The VastPast Rating

The VPR rates Cultural, Arts, and Natural History, and Science and Technology institutions (CANs) on their financial viability. It is a measure of sustainability, of interest to institution managers, donors, trustees, and critics. The VPR helps identify weaknesses as a first step to improving products and programs.

The rating is comprised of three distinct revenue streams: Program Services, Donations, and Business. The three streams:

- come from disparate entities,
- use different facilities,
- require different skills, and
- use different resources.

Thus, they can be considered largely independent activities, carried out within the framework of a single institution. This diversification is healthy because it decreases the dependence on any single activity, and because it allows exploitation of assets in different ways. It provides different avenues to success. Examination of imbalance among the three revenue streams can be used to identify opportunities.

Discussions about CANs often swirl around particular exhibitions, collection objects, areas of expertise, or buildings. Evaluation of these is subjective as evidenced by dialog that goes on and on. What people say or feel does not, in the end, determine the sustainability of an institution because it does not pay the staff, utilities, or for maintenance of the collection. That takes money.

That is why the VPR is based on revenue, the ultimate result of the efforts and assets of an institution. The three components of the VPR are weighted, as explained in the next sections, but are applied the same way to all institutions.

Program Services

Program Service revenue comes from individual memberships and visits by the general public. It is given the greatest weight in the VPR because it is most closely aligned with the usual institution mission to serve/enlighten/educate the public. Program Service revenue is a meaningful evaluation of the institution by the putative beneficiaries. Of the three revenue sources, Program Services is most directly under the control of the curators and others dedicated to the organization's collections.

Although an institution might fulfill its mission by offering free admissions, any assertion that it is satisfying its public duty is subjective. A free benefit may or may not be worth it. One solution, earmarked donations, would at least indicate that someone outside the institution believes in free admission, and the effect of that would be included in the Donation portion of the VPR.

Because this revenue stream derives from a large number of people, it is less sensitive to fluctuation or changes in the priorities or interests of a few. It is immediately responsive to a new exhibit, program, or service.

Donations

Donations and grants from individuals, businesses, and government are, on average, the biggest source of revenue. It is given the lowest weight in the VPR because it is a relatively unreliable, volatile source of funds, often with strings attached.

An institution that relies on donations finds that its major funding is determined by forces outside of the institution itself, as distinguished from revenue resulting directly from its own, mission-oriented efforts. To that extent, its future is in the hands of others, who are increasingly apt to assert their own agendas.

While an institution's ability to raise donor funds may depend on its collections and reputation, it more directly depends on political processes. Selection and use of trustees, nurturing contacts with major funding sources, and networking require a different skill set than maintaining and exhibiting collections. It requires a separate effort by the institution, possibly using external resources.

Business

Sale of products and services and exploitation of collection and financial resources, the third revenue source, is given an intermediate weight. This includes retail sales, return on endowment, management of royalties, and joint ventures.

Investment return is used instead of endowment because it indicates how well management is exploiting it. A large endowment producing no annual return is a negative signal, and lowers the VPR.

This activity, too, builds on skills and assets not directly related to the classic mission of an institution. It is entrepreneurial, and may be assigned to consultants. But this revenue source is so important for older, well-endowed organizations that in-house expertise is imperative.

What's Missing

Many factors are not included in the VPR. It does not directly include the percentage spent on administration because it is small, because it doesn't much matter from a institutional sustainability point of view, and because it is an arbitrary figure. This measure and other 'insider' ratios can be found the Performance page of VastPast.com

Reviews and awards for exhibits, collections, and academic contributions are not included because they are a kind of fiction that often reveals more about the reviewer than the reviewed. They are prone to evaporation, but to the extent that they increase visitor traffic or donations, that effect is taken into account in the VPR

Buildings in particular are not included. To extent that they attract crowds, the result will be manifest as revenue. The Bilbao Guggenheim is a good example. It has increased tourism and enhanced the neighborhood, but its aura cannot be deposited in the bank.

As discussed elsewhere on the VastPast.com web site, institutions' collections are not included because they have no intrinsic value. They are valuable only to the extent they can be used in one way or another to produce revenue, which ***is*** included in the VPR.

Category	Revenue/ Expense
Arts	27%
Natural History	50%
Science and Technology	48%
Weighted Average	**39%**

The degree to which Program Services costs are covered by Program Service revenue is not included. The average of 39% indicates that Program Services are provided at a loss that must be covered by other revenue sources.

Institutions in different categories are not treated differently. Nor are they compared to others within their category. Each CAN has a different history, rationale, or expertise, so identification of a peer is practically impossible. Any pigeon-holing would arbitrarily impose the judgement of the taxonomist over the real activity reality of the organizations.

A small Arts institution should not be treated differently than a large Natural History institution. If it receives a lower VPR, it is because its existence is at greater risk, not because it carries a different label.