



PACIFIC
HISTORIC PARKS
** Remember * Honor * Understand **

A Business Plan for
an Education Institute
at WWII Valor in the Pacific
National Monument

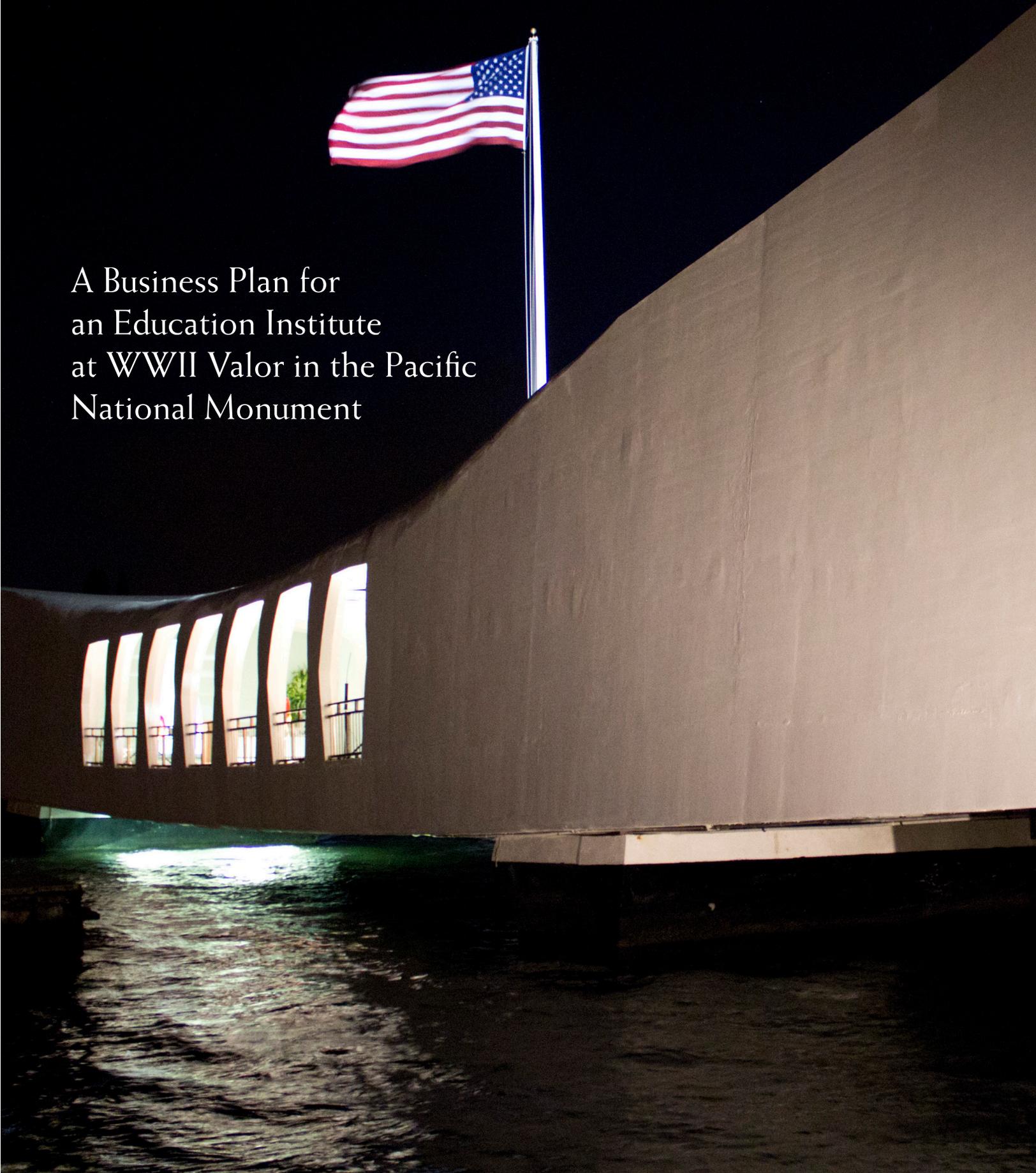




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Executive summary

This business plan builds upon the work of the 2012 feasibility study commissioned by Pacific Historic Parks (PHP) for an education institute at Pearl Harbor. Over the course of six months, the Potrero Group studied the financial viability of an institute at Pearl Harbor.

An education institute has the potential to enhance mission impact. It could:

- Improve current education offerings
- Broaden market opportunities for new programs
- Encourage organizational innovation
- Diversify finances
- Broaden audiences and funders

This business plan outlines three broad financial scenarios from aggressive to conservative with a five-year financial outlay of \$1.2 to \$2 million. Under most scenarios, the institute becomes nearly self-sustaining after five years. The likely financial results are highly dependent upon management decisions. A companion Excel file is included with the document to allow for detailed refinement of financial models.

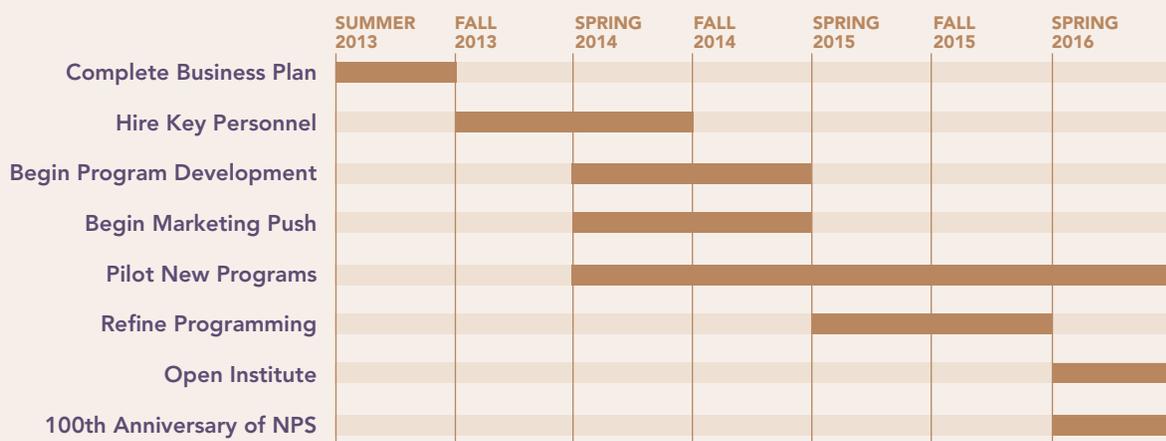
The plan outlines and provides financial modeling for 11 mission-aligned programs with potential viability. Three programs show particularly strong potential for earned revenue generation:

1. VIP tours
2. Summer programs for mainland US and international students
3. Premium programs for visitors and children of visitors

The Potrero Group offers the following recommendations for developing an institute:

1. Hire key talent as soon as leadership is ready to begin developing the institute.
2. Start with programs with strong earned revenue potential and easy delivery potential.
3. Be willing to test, iterate, and make learning mistakes.
4. Secure or allocate funding for three years of anticipated institute operations to minimize leadership's temptation to make short-run decisions that will hurt the future viability of the institute.
5. Test key assumptions regarding marketing and fundraising.

Suggested implementation timeline



Introduction

In 2011, Pacific Historic Parks (PHP) and the National Park Service (NPS) at Valor in the Pacific National Monument began to assess the feasibility of creating an education institute at Pearl Harbor. PHP hired the Potrero Group, LLC to complete a feasibility study for the development of an institute. Completed in the summer of 2012, the feasibility study provides a synopsis of national park-based education institutes developed throughout the continental United States. A business plan was commissioned in the fall of 2012. This document is the result of that commission and provides financial summaries and recommendations for establishing an education institute at Pearl Harbor.

Both studies indicated that an education institute is a strong mission fit for PHP. It could:

- Improve current education offerings
- Broaden market opportunities for new programs
- Encourage organizational innovation
- Diversify finances
- Broaden audiences and funders

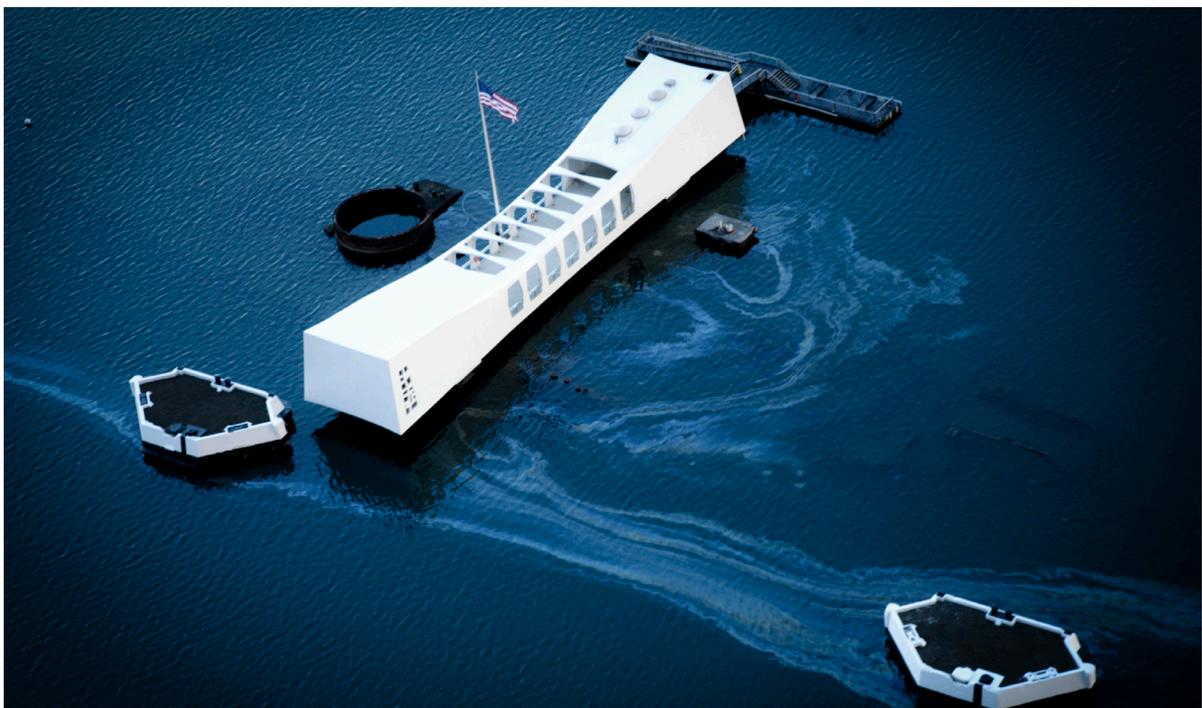
The development of the business plan continued to engage PHP's primary partner, the NPS, but also engaged a broader pool of stakeholders including the Pearl Harbor historic partners, universities, and local nonprofits and cultural institutions.

The business plan serves four primary purposes:

- Delineate the services and programs to be offered by a potential institute
- Assess the market for a potential institute
- Model staff and management structure and composition
- Outline financial models

By design, the business plan does not include a comprehensive marketing plan, detailed governance study, or fundraising study.

The Potrero Group conducted numerous in-person convenings with potential partners, attended board meetings, met with senior leadership, conducted primary and secondary research, and built detailed financial models. The information contained in this business plan is a synthesis of this business planning



effort. The document is intended to give the board of directors of PHP enough information to make informed decisions about the next steps in the development of an institute. While the business plan is meant to be comprehensive, additional scenario analysis and financial modeling will be needed once a suitable leader is chosen for the institute.

Background and prior work

The feasibility study completed in 2012 resulted in a number of findings:

Finding # 1: Most NPS-related institutes are differentiated based on five criteria:

- Age of target audience – Is the audience primarily youth or adults?
- Duration of visit – Is the bulk of programming multi-day or less than eight hours?
- Program scope – Is the focus on history, environmental topics, leadership, or natural history?
- Intended geographic draw of the audience – Is the target audience regional, national, or international?
- Management structure – Are key functions performed by the NPS, an associated friends group, or a separate nonprofit formed primarily for running the institute?

Finding # 2: Most national park-based institutes operate with annual revenues ranging from \$500,000 – \$3,000,000. The most successful institutes are often close to major metropolitan areas and have internationally recognized resources.

Finding # 3: The NPS is supportive of institutes at sites like World War II Valor in the Pacific; few history-based national park sites have institutes.

Finding # 4: Excellence in institutes depends on a combination of the following factors:

- An engaged and effective board
- A compelling story or resource
- Alignment with the NPS’s mission and strong partnership culture
- A dependable revenue stream and effective fundraising strategies
- Financial strength
- A good fit with the park
- A focus on quality
- Political and business connections
- Talented staff

Finding # 5: Most existing institutes face one or more of the following challenges:

- Capital-intensive – Start-up and early funding costs more than anticipated
- Difficult to scale – High ratio of labor costs and low-margin nature of the business
- Staffing – Talent pool is small and the positions often do not pay enough to attract top talent
- Governance – Board members may vary in their commitment to the many aspects of an education mission
- Partnership – Complexity of jointly managing education operations
- Financial self-sufficiency – Challenging budget unless revenue-sharing opportunities exist or strong fee-for-service opportunities can be developed

Finding # 6: Most existing institutes utilize one of the following organizational structures, but the organizational structure did not appear to relate to the success of the institute:

- A NPS cooperating association, friends group, or concessionaire manages the institute.
- The institute is managed by a separate nonprofit organization that is specifically incorporated to offer institute activities.
- The institute is run by the NPS or other governmental agency.

Finding # 7: Institutes are typically funded by a combination of the following:

- Philanthropy
- Fee-for-service revenue
- Revenue-sharing from other business enterprises
- Government funding

An education institute at Pearl Harbor will operate within a network of complex affiliations and spheres of influence. At its core the institute will be a joint venture between the NPS and PHP. While this crucial partnership will provide the backbone of the institute’s operations, several other key affiliations will be necessary for the institute’s success. Most

immediately, the institute will need strong working relationships with a variety of partners including the existing nonprofit organizations surrounding the Pearl Harbor area, the area’s numerous colleges and universities, and other local organizations. By leveraging and packaging existing resources and relationships within the local network, the institute can offer robust programs without needing to develop extensive infrastructure. Many local partners were engaged during the creation of this business plan. This initial vetting indicated there was significant support for the idea of developing shared programming with the institute.

Potential institute roles and programs

An institute at Pearl Harbor will accomplish four key purposes: market shared programs, magnify educational impact, build new markets, and leverage the Pearl Harbor brand. While it may be tempting to spend significant time and effort on the corporate structure of the institute, this time and effort are best expended on gaining clarity of the programs and desired impact. In existing institutes there is little relationship between corporate structure of the institute and its success. However, clearly understanding potential goals and programs of the institute is indeed important. Selecting the best leader early in the process will make fundraising, financial projections, and related work more successful.

Throughout the business planning process, nearly 20 potential programs were identified as candidates for institute programming. Eleven of the programs with the highest partner interest and likelihood of success are described below.

VIP tour

This program will provide a six- to eight-hour in-depth tour covering Pearl Harbor historic sites. Qualified guides will lead the tours. Group size will be limited to 12 in order to maintain a personal touch. A catered lunch could take place in the Captain’s Quarters on the *Missouri*. Special amenities

Education Institute Network



will include transportation to and from hotels, access to special areas at each site, and souvenirs. These tours will take advantage of the full scope of available activities and tours at Pearl Harbor and require coordination of the four historic partners. The institute staff will handle logistics. Once the participants arrive at Pearl Harbor, they will experience a seamless flow between each of the historic sites.

High school civic engagement

High school civic engagement is a one-week immersion program for high school students from across America. The program will be modeled on other programs of this type (see Appendix IV) and will focus on the full breadth of themes associated with the War in the Pacific. The Pearl Harbor historic sites will serve as the base for the activities, but the program will take advantage of the numerous historic sites on the island of Oahu. The program activities will range from immersive experiences at each historic site and van trips to select sites around the island. Lodging will be a mix of on-site and university dormitories.

Daylong Pearl Harbor tours

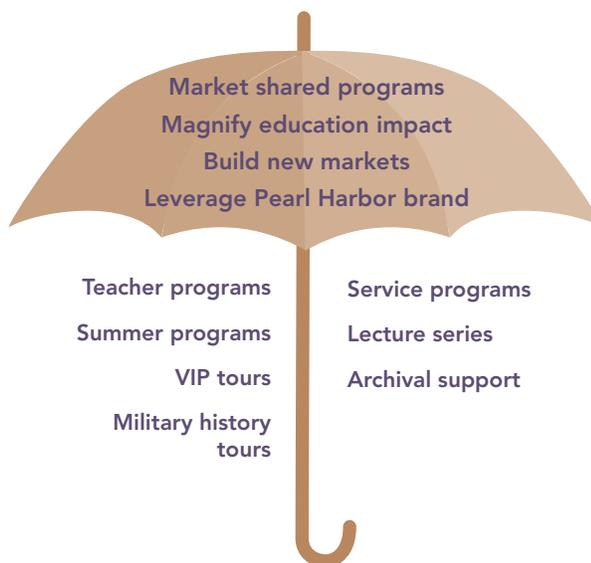
This program will fall between the current self-guided tours of the Pearl Harbor Historic Sites and the in-depth VIP tour. These tours will visit all four sites at Pearl Harbor. Trained institute staff will guide them. Lunch could take place at the Pacific Aviation Museum Café.

These tours will utilize a dedicated motor coach and will have a capacity of 50 individuals. With the correct marketing this program could likely be offered on a daily basis.

Teacher training

This program will continue with the work that PHP has carried out over the last several years, providing an inside look at the War in the Pacific from beginning to end. The intensive takes place over five days with up to 25 teachers from Hawaii, the mainland, and Asia-Pacific countries. Building on past success, this program could be presented twice a year and offer small group exercises, lectures, panel discussions, tours, and credit for teacher professional development. The program involves multiple stakeholders and

Institute Roles and Programs



partners including the Pacific Historic Parks Partners, the US Army Museum, the Japanese Cultural Center of Hawaii, and local universities. As in the past, lodging could be secured at the East West Center or university dormitories could also be utilized.

Lecture series

A robust lectures series could be built on the current After Dark in the Park program. The lectures will feature accomplished scholars, writers, and military history experts speaking on the multiple topics of the War in the Pacific. The lectures could be held onsite at Pearl Harbor as well as at central locations in Honolulu. Lectures could be held in the evening as well as during the day. The WWII Museum in New Orleans offers an ongoing lecture series, and this program could be used as a model.

Credit programs for college students

This program will depend on strong collaboration with academic partners and could be modeled after programs that are offered at the Desert Institute in Joshua Tree National Park. The War in the Pacific offers a wide range of subject matter for developing curriculum. These programs could range from one-day thematic programs to work-study placements



over a semester. Development of this program could leverage PHP's existing relationships with local universities.

Battleship overnight

This program will include a minimal after-hours tour and breakfast. Sleeping on a historic battleship is a memorable experience and is an appealing activity for families with children. This could be marketed to both resident and visitor families. Both the WWII Museum in New Orleans and California Academy of Sciences currently run successful programs of this nature.

College students service program

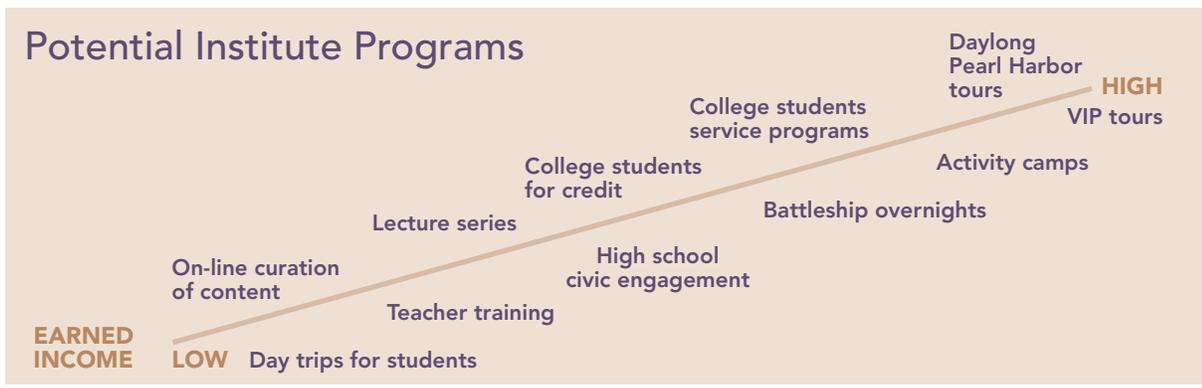
An immersive program for 7-14 days could be offered to college-age individuals. Several successful companies have programs that could be used as a model (see Appendix IV). The emphasis will be on a service activity on Oahu, but other islands could be considered. Lodging will be university dormitories. This could be extended to international students as appropriate. Through the institute's partnership network, the cohort of students will spend their time working to support an environmental or social cause. The addition of cultural tours and adventures (excursions such as surfing lessons or snorkeling) will round out the activities.

Youth day trips

This will build and expand on the current programs for youth in fifth and tenth grades. Current curriculum provides an inquiry-based approach to the War in the Pacific and brings history alive for the students. Students are led through an immersive learning experience and visit sites where history was made. Subjects in STEM (science, technology, engineering, and mathematics) can be integrated into the curriculum. The on-site experience makes learning both meaningful and exciting. The institute, in coordination with the National Park Service, will provide dedicated staff to coordinate and guide these groups. The program will continue with its four-hour format.

Activity camps

A summer camp of 1-2 days will target youth aged 8-14. This could be modeled after successful programs at the Henry Ford Center or Los Angeles Natural History Museum. A well-rounded schedule of activities could be developed that take place at all four Pearl Harbor Historic Sites. Lunch and an afternoon snack will be provided. The programs will be a daylong schedule of approximately eight hours. Shorter programming will have a stronger market appeal to visitors.



Archival usage

This program will take advantage of the large archive of artifacts, documents, and photos that is housed by the NPS but currently has limited availability. It will make these resources available for scholarly research, and archival usage could be linked to scholars in residence or college credit programs.

While all programs have intrinsic merit, for the purposes of this business plan they are delineated by their capacity to generate earned revenue, illustrated in the graphic above indicating activities of least potential and the most potential for generating earned revenue. To ensure the initial financial sustainability for the institute, it will likely be important to choose those programs that generate the most revenue. Programs that do not generate revenue will require significant fundraised funds. The institute will have a better chance of success if it is developed with a sustainable revenue stream first, with lower-margin programs developed later.

Marketing and market research

A successful institute will require significant emphasis on marketing during the start-up phase. To this end, the institute should plan to actively market its programs for at least a year before any significant revenue should be anticipated. Marketing will need to take many forms including internet marketing,

local relationships with tour leaders and concierges, and relationships with mainland and international educational and tour providers.

The institute will need to assume an entrepreneurial approach in its early years, experimenting with different programs. Program iteration and development will need to be responsive to market demand. This is preferable to undertaking costly and time-consuming market potential studies, because it will allow the institute to develop staff capacity while simultaneously testing market potential.

Three programs showed significant potential during the research phase of this business plan. These should be considered first in the development of the institute programming because they have the potential to generate significant funds to pay for other less profitable programs.

Appendices IV-V offer more detailed information on comparators discussed in the sections below.

1. VIP tours

Giving personalized, exclusive access to some of the most treasured sites in the Pearl Harbor area, these mission-aligned programs offer significant revenue potential for the institute. The primary audiences are tourists, visitors, and military history aficionados. Visitor industry statistics and current on-site pilot programs indicate there is a significant market for this type of program.

Three tiers of VIP tours could be offered:

A. Motor coach daylong tours to premium Pearl Harbor sites —

The tours will be conducted by military history experts and a highly trained staff to create a rich, personalized experience. Participants will gain access to some of the least visited and most unique sites. Based on local market rates for similar tours, it is likely that these tours could be sold for \$100/person. While actual demand calculation is beyond the scope of this plan, it is likely that the exclusive and “official” nature of the trip will generate significant interest.

B. Small group van tours of Pearl Harbor area —

These trips will mirror the motor coach trips but will be much smaller, with noted experts leading the trips. Food will be premium and the experiences will be unique and tailored to the group. Based on current pilot programs run by PHP, it is likely that these tours could be sold for \$500/person.

C. Premium military history tours — Building upon models developed by Military Historical Tours, Stephen Ambrose Historical Tours, and other operators, these tours will cater to military history aficionados and offer deluxe experiences. Comparator trips typically sell for \$2,000-10,000/person, and many of the experiences sell for \$300-600/day per person.

2. Summer programs for mainland US and international students

These programs will bring high school and college students from the mainland US, Japan, China, and Europe for 7-10 day programs at the institute. The programs will offer an opportunity to combine

academic themes with service learning, cultural ambassadorship, and adventure. Many of these programs will capitalize on student and parent desire to provide high-quality enrichment activities for the purposes of bolstering student credentials for highly competitive college entrance. Students will be housed in dormitories at local universities or at other nearby facilities and will learn from local experts, professors, teachers, and historians.

There are numerous examples of successful programs on the mainland utilizing this type of educational opportunity. Most programs charge approximately \$200-300/day per person for programs lasting 7-10 days.

Among the successful comparators in this area:

People to People offers a variety of travel opportunities focused on the premise of being a “cultural ambassador.” The organization descends from an effort by President Eisenhower to help improve international relations in the wake of World War II. People to People emphasizes the importance of continuing “cultural ambassador” programs in the increasingly global world in which we live. Consequently, their offerings are structured around all-inclusive programs designed to engage students in different cultures, traditions, and unique experiences at diverse locations. Their programs range from \$4,500-8,000 per person (\$350-400 day). Critical to their success is targeted marketing in suburban American communities with dense populations of families with the financial resources to send their children to enrichment programs.



Georgetown University offers several different program types for high school students, all designed around earning college credit before actual admission. The offerings range from simple college courses to month-long intensive exposure to careers and disciplines. “Institutes” and “Fundamentals” courses designed to expose students to career paths such as medicine or law at high school age also teach civic engagement, history, and service. The Institutes course is an eight-day “opportunity to explore what interests the student in an accelerated, hands-on environment while experiencing campus life and the excitement of Washington, DC.” The tuition is \$2,395 (\$300/day), which includes room and board. The Fundamentals program is a five-week series of lectures, discussions, and group projects in five fields, as a way to expose students to college life and discipline selection.

Appendix IV lists numerous other examples of successful educational programs that have promise as models for developing institute programs. Most charge \$200-500/day per person and offer high-margin, mission-aligned revenue opportunities. The facilities at Pearl Harbor and surrounding areas provide powerful programming opportunities combining an internationally recognized destination, a site of immense cultural significance, and top-notch centers of learning.

3. Premium programs for visitors and children of visitors

The sites surrounding Pearl Harbor offer unique opportunities for high-end vacation add-on experiences. These programs will utilize Pearl Harbor resources like the USS *Missouri*, *Bowfin*, and/or the Pacific Aviation Museum to provide overnight chaperoned youth or family experiences. Based on pricing for other programs of this caliber and market, it is likely that \$100-200/day per person could be charged for these once-in-a-lifetime experiences. Premium options could also be offered for higher price points.

Successful programs of this type are offered at the WWII Museum, California Academy of Sciences, and numerous other museums throughout the nation. In addition to utilizing unused capacity in the evenings, these programs also help build a donor base and visibility for the hosting organizations.

Business models and finances

The business model for an education institute is relatively straightforward with three core inputs. Indirect and programmatic expenses consume the largest share of the revenue.

The financial model is highly dependent on the choices made regarding indirect costs, program mix, pricing, and potential demand. This business plan presents three potential idealized scenarios: aggressive, blended, and conservative. The models provided in this document are general and are crafted with the best information available at the time of publication. There are countless ways to combine programming, revenue, and expenses to produce different scenarios. The Potrero Group has provided an easy-to-use companion Excel financial model for this purpose. This will allow leadership to undertake and analyze independent scenarios. All models are designed for broad decision-making, and leadership is advised to refine the financial modeling as the institute continues to develop.

The models for this plan are built with numerous assumptions. These include the following:

- Partnership is essential to success, e.g., universities, Pearl Harbor partners, and marketing entities. Partners, vendors, and contractors may perform much of the work. This is especially true for some high-end programs where partners and vendors will provide appropriate hotel accommodations, transportation, and marketing.
- At least 75% of ongoing costs will be covered from fee-for-service programs. Institute models around the country typically vary from 45-85% fee-for-service revenue.
- Fundraising assumptions are not embedded in the models. The document assumes that operating deficits will be covered by development funds, partner investments, or PHP reserve funds.
- Projections are based on conservative estimates.

- Program mix and pace of growth will determine the degree of start-up financial investment.
- Typical programs will begin to reach financial sustainability three years after they are initiated.
- The models are built with a strong focus on marketing in the initial years.
- The models are built with an assumption of slow growth during early years and allow for latitude to test market demand.
- The models build in modest expenses for sharing office space. Numerous resources exist in the Pearl Harbor area for office space from partner entities.

Summary of financial models

Revenue drivers

Trusting the results of the financials requires confidence in the assumptions of the revenue information because these drive the financial models. As mentioned earlier, it is possible for PHP leadership to easily change assumptions and to run models with varying assumptions. The basic revenue model works like this:

$$\text{Volume} \times \text{Price} \times \text{Frequency} = \text{Revenue}$$

For ease of decision-making, three revenue models are presented: aggressive, blended, and conservative.

Expense Drivers

The key drivers for individual program expenses are the following categories:

- Personnel
- Transportation
- Lodging

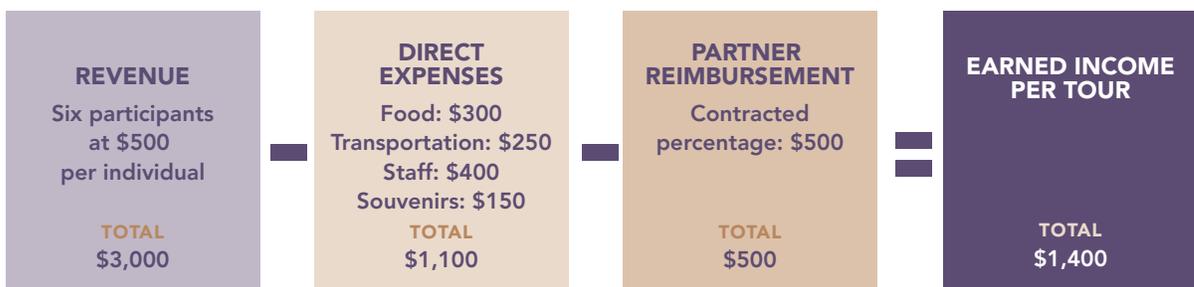
Many of the core expenses will vary with participation. Many of the programs will be dependent upon partners or vendors to provide core services like accommodations, meals, transportation, and related logistics. In many cases, partners will provide portions of the programs and the institute will mark up the costs and sell at a retail price. See the figure below for an example of one program's revenue-expense breakdown.

Three models

The following models analyze aggressive, blended, and conservative scenarios through a financial lens and give PHP and NPS leadership a basis for decision-making. Ultimately the final choice of which model to pursue will be based on the desired balance of mission impact, financial sustainability, risk tolerance, and desired audience.

The models take into account timing, expenses, and revenue and are named based on the blend of these factors. As indicated earlier, timing and pace of implementation are based on several factors including leadership's sense of urgency, success with hiring personnel, and the 100th anniversary of the NPS. Expenses take into account both fixed indirect costs and variable programmatic costs. Revenue

VIP tour example revenue, expense, and profit model



is based on program mix and the volume x price x frequency equation (see above) for each program portfolio.

Aggressive — This model is built upon a large up-front investment in marketing, sales, and fundraising. The model focuses the institute’s efforts on shorter, higher-margin programs and on reaching target markets with an ability to pay high program costs. Fewer programs are offered for school populations. Start-up efforts will be focused on hiring key personnel on an aggressive timeline and implementing a significant sales and marketing push to grow the programs aggressively. Financially, this model presents a best-case scenario, and the institute will reach financial stability by year three. See Appendix I for further details.

Blended model — The program portfolio in this model strikes a balance between between high and low margin programs. This model shows a moderate amount of start-up investment and will require a mix of marketing and development that will be gradually

phased in. As in the aggressive model, the sustainability of the institute will depend on higher-margin programs subsidizing lower margin programs. The implementation timeframe will be paced; full implementation of all programs will take place by year three. This model shows financial stability by year four. See Appendix II for further details.

Conservative — This model makes more conservative financial assumptions than the previous two models and is based on a portfolio of programs that focus on local school children and teachers and fewer high-margin, high-volume programs for groups with an ability to pay. This model will take longer to attain financial stability, and the institute will have a significant reliance on fundraising. Hiring of institute personnel will take place on an extended timeline. There will be less upfront emphasis on sales and marketing, and growth will be gradual. With this model it is likely the institute will develop a solid reputation for school and educator programming, but the trade-off will likely be a strong continued reliance on fundraised revenue. See Appendix III for further details.

AGGRESSIVE MODEL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
TOTAL REVENUES	\$217,500	\$697,500	\$1,751,400	\$2,086,695	\$2,097,000	\$6,850,095
Total program expenses	\$148,600	\$392,719	\$659,441	\$760,067	\$766,334	\$2,727,162
Total indirect expenses	\$1,024,697	\$1,058,053	\$1,076,550	\$1,103,026	\$1,129,502	\$5,391,827
TOTAL EXPENSES	\$1,173,297	\$1,450,772	\$1,735,991	\$1,863,093	\$1,895,836	\$8,118,988
NET PROFIT	(\$955,797)	(\$753,272)	\$15,409	\$223,602	\$201,164	(\$1,268,893)

BLENDED MODEL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
TOTAL REVENUES	\$142,500	\$618,750	\$1,511,400	\$1,653,045	\$1,675,500	\$5,601,195
Total program expenses	\$123,975	\$300,113	\$607,016	\$664,349	\$673,361	\$2,368,814
Total indirect expenses	\$956,063	\$862,206	\$972,000	\$994,817	\$1,017,633	\$4,802,718
TOTAL EXPENSES	\$1,080,038	\$1,162,319	\$1,579,016	\$1,659,166	\$1,690,994	\$7,171,532
NET PROFIT	(\$937,538)	(\$543,569)	(\$67,616)	(\$6,121)	(\$15,494)	(\$1,570,337)

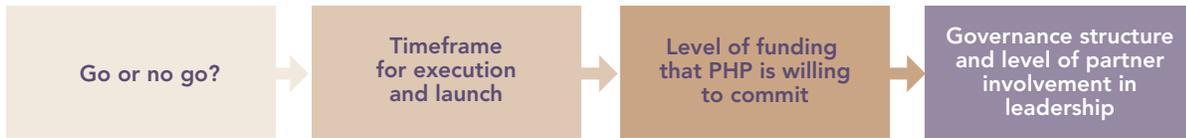
CONSERVATIVE MODEL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
TOTAL REVENUES	\$ -	\$613,500	\$1,241,400	\$1,360,095	\$1,378,500	\$4,593,495
Total program expenses	\$101,100	\$340,648	\$574,366	\$628,924	\$637,446	\$2,282,484
Total indirect expenses	\$760,953	\$793,663	\$928,950	\$950,260	\$971,570	\$4,405,395
TOTAL EXPENSES	\$862,053	\$1,134,311	\$1,503,316	\$1,579,184	\$1,609,015	\$6,687,879
NET PROFIT	(\$862,053)	(\$520,811)	(\$261,916)	(\$219,089)	(\$230,515)	(\$2,094,384)

INSTITUTE INDIRECT COSTS

With office expenses and benefits considered, the full cost of the institute operations will be approximately one million dollars annually.

PERSONNEL	BRAND DEVELOPMENT AND MARKETING	ACTIVITIES AND PERIPHERALS	PROGRAM DEVELOPMENT
<i>Likely the institute's early administrative team will include the following staff members, hired in approximately the order listed below, with the approximate salaries:</i>	<i>Brand development and marketing will require significant budget support in the first year.</i>	<i>Infrastructure development will require concerted focus in the first year and will require several budget line items to support these endeavors.</i>	<i>There will need to be significant support for program development in the first years; this will include content and curriculum development as well as program iteration.</i>
Institute director: \$115,000	Design: \$15-20,000 Printing: \$10-15,000 Web development: \$15-20,000 Advertising: \$40-50,000	Recruitment (advisory board and staff): \$15-20,000 Consultants: \$50-70,000 Launch events: \$20-30,000 Partner engagement: \$10-15,000 Transportation: \$10-12,000	Curriculum development: \$15-20,000 Program testing: \$25-30,000
Sales and marketing Director: \$100,000	Photography: \$10-15,000 Public relations: \$50-75,000		
Development director: \$80,000			
Education director: \$70,000			
Office assistant: \$50,000			



PHP board decisions

The PHP board needs to make a number of key decisions in order to begin the development of an institute. The key decisions are highlighted in the figure above. The Potrero Group recommends making the decisions in the order suggested.

Ultimately, the development of an institute is an entrepreneurial endeavor and involves significant risk. Our recommendation is that leadership avoid the temptation to over-study the creation of the institute. Upon detailed examination of many institutes, a clear pattern of experimentation and iteration has been shown to be common. Many institute leaders have reported that they learned they spent too much time, money, and effort on initial studies. Ultimately, each successful institute has needed to move forward through execution of successful and in some cases, failed, programs. This learning can be much more valuable than spending time and money on market and fundraising studies.

Go or no go?

While the concept of the institute appears to have broad support, there may be factors weighing against its inception that have not been uncovered in either the feasibility study or the research for the business plan. The final decision to move forward with further investment rests with the PHP board, and a majority vote of support will be necessary to proceed with the next steps.

Timing

While an institute could be developed at any time, there are compelling reasons why it should be developed in the near future.

- Another entity could potentially develop a competing concept. Right now the market for this type of institute programming appears to be relatively underdeveloped in the Honolulu area.
- The current NPS director and associate director for education and interpretation have been briefed on the idea and have offered their support. This support can be beneficial in many important ways.

INSTITUTE LEADERSHIP

Regardless of the organizational structure adopted, one of the most significant expected costs will be administration of the institute. Institute duties need to be the domain of dedicated institute staff, not an additional duty of a current PHP staff member. Hence, a director should be hired as soon as is realistic. The director will need to have a unique skill set and be able to manage multiple competing roles of institution-building in the institute's early years. The director will also need to operate with a degree of autonomy that will allow for significant independent decision-making and creative program development.

The board of directors for the institute could be the existing PHP board, a separate board, or a subset of the PHP directors with the authority to govern the institute. During the institute's start-up phase, it will be beneficial for the executive director to report to an advisory committee composed of PHP board members as well as community (nonvoting) members. This structure would support autonomous decision-making and increased partner engagement. It would also afford the opportunity to engage individuals who have expertise in institute operations and development without the full commitment of signing on to a formal board of directors. The work of the institute is sufficiently different from the work of PHP's day-to-day operations that it is likely that the ambitions of the institute would be curtailed if aligned too closely with existing PHP responsibilities.

- The national educational focus on science, technology, engineering, and mathematics offers a strong educational rationale for students to engage in institute programming at Pearl Harbor.
- The 100th anniversary of the NPS falls in 2016. If work were to begin on an institute in 2014, the 100th anniversary of the NPS might make an ideal opportunity for a ribbon-cutting/public dedication.
- The feasibility study and business plan have built partner interest and engagement. It will be valuable to leverage this momentum.

Level of funding

The level of funding may dictate governance structure, because potential financial partners may want to ensure some level of governance role. The Potrero Group recommends that the institute have at least three years of committed funding before progressing. This money does not need to be raised in advance—it could come as a PHP board commitment to the institute and could originate from PHP reserves. Regardless of the source of the funds, leadership needs to understand that developing an institute is a long-term prospect that shouldn't be dependent upon year-to-year financial decision-making.

Governance

The Potrero Group does not have a recommendation on which corporate structure is ideal for the institute. It is the responsibility of organizational leadership to weigh the pros and cons of the options. There appears to be little relationship between governance structure and institute success with currently existing institutes. The issue of governance structure often is more a matter of commitment of potential partners and partner willingness to help ensure adequate financial and institutional support.

Depending upon the governance structure chosen, leadership should consider developing an advisory board to help guide the institute in its early years. This will be especially important if the institute is developed within the corporate structure of PHP. The board skills needed to

develop an institute are quite different than those that have been harnessed to develop PHP. The institute director should have the ability to recruit the advisory board.

Key recommendations

The Potrero Group offers the following recommendations for developing an institute:

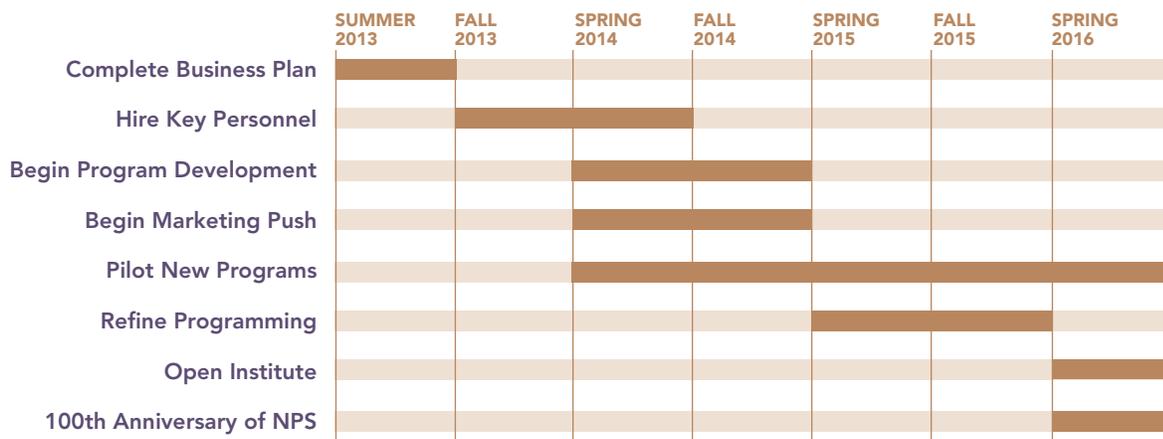
- 1 Hire key talent as soon as it is feasible.**
- 2 Start with areas of strong earned revenue potential and easy execution.**
- 3 Be willing to test, iterate, and make "learning mistakes."**
- 4 Secure or allocate funding for three years of operations.**
- 5 Test key assumptions regarding marketing and fundraising.**

1. Hire key talent as soon as leadership is ready to begin developing the institute. While considerable talent lies within PHP, the institute will need a dedicated, full-time staff in order to succeed. The first hire should be the institute director, who should then be charged with hiring other key staff—especially a marketing director and a development director dedicated to the institute. The skill set for an institute will be multifaceted. The institute director needs to understand partnership environments and will need to have an entrepreneurial mind-set. The director should have significant program development and fundraising experience. While this is a varied skill set, it does exist in many organizations. Likely it will be necessary to recruit a leader who has played a role in developing an institute previously.

2. Start with programs with strong earned revenue potential and easy delivery potential.

This recommendation is woven throughout the

Suggested implementation timeline



document. While it may be tempting for the institute to offer traditional park-based programming for school-based audiences and teachers, this type of programming requires constant fundraising and donor support. Our recommendation is to start with programs for which strong revenue potential exists and then add on lower-margin programs once a solid revenue base has been established.

3. Be willing to test, iterate, and make “learning mistakes.” In speaking with leaders who have developed or run institutes, most said that they spent too long planning and/or studying the concept before executing. In the early years, leadership will learn more from testing and iterating programs than any studies could tell them. We recommend against undertaking expensive market assessment or fundraising feasibility studies. These work well for traditional philanthropic activities, but the institute is a new concept and as such will benefit from testing and iteration.

4. Secure or allocate funding for three years of institute operations. Leadership should not be tempted to make short-run decisions that will compromise the institute’s growth. Most institutes don’t reach operational maturity for 3-10 years after inception. We therefore recommend that decisions on financing the institute are made within a long-term time horizon and that at least three years of funding are dedicated to the institute upon deciding to move forward.

5. Test key assumptions regarding marketing and fundraising. As the development of the institute proceeds, it will be important to constantly test the assumptions built into marketing, sales, and fundraising. We do not favor undertaking detailed studies. Instead we recommend undertaking tests of market viability of programs before scaling. We also recommend meeting with funders and securing multiyear funding commitments before proceeding with programs requiring substantial philanthropic commitment.

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National Park Service Staff at World War II Valor in the Pacific National Monument

Paul DePrey, Superintendent
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Frank Middleton, Director of Education
Nicole Brown, Education Specialist

Pacific Historic Parks Staff

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Paul Heintz, Director of Education
Carlton Kramer, Vice President of Marketing
Denise Kahle, Executive Assistant

Pearl Harbor Historic Partners

Michael Carr, Executive Director, Battleship *Missouri* Memorial
Kenneth DeHoff, Executive Director, Pacific Aviation Museum
Jerry Hofwolt, Executive Director, USS *Bowfin* Submarine Museum and Park
Charles Hinman, Education Director, USS *Bowfin* Submarine Museum and Park
Dan Parsons, Education Director, USS *Missouri* Memorial Association
Shauna Tonkin, Education Director, Pacific Aviation Museum

Pacific Historic Parks Board of Directors

Neil Sheehan, Board Chair
Jeff Bell
James Boersema
Noel Bragg
Robert Bruhl
Dwight Cobb
Joachim Cox
Colette Higgins
Patricia Lucas
Alan Mattson
Warren Nishimoto
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National Park Service Leadership

Jon Jarvis, Director, National Park Service
Sheri Forbes, National Park Service, Pacific West Education Lead
David Louter, National Park Service Pacific West Region Cultural Resource Program Chief
Julia Washburn, Associate Director of Interpretation and Education

Community Partners

Robert Buss, Director, Hawaii Council for the Humanities
Les Enderton, Executive Director, Hawaii Visitors and Convention Bureau
Kelvin Taketa, President, Hawaii Community Foundation

Local Education Specialists

Joyce Chinen, Director of Okinawan Studies at the University of Hawaii
Suzanne Falgout, Professor of Anthropology, University of Hawaii
Rosanna Fukuda, Hawaii Department of Education
Gay Reed, Professor of Education, University of Hawaii
Charles Sasaki, Dean of Arts and Sciences, Kapiolani Community College

Appendix I

Financial details for aggressive model

AGGRESSIVE: ACTIVITY ASSUMPTIONS

PROGRAM	PROJECTED # SESSIONS/YEAR	# OF DAYS PER SESSION	PRICE/PERSON	# OF PEOPLE/ACTIVITY
High school civic engagement	12	4	\$1,000	12
College students service program	4	4	\$1,000	12
Youth day trips	200	1	\$0	50
Archival usage	0	4	\$2,000	12
Activity camps	100	2	\$300	12
Battleship overnight	30	1	\$150	30
College students for credit (academic)	1	4	\$1,200	12
Lecture series with subscribers	0	6	\$50	100
Summer teacher institutes	2	5	\$0	20
VIP tours (top shelf)	100	1	\$500	6
VIP tours (bus tour)	125	1	\$100	60

AGGRESSIVE: FINANCIAL SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
TOTAL REVENUES	\$217,500	\$697,500	\$1,751,400	\$2,086,695	\$2,097,000	\$6,850,095
Total program expenses	\$148,600	\$392,719	\$659,441	\$760,067	\$766,334	\$2,727,162
Total indirect expenses	\$1,024,697	\$1,058,053	\$1,076,550	\$1,103,026	\$1,129,502	\$5,391,827
TOTAL EXPENSES	\$1,173,297	\$1,450,772	\$1,735,991	\$1,863,093	\$1,895,836	\$8,118,988
NET PROFIT	(\$955,797)	(\$753,272)	\$15,409	\$223,602	\$201,164	(\$1,268,893)

AGGRESSIVE: CASH FLOW STATEMENTS

CASH FLOW FROM OPERATING ACTIVITIES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Net profit	(\$955,797)	(\$753,272)	\$15,409	\$223,602	\$201,164
Net cash provided by operating activities	(\$955,797)	(\$753,272)	\$15,409	\$223,602	\$201,164
Increase/decrease in cash and cash equivalents	(\$955,797)	(\$753,272)	\$15,409	\$223,602	\$201,164
Cash and cash equivalents, at the beginning	\$0	(\$955,797)	(\$1,709,068)	(\$1,693,659)	(\$1,470,057)
Cash and cash equivalents, at the end	(\$955,797)	(\$1,709,068)	(\$1,693,659)	(\$1,470,057)	(\$1,268,893)

AGGRESSIVE: INDIRECT COSTS - APPLY TO ALL PROGRAMS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
FIXED EXPENSES						
Materials design	\$20,000	\$10,000	\$2,000	\$2,000	\$2,000	\$36,000
Printing (media/collateral)	\$30,000	\$20,000	\$2,000	\$2,000	\$2,000	\$56,000
Recruitment/advertising	\$50,000	\$20,000	\$3,000	\$3,000	\$3,000	\$79,000
Total: materials, printing, recruiting	\$100,000	\$50,000	\$7,000	\$7,000	\$7,000	\$171,000
CORE STAFF						
Executive director	\$116,250	\$120,625	\$125,000	\$129,375	\$133,750	\$625,000
Education director	\$74,400	\$77,200	\$80,000	\$82,800	\$85,600	\$400,000
Program coordinator	\$0	\$53,075	\$55,000	\$56,925	\$58,850	\$223,850
Sales & marketing manager	\$93,000	\$96,500	\$100,000	\$103,500	\$107,000	\$500,000
Technology associate	\$0	\$48,250	\$50,000	\$51,750	\$53,500	\$203,500
Administrative assistant	\$46,500	\$48,250	\$50,000	\$51,750	\$53,500	\$250,000
Development director	\$74,400	\$77,200	\$80,000	\$82,800	\$85,600	\$400,000
Program assistant	\$0	\$0	\$50,000	\$51,750	\$53,500	\$155,250
Administrative/technology assistant	\$0	\$0	\$25,000	\$25,875	\$26,750	\$77,625
Subtotal salaries	\$404,550	\$521,100	\$615,000	\$636,525	\$658,050	\$2,835,225
Benefits @ 23%	\$93,047	\$119,853	\$141,450	\$146,401	\$151,352	\$652,102
Total: staff	\$497,597	\$640,953	\$756,450	\$782,926	\$809,402	\$3,487,327
COMMUNICATIONS/PUBLIC RELATIONS						
Consultants	\$52,000	\$52,000	\$52,000	\$52,000	\$52,000	\$260,000
Collateral design/printing	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Photography	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
Total: communications/PR	\$77,000	\$72,000	\$72,000	\$72,000	\$72,000	\$365,000
LAUNCH EVENT	\$20,000	\$20,000	\$0	\$0	\$0	\$40,000
ADVISORY BOARD						
Meetings, other expenses	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
EXPERT CONSULTANTS						
Receptions, meetings, misc.	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Total: launch, board, experts	\$45,000	\$45,000	\$25,000	\$25,000	\$25,000	\$165,000

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AGGRESSIVE: INDIRECT COSTS - CONTINUED

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
OPERATIONS/GENERAL OFFICE						
Travel	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Meals and entertainment	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$17,500
Advertising/web	\$75,000	\$50,000	\$25,000	\$25,000	\$25,000	\$200,000
Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Permits	\$100	\$100	\$100	\$100	\$100	\$500
Uniforms	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Telephones	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$12,500
Cellular phones	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Supplies	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
Postage	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Photocopying	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$12,500
Total: operations	\$107,100	\$82,100	\$57,100	\$57,100	\$57,100	\$360,500
OTHER						
Staff development	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$15,000
Legal	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Recruiting	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Depreciation	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Insurance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Other consultants	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
Contingency	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Total: other	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$765,000
PROGRAM DEVELOPMENT						
Program development	\$20,000	\$10,000	\$3,000	\$3,000	\$3,000	\$39,000
Curriculum development	\$25,000	\$5,000	\$3,000	\$3,000	\$3,000	\$39,000
Total: program development	\$45,000	\$15,000	\$6,000	\$6,000	\$6,000	\$78,000
TOTAL	\$1,024,697	\$1,058,053	\$1,076,550	\$1,103,026	\$1,129,502	\$5,391,827

Appendix II

Financial details for blended model

BLENDED: ACTIVITY ASSUMPTIONS				
PROGRAM	PROJECTED # SESSIONS/YEAR	# OF DAYS PER SESSION	PRICE/PERSON	# OF PEOPLE/ACTIVITY
High school civic engagement	12	4	\$1,000	12
College students service program	4	4	\$1,000	12
Youth day trips	200	1	\$0	50
Archival usage	0	4	\$2,000	12
Activity camps	75	2	\$300	12
Battleship overnight	30	1	\$150	30
College students for credit (academic)	1	4	\$1,200	12
Lecture series with subscribers	0	6	\$50	100
Summer teacher institutes	2	5	\$0	20
VIP tours (top shelf)	100	1	\$500	6
VIP tours (bus tour)	100	1	\$100	60

BLENDED: FINANCIAL SUMMARY						
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
TOTAL REVENUES	\$142,500	\$618,750	\$1,511,400	\$1,653,045	\$1,675,500	\$5,601,195
Total program expenses	\$123,975	\$300,113	\$607,016	\$664,349	\$673,361	\$2,368,814
Total indirect expenses	\$956,063	\$862,206	\$972,000	\$994,817	\$1,017,633	\$4,802,718
TOTAL EXPENSES	\$1,080,038	\$1,162,319	\$1,579,016	\$1,659,166	\$1,690,994	\$7,171,532
NET PROFIT	(\$937,538)	(\$543,569)	(\$67,616)	(\$6,121)	(\$15,494)	(\$1,570,337)

BLENDED: CASH FLOW STATEMENTS					
CASH FLOW FROM OPERATING ACTIVITIES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Net profit	(\$937,538)	(\$543,569)	(\$67,616)	(\$6,121)	(\$15,494)
Net cash provided by operating activities	(\$937,538)	(\$543,569)	(\$67,616)	(\$6,121)	(\$15,494)
Increase/decrease in cash and cash equivalents	(\$937,538)	(\$543,569)	(\$67,616)	(\$6,121)	(\$15,494)
Cash and cash equivalents, at the beginning	\$0	(\$937,538)	(\$1,481,106)	(\$1,548,722)	(\$1,554,843)
Cash and cash equivalents, at the end	(\$937,538)	(\$1,481,106)	(\$1,548,722)	(\$1,554,843)	(\$1,570,337)

BLENDED: INDIRECT COSTS - APPLY TO ALL PROGRAMS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
FIXED EXPENSES						
Materials design	\$20,000	\$10,000	\$2,000.00	\$2,000	\$2,000	\$36,000
Printing (media/collateral)	\$30,000	\$20,000	\$2,000.00	\$2,000	\$2,000	\$56,000
Recruitment/advertising	\$50,000	\$20,000	\$3,000.00	\$3,000	\$3,000	\$79,000
Total: materials, printing, recruiting	\$100,000	\$50,000	\$7,000	\$7,000	\$7,000	\$171,000
CORE STAFF						
Executive director	\$116,250	\$120,625	\$125,000	\$129,375	\$133,750	\$625,000
Education director	\$74,400	\$77,200	\$80,000	\$82,800	\$85,600	\$400,000
Program coordinator	\$0	\$0	\$55,000	\$56,925	\$58,850	\$170,775
Sales & marketing manager	\$74,400	\$77,200	\$80,000	\$82,800	\$85,600	\$400,000
Technology associate	\$0	\$0	\$50,000	\$51,750	\$53,500	\$155,250
Administrative assistant	\$46,500	\$48,250	\$50,000	\$51,750	\$53,500	\$250,000
Development director	\$37,200	\$38,600	\$40,000	\$41,400	\$42,800	\$200,000
Program assistant	\$0	\$0	\$25,000	\$25,875	\$26,750	\$77,625
Administrative/technology assistant	\$0	\$0	\$25,000	\$25,875	\$26,750	\$77,625
Subtotal salaries	\$348,750	\$361,875	\$530,000	\$548,550	\$567,100	\$2,356,275
Benefits @ 23%	\$80,213	\$83,231	\$121,900	\$126,167	\$130,433	\$541,943
Total: Staff	\$428,963	\$445,106	\$651,900	\$674,717	\$697,533	\$2,898,218
COMMUNICATIONS/PUBLIC RELATIONS						
Consultants	\$52,000	\$52,000	\$52,000	\$52,000	\$52,000	\$260,000
Collateral design/printing	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Photography	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
Total: communications	\$77,000	\$72,000	\$72,000	\$72,000	\$72,000	\$365,000
LAUNCH EVENT	\$20,000	\$20,000	\$0	\$0	\$0	\$40,000
ADVISORY BOARD						
Meetings, other expenses	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
EXPERT CONSULTANTS						
Receptions, meetings, misc.	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Total: launch, board, experts	\$45,000	\$45,000	\$25,000	\$25,000	\$25,000	\$165,000

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BLENDED: INDIRECT COSTS - CONTINUED

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
OPERATIONS/GENERAL OFFICE						
Travel	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Meals and entertainment	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$17,500
Advertising/web	\$75,000	\$50,000	\$25,000	\$25,000	\$25,000	\$200,000
Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Permits	\$100	\$100	\$100	\$100	\$100	\$500
Uniforms	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Telephones	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$12,500
Cellular phones	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Supplies	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
Postage	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Photocopying	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$12,500
Total: operations	\$107,100	\$82,100	\$57,100	\$57,100	\$57,100	\$360,500
OTHER						
Staff development	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$15,000
Legal	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Recruiting	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Depreciation	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Insurance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Other consultants	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
Contingency	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Total: other	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$765,000
PROGRAM DEVELOPMENT						
Program development	\$20,000	\$10,000	\$3,000	\$3,000	\$3,000	\$39,000
Curriculum development	\$25,000	\$5,000	\$3,000	\$3,000	\$3,000	\$39,000
Total: program development	\$45,000	\$15,000	\$6,000	\$6,000	\$6,000	\$78,000
TOTAL	\$956,063	\$862,206	\$972,000	\$994,817	\$1,017,633	\$4,802,718

Appendix III

Financial details for conservative model

CONSERVATIVE: ACTIVITY ASSUMPTIONS

PROGRAM	PROJECTED # SESSIONS/YEAR	# OF DAYS PER SESSION	PRICE/PERSON	# OF PEOPLE/ACTIVITY
High school civic engagement	12	4	\$1,000	12
College students service program	4	4	\$1,000	12
Youth day trips	200	1	\$0	50
Archival usage	0	4	\$2,000	12
Activity camps	250	2	\$300	12
Battleship overnight	30	1	\$150	30
College students for credit (academic)	1	4	\$1,200	12
Lecture series with subscribers	0	6	\$50	100
Summer teacher institutes	2	5	\$0	20
VIP tours (top shelf)	0	1	\$500	6
VIP tours (bus tour)	0	1	\$100	60

CONSERVATIVE: FINANCIAL SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
TOTAL REVENUES	\$ -	\$613,500	\$1,241,400	\$1,360,095	\$1,378,500	\$4,593,495
Total program expenses	\$101,100	\$340,648	\$574,366	\$628,924	\$637,446	\$2,282,484
Total indirect expenses	\$760,953	\$793,663	\$928,950	\$950,260	\$971,570	\$4,405,395
TOTAL EXPENSES	\$862,053	\$1,134,311	\$1,503,316	\$1,579,184	\$1,609,015	\$6,687,879
NET PROFIT	(\$862,053)	(\$520,811)	(\$261,916)	(\$219,089)	(\$230,515)	(\$2,094,384)

CONSERVATIVE: CASH FLOW STATEMENTS

CASH FLOW FROM OPERATING ACTIVITIES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Net profit	(\$862,053)	(\$520,811)	(\$261,916)	(\$219,089)	(\$230,515)
Net cash provided by operating activities	(\$862,053)	(\$520,811)	(\$261,916)	(\$219,089)	(\$230,515)
Increase/decrease in cash and cash equivalents	(\$862,053)	(\$520,811)	(\$261,916)	(\$219,089)	(\$230,515)
Cash and cash equivalents, at the beginning	\$0	(\$862,053)	(\$1,382,864)	(\$1,644,780)	(\$1,863,869)
Cash and cash equivalents, at the end	(\$862,053)	(\$1,382,864)	(\$1,644,780)	(\$1,863,869)	(\$2,094,384)

CONSERVATIVE: INDIRECT COSTS - APPLY TO ALL PROGRAMS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
FIXED EXPENSES						
Materials design	\$10,000	\$10,000	\$2,000.00	\$2,000	\$2,000	\$26,000
Printing (media/collateral)	\$10,000	\$10,000	\$2,000.00	\$2,000	\$2,000	\$26,000
Recruitment/advertising	\$5,000	\$3,000	\$3,000.00	\$3,000	\$3,000	\$17,000
Total: materials, printing, recruiting	\$25,000	\$23,000	\$7,000	\$7,000	\$7,000	\$69,000
CORE STAFF						
Executive director	\$116,250	\$120,625	\$125,000	\$129,375	\$133,750	\$625,000
Education director	\$65,100	\$67,550	\$70,000	\$72,450	\$74,900	\$350,000
Program coordinator	\$0	\$0	\$55,000	\$56,925	\$58,850	\$170,775
Sales & marketing manager	\$23,250	\$24,125	\$25,000	\$25,875	\$26,750	\$125,000
Technology associate	\$0	\$0	\$25,000	\$25,875	\$26,750	\$77,625
Administrative assistant	\$46,500	\$48,250	\$50,000	\$51,750	\$53,500	\$250,000
Development director	\$0	\$67,550	\$70,000	\$72,450	\$74,900	\$284,900
Program assistant	\$0	\$0	\$50,000	\$51,750	\$53,500	\$155,250
Administrative/technology assistant	\$0	\$0	\$25,000	\$25,875	\$26,750	\$77,625
Subtotal salaries	\$251,100	\$328,100	\$495,000	\$512,325	\$529,650	\$2,116,175
Benefits @ 23%	\$57,753	\$75,463	\$113,850	\$117,835	\$121,820	\$486,720
Total: staff	\$308,853	\$403,563	\$608,850	\$630,160	\$651,470	\$2,602,895
COMMUNICATIONS/PUBLIC RELATIONS						
Consultants	\$52,000	\$52,000	\$52,000	\$52,000	\$52,000	\$260,000
Collateral design/printing	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Photography	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
Total: communications	\$77,000	\$72,000	\$72,000	\$72,000	\$72,000	\$365,000
LAUNCH EVENT	\$20,000	\$20,000	\$0	\$0	\$0	\$40,000
ADVISORY BOARD						
Meetings, other expenses	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
EXPERT CONSULTANTS						
Receptions, meetings, misc.	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Total: launch, board, experts	\$45,000	\$45,000	\$25,000	\$25,000	\$25,000	\$165,000

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CONSERVATIVE: INDIRECT COSTS - CONTINUED

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
OPERATIONS/GENERAL OFFICE						
Travel	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Meals and entertainment	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$17,500
Advertising/web	\$75,000	\$50,000	\$25,000	\$25,000	\$25,000	\$200,000
Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Permits	\$100	\$100	\$100	\$100	\$100	\$500
Uniforms	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Telephones	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$12,500
Cellular phones	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Supplies	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
Postage	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Photocopying	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$12,500
Total: operations	\$107,100	\$82,100	\$57,100	\$57,100	\$57,100	\$360,500
OTHER						
Staff development	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$15,000
Legal	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Recruiting	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Depreciation	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Insurance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Other consultants	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
Contingency	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Total: other	\$153,000	\$153,000	\$153,000	\$153,000	\$153,000	\$765,000
PROGRAM DEVELOPMENT						
Program development	\$20,000	\$10,000	\$3,000	\$3,000	\$3,000	\$39,000
Curriculum development	\$25,000	\$5,000	\$3,000	\$3,000	\$3,000	\$39,000
Total: program development	\$45,000	\$15,000	\$6,000	\$6,000	\$6,000	\$78,000
TOTAL	\$760,953	\$793,663	\$928,950	\$950,260	\$971,570	\$4,405,395

Appendix IV

Descriptions of selected comparator summer youth enrichment programs

People to People Ambassador Program

People to People offers a variety of travel opportunities for high school and college students focused on the premise of being a “cultural ambassador.” Descended from an effort by President Eisenhower to help improve international relations in the wake of World War II, People to People emphasizes the importance of continuing cultural ambassador programs in the increasingly growing global world in which we live. Consequently, their offerings are structured around all-inclusive programs designed to engage students in different cultures, traditions, and unique experiences at diverse locations.

Standard pricing ranges between \$4,500-7,999 (\$350-400/day), but customized programs are more expensive. Before travel, students receive 12 hours of classroom preparation as well as a complete set of on-line tools. Academic credit is available to students, at both high school and college levels, through two Washington schools.

One of the major selling points of the People to People program is a vaunted raise in “Cultural Intelligence” (CQ). It has been hypothesized that CQ is increasingly important in today’s globalized world, and it conveys the sense of comfort and drive in communicating with people of different cultures than one’s own. In addition to CQ, People to People reports that students participating in their ambassador programs have an 80% acceptance rate to their first-choice colleges.

The offered programs are numerous and diverse, spanning all seven continents. While many trips are designed to engage students in the particular culture of the destination, there are several service-oriented trips to places either devastated by natural disasters, such as Japan or New Orleans, or otherwise in need

of philanthropic aid, such as Costa Rica or South Africa. Beyond experiencing cultural activities such as local foods and traditions and offering service to those in need, the programs provide unique opportunities such as riding elephants or rappelling. Professional educators lead the programs and the student to teacher ratio is typically small at 10:1.

Summer at Georgetown

Georgetown University offers several different program types for high school students, all designed around earning college credit before actual admission. The offerings range from traditional college courses to month-long intensive exposure to careers and disciplines.

The basic offerings are the College Courses and Honors Intensive programs. There are currently more than 80 College Courses across multiple disciplines, in two different five-week sessions. Students can earn up to 12 college credits while still in high school. Georgetown also offers a three-week college preparatory program, which includes English and Math classes and SAT preparation. Furthermore, there is a lecture series of undergraduate seminars for college prep students. The college prep tuition rate is \$4,300 (\$287/day), with optional room and board fees.

Perhaps the more interesting programs offered are the “Institutes”, which are courses designed to expose students to career paths, such as medicine or law, at high school age. An Institute is an eight-day immersion in a variety of topics in an accelerated, hands-on environment. The tuition at \$2,395 (\$300/day) includes room and board.

The subject areas Georgetown offers are Medicine, Law, Science, Politics, Business, and Arts and Humanities.

Adventures Cross-Country

Founded in 1983, Adventures Cross-Country is a hands-on wilderness adventure course that teaches skills in a safe, enjoyable environment. The programs consist of 12-18 similarly aged students accompanied by two experienced leaders. The students prepare three meals a day and typically sleep in tents. Most equipment is provided, and lists of necessary equipment and clothing necessary are given.

Adventures Cross-Country programs are divided into three broad categories: service adventures, language immersion, and multisport adventures in a wide variety of locations. The trips last from two to three weeks and are designed to teach leadership and survival skills while being fun at the same time. The cost ranges from \$4,000-5,000 (\$238-285/day).

Adventures Cross-Country also offers a structured “gap semester” program for high school graduates. The semester lasts 90 days, and there are options between Africa, Asia, and Latin America. These programs cost from \$12,500-13,500 (\$139-150/day).

Northwestern University High School Summer Programs

Northwestern, similar to Georgetown, offers a wide selection of summer programs for high school students. The standard College Preparatory course is available to sophomores and juniors, and a Bridge program serves juniors in Chicago public schools. Northwestern also offers a concentrated program in journalism, a Center for Talent Development focused on providing education programs for gifted students, and a sports camp.

The journalism program lasts 33 days and costs \$5,000 (\$151/day), including room and board.

Harvard's Secondary School Program

Harvard offers a summer course for high school students to earn college credit, either two 4-credit classes or one 8-credit class. Tuition covers room and board, and if necessary a health-insurance fee. The program lasts 7 weeks for \$10,690 (\$218/day).

National Student Leadership Conference

The National Student Leadership Conference (NSLC) offers programs in numerous fields, from culinary arts to journalism. The NSLC offers innovative and fun leadership workshops where students learn and apply essential leadership skills including team building, ethical decision-making, time management, goal setting, public speaking, and conflict resolution. The NSLC uses an interactive approach to learning that enables students to experience a day-in-the-life of a future career. Exclusive tours and behind-the-scenes visits add richness to the experience.

Programs last between 4 and 11 days, with most lasting 10 days. Tuition ranges from \$995 (\$250/day) to \$2,995 (\$272/day).

Global Leadership Adventures

Similar to People to People, Global Leadership Adventures offers a wide range of volunteer abroad programs. They arrange their offerings in themes: children's issues, environment and ecology, sports, poverty alleviation, public health, traditional culture, animals and wildlife, international relations, language learning, and leadership activities. A 21-day program is \$4,599 (\$219/day); 14 days is \$3,199 (\$229/day).

Appendix V

Descriptions of selected military history tours

Military Historical Tours, Inc.

Military Historical Tours offers tours to provide opportunities to visit battlefields of past conflicts, such as the Pacific theatre of WWII and the Korean and Vietnam Wars. Military Historical Tours specializes in small groups with one-on-one guidance, as well as custom-designed tours. The prices range from \$2,000-3,500 (\$150-450/day), depending on location and length of the tour.

Stephen Ambrose Historical Tours

Stephen Ambrose Historical Tours has extensive experience in designing and customizing private group tours for different organizations such as student/alumni groups, professional organizations, and military associations. The company partners with Military Historical Tours referenced above.

The company offers tours both domestic and abroad, with a variety of price ranges based on location and itinerary. The trips typically last between 8 and 14 days, and range in price from \$2,600 (\$325/day) to 6,200 (\$413/day). The most expensive offering is the partnership with Military Historical Tours, a 10-day trip for \$7,600 (\$760/day).

The Cultural Experience

Based in England, the Cultural Experience operates battlefield and historical tours in multiple countries. The tours are aimed at both enthusiasts and those with a general interest in history and travel. Tours are conducted by academics or former military service personnel.

The Cultural Experience tours are inclusive with meals, lodging, and flights. Trip prices range from \$1,342 (\$447/day) to \$4,642 (\$464/day) per person.

About Us



World War II Valor in the Pacific National Monument

World War II Valor in the Pacific National Monument preserves and interprets the stories of the Pacific War, including the events at Pearl Harbor, the internment of Japanese Americans, the battles in the Aleutians, and the occupation of Japan.

The National Park Service has operated the USS *Arizona* Memorial since 1980, maintained the USS *Oklahoma* Memorial since 2007, and maintained the USS *Utah* Memorial since 2008, when all three memorials were incorporated into the World War II Valor in the Pacific National Monument. In addition to the three memorials, World War II Valor in the Pacific National Monument in Pearl Harbor includes six mooring quays along Battleship Row, six historic Chief Petty Officer bungalows on Ford Island, and the Pearl Harbor Visitor Center. The National Monument is located on and adjacent to Joint Base Pearl Harbor-Hickam.



Pacific Historic Parks supports and funds educational materials, museum exhibits, and interpretive programs for four national parks throughout the Pacific: World War II Valor in the Pacific National Monument at Pearl Harbor, Kalaupapa National Historical Park on the island of Molokai, American Memorial Park in Saipan, and War in the Pacific National Historical Park in Guam. Formed as a nonprofit cooperating association with the National Park Service in 1979 as the Arizona Memorial Museum Association, Pacific Historic Parks changed its name in June 2010 to better reflect its increased scope of support.



The Potrero Group, LLC is a management consulting firm specializing in business planning for social sector clients. We work closely with organizational leaders who want to develop successful ventures through disciplined business planning. Much of our team has worked closely with national park units, environmental organizations, regional governmental agencies, and hospitals. We have worked with a wide range of organizations including: the National Park Service, NatureBridge, Los Angeles Department of Water and Power, PulsePoint, Center for Ecoliteracy, the National Outdoor Leadership School, the Institute at the Golden Gate, and Kaiser Permanente. More information: www.potrergroup.com.

This report was authored by Nicholas Ferlatte and Cleveland Justis, principals of the Potrero Group.



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