

# [Allocation of museum capital](https://assignbuster.com/allocation-of-museum-capital/)

Every privately owned company’s goal is to minimize their costs as much as possible.

Museums. Which are operated similar to private companies. Have the same goal. In order to decide where to allocate their capital a museum must asses some essential questions such as what attracts visitors to their museum, what is the opportunity cost to allocating capital to one resource over another and how the museum can maximize the use of the funds spent, These questions depend on many external, constantly changing, variable factors such as the state of the nation’s economy, other vents in the same city and even the weather.

These factors can help, hurt or have no effect on the museum and must be monitored constantly by the members of the board of directors In order to manage the museum as efficiently as possible.

Different museums exist for many different reasons. There are various types of museums located around the country including: art museums, military and war museums, science museums, history museums, natural history museums and zoological museums. Some are Interested In building and flaunting their collection, while others simply alma to educate the public.

Depending on Its goals, each museum has set up a budget that will maximize their profits. Annual reports from museums located in the United States from each of the six categories will investigate the hypothesis that different types of museums cater to different audiences with different needs. Those distinctive needs will be shown In the annual reports by the ways in which the museum allocates it’s capital.

In order to account for the different size museums used in this study, the amount spent in the various areas is broken down into a percent of the total amount spent for the fiscal year.

The goal of art museums, such as The Museum of Modern Art (Momma) In New York City, Is to collect as many pieces of art as possible. Specifically, Momma states In their mission statement, “… The Museum of Modern Art manifests this commitment by establishing, preserving, and documenting a permanent collection of the highest order that reflects the vitality, complexity and unfolding patterns of modern and contemporary art.

.. ” Momma is a large museum that has a large budget due to a considerable amount of funding.

As a result, Momma Is able to create two budgets, one for operations and another for non-operating activities. To acquire art, Momma takes money directly out of the museum’s ‘ net assets’. At the start of the 2010 fiscal year, the museum had $349, 444, 000 in net assets compared to a $361 at the end of the fiscal year.

Through the year about 4. 5 percent ($15, 970, 000) of the total net assets was spent to acquire art. Due to the size of the museum, it spends a significant amount of capital on facilities and security totaling about 16. 6 percent ($25, 533, 000) of the total operating budget.

An additional 22. 9 percent of the total operation edged Is spent on exhibitions (6. 6 percent) and curatorial support services (16. 2 percent) . These curatorial support services and exhibition expenses are direct results of the museum’s goal. Mama’s goal is to collect and preserve art.

They serve 1 OFF museum’s financial situation to spend a lot of money to preserve these priceless pieces of art. The United States Holocaust Memorial Museum (SHAM) is an example of a military and war museum. Much like other military and war museums, the SASHIMI is concerned with educating visitors.

In addition, the SASHIMI also travels around the oral to prevent and inform the public about acts of hate happening in the world today as it states on it’s website, “ A living memorial to the Holocaust, the United States Holocaust Memorial Museum inspires citizens and leaders worldwide to confront hatred, promote human dignity, and prevent genocide…

Len addition to its leadership training programs, the Museum sponsors on-site and traveling exhibitions, educational outreach, Web site, campus outreach and Holocaust commemorations… Of the nearly $90 million budget, the museum spent 23. 48 percent ($20, 910, 051) on public programs and another 8.

8 percent ($7, 461 , 328) was spent on the Center for Advanced Holocaust Studies which is set up to further educate people on the effects of the Holocaust and to prevent anything like that from happening again. Between these two resources alone, 31. 85 percent ($28, 371 , 379) of the budget is spent on educating. Another 44.

2 percent ($39, 368, 074) is spent on museum operations or 28. 1%) and management or 16. 06%) . The Museum of Natural History in Washington D.

C. Reported having allocating 21 percent ($33, 868, 745) of its budget to scientific research at the end of 2009.

The only other resources that had a percentage close to this was the 19 percent ($30, 316, 368) of the museum’s budget allocated towards guardianship, maintenance, and operation costs. Unlike other museums, the Museum of Natural History is primarily devoted to scientific research. In its annual report, the Museum explains that its scientists are using technology to connect with other researchers across the world to tackle science’s most pressing issues.

Current exhibitions include live butterflies, a scientific presentation on how the brain works, and a movie about the Hubble lessons. When an art museum puts together an exhibition, this may include buying or acquiring the artwork in the exhibit.

In the case of the Museum of Natural History, preparing an exhibit means doing scientific research and spending money on technological resources. The research and actual science accounts for 21 percent ($33, 868, 745) of the museum’s operating expenses while the actual exhibit itself only accounts for 4 percent ($6, 906, 830) of the museum’s operating expenses.

The museum reported having accumulated 8 percent ($12, 397, 615) of its expenses from education and 11 percent ($17, 581 , 443) from general and administrative functions. The museum’s annual report tells us that the museum is based around the scientific research that its scientists and curators do, which allows them to attract visitors with interesting exhibits. This explains why the scientific research making up almost a quarter of the museum’s total expenses. Without scientific research, the museum would have no basis for new exhibits because science is always evolving.

The New England Aquarium is different from other museums previously because all of the exhibits are living, breathing animals. This requires extensive care, food, and supporting services making up 26 percent ($8, 777, 800) of their total operating costs and expenses in 2009. This includes salaries for all staff that care for the animals and supporting services related to maintaining exhibits. Plant operations, exhibit operation, and exhibit maintenance accounted for another 28 percent ($9, 693, 700) of their total expenses, which includes electricity and water for exhibits and maintaining animal’s habitats.

Water is especially vital in an aquarium because of their number of water living species. Surprisingly retail sales made up 22 percent $7, 531, 700) of their costs. The annual reports show that the most important aspect of an aquarium (and therefore biggest priority) is maintaining exhibits and caring for the animals. The aquarium wants to preserve their investment in the animals. Just as an art museum would spend a lot of money on conserving and acquiring artwork, an aquarium spends money caring for the animals.

The New England Aquarium is actively working to protect ecosystems and endangered species. They also support many initiatives outside of Boston such as organizations that protect species from global warming and pollution. This cost makes up 17 percent ($5, 744, 600) of their total expenses and is classified as research, conservation, and education in their annual report. This is a very important aspect of their expenses because the aquarium needs to protect the source of their investment.

The Museum of Science and Industry in Chicago Illinois exists primarily to educate and entertain the public. The museum “ is home to more than 35, 000 artifacts and nearly 14 acres of hands-on exhibits designed to spark scientific inquiry and creativity.

” In the 2009 annual report, the museum stated that they accumulated $37, 542, 987 in expenses. The museum allocated 34. 7 percent of its budget towards public and education programs. Because one of the museum’s major goals is to educate and “ spark creativity’, they have allocated over one third of their entire budget to this category.

The Museum of Science and Industry offers many resources that serve to benefit and educate the public, primarily students.

The museum offers live, hands-on science experiments, an Omni theater, and new/ updated interactive exhibits. The museum has also teamed up with local schools in the area. In collaboration with the schools, the museum offers development orgasm, after-school programs, classroom resources, and it has also offered free bus transportation for those schools that are in economic need.

The next highest resource that the museum allocated its budget is to” Management and General”. The museum allocated 23. 14 percent ($8, 688, 273) of its budget towards this resource.

Management and general are the operational costs of running the museum (including salaries). It then allocated 14. 2 percent ($5, 334, 513) of its budget towards program support services. These services are the costs of maintaining and continuously updating the various and unique exhibitions this type of museum has o offer in addition to all of the other features the museum has.

These three resources (public and education programs, management and general, and program support services) comprise over 72 percent of the museum’s allocations.

The statistics have clearly demonstrated that the goal of the Museum of Science and Industry in Chicago Illinois is primarily to maintain an environment that is constantly educating and entertaining the public as well as keeping its exhibits updated and Washington State. Specifically, this study focused on the Washington State History Museum in Tacoma. The museum exists to primarily educate and preserve Washington’s history.

On their website they state, “ Through interactive exhibits, theatrical storytelling, high-tech displays and dramatic artifacts, learn about our state’s unique people and places, as well as their impact on the country and the world. ” In the 2009 annual report, the museum/society claimed that they accumulated $3, 953, 332 in expenses. The museum allocated 17.

17 percent ($678, 988) of its funds to statewide support services. The museum offers several programs, events and festivals that engage the public in Washington State history.

For example, the museum offers screenings of various documentaries and is hosting a cruise to Alaska with the director of the museum. The museum then allocated 14.

3 percent ($565, 475) of its budget to information technology. The museum prides itself on interactive and high-tech exhibits. It has three permanent exhibits which all display high-tech qualities. For example, the museum has an exhibit called “ The Great Hall of Washington History.

” In this hall are human sculptures that the audience interacts with as well as touch-screen computers and other gadgets that enhance the learning experience.

The resource that received the next highest allocation in 2009 was facilities maintenance and utilities. The Washington State History Museum allocated 1 1. 08 percent ($438, 038) of its funds on these operational costs. Another notable allocation the museum made was towards education and exhibit services. The museum spent 15.

97 percent ($631, 628) of its budget towards these services. Collectively, the museum allocated 47. 44 percent of its funds on statewide support services, information technology, and education and exhibit services.

These figures clearly exemplify that the goal off historical society/museum is to educate and preserve history. The data clearly points out the fact that different museums allocate their money in different ways. From looking at the data, one can argue that it seems that many museums are said to allocate majority of their money to an “ educational purpose”, but after reading more information about the specific museum on their website, it is evident that these museums do indeed have different goals.

The SASHIMI and the American Museum of Natural History both want to educate, but both go about it in a totally different manner.