Ind. Donations
Medium Children's Museums
Income
160000
140000
120000
100000
80000
60000
40000
20000
0
1990
1991
1992
1993
1994
Donations Show Consistency

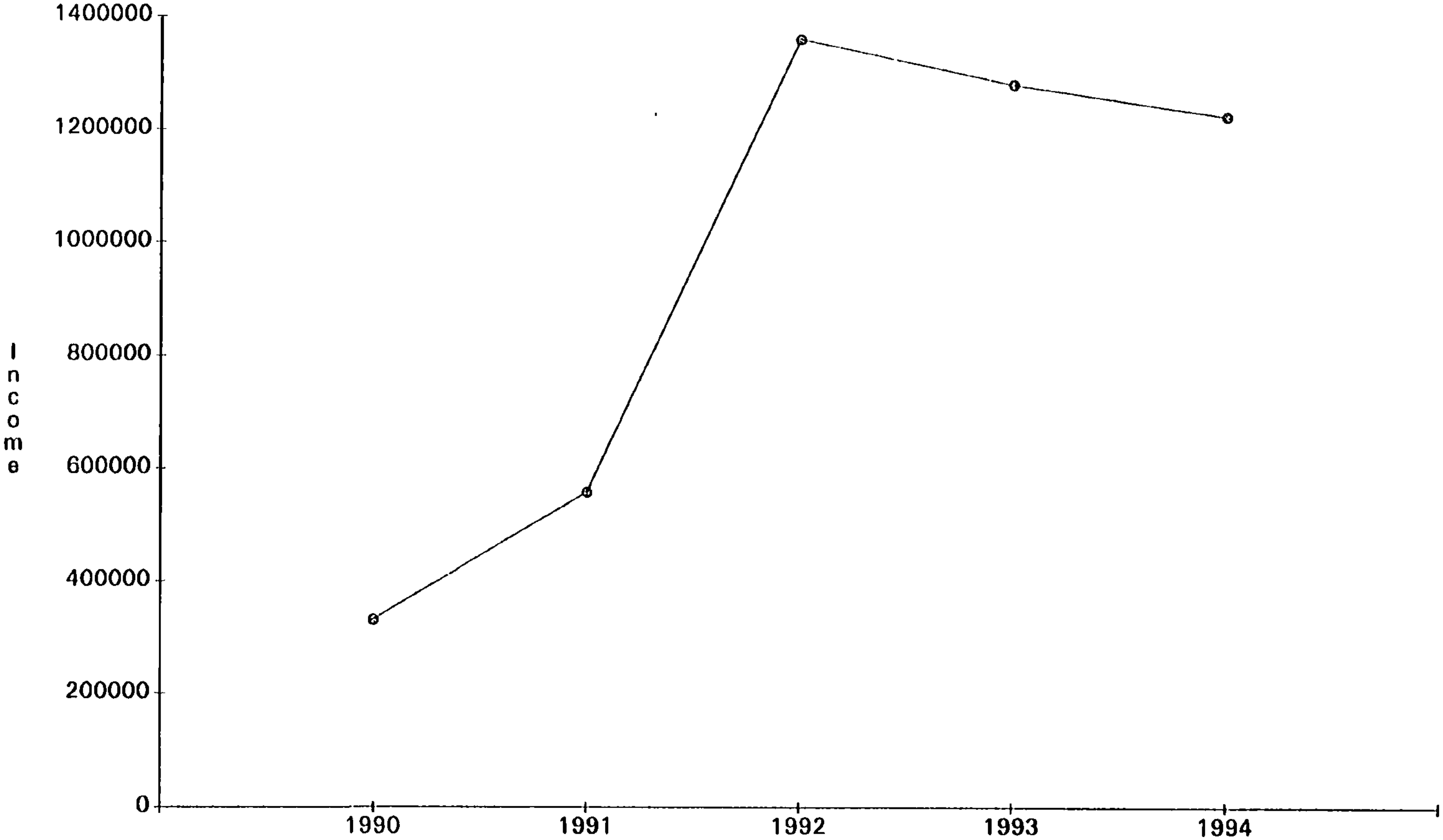

Agg. Corp., Found., & Ind. Donations
Medium Children's Museums
Income
500000
400000
300000
200000
100000
0
1990
1991
1992
1993
1994
Donations Show Consistency


Income From Other Nonprofits
Large Children's Museums
Income
60000
50000
40000
30000
20000
10000
0
1990
1991
1992
1993
1994
Funding Source Shows Turbulence

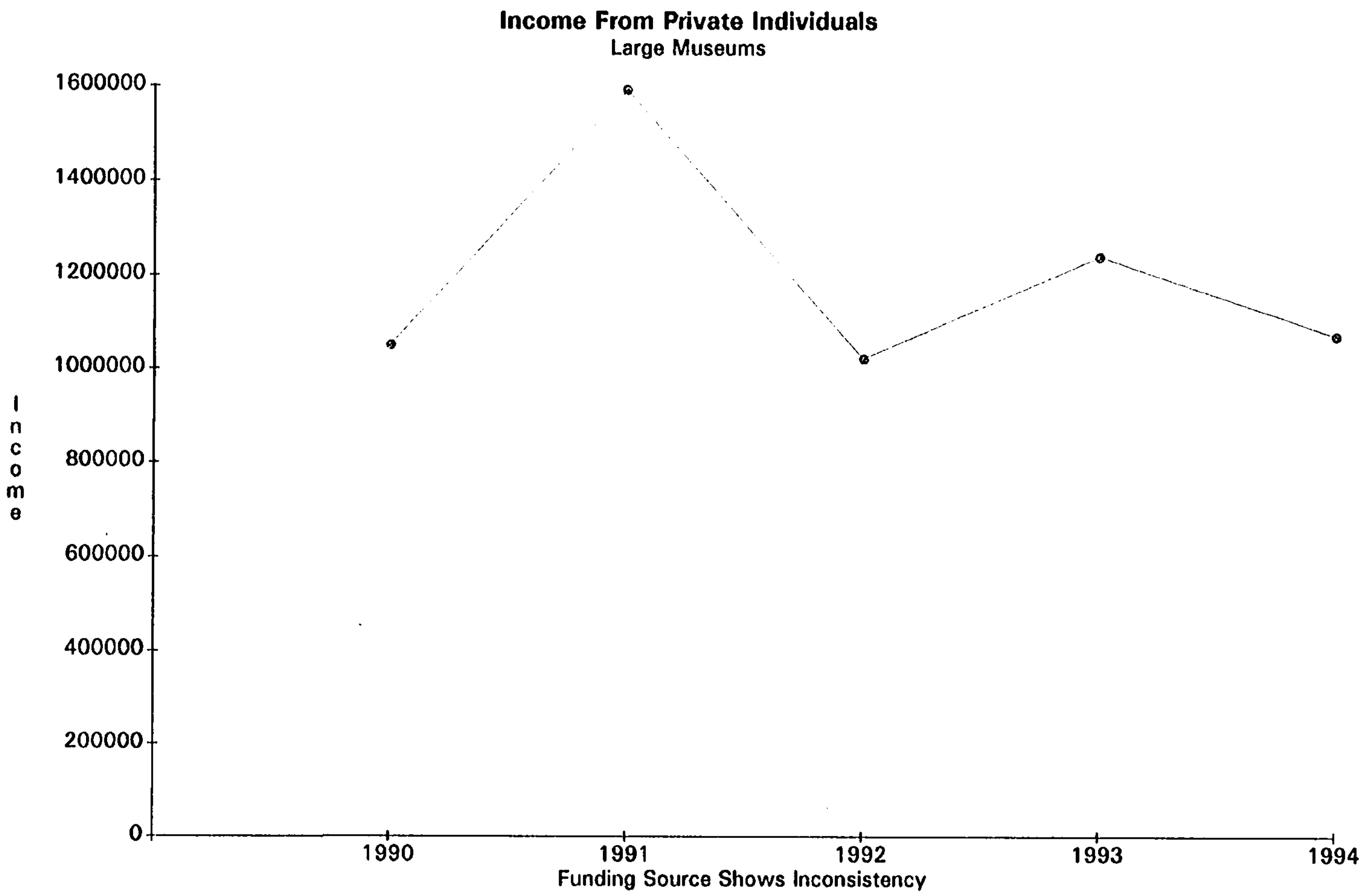

Income From Governmental Sources
Large Children's Museums
Income
9000000
8000000
7000000
6000000
5000000
4000000
3000000
2000000
1000000
0
1990
1991
1992
1993
1994
Funding Source Shows Consistency

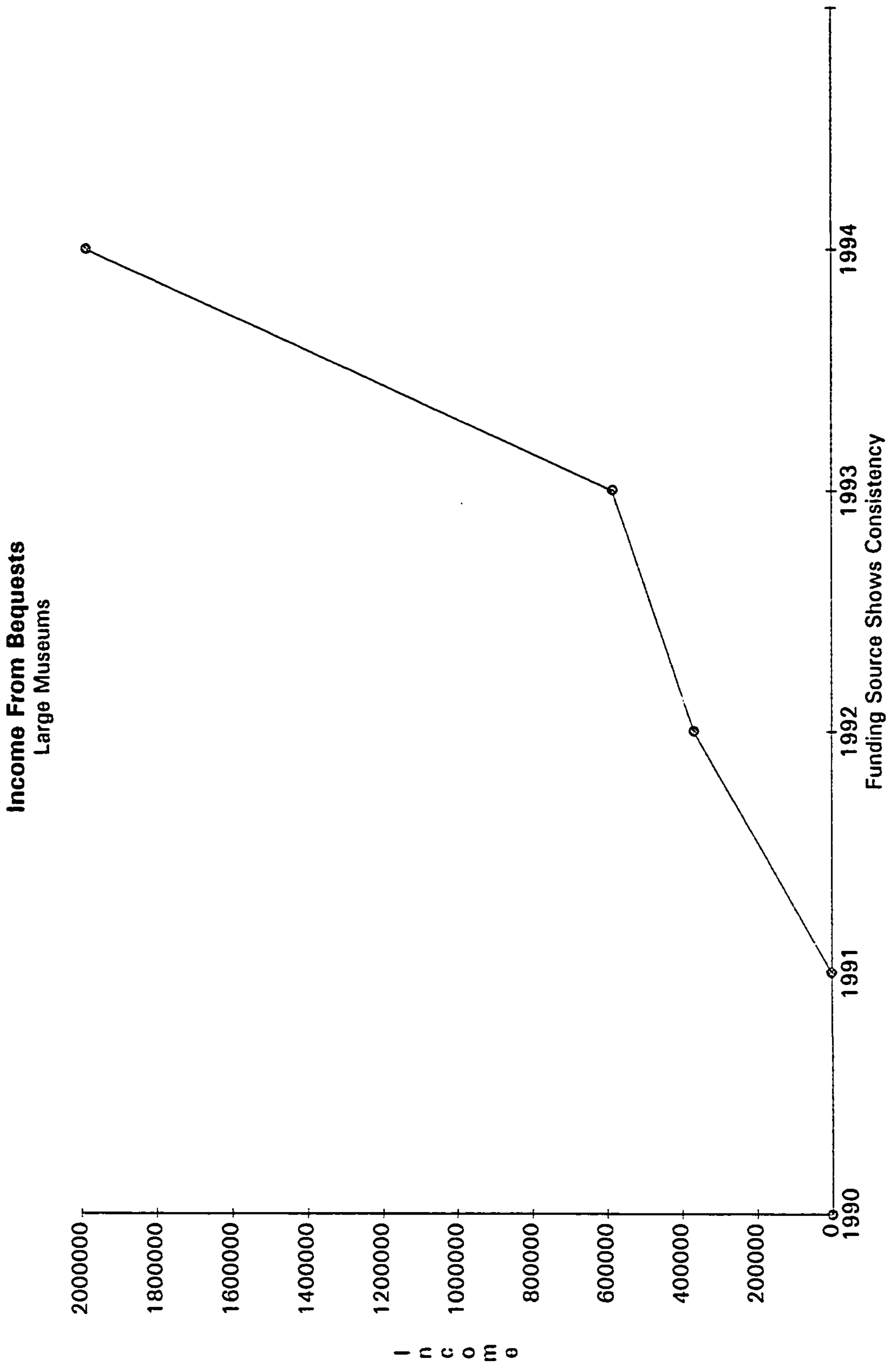

Income From Corporations
Large Museums
2500000
2000000
1500000
1000000
500000
0
Income
1990
1991
1992
1993
1994
Funding Source Shows Turbulence

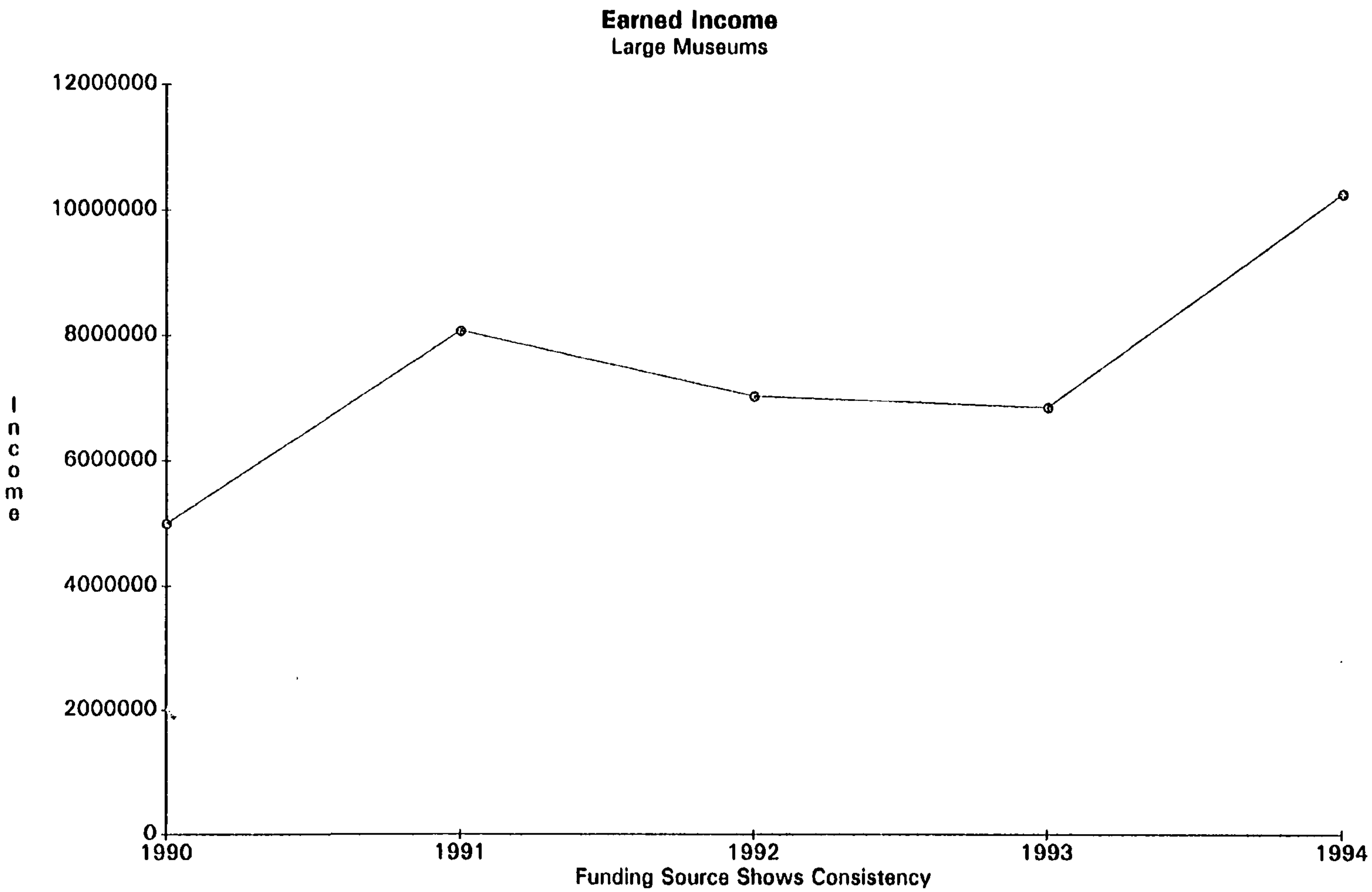
Income From Foundations
Large Children's Museums



Funding Source Shows Some Consistency

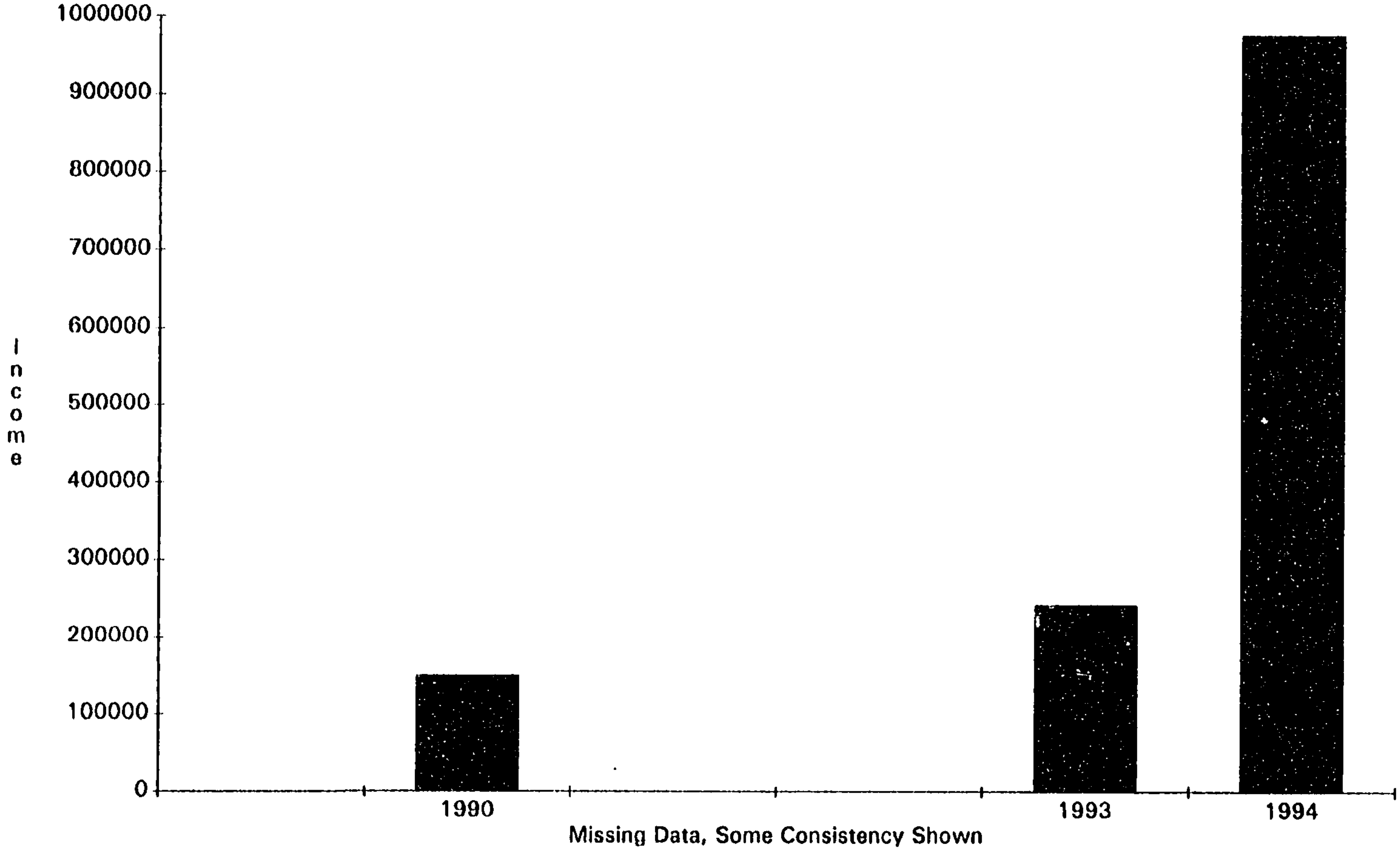

Income From Private Individuals
Large Museums
1600000
1400000
1200000
1000000
800000
600000
400000
200000
0
Income
1990
1991
1992
1993
1994
Funding Source Shows Inconsistency

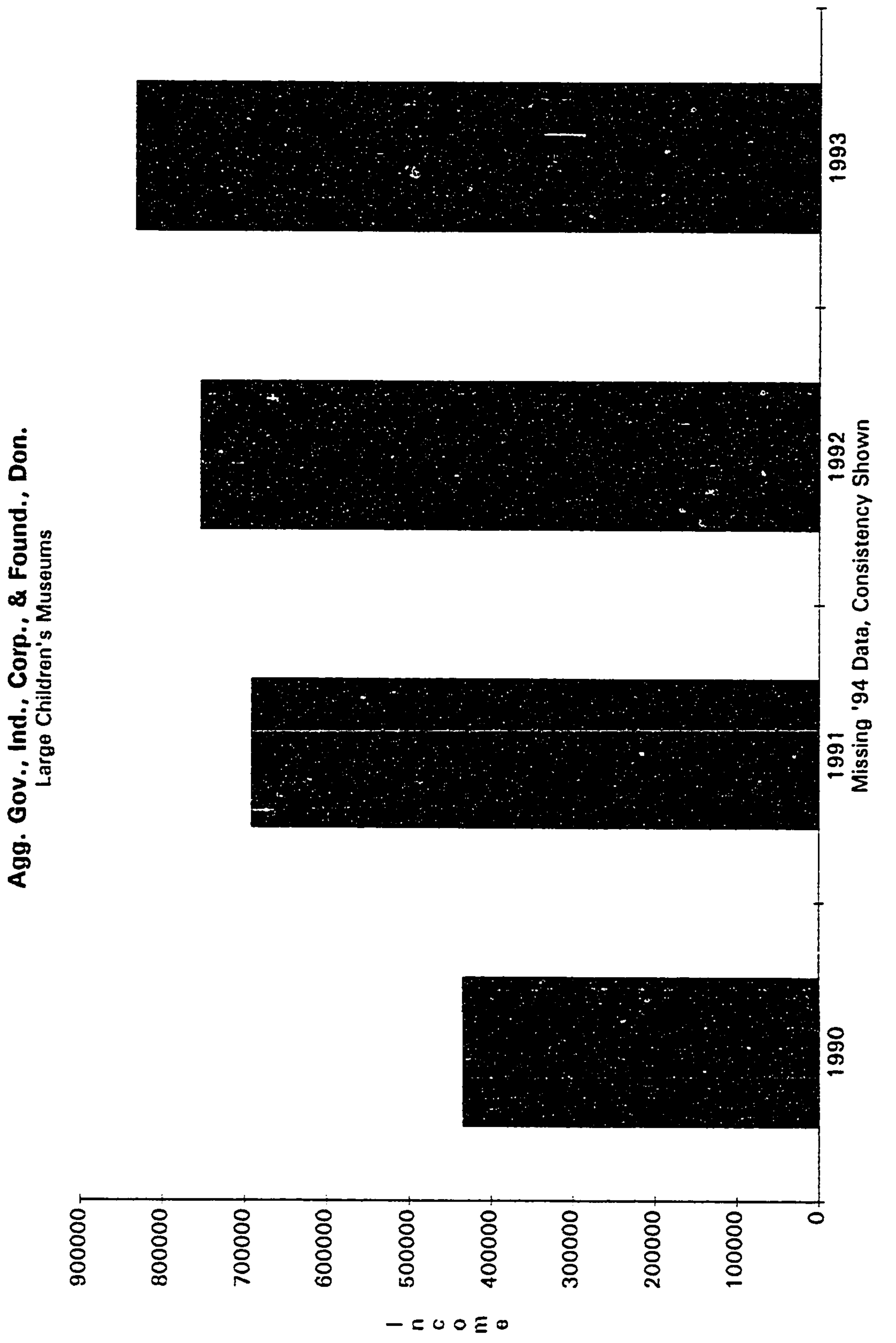

Income From Bequests
Large Museums
Income
2000000
1800000
1600000
1400000
1200000
1000000
800000
600000
400000
200000
0
1990
1991
1992
1993
1994
Funding Source Shows Consistency

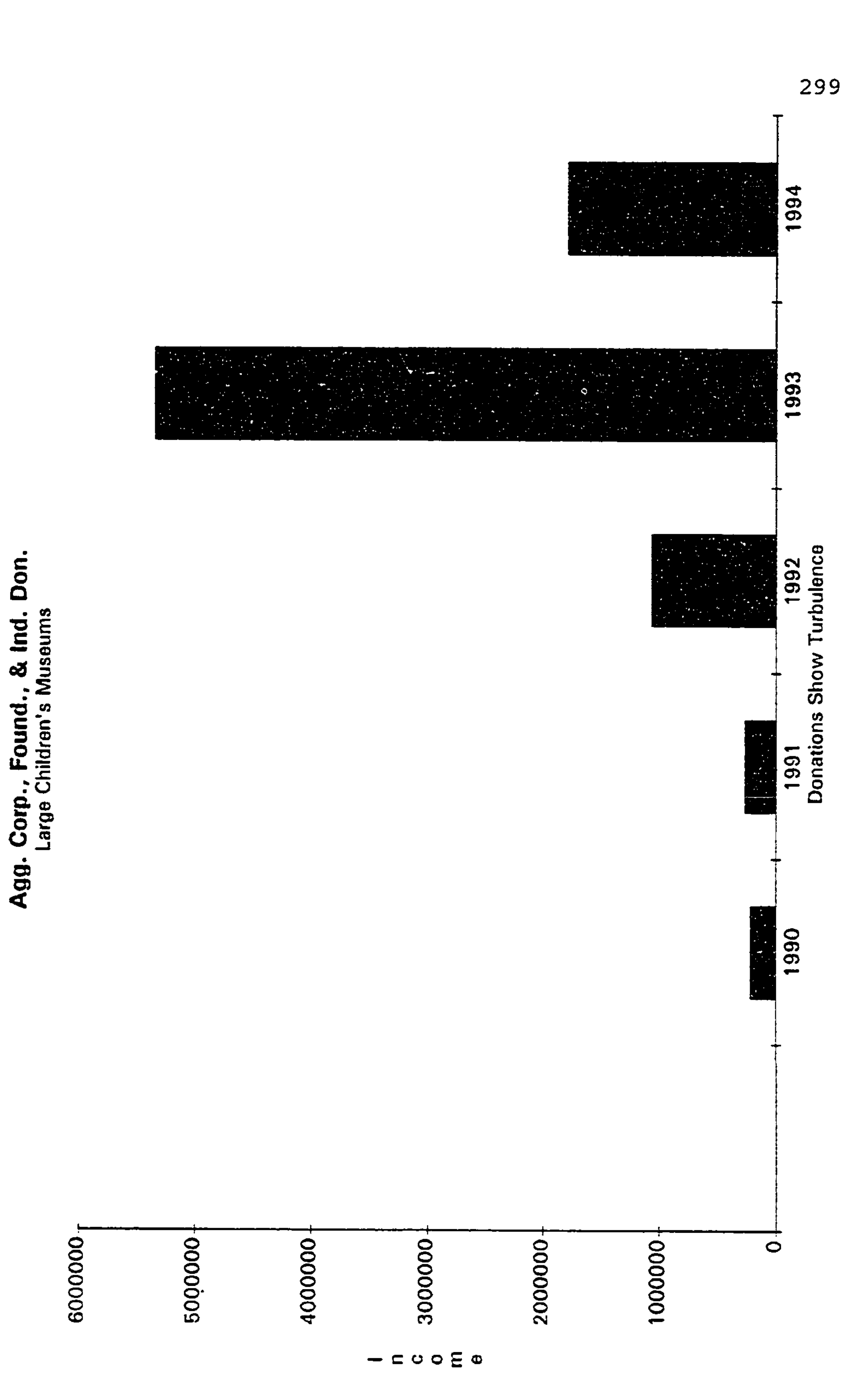

Earned Income
Large Museums
Income
12000000
10000000
8000000
6000000
4000000
2000000
0
1990
1991
1992
1993
1994
Funding Source Shows Consistency

Aggregated Corp. and Found. Donations

Large Children's Museums



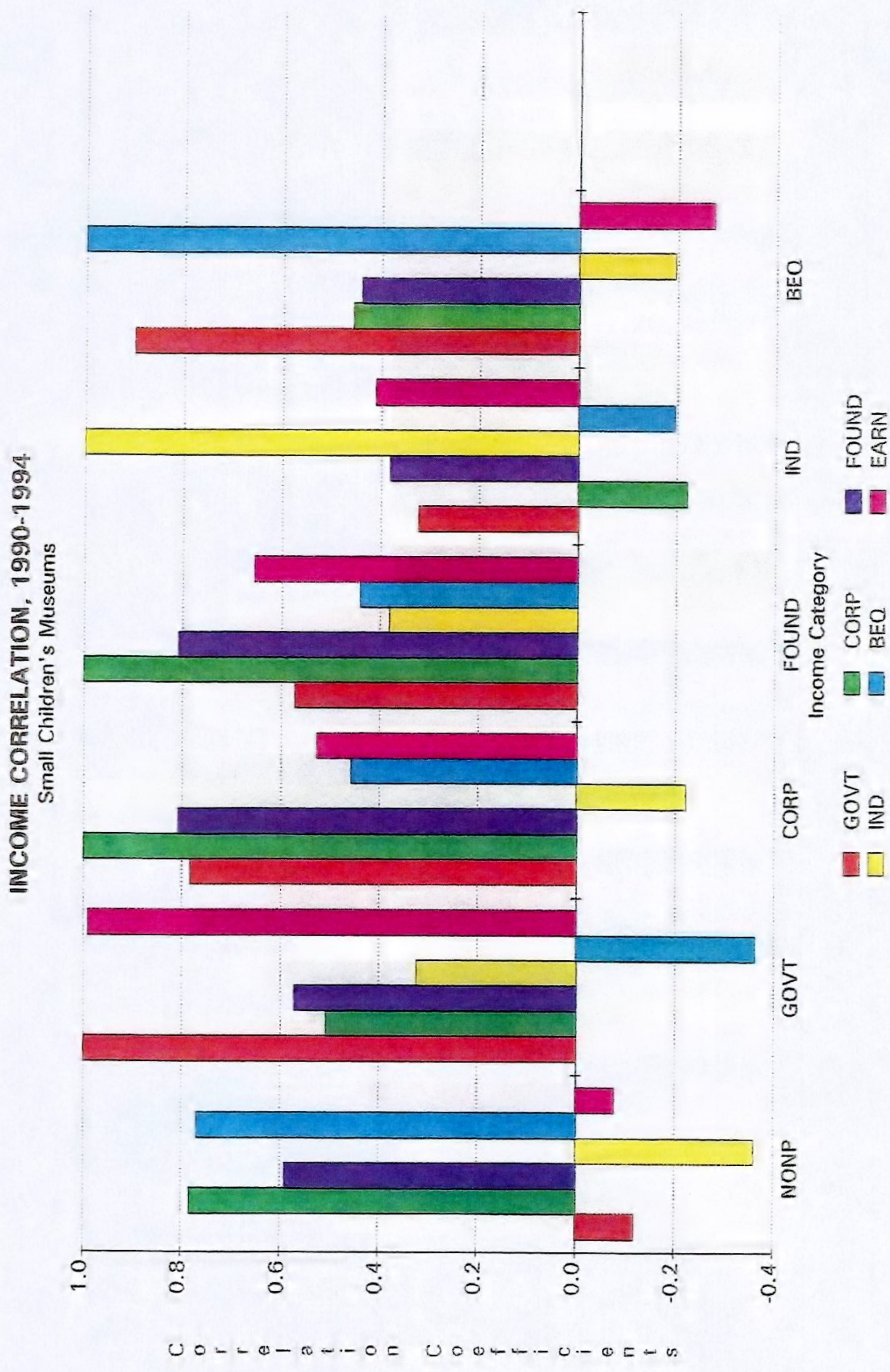

Agg. Gov., Ind., Corp., & Found., Don.
Large Children's Museums
Income
900000
800000
700000
600000
500000
400000
300000
200000
100000
0
1990
1991
1992
1993
Missing '94 Data, Consistency Shown

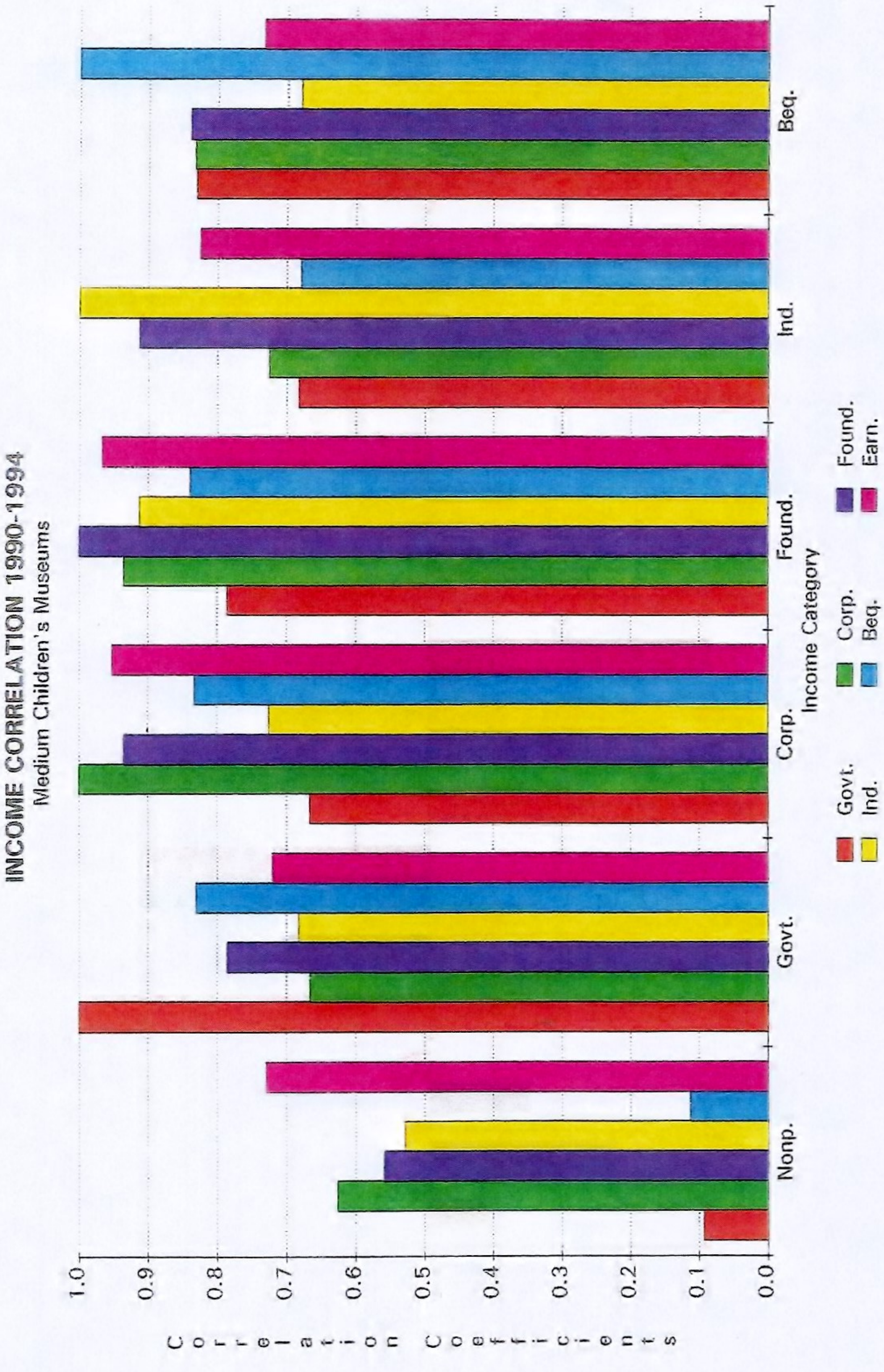

Agg. Corp., Found., & Ind. Don.
Large Children's Museums
Income
6000000
5000000
4000000
3000000
2000000
1000000
0
1990
1991
1992
1993
1994
Donations Show Turbulence

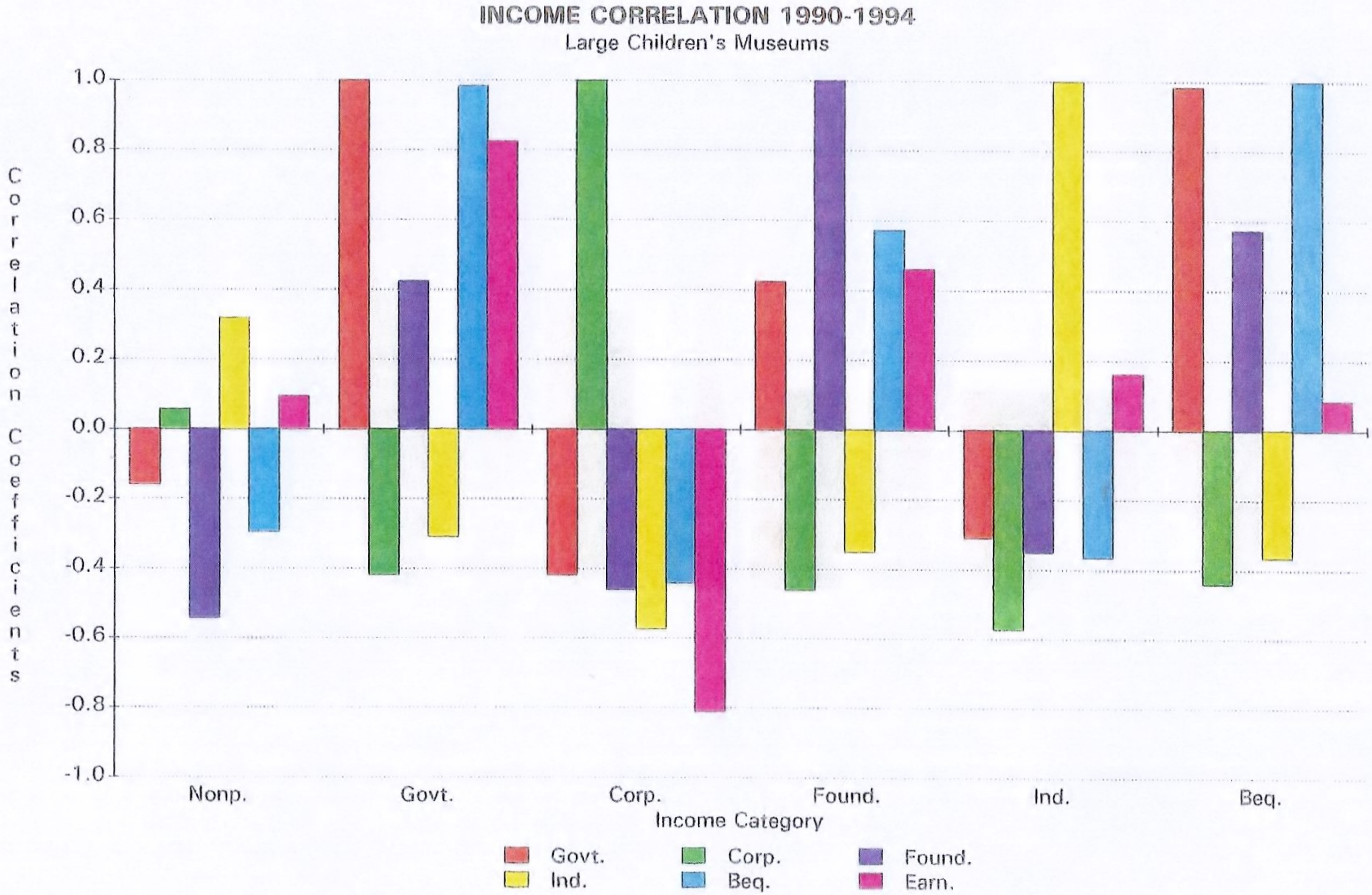
Appendix I

Correlation Coefficient Bar Charts

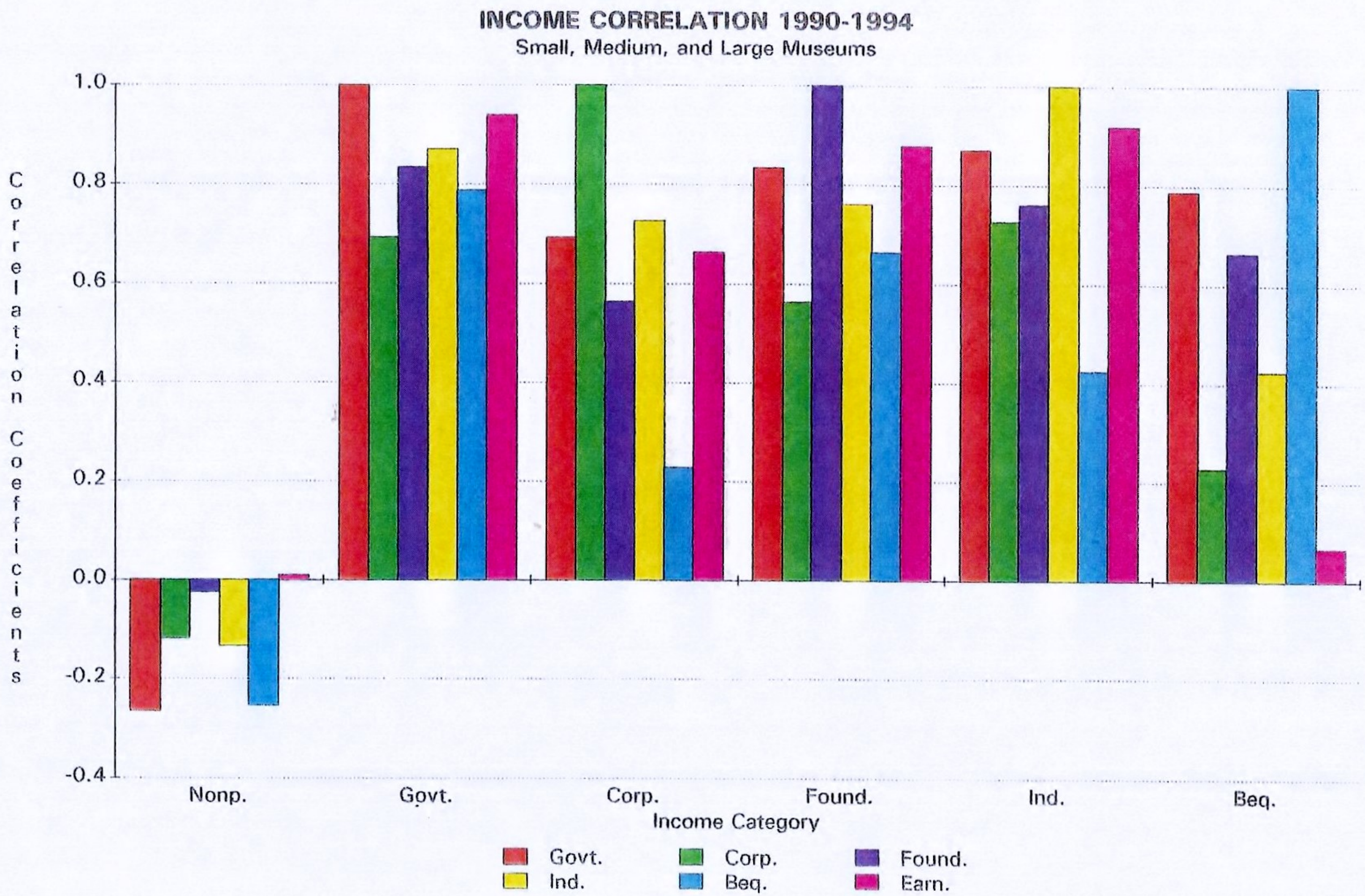
of the Income Categories


INCOME CORRELATION, 1990-1994
Small Children's Museums
Correlation Coefficients
1.0
0.8
0.6
0.4
0.2
0.0
-0.2
-0.4
NONP
GOVT
CORP
FOUND
IND
BEQ
Income Category
GOVT
IND
CORP
BEQ
FOUND
EARN


INCOME CORRELATION 1990-1994
Medium Children's Museums
Correlation Coefficients
1.0
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0.0
Nonp.
Govt.
Corp.
Found.
Ind.
Beq.
Income Category
Govt.
Corp.
Found.
Ind.
Beq.
Earn.



INCOME CORRELATION 1990-1994
Large Children's Museums
Correlation Coefficients
1.0
0.8
0.6
0.4
0.2
0.0
-0.2
-0.4
-0.6
-0.8
-1.0
Nonp.
Govt.
Corp.
Found.
Ind.
Beq.
Income Category
Govt.
Corp.
Found.
Ind.
Beq.
Earn.


INCOME CORRELATION 1990-1994
Small, Medium, and Large Museums
Correlation Coefficients
1.0
0.8
0.6
0.4
0.2
0.0
-0.2
-0.4
Nonp.
Govt.
Corp.
Found.
Ind.
Beq.
Income Category
Govt.
Corp.
Found.
Ind.
Beq.
Earn.

Appendix J

<u>Open-Ended Responses From</u>

<u>Fund-Raising Behavior Survey</u>

Funding from non-profit agencies is requested or agreed upon for collaborative events/programs. Non-profit organizations are fighting for survival in an area hard hit by industrial decimation. Our base support - industry and demographics - has been shrinking for the past 5-7 years. Everyone is reaching for the same funding; the strategies to please, acknowledge and retain support are a focus for all non-profits; fund-raising efforts have never needed more creativity! Financial mayhem has put a complacent community on its toes and collaboration between human services, arts, business and education has never been more impressive.

General fund-raising targets specific businesses or corporations. At this time, much of the fund-raising is built on relationships which exist between the museum and the donor, or between the donor and a friend of the museum. The museum has a development committee and a chair; that committee is beginning to take a more active role in fund-raising.

#20 We recognize donors through special events (family days, dinners, parties) at the museum rather than printed communications.

Our museum began as a private 501(c)(3) non-profit organization but was purchased by the City of Mesa in 1987. The only fund-raising we do now is done by the AZ. M.F.Y. Friends (a separate non-profit group). Ours is a public/private venture.

We are only 6 years old. We have not done an annual campaign. We realize the need for this as we mature; also hope to establish an endowment.

#1 Now in progress; not in past. #4 Now in progress; not in past. #20 Probably could do better.

The Bootheel Youth Museum's main exhibit hall is still under renovation. The museum is scheduled to open this March.

Presently completing capital campaign to fund exhibits for the facility.

We are a two-building complex with the following services: 500-seat theater, 7,000 sq. ft. conference space, two dance studios and two dance companies in one building. Building two has four art galleries, one small children's museum, gift shop, parts of two floors houses space to offer classes in fine arts, including photography, ceramics, woodworking, painting, weaving, language for children and adults. We are 23 years old, have nearly a $2 million dollar endowment fund and will begin our first ever capital campaign to build a new two-story children's art and science museum that will connect to building two.

Recently have begun a strategic planning process to move the museum to a new location and, hopefully, merge with a similar type of museum in the vicinity.

Our fund-raising strategies are currently under review including a possible capital campaign.

We are working on a much improved newsletter for 1996. We are not on target with present publication now.

We really don't have the staff time to complete the following pages - thank you for your recent card saying that this part of the questionnaire would be helpful by itself.

I am sorry but I simply do not have the time to crunch the numbers for you. They are attached for your use.

Most of these questions are too complex to be answered "yes" or "no".

I assume by "other nonprofit organizations" you are not referring to foundations or federated agencies like United Way ...

I'm not sure what this questionnaire measures. It appears to be setting goal ideals or standards asking if people are working optimally. Yes/no answers are unrealistic. People strive to get there, but are not ever there all the time. You'd have done better with a 4-5 point scale - rarely - occasionally - frequently - always.

Appendix K

Dissertation Author's Curriculum Vita

CURRICULUM VITA

ELIZABETH A. POTTER
808 GREEN TREE ROAD
KOHLER, WI 53044
414-452-6875

EDUCATIONAL BACKGROUND:

May 1996	Ph.D., Administration/Management, Walden University, Specialty: Nonprofit Organizations
May 1993	M.S. Management, Cardinal Stritch College, 3.888 Grade Point Average
May 1991	B.S. Management, Silver Lake College, Graduated Summa Cum Laude - 4.0 Grade Point Average
1975-1986	University of Wisconsin Continuing Education Courses in Library Management, General Management, and Local History
June 1968	Associate in Arts Degree, University of Wisconsin

PROFESSIONAL EXPERIENCE:

1992-1996	Charter Member and Board Member, Above and Beyond Children's Museum, Sheboygan, WI
1983-1987	Charter Member and Board Member, Sheboygan County Historical Research Center, Sheboygan Falls, WI
1977-1991	Museum Director, Sheboygan County Historical Museum, Sheboygan, WI
1973-1977	Coordinator Christian Education, Grace Episcopal Church, Sheboygan, WI
1968-1973	Support Staff, Sheboygan Public Schools, Sheboygan, WI

PROFESSIONAL ORGANIZATIONS:

1994-1996	Member, Doctorate Association of New York Educators
1994-1996	Member, Society for Nonprofit Organizations
1993-1996	Member, Association of MBA Executives
1994-1996	Advisory Board Member, Wisconsin's Ethnic Settlement Trail
1992-1996	Charter Member, Board Member, and Member Above and Beyond Children's Museum, Sheboygan, WI
1983-1996	Charter Member, Board Member, and Member Sheboygan County Historical Research Center, Sheboygan Falls, WI
1976-1996	Vice President, Board Member, and Member Sheboygan County Historical Society, Sheboygan, WI

EDUCATIONAL AND PROFESSIONAL HONORS:

1991	All American Scholar Honor Conferred by the United States Achievement Academy
1989-1990	Elected to Who's Who in American Colleges and Universities
Nov. 1983	Sheboygan County Historical Society Outstanding Achievement Award
April 1983	Biographical Story in a Local Newspaper, The Sheboygan Press, in its "Neighbor's Worth Knowing" Column

PROFESSIONAL PUBLICATIONS:

Potter, B. (Jan. 1994). Heritage tourism - worth the risk. W.E.S.T.word Traveller, p.4. Sheboygan Falls, WI: Wisconsin's Ethnic Settlement Trail.

Special Reports:

1992-1993 Conducted Heritage Tourism Economic Impact Study (Master's Degree Thesis Project) for Wisconsin Department of Tourism and Wisconsin's Ethnic Settlement Trail

1993 Wrote a Business Plan for the Above and Beyond Children's Museum, Sheboygan, WI

1993 Wrote a Personnel Plan for the Above and Beyond Children's Museum, Sheboygan, WI

1993 Co-authored a Business Plan for Wisconsin's Ethnic Settlement Trail

1990 Wrote a Business Plan for the Sheboygan County Historical Society, Sheboygan, WI

1990 Wrote a Personnel Plan for the Sheboygan County Historical Society, Sheboygan, WI

1970-1991 Founded and Wrote Bi-monthly, Sheboygan County Historical Society Newsletter, Sheboygan, WI

COMMUNITY CONTRIBUTIONS:

1994-1997 Appointed to the Silver Lake College Development Committee, Manitowoc, WI

1994-1997 Chairperson of the 150th Anniversary Book Project for Grace Episcopal Church, Sheboygan, WI

1990 Appointed to the Silver Lake College Advisory Committee to Establish a Master's Degree in Management Program, Manitowoc, WI

1986- Appointed Grace Episcopal Church Archivist, Sheboygan, WI

1982 Helped Resettle Southeast Asians in Sheboygan, WI

1977	Initiated Sheboygan County Historical Society Monthly Educational Programs

CONSULTATIONS:

1995	Minnesota Iron Range Resources Board, Heritage Tourism Economic Impact Findings
1993	Wisconsin Governor's Office and Department of Tourism, Heritage Tourism Economic Impact Findings to Foster a Bill Which Created Wisconsin's Ethnic Settlement Trail

PRESENTATIONS:

1977-1991	Sheboygan County Museum Budgetary Presentations to Sheboygan County Board of Supervisors, Sheboygan, WI
1977-1991	Radio Presentations for the Sheboygan County Museum, Sheboygan, WI
1977-1991	Television Presentations for the Sheboygan County Museum, Sheboygan, WI
1977-1991	Community Presentations for the Sheboygan County Museum, Sheboygan, WI