

THE MANASK REPORT

FOODSERVICE & GIFT SHOP NEWS

FOR MUSEUMS, ZOOS, AQUARIUMS, BOTANICAL GARDENS & HISTORIC HOMES

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INCREASE EARNED INCOME IN 2011

Cultural institutions have seen their earned income decrease in many areas since the economic downturn in September 2008. This article will share ways to reverse this trend.

VISITOR FOODSERVICE

If you have a restaurant/café, here is how *not* to increase earned income for your institution:

- ✓ Raise menu prices.
- ✓ Cut the advertising/promotion budget.
- ✓ Lower the quality of food and/or beverages.
- ✓ Eliminate discounts for staff and volunteers.
- ✓ Reduce staffing/customer service.
- ✓ Charge an admission fee to dine in the restaurant.
- ✓ Reduce staff wage rates and/or hours of operation.

Increase Visitors Participation. It's Easy!

On average, *how many of your visitors purchase lunch (not just a snack or beverage) each day?*

You should be serving at least 25% to 30% of your total *annual* visitor count. The actual percentage will vary up and down depending on the location of your restaurant, its size, convenience, appeal (menu variety, merchandising, presentation and dining area aesthetics) and other factors.

Opportunity: Efforts should be made to increase the number of visitors having lunch by at least 10% from the current level. Approximately 50% of every additional dollar spent in the restaurant falls directly to the bottom line (profit to your institution and/or profit sharing with your operator).

How much does your average visitor spend for lunch?

In most cases, regardless of the current average check for visitors having lunch at your restaurant, it is likely that you can increase this average check through re-engineering the restaurant menu and pricing, improved merchandising, innovative, healthy and sustainable menu items and combinations (value meals), and possibly, menu price *reductions*. Yes, reductions! Adjust/reduce and right-size menu portions/ingredients and provide more attractive pricing that better compete with local retail restaurants.

Opportunity: Work hard to increase the daily customer counts and percentage of visitors, staff and volunteers that use the restaurant every day. A goal should be set and measured. Using lunch only, if currently your institution has 300K annual visitors and the restaurant serves 60K annual lunches that is about 20% annual participation. Let's say your current average lunch check is \$10 for hot or cold entrée and beverage. If you re-engineer menu, portions and prices and reduce the check average to, say \$9.00 for the same two menu items, that reduces your annual sales for lunch only from about \$600K to \$540K. If through changes and improvements mentioned in this article

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Ways to Increase Earned Income in 2011

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you can increase your annual customer count for lunch by 10% for lunch, that would add 30K annual lunches for total of 90K annual lunches served. 90K annual lunches at \$9.00 average check is \$810K annual sales versus 60K annual lunches at \$10 average check which is \$600K annual sales. Assuming your re-engineering of the menu and pricing keeps the food cost about the same, of the approximately \$200K annual increase in lunch sales, about \$100K will fall directly to the restaurant's bottom line profitability. Take a tip from the retail restaurant industry the past 2 1/2 years and re-engineer and re-imagine your entire restaurant for increased earned income for the institution and the operator (if outsourced).

Attract People To Your Restaurant Instead Of Your Competitors!

Do not assume that raising menu prices will increase your revenue and bottom line profit (or commission contribution from your operator). Following are the steps you should take when evaluating what to do or not to do with your menu variety and pricing:

1. What nearby restaurants (comparable style of service) are the competitors for your restaurant? Where do your visitors dine, when not at your institution, before or after their visit?
2. Obtain menus and menu prices from these establishments.
3. Dine in each of these competitors several times to see which are the most popular menu items (see what customers order and ask your servers).

4. Compare your menu items *and* prices to what is offered by your competition.
5. Your competition is offering local, sustainable, organic nutritional information and healthy dining options. Are you?
6. Re-engineer your menu variety and prices to be sure it reflects what your visitors want and expect at prices they are used to paying. Note: menu engineering is a science in and of itself.
7. Do competitive shopping annually and update your menus and prices at least annually (in addition to seasonal menu changes and themed menus for special exhibitions, etc.).
8. Consider visitor, member and staff/volunteer intercept surveys to learn more about how dining in your restaurant is actually perceived and why it is not used more frequently.
9. Institution's staff and volunteers are very important good will ambassadors for the restaurant so be sure service and pricing meets their needs too.

Generate More Income From Every Dollar!

Self-Operated Restaurant (and/or Outsourced with a Management Fee type of Contract)

If your institution operates your own restaurant then, of course, the changes and improvements you make will mean 100% of the new earned income will come back totally to your institution.

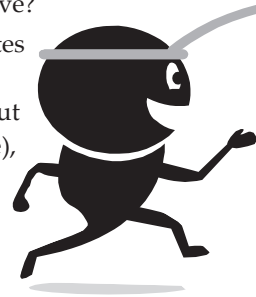
If you outsource your foodservice to an operator that operates on a *management fee* basis, it is likely that all or most of the profits from the foodser-

vice operation will go to the institution after the operator receives its management fee (and incentive/profit-sharing, if applicable).

Outsourced Restaurant

If you contract out (outsource) your restaurant, how can your institution benefit by some of the changes detailed in this article above?

If your operator institutes some of the above changes (with your input and approval, of course), then your institution should benefit financially. This assuming your institution has a financial arrangement with your operator where you receive a percentage of gross visitor foodservice revenue.



However, if your operator is successful, likely with your help and support, and increases total revenues by, say, 5% or \$50,000 per year, and your commission is, for example, 10%, then your institution will receive \$5,000 of this increase in total revenues. Of the \$50,000 increase, using some or all of the above strategies, the operator will have an out-of-pocket cost (primarily for food and supplies) of an amount likely not to exceed 50% of total revenue. The operator's gross profit from this \$50,000 increase in annual revenues may be as high as \$25,000. Your institution receives 10% or \$5,000 additional income and the operator may earn \$20,000 additional income. *Is this fair?*

If your operator is taking the initiative in the above areas and making the changes and improvements with increased customer counts and gross revenue with your institution's role (one of only review and approval), then yes, this disproportionate profit

Ways to Increase Earned Income in 2011

sharing is fair.

If, however, it is your institution that is the one inquiring, pushing and pursuing the above referenced issues and suggested changes, and even possibly funding some of the time, energy and resources involved to make the changes, then it is highly recommended you reach an upfront agreement with your operator as to a different revenue sharing arrangement (if gross revenues increase through a combined effort between your institution and the operator). Operators are usually most gracious and willing to share profits with their clients. This might simply mean the operator is willing to pay a slightly higher % commission to the institution and/or base it on a sliding scale of annual revenue with the increased % rate starting when annual sales surpass certain milestones.

FACILITY RENTALS & CATERING

We see more and more cultural institutions looking to this to increase earned income. In most cases we find there are numerous opportunities to grow this area depending how aggressive, creative and innovative the institution is willing to be in this area.

Facility Rentals & Catering 101

Most institutions approach this earned income area as follows:

- a) Charge a facility rental fee to outside groups and organizations, or require a donation, corporate or other membership or co-sponsorship with the institution (for tax reasons), and,
- b) Collect a fee or percentage of gross revenues from the caterer(s) (or receives the profit if self-operated by the institution).

The sum of a) and b) above equals annual income from facility rentals, catering and special events.

Cultural institutions operate this area a number of ways. The most common ways they operate this area are as follows:

1. The institution handles all booking and collecting of facility rental fees.
2. If not self-operated, there is a list of approved caterers, anywhere from a few to a dozen, or more that provide food and alcoholic beverage catering.
3. There is a list of other approved vendors (rental companies, florists, entertainment providers, decorators, valet parking, etc.).
4. The institution has the alcoholic beverage license and handles the alcoholic beverage sales and service and set-up is handled by the caterer(s) or, the caterer(s) are licensed and handle sales in this area too.
5. There is one off-premise or on-premise (who may be your restaurant operator too) exclusive caterer for food and alcoholic beverages that handles all catering at the institution.

Permitted Events

Internal events (sponsored and paid for by the institution) can represent about two-thirds of the total annual events at many institutions.

External events are for outside groups and organizations. Following are the most common types of external events that are booked in cultural institutions:

- Corporate events
- Non-profit events

- Weddings and other social events

The most common events *not* permitted at many/most institutions are:

- Political events
- Religious events
- Any event that might be of a controversial or disruptive nature.

Potential

Cultural institutions are very desirable locations for the three most commonly permitted events listed above. Corporate events, non-profit events, weddings and wedding receptions and other social events are excellent areas for cultural institutions to grow their earned income.

Since early 2009 many institutions—even art museums which have historically been the most conservative as to the types of events permitted—have become much more open and liberal in this regard with increased facility rental and catering earned income as a result.

Conflicts, Culture and Politics

Many institutions have progressive boards and senior staff while others have boards and senior staff that do not want change or want little change from past practices as it relates to permitted events. These philosophies and attitudes determine to what extent the institution can grow, market and advertise its availability for permitted events.

Furthermore, internal events, which represent the institution's mission and programming, oftentimes conflict with the desire, ability, and capacity to expand in this area and grow earned income. Institutions vary greatly in this regard. This ranges from smaller art museums with under 100,000 annual visitors that are the most popular place in their community for weddings, wedding receptions and rehearsal din-

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ners to all sizes of institutions that in no way, shape or form would permit a wedding reception (or ceremony) onsite.

The difference between those that permit weddings, for example and those that do not impacts earned income as well as the institution's visibility in the community—not just visibility with corporate sponsors and business members, but with the local and oftentimes prominent residents that are members or might be members if exposed to the museums. These people might become donors, members or sponsors if, as a guest at a wedding they were exposed to this local, fabulous institution.

If your institution's board and senior management want to increase earned income, then it is important for staff to tell them that increasing earned income in this area is not just a factor of raising facility rental fees, but most importantly, it also considers all options and opportunities, progressively and open-minded in order to create optimum earnings potential. It cannot be done the way institutions have done it in the past (pre-2009). It requires new innovative and creative approaches and strategies.

How to Increase Earned Income

If your institution has decided to be progressive and aggressive, and, in good taste, develop and grow facility rentals, consider the following steps and activities:

1. If you have an approved list of caterers, it should be as short as possible (ideally 2-3 maximum).
2. The short-list of caterers should represent a cross-section of menu, price, style of service to reasonably ensure that any user (outside group

or internal event department) can find the menu, price, quality and service to meet their needs.

3. Advise the caterers that you want their financial, advertising/marketing support to actively bring events to your institution (based on, of course, your institution's guidelines and policies).
4. In return for them being on the short-list they should provide your institution a minimum annual dollar guarantee against a percentage of their total food and alcohol sales to the users. This is the basis of their proposal/bid to be on the short-list, along with, of course, experience, reputation, and all the normal qualifications you would expect with any caterer working at your institution.
5. Furthermore, these short-listed caterers should be selected based on the amount of discount (% off standard retail prices) they will extend on internal-sponsored events as well as an annual or more frequent donation of catering services, or possibly sponsoring a high-profile event at your institution.

The above actions will *guarantee* increased earned income to your institution in the following ways:

1. A short-list of caterers puts total catering revenues in pockets of a few, increasing all caterer's profit potential.
2. Caterers on the short-list have a *financial incentive* to bring clients/business to your institution because they are paying an annual minimum dollar amount to be on the approved list.
3. The institution is assured a minimum annual dollar amount (commission) from its caterers, not

just dependent on a percentage of caterer sales "if" they do any events at your institution.

4. Increased facility rental fees (not increased rental rates).
5. Reduces your cost of catering for internal events.
6. The value of donated catering services.

Yes, the above is a cutting edge and aggressive approach to increasing earned and bottom-line income for many cultural institutions, but it is an approach that has worked in some cultural institutions that we work with and may work in many, many others if the institution is willing to be creative, innovative, aggressive and has a sincere desire to increase its income in this area.

Bonus Earned Income

If your institution moves forward with the above program, then consider applying the same program to approved vendors in the following categories that also provide services for special events at the institution:

- o Rental companies
- o Decorating companies
- o Valet parking

Writer's Note: The recommendations in this article should not be used by any cultural institution without a great deal of thought, consideration and planning. If there is interest in pursuing any of these alternatives, we recommend you talk with your peers that have tried some of these strategies or contact our offices for additional information and guidance to be sure there is a clear and importantly complete understanding of the concepts and pros and cons of these various approaches. ■



By: Arthur M. Manask, President—Manask & Associates

Discover New \$\$\$ in Added Facility Rental Income

Facility Rentals: Increase Earned Income in 2011 and Beyond

Even the most prestigious institutions are discovering considerable untapped net income from renting their facilities to outside groups. Yes, just about everybody rents out facilities, in almost every case providing food and beverage catering. But many, if not most, institutions are seeing but a fraction of the potential income.

Catering is normally handled one of several ways:

1. An exclusive caterer that provides all food and beverage services;
2. In most cases a list of preferred or approved caterers; or,
3. In some instances, an open policy whereby most any caterer that meets certain minimum institution criteria (certificate of insurance, pay a fee, etc.) can provide the service.

If your institution is like most with a list of preferred or approved caterers you will find the following two case studies informative and potentially profitable if you consider implementing an "Approved Caterer Program".

Case Study #1: RFP Approved Caterer Program Every 3 Years

This museum has an active facility rental program (a very popular venue in their city for outside groups and organizations to stage events). About 14 years ago this museum did two important things:

1. A comprehensive evaluation of its special event department; how it operated; how it interfaced and

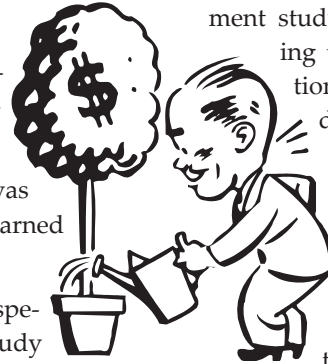
served museum departments and external customers, quality of management and staff; and,

2. Reviewed its preferred caterer program.

The museum's goal was very simple, optimize earned income.

The results of this special event department study can be reviewed in [The Complete Guide to Foodservice in Cultural Institutions](#), Chapter 7, page 127.

The museum had 16 catering companies on its preferred list. Each ca-



terer paid a \$600 flat fee to be on the list. One of the recommendations that came from the special event department study was to consider shortening the list of caterers. The rationale behind this recommendation is: normally 80% of the catering is done by 20% of the caterers on the list, and, *the shorter the list the greater potential income to the museum.* This short-list approach had not been tried by other similar institutions in this city and there was concern that a short-list might reduce net income because fewer caterers would bring fewer rental clients to the mu-

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Arrange a 1-on-1 confidential meeting with our principals.
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Hope To See You There!

AAM: American Assoc. of Museums, May 22–25

ACM: Assoc. of Children's Museums, May 19–21

AMM: Assoc. of Midwest Museums, July 24–27

APGA: American Public Gardens Assoc., Jun 21–25

ASTC: Assoc. of Science & Technology Centers, Oct 15–18

AZA: Assoc. of Zoos & Aquariums, Sep 12–17

MAAM: Mid-Atlantic Assoc. of Museums, Oct 9–12

MPMA: Mountain-Plains Museums Assoc., Oct 17–21

NEMA: New England Museum Assoc., Nov 16–18

SEMC: Southeastern Museums Conference, Oct 25–27

TAM: Texas Assoc. of Museums, Aug 4–6

WMA: Western Museums Assoc., Sep 23–26



Discover New \$\$\$ in Added Facility Rental Income

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seum. Museum management believed in the short-list concept and conducted a "Request for Proposal" (RFP) process with the goal to shrink the caterer list from 16 to 5. As part of the RFP process each caterer was required to:

1. Pay a percentage of total catering food revenue (the museum self-operates the alcoholic beverage services/sales);
2. Guarantee the museum a minimum dollar annual payment (the greater of the minimum payment or the percentage);
3. Pay a percentage of total caterer food and beverage revenue towards an advertising and marketing fund that is pooled, administered and controlled by the museum and spent in consultation with all the approved caterers;
4. Provide a discount on museum sponsored/paid for catering;
5. Provide an annual catering donation; and,
6. Host (at caterer cost) an annual PR event (public relations party) where the museum donates the space and the caterer's prospective clients, meeting planners, etc. are invited.

The result of this RFP process enabled the museum to select a total of 8 caterers; caterers that represented a true cross-section of menu variety, pricing/cost, quality, and other factors to be reasonably certain that any internal or external client could find a caterer in their list that met the client's service needs and budget.

This museum was so pleased with how earned income increased in this

area that after a 3-year period they did another RFP with the goal to further reduce the list of caterers from 8 to a maximum of 5-6. It is interesting to note that when this museum conducted its first RFP there were about 15 proposals received from local caterers. When this RFP was done 6 years later there were more than 20 proposals received.

Why did this museum's net income grow with this "Approved Caterer Program"? Following are some of the key reasons:

1. As part of the RFP selection process the museum looked carefully at which caterers actually *brought clients to the museum* versus those that were just names on the list.
2. A review of historical catering activity at the museum indicated that 5-6 caterers catered 80%+ of the events (*this is true with most cultural institutions*).
3. The caterers offered a minimum annual dollar commission which meant they had to be motivated to bring business to the museum, not just wait for calls from museum referrals.
4. By enabling 100% of the catering revenues to go to fewer caterers (making it more profitable for the short-list), this facilitates the museum to receive more net dollars in return.
5. Having motivated caterers with excellent sales organizations increases the institution's facility rental income as well as catering commissions.
6. RFP competition provided the museum discounts on internal catering and outright donations that were not received in the past.

7. In recent years the museum modified the commission schedule that is paid by caterers to reward caterers that bring the most clients to the museum. As the caterer's annual sales grow, the % commission rate they pay *reduces.....yes, goes down!*

Case Study #2: Revising the Preferred Catering List Adds \$220,000 Earned Income in Year One

An institution that is a popular seasonal destination for visitors and facility rentals was looking for new ways to increase earned income. This institution has a long history of renting its facilities to outside groups and organizations and allowing the user to pick about 12 caterers from the preferred list.

Seeing the demonstrated success as detailed under Case Study #1, above, the president of this institution decided to conduct a similar RFP process with the goal to reduce the caterer list from 12 to 4 firms. *Why only four?* Case Study #1 demonstrated that a short-list can produce more net earned income and this institution felt that 4 caterers could provide the quality, variety, pricing and menus to meet all user needs in their geographic area.

Following the same procedure in Case Study #1, this institution issued an RFP to about 15 local caterers. It is important to point out that many of the caterers in the community complained, said it was not going to work, it was not fair and created some negative PR for the institution (*this also happened to the museum in Case Study #1 when the first RFP was done*).

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Local Restaurants & Celebrity Chefs...

Restaurateurs & Celebrity Chefs Seek Out Cultural Institutions: A Growing Trend

During the last 5-10 years (and rapidly continuing to grow) we have seen significant growth and interest from high profile local, regional and national restaurateurs, celebrity and famous chefs wanting to get involved with their local museum or other cultural institutions throughout the U.S. and Europe. A few examples include Kevin Taylor at Denver Art Museum, Danny Meyer at MOMA in New York, Wolfgang Puck at Museum of Contemporary Art in Chicago, Museum of Science in Boston and Georgia Aquarium in Atlanta. Among others, Joachim Splichal at Los Angeles County Museum of Art, Cindy Pawlcyn in partnership with Aramark at Monterey Bay Aquarium, Stephen Starr at Philadelphia Museum of Art, Jose Andres in partnership with Ridgewells at the Mead Center (Arena Stage) in Washington, DC and many, many more. The motivation is not 100% financial. Following are some of the key motivators:

1. A love for the arts (*chefs are, in fact, artists and artistic people*).
2. Community involvement.
3. Brand expansion with cross promotion opportunities with your institution and your operator's other restaurants in the area.
4. They also do catering at their restaurants and possibly off-premise which is a large part of cultural institution foodservices.
5. In some cases, with smaller insti-

tutions, the operator's off-site restaurant kitchen supports the institution's restaurant and catering services that might have limited on-site kitchen/support.

6. Extending their brand and new local ways to grow their business with much smaller capital investment (which is harder to find since fall of 2008).
7. The financial arrangements might include the chef receiving a fee or royalty in exchange for providing ongoing culinary training and menu development. Personal appearances and participation at the institution's annual gala and marketing/promoting the institution by attending special exhibition openings and fundraisers.



8. Having a reasonably large annual attendance is important but not critical depending on the type of financial arrangements the institution is willing to offer. Some institutions feel there is so much value in having a high quality brand associated with their institution that they are willing to underwrite certain costs/expenses.

9. Where your restaurant/café space is located: within the institution or at/near the entrance, possibly with its own separate entrance so it can operate somewhat independently; the latter being more attractive.

Is this a growing trend?

Yes, without a doubt we will see all types of cultural institutions (art museums primarily but also botanic gar-

dens, performing arts centers and some other venues like aquariums or zoos that have restaurants and science and natural history museums) attract local, regional and national well-known, high quality celebrity chefs and restaurateurs.

How can you attract these operators to your institution?

1. Do not do a normal/typical "Request for Proposal" (RFP); *this will likely scare them away!*
2. Reach out to your board members, major donors and volunteers (that likely dine in these restaurants locally and regionally and know many of the owners) to make personal calls/contacts on your behalf.
3. Invite prospective operators out for a personal meeting and tour with your senior management, similarly as if you were trying to attract a major donor or sponsor.
4. If there is interest, provide them with as much easy to read information as possible about your institution and the current (if applicable) restaurant and catering and then, simply ask them for a proposal.

What's the downside? They have never operated a restaurant (catering) in a cultural institution. There is a 12-month learning curve. You need to help educate them.

Upon receipt of the proposal would be the best time to get expert outside advice from a consultant that specializes in this area. The consultant can take you through all the next steps to be sure you establish a contract that is mutually fair, has reasonable business terms and that neither party has unrealistic expectations. ■

NEWSBRIEFS

Minneapolis-based **Walker Art Center** is replacing its Asian-themed 20.21 restaurant in April with Gather, a fresh-food, lunch-only venue that its director says better fits the institution's hours and activity. The Minneapolis Star-Tribune reports that the **Walker** did not renew its contract with *Wolfgang Puck*, opting to go with local brothers Richard and Larry D'Amico, who operate *D'Amico's Kitchen*, *Masa* and *Cafe Lurcat* and *Bar Lurcat* in Minneapolis, among many additional venues and a catering business. The *D'Amicos* are also creating new menus for the **Walker's** grab-and-go *Garden Cafe* and the summer-only *Garden Grill*, located opposite the **Minneapolis Sculpture Garden**. "The building's landmark *Gallery 8 Cafe*, which sputtered to a quiet close last year, is remaining dormant," the article says.

Starr Restaurant Catering Group is now overseeing operations at **Grounds For Sculpture**, a 35-acre sculpture park and museum located in Hamilton Township, N.J. The venue, on the former site of the New Jersey State Fairgrounds, features *Rat's*, a whimsical fine dining restaurant, and self-service eateries *The Peacock Café* and *Gazebo*.

The **Monterey Bay Aquarium** selected Napa Valley chef and restaurateur *Cindy Pawlcyn*, in partnership with *ARAMARK*, to manage its dining program. The aquarium offers a self-service café, a full-service restaurant and private event catering. *Pawlcyn* and *ARAMARK's* culinary collaboration will emphasize the use of fresh, local and seasonal ingredients, and wild-caught and farmed seafood that adheres to the highest standards of the aquarium's "Seafood Watch" program.

The **Cincinnati Zoo & Botanical Garden** selected Denver-based *Service Systems Associates* as its provider

for culinary and retail services. Their retail partnership commenced in July 2010, after the zoo terminated existing separate agreements for retail and culinary services with other firms. The culinary partnership commenced last October.

Oakland Museum of California has a new café, *Blue Oak*, offering culturally inspired fare prepared by *Chef Robert Dorsey*, who has worked at Bay Area restaurants including *Bay Wolf*, *Kuleto's*, *Firefly* and his own venue, *Blackberry Bistro*, in Oakland. *Blue Oak's* menu includes grab-and-go items, children's fare and happy hour on Thursdays and Fridays. It has indoor and outdoor seating and is open during regular museum hours.

Event management of **The Penn Museum** was transitioned to *Wolfgang Puck Catering* in February from *Puck's* sister company, *Restaurant Associates*. Designed in the 1890s, the historic building is located on the University of Pennsylvania campus in Philadelphia. The museum offers event spaces and a collection of artifacts from over 400 archaeological and anthropological expeditions.

Event Network has landed a contract with **The Naismith Memorial Basketball Hall of Fame**. The Hall of Fame, in Springfield, Mass. is the firm's first move into the world of sports attractions. *Event Network* will manage retail operations at the museum, which inducts a new class of players and coaches into its Hall of Fame each year. It is a fan favorite and provides a hands-on experience for visitors.

Historic Philadelphia, Inc., which supervises historic Philadelphia locations, awarded *ARAMARK* the retail and gift shop contracts for three venues. *Franklin Square* is one of the five original public squares laid out by *William Penn*. It boasts several family attractions, including miniature golf, a classic carousel, a storytelling bench

and a burger joint. *Betsy Ross House*, the home of America's most famous flag maker, offers burgers and snacks in its courtyard. *The Lights of Liberty* is a sound and light show reliving America's revolution.

A weekly "food truck court" at the **California Heritage Museum** in Santa Monica, Ca. faces a hostile reception from local restaurateurs, according to an article in the *Los Angeles Business Journal*. Food truck activity is severely restricted in Santa Monica, requiring temporary use permits that cost close to \$1,000 for three months. About 4,000 trucks roam Los Angeles County, the article says, but they continue to draw the ire of brick-and-mortar restaurants, especially along "Museum Row" in the *Miracle Mile* section of *Wilshire Boulevard*.

Culinaire is operating the food and beverage service at the **Guthrie Theater** in Minneapolis, a three-stage live theater operation with 550,000 ticket buyers annually. The theater food service includes a 300-seat, semi-detached street level restaurant, a 180-seat café exclusively for pre-show dining, a coffee bar selling sandwiches and snacks, 11 intermission bars, and expansive catering. *Culinaire* partnered with Minneapolis chef *Tim McKee*, of sustainable seafood restaurant *Sea Change*, to transform the street-level venue into a destination restaurant.

Event management at **The Kimmel Center for the Performing Arts** in Philadelphia was re-launched by *Wolfgang Puck Catering* last September. The block-long campus, covered by a 150-foot barrel vaulted glass roof, is located in the center of the downtown cultural scene. Event rooms include the celebrated *Commonwealth Plaza*, *Hamilton Rooftop Garden* and *The Lounge*. The venue's food service operations were transitioned to *Puck* from its sister company, *Restaurant Associates*.

NEWSBRIEFS

Barron's, the New York City-based financial magazine, has taken note of the "food arms race" going on in American Cultural Institutions, with high-end museums battling to attract star chefs and name-brand café and dining facilities. Museums are "more than recovering the cost of high-priced chefs," the article quotes Arthur Manask, president of Manask & Associates, as saying. "Dinner at the **Guggenheim** can now set you back more than \$100, matching many of Manhattan's priciest restaurants," the article concludes.

Essex County, N.J. has renewed its contract with ARAMARK to manage the retail merchandise program at the **Turtle Back Zoo** in West Orange, N.J. ARAMARK will be the new food and beverage partner for the **South Mountain Recreation Complex Food Concession**, which includes the zoo, the Richard J. Codey Arena and the Essex County Mini Golf Safari. **Cape May County**, N.J. has also renewed its food and beverage and retail merchandise services contracts with ARAMARK.

The **Philadelphia Museum** of Art's fine dining restaurant is Granite Hill, a 130-seat French-themed eatery described as bright, calming and airy. Operated by *Starr Restaurant Catering Group*, the bistro menu features seasonal appetizers, entrée salads, omelets, fresh fish, specialty cocktails and wine. Starr also operates three cafés at the museum and a busy special events program, including the "Art After 5" cabaret series, featuring sharable snacks, light supper options and cocktails, wine and beer to compliment live entertainment.

Beginning in 2011, *Restaurant Associates* has become the exclusive caterer of the **Museum of the Moving Image** in Queens, N.Y. *Restaurant Associates*, which operates at more than 100 U.S. locations, will run the museum's café as well as catering museum events. The café offers a family

friendly, counter-service dining atmosphere with casual seating in the museum lobby.

Roger Williams Park Zoo, of Providence, R.I., has new gift shops thanks to its partnership with *Wildlife Trading Company*. The zoo hired WTC in late 2009; in March 2010 it opened a remodeled and expanded gift store and a new African retail shop.

The **George W. Bush Presidential Library** has awarded its food and beverage contract to *Culinaire*. Opening in spring 2012, the Bush Library at Southern Methodist University will feature a full-service restaurant with street-side, external entry; a casual eatery designed for an anticipated 300,000 annual visitors, a conference center with capacity for 300 for meeting and dining, a ceremonial courtyard, rotunda, and several other spaces for catered events for 80 to 800.

In August 2010, **Discovery Gateway Children's Museum** in Salt Lake City selected *Service Systems Associates* to operate its gift shops. The firm also operates the retail gift shops at the newly renovated and expanded Children's Aquarium at Fair Park, in Dallas. The aquarium is run by Dallas Zoo Management, Inc.

The **American Museum of Natural History** in New York City has selected *Event Network* to manage its retail operations. More than 3.5 million people visit the museum annually and it has several permanent stores and one to two exhibit stores operating.

Centerplate has been selected as culinary service partner to the **Woodruff Arts Center** in Atlanta. The contract will include a collaboration between *A Legendary Event*, an Atlanta special events firm, and *Centerplate*, a Stamford, Ct-based firm with 250 North American sports, entertainment and convention venues, includ-

ing 21 marquee performing arts centers.

EMP, a pop-culture, music and science fiction museum in Seattle, has turned its event management over to *Wolfgang Puck Catering*. **EMP** was conceived by Paul Allen and is housed in a distinctive building designed by architect Frank Gehry.

In November 2011, the **New York Historical Society** will reopen its doors following a 22-month renovation. *Starr Restaurant Catering Group* will operate a new, 80-seat full service destination restaurant and special events program at the historical society. SRCG is working now on design and construction for the new restaurant space.

Two Florida zoos, **Palm Beach Zoo** of West Palm Beach and **Naples Zoo**, have selected *Wildlife Trading Company* to provide retail services. WTC will also be managing the retail operations at Diana - The People's Princess, an exhibition in Branson, Mo.

Retail operations at the 23.5-acre **Buffalo Zoo** are now managed by *Service Systems Associates*. The Maryland Zoo in Baltimore also selected SSA to manage its culinary and retail operations, beginning Feb. 1, 2011.

The **Crocker Art Museum** of Sacramento, Ca. selected *Bobbin and Patrick Mulvaney* to operate the new Crocker Café, which launched last fall with the public opening of its expanded museum. *The Mulvaney*s are proprietors of *Mulvaney's B&L*, *Next Door*, and *Culinary Specialists Catering*, where they emphasize a farm-to-fork philosophy. The café will combine self-serve, fast casual, and full-service dining by reservation at the "Chef's Table." Green practices at the Crocker Café include serving meals on china and packaging "to go" orders in environmentally considerate containers.

Culinary services at the **Living**

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Gift Shops: How To Increase Revenue

*F*ocus on your Customer

Successful niche retail merchandisers have looked at the mainstream world of retail and crafted businesses around an untapped product or customer need. Earned income professionals should think like a niche retailer, focusing on narrowly defined groups or sub groups of potential visitor/customers, understanding, prioritizing, and developing tailored retail strategies which are likely to satisfy the different preferences of each segment.

Understanding your customer has never been more important, and is the basic tool in developing retail strategies and tactics for maintaining and increasing income in a recession. After absorbing

your institutional reason for being and purpose, a non-profit merchandiser must thoroughly examine, prioritize and forecast sales potential from various customer segments, including their interests, age, gender, values, activities, buying patterns, and styles.

While your customers might appear to be the same year in and year out (i.e. middle income family groups interested in educational and entertaining experiences), there are subtle changes to these visitor's interests which the savvy retailer keeps their eye on. Changes might include color preferences, home décor styles, particular subjects or authors, and particularly in a recession, lowered consumer confidence and eagerness for a good deal.

In addition to reviewing current institutional visitor surveys and marketing demographic studies, merchandisers can get out in the museum or venue and observe the visitors:

1. What are they wearing?
2. How are they moving through the museum?
3. How do they approach or move through the store?
4. What are they drawn to?
5. What do they pass up?

Look at recent sales results:

1. What are they buying?

2. What price points are the most successful?
3. What categories are still strong?

Prioritize your customer segments/product niches.

Begin sorting out how each customer segment affects your earned income in terms of sales margins, operational expense, audience volume, and growth potential.

For example:

1. Do school groups come in a separate entry requiring a stand-alone store to be opened?
2. Do these customers require special sales service with extra time and effort by a sales associate or do they prefer self-service?
3. Does this customer group expect low retail prices which narrow the profit margins or do they buy the most profitable category of merchandise?
4. How large is this customer base?
5. Are there barriers to gaining or losing sales from this group?
6. Is there a potential growth in this segment?
7. How does each segment make their buying decisions?

Use a matrix to get a simple view of how each customer segment sales potential falls in relation to the others. A prioritization can be made



NEWSBRIEFS

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Desert, in Palm Desert, Ca. and the **Detroit Zoo** will continue to be provided by *Service Systems Associates* after their contracts were renewed. *SSA* also expanded its operations into culinary services at **Chaffee Zoo** in Fresno, Ca. *SSA* previously operated only the retail services at Chaffee Zoo.

The downtown **Las Vegas Museum of Organized Crime and Law Enforcement**, known as "The Mob Museum," has contracted its retail operations to *Event Network*. The venue is expected to open late this year in a former post office and courthouse several blocks from the Vegas Strip. It is a pet project of the city's mayor, Oscar Goodman, a former mob defense lawyer. It will compete with The Las Vegas Mob Experience, an interactive exhibit expected to open this spring at the revamped Tropicana Las Vegas resort and casino, a one-time hangout for organized crime.

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Gift Shops: How to Increase Revenue

based upon which group has the highest probability to bring in the most income. This prioritized customer segment list should provide the merchandising team a clear picture of the groups upon which to focus attention and investment.

Make each prioritized customer segment real for your merchandising team.

Identify the principal customer niches and develop model profiles. Brainstorm each customer segment's mind set:

1. What would make them come in to your store?
2. What would make them buy in your store?
3. What movies or sporting events will they be watching?
4. What will they care about?
5. Ask yourself why would they buy something from you?
6. What are their style in terms of fashion and home décor?
7. What kinds of books would they read?

Make a list of what you can do to provide the right products, displays, price points, promotions, special store events, and offers that will appeal to each customer segment.

Identify merchandising directions for each customer profile.

Rolling out a merchandising plan that is not made in a vacuum is critical in a recession. Dr. James A. Belasco, Ph.D. the author of [Teaching the Elephant to Dance](#), advocates an exercise which requires everyone on a team to survey periodicals, newspapers, cultural events, industry trade magazines and share the clippings with each other to encourage the collective "keeping an eye on" what is happening in the market-

place and to stimulate new ideas and fresh product development approaches. "We're voracious 'tearers' of newspapers, journals and magazines, clipping articles that pertain to our professional and personal lives". Yvonne Miles the Director of Merchandising at the Zoological Society of San Diego uses this exercise with a retail twist. The retail buyers and store operators are assigned to bring in clipped "gems" sharing, in a brainstormed format, what is happening culturally, in the next year. Buyers share the movies, books, exhibitions, styles, colors, home décor, economic forecasts, and other subtle attitudes that might affect the next two years merchandising directions. These brainstormed ideas are distilled into no more than ten big ideas and retailing directions. The retail team, whether in buying, promoting, operating, or visual merchandising, will focus on these big ideas and directions as a basis for developing their operation and merchandising plans for the coming two years.

Following are five basic strategies for retailing in a recession.

Audience:

Understand your audience, update and reaffirm your niche merchandising directions. Prioritize your customer segment focus.

Products:

Spend extra time in the markets to search for new products and new promotional ideas. While the first instinct for administrators is to cut back on travel expense, getting out in the markets, searching for innovative products, discovering fresh ideas and trends is more important in a recession than at any other time. Your buying team is the creative engine that can keep the store exciting and relevant to what your visitors care about and respond to.

Promotions:

The retail team should plan creative and fun monthly promotions, including: publicity in the institution's direct mail, placement on the website, high profile on site signage, major in store displays, and employee sales incentives. It is critical to include a plan for internal product communication so that employees can be up to speed on all the current promotions.

Assessment:

Measure your results quickly. Time is of the essence in watching and learning from customers' response. Look for the products, categories, price points, displays, or sales techniques that were working. The only way you can do this, is to put in place measurements. If you do not have software to automate this effort, set-up manual tracking systems such as daily sales journals, inventory counts, transaction counts, in store customer counts, and customer questionnaires.

Team:

Work hard to have fun by planning inventive and economical employee rewards and celebrations for even the smallest successes. Employees take the biggest hit during a recession; they and their fellow employees are losing hours and they are being asked to do more with less. This gets old fast. Happy upbeat employees are a crucial ingredient to maintaining and increasing sales. Look for even positive behavior, events or initiatives and celebrate it. Figure out ahead of time different ways to have fun and make it a "must do" on your calendar. Keep it fresh and light-hearted. Thank your team over and over again. For ideas see [The 1001 Rewards & Recognition Field book: The Complete Guide](#) by Bob Nelson and Dean R. Spitzer. ■



By: Marjorie Sheldon, Principal—Manask & Associates

Discover New \$\$\$ in Added Facility Rental Income

(Continued from page 6)

Caterers that had not been sharing profits with the institution in the past were less than enthusiastic about responding to the RFP. When the RFP was issued, however, as was experienced in Case Study #1, there was close to a 100% enthusiastic response to the RFP and the complaints went away. Fifteen proposals were received and 4 caterers selected. The 4 finalists guaranteed this institution over \$200,000 per year of earned income. This does not include discounts and other financial advantages and incentives.

What are the key caterer criteria to be on this short-list?

- * Food and service quality;
- * The caterer understanding they are *a guest in your home*;
- * Ability to be creative and flexible in the delivery of food to guests due to most institution's physical limitations of space for kitchens and service staff;
- * Reputation and relevant experience at other cultural institutions including experience working at this institution;
- * Caterers must realize your institution is first *a museum* (or zoo, botanic garden, or historic home) dedicated to preserving its collection and service its visitors and the community...*not just a special event venue*;
- * Ability to provide catering services with a variety of menus at different price points and to a variety of different internal and external customers;
- * Ability to bring *new* customers (which are potential members, donors and sponsors);
- * Demonstrated sales and marketing capabilities;
- * Financial returns;
- * Financial strength and stability; and,
- * Related criteria as determined by the museum during the evaluation and selection process. ■

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