Sustainable Earned Revenue Strategies for Community-Based Cultural Institutions

Project Summary
SAADA (South Asian American Digital Archive), the lead applicant, in partnership with the Texas After Violence Project (TAVP), and three other community-based archives and museums,[1] requests $750,000 in IMLS funds to conduct a three-year applied research study to develop and assess strategies for **sustainable long-term earned revenue generation** by community-based archives (CBAs), museums, and other cultural institutions. The project addresses IMLS National Leadership Grants for Libraries Program Goal 5 / Objective 5.2 by leveraging the diverse expertise of CBAs to produce approaches that strengthen the financial sustainability of archives and are replicable by other cultural institutions. Using community-based participatory research (CBPR), we will work with business consultants to develop five earned revenue strategies during the first year, each of which will be deployed by one of five community-based cultural institutions in Year 2. Findings will be debriefed and evaluated in the final year, with the end goal of authoring a "how to" monograph and accompanying website outlining revenue generation models for CBAs and small libraries, archives, and museums.

Project Justification
Community-based archives hold some of the most valuable materials documenting the lives of marginalized people, and mostly reside in spaces outside of traditional academic and government-run cultural heritage institutions. Despite their indispensable value to the marginalized communities they represent, it is a well-documented problem that CBAs face challenges in finding sustainable revenue models. In 2018, SAADA participated in "Architecting Sustainable Futures," a colloquium organized by Shift Collective and supported by the Andrew W. Mellon Foundation that convened 24 CBAs, museums, and libraries to make recommendations toward acquiring sustainable funding. One conclusion from the symposium report was that **"grant funding is not a sustainable business model [for CBAs],"** as grants are often restricted for specific projects and have administrative requirements beyond the capacity of most CBAs and smaller community-based cultural institutions. While partnerships with academic institutions can be a source of income, such arrangements have the inherent issue of power imbalance favoring the larger institution. The symposium found that successful CBAs usually had to develop multiple income streams over time that included partnerships, grants, and/or earned revenue, in addition to broad-based community support in the form of individual giving.

Surprising to many is the fact that **55% of all nonprofit income is from earned revenue**—more than grants, donations, and government funding combined (Klein 2016). Business strategies such as licensing, publishing, product sales, and fee-for-service (consulting, training, etc.) are successfully adopted by nonprofits of diverse sizes and missions as sustaining forms of revenue. These indicators suggest that implementing an earned revenue strategy could help many CBAs achieve financial sustainability, but given their relative newness, there is very little sector-wide knowledge about which earned revenue strategies are most effective for CBAs, especially taking into account their unique institutional strengths.

By testing the viability and efficacy of five earned revenue strategies—each tailored to the individual strengths of one CBA or museum from a diverse cohort—the proposed research study will generate practical knowledge to help the growing number of CBAs serve their communities more effectively and for the long term. The publication of study results within a monograph and accompanying website will widely benefit small libraries, museums, archives, and other cultural institutions defined as having an annual budget under $5 million), allowing these institutions to become more informed when creating and implementing their own sustainable earned revenue strategies.

Project Work Plan
The applied research study will take place from **August 1, 2023, to July 31, 2026**, and consists of three one-year phases: 1) Strategy Development, 2) Deployment, and 3) Evaluation and Dissemination. Activities for each phase are below:

1. Strategy Development: Prior to the submission of the NLG Phase II Full Proposal, we will have finalized the five CBAs and museums within the research cohort (SAADA, TAVP, and three other organizations with an annual budget of less than $5 million) and have matched each organization with an earned revenue strategy. The following replicable strategies were identified during the "Architecting Sustainable Futures" symposium and ensuing exploratory conversations with community-based institutions:

  (1) Product sales: merchandise, educational publications, retail storefronts such as cafés, gift shops, and bookstores
  (2) Ticket sales: events, walking tours, art galleries, other public history initiatives
  (3) Speaking fees: at corporate events, educational institutions, special occasions (e.g., AAPI Heritage Month)
  (4) Consulting: fees from consulting for other CBAs, universities, corporations, and cultural institutions

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[1] The final list of partner institutions will be determined by the time of the full proposal deadline in March 2023.

(5) <u>Educational training</u>: workshops for educators and administrators guiding the use of CBA-related course content

Throughout the first year **(August 2023–July 2024)**, each community-based institution will work closely with a consulting firm to further develop the revenue strategies, assisting each organization with creating a one-year strategic business plan to implement their selected earned revenue strategy. The entire cohort will meet bi-monthly and convene toward the end of the first phase to set targets and create evaluative metrics for each revenue strategy.

2. Deployment: In the research project's second year **(August 2024–July 2025)**, community institutions will deploy their earned revenue strategies as outlined within their strategic business plans. Due to capacity-related challenges around implementing a new business model while maintaining existing operations, grant funds will be allocated via subcontract toward the hiring and training of a dedicated revenue strategy implementation staff member for each member of the research cohort. Representatives from each community institution will meet with business consultants on a monthly basis throughout the deployment phase to discuss progress in implementing earned revenue strategies.

3. Evaluation and Dissemination: Cohort members will conduct a 3-month internal debrief process **(August–October 2025)** evaluating the efficacy of the implemented earned revenue strategies. Business strategists will conduct focus groups with each institution, providing qualitative and quantitative assessments of revenue model feasibility. During the final nine months of the project **(November 2025–July 2026)**, cohort members will work with business strategists and editors to publish a "how to" monograph for widespread dissemination throughout the nonprofit sector, outlining how small cultural institutions can implement effective strategies for generating earned revenue. SAADA will work with a web developer to create an interactive web portal that accompanies the monograph, as well as host online workshops on earned revenue strategies. By disseminating research knowledge in a variety of ways, we aim to provide an ecosystem of high-quality resources widely accessible to CBAs, museums, and cultural institutions.

Our study is aimed at addressing the following **research questions**:
RQ1: Which earned revenue generation strategies most effectively build on the strengths of community-based archives?
RQ2: How can community-based archives implement optimal earned revenue strategies in creating diverse and sustainable long-term revenue streams?
RQ3: What interventions or modifications are needed in order for these strategies to be successfully replicable by a wide variety of small independent libraries, archives, museums, and other cultural institutions?

Diversity Plan
As with the 2018 "Architecting Sustainable Futures" symposium, which involved 24 community-based archives, libraries, and museums that serve African American, Indigenous, Latinx, Asian American, and LGBTQ+ communities nationally, the cohort for this research study will draw from, as well as aim to benefit, a similarly diverse range of community-based institutions. Following established practices from community-based participatory research (CBPR), each cohort member will actively participate in decision-making around defining the research, evaluation, and dissemination processes.

Project Results
By advancing the know-how of CBAs, museums, and other small cultural institutions in forming effective and sustainable earned revenue strategies, this research study makes a foundational investment in the long-term health of our sector. Funding partners, including IMLS, have stated that despite their unequivocal belief in the vital importance of CBAs, the present situation in which CBAs are often reliant on recurring grants to continue ongoing projects and maintain basic operations is unsustainable in the long term. By helping CBAs and small cultural institutions become less reliant on grant funding, our research study will benefit not only these institutions and their service communities, but also their private and government funding partners, who will see fewer grant requests for recurring work. In addition, by sharing our research findings through a published monograph, the study's website, and online workshops, we aim to make our research findings easily accessible and readily implementable to other smaller community-based cultural institutions.

Budget Summary
The **$750,000** budget over three years (08/01/23-07/31/26) covers the following expenses: **(1) Personnel: $174,000** (Project Director at 20% FTE, Project Coordinator at 50% FTE, Earned Revenue Implementation Staff at 50% FTE for Year 2 only); **(2) Fringe benefits: $52,200** (calculated at 30% of staff salaries); **(3) Business strategists and consultants: $217,436** (Consulting fees, $15,000/org. for Y1 and Y2, $7,500/org. for Y3; Editorial and design support for monograph, $20,000 in Y3; Website development, $9,936 in Y3). **(4) Subcontracts: $252,000** ($63,000 per organization for implementation staff and participation stipend). **Direct costs** are **$695,636**, with **modified total direct costs (MTDC)** totaling **$543,636**. **Indirect costs** (administrative, operations and technology, office costs) at 10% of MTDC: $**54,364.**