



Blueprint for Sustainability Business Plan 2019–2021



Blueprint for Sustainability

Business Plan 2019–2021

The *Alberta Aviation Museum (AAM) Blueprint for Sustainability* shows how the museum creates, delivers, and captures value for the people of Edmonton and leverages that value into sustainable revenue streams. It is based on the research completed in the first phase of the sustainability project that the Alberta Aviation Museum has embarked on. The City of Edmonton and the Edmonton Heritage Council have been invaluable supporters of this work. The results of extensive review and audit work, along with implementation recommendations, tools, and templates, are available in the *AAM Sustainability Project Interim Report*, which is a supporting document for the *Blueprint for Sustainability*. This document presents a strategic framework and sustainability goals to guide the museums' transition into renewed operations, governance, and revenue models that flow from the business model.

On some levels, the business model presented is aspirational, in that some components will need to be developed, but it builds on existing assets and strengths and is realistically achievable. The model can be executed through a focused and strategic implementation of changes to the museum's systems and operational structures as outlined in Section I and articulated in the three-year annual implementation plans. The business model positions the museum's board, human resource, and financial capacity to support an increased public profile, targeted programming, fund development, and revenue-generating activities.

Table of Contents

Our Direction	3
<i>Sustainability is an Orientation, Not a Destination</i>	
Strategic Framework	4
Our Success	5
<i>Practices and Approaches for a 21st-Century Organization</i>	
Systems and Structures	
Operations Focus	6
Financial Sustainability Focus	8
– Transition Budget	9
Governance Focus	10
Our Shared Future	11
<i>Building a Visitor-Focused, Mission-Centred, Values-Driven Museum for the Community</i>	
Business Model	12
Our Actions	
<i>Implementing the Model</i>	
Annual Plan – Year 1	26
Annual Plan – Year 2	27
Annual Plan – Year 3	28

Our Direction

*Sustainability is an Orientation,
Not a Destination*

The Alberta Aviation Museum is a museum on a path to sustainability. It's built on the passion and hard work of volunteers, staff, and leaders who already know something the city might not yet recognize: The legacy of Edmonton's aviation story helped shape the city we know. Blatchford Field is a small place where big things happened. Where Edmonton's role as a healthcare, educational, political, and commercial anchor for the province and the north played out on a daily basis. Where men and women learned to serve and to fly. Where entrepreneurs took an idea and turned it into an enterprise. There are stories of challenge, uprooting, risk, heartbreak, and loss alongside those of courage, bravery, and perseverance. They are complex and bold stories that reflect those told in other industries, communities, and boardrooms across Edmonton. These are global stories that touch down right here in the heart of Edmonton.

The Alberta Aviation Museum is a steward of that legacy and the organization charged to share it with the people who live in and visit Edmonton. The AAM's *Strategic Framework* captures that mandate.

ALBERTA AVIATION MUSEUM

Strategic Framework

Values

- **Respect**

We foster respect-based relationships internally and externally and are respected in the community.

- **Community**

We serve our communities and nurture a sense of belonging.

- **Stewardship**

We collect and preserve stories and artifacts and are accountable for all the museum's resources.

- **Knowledge**

We support learning, education, collecting, and sharing.

- **Passion**

We have passion for aviation history and excitement for story. We celebrate our successes and have fun!

Vision

To boldly share Blatchford's aviation stories and shine a spotlight on Edmonton as a window to the world.

Mission

We are an active community partner and stewards of Edmonton's aviation history, providing a dynamic visitor experience and sharing stories about the role of aviation in building our community.

Sustainability Goals

Health and Wellbeing

- Predictability, stability, and accountability in decision making, expectations, and motivation is supported by our clearly defined vision.

Culture

- Inclusive and diverse relationships are the foundation of our visitor-focused programs and services.

Social Responsibility

- Our programs, services, events, and relationships foster an awareness of community issues and contribute to local positive change.

Environment

- Intentional decisions minimize our environmental footprint, individually and organizationally, and we work with our assets to increase energy efficiency and reduce waste.

Financial

- A balance of revenue and relevance contributes to our long-term stability.



Our Success

Practices and Approaches for a 21st-Century Organization

Systems and Structures

In 2019, the AAM embarked on a sustainability project to create a new vision for the organization's strategy, operations, and governance systems that will support the organization's sustainability. Making impactful change at the organizational level starts with imagining what the future looks like for the museum and capturing that in the strategic framework. Reorganizing the museum's operational and governance systems support and drive that vision. For the AAM, that means rethinking how staff are organized and where the focus of their work lies. Financial sustainability is centred around a diversified revenue model and strategic and rigorous decision making about the museum's programs and services, the visitor experience, and other spending directed at increasing the AAM's profile and developing and communicating a value proposition that will appeal to the museum's customers. The governance focus includes directing the board's energy toward fund development, community engagement, and relationship building.

ALBERTA AVIATION MUSEUM

Operations Focus

The Alberta Aviation Museum is organized in a traditional and common structure where staffing falls roughly into two categories—operations and facility and museum activities—that are overseen by the Executive Director. Museums are finding that this compartmentalized approach often separates the staffing of the key activities of the museum from the administrative framework that supports it.

The AAM's new operational structure breaks down that disconnection into a team-based structure that reinforces the values of trust, common purpose, shared consciousness, and empowered execution.¹ The operational structure now centres around the concept of a leadership team that organizes museum operations into three areas of focus: Community and Strategy, Operations and Facility, and Museum Practice.

The team for each area of focus includes the staff responsible for those operational functions and the volunteers who support the work. The Leadership Team connects the work across the organization and encourages strong communication. As the team structure is embraced and integrated into day-to-day operations, staff and volunteers develop an understanding of how their activities impact the success of other areas.

The Community and Strategy Team, led by the Executive Director, creates a work unit that is focussed exclusively on looking out. They will lead the transition to becoming a visitor and community-centred museum in three areas:

1. Building relationships with funders, donors, and corporate supporters.
2. Being an active participant in the community life of the City and the emerging neighbourhood of Blatchford.
3. Sharing what the museum has to offer with the outside world.

Together, the three teams organize and carry out the work of an organization with a renewed focus on:

- the visitor experience,
- targeted program and service offerings,
- strong community relationships,
- marketing and advancement activities, and
- strategic decision making about the mission impact and revenue and cost structure of museum activities.

¹ General Stanley McChrystal (2015) *Team of Teams: New Rules of Engagement for a Complex World* (Penguin Random House).

ALBERTA AVIATION MUSEUM Organizational Structure

Community-focused / Team-based / Organized to Lead Transition



ALBERTA AVIATION MUSEUM

Financial Sustainability Focus

The Alberta Aviation Museum, like many museums, has fixed operating costs that have outgrown the revenue streams they have traditionally relied on. The museum's expenses are already lean. In-kind donations and frugal decision-making have cut fixed costs as much as is feasible.

The museum's operating model is in the midst of transition. This is essential to their long-term sustainability because it will drive the museum's implementation of a diversified revenue model. The transition is driven by four activities.

1. Enhance the visitor experience to increase the number of visitors and create visitor loyalty.
2. Develop programming and services that attract new and larger audiences.
3. Support fund development, strengthen community relationships and share the value the AAM adds to our community.
4. Promote the museum's programs, services, and visitor experience as well as the educational and community assets the museum brings to Edmonton.

These activities are supported by modernizing the operational and governance models, which will develop and support revenue streams.

The revised 2019 to 2021 budgets recast museum expenses to track operational expenses that support the transition. This will allow financial reporting to show progress in bringing expenses in line with the museum's goals. The second year will tell a more accurate story about the cost and value of the museum's programs and services.

The expenses have not been substantively decreased because additional cuts would reduce programs and services, operating hours, and critical staff. This would undermine the museum's ability to shift to a new way of working and serving the community. Further operational cuts would adversely impact the current and anticipated revenue streams that visitors, program fees, and public support for museum and community-based work bring in.

See the Cost Structure section of this document for a discussion of the museum's fixed and variable costs.

The museum anticipates increases in the earned, public, corporate, and philanthropic funding it receives.

These increases begin at a modest level for the remaining quarters of 2019 and into 2020 but grow as operational changes generate results. The projected deficit of \$238,000 for 2019 was bridged by transition funding from the City of Edmonton. Taking those dollars and implementing a shift in the operational model has the potential to turn the projected deficit into a small surplus if new fund development activities are successful.

Fund development takes time, as does building corporate sponsor relationships and successful fundraising initiatives. As a result, the museum may not be successful in generating all of the revenue anticipated in the remaining months of 2019. However, the transition funding from the City of Edmonton ensures the museum will not be in a deficit position at the end of 2019. Any surplus funds that may be remaining will be captured in a Sustainability Fund.

The first full year of operating under the new business model will be 2020. The budget shows a small decrease in expenses and a reasonable increase in each of the museum's revenue sources. The modest deficit of \$61,410 could be addressed through renewed support for transition from the City of Edmonton.

By the end of the second year operating under the new model, the diversified revenue streams are projected to create a balanced budget that positions the museum on a strong path toward financial sustainability.

"Sustainability is an orientation, not a destination."² The museum, like every other non-profit and for-profit organization, will never be able to lose focus on achieving an ideal balance between revenue-generating activities and managing their corresponding expenses.

The Alberta Aviation Museum's path is not easy, but it is realistic and sustainable.

² Joanne Bell, Jan Masoka, and Steve Zimmerman. (2008) *Nonprofit Sustainability, Making Strategic Decisions for Financial Viability* (San Francisco: Josey – Bass). Quote included above and as subtitle on page 3.

Sustainability Fund

If successful fund development efforts create an operating surplus in 2019, those funds will be used as a foundation for a sustainability fund. The museum will establish the fund to offset the inevitable cash flow implications of ending some programs and services and developing new ones. The sustainability fund accounts for the time it takes fund development initiatives to grow and anticipates that not every initiative will generate the anticipated funds. As the transition continues, the fund can be increased through philanthropic support to grow the fund and support the AAM's long-term agility and resilience.

The surplus identified for Year 1 will only occur if all revenue model increases are achieved. It should essentially be considered contingency funds, and not relied upon in Year 2.

* Based on financial information current to June 19, 2019.

REVENUE	YEAR 1 QUARTERLY		Year 1	Year 2	Year 3
	Q1 - Q2 2019 Actuals*	Q3 - Q4 2019 Anticipated	2019	2020	2021
Public Funding	\$ 283,041	\$ 166,000	\$ 449,041	\$ 260,000	\$ 280,000
Earned Revenue	\$ 144,750	\$ 233,906	\$ 378,656	\$ 410,500	\$ 434,000
Corporate Sponsorships & Foundations	\$ -	\$ 16,000	\$ 16,000	\$ 22,000	\$ 28,000
Fundraising Events	\$ 6,749	\$ 13,000	\$ 19,749	\$ 25,000	\$ 40,000
Fund Development	\$ 35,111	\$ 20,000	\$ 55,111	\$ 60,000	\$ 70,000
TOTAL REVENUE	\$ 469,651	\$ 448,906	\$ 918,557	\$ 777,500	\$ 852,000

EXPENSES			Year 1	Year 2	Year 3
Community & Strategy					
Visitor Services	\$ 15,272	\$ 27,668	\$ 42,940	\$ 45,533	\$ 46,808
Marketing & Communications	\$ 5,453	\$ 2,800	\$ 8,253	\$ 7,600	\$ 7,600
Community Engagement	\$ 903	\$ 4,541	\$ 5,444	\$ 4,000	\$ 4,000
Governance Activity	\$ 884	\$ 16,349	\$ 17,233	\$ 17,250	\$ 17,250
Fundraising Events	\$ 7,955	\$ 1,345	\$ 9,300	\$ 9,300	\$ 9,300
Museum Activities					
Exhibitions (non-capital)	\$ 420	\$ 4,264	\$ 4,684	\$ 4,220	\$ 4,220
Education & Public Programming	\$ 4,515	\$ 1,952	\$ 6,467	\$ 6,500	\$ 6,500
Collections (non-capital)	\$ 931	\$ 1,100	\$ 2,031	\$ 2,100	\$ 2,100
Operations & Facility					
Staffing	\$ 243,546	\$ 244,682	\$ 488,228	\$ 511,353	\$ 523,168
Professional & Admin Services Fees	\$ 29,924	\$ 46,908	\$ 76,832	\$ 45,600	\$ 45,600
Facility & Utilities	\$ 57,121	\$ 60,220	\$ 117,341	\$ 118,654	\$ 118,654
Administration	\$ 29,659	\$ 36,997	\$ 66,656	\$ 66,800	\$ 66,800
TOTAL EXPENSES	\$ 396,583	\$ 448,826	\$ 845,409	\$ 838,910	\$ 852,000

NET Surplus / (Deficit)	\$ 73,068	\$ 80	\$ 73,148	-\$ 61,410	\$ 0
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ALBERTA AVIATION MUSEUM

Governance Focus

Principles of Sustainable Museums

- **Leadership and Governance**

Innovation, flexibility, and risk taking

- **Organizational Agility and Efficiency**

Generative thinking, intelligent visioning, strategic foresight, and unique value propositions

- **Ethical and Social Responsibility**

Co-collaboration, identification, and a response to community issues as part of a larger social movement ³

³ Alberta Museums Association (2013), *Sustainability Working Group Recommendations Report* (Edmonton: Alberta Museums Association): 2.

A sustainable museum has three pillars of support, the first is leadership and governance. The AAM's repositioned governance model is centered on clear roles and responsibilities for museum stakeholders, active strategies, and board members who focus their efforts on the community. The governance model is supported by a strong policy framework and a professional development plan.

"Attendance flows from significance, and significance flows from the provision of meaning and value to one's community. These are the true faces of sustainability."

Robert Janes and Gerald Conaty, *Looking Reality in the Eye: Museums and Social Responsibility* (Calgary: University of Calgary Press and Museums Association of Saskatchewan, 2005): 9.

The Board's Governance Role

The board provides the strategic leadership for the museum and nurtures key relationships and networks. The role of the board in the transition centres around three responsibilities:

1. fund development,
2. community engagement, and
3. relationship building.





Our Shared Future

*Building a Visitor-Focused, Mission-Centred,
Values-Driven Museum for the Community*

ALBERTA AVIATION MUSEUM Business Model

The AAM Business Model is presented on a Business Model Canvas, a concept for organizing and representing the rational of how an organization creates, delivers, and captures value. It illustrates the strategy of an organization in relationship to its customers, offer, infrastructure, and financial viability. This model was selected for the AAM because it starts with understanding the needs of the people that the AAM serves. Each section is expanded upon in the pages that follow.⁴

The Business Model Canvas

1. Customer Segments
2. Unique Value Proposition
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key Resources
7. Key Activities
8. Key Partnerships
9. Cost Structure

⁴ Alexander Osterwalder and Yves Pigneur. (2010) *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* (Hoboken, NJ: Wiley). Strategyzer.com/bmp. With adaptations for the AAM and non-profit context.

8. Key Partnerships

Community and Civic Partners

City of Edmonton
Government of Alberta
Donors
Edmonton Community Foundation
Edmonton Flying Club
Department of National Defense
Tenant Groups
Air Cadets and parent supporting groups
700 Wing Airforce Association
418 Squadron Association
Civil Air Search and Rescue
Edmonton Homebuilt Aircraft Association
Edmonton Soaring Club
RCAF Women's Association
Edmonton Aviation Heritage Society

Corporate Partners

Servus Credit Union
Elevate Aviation
Synergy
Edmonton Airports
Blatchford Stakeholders and Development Group
Kingsway District Business Association

Professional Sector Partners

Edmonton Heritage Council
Alberta Museums Association
Alberta Historical Resources Foundation
Edmonton Historical Board
Edmonton & District Historical Society
Reynolds Alberta Museum
Reynolds Heritage Preservation Foundation
Telus World of Science Edmonton
Fort Edmonton Park
Other aviation museums

7. Key Activities

Collections

Library
Preservation
Collections management
Digitization
Storage
Restoration tours

Exhibition

Exhibit redevelopment
Story islands
Community partner exhibits
Tenant Museums

Research

Research requests
Library
Collection-based research

CR_7463 Attachment 1

Programming

Volunteer-guided tours
Pilot training
Car show
Father's Day program
Drop-in family programs
Photography nights
Haunted Halloween night
Women in Aviation
Boogie Woogie special event

Community & Strategy

Free Servus nights
Air show
Co-op students
Practicum students
Open Cockpit fundraising event

6. Key Resources

Human Resources

Large and talented volunteer core
Professional and qualified staff
Engaged board of directors

Financial Resources

Edmonton Heritage Council Operational Grant
Strong earned revenue streams and growth potential
In-kind donations that support exhibition and restoration activities
Donor base for capital projects

Heritage and Intangible Assets

Collections
Archives and library collection
Location in City-owned historic hangar
Research and story resources
Volunteers with historic skill sets and knowledge of historic materials and processes
Well-equipped restoration shop
Extensive board and staff networks in aviation industry, military and business communities

9. Cost Structure

Fixed Costs

Core Staffing
Facility and lease
Administration (office, technology, insurance)
Utilities
Core museum functions

Variable Costs

Project-based and seasonal staffing
Marketing
Projects
Gift shop inventory

2. Unique Value Proposition

Through story and dynamic experiences, we are a hub for community building.

We gather people to learn about science, technology, innovation, entrepreneurship, and pushing boundaries through the lens of Edmonton's aviation history. We:

- preserve and present local stories such as Blatchford and Edmonton North aviation history;
- tell stories of community building, courage, and bravery; and
- create a large impact with limited resources.

We are a place people choose to come time and time again because of the dynamic visitor experience that includes:

- a children's area for inquiry- and play-based activities;
- regular hours and a promise of future events;
- a bright, cheerful, welcoming, and fun space;
- engaging programs that are carefully planned and well attended;
- volunteer skills and stories that are captured and integrated into experiential programming; and
- partners and supporters who are invested in the vitality of the museum.

4. Customer Relationships

Children and Youth

Community
Experiential- and inquiry-based learning
A sense of belonging that is fostered by staff and volunteers

Venue Users

Easy and Personal Service
Great customer service
Excitement for story, celebration, and fun

Tourism and Recreation

Co-Creation of Experience
Learning and sharing
Fun!

Aviation & Heritage Enthusiasts

Community
Education and collection resources
Passion for aviation history

3. Channels

Active online presence
Strong rankings on crowd-sourced traveller platforms
Networks with aviation and history enthusiast groups
Effective communication strategies that support programs and improve event attendance
Positive media relationships

1. Customer Segments

Children and Youth

Families and multi-generational groups
Parents and tots
Older children and tweens
Grade six students and teachers
School field trips
Cadets
Pre-schools and daycares
Girl Guides and Boy Scouts
Teens
Science clubs

Tourism and Recreation

Out of town visitors with local family or friends
Tourists exploring the city
Seniors tours
Group tours
Associations and clubs
Newcomers

Venue Users

Photographers
Wedding and event planners
Media
Conference attendees

Heritage and Aviation Enthusiasts

Post-secondary historians
Flight schools
Aviation businesses
Military organizations
Historical societies

5. Revenue Streams

Public Funding

City of Edmonton transition funding
EHC Operations grant
Staffing grants
Other grants and museum projects
Casino funds

Earned Revenue

Admissions
Memberships
Gift shop and book sales
Program fees
Facility rentals
Food sales
Tenant rentals
Other income

Corporate

Sponsorships
Foundations

Fundraising Events

Fund Development

Philanthropic support
Donation box
Annual campaign
Endowments

ALBERTA AVIATION MUSEUM

Business Model Narrative

1. Customer Segments

Children and Youth

Families and multi-generational groups
Parents and tots
Older children and tweens
Grade six students and teachers
School field trips
Cadets
Pre-schools and daycares
Girl Guides and Boy Scouts
Teens
Science clubs

Tourism and Recreation

Out of town visitors with local family or friends
Tourists exploring the city
Seniors tours
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Newcomers

Venue Users

Photographers
Wedding and event planners
Media
Conference attendees

Heritage and Aviation Enthusiasts

Post-secondary historians
Flight schools
Aviation businesses
Military organizations
Historical societies



The Alberta Aviation Museum has a diversified customer base. Visitors and users come to the museum seeking different kinds of experiences and, therefore, have different needs. Each group uses the museum differently and should be offered experiences that suit their expectations. Marketing considers where and how each group engages with information and targets key messages to them.

Children and youth visit the museum for learning and play. Children up to age seven most often visit with family. They generally do not drive the decision to visit the museum, but a parent, grandparent, or other adult believes the children would enjoy the experience. Children may influence the decision to visit regularly (repeat visits of higher than average frequency) if they have a good experience. Children aged eight to twelve come to the museum with families, but also with organizations such as schools or clubs that value learning.

Tourism and recreation audiences look for a unique, cultural, or authentic experience where they can learn something about the place they are visiting. They want to see the main sites or experience something interesting from a historical or scientific perspective. They probably do not choose to come to the Alberta Aviation Museum because they like aviation, rather because they like to share, learn, explore, and enjoy new and exciting experiences.

Venue users want a unique space that serves as an interesting backdrop for their event or activity. They decide on the AAM for logistical reasons—it is the right size or price, the parking is good, it's near other destinations or venues, and it sets the stage for their event or activity.

Heritage and aviation enthusiasts are a niche audience. They come because of the collection, the personal stories, or the historical content of exhibitions. Their enthusiasm makes them outliers among museum visitors. They are a small audience but often seem larger to the museum because they are most likely to support the museum in other important ways—as donors, members, or volunteers.



2. Unique Value Proposition

Through story and dynamic experiences, we are a hub for community building.

We gather people to learn about science, technology, innovation, entrepreneurship, and pushing boundaries through the lens of Edmonton's aviation history. We:

- preserve and present local stories such as Blatchford and Edmonton North aviation history;
- tell stories of community building, courage, and bravery; and
- create a large impact with limited resources.

We are a place people choose to come time and time again because of the dynamic visitor experience that includes:

- a children's area for inquiry- and play-based activities;
- regular hours and a promise of future events;
- a bright, cheerful, welcoming, and fun space;
- engaging programs that are carefully planned and well attended;
- volunteer skills and stories that are captured and integrated into experiential programming; and
- partners and supporters who are invested in the vitality of the museum.

The aviation stories and dynamic experiences make the Alberta Aviation Museum different from others in the Metro Edmonton region. The museum will continue to focus its resources and energy on developing a unique proposition for each of its customer segments.

Children and Youth The museum's science, technology, engineering, art, and math themes meet curriculum goals at all grade levels and provide informal learning experiences for children. Admission rates for children, families and caregivers are affordable, especially when compared to others across the city. Program fees are competitive.

Tourism and Recreation The museum's exhibitions share stories about how Edmonton and Alberta's aviation industry was built. They share how individuals flying out of Blatchford field had an impact on a local, provincial, national, and international level. The museum is housed in a heritage building and is one of the signature heritage experiences in Edmonton. It can easily accommodate large tour groups and free Servus nights make it a good option for those who like to explore the city and deepen their understanding of what makes Edmonton a special historic city.

Venue Users The museum is housed in a double-wide heritage hanger. It is a one-of-a-kind space that has ample parking and is accessible by transit. The hall can accommodate events with up to 400 people. Gallery, classroom, and boardroom spaces are also available. The space is ideal for tradeshow, conferences, weddings, training, and meetings.








Heritage and Aviation Enthusiasts The building, collection, and historical and technological interpretation on their own are enough to attract this audience, which can not get enough of aviation and historical experiences. The museum's active volunteer program allows enthusiasts opportunities to engage with the collection, archives, and library.

WHAT'S NEXT:

The museum's focus on developing the child and family experience by adding play- and inquiry-based activities and a broader range of family focussed programming will strengthen the offering for this key customer segment.

3. Channels

Active online presence
 Strong rankings on crowd-sourced traveller platforms
 Networks with aviation and history enthusiast groups
 Effective communication strategies that support programs and improve event attendance
 Positive media relationships

Platform	Following	Rating
 Instagram	553	n/a
 Facebook	1997	★★★★★
 Twitter	650	n/a
 Google Reviews	471 reviews	★★★★★
 Yelp	11 reviews	★★★★★
 Trip Advisor	201 reviews	★★★★★
 YouTube	16 subscribers	n/a

The Alberta Aviation Museum has a strong online and social media presence and is often the **#1 Ranked Museum** in the *Edmonton Things to Do: Museums* Trip Advisor category.⁵ User-driven reviews are strong, indicating that the museum is able to deliver on their value proposition once they get people through the doors. The museum has established networks with aviation and heritage enthusiasts. They have a sense of what works when it comes to getting the message out for existing programs and services. Good relationships with the media open opportunities for further strengthening the museum's profile. The museum's communications and marketing activities are an organizational strength.

WHAT'S NEXT:

The museum is shifting its focus to grow the value proposition for its user groups, broaden its reach with recreation and tourism operators and decision makers, and combat historical perceptions about past operational struggles. The Community and Strategy team will move customers through the channel of building awareness, helping audiences make decisions to visit or book the venue, and facilitating the final purchase. Once in the museum, users feel it delivers on its value proposition and evaluate the museum positively.

To access and engage a broader market, the museum's communications and marketing staff can develop and implement:

- key messaging to support building awareness of the museum's active and vibrant energy,
- strategies to grow organic social media reach among customer segments, and
- a marketing strategy that supports organizations and operators who make visiting decisions (e.g., sharing what's new and available in the museum)

⁵ Trip Advisor; Museums in Edmonton, retrieved 28 June 2019, https://www.tripadvisor.ca/Attractions-g154914-Activities-c49-Edmonton_Alberta.html

The museum's relationships are value based and geared to customer expectations. Sometimes that's community and engagement based. However, certain customer segments, like tour operators and event planners who have value-aligned businesses, build relationships based on excellent customer service and personal relationships.

<i>Values</i>	
Respect	We foster respect-based relationships and are respected in the community.
Community	We serve our communities and nurture a sense of belonging.
Stewardship	We collect and preserve stories and artifacts and are accountable for all the museum's resources.
Knowledge	We support learning, education, collecting, and sharing.
Passion	We have passion for aviation history and excitement for story. We celebrate our successes and have fun!

4. Customer Relationships

Children and Youth

Community

Experiential- and inquiry-based learning

A sense of belonging that is fostered by staff and volunteers

Venue Users

Easy and personal service

Great customer service

Excitement for story, celebration, and fun

Tourism and Recreation

Co-Creation of Experience

Learning and sharing

Fun!

Aviation & Heritage Enthusiasts

Community

Education and collection resources

Passion for aviation history

The museum will build relationships with decision makers in the children and family audience by emphasizing the shared values the museum and communities hold. They will facilitate communications with the communities that parents, educators, children's programmers, and caregivers belong to. These are tightknit communities with effective communication networks that are largely informal and easy to access and where information is often shared personally.

Customer service and human interactions lead the renewed focus on relationships. Venue users feel comfortable and confident that their event or activity will go off without a hitch and be a fun and memorable experience. Personal relationships and repeat business from key customers like tradeshow, event, and wedding planners help stabilize venue revenues.

The relationship with tourism and recreation audiences is about co-creating an experience that suits their values. Both out of town and local visitors want to have a personal experience, either with family and friends, by exploring the city, by satisfying a curiosity and learning, or in trying something new. These experiences are co-created between the museum and the visitor and are easy to share on social media. Sharing with family, friends, and followers is part of the experience for the visitor.

Like the children and youth audience, the relationship with enthusiasts is community based. The museum provides an opportunity to align closely with personal values. Museum and heritage enthusiasts build a community around their shared passion for aviation history, the collection, and the museum's education role. These relationships help sustain the museum and create a reliable foundation to build on and access broader audiences.

Comparing the Aviation Museum admission structure to other cultural facilities in Edmonton highlights the opportunity to position the museum as an affordable family experience.

ADMISSION: ADULT



ADMISSION: SENIOR



ADMISSION: CHILDREN



5. Revenue Streams

Public Funding

City of Edmonton transition funding
EHC Operations grant
Staffing grants
Other grants and museum projects
Casino Funds

Earned Revenue

Admissions
Memberships
Gift shop and book sales
Program fees
Facility rentals
Food sales
Tenant rentals
Other income

Corporate

Sponsorships
Foundations

Fundraising Events

Fund Development

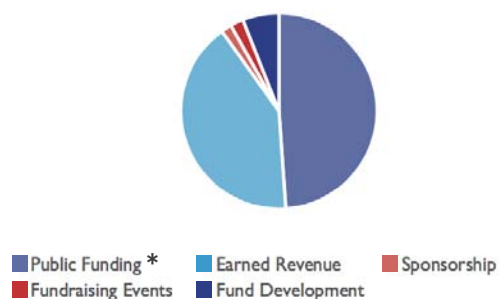
Philanthropic support
Donation box
Annual campaign
Endowments

Sustainable museums diversify their revenue streams. The Alberta Aviation Museum is renewing its operations and governance models to create diverse sources of revenue. The stronger focus on fund development and growing philanthropic and corporate sponsorship contributions are an important part of this strategy. The business model's customer focus shows corresponding growth and diversification of **earned revenues** from the following sources:

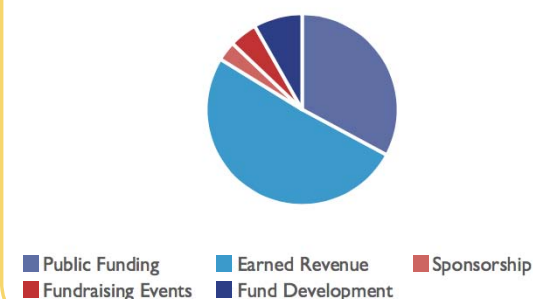
- Admissions
- Memberships
- Gift shop and book sales
- Program fees
- Facility rental
- Food sales
- Tenant rentals
- Fundraising events
- Other income

Diversifying revenue streams prevents overdependence on any one stream. This is especially important in economic conditions where public funding and corporate and private funding is volatile.

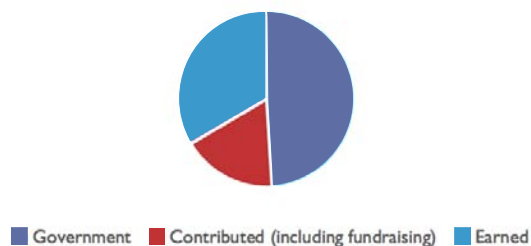
AAM Revenue Streams Year 1



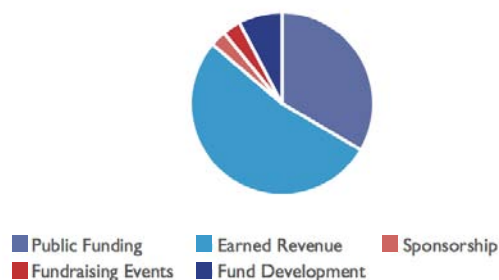
AAM Revenue Streams Year 3



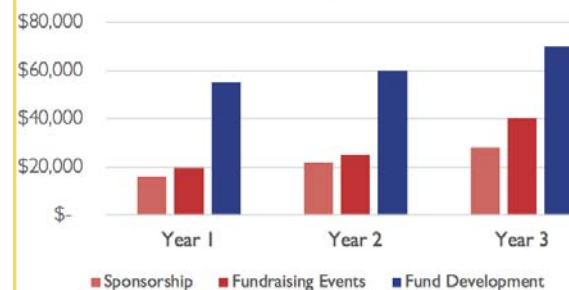
Museums in Canada:
Revenue Streams 2015 **



AAM Revenue Streams Year 2



Contributed Revenue Streams



* 2019 Public Funding includes \$ 238,000 in one-year transition funding from the City of Edmonton. ** Source: Department of Canadian Heritage, *Table 1: National Revenue and Expenditure Profile of Not-for-profit Heritage Institutions, by Institution Types, Canada, 2015* in *Government of Canada Survey of Heritage Institutions: 2017* (Ottawa: Government of Canada, 2018): 8.

6. Key Resources

Human Resources

- Large and talented volunteer core
- Professional and qualified staff
- Engaged board of directors

Financial Resources

- Edmonton Heritage Council
Operational Grant
- Strong earned revenue streams and growth potential
- In-kind donations that support exhibition and restoration activities
- Donor base for capital projects

Heritage and Intangible Assets

- Collections
- Archives and library collection
- Location in City-owned historic hangar
- Research and story resources
- Volunteers with historic skill sets and knowledge of historic materials and processes
- Well-equipped restoration shop
- Extensive board and staff networks in aviation industry, military and business communities

The Museum holds invaluable historic and intangible assets and in-kind resources. The exhibitions and restoration program could not operate without the extensive skills and knowledge, networks, in-kind donations, and labour of its volunteers. The collections, archival and library holdings, and research assets underpin the exhibitions and add depth and authenticity to the visitor experience. There are still many stories untold by the museum, which can continue to provide new content and community partnership opportunities well into the future. The historic Hangar 14 is owned by the City of Edmonton, but the museum's new 25-year lease provides stability.

WHAT'S NEXT:

The Museum's staff, volunteer core, and board of directors is a broad talent pool that is adept at accomplishing big things with small resources. The museum has diversified revenue streams available to them. Refocused organizational and governance structures and a new strategic framework positions the museum to take advantage of the revenue streams and grow them to support museum operations.

Tale of Two Cities⁶

⁶ Based on 2017 information and statistics from the Alberta Aviation Museum and the Hangar Flight Museum.



Edmonton



Calgary

Aviation Museum

Hangar Flight Museum

Number of Artifacts Within the Collection

9,576 and
298,000 photographs

30 aircraft and
>1000 additional artifacts

Annual Revenue

\$ 653,269

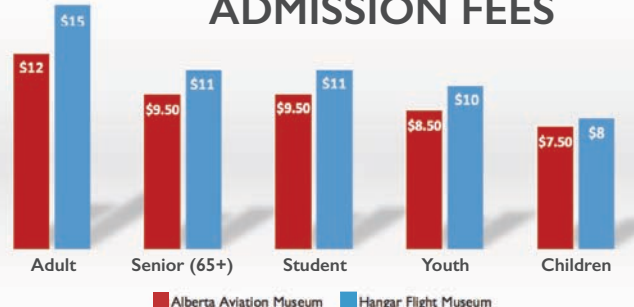
\$ 849,526

Number of Paid Staff

9 full-time / **6** part-time

5 full-time / **6** part-time

ADMISSION FEES



Programming

2 school programs
1 all ages group booking program
1 reoccurring program night for public drop-in
Occasional one-time programming events

5 school programs, **1** in-school program, **1** school program add-on
5 children's group booking programs
1 all ages group booking program
2 reoccurring program nights for public drop in

Annual Visitorship

Total: **17,182**
Student/School **2,014**

Total: **30,086**
Student/School **6,037**

Square Footage of Facility

92,344 sq.ft.

20,000 sq.ft. sq.ft (Main Hangar)
20,000 sq.ft (Tent Hangar)

Nature of Relationship with Municipality

Lease Agreement with City of Edmonton
Operational Support from Edmonton Heritage Council

Civic Partner: Formal agreement with City of Calgary which provides annual operating funds and some capital support

Funds from Municipality

\$ 190,308

\$ 241,384

Percentage of overall Revenue

29%

28%

Number of City owned Assets (in Collection, other)

2 aircraft

10 aircraft and **19** engines

Land ownership

City owned Land / City owned Facility
Facility has Provincial Historic Resource Designation

Lease Agreements with Calgary Airport Authority and City of Calgary

IMAGE: Gibby Davis

IMAGE: Alexandra Hatcher

7. Key Activities

Collections

Library
Preservation
Collections management
Digitization
Storage
Restoration tours

Exhibition

Exhibit redevelopment
Story islands
Community partner exhibits
Tenant Museums

Research

Research requests
Library
Collection-based research

Programming

Volunteer-guided tours
Pilot training
Car show
Father's Day program
Drop-in family programs
Photography nights
Haunted Halloween night
Women in Aviation
Boogie Woogie special event

Community & Strategy

Free Servus nights
Air show
Co-op students
Practicum students
Open Cockpit fundraising event

The Alberta Aviation Museum is a busy place. They offer diverse programs and services to the public, and there is always a project, or twenty, on the go. The scope of the programs appeals to multiple audiences. More importantly, the organization is not afraid to try new things that can lead to dynamic programs that are critical to the museum's success. The museum's physical, human, and intellectual resources support innovative and modern programs and services.

WHAT'S NEXT:

Focusing key activities on the museum's target customer segments deepens our impact in key audiences. The focus builds the museum's profile and relationships in the community. It creates activities that support each customer segment's needs and expectations and recognizes when activities are no longer effective. As the exhibit redevelopment project concludes, leaving the museum with a renewed and engaging exhibition gallery, the museum will turn its attention to programming the space and enriching the visitor experience for years to come.

8. Key Partnerships

Community and Civic Partners

City of Edmonton
 Government of Alberta
 Donors
 Edmonton Community Foundation
 Edmonton Flying Club
 Department of National Defense
 Tenant Groups
Air Cadets and parent supporting groups
700 Wing Airforce Association
418 Squadron Association
Civil Air Search and Rescue
Edmonton Homebuilt Aircraft Association
Edmonton Soaring Club
RCAF Women's Association
Edmonton Aviation Heritage Society

Corporate Partners

Servus Credit Union
 Elevate Aviation
 Synergy
 Edmonton Airports
 Blatchford Stakeholders and Development Group
 Kingsway District Business Association

Professional Sector Partners

Edmonton Heritage Council
 Alberta Museums Association
 Alberta Historical Resources Foundation
 Edmonton Historical Board
 Edmonton & District
 Historical Society
 Reynolds Alberta Museum
 Reynolds Heritage
 Preservation Foundation
 Telus World of Science Edmonton
 Fort Edmonton Park
 Other aviation museums

The AAM's partners share their networks, intellectual capital, development resources, and funding that make the new model work. Many of the museum's partners are direct funders, either supporting projects and special events, providing in-kind support, or through grants and sponsorships. The museum's tenant groups provide revenue through rental fees, donations, and in-kind support as well as by sharing their strong networks among an enthusiast customer segment. The museum's partners and tenants bring much more than a commercial relationship. The practical know-how, professional expertise, and community goodwill they add to the museum's success is immeasurable.

WHAT'S NEXT:

The museum's reorganization around external relationships and their increased community profile will build new partnerships and foster established relationships. Together with their partners, the museum will tell new stories, access new audiences, and increase operational support through fund development activities.

9. Cost Structure

Fixed Costs

Core Staffing
Facility and lease
Administration (office, technology, insurance)
Utilities
Core museum functions

Variable Costs

Project-based and seasonal staffing
Marketing
Projects
Gift shop inventory

Most non-profits work under a cost-driven structure to minimize costs wherever possible. The Alberta Aviation Museum is no different. Like many museums, sustainability for AAM means finding a revenue model that works for their mission. They must find the right mix of community engagement activities, formal programming, special events, and a strong value proposition for visitors. This will bring in new audiences and develop return program and event attendees. Financial sustainability is often a revenue story, rather than a cost story, because the museum's expense sheet is heavy with fixed costs, while the variable costs are those that generate revenue. Therefore, finding savings by shaving variable costs has a corresponding negative impact to the museum's revenue streams that may eliminate or even exceed the savings.

AAM Expenses 2019



Community & Strategy Museum Practice Operations & Facility

AAM Expenses 2019 - Cost Type



Fixed Costs Variable Costs

WHAT'S NEXT:

Many of the museum's programs and services appear revenue neutral on hard costs. The program fees or donations cover the costs of materials and supplies, advertising, and service fees related to the activity. In reality, when staff and facility costs are included, revenue neutral activities can lose money for the museum. Museums are non-profits that serve society, so hosting programs with high impact that cost more than they bring in is sometimes okay. In fact, it can be important. But there must also be activities that generate revenue to offset high-impact, low or no return activities. In fact, there needs to be enough left over to develop the museum's capacity to continually monitor, evaluate, and adjust programs and services in response to the needs of their community and the budget.

Our Actions

Implementing the Model



ALBERTA AVIATION MUSEUM

Annual Plan Outlines



YEAR 1 2019 July to December

<i>Timeline</i>	<i>Work Plan</i>
July to December 2019	<ul style="list-style-type: none"> Report and plan for transition, including three-year evaluation and training plans Implement new operational model Develop and implement fund development plan Write and submit grants
August to October 2019	<ul style="list-style-type: none"> Conduct visitor experience assessments and assess recommendations Research and develop children and family program strategy Develop community engagement strategy to support strengthened and intentional community relationships Approve and implement strategic framework
September to November 2019	<ul style="list-style-type: none"> Develop a communications strategy and plan Develop donor and sponsorship packages
September to December 2019	<ul style="list-style-type: none"> Implement governance recommendations (including, but not limited to): <ul style="list-style-type: none"> review and adopt governance manual establish new governance practices, including agenda format, motion numbering, and learning plan schedule implement fund development plan with identified activities and targets Carry out first annual campaign
October to December 2019 (and ongoing into 2020)	<ul style="list-style-type: none"> Work with community to develop an Indigenous exhibitions and programming plan, with a focus on Truth and Reconciliation Commission Calls to Action
November 2019	<ul style="list-style-type: none"> Conduct universal accessibility audit
November to December 2019	<ul style="list-style-type: none"> Develop 2020 governance plan with the board Develop performance assessment framework and annual work plans with staff
To November 30, 2019 (deadline)	<ul style="list-style-type: none"> Support submission of Recognized Museum Program reapplication (Alberta Museums Association accreditation) with supporting policy and practice documentation



YEAR 2 2020

<i>Timeline</i>	<i>Work Plan</i>
<p>January to May 2020</p> <p>May 2020 (date to be determined based on Edmonton Public School Board and Edmonton Catholic School Board schedules)</p>	<ul style="list-style-type: none"> • Develop and implement the <i>Education Programs Plan</i> to concentrate on identified target customer segments for education programs, with a focus on strategic alignment, financial sustainability, and user needs to enrich the visitor experience. • Distribute <i>Education Program</i> brochure to teachers • Reimagine key fundraising events and implement changes • Begin tracking visitor demographics at start of fiscal year
<p>January to December 2020 (and ongoing)</p>	<ul style="list-style-type: none"> • Continue to work with community to develop and implement an <i>Indigenous Exhibitions and Programming Plan</i>, with a focus on Truth and Reconciliation Commission Calls to Action • Develop the <i>Exhibit Redevelopment Plan</i> to target customer segments, with a focus on strategic alignment, financial sustainability, and user needs that enrich visitor experiences • Engage in ongoing relationship management with community partners, collaborators, stakeholders, and users in alignment with the <i>Community Engagement Strategy</i> • Engage in fund development activities to reach financial targets in alignment with 2020 budget and the board-approved <i>Fund Development Plan</i> • Continually monitor, evaluate, and adjust the museum's programs and services in response to the needs of their community in alignment with the <i>Three-Year Evaluation Plan</i> • Implement the <i>2020 Communications Strategy and Plan</i> initiatives
<p>March to December 2020</p>	<ul style="list-style-type: none"> • Develop and implement the <i>Public Programs Plan</i> to concentrate on target customer segments for public programs, with a focus on strategic alignment, financial sustainability, and user needs to enrich the visitor experience. This includes, but is not limited to: <ul style="list-style-type: none"> • Develop play- and inquiry-based activities for the child and family experience • Develop a broader range of family-focussed programming
<p>November to December 2020</p>	<ul style="list-style-type: none"> • Develop the 2021 governance plan with the board



YEAR 3 2021

<i>Timeline</i>	<i>Work Plan</i>
January to May 2021 May 2021 (date to be determined based on Edmonton Public School Board and Edmonton Catholic School Board schedules)	<ul style="list-style-type: none"> Update and implement the <i>Education Programs Plan</i> to concentrate on customer segments for education programs, with a focus on strategic alignment, financial sustainability, and user needs to enrich visitor experiences Distribute <i>Education Program</i> brochure to teachers
January to December 2021	<ul style="list-style-type: none"> Evaluate, revise, and implement the 2021 <i>Communications Strategy and Plan</i> initiatives Update and implement the <i>Public Programs Plan</i> to focus on target customer segments for public programs, with a focus on strategic alignment, financial sustainability, and user needs to enrich visitor experiences
January to December 2021 (and ongoing)	<ul style="list-style-type: none"> Continue to build relationships and work with community to implement an <i>Indigenous Exhibitions and Programming Plan</i>, with a focus on Truth and Reconciliation Commission Calls to Action Continue to develop the <i>Exhibit Redevelopment Plan</i> to target customer segments, with a focus on strategic alignment, financial sustainability, and user needs to enrich visitor experiences Engage in ongoing relationship management with community partners, collaborators, stakeholders, and users in alignment with the <i>Community Engagement Strategy</i> Engage in identified fund development activities to reach financial targets in alignment with 2020 budget and the board-approved <i>Fund Development Plan</i> Continually monitor, evaluate, and adjust the museum's programs and services in response to the needs of their community in alignment with the <i>Three-Year Evaluation Plan</i>
November to December 2021	<ul style="list-style-type: none"> Develop 2022 governance plan with the board

Selected Resources Consulted

Alberta Museums Association. *Sustainability Working Group Recommendations Report: Five Facets of Sustainability* (Edmonton: Alberta Museums Association, 2013).

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Osterwalder, Alexander and Yves Pigneur. *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* (Hoboken, NJ: Wiley, 2010). See also: Strategyzer.com/bmp.

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Except where otherwise noted, all images by Lech Lebedowski.

The *Alberta Aviation Museum Blueprint for Sustainability, 2019 – 2021* and the companion Alberta Aviation Museum *Sustainability Project Interim Report* has been prepared by Crystal Willie and Alexandra Hatcher and Associates from the Hatlie Group.

Copyediting by Rhonda Kronyk.

Design by one match fire.



