

# AMERICAN JAZZ MUSEUM

## ORGANIZATIONAL ASSESSMENT



Museum Management Consultants, Inc.

March 2018

## EXECUTIVE SUMMARY

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Opened in 1997 as part of the redevelopment of Kansas City's 18<sup>th</sup> & Vine Historic District, the American Jazz Museum (AJM) celebrates and exhibits the experience of jazz as an original American art form. Through interactive exhibits, live performances, and vibrant programs, AJM seeks to become a premier destination that will expand the influence and knowledge of jazz throughout Kansas City and the world. AJM operates in a public-private partnership with the City of Kansas City (City), which owns AJM's collections and facilities including the AJM building, the tenant space within AJM building leased to the Negro Leagues Baseball Museum, the Horace Peterson III 18<sup>th</sup> & Vine Visitor Center, Blue Room, and Gem Theater.

Museum Management Consultants, Inc. (MMC) was hired by the City in the wake of significant challenges facing the Museum, most notably the financial crisis sparked by a net loss of almost \$447,000 from the 2017 Kansas City Jazz & Heritage Festival. Subsequent analysis revealed an additional operating deficit of approximately \$650,000. In an effort to address these and other challenges facing the Museum, the City contracted with MMC to conduct an *Organizational Assessment* to examine AJM's current operations and provide recommendations to improve long-term sustainability. To do this work, MMC reviewed organizational documents, studied a group of six Peer Museums, conducted a site visit, and held 40 confidential interviews with AJM stakeholders. Despite unanimous support and enthusiasm for AJM's mission and programming, interviewees who spoke with MMC identified numerous challenges facing the Museum. An overview of the key findings and priority recommendations follows.

### Assessment Findings

***Vision:*** Despite being open for 20 years, AJM lacks a clearly defined vision and identity. The Museum is alternatively described as a museum, jazz club, or theater; an event space or museum; a 3<sup>rd</sup> District project or citywide organization; a community center or national organization. Determining AJM's long-term vision requires addressing the inherent tradeoffs between these identities, as well as answering three fundamental questions: *Who are we? Whom do we serve? What impact do we seek to have?*

***Visitor Experience:*** AJM's visitor experience is in need of refreshing and enhancement. From the atrium to the Changing Gallery to the permanent exhibits, the visitor experience is seen as stale and offering little to entice repeat visits. The permanent exhibits and their accompanying technology have not been changed or refreshed since the museum opened, wayfinding within the exhibits is unclear, and the storyline of the exhibits themselves is incomplete. The Blue Room,

while having tremendous potential as a draw for the Museum and 18<sup>th</sup> & Vine, serves as both an exhibit and night club, with challenges associated with both functions. By contrast, AJM's public and education programming is seen as a bright spot in the Museum, offering quality engagement with broad audiences.

**Collections:** AJM's collections have regional, national, and international significance in preserving the history of jazz, 18<sup>th</sup> & Vine, and Kansas City. Yet AJM does not have complete inventories of its collections, the conditions in which collections are displayed and stored are less than ideal, no qualified staff member is devoted full-time to collections care and documentation, and there are no formal collections policies or procedures to guide collections stewardship.

**Business Model:** The Museum's financial health started to decline in FY17, prior to the Jazz Festival. AJM's overspending and Jazz Festival losses, combined with changes in leadership at the Board and staff levels, insufficient financial accounting systems, and insufficient financial expertise on the part of the Executive Director, led to a major financial crisis at the Museum. As of the writing of this report, the City has agreed to provide enough funding to pay off all of AJM's obligations and provide funding to eliminate the operating deficit and leave the Museum with a positive cash balance to begin the next fiscal year. Although the City's generosity means the immediate financial crisis is over, AJM is operating in diminished capacity and will need to rebuild its operations. The losses were felt deeply at AJM in part due to its static operating revenues, including an overreliance on government funds, a lack of contributed revenue, and unfulfilled potential in earned income.

**Organizational Structure:** Staffing levels have been greatly impacted by AJM's financial crisis. While personnel reductions were inevitable, they have left the Museum understaffed and lacking in deep knowledge of museum operations, policies, and ethics. At the same time, the organizational chart is outdated and does not reflect modern museum trends of putting the focus on the visitor, and in so doing, reconfiguring operations to embrace greater collaboration between departments and breaking down traditional operational silos.

**Leadership:** The Museum's staff leadership has been responsible for numerous missteps, questionable decisions, and a lack of transparency. The Board of Directors, AJM's governing body, is seen as a group that cares deeply about AJM, but did not foresee the financial crisis and is lacking in its fundraising role. Although not a governing entity, the City serves in a key oversight role with AJM, and this role must be strengthened as well. A proposal has been made to move AJM oversight from the General Services Department to the Parks and Recreation Department,

but it is MMC's conclusion that the City department in which AJM oversight resides is not the real issue.

AJM needs a complete rebirth, starting with its leadership, but continuing with a revamped financial model, visitor experience, and operational infrastructure.

### **Priority Recommendations**

The *Organizational Assessment* offers a range of recommendations to address the challenges detailed above. While all of the recommendations seek to align AJM with museum industry standards, create greater accountability and oversight, and enhance the Museum's long-term sustainability, not all recommendations require immediate action. The five recommendations below should be seen as the highest priorities for the organization, to be addressed as soon as possible, while the remainder of the recommendations should be discussed and prioritized as part of the planning process recommended by MMC.

1. **Refresh the staff and Board leadership** of the Museum.
2. **Form a Planning Committee** of City, Board, staff, and community leadership to lead AJM through the planning process.
3. **Engage in a highly inclusive strategic planning process** to redefine AJM's mission, vision, core values, and organizational goals and priorities.
4. Contract with exhibit designers to **develop an overall Visitor Experience Plan** that rethinks the entire museum experience.
5. **Consider closing the Museum for a predetermined period of time** (approximately one year, with actual timeline dependent on progress of planning and change at the Museum) while planning for the future and revamping the visitor experience.

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# INTRODUCTION

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In December 2017, the City of Kansas City, Missouri (City), retained Museum Management Consultants, Inc. (MMC) of San Francisco to conduct an *Organizational Assessment* of the American Jazz Museum (AJM), which operates in a public-private partnership with the City. This report summarizes the findings from MMC’s *Organizational Assessment*, which was conducted by Adrienne Horn, MMC President; Katie Sevier Potter, MMC Senior Vice President; and Georgianna de la Torre, MMC Vice President.

## Background

AJM is a nonprofit organization whose facilities and collections are owned by the City and, through a Management Agreement between the two parties, are leased to and managed by AJM. The facilities include the AJM building, the tenant space within the AJM building leased to the Negro Leagues Baseball Museum (NLBM), the Horace Peterson III 18<sup>th</sup> & Vine Visitor Center, the Blue Room, and the Gem Theater. AJM has an operating budget of approximately \$2.6 million (FY17) and 11 full-time and 27 part-time staff. Total attendance, including paid admissions to the Museum, education programs, special events, and performances, was almost 110,000<sup>1</sup> in FY16, the last year complete visitor data is available.

AJM opened to the public in 1997 in the heart of the 18<sup>th</sup> & Vine Historic District, less than two miles southeast of downtown Kansas City. Its mission is:

*To celebrate and exhibit the experience of Jazz as an original American art form through performance, exhibition, education, and research at one of the country’s jazz crossroads – 18<sup>th</sup> & Vine.*

As one of the only museums in the world exclusively devoted to jazz,<sup>2</sup> an art form often referred to as “America’s classical music,” AJM occupies an authentic site where jazz evolved and where the distinct Kansas City sound was developed. The 18<sup>th</sup> & Vine district took shape at the end of the 19<sup>th</sup> century during segregation, when African Americans moved to the area and established a thriving “city within a city,” including schools, businesses, churches, and entertainment venues. As jazz music developed in African American communities around the United States, 18<sup>th</sup> & Vine became a thriving component of the national jazz scene in the 1920s and 1930s, hosting jazz legends in its nightclubs and cabarets, and establishing its own Kansas City style of jazz. Recognizing the historic nature of the area, 18<sup>th</sup> & Vine was added to the National Register of

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<sup>1</sup> This figure differs from the total visitation figure used by AJM as MMC’s research into the data revealed possible double counting in certain areas.

<sup>2</sup> AJM’s vision statement, which appears in various materials and the organization’s website, refers to itself as “the only” museum in the world exclusively devoted to jazz, which is not the case.

Historic Places in 1991. Over the years, 18<sup>th</sup> & Vine languished, but today the City is spearheading a major revitalization of the district; in 2016, the City approved funding for the first phase of a \$27.6 million, three-phase improvement plan. As stated on the project website, “The City is committed to restoring and transforming the District into a sustainably viable, mixed-use entertainment and resident district.”<sup>3</sup>

The story of 18<sup>th</sup> & Vine and its contribution to jazz music is central to the identity of Kansas City. This was reinforced by the October 2017 naming of Kansas City as a “City of Music” by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Kansas City is the only City of Music in the United States, and joins 180 cities in the UNESCO Creative Cities Network worldwide working together toward the common goal of “placing creativity and cultural industries at the heart of their development plans at the local level and cooperating actively at the international level.”<sup>4</sup>

MMC was retained by the City in response to issues facing the Museum, most notably a financial crisis that threatened AJM’s very existence. In an effort to address these issues and protect the City’s assets, the City Council Finance and Governance Committee held hearings in July 2017. Later in the year, a proposal was made by 3<sup>rd</sup> District City Councilmember Jermaine Reed, who also serves on the AJM Board of Directors, to move City oversight of AJM from the General Services Department to the Parks and Recreation Department. Along with the transfer, the proposal recommended strategic and business planning, and visitor experience planning to re-imagine AJM’s future. The resulting passage of Ordinance No. 170856 took a step back from deciding about transfer of oversight and called for an *Organizational Assessment* to evaluate current operations at AJM and provide recommendations, based on museum industry standards and best practices, to improve overall sustainability.

### **Assessment Methodology**

MMC began its work by reviewing organizational documents including financial reports and presentations, the AJM *Strategic Plan 2016-2020* and *Progress Report December 2017*, recent grant applications, Board of Directors’ bylaws and responsibilities, Management Agreement with the City, *Collections Assessment Report*, fundraising materials, and other background information. The MMC team made a site visit to Kansas City January 23-25, 2018 to tour the facilities and conduct confidential individual and group interviews with City leadership, AJM Board and staff, and community leaders. Before and after this site visit, MMC conducted

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<sup>3</sup> “18<sup>th</sup> & Vine Improvements Updates.” *City Planning and Development, City of Kansas City*, [kcmo.gov/planning/18th-vine-improvements-project-update/](http://kcmo.gov/planning/18th-vine-improvements-project-update/). Accessed 14 February 2018.

<sup>4</sup> “Creative Cities Network.” *UNESCO*, [en.unesco.org/creative-cities/](http://en.unesco.org/creative-cities/). Accessed 14 February 2018.

additional confidential interviews by telephone. Altogether, MMC spoke with 40 individuals about AJM. See Appendix A for a full list of participants.

In order to highlight national museum industry best practices, MMC includes throughout this report standards of excellence established by the American Alliance of Museums' (AAM). As noted in AJM's *Strategic Plan 2016-2020*, a long-term goal of the Museum is to seek accreditation from AAM. Accreditation is a voluntary program that signifies a museum is committed to excellence, accountability, high professional standards, and continuous institutional improvement. It will be years before AJM is ready to apply for accreditation, but the museum industry standards laid out by AAM (see Appendix B: AAM's *Characteristics of Excellence*) should be a touchstone for AJM's revitalization.

To provide a broader context for AJM's operations, MMC researched peer music museums with operating budgets similar to that of AJM (between \$900,000 and \$3 million). Through AAM's *Official Museum Directory* and other publicly available information, MMC identified approximately 40 organizations which collect and exhibit material related to seminal American music (including jazz, blues, bluegrass, country, and soul music), offer regularly scheduled performances, and are located in cities associated with the birth and/or development of the particular genre.<sup>5</sup> Organizations were eliminated based on budget size, lack of publicly available data, and/or stage of development (if a new organization). Data from the resulting Peer Group of six museums is presented in Appendix C; select findings are cited in this *Organizational Assessment* when appropriate.

### **Overview of MMC Assessment Findings**

In discussions with MMC, interviewees expressed their genuine support for the Museum and its potential. When asked about AJM's strengths, interviewees noted the importance of the historical, cultural, and musical story that is the basis for AJM. The AJM story is the story not only of jazz in America and, as one interviewee said, "the uniqueness of the Kansas City sound," but also the story of 18<sup>th</sup> & Vine and the lives of African Americans in Kansas City. One interviewee noted, "Kansas City has a worldwide reputation for jazz," and another said AJM is "an amazing asset for the City." The programs produced by AJM, such as Jazz Storytelling and the Kansas City Jazz Academy, were mentioned by interviewees as robust and compelling. Despite cutbacks due to financial constraints, AJM's programming is seen as an area of true organizational strength, providing positive and impactful experiences for people of all ages.

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<sup>5</sup> MMC sought to include museums with similar relationships to government entities, but they are few in number and MMC was unable to secure sufficient data from most of these organizations.

Despite unanimous support for the Museum’s mission, interviewees were keenly aware of the significant challenges facing AJM. Interviewees described the Museum as in a “state of chaos,” suffering from “gross mismanagement,” and needing “a reset.” Nearly everyone who spoke with MMC pointed to AJM’s financial position as the most pressing issue. The financial crisis became visible with the losses from the 2017 Kansas City Jazz & Heritage Festival, but were compounded by ongoing overspending, inadequate accounting systems, a lack of transparency, insufficient oversight, and a lack of leadership. The resulting dire financial picture led to major cuts to programming and staff, and negative publicity that “has hurt the Museum’s credibility” with potential donors, collaborators, and visitors. Interviewees said the financial crisis has revealed a crisis in leadership as well. At both the staff and Board levels, leadership is seen as unprepared for the unique challenges of operating a 21<sup>st</sup> century museum.

The vast majority of interviewees feel the Museum has not realized its vision of becoming a premier destination that spreads the influence of jazz throughout the world. Many pointed to a muddled vision, which positions AJM as an event space more than a museum, and as a community center rather than national jazz museum. The visitor experience at AJM is viewed by interviewees as “dormant,” “not relevant,” and unchanged in the 20 years AJM has been open. Interviewees also expressed concern for the state of the collections, including the lack of basic policies to guide the care and use of the collections and protect them from risk, the environmental conditions of AJM’s collections storage areas, and incomplete inventories that leave AJM without a full understanding of the contents of its collections. These issues are compounded by a lack of knowledge about museum practices and ethics amongst AJM staff.

Although the challenges are daunting, everyone interviewed by MMC expressed a desire to see AJM’s issues addressed and the Museum brought back to health and stability. AJM is seen as a potentially vital educational resource with the opportunity to provide a compelling experience and become a major draw for 18<sup>th</sup> & Vine. But a complete rethinking of the Museum, from overall vision to exhibits and programs, staffing structure, finances, and leadership, is required to fulfill the original vision of an American museum devoted to the multidimensional story of jazz. The following pages present further detail on the key issues facing AJM and MMC’s recommendations to address those issues.

## VISION

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Opened 20 years ago alongside the Negro Leagues Baseball Museum as an anchor for Kansas City's redevelopment of the 18<sup>th</sup> & Vine Historic District, AJM seeks to engage visitors with the history and experience of jazz through the "four pillars" of its mission: performance, exhibitions, education, and research. The compelling stories of jazz as an art form, Kansas City's role in the evolution of jazz, and the once thriving 18<sup>th</sup> & Vine Historic District, are worthy of a great museum. As the saying goes, "Jazz was born in New Orleans and grew up in Kansas City." And as one interviewee said, AJM is "an authentic piece of City history; jazz is what Kansas City is known for." AJM's vision acknowledges the Museum's responsibility in presenting this story by seeking "to become a premier destination that will expand the influence and knowledge of jazz throughout Kansas City and the world."<sup>6</sup> And by changing its name soon after opening from *Kansas City* Jazz Museum to *American* Jazz Museum, AJM expressed its desire to be *the* national museum dedicated to the preservation, exhibition, and advancement of jazz music to audiences in Kansas City and around the world. But as most interviewees told MMC, AJM is "an excellent idea that has not fully realized its potential."

At the heart of AJM's inability to realize its full potential is a lack of a clearly defined vision and identity. One interviewee expressed the opinion of many when they said AJM has not decided who they are as an organization, "They're a museum, a bar, a theater." These functions do not have to be in conflict with one another, but interviewees expressed confusion about the real focus of AJM as an institution. Because questions about AJM's true identity have never been resolved, AJM appears to be, as one interviewee said, "a 20-year-old infant." Key questions posed by interviewees include:

- Is AJM a museum or event space?
- Is AJM a 3<sup>rd</sup> District or citywide organization?
- Is AJM a community center or national organization?

Answering each question means addressing key tradeoffs for the Museum, and making adjustments to AJM's mission and future vision.

If AJM is first and foremost a museum, instead of an event space or entertainment venue with exhibits, what are the implications for the Blue Room and Gem Theater? Many interviewees feel AJM was set up to fail by incorporating such different lines of business into one organization. If

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<sup>6</sup> American Jazz Museum, "Vision," *American Jazz Museum Strategic Plan 2016-2020*, p. 2.

AJM's identity is as a museum, what are the implications for the exhibits and how they are presented? A number of people interviewed noted that AJM's exhibits feel more like a backdrop for performance than a dynamic exhibition experience built to drive visitation. And on the flip side, if performance is the most important aspect of AJM, what are the resulting implications for the future of the exhibition program? (Issues related to the visitor experience will be addressed in the next section of this report.)

MMC heard serious concern from AJM stakeholders about perceptions of AJM as being "a 3<sup>rd</sup> District project," and that this perception defines the Museum. MMC was told that AJM is "seen as a Black institution" in "the 3<sup>rd</sup> District, which is historically the minority part of town, and influence doesn't go beyond the district." One interviewee said, "The Museum isn't well known; it's not seen as an asset. No one talks about the Jazz Museum as beneficial to the city." Another interviewee said, "AJM is highly identified with 18<sup>th</sup> & Vine. It needs to be its own brand and not subsumed by 18<sup>th</sup> & Vine. It needs to be its own destination." Interviewee perceptions of the 18<sup>th</sup> & Vine redevelopment project varied widely, with some expressing great hope about new momentum and others not seeing change and improvement and feeling that the area is unsafe. At the same time, location and a close association with the African American community have not held back the NLBM, which shares a physical space with AJM. NLBM is considered to be a vibrant and healthy organization, mainly because they have "found their identity and partners," which only reinforces the need to define AJM's identity.

The feeling that AJM belongs to District 3 or 18<sup>th</sup> & Vine, and not Kansas City as a whole, is backed by the widely held view that the City does not promote AJM as an essential element of Kansas City tourism. An interviewee expressed this view: "This museum has the potential to build tourism; jazz is a key message of the City. It's one of the things that makes Kansas City a destination." Another interviewee said, "Jazz is the trademark of Kansas City, but the Jazz Museum isn't integrated into the tourist agenda. It's tragic."

Essential to defining AJM as an organization, is identifying the Museum's audiences. AJM staff told MMC the Museum's audiences include the neighborhood, Kansas City, the nation, and the world. No museum can serve everyone, and given the aforementioned perceptions of AJM, a fresh look at prioritizing audiences is warranted. One audience worth special consideration is the community of musicians in Kansas City. The relationship between AJM and local musicians is currently strained, with interviewee comments including: "Musicians keep this museum afloat, but have been ignored," "The Jazz Museum doesn't involve artists," and "The musicians built this district; the Museum isn't treating them right." AJM's reputation has been tarnished in the past year and its lack of real partners, collaborators, and advocates has been pronounced. MMC was

told that AJM has “no relationships with other organizations” and “needs partnerships to be seen as a resource, to have impact.”

AJM needs to regain the confidence of its key stakeholders and the general public. Doing so will require going back to the essential questions any organization must ask itself: Who are we? Whom do we serve? What impact do we seek to have?

## **RECOMMENDATIONS**

**Recommendation #1:** Engage in a strategic planning process to redefine AJM’s mission, vision, core values, and organizational goals and priorities. The process should be highly inclusive, involving representatives from key constituencies, such as musicians, current and potential collaborators, City leaders, Kansas City cultural organizations, donors, and prominent thought leaders. AJM’s current *Strategic Plan 2016-2020* provides a starting point for discussions and lays out many of the basic goals and objectives that should be addressed by the Museum, but much has changed since it was written, and the current moment requires a new look at AJM’s identity, defining target audiences, addressing key tradeoffs, and establishing a roadmap for the future based on these decisions. The planning process itself is an opportunity for AJM to re-engage with current and potential stakeholders, garner opinions and feedback about the Museum’s future direction, and gain buy-in for what AJM re-envision itself to be.

## VISITOR EXPERIENCE

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The term “visitor experience” refers to the interactions visitors have with a cultural venue; it includes on-site experiences with exhibits, programs, front-line staff, and visitor amenities, as well as marketing and outreach messages, website visits, and physical navigation to the facility. The following highlights key aspects of the AJM visitor experience.

### Welcome Area

The shared AJM/NLBM facility entrance leads to a large atrium, which houses the Visitor Center, the retail Swing Shop, admissions desk, and entrances to the Changing Gallery, NLBM, and AJM permanent exhibits. The atrium space is large and feels empty and unwelcoming. There is a plan for the Visitor Center at the far end of the atrium to be moved to the Black Archives, which will open up the atrium even more. The atrium is a large piece of prime real estate, but it is seriously underutilized. Programming does use this space, but even when filled with people, the space calls for greater warmth. This is the welcome area for visitors and should provide a tempting introduction for the paid visitor experiences inside.

The Swing Shop to the left of the entrance is one of the first things a visitor sees, but it lacks appeal and inspiration. There is a desire by AJM leadership to upgrade the Swing Shop offerings and integrate coffee and/or a food cart into this area, which would greatly increase the sense of activity in the space and encourage visitors to relax and stay longer on-site. There is tremendous potential for the Swing Shop and the welcome area to become a modern, interactive, compelling experience as people enter AJM.

### Exhibits

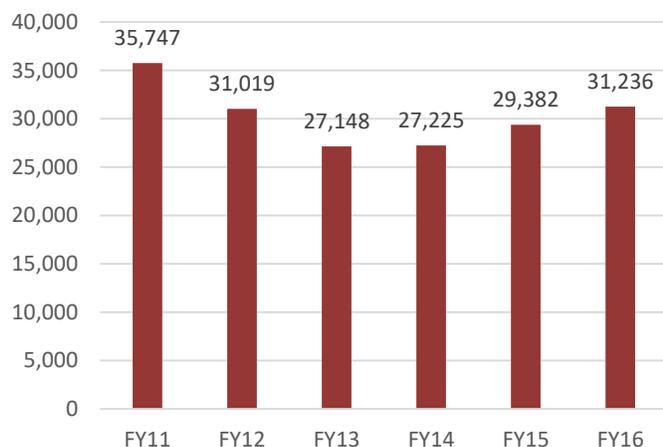
The main attraction for paid visitors to AJM is the permanent exhibits, but the Changing Gallery space near the entrance to the facility is free to the public and offers three temporary exhibitions per year. The current exhibition, *The Legacy Plays On!*, which celebrates 20 years of AJM, is an exception as it will be on view for a full year. The frequency of exhibitions reflects industry norms for a museum of AJM’s size; when looking at the Peer Group of museums studied by MMC, temporary exhibitions change approximately every five or six months. And in fact, AJM’s Executive Director expressed the desire to decrease the frequency of temporary exhibitions from three to two per year with a focus on higher quality exhibitions.

As with most museums, the permanent exhibits are housed in the largest square footage of public space within AJM, and as such, constitute the main element of the visitor experience. As described on its website:

“Acclaimed as an ‘interactive paradise’ by the NY Times, these exhibits bring to life the great American art form of jazz. Listening stations, touch screen interactives, and custom mixing boards complement displays of artifacts, graphics, and commissioned artwork in a sculpturally dynamic space that makes this sophisticated musical style accessible and engaging for visitors of different ages and musical backgrounds.”<sup>7</sup>

While the permanent exhibits may have been dynamic and technologically advanced when AJM opened 20 years ago, they are dated and static today. They have not changed and individual exhibits cannot be changed out to introduce new artifacts or add to the storyline. To that point, the term “permanent exhibits” is being used less in the museum field in recognition that all exhibits need to be refreshed periodically to maintain visitor interest. Because AJM’s exhibits have remained the same since opening, one interviewee described the AJM visitor experience as, “Been there and seen it, no reason to return.” Changes in offerings throughout a museum often increase attendance. Paid attendance to AJM, as shown in Figure 1, has fluctuated over time. Although data was not available to MMC for FY17 and FY18, staff indicate they are seeing decreases in FY18. Paid attendance of approximately 31,000 shows much room for growth; NLBM has approximately 10,000 more visitors per year than AJM. With permanent exhibits that do not change and recent negative publicity, these trends are not surprising.

Figure 1. AJM Paid Museum Attendance FY11-FY16



Many interviewees, including those closest to AJM, pointed to the overall storyline of the permanent exhibits as incomplete. While the exhibits highlight the four jazz masters (Armstrong, Ellington, Fitzgerald, and Parker), the tie to Kansas City and 18<sup>th</sup> & Vine is less clear. Many interviewees said the exhibits do not “make the story relevant to today,” or as one interviewee said, “The Museum could speak to current issues, be more relevant.” One interviewee said AJM is so many things, “A community museum, an African American museum, and the American Jazz Museum, but a lot is missing from the story” told through the exhibits. Everyone involved with the Museum, including staff, acknowledge the need for changes and upgrades to the exhibits. As stated in the Museum’s *Strategic Plan 2016-2020 Progress Report*:

<sup>7</sup> “Permanent Exhibitions.” *American Jazz Museum*, [www.americanjazzmuseum.org/exhibition/permanent-exhibitions](http://www.americanjazzmuseum.org/exhibition/permanent-exhibitions). Accessed 2 February 2018.

“We need to reinvent the way visitors experience the exhibitions and the museum. The current exhibition lacks a narrative, misses the larger story of Jazz and Kansas City Jazz in particular, and new tools need to be implemented to engage visitors of all ages.”<sup>8</sup>

During MMC’s tour of the Museum, guided and narrated by AJM staff, the important storylines and relevance did come across, but without a personal tour guide, these stories and connections are not conveyed successfully by the exhibits. One interviewee summed up the feelings of most by saying, “The American Jazz Museum is important to Kansas City, but it’s not of the caliber that it should be for a birthplace of jazz.”

As a museum focused on music, AJM includes interactive and audio elements in the exhibits, such as listening stations. But like the permanent exhibits as a whole, the technology is 20 years old and has not aged well. Interviewees said, “The interactive exhibits don’t work” or, “Most of the technological features don’t work,” and “The Museum doesn’t have the technology people expect to see in museums today.” There is a pressing need for upgrades to the Museum’s exhibits in general, as well as to the technology used to further the narrative.

Finally, there are challenges related to wayfinding throughout the exhibits. Without a tour guide, it is difficult to understand the best way to walk through the permanent exhibits. Overall, the exhibit experience falls well below what one would hope for in a museum dedicated to a living art form, especially one known for improvisation. As interviewees concluded, the AJM visitor experience “is dead. Visitors should be able to hear and feel jazz throughout the museum.” They said the Museum “needs an overhaul” or “a facelift.” One interviewee said, “AJM needs to be redone and renovated, and rolled out as a national attraction.”

### **Blue Room**

The Blue Room was originally built as a “live exhibit,” recreating an intimate jazz club alongside exhibits of photographs and memorabilia. Instead of serving this original purpose, the Blue Room today serves double duty as an exhibit for AJM visitors during the day and a functioning jazz club and bar four nights per week. Because the Blue Room was not built to be a club, it has its limitations. For example, the bar was not designed to be a working bar, so it is too small to successfully serve the potential audience of 150.

Many see the Blue Room as having the potential to be the outward face of AJM, an “awareness builder” with the opportunity to “bring the wow factor to 18<sup>th</sup> & Vine.” Building out the Blue

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<sup>8</sup> American Jazz Museum, “Goal 1: Strengthen the Financial Sustainability of the Organization,” *Strategic Plan 2016-2020 Progress Report December 2017*, p. 9

Room to fulfill these expectations necessitates clarifying the purpose of the space as an exhibit or night club; either decision has broad implications for future operations, including the status of collections on display in the Blue Room, the business model, and management (see more about the Blue Room in the “Collections” and “Business Model” sections).

## Facility

The Museum facility, like the rest of the visitor experience, is in need of an upgrade. Space utilization should be reconsidered, including both the public areas of the Museum and the back-of-house spaces. For example, the loading dock area does not accommodate trucks pulling up with objects, and numerous staff members talked about the Museum not being ADA accessible.

## Programming

AJM’s programming has been impacted by expense cuts, but interviewees described the public and education programs as a bright spot in the Museum. Attendance data shows AJM education, tours, and outreach have served 28,000 people on average per year between FY13 and FY16. AJM’s public programs target a broad demographic through lectures, First Fridays, film screenings, the Jazz Festival, and other offerings. AJM education programs draw the most praise, including Jazz Storytelling, which introduces young audiences to the sights and sounds of jazz with live music and professional storytelling, and the Kansas City Jazz Academy, which teaches jazz to young people through hands-on work with top educators and musicians. Most programs are free to the public. Education staff would like to create more connections to the local schools to offset a lack of arts programming, but resource limitations mean this not a realistic short-term priority.

Programs bring the Museum to life, but budget cuts have limited their potential growth and with it, AJM’s visibility as a vibrant learning resource. The Museum boasts that its programming serves people from age nine to 90, but that is with one full-time staff member who develops and leads every program and conducts every docent tour herself. Without being adequately staffed, it is crucial to utilize volunteers, but AJM does not have volunteers. The education staff member has reached out to retired teachers as potential volunteers, but received no response. Interns are another source of support; AJM is currently using interns in development and communications, but does not have a museum-wide program.

There is no formal evaluation process to determine the impact of AJM programs. As stated in *AAM’s Characteristics of Excellence*, museum best practices include: “The museum assesses the effectiveness of its interpretive activities and uses those results to plan and improve its activities.” Given staff size and resources, the lack of formal evaluation is not unexpected, but as

the Museum looks to the future, a thorough understanding of its current programs and exhibits, how they are perceived, and to what degree learning objectives are met, will be essential to a professional museum that is responsive and adaptable to visitor expectations.

## Marketing

The visitor experience includes how AJM markets itself in the community. MMC heard the financial crisis “decimated” the marketing budget. AJM’s marketing includes a bi-weekly e-newsletter that goes out to 7,000 subscribers (up from 1,750 subscribers one year ago), social media, and marketing directly related to programs and exhibits. AJM’s website is a critical marketing tool; it is modern and easy to navigate, and serves as a positive element of AJM’s marketing. AJM reports over 105,000 visits to the website each year. AJM has a growing presence on social media (see Figure 2), but could more fully utilize it for marketing purposes.

**Figure 2. Social Media Followers:<sup>1</sup>  
AJM Compared to Peer Group and Kansas City Museums**

	Facebook	Twitter	Instagram
<b>American Jazz Museum</b>	8,806	2,838	202
<b>Peer Group Museums (Median)</b>	17,682	3,761	7,742
<b>Kansas City Museums (Median)<sup>1</sup></b>	29,477	20,062	6,205

<sup>1</sup> Figures accurate as of 16 March 2018.

<sup>2</sup> Includes Black Archives, Kansas City Museum, Kansas City Zoo, Kemper Museum, National WWI Museum & Memorial, NLBM, Nelson-Atkins Museum, Bruce R. Watkins Cultural Heritage Center

With a depleted marketing budget and decreased program offerings, it is difficult to combat the publicity surrounding recent challenges. One way to rebuild AJM’s reputation is through productive partnerships and collaborations. MMC heard repeatedly that AJM is not collaborating enough with other organizations and is missing opportunities. Partnerships can also expand the reach of AJM and ease the burden of budget cuts by expanding resources. As one interviewee said, “We need partnerships. We need to be seen as a resource and have an impact.”

## RECOMMENDATIONS

**Recommendation #2:** Contract with exhibit designers to develop an overall *Visitor Experience Plan* that rethinks the entire museum experience:

- Exhibits, including storylines, narrative, and visitor flow
- Changing Gallery space utilization
- Atrium, including ways to fill and enliven the space

- Swing Shop, including rethinking of inventory and inclusion of coffee and/or food offerings
- Wayfinding

As part of the process, include architects to reconsider the utilization of both public and non-public spaces. As with strategic planning (Recommendation #1), include stakeholder groups in the process to get their feedback during concept development.

***Recommendation #3:*** Establish a formal evaluation program for exhibits and programs to better understand visitor perceptions and learning outcomes. Given AJM’s current staffing levels and lack of volunteers, this is a long-term recommendation, but one that should be part of future growth to determine the impact of current and future programs and exhibits. This is an area in which volunteers and local university students can be highly useful, and in MMC’s experience, an area that many volunteers and interns find interesting. Evaluation efforts can expand as resources grow, but the gathering of basic information in a systematic way will help the Museum understand who it serves and how they feel about their experience. Also, having this data is helpful in applying for foundation grants, as foundations are interested in knowing about a museum’s success in achieving its stated goals.

***Recommendation #4:*** Build a robust volunteer corps and museum-wide program of paid youth and university students to assist the Museum in various ways. Volunteers and interns are essential when a museum has budget limitations, but even more than that, they are advocates. AJM has barriers to overcome in convincing people to participate, but with persistence and interesting opportunities, it is possible to grow this area of support. Skilled volunteers and interns are desperately needed for education programs, but can also be utilized in various departments to fill in areas of need. Ensure proper vetting and develop a training program that establishes a consistent foundation of knowledge and skill. A professional program is a safeguard for the Museum, but also makes volunteers and interns feel they are part of something significant and worthy of their time.

***Recommendation #5:*** Build awareness of positive happenings at the Museum. Opportunities for positive communications will be numerous throughout long-range planning as AJM involves various communities and rethinks its visitor experience. New ideas should be shared often through social media and other venues. Seek out marketing expertise to guide messaging and strategies during planning to best position the Museum for success. Many small museums find young public relations firms that are building their portfolios, or graduate students at nearby business schools, to do such work.

**Recommendation #6:** Establish or build stronger relationships with organizations that have similar missions and values, such as 18<sup>th</sup> & Vine neighbors, area colleges and universities especially those with music programs, Kansas City arts organizations, social service organizations, and national jazz organizations. This is a partial list at best, but shows the myriad opportunities for increased collaboration.

## COLLECTIONS

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MMC's assessment of AJM collections is based on a staff-led tour of the exhibitions and on-site storage, and review of organizational documents such as collections descriptions, inventories, climate data, and a 2017 *Collections Assessment Report* submitted by former AJM Director of Collections, Michael Sweeney.

### Content of Collections

AJM collections include archival material, photographs, film, recordings, instruments, costumes, oral histories, and fine art related to the history of jazz in the United States and specifically Kansas City. Interviewees for this *Organizational Assessment* stressed the regional, national, and international significance of these collections in preserving the history of jazz, 18<sup>th</sup> & Vine, and Kansas City. By the terms of AJM's Management Agreement, the collections belong to the City of Kansas City and thus are City assets, held in trust for the public and managed by AJM.

Selections from the collections are on display in the galleries, while the majority of holdings are in storage on- and off-site. Of these holdings, the John Baker Collection of 2,000 films and associated materials is the most thoroughly catalogued. Outside of the Baker Collection, inventories have been completed for objects currently on view, and a general description of objects by category has been completed for the on-site storage area. However, there is only a partial inventory of objects in storage. Therefore, there is no complete understanding of what exactly comprises the AJM collection. Another implication of not having complete inventories is that AJM cannot fulfill one of the "four pillars" of its mission – research. A thorough understanding of the collections will be required before scholars and researchers can utilize the collections.

### Storage and Display

Sweeney's *Collections Assessment Report* points out less than optimal conditions for collections preservation, which was confirmed by the MMC visit. While some conditions have been corrected (i.e. blocking the daylight in the Changing Gallery and replacing an original archival contract with a reproduction), these conditions have existed since AJM opened in 1997. Specifically, limited environmental controls and many years of light exposure (particularly in the Blue Room, where artifacts are inappropriately mounted in cocktail tables) have resulted in damaged and faded artifacts on view, and overhead pipes throughout the basement storage area create the potential for water damage. AJM lacks a covered loading dock, potentially exposing objects in transport to weather damage.

## Staffing

One thing that has changed dramatically over time is the level of qualified staff in charge of collections at AJM. Collections staff positions have been frozen since 2008 to reduce expenses. A 2014 grant from the Institution of Museum and Library Services (IMLS) funded the temporary hiring of collections staff, and as a result, progress was made in organizing storage areas and cataloguing collections. AJM is also partnering with the Kansas City Public Library to create a digital library telling the story of Kansas City in the Jazz Age of the 1920s. However, there is currently no qualified staff member devoted full-time to collections care and documentation, which not only stops progress on registration and research, but also presents further risk. For example, while touring the on-site storage area, MMC witnessed an object from AJM's collection fall to the floor as the rolling storage rack was opened, and the object remained on the floor as the rack was closed on top of it. When the tour moved on, the only staff member with museum training used proper procedures to pick up the object and return it to the shelving.

In the absence of collections staff, the City made the decision to restrict access to AJM storage areas; anyone wanting access was required to submit a written request to the City for approval. City maintenance staff on-site at AJM continues to maintain the keys for entry to storage areas, however permission for entry is now in the hands of the AJM Executive Director.

## Policies and Procedures

AJM's *Collections and Exhibition Guide* serves as an introduction to current and ongoing collections inventories, maintenance, and basic documentation. Beyond this document, there are no formal collections policies or procedures, despite the reference to a formal "Museum Collections Policy" on AJM's Deed of Gift form. Further, the Deed of Gift form states incorrectly that the donor of an object transfers ownership to the American Jazz Museum of Kansas City, Missouri, which is the private nonprofit organization hired to manage the collection, not to the City of Kansas City, Missouri, the owner of the collection per the Management Agreement. There is no prescribed process for approving acquisitions or deaccessions, and there is no Collections Committee of the AJM Board.

While AJM has said it has put a temporary hold on collecting, MMC heard conflicting information as to whether gifts are currently being accepted. Continuing to add to the collection in the absence of a written collections policy or full-time collections staff is likely not in the best interests of AJM or the City.

As stated previously, AJM's *Strategic Plan 2016-2020* identifies accreditation by AAM as a long-term goal. In his *Collections Assessment Report*, the former AJM Director of Collections states,

“...the Museum is not prepared to undertake the accreditation process.” Yet the true value of accreditation for a museum is to be aware of and meet professional standards. Therefore, it is not too early to begin measuring AJM against AAM’s *Characteristics of Excellence* with regard to collections stewardship, which dictate that a museum:

- legally, ethically, and effectively manage, document, care for, and use the collections
- conduct collections-related research according to appropriate scholarly standards
- strategically plan for the use and development of its collections
- guided by its mission, provide public access to its collections while ensuring their preservation
- has appropriate measures in place to ensure the safety and security of people, its collections and/or objects, and the facilities it owns or uses
- takes appropriate measures to protect itself against potential risk and loss

Beyond these basic expectations, additional standards outlined by AJM<sup>9</sup> require that:

- a current, approved, comprehensive collections management policy is in effect and actively used to guide the museum’s stewardship of its collections
- the human resources are sufficient, and the staff have the appropriate education, training and experience to fulfill the museum’s stewardship responsibilities and needs of the collection

In its current state, AJM fails to meet many industry expectations; the following recommendations are put forward to put AJM on the path toward meeting these professional standards.

## RECOMMENDATIONS

**Recommendation #7:** Suspend all acquisitions (donations and purchases) as well as deaccessions (removal of objects from the collection) until adequate staffing, policies, procedures, and oversight are in place.

**Recommendation #8:** Prioritize the funding, recruitment, and retention of qualified and experienced full-time collections staff. Ideally, put in place a full-time Director of Collections and full-time Registrar to continue documentation and processing of collections.

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<sup>9</sup> “Standards Regarding Collections Stewardship.” *American Alliance of Museums*, [www.aam-us.org/resources/ethics-standards-and-best-practices/collections-stewardship](http://www.aam-us.org/resources/ethics-standards-and-best-practices/collections-stewardship). Accessed 13 March 2018.

**Recommendation #9:** Complete thorough inventories of all collection holdings.

**Recommendation #10:** As noted in Sweeney's *Collections Assessment Report*, there is visible damage to various objects currently on view, in particular objects sealed in cocktail tables in the Blue Room. MMC recommends immediately removing these objects and replacing them with reproductions.

**Recommendation #11:** Develop and put in place Collections Management Policies and Procedures as dictated by AAM's *Characteristics of Excellence, Collections Stewardship* including an Emergency and Disaster Preparedness Plan.

**Recommendation #12:** Prioritize a redrafting of the Deed of Gift naming the City of Kansas City as the donee, and forming a Board Collections Committee to regularly review and approve all acquisitions, as is standard museum practice.

**Recommendation #13:** Deepen and increase partnerships with area collecting and research organizations including the Kansas City Public Library, Kansas City Museum, Black Archives, and University of Missouri-Kansas City to share resources, develop internships, and increase capacity for research and accessibility.

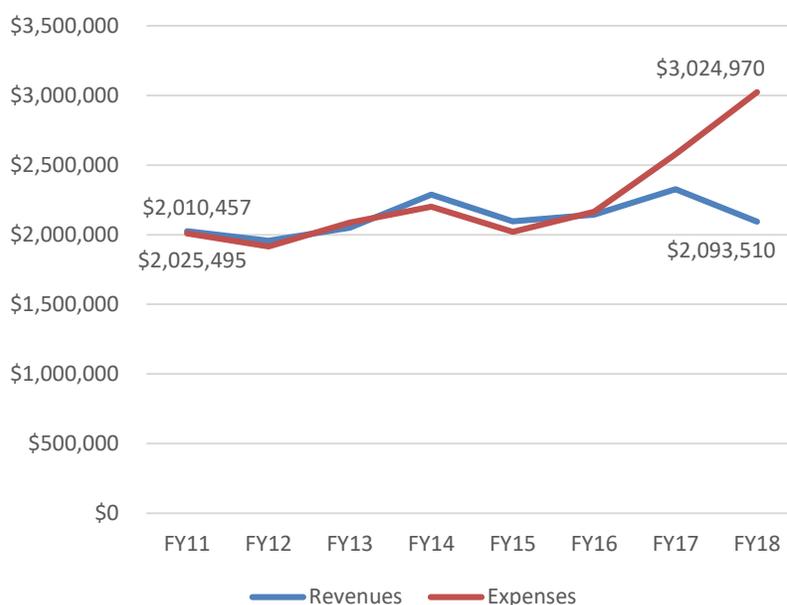
## BUSINESS MODEL

This section examines AJM’s financial position and business model based on FY11-FY16 audited financial statements, FY17 unaudited internal financial reports, and FY18 forecasts<sup>10</sup> as of December 2017. AJM’s fiscal year begins May 1 and ends April 30. Due to inadequate financial reporting software and procedures prior to FY17, the data available for MMC’s analysis of FY11-FY16 is of varying quality. Financial audits provide the most reliable figures, but even the audits differ slightly depending on the auditors used, and then differ again from approaches used in FY17 when more rigorous internal financial reporting was in place. Due to the tumult and turnover at AJM, there is inconsistent institutional knowledge about the details of AJM’s past financial performance, and as such, in-depth historical analysis is limited. By contrast, FY17 data allows revenue and expense comparisons by Museum department or function, and this analysis forms the basis for much of what follows.

### Overview

Prior to FY17, AJM’s financial performance was relatively consistent and healthy. Figure 3 shows AJM’s operating revenue and expenses from FY11 through FY18 forecasts, which are included to show the impact of the Jazz Festival.<sup>11</sup> Since FY11, AJM’s operating expenses have remained close to \$2 million, but in FY17 expenses increased to almost \$2.6 million, and again in FY18 forecasts, they are projected to

Figure 3. AJM Revenue and Expenses FY11-FY18



increase to \$3 million. Revenues have not grown over time to accommodate recent growth in expenses, resulting in significant operating deficits in FY17 and FY18. Prior to those years, AJM generally operated in the black, with the exception of small operating deficits in FY13 and FY16

<sup>10</sup> FY18 budget forecasts provided to MMC were updated as of December 2017. Much has changed since that time and the forecasts have likely changed significantly.

<sup>11</sup> The Jazz Festival took place in May 2017, which falls in the current fiscal year, FY18. Some Festival revenues appear in the FY17 financials, but all Festival expenses and the revenues incurred in FY18 accrue to FY18 financials.

(less than \$36,000 and \$22,000 respectively).<sup>12</sup> MMC was told that prior to the Jazz Festival, AJM had accumulated a reserve fund from annual surpluses, but these funds were entirely depleted during the financial crisis. AJM has an endowment valued at almost \$700,000 and access to a line of credit that went untouched until FY18.

The Jazz Festival clearly had a dramatic impact on AJM's financial picture, but interviewees who are close to the Museum offered varying perspectives as to whether the financial issues had been an ongoing, systemic problem merely brought to light by the Jazz Festival's losses, or if the Festival was exclusively to blame for AJM's financial challenges. In the former view, as one interviewee said, "The Jazz Festival failure was part of an ongoing breakdown in the Museum's finances." MMC heard from a number of interviewees about rumors of cash flow issues for years due to a lack of unrestricted revenues, resulting in the organization's tendency to chase programmatic (restricted) funds, and shifting funds internally to mask shortfalls. MMC is unable to confirm these rumors due to the lack of long-term financial personnel, as well as a lack of adequate financial documentation prior to FY17.

Whether or not these rumors are true, it is obvious that AJM's financial condition began to decline in FY17, prior to the Jazz Festival. Before FY17, AJM's ability to meet current obligations had been on the rise. But between FY16 and FY17, AJM's current liabilities more than doubled, including a 339% increase in accounts payable. At the end of FY16, AJM had over \$4 of current assets for every \$1 of current obligations, but this was cut to less than \$1.70 in current assets for every dollar of obligation by the end of FY17. When looking exclusively at cash in the bank, AJM went from \$223,311 at the end of FY16 to -\$24,764 at the end of FY17. At the end of FY15, AJM had almost 80 days of cash on hand; this fell to less than 40 days in FY16, and down to zero in FY17.

The Jazz Festival, which took place over the 2017 Memorial Day weekend, incurred a net loss of almost \$447,000. Many AJM stakeholders viewed the Festival as far too ambitious, especially for a new Executive Director with no experience leading a festival of that size. Interviewees told MMC that a one-day Festival was suggested to the Executive Director by concerned stakeholders at the time, but the advice was not taken. Overly optimistic projections for attendance were

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<sup>12</sup> MMC's expense and revenue figures differ slightly from those cited by AJM due to accounting differences. For the sake of clarity and ease of presentation, MMC made the following changes to the categorization of certain revenue and expenses: investment income is included in the revenue total, not below the line; audited investment return figures are replaced with actual disbursements recorded by the bank; and cost of goods sold are recorded as gross revenues and gross expenses in their respective sections. These changes were made to simplify the overall financial picture and provide consistency in categorization, which changed with auditors and reporting format over time.

coupled with high costs and bad weather on the weekend of the event, resulting in major losses for the organization. Those losses took place at a time of change at AJM, including new Board leadership, at least one staff departure that significantly impacted institutional knowledge of the finances, contracting with Support KC for external accounting services, and the transition to a more robust financial accounting system, *QuickBooks for Non-Profits*. A few interviewees called this convergence of events “the perfect storm.” The severity of AJM’s cash flow issues after the Festival were compounded and somewhat masked by the changes taking place at AJM. The Board and City were not made aware of the magnitude of the losses immediately; this was likely due to a lack of understanding of the losses resulting from insufficient financial experience on the part of the Executive Director, poor financial systems, as well as inadequate transparency.

In the aftermath of the Jazz Festival, AJM was overdrawn at the bank, could not meet payroll, maxed out its line of credit, and made the newspapers with articles<sup>13</sup> about bounced checks to musicians. AJM went into crisis mode, scrambling to better understand its financial picture. AJM’s new Board Treasurer provided essential leadership, along with the help of others, during the crisis. Without money to hire a CFO, AJM contracted with a part-time employee to serve as financial crisis manager; used Support KC as an external accounting service; and contracted with another part-time staff member as an internal accounting manager. Their efforts were made slightly easier by the use of *QuickBooks*, which was introduced around the time of the Festival and allowed AJM to use cost accounting for the first time.

As a result of these efforts, a clear picture of the crisis came into focus, and according to their analysis, AJM had incurred a \$1 million deficit, which includes the Jazz Festival losses and cash needs due to operating loss. The deficit was funded through the crisis phase by cutting expenses, including staff and programming, increasing its line of credit to \$300,000, seeking contributed revenues, and most notably, funding from the City. AJM leadership has kept the City abreast of their efforts and has made requests for funding to cover AJM’s significant funding gaps; the City has made additional grants to AJM for specific requests throughout FY18. As of the writing of this report, the City has agreed to provide enough funding to pay off all of AJM’s obligations, including the Festival losses, line of credit, and accounts payable, and providing enough funding to eliminate the operating deficit and leave the Museum with approximately \$100,000 in cash to start FY19. The City’s generosity means the urgency of the immediate financial crisis is over, but the Museum is operating in a diminished capacity and will need to rebuild its operations to become a dynamic and sustainable experience.

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<sup>13</sup> Spencer, Laura. “‘Cash Flow Issue’ Stalls Paychecks for Musicians After Kansas City Jazz and Heritage Festival,” *KCUR*, 30 June 2017, [kcur.org/post/cash-flow-issue-stalls-paychecks-musicians-after-kansas-city-jazz-and-heritage-festival#stream/0](http://kcur.org/post/cash-flow-issue-stalls-paychecks-musicians-after-kansas-city-jazz-and-heritage-festival#stream/0). Accessed 17 January 2018.

## Expenses

As stated previously, between FY11 and FY16, AJM expenses remained relatively consistent. This changed in FY17 and again in FY18, when expenses grew significantly. The Jazz Festival took place in the first month of FY18, and all Festival-related expenses appear in FY18 totals, so higher expenses in FY17 are due to costs other than the Jazz Festival. Many interviewees told MMC that AJM exhibited “out of control spending” in general, and not just related to the Jazz Festival. Once the financial crisis hit, AJM made significant expense reductions in order to “control, reduce and eliminate costs that were not ‘mission critical.’”<sup>14</sup> Reductions included:

- Elimination of staff positions through attrition or termination
- Termination of some programs, reduction in scope of others
- Tight control on operating costs
- Moratorium on new expenses

These reductions have been significant. Comparing the FY18 budget forecast (as of December 2017) with FY17 actuals, expenses are projected to decrease by 27% overall. In fact, expenses have been reduced to a point that is unsustainable over the long-term, most notably in the areas of staffing and programming.

**Figure 4. Expenses by Category:  
AJM (FY17) Compared to Peer Group**

Category of Expense	AJM	Peer Group (Median)
Personnel	35%	46%
Admin & Development	16%	7%
Facility	6%	3%
Exhibits & Programs	37%	35%
Marketing & Public Relations	5%	6%

Figure 4 shows AJM’s FY17 expenses broken down by category, with comparison to the median figures for the Peer Group of museums researched by MMC. In general, AJM spends less of its budget on personnel and more on administration and development than the Peer Group. The largest expense for almost any museum is personnel. Figure 5 shows further detail about AJM’s costs related to personnel, including salaries and benefits. There has been an upward trend in these expenses since FY12, with FY18 projections down to reflect cost cutting measures. In most

**Figure 5.  
AJM Personnel Expenses FY11-FY18**

Year	Personnel Expenses	Personnel as % of Operating Expenses
FY11	\$823,504	41%
FY12	\$789,204	41%
FY13	\$792,080	38%
FY14	\$754,617	34%
FY15	\$794,767	39%
FY16	\$871,282	40%
FY17	\$907,924	35%
FY18*	\$839,000	28%

\* FY18 forecast as of December 2017

museums, personnel accounts for approximately 50% of operating expenses, and AJM is well below that standard. Some of this can be explained by functions that would normally be covered

<sup>14</sup> American Jazz Museum, *Financial Update, Mayor Pro-Tem Update Meeting, October 15, 2017*, p. 6

by the Museum being paid for from the City budget, as well as AJM’s use of contractors. Even so, the Museum is currently understaffed due to budget constraints, and figures in previous years indicate that the Museum has been understaffed for some time.

## Revenue

While expenses have led to AJM’s recent financial crisis, a lack of growth and diversification on the revenue side has contributed equally to AJM’s financial challenges. The Museum’s revenues are derived from four sources:

**Figure 6. Revenues by Source: AJM (FY17)  
Compared to National Museums and Peer Group**

	AJM <sup>1</sup>	National Museums <sup>2</sup>	Peer Group (Median)
<b>Government</b>	35%	19%	8%
<b>Contributed</b>	11%	35%	33%
<b>Earned</b>	49%	35%	47%
<b>Investments</b>	4%	11%	0%

<sup>1</sup> For clarity, AJM revenues do not include Jazz Festival revenues

<sup>2</sup> Source: BoardSource, *Museum Board Leadership 2017: A National Report*, p. 24

government funding, contributions, earned revenue, and investments. As detailed in Figure 6, AJM receives almost half of its revenues from earned income, with government funding providing another 35% of revenues; contributed income and investments together provide 15% of AJM revenues. Figure 6 compares AJM’s revenues to those of the Peer Group, as well as a national survey of museums conducted by BoardSource and reported in *Museum Board Leadership 2017: A National Report*. When comparing the Museum to these groups, AJM’s revenue model has a greater reliance on government funding and less on contributed sources. AJM data in Figure 6 are from FY17 (excluding Jazz Festival), but are similar to FY11 - FY16 averages. Each revenue source is discussed further below.

### **Government Income**

The majority of AJM’s government support comes from the City of Kansas City. The Management Agreement provides for an annual appropriation of \$500,000 from the City to AJM, but the City also has made supplemental grants to the Museum based on need. In addition, the City pays for a third party security firm, maintenance and janitorial service, insurance, capital improvements, and miscellaneous other costs that lessen expenses at AJM. Due to a lack of detail in historical accounting data and audits, it is not possible to isolate City funds from other government funds (i.e. IMLS, Missouri Arts Council, National Endowment for the Arts), but in FY17, the only year for which these revenue details are available, the City provided 77% of all government funds received by AJM.

Compared to national data and the Peer Group, AJM receives a significantly larger percentage of its operating revenues from government sources. Given AJM’s public-private partnership with the City, the Museum can be expected to have government revenues that are above those of

most museums, since most museums do not have close affiliations with government entities, but AJM's revenues lack a healthy infusion of contributed revenues to help ease its reliance on government funds.

MMC was told the City provided much higher levels of support to AJM at its inception, with the expectation that "the Museum would take off and make money," thereby lessening the need for City funds over time. MMC could not verify this statement, but it is a model replicated around the United States with municipal entities providing seed funding that decreases with time. Given that AJM has not grown a strong donor base or large endowment, and earned revenue could be even higher, the \$500,000 contract amount given to AJM from the City is viewed by many Museum stakeholders as not enough to cover operational needs. In fact, recent analysis by AJM's Board Treasurer indicates that an annual contribution closer to \$1 million would be necessary to sustain full-capacity operations at the Museum. The City has provided significant additional funding this fiscal year to erase AJM's deficit and obligations, and has agreed to increase the contract appropriation in FY19 to \$750,000.

### **Contributed Income**

Contributed revenues include donations from individuals, memberships, grants from foundations, and corporate support. Between FY11 and FY17, AJM derived close to \$300,000 on average per year from these sources. This figure has not grown significantly since FY11 and falls far behind its potential. AJM does not have a sophisticated fundraising infrastructure; MMC heard the Museum has never conducted an annual fund drive, receives almost no support from corporations, and until this fiscal year, received minimal donations from those closest to the Museum, the Board of Directors. What contributed revenue AJM does have tends to be restricted; in FY17, for example, between contributions and foundation support, AJM had twice the amount of restricted funds than unrestricted funds. Restricted funds are sought for specific projects such as an education program or exhibition; these types of funds are more prevalent and easier to secure, but contributions and grants for general operating support are necessary to cover operational costs and keep the lights on at the Museum.

Due to budget constraints, the AJM Development and Communications Department has one full-time employee who is doing what she can with limited resources and experience. Recent fundraising efforts include AJM's participation in Giving Tuesday in 2017 for the first time and the development of new collateral materials such as a fact sheet and packets for prospective donors. A new membership program was rolled out in March 2017 and new high level memberships (Society levels) were introduced in early 2018. Figure 7 (below) shows AJM's membership through the end of the last fiscal year; the impact of the new membership program is yet to be

seen. Membership numbers and revenues are low. By comparison, the three Peer Group museums that record their membership revenues in public financial statements average \$113,000 from membership revenues. AJM’s membership program can only improve with proper promotion, but the Director of Development has spent much of her time rectifying inconsistencies in recordkeeping about donations, pledges, data used in grant applications, and utilization of restricted funds.

**Figure 7. AJM Membership FY11-FY17**

	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Membership Revenues	\$12,275	\$8,759	\$4,400	\$7,420	\$9,290	\$9,075	\$5,350
Number of Members	150	137	110	170	119	187	122

Contributed revenue is one area that has felt the impact from the negative publicity regarding the Jazz Festival and financial crisis. MMC heard that fundraising has been difficult due to concerns about AJM’s financial stability, and that Councilmember Reed’s proposal to move AJM oversight to Parks and Recreation has put potential donors on hold until they know the Museum’s future direction. At the same time, AJM’s fundraising efforts have been limited overall and as a result, the Museum’s ability to fundraise during the financial crisis was compromised by a lack of strong donor relationships built over time. With the retiring of AJM’s financial obligations, combined with strong planning efforts to improve museum operations, AJM will be in a better position to engage in fundraising. The planning process recommended in this report will provide the ideal opportunity to rebuild relationships and engage with potential donors to support a revitalized AJM.

**Earned Income**

Earned income at AJM includes admission fees, programs, Swing Shop, rentals, special events, and the Blue Room, and together provide the greatest source of revenue for the Museum. The two largest sources of gross earned revenue are the Blue Room and special events. Prior to FY17, with the change to *QuickBooks*, AJM did not have the ability to evaluate the financial performance of these functions; therefore, historical analysis is limited. However, one can look at FY17 for a snapshot of each earned income stream. It should be noted that AJM is in the process of evaluating these functions, including the development of key performance indicators, but what follows is a cursory analysis.

**Admissions**

Admission fees at AJM are: \$10 for an adult, \$9 senior, \$6 youth, and children are free. These are the same fees as those charged by NLBM, and visitors to AJM can purchase a ticket only to AJM or a combined ticket to both museums. Looking at other Kansas City museums, it appears that

AJM’s admission fee is reasonable for the marketplace. Having said that, admission fees reflect the visitor experience, and if the AJM experience is upgraded, an increased admission fee should be considered.

**Figure 8. AJM Paid Admissions and Admissions Revenues FY11-FY17**

	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Paid Admissions	35,747	31,019	27,148	27,225	29,382	31,236	N/A
Admissions Revenue	\$145,829	\$129,371	\$147,407	\$158,866	\$195,748	\$203,489	\$217,894

Figure 8 shows the number of paid visitors to the Museum and admissions revenue generated; FY17 admissions data was requested but was not accessible. Four of the six Peer Group museums list their admissions revenue in public financial statements; their median revenues from admissions were \$669,000. That translates to \$13 in revenues generated per visitor (median); by contrast, AJM generated \$7 per visitor in FY17. There is anecdotal evidence that FY18 is seeing decreased visitation at AJM and this will impact revenues, but this is an area that should improve with an enhanced visitor experience.

### Programs

AJM offers a variety of public programs and education programs; the vast majority are free of charge or low cost. Audits of fiscal years prior to FY17 do not show revenue data for programs, but in FY17, public programs had a net loss of approximately \$180,000 and education programs, a net loss of over \$100,000.

As stated previously, interviewees spoke highly of AJM’s programs. At the same time, programs have been impacted significantly by cutbacks and are staffed by just one full-time employee. As with other areas of earned income, the potential for revenues is great. Combined, public and education programs garnered gross revenues of \$78,000 in FY17. While revenue generation and profitability are not the only criteria, and may not be the most important criteria, when evaluating programs, AJM cannot afford to keep all programs free.

### Swing Shop

The Swing Shop is the retail space in AJM’s atrium. Detailed financials available for FY17 show a net loss of over \$50,000 (see Figure 9). Prior years’ data only looked at the cost of goods sold, which always had a net positive result (approximately \$30,000 to \$35,000 annually), but cost accounting allows AJM to see the true return on this investment. AJM staff have talked about improvements to the inventory and overall experience of the Swing Shop; profitability should be a key consideration in those plans.

**Figure 9. Swing Shop FY17**

Revenue	\$69,807
Expense	\$120,187
Net Revenue/Expense	(\$50,380)

## Rentals

AJM rentals include rentals of the Museum, Gem Theater, and Blue Room. MMC viewed rental data for the last three fiscal years (FY15-FY17), and during that time, figures ranged from 85 to 110 total rentals per year, with annual revenues from rentals ranging from \$168,000 to \$207,000. The largest number of rentals takes place at the Gem Theater, which is used exclusively as an event and rental space. Events at the Gem range from corporate to artistic, and include legacy rentals as well as paid events and AJM events. Figure 10 shows Gem Theater rentals and revenues for FY15-FY17. *QuickBooks* data from FY17 does not isolate the Gem Theater to show net income, but AJM states in its *Strategic Plan 2016-2020 Progress Report*, “Rentals especially the Gem Theater has shown a profit in the past, but recently it is losing money. A full financial analysis of rentals including its operations is underway.”<sup>15</sup> Many interviewees said the management of the Gem Theater has been reactive, and not “optimized for revenue.” One interviewee said, “It’s a natural venue for alliances. They could do series [of concerts or events] in that space over time.” The potential is echoed in the *Strategic Plan 2016-2020 Progress Report*, “The Gem has so much potential. It could become the *African American Cultural Performing Arts Center* in Kansas City.”<sup>16</sup> Many individuals see the Gem as lacking its own identity; as one interviewee said, “There isn’t enough programming at the Gem to have an identity.”

Figure 10. Gem Theater Rentals and Revenues FY15-17

	FY15	FY16	FY17
Number of Rentals	52	56	46
Revenues	\$118,986	\$130,136	\$86,165
Revenues Per Rental	\$2,288	\$2,324	\$1,873

One potential for increased activity and a more defined identity is outlined in the Management Agreement between the City and AJM, which blocks out rental dates for a show developed by Pop’s Productions, LLC featuring the McFadden Brothers. The show was intended to begin in May 2017, but is now projected to start in June 2018; in the meantime, the space continues to be set aside for Pop’s Productions with the City reimbursing AJM at a rate of \$130,000 a year. MMC was told that although the show has potential, holding those dates “has had severe effects on rentals at the Gem,” and “it’s a huge distraction and an example of politics that lead to non-optimal decisions.”

## Special Events

As defined by AJM audits, special events include the Jazz Festival, Jazz at the Gem Concert Series, and PEER into the Future. No historical data is available about expenses related to these events; FY17, which does provide detail, did not include the PEER event, and extensive analysis has

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<sup>15</sup> American Jazz Museum, “Goal 1: Strengthen the Financial Sustainability of the Organization,” *Strategic Plan 2016-2020 Progress Report December 2017*, p. 8.

<sup>16</sup> Ibid.

already been done by AJM on the Jazz Festival. According to FY17 data, Jazz at the Gem had a net loss of \$89,000. The concert series' frequency and entertainment costs were reduced in FY18 in response to the financial crisis.

### Blue Room

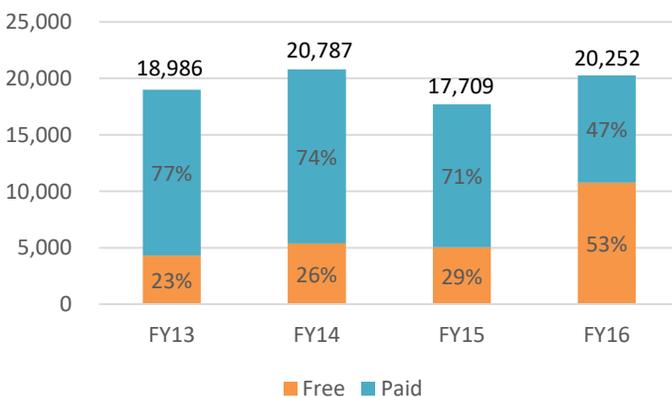
The Blue Room is both an exhibit space and jazz club. This brief discussion of the Blue Room will focus on its role as a jazz club and generator of earned income, yet it's dual status and the fact that it was not designed to be a functioning club impacts its ability to operate as a club. Interviewees pointed out that the Blue Room is about "creating an experience," not just serving as a club. Many interviewees said the Blue Room "isn't run like a business." The club is open four nights per week, and there is a cover charge of \$10 only two of those nights (Friday and Saturday).<sup>17</sup> The space is rented out for events as well; between FY15 and FY17, the Blue Room averaged 23 rentals per year.

The Blue Room has been viewed as not only a potential draw for visitors to AJM and 18<sup>th</sup> & Vine, but also as a potential profit center for the Museum. Until AJM's new *QuickBooks* system allowed AJM to see the true cost of running it, the Blue Room was believed to be profitable; instead, FY17 data showed a net loss of almost \$200,000 (see Figure 11). Many feel the Blue Room has "never realized its potential." Figure 12 shows stagnant attendance FY13-FY16, and many people point to limited resources to attract the desired quality of talent and promote the club and its performances. Interviewees feel the Blue Room "needs stronger management." Some pointed to a lack of proper systems and processes in place to make the space a success. MMC heard a number of people express the opinion that AJM has neither the resources nor the knowledge to run a jazz club, and that both venues – the Blue Room and Gem Theater – "need another type of

**Figure 11. Blue Room FY17**

<b>Revenue</b>	\$301,950
<b>Expense</b>	\$496,344
<b>Net Revenue/Expense</b>	<b>(\$194,394)</b>

**Figure 12. Blue Room Attendance FY13-FY16**



management; they're different from a museum." During the financial crisis, AJM decided to outsource the Blue Room to a club, bar, or restaurant operator in acknowledgment of these challenges, and most notably as a cost saving measure. An RFP was developed in October 2017 but was pulled after Councilmember Reed's proposal to move AJM to Parks and Recreation.

<sup>17</sup> The cover charge was removed entirely between January and September 2017.

## **Investment Income**

AJM has an endowment valued at almost \$700,000; the endowment is held by UMB Bank. An annual disbursement is determined by formula, but on average is approximately \$40,000 per year (see Figure 13). FY15 saw a larger disbursement to make up for not taking the disbursement in FY13. The largest investment revenue was received in FY17 (\$80,264), when more than one disbursement was requested by AJM, although as of the writing of this report, Board research has been unable to account for the double distribution that year.

Figure 13. AJM Endowment FY11-FY18

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 <sup>2</sup>
Market Value <sup>1</sup>	\$718,692	\$680,302	\$726,094	\$792,222	\$802,778	\$715,161	\$658,344	\$692,305
Disbursement	\$16,697	\$35,000	\$0	\$35,750	\$62,106	\$45,527	\$80,264	\$40,898

<sup>1</sup> As of the end of each fiscal year

<sup>2</sup> As of January 2018

When considering all operating revenues, AJM receives just 2% from its investments; this is a small amount, but most museums of its size do not have endowments, and those that do most often receive a small percentage of overall revenues from those investments. Amongst the six Peer Group museums, only one (International Bluegrass Museum) receives funds from investments. An endowment can provide secure and consistent annual revenues for operations, but building endowments through fundraising is challenging and slow. AJM's endowment is a healthy start, and should be seen as another opportunity for long-term growth.

## **RECOMMENDATIONS**

**Recommendation #14:** In rewriting the Management Agreement between the City and AJM, increase funding to the Museum for a set period of time (e.g. five years), after which time, operational funds decrease back to an agreed upon amount (e.g. \$700,000). Establish strong expectations/outcomes and benchmarks in the contract and institutionalize quarterly meetings between the AJM Board and City, as well as more regular meetings between the Executive Director and City, to provide greater oversight of the City's investment. (Also see Recommendation #25 regarding Management Agreement)

**Recommendation #15:** In tandem with future planning efforts, develop a fundraising program to greatly increase contributed revenues. Establish a pipeline of prospective donors, cultivation events and activities, an annual giving campaign, corporate giving, and planned giving. Revisit and enhance expectations for Board giving and/or solicitation, and conduct a membership campaign to promote new membership levels and benefits. As a long-term goal, and as part of

any capital campaign, raise funds to grow the AJM endowment to increase this annual source of operating revenue.

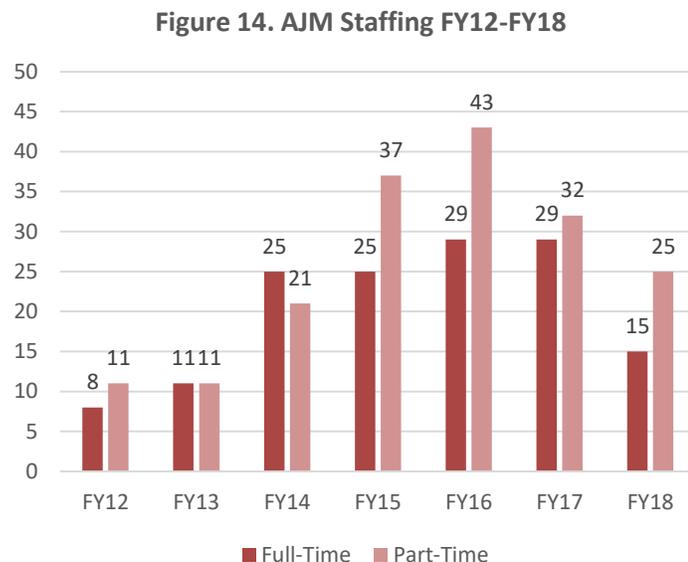
**Recommendation #16:** Maximize earned income revenues by analyzing FY17 data about all sources of earned revenue, and using this information to rethink all earned income programs during long-range planning efforts. Develop criteria for the Museum’s future mix of education and public programs; strike a balance between accessibility and financial responsibility when considering program pricing.

**Recommendation #17:** Consider outsourcing the management and operation of the Gem Theater and Blue Room. Without proper resources and capacity to operate these venues at their full potential, outsourcing could free up AJM to focus on growing museum operations and enhancing the visitor experience. The contractor(s) should be required by any legal agreement to work closely with AJM staff to ensure alignment with AJM mission and values. MMC recommends waiting to potentially implement this recommendation until AJM develops a new vision and organizational priorities during planning.

## ORGANIZATIONAL STRUCTURE

### Staffing Levels

AJM's financial situation has greatly impacted staffing levels; the number of full-time staff decreased by 48% between FY17 and FY18, while part-time staff decreased by 22%. Figure 14 shows the full-time and part-time totals for the last seven fiscal years; these numbers are based on payroll data, but the categorization of almost two dozen former staff as full- or part-time is based on the best guess of current staff, as the personnel records were incomplete. The fiscal year totals in Figure 14 capture a snapshot of everyone employed that year, but when looking at employment in February 2018 (as of the writing of this report), current staffing includes 11 full-time and 27 part-time employees.



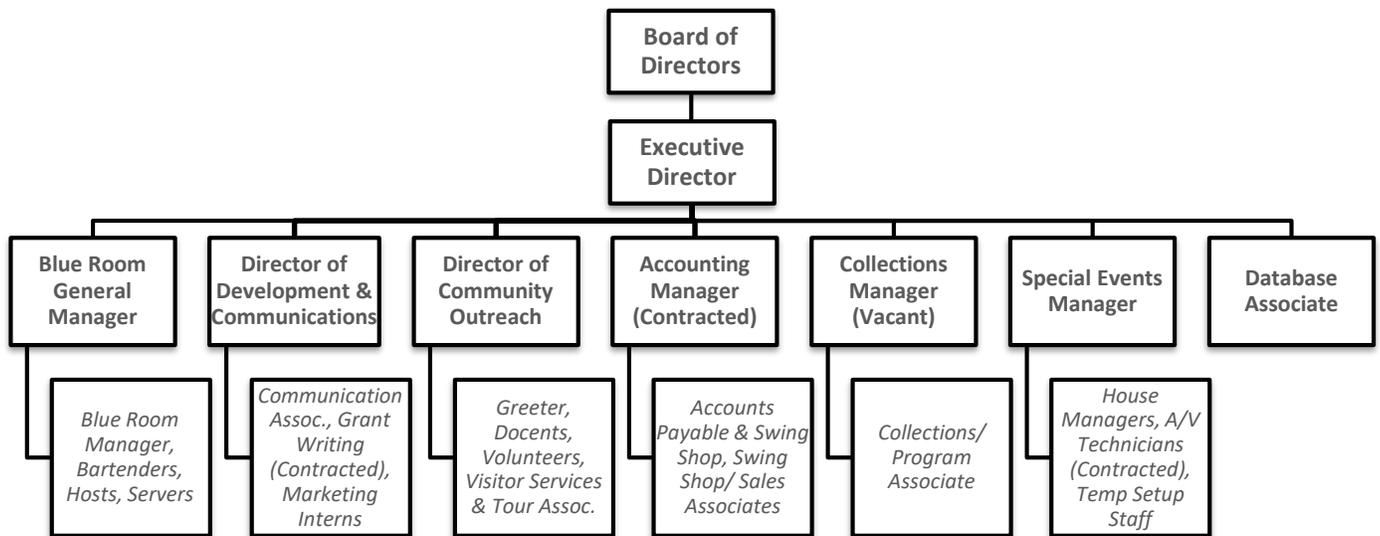
Staff reductions were an inevitable consequence of AJM's expense reductions, but understaffing has taken its toll on Museum operations and morale. Staff are covering multiple jobs; as one staff member explained, "The staff is just putting out fires," and doesn't have the time to dedicate to the work they were hired to do. With reductions in staff, AJM has increased its use of contractors, most notably in the area of finance, where the reliance on multiple contractors was described to MMC as a "crisis structure which reflects what the Museum could afford."

As set forth in AAM's *Characteristics of Excellence*, "The composition, qualifications, and diversity of the Museum's leadership, staff, and volunteers enable it to carry out the museum's mission and goals." Another consequence of staff decreases is that some staff are in positions that are inappropriate for their level of experience or expertise. In a number of areas, the staff are leading departments in which they do not have training or experience, and in many cases, have not received any assistance or guidance from more experienced co-workers. Only one current full-time employee has training in museum work, although MMC heard that one year ago there were five employees with museum backgrounds. Without a deep knowledge of museum operations, policies, and ethics, AJM is prone to make mistakes or ethical lapses.

## Organizational Chart

AJM's organizational chart (abridged version in Figure 15 below) reflects current staffing realities; if the Museum were fully staffed, it is likely the Executive Director would have fewer direct reports and fewer contractors would be used. For example, interviewees said a fully staffed finance department would include a Finance Director and Accounting Manager, bringing all operations in-house.

Figure 15. AJM Abridged Organizational Chart (December 2017)



Putting aside staffing levels, AJM's organizational chart reflects an outdated staff structure. Museums today are much more focused on the visitor than in the past, and museum staffs are increasingly collaborative, breaking down silos that have separated functions in the past. At the same time, the demands on an Executive Director to be the external face of the organization and its lead fundraiser mean that lessening the number of direct reports to the director is critical. AJM remains in a period of crisis and may not be able to increase capacity in the short-term, but while rebuilding, the Museum should keep in mind ways to effectively restructure the organizational chart to reflect contemporary museum management practices.

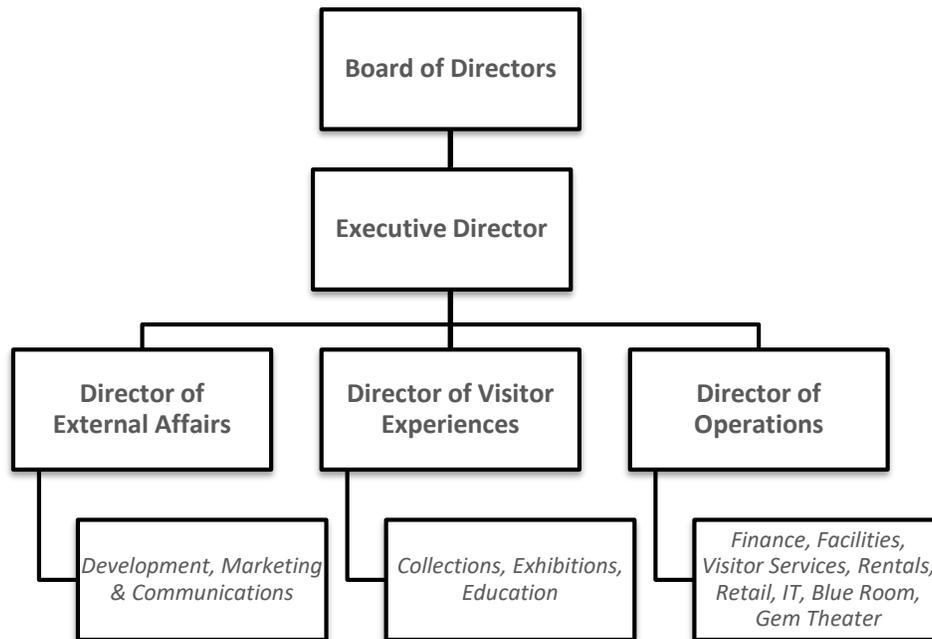
## Work Environment

MMC heard numerous concerns about low staff morale, a tense work environment, a lack of annual reviews and clear goals, and a lack of transparency and communication. These have been challenging times at AJM, and the financial issues and staff cuts have led to a feeling of crisis within staff ranks which needs to be addressed and mitigated. Staff are overworked and often do not feel appreciated or included.

## RECOMMENDATIONS

**Recommendation #18:** Restructure the organizational chart to reflect a more visitor-centered approach, greater collaboration between departments, and fewer direct reports to the Executive Director. Figure 16 below offers the broad outline of such a restructuring.

Figure 16. Sample Redesign of AJM Organizational Chart



Any rethinking of the organizational chart should take place during the planning process recommended earlier. By going through a structured process of redefining the AJM mission and vision, and outlining the Museum's priorities, proper staffing levels will define themselves.

**Recommendation #19:** Once the revised organizational chart is established, prioritize the hiring of individuals with museum experience and/or training whenever possible. Not every position requires this expertise, but AJM would greatly benefit from more staff with first-hand knowledge of museum operations, and certain positions should require it such as the Executive Director and positions related to collections and exhibitions.

**Recommendation #20:** Improve the AJM work environment with greater transparency in decisionmaking, yearly evaluations for staff, improved communications, and by creating a team atmosphere. Introduce efforts to increase staff morale through social activities or other incentives that make staff feel appreciated.

## LEADERSHIP

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AJM leadership encompasses both the Museum's executive staff and Board of Directors. Although not a governing entity, the City is the owner of AJM's building and assets, and as such, serves in an oversight role for AJM. This section will look at the leadership of AJM and the City's position in providing oversight of the Museum.

### Museum

The Museum has been responsible for numerous missteps that have led to current challenges. The most visible has been the Jazz Festival, which resulted in a net loss of \$447,000; MMC was told that some of the decisions that led to that loss included:

- Committing to a three-day event when, as interviewees said, a number of individuals "advised not to go to that level in the first year"
- Prematurely announcing (and retracting) unconfirmed major headliners
- Spending anticipated sponsorship money that was never received
- Overestimating attendance and ticket sales revenue

But these are not the only decisions worthy of concern, given that AJM incurred an operating loss of almost \$650,000 in addition to the Festival losses. MMC heard about a pattern of overspending and too much focus on big projects that "make a splash." For example, people were highly critical of the decision to give a lifetime achievement award to a young, well-known musician with strong ties to New Orleans, not Kansas City. The decision was cited by many interviewees as questionable, and the \$18,000 chartered plane used to transport the honoree when his commercial flight was canceled caused a major public relations black eye for AJM.

Even more troubling is a lack of transparency related to the Jazz Festival losses. AJM's leadership was late to understand and share the magnitude of the Festival losses and cash flow issues. Bounced checks to musicians led to harmful publicity for the Museum, and as a result, MMC was told that AJM and its Executive Director now have major credibility issues.

The decisions that have been made since acknowledging the financial crisis, such as letting staff go and cutting programs, have troubled many people, but these decisions were necessary. This is a truly challenging moment for AJM and it is only with the right style of leadership and combination of skills and expertise that the Museum can rebuild itself and its reputation.

## Board of Directors

The Board of Directors is the legal governing body of AJM. According to the bylaws, the AJM Board can have up to 23 members, including two “City Representatives” appointed by the Mayor. One of the two City Representatives must be a City Council member representing the 3<sup>rd</sup> District, in which AJM resides. The current Board has 21 voting members. Individuals are elected to two consecutive, three-year terms, with a possible allowance for a third consecutive term. A few interviewees told MMC the Board is too large, and according to the *Museum Board Leadership 2017* survey by BoardSource, AJM is larger than the average museum board size of 17.7,<sup>18</sup> although determining the right board size “requires case-by-case analysis and should be driven by board functions, legal mandates, committee structure, and the ability to engage the board.”<sup>19</sup> The full AJM Board meets monthly, which is a considerable time commitment, as do the Executive and Finance Committees. Other committees include Governance/Bylaws, Marketing/Operations, Fund Development, and Human Resources Advisory.

Nonprofit boards have myriad responsibilities, including setting mission and vision for the organization, providing financial oversight, partnering with and evaluating the work of the chief executive, securing resources, and serving as ambassadors for the organization. At AJM, new Board members receive a document entitled, “Responsibilities of the Board of Directors,” which outlines their responsibilities as directors by grouping them into three categories:

1. **Administration and Fiduciary:** oversee the financial health and overall operations and help determine policy for AJM
2. **Fundraising:** establish and achieve the AJM’s fundraising goals
3. **Advocacy:** be a strong advocate for the AJM mission and make it among your highest philanthropic priorities

Interviewees said the Board consists of “good people” who truly care about AJM, but they are not what nonprofits refer to as a “fundraising board.” Interviewees said the Board “isn’t a board of rainmakers” and “is not representative of the philanthropic community of Kansas City.” As another interviewee stated, AJM went through a name change early on from the Kansas City Jazz Museum to the American Jazz Museum, but that there is “no reflection of that in the leadership” of the organization with national representation on the Board. The new “Responsibilities of the Board of Directors” document used by AJM indicates the following fundraising expectations of Board members:

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<sup>18</sup> BoardSource, *Museum Leadership 2017: A National Report* (Washington, D.C.: BoardSource, 2017), p. 13

<sup>19</sup> *Ibid*, p. 12.

- Personal financial commitment of at least \$500 annually (through membership, event tickets, sponsorships, etc.)
- Introduce new donor prospects to staff to cultivate jointly
- Actively participate in fundraising initiatives (e.g. Gala, Annual Campaign, Jazz Festival, Luncheons)
- Help promote concerts, events, programs, and rental opportunities at AJM
- Serve as greeters and give welcome addresses at events, when asked

These responsibilities were introduced in Fall 2017 and represent the direction in which the Board needs to go. The drafting of these expectations coincided with a Board effort to raise funds to meet a \$50,000 challenge grant in the midst of AJM’s financial crisis. That challenge greatly increased Board giving, as detailed in Figure 17 (note that FY18 giving is ongoing as the fiscal year ends April 30, 2018). Given AJM’s need to increase its contributed revenues, Board participation should be 100%; when applying for grants, full board participation is often expected, and less than that is cause for concern as to why those individuals who are closest to the organization are not supporting it financially.

Figure 17. AJM Boarding Giving FY16-FY18

	FY16	FY17	FY18
Board Giving	\$11,550	\$11,530	\$44,209
Board Giving as % of AJM Contributed Income	4%	5%	17%
Participation Rate	43%	39%	76%

The financial oversight provided by a board is fundamental to the health of an organization. In speaking with AJM Board members, there is a feeling that the Board has performed well in this role historically, yet the reality is that the financial crisis came as a surprise to the Board of Directors. This can be explained at least in part by the lack of full transparency and the lack of adequate financial systems to track performance measures, but as the governing body of AJM, the Board shares responsibility for the organization’s challenges and must ensure they have stronger financial oversight in the future.

The Board is an essential aspect of the Museum as the governing body, oversight entity, and partner to the chief executive. There is a clear consensus that a stronger Board is desired and will be required for future success. As part of that retooling, attention should be paid to avoiding City politics. The presence of Councilmembers on the Board has had positive results, including a level of advocacy for AJM within City government, but a rethinking of their role is merited. MMC heard various points of views about the presence of Councilmembers on the Board, from “beneficial” to “obstructive” and “a conflict of interest.” The inclusion of City Representatives can be expected given the City’s partnership with and investment in AJM, but MMC heard about City Councilmembers having outsized influence on the Board because of their ability to impact funds,

and many people talked about how “politics have impacted strategy and direction at AJM.” Two of the three current City Representatives on the AJM Board are 3<sup>rd</sup> District Councilmembers, and a number of interviewees said the optics of that “doubles down on the perception of 18<sup>th</sup> & Vine being seen as only a 3<sup>rd</sup> District asset; it reinforces the insularity.”

The Board’s role as advocates and ambassadors for the Museum cannot be overstated, especially during a time in which AJM needs to improve public perceptions. Part of that role is in safeguarding the ethical integrity of the organization; as noted in the BoardSource report, “It only takes one scandal, or even a perceived ethical breach, to make the public lose trust, tarnish a nonprofit’s reputation, and incapacitate its ability to raise funds.”<sup>20</sup> Ensuring the right leadership is in place for this unique moment in AJM’s history will provide the right foundation for future success.

### **City of Kansas City**

Although not a governing entity like the Board, the City serves in a key oversight role with AJM. As the owner of the facility and collections, as well as being AJM’s biggest donor, the City has a unique position in ensuring the proper operation, management, and stewardship of its assets. City oversight is currently provided by the General Services Department, and the relationship between AJM and General Services is dictated by the Management Agreement. Given the financial crisis at AJM, all of the key parties (AJM leadership, Board of Directors, and General Services) must re-evaluate their roles. The Management Agreement identifies deliverables required from AJM to the City in order to maintain accountability, including an annual audit, annual report, and detailed business plan. MMC found that none of these, save the audit, had been submitted by AJM to the City.

Strengthening the oversight role must be a clear goal for the City moving forward. Some interviewees see moving AJM oversight from General Services to Parks and Recreation as a way to establish more effective oversight of the Museum because AJM “gets lost” in General Services. Many people see a move to Parks and Recreation as offering AJM’s best chance at rebuilding because that department has successfully incubated and spun off other cultural organizations as vibrant public-private partnerships including the Kansas City Zoo, Starlight Theatre, and National World War I Museum and Memorial.

Whether or not the Museum moves to Parks and Recreation, significant changes need to take place at AJM including an overhaul of Museum and Board leadership and a major planning effort

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<sup>20</sup> BoardSource, p. 18.

that will redefine the organization's mission, vision, strategies, and priorities. It is MMC's conclusion that the City department in which AJM oversight resides is not the real issue. AJM needs a complete rebirth, starting with its leadership, but continuing with a revamped financial model, visitor experience, and operational infrastructure. That work needs to be done no matter which City department provides oversight.

## **RECOMMENDATIONS**

**Recommendation #21:** Refresh the staff and Board leadership of the Museum. In a process of honest self-evaluation, the Board should be pared down to a small, core group of passionate and impactful individuals (approximately 8-10 people), including civic leaders, museum professionals, and philanthropic leaders, who will fully commit to guiding the Museum through an in-depth planning process. The planning process itself is an opportunity to cultivate new Board leadership by involving individuals in the excitement of planning a new future for AJM. As part of any Board evaluation process, revisit the role of City Councilmembers on the Board, size of the Board, and frequency of meetings.

**Recommendation #22:** Develop a national Advisory Board to give advice and support to AJM Board and staff and serve as advocates/ambassadors for the organization. With the reshaping of the AJM Board as a stronger fundraising and oversight body, an Advisory Board can offer a way to engage musicians, scholars, and other leaders who may not have the time or resources to serve on the AJM Board of Directors. The Advisory Board does not have formal legal responsibilities, but should be a sounding board for brainstorming.

**Recommendation #23:** Form a Planning Committee of City, Board, staff, and community leadership to lead AJM through the planning process. The rebuilding of AJM should be treated as if building a start-up organization and the people involved need to be strong civic leaders, musicians, museum professionals, business executives, and other thought leaders. Contract with planning professionals to facilitate the process outlined previously (visitor experience planning, strategic planning, and business planning), ensuring it is inclusive and garners feedback and builds support from as many constituencies as possible. One of those constituencies in particular, musicians, should be engaged throughout the process to rebuild connections and integrate the musicians' perspective in future operations.

**Recommendation #24:** Consider closing the Museum for a predetermined period of time (approximately one year, with actual timeline dependent on progress of planning and change at the Museum) while planning for the future and revamping the visitor experience. AJM is

operating in a diminished capacity, and although City funding will eliminate past financial losses and provide additional operating funds for FY19, additional revenues from contributed and earned sources will be necessary to rebuild organizational capacity and programmatic offerings. Building, or rebuilding, those funding streams will take time, and if MMC's recommendations are adopted, AJM must focus primarily on rethinking the future. A temporary closure would provide cost savings, as well as dedicated time for essential projects such as proper inventories of collections and in-depth analysis of financials.

A temporary closure does not mean an end to all activity at AJM. Even with AJM closed, visitors would continue to visit NLBM, and the shared atrium space must remain open for that purpose; visitors should be met with an enlivened entry area and Changing Gallery that keep AJM in people's minds and make the public curious and excited about the future. The Changing Gallery, as a standalone space, could be used for exhibitions about AJM in general or ideas from the planning specifically. And without question, programming should continue in AJM's indoor and outdoor spaces that would be open to the public, other City-owned spaces at 18<sup>th</sup> & Vine, and various venues and public spaces around Kansas City. Programming is a visible and compelling way to engage the public and build excitement about the new AJM while closed for reinvention.

**Recommendation #25:** Once the Museum is stabilized, rewrite the Management Agreement between the City and AJM to incorporate greater accountability and oversight. Hold AJM to the responsibilities outlined in the Management Agreement by making annual City funding dependent on timely delivery of an annual financial audit, annual report, business plan, and strategic plan. (Also see Recommendation #14 regarding Management Agreement)

**Recommendation #26:** Determine which City department, General Services or Parks and Recreation, should provide oversight of AJM.

## CONCLUDING REMARKS

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AJM has been functioning in crisis mode since the losses incurred by the Jazz Festival in May 2017. The work done by Board and staff to better understand AJM's financial situation has revealed an overall deficit of approximately \$1 million. The Museum Board and staff, with significant support from the City, have done a great deal to put in place financial controls, cut expenses, and evaluate the performance of departments and cost centers. As a result, the immediate financial crisis is already being addressed and ameliorated. Recently, the City committed the funds necessary to pay off the obligations and operating deficit for FY18 and begin FY19 with an increased annual grant. This was a generous act to preserve an organization that tells one of the essential stories of Kansas City's heritage and identity. Even so, AJM will not be able to operate in its current state for long. As an experience, AJM is static and uninspiring, which is particularly surprising given the dynamic story that underpins its mission. A national museum dedicated to jazz and the Kansas City sound should be a vibrant experience of sights and sounds with a comprehensive narrative and modern interactives. Visitors should be excited to return and share the experience with others. The story of jazz as an American art form and Kansas City's place in the evolution of that art form is an important story and deserves a truly great museum to tell it.

AJM today is in need of complete rethinking, akin to starting a new museum. Through a highly inclusive planning process, AJM can establish a new vision and visitor experience, and the business model and infrastructure to support it. Equally important, the process will begin to repair AJM's relationships with its core constituencies and rebuild trust with the philanthropic community. The process will be challenging and will require an overhaul of staff and Board, and the selection of a top notch Planning Committee to spearhead the work. Immediate steps to be taken include:

- Refresh the Museum leadership; as part of that process, rebuild the Board with impactful individuals with national reach
- Form a high level Planning Committee of City, Board, staff, and community leaders
- Contract with planning professionals and exhibit designer to facilitate a planning process to deliver *Strategic, Business, and Visitor Experience Plans*
- Consider temporary closure to save costs and focus on basic operating needs (i.e. collection inventories, financial analysis) and future planning
- Reopen with a new AJM that better serves the mission and operates more effectively

A new AJM is what is required, and that will entail a significant outlay of funds, not only for planning, but also for exhibit fabrication and installation. A capital campaign should be conducted to raise private funds, but such an effort will take far longer than it would for an organization

with a solid fundraising infrastructure, robust donor base, and an untarnished reputation. The City is a committed investor in the 18<sup>th</sup> & Vine Historic District and AJM, and should consider making another significant investment in AJM's future by providing funds for the planning process and the resulting capital project to rebuild the visitor experience. Whether the most effective oversight of that project comes from General Services or Parks and Recreation is a decision best made by the City itself. Planning for a "new" AJM is a daunting, yet exciting prospect. AJM is emerging from a difficult moment in its history, but now has an opportunity to rethink what an American museum about jazz can be.

## SUMMARY OF RECOMMENDATIONS

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Following is a summary of the recommendations made throughout the *Organizational Assessment*. The numbering of the recommendations reflects the order in which they occurred in the report, not their order of prioritization. It is MMC's opinion that five of the recommendations should be deemed high priority and addressed immediately; the other recommendations should be discussed further and given appropriate timelines during the planning process recommended by MMC. For easy reference, below highlights the priority recommendations first. Within the priority recommendations, each item is listed in priority order, with the most important recommendation first.

### PRIORITY RECOMMENDATIONS

**Recommendation #21:** Refresh the staff and Board leadership of the Museum. In a process of honest self-evaluation, the Board should be pared down to a small, core group of passionate and impactful individuals (approximately 8-10 people), including civic leaders, museum professionals, and philanthropic leaders, who will fully commit to guiding the Museum through an in-depth planning process. The planning process itself is an opportunity to cultivate new Board leadership by involving individuals in the excitement of planning a new future for AJM. As part of any Board evaluation process, revisit the role of City Councilmembers on the Board, size of the Board, and frequency of meetings.

**Recommendation #23:** Form a Planning Committee of City, Board, staff, and community leadership to lead AJM through the planning process. The rebuilding of AJM should be treated as if building a start-up organization and the people involved need to be strong civic leaders, musicians, museum professionals, business executives, and other thought leaders. Contract with planning professionals to facilitate the process outlined previously (visitor experience planning, strategic planning, and business planning), ensuring it is inclusive and garners feedback and builds support from as many constituencies as possible. One of those constituencies in particular, musicians, should be engaged throughout the process to rebuild connections and integrate the musicians' perspective in future operations.

**Recommendation #1:** Engage in a strategic planning process to redefine AJM's mission, vision, core values, and organizational goals and priorities. The process should be highly inclusive, involving representatives from key constituencies, such as musicians, current and potential collaborators, City leaders, Kansas City cultural organizations, donors, and prominent thought

leaders. AJM's current *Strategic Plan 2016-2020* provides a starting point for discussions and lays out many of the basic goals and objectives that should be addressed by the Museum, but much has changed since it was written, and the current moment requires a new look at AJM's identity, defining target audiences, addressing key tradeoffs, and establishing a roadmap for the future based on these decisions. The planning process itself is an opportunity for AJM to re-engage with current and potential stakeholders, garner opinions and feedback about the Museum's future direction, and gain buy-in for what AJM re-envisioned itself to be.

***Recommendation #2:*** Contract with exhibit designers to develop an overall *Visitor Experience Plan* that rethinks the entire museum experience:

- Exhibits, including storylines, narrative, and visitor flow
- Changing Gallery space utilization
- Atrium, including ways to fill and enliven the space
- Swing Shop, including rethinking of inventory and inclusion of coffee and/or food offerings
- Wayfinding

As part of the process, include architects to reconsider the utilization of both public and non-public spaces. As with strategic planning (Recommendation #1), include stakeholder groups in the process to get their feedback during concept development.

***Recommendation #24:*** Consider closing the Museum for a predetermined period of time (approximately one year, with actual timeline dependent on progress of planning and change at the Museum) while planning for the future and revamping the visitor experience. AJM is operating in a diminished capacity, and although City funding will eliminate past financial losses and provide additional operating funds for FY19, additional revenues from contributed and earned sources will be necessary to rebuild organizational capacity and programmatic offerings. Building, or rebuilding, those funding streams will take time, and if MMC's recommendations are adopted, AJM must focus primarily on rethinking the future. A temporary closure would provide cost savings, as well as dedicated time for essential projects such as proper inventories of collections and in-depth analysis of financials.

A temporary closure does not mean an end to all activity at AJM. Even with AJM closed, visitors would continue to visit NLBM, and the shared atrium space must remain open for that purpose; visitors should be met with an enlivened entry area and Changing Gallery that keep AJM in people's minds and make the public curious and excited about the future. The Changing Gallery,

as a standalone space, could be used for exhibitions about AJM in general or ideas from the planning specifically. And without question, programming should continue in AJM's indoor and outdoor spaces that would be open to the public, other City-owned spaces at 18<sup>th</sup> & Vine, and various venues and public spaces around Kansas City. Programming is a visible and compelling way to engage the public and build excitement about the new AJM while closed for reinvention.

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## SUMMARY OF ALL RECOMMENDATIONS

***Recommendation #1:*** Engage in a strategic planning process to redefine AJM's mission, vision, core values, and organizational goals and priorities. The process should be highly inclusive, involving representatives from key constituencies, such as musicians, current and potential collaborators, City leaders, Kansas City cultural organizations, donors, and prominent thought leaders. AJM's current *Strategic Plan 2016-2020* provides a starting point for discussions and lays out many of the basic goals and objectives that should be addressed by the Museum, but much has changed since it was written, and the current moment requires a new look at AJM's identity, defining target audiences, addressing key tradeoffs, and establishing a roadmap for the future based on these decisions. The planning process itself is an opportunity for AJM to re-engage with current and potential stakeholders, garner opinions and feedback about the Museum's future direction, and gain buy-in for what AJM re-envision itself to be.

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- Wayfinding

As part of the process, include architects to reconsider the utilization of both public and non-public spaces. As with strategic planning (Recommendation #1), include stakeholder groups in the process to get their feedback during concept development.

***Recommendation #3:*** Establish a formal evaluation program for exhibits and programs to better understand visitor perceptions and learning outcomes. Given AJM's current staffing levels and lack of volunteers, this is a long-term recommendation, but one that should be part of future

growth to determine the impact of current and future programs and exhibits. This is an area in which volunteers and local university students can be highly useful, and in MMC's experience, an area that many volunteers and interns find interesting. Evaluation efforts can expand as resources grow, but the gathering of basic information in a systematic way will help the Museum understand who it serves and how they feel about their experience. Also, having this data is helpful in applying for foundation grants, as foundations are interested in knowing about a museum's success in achieving its stated goals.

***Recommendation #4:*** Build a robust volunteer corps and museum-wide program of paid youth and university students to assist the Museum in various ways. Volunteers and interns are essential when a museum has budget limitations, but even more than that, they are advocates. AJM has barriers to overcome in convincing people to participate, but with persistence and interesting opportunities, it is possible to grow this area of support. Skilled volunteers and interns are desperately needed for education programs, but can also be utilized in various departments to fill in areas of need. Ensure proper vetting and develop a training program that establishes a consistent foundation of knowledge and skill. A professional program is a safeguard for the Museum, but also makes volunteers and interns feel they are part of something significant and worthy of their time.

***Recommendation #5:*** Build awareness of positive happenings at the Museum. Opportunities for positive communications will be numerous throughout long-range planning as AJM involves various communities and rethinks its visitor experience. New ideas should be shared often through social media and other venues. Seek out marketing expertise to guide messaging and strategies during planning to best position the Museum for success. Many small museums find young public relations firms that are building their portfolios, or graduate students at nearby business schools, to do such work.

***Recommendation #6:*** Establish or build stronger relationships with organizations that have similar missions and values, such as 18<sup>th</sup> & Vine neighbors, area colleges and universities especially those with music programs, Kansas City arts organizations, social service organizations, and national jazz organizations. This is a partial list at best, but shows the myriad opportunities for increased collaboration.

***Recommendation #7:*** Suspend all acquisitions (donations and purchases) as well as deaccessions (removal of objects from the collection) until adequate staffing, policies, procedures, and oversight are in place.

**Recommendation #8:** Prioritize the funding, recruitment, and retention of qualified and experienced full-time collections staff. Ideally, put in place a full-time Director of Collections and full-time Registrar to continue documentation and processing of collections.

**Recommendation #9:** Complete thorough inventories of all collection holdings.

**Recommendation #10:** As noted in Sweeney's *Collections Assessment Report*, there is visible damage to various objects currently on view, in particular objects sealed in cocktail tables in the Blue Room. MMC recommends immediately removing these objects and replacing them with reproductions.

**Recommendation #11:** Develop and put in place Collections Management Policies and Procedures as dictated by AAM's *Characteristics of Excellence, Collections Stewardship* including an Emergency and Disaster Preparedness Plan.

**Recommendation #12:** Prioritize a redrafting of the Deed of Gift naming the City of Kansas City as the donee, and forming a Board Collections Committee to regularly review and approve all acquisitions, as is standard museum practice.

**Recommendation #13:** Deepen and increase partnerships with area collecting and research organizations including the Kansas City Public Library, Kansas City Museum, Black Archives, and University of Missouri-Kansas City to share resources, develop internships, and increase capacity for research and accessibility.

**Recommendation #14:** In rewriting the Management Agreement between the City and AJM, increase funding to the Museum for a set period of time (e.g. five years), after which time, operational funds decrease back to an agreed upon amount (e.g. \$700,000). Establish strong expectations/outcomes and benchmarks in the contract and institutionalize quarterly meetings between the AJM Board and City, as well as more regular meetings between the Executive Director and City, to provide greater oversight of the City's investment. (Also see Recommendation #25 regarding Management Agreement)

**Recommendation #15:** In tandem with future planning efforts, develop a fundraising program to greatly increase contributed revenues. Establish a pipeline of prospective donors, cultivation events and activities, an annual giving campaign, corporate giving, and planned giving. Revisit and enhance expectations for Board giving and/or solicitation, and conduct a membership campaign to promote new membership levels and benefits. As a long-term goal, and as part of

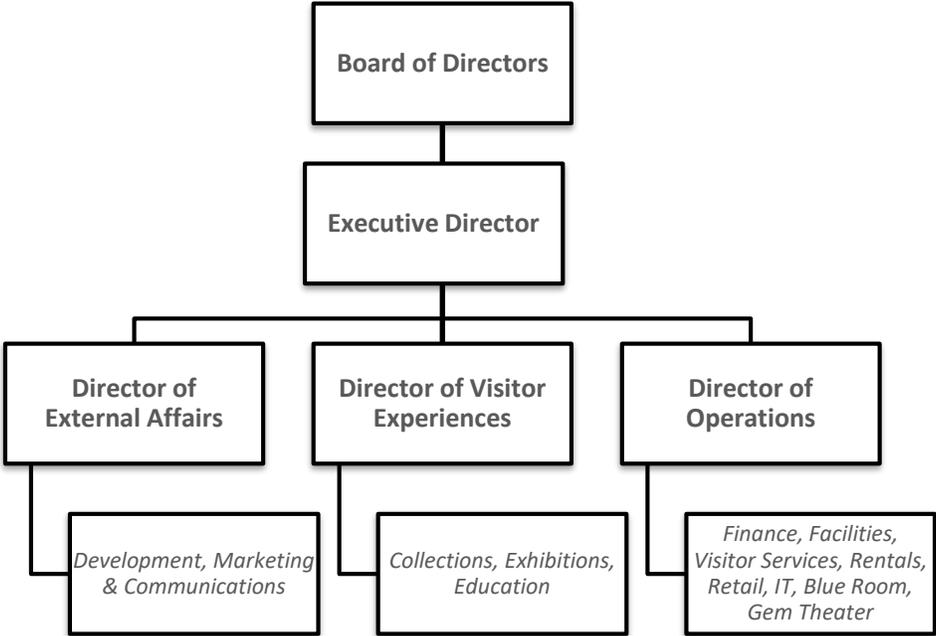
any capital campaign, raise funds to grow the AJM endowment to increase this annual source of operating revenue.

**Recommendation #16:** Maximize earned income revenues by analyzing FY17 data about all sources of earned revenue, and using this information to rethink all earned income programs during long-range planning efforts. Develop criteria for the Museum’s future mix of education and public programs; strike a balance between accessibility and financial responsibility when considering program pricing.

**Recommendation #17:** Consider outsourcing the management and operation of the Gem Theater and Blue Room. Without proper resources and capacity to operate these venues at their full potential, outsourcing could free up AJM to focus on growing museum operations and enhancing the visitor experience. The contractor(s) should be required by any legal agreement to work closely with AJM staff to ensure alignment with AJM mission and values. MMC recommends waiting to potentially implement this recommendation until AJM develops a new vision and organizational priorities during planning.

**Recommendation #18:** Restructure the organizational chart to reflect a more visitor-centered approach, greater collaboration between departments, and fewer direct reports to the Executive Director. The organizational chart below offers the broad outline of such a restructuring.

Sample Redesign of AJM Organizational Chart



Any rethinking of the organizational chart should take place during the planning process recommended earlier. By going through a structured process of redefining the AJM mission and vision, and outlining the Museum's priorities, proper staffing levels will define themselves.

**Recommendation #19:** Once the revised organizational chart is established, prioritize the hiring of individuals with museum experience and/or training whenever possible. Not every position requires this expertise, but AJM would greatly benefit from more staff with first-hand knowledge of museum operations, and certain positions should require it such as the Executive Director and positions related to collections and exhibitions.

**Recommendation #20:** Improve the AJM work environment with greater transparency in decisionmaking, yearly evaluations for staff, improved communications, and by creating a team atmosphere. Introduce efforts to increase staff morale through social activities or other incentives that make staff feel appreciated.

**Recommendation #21:** Refresh the staff and Board leadership of the Museum. In a process of honest self-evaluation, the Board should be pared down to a small, core group of passionate and impactful individuals (approximately 8-10 people), including civic leaders, museum professionals, and philanthropic leaders, who will fully commit to guiding the Museum through an in-depth planning process. The planning process itself is an opportunity to cultivate new Board leadership by involving individuals in the excitement of planning a new future for AJM. As part of any Board evaluation process, revisit the role of City Councilmembers on the Board, size of the Board, and frequency of meetings.

**Recommendation #22:** Develop a national Advisory Board to give advice and support to AJM Board and staff and serve as advocates/ambassadors for the organization. With the reshaping of the AJM Board as a stronger fundraising and oversight body, an Advisory Board can offer a way to engage musicians, scholars, and other leaders who may not have the time or resources to serve on the AJM Board of Directors. The Advisory Board does not have formal legal responsibilities, but should be a sounding board for brainstorming.

**Recommendation #23:** Form a Planning Committee of City, Board, staff, and community leadership to lead AJM through the planning process. The rebuilding of AJM should be treated as if building a start-up organization and the people involved need to be strong civic leaders, musicians, museum professionals, business executives, and other thought leaders. Contract with planning professionals to facilitate the process outlined previously (visitor experience planning, strategic planning, and business planning), ensuring it is inclusive and garners feedback and builds

support from as many constituencies as possible. One of those constituencies in particular, musicians, should be engaged throughout the process to rebuild connections and integrate the musicians' perspective in future operations.

***Recommendation #24:*** Consider closing the Museum for a predetermined period of time (approximately one year, with actual timeline dependent on progress of planning and change at the Museum) while planning for the future and revamping the visitor experience. AJM is operating in a diminished capacity, and although City funding will eliminate past financial losses and provide additional operating funds for FY19, additional revenues from contributed and earned sources will be necessary to rebuild organizational capacity and programmatic offerings. Building, or rebuilding, those funding streams will take time, and if MMC's recommendations are adopted, AJM must focus primarily on rethinking the future. A temporary closure would provide cost savings, as well as dedicated time for essential projects such as proper inventories of collections and in-depth analysis of financials.

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***Recommendation #25:*** Once the Museum is stabilized, rewrite the Management Agreement between the City and AJM to incorporate greater accountability and oversight. Hold AJM to the responsibilities outlined in the Management Agreement by making annual City funding dependent on timely delivery of an annual financial audit, annual report, business plan, and strategic plan. (Also see Recommendation #14 regarding Management Agreement)

***Recommendation #26:*** Determine which City department, General Services or Parks and Recreation, should provide oversight of AJM.

APPDENDICES

## APPENDIX A: LIST OF PARTICIPANTS

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### City Administration & Elected Officials

Jean-Paul Chaurand, President, Parks and Recreation Board

Congressman Emanuel Cleaver II, United States House of Representatives, 5<sup>th</sup> Congressional District of Missouri

Kimiko Gilmore, Assistant City Manager

Quinton Lucas, 3<sup>rd</sup> District At-Large City Councilman and AJM Board of Directors

Mark McHenry, Director, Parks and Recreation Department

Jermaine Reed, 3<sup>rd</sup> District City Councilman and AJM Board of Directors

Earnest Rouse, Assistant City Manager and Director, General Services Department

Troy M. Schulte, City Manager

Scott Wagner, Mayor Pro Tem, 1<sup>st</sup> District At-Large City Councilman

### AJM Staff

Marissa Baum, Director of Development and Communications

Gerald Dunn, Director of Entertainment, Blue Room General Manager

Kevin Gabriel, Finance Director

Karen Griffin, Director of Community Outreach and Public Programs

Cheptoo Kositany-Buckner, Executive Director

Sonié Joi Ruffin, Former Visiting Curator/Changing Gallery

Michael Sweeney, Former Director of Collections

### AJM Board of Directors

Jason Carter-Solomon

Dr. Lloyd T. Dixon

Mike Gerken, Vice Chair

Elmer Jackson, Former Board Member

Brian Johnston

Courtney Jones, Assistant Treasurer

Anita Maltbia, Chair

George Shadid, Treasurer

### Community Members

Harlan Brownlee, Chief Executive Officer, Kansas City Friends of Alvin Ailey

Taylor Fields, Chair, Board of Directors, Black Archives of Mid-America in Kansas City

Allan Gray, Kansas City Civic Leader

Lisa Henry, Musician

R. Crosby Kemper III, Executive Director, The Kansas City Public Library

Bob Kendrick, President, Negro Leagues Baseball Museum

Traci Moon, Senior Vice President of Marketing and Communications, Visit KC

Chiluba Musonda, Executive Director, Bruce R. Watkins Cultural Heritage Center

James McGee, Musician

Clyde R. McQueen, President and Chief Executive Officer, Full Employment Council, Inc.

John Nobles, Founder, Kansas City Jazz ALIVE

Kelvin Simmons, Member, 18<sup>th</sup> & Vine Development Policy Committee

Anna Marie Tutera, Executive Director, Kansas City Museum

Bobby Watson, Musician

Charles Williams, Musician

Mary Wolf, UMB Charitable Trusts & Foundations

## APPENDIX B: AAM'S CHARACTERISTICS OF EXCELLENCE

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As accessed at [www.aam-us.org/resources/ethics-standards-and-best-practices/characteristics-of-excellence](http://www.aam-us.org/resources/ethics-standards-and-best-practices/characteristics-of-excellence)

### Characteristics of Excellence

The 38 characteristics listed below are the core standards. Broken into seven categories, these broad, outcome oriented statements are adaptable for museums of all types and sizes, with each museum fulfilling them in different ways depending on their unique circumstances (mission, resources, governance, collections, etc...). Within each category, you will also find a link to additional standards and best practices to help your museum achieve excellence.

#### Public Trust and Accountability

- The museum is a good steward of its resources held in the public trust.
- The museum identifies the communities it serves, and makes appropriate decisions in how it serves them.
- Regardless of its self-identified communities, the museum strives to be a good neighbor in its geographic area.
- The museum strives to be inclusive and offers opportunities for diverse participation.
- The museum asserts its public service role and places education at the center of that role.
- The museum demonstrates a commitment to providing the public with physical and intellectual access to the museum and its resources.
- The museum is committed to public accountability and is transparent in its mission and its operations.
- The museum complies with local, state, and federal laws, codes, and regulations applicable to its facilities, operations, and administration.

#### Additional Standards

- Standards Regarding an Institutional Code of Ethics

#### Mission and Planning

- The museum has a clear understanding of its mission and communicates why it exists and who benefits as a result of its efforts.
- All aspects of the museum's operations are integrated and focused on meeting its mission.
- The museum's governing authority and staff think and act strategically to acquire, develop, and allocate resources to advance the mission of the museum.
- The museum engages in ongoing and reflective institutional planning that includes involvement of its audiences and community.
- The museum establishes measures of success and uses them to evaluate and adjust its activities.

#### Additional Standards

- Standards Regarding Institutional Mission Statements
- Standards Regarding Institutional Planning

#### Leadership and Organizational Structure

- The governance, staff and volunteer structures and processes effectively advance the museum's mission.

- The governing authority, staff and volunteers have a clear and shared understanding of their roles and responsibilities.
- The governing authority, staff, and volunteers legally, ethically and effectively carry out their responsibilities.
- The composition, qualifications, and diversity of the museum's leadership, staff, and volunteers enable it to carry out the museum's mission and goals.
- There is a clear and formal division of responsibilities between the governing authority and any group that supports the museum, whether separately incorporated or operating within the museum or its parent organization.

### Additional Standards

- Standards Regarding Governance
- Standards for Museums with Joint Governance
- Standards Regarding the Composition of the Governing Authority
- Standards Regarding Delegation of Authority

## Collections Stewardship

- The museum owns, exhibits, or uses collections that are appropriate to its mission.
- The museum legally, ethically, and effectively manages, documents, cares for, and uses the collections.
- The museum's collections-related research is conducted according to appropriate scholarly standards.
- The museum strategically plans for the use and development of its collections.
- Guided by its mission, the museum provides public access to its collections while ensuring their preservation.

### Additional Standards

- Standards Regarding Loaning Collections to Non-Museum Entities
- Standards Regarding the Unlawful Appropriation of Objects During the Nazi Era
- Standards Regarding Archaeological Material and Ancient Art
- Direct Care of Collections: Ethics, Guidelines and Recommendations

## Education and Interpretation

- The museum clearly states its overall educational goals, philosophy, and messages, and demonstrates that its activities are in alignment with them.
- The museum understands the characteristics and needs of its existing and potential audiences and uses this understanding to inform its interpretation.
- The museum's interpretive content is based on appropriate research.
- Museums conducting primary research do so according to scholarly standards.
- The museum uses techniques, technologies, and methods appropriate to its educational goals, content, audiences, and resources.
- The museum presents accurate and appropriate content for each of its audiences.
- The museum demonstrates consistent high quality in its interpretive activities.
- The museum assesses the effectiveness of its interpretive activities and uses those results to plan and improve its activities.

### Additional Standards

- Standards Regarding Exhibiting Borrowed Objects

## Financial Stability

- The museum legally, ethically, and responsibly acquires, manages and allocates its financial resources in a way that advances its mission.
- The museum operates in a fiscally responsible manner that promotes its long-term sustainability.

### Additional Standards

- Standards Regarding Developing and Managing Business and Individual Donor Support
- Standards Regarding Retrenchment or Downsizing

## Facilities and Risk Management

- The museum allocates its space and uses its facilities to meet the needs of the collections, audience, and staff.
- The museum has appropriate measures to ensure the safety and security of people, its collections and/or objects, and the facilities it owns or uses.
- The museum has an effective program for the care and long-term maintenance of its facilities.
- The museum is clean and well-maintained, and provides for the visitors' needs.
- The museum takes appropriate measures to protect itself against potential risk and loss.

### Additional Standards

- Standards for Facilities and Risk Management as Related to Contractors
- Standards for Museums Housed in Historic Structures

## APPENDIX C: PEER GROUP DATA

**Overview of Peer Group with Comparison to AJM**

Museum	Location	Location Detail	MSA Population	Year Opened	Operating budget	Museum Attendance	Facility Size (Gross Sq Ft)	Discrete Performance Space	Operating Cost per Visitor	Operating Cost Per Sq Ft	Smithsonian Affiliate	Governance	Affiliation
American Jazz Museum	Kansas City, MO	18th & Vine Historic District	2,104,509	1997	\$2,578,000	31,000	40,000	x	\$83	\$64	x	Public/Private Partnership	City of Kansas City
Grammy Museum Mississippi	Cleveland, MS	On Delta State Campus	32,737	2016	\$1,500,000	32,000	28,000	x	\$47	\$54		Private	Grammy Museum, Los Angeles
International Bluegrass Music Museum	Owensboro, KY	Historic downtown, banks of Ohio River	117,959	1995	\$1,250,000	48,000	21,000	x	\$26	\$60		Private	-
Memphis Rock 'N' Soul Museum and Memphis Music Hall of Fame	Memphis, TN	FedEx Forum, Beale Street	1,342,842	2004	\$1,000,000	60,000	8,500	-	\$17	\$118	x	Private	-
Motown Museum	Detroit, MI	Near downtown, at original site of Motown Records	4,297,617	1985	\$2,000,000	50,000	10,000	-	\$40	\$200		Private	-
New Orleans Jazz Museum	New Orleans, LA	Historic Old Mint Bldg, border of French Quarter	1,268,883	1982	\$900,000	100,000	70,000	x	\$9	\$13		Public/Private Partnership	State of LA/ LA Museum Foundation
Stax Museum of American Soul Music	Memphis, TN	Soulsville nhbd, original location of Stax Records	1,342,842	2003	\$2,200,000	42,422	17,000	-	\$52	\$129		Private	Soulsville Foundation
<b>PEER GROUP MEDIAN:</b>			<b>1,305,863</b>	<b>1999</b>	<b>1,342,842</b>	<b>49,000</b>	<b>19,000</b>	<b>-</b>	<b>\$33</b>	<b>\$89</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: US Census Bureau, 2016 Population Estimates; American Alliance of Museums' Official Museum Directory; AJM FY17 internal financial reports; and Peer Group IRS Form 990s

**Revenue by Source: Peer Group with Comparison to AJM**

Museum	Government	Contributed	Earned	Investments
American Jazz Museum	35%	11%	49%	4%
Grammy Museum Mississippi	30%	65%	5%	0%
International Bluegrass Music Museum	10%	21%	66%	3%
Memphis Rock 'N' Soul Museum and Memphis Music Hall of Fame	0%	16%	84%	0%
Motown Museum	5%	45%	49%	0%
New Orleans Jazz Museum	86%	11%	3%	0%
Stax Museum of American Soul Music	4%	51%	45%	0%
<b>PEER GROUP MEDIAN:</b>	<b>8%</b>	<b>33%</b>	<b>47%</b>	<b>0%</b>

**Expenses by Category: Peer Group with Comparison to AJM**

Museum	Personnel	Admin & Development	Facility	Exhibits & Programs	Marketing & Public Relations
American Jazz Museum	35%	16%	6%	37%	5%
Grammy Museum Mississippi	23%	22%	0%	51%	3%
International Bluegrass Music Museum	28%	5%	3%	59%	5%
Memphis Rock 'N' Soul Museum and Memphis Music Hall of Fame	46%	9%	5%	32%	8%
Motown Museum	53%	5%	7%	28%	7%
New Orleans Jazz Museum <sup>1</sup>	50%	N/A	N/A	N/A	N/A
Stax Museum of American Soul Music	53%	7%	2%	35%	3%
<b>PEER GROUP MEDIAN :</b>	<b>48%</b>	<b>7%</b>	<b>3%</b>	<b>35%</b>	<b>6%</b>

Source: Data in both tables are derived from AJM FY17 internal financial reports, Peer Group IRS Form 990s, and direct discussions with the New Orleans Jazz Museum

<sup>1</sup> Because the New Orleans' Jazz Museum's budget is deeply intertwined with that of the Louisiana Museum Foundation and State of Louisiana, detailed expense breakdowns beyond personnel were not possible.