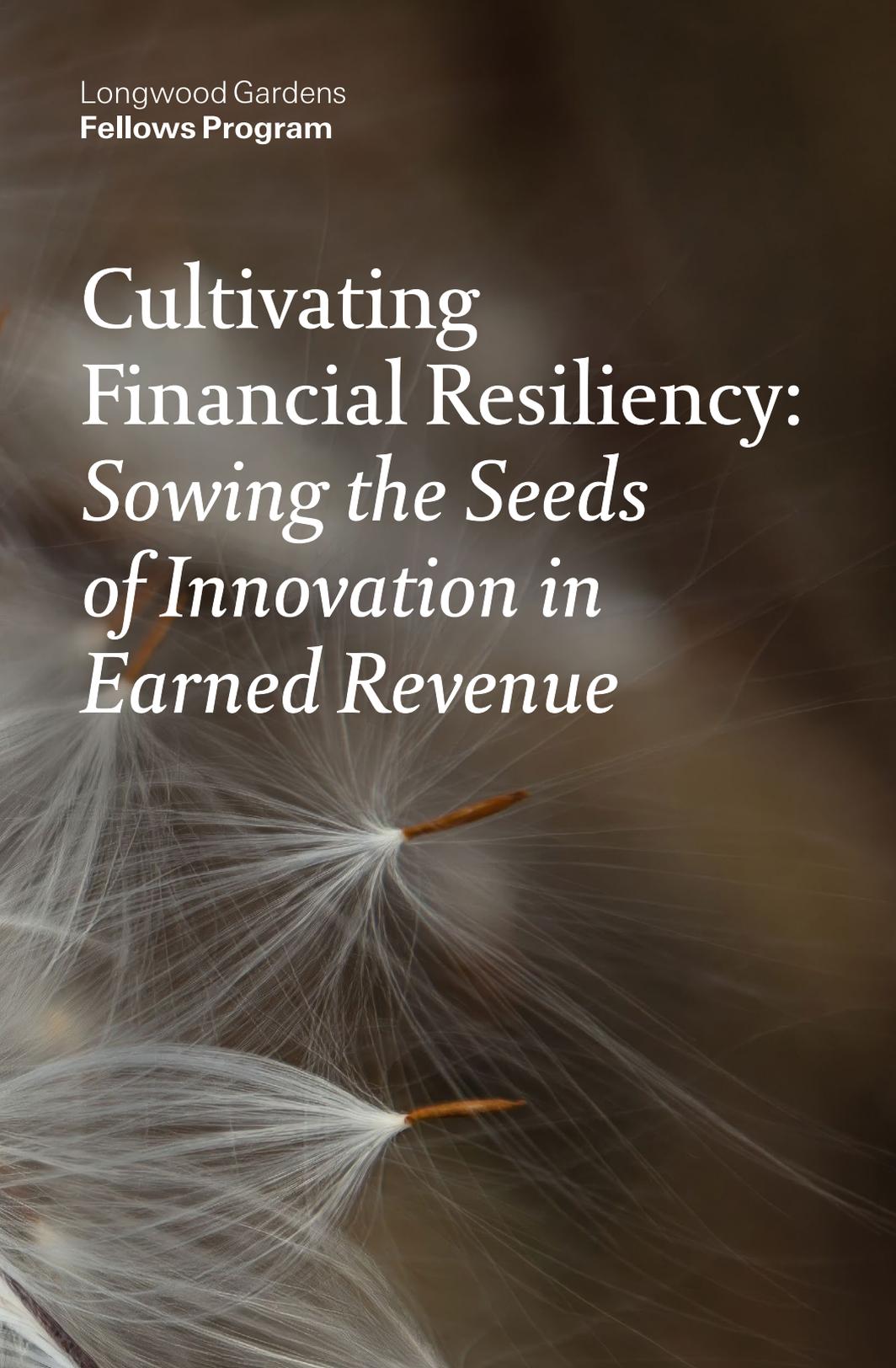


Longwood Gardens  
Fellows Program

Cultivating  
Financial Resiliency:  
*Sowing the Seeds  
of Innovation in  
Earned Revenue*

A close-up photograph of dandelion seeds with their white, feathery parachutes, set against a dark, blurred background. The seeds are positioned in the lower half of the frame, with one seed in the foreground and another slightly behind it, both appearing to be in motion or about to be blown away.

# Cultivating Financial Resiliency: *Sowing the Seeds of Innovation in Earned Revenue*

**2022–2023  
Longwood Gardens  
Fellows:**

Danny Cox

Ryan Gott, Ph.D.

Amanda Hannah

Rama Lopez-Rivera

Ana Mena

Rae Vassar

## About the Longwood Fellows

The Longwood Fellows Program is a one-of-a-kind leadership development program designed to prepare high-potential professionals for high-impact roles in public horticulture. Continuing Longwood Gardens' mission-driven history of targeted training and education for horticulture professionals, the Fellows Program supports the development of a robust, diverse, and qualified talent pool for the sector at large. Fellows have unique opportunities to refine their leadership skills by heightening self-awareness, interacting with experts and thought leaders, and absorbing customized content on organizational behavior, nonprofit management, strategic planning, and team development. The program grafts theory with practice, offering Fellows the opportunity to conduct case-based discussions, learn from regional and global public horticulture leaders, and engage in pragmatic learning via departmental immersions, a two-month field placement with a partner organization, and a research-based cohort project focused on addressing pressing issues in public horticulture.

The six Fellows of the 2022–2023 cohort have diverse backgrounds, careers, cultural experiences, and perspectives on public horticulture. Their collective expertise includes budget oversight, planning, project management, advocacy, collections development, and team leadership.

More information about the Longwood Fellows Program can be found at [longwoodgardens.org/fellows](https://longwoodgardens.org/fellows). Applications are accepted each June 1–July 31 for the cohort starting the following year. Organizations are invited to nominate outstanding staff members to participate in this prestigious leadership development opportunity.



Photo by Carlos Alejandro.  
From left to right: Ryan Gott, Ph.D., Amanda Hannah, Danny Cox, Ana Mena, Rama Lopez-Rivera, Rae Vassar

## Contents

<b>About the Longwood Fellows</b> . . . . .	<b>4</b>
<b>Introduction</b> . . . . .	<b>6</b>
<b>The Need for Innovation: Earned Revenues in Public Horticulture</b> . . . . .	<b>13</b>
<b>What is Innovation?</b> . . . . .	<b>23</b>
<b>Case Studies: Earned Revenue Innovation in Public Horticulture</b> . . . . .	<b>31</b>
CASE STUDY 1: Atlanta Botanical Garden . . . . .	34
CASE STUDY 2: Tucson Botanical Gardens . . . . .	40
CASE STUDY 3: Fort Worth Botanic Garden and the Botanical Research Institute of Texas . . . . .	46
CASE STUDY 4: Red Butte Garden . . . . .	52
CASE STUDY 5: City Zoo . . . . .	57
CASE STUDY 6: South Coast Botanic Garden . . . . .	62
CASE STUDY 7: Denver Botanic Gardens . . . . .	68
CASE STUDY 8: Houston Botanic Garden . . . . .	74
<b>Tools for Innovation</b> . . . . .	<b>79</b>
<b>Works Cited</b> . . . . .	<b>86</b>
<b>Acknowledgments</b> . . . . .	<b>88</b>

## Introduction

According to a 2020 survey of American Public Gardens Association (APGA) member organizations, 60% of the average garden's annual budget comes from earned revenue (APGA, 2020). Because these funds are crucial to organizational stability and longevity—and can position organizations to tackle important issues like improving staff recruitment and ensuring welcoming environments—most gardens invest significant effort into enhancing their earning capability. In fact, an informal survey conducted by Longwood Fellows at the 2022 APGA conference identified keen industry-wide interest in finding “the right response while paying the bills,” as one respondent said.

It's easier said than done, of course, to create diverse, sustained, and mission-focused revenue streams. While all gardens, arboreta, zoos, and other cultural organizations have compelling missions, many can struggle to translate their work into earned revenues that generate adequate returns. Recent fluctuations in the economy further highlight the dangers of overreliance on limited revenue streams and the need to build resilience via diversification.

Encouragingly, however, we noticed that there are quite a few organizations that are finding creative (and profitable) ways to align mission with money—especially through earned revenue strategies that reflect the uniqueness of their locations, draw on the strength of their collections, or engage their constituencies in nimble and responsive ways. These innovations also increase autonomy, flexibility, and freedom to operate for mission impact. In many cases, they are adaptable as proven ideas with the potential to blossom into dynamic revenue streams for other organizations.

**We wanted to better understand how these successful earned revenue initiatives have been developed, implemented, and maintained. Thus this project started with a few simple questions:**

- Given how important earned revenue is to gardens, how can gardens be more innovative in earning money?
- What does innovation in a garden look like and where does it come from?
- How can gardens invest in mission-based programming without sacrificing financial resiliency?

These questions launched months of interviews and research, surfacing usable ideas for organizations around the world. We talked to gardens, zoos, and cultural organizations with budgets large and small. We connected with organizations in rural, urban, and suburban settings, looking for patterns in their financial strategies and public-facing programs. We documented long-established programs that undergo continuous improvement along with those initiatives that are still in their first iterations. We explored the structures undergirding cultures of innovation, investigated how the public informs public horticulture's best ideas, and learned how mission and money can be more fully aligned in program development and day-to-day operations.

This project combines our findings and analysis into a set of innovative strategies for earned revenue. It also offers tools for fitting those strategies into richly diverse organizations. The core of the project is a series of case studies: our most transformative learning happened through hearing about the lived experiences of various institutions, and we thought that our peers would likewise benefit from these stories.

Foregrounding case studies in this toolkit also allowed us to maintain a point of view that we think is essential to the usability of this project. We know that all organizations need money to achieve their missions, and that the amount needed, funding sources, and organizational expenditures vary widely. However, this project will not prescribe what your revenue mix needs to look like, nor will it tell you how to conceptualize the relationship between money and mission. Some gardens may rely almost exclusively on earned revenues, while these types of funds may constitute only a small fraction of others' budgets. Some gardens may embrace the philosophy that all activities must both make money and deliver on mission, while others may pursue separate revenue-generating opportunities to subsidize mission-oriented activities.

**On these questions, we make no recommendations or judgments. These questions are fundamental to individual organizations and are best decided by those who know the organization best: board members, staff, volunteers, and engaged communities.**

Instead, we provide collective knowledge and practical tools to inform your decision-making. We share what we have learned about earned revenue innovations in public horticulture and allied industries. In particular, the case studies provide a compelling snapshot of the field as a whole, allowing individual institutions to situate themselves within the sector. They also provide more in-depth examples of—and inspiration for—innovation within earned revenue streams, illustrating how institutions have increased profitability by reducing costs or adding value. You will find examples of organizations that improved existing programs and those that created completely new earned revenue streams to increase the bottom line, deepen their mission, or both.

**The tool cards offer handy, practical resources for forays into earned revenue innovation, whether your organization is interested in starting an earned revenue program for the first time or you already have a robust earned revenue portfolio and would like to improve efficiencies and increase returns.**

As you read, we invite you to look for examples of **culture**, **process**, and **product**. The case studies illustrate cultures of innovation, describe processes for increasing earned revenues, and offer examples of products that do just this. Within innovative cultures, you will see how a sense of openness and fun—allowing creative juices to flow and new ideas to come from many places—intersects with the systems and structures that provide operational mechanisms for evaluating ideas and bringing creativity to life.

Across the diverse institutions we studied, we found that innovations broadly came from thinking expansively, evaluating thoughtfully, planning carefully, and strategically balancing mission impact and revenue-generating priorities. Our case study subjects demonstrate these traits when they consider new ideas: rather than gatekeeping the creative process, they ensure that there is no monopoly of ideas, instead facilitating interdepartmental collaborations and dialoging with outside voices. They holistically identify their unique physical and human resources, thinking expansively about the skills they need (and the expertise they can share in turn). This mentality is key to taking calculated risks quickly and with intention. In fact, learning how to take small, smart risks—trialing new horticultural practices, for example, or partnering with another nonprofit to produce a speakers series—builds a culture in which people are willing to share their own creativity for the benefit of the organization.

Note the emphasis on taking *smart* risks. Growth requires that we grapple with some level of uncertainty, but organizations have a responsibility to make informed decisions and use resources wisely. To achieve a balance between careful stewardship and world-changing aspirations, between financial stability and expanded mission impact, gardens must use the tools available to scaffold new ways of thinking. Finding the right mix of practical metrics, strategic questions, effective models, and generative comparisons will help you achieve your desired impact. The tools provided here translate our rich findings into practical strategies for fostering pro-innovation cultures, honing processes for developing earned revenue streams, and creating products that—we hope!—you will in turn share with others.

**Although the knowledge and tools found here are framed by the 2022–23 cohort of the Longwood Fellows Program, they reflect collective efforts and shared expertise across public horticulture. Varied voices representing institutions large and small contributed to this project, and these insights and perspectives made this work possible. We hope the final product is useful in spurring innovations that equip all of our organizations to achieve their desired impact.**



Photo by Ana Mena.

# The Need for Innovation: Earned Revenues in Public Horticulture

*To better understand how public gardens pursue earned revenue, we conducted in-depth interviews with a range of organizations, analyzing their work to identify tactics that could be implemented by others. We then surveyed APGA member organizations to explore just how significant individual revenue streams are to total institutional revenues and what their overall profitability is; we also asked how well these earned revenues align with mission.*

Scan this QR code to access the project appendix which includes all survey data and the full list of survey questions.



Although focused on earned revenue, the survey also asked contextualizing questions about the contributed revenues and endowments that are part of healthy, diversified funding streams. The 20 responding gardens, including 18 gardens across the United States and 2 international gardens, represented a cross-section of budget sizes and self-described community types (figure 1).

### Operating Budgets Of Participating Gardens

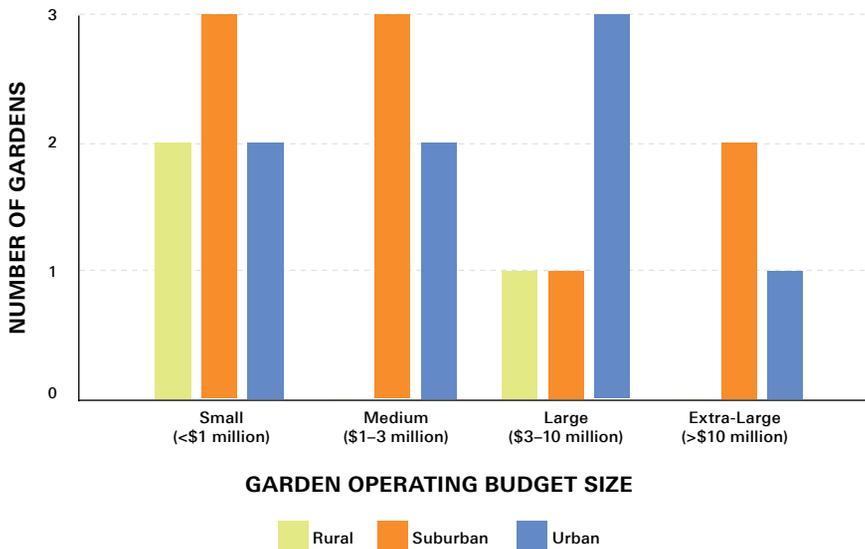


Figure 1. Gardens responding to the survey spanned small to extra-large operating budgets and represented various population densities.

Regardless of budget size, most gardens feel some pressure to ensure that income meets expenses, and many are willing to try a variety of strategies for doing so. Our survey asked gardens to consider significance, profitability, and mission alignment in four earned revenue categories: retail, food and beverage, facilities rental, and admissions and membership. These categories were also compared to contributed revenue sources (figure 2).

### All Revenue Categories

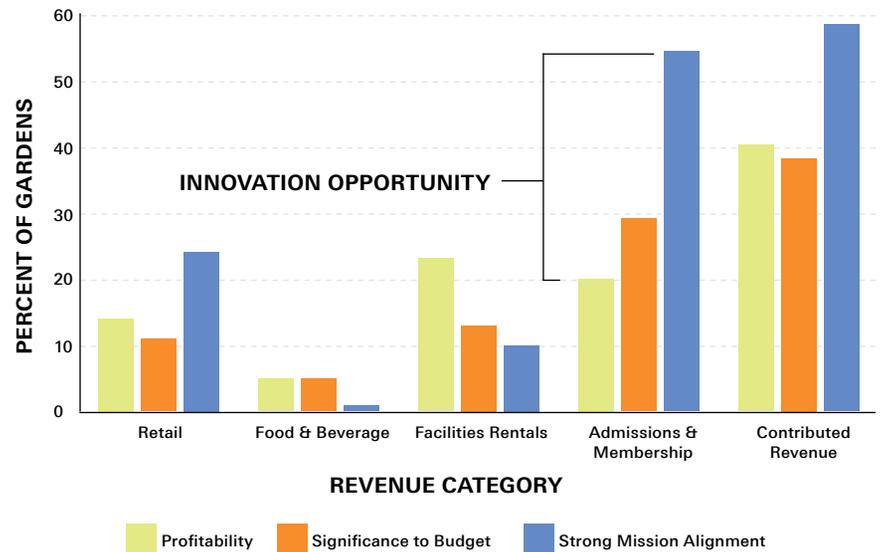


Figure 2. The percentages shown here reflect those categories that received a ranking of "high profitability," "high significance to budget," or "strongly aligned with mission" across all respondents. Some revenue categories show similarities in profitability, significance, and mission alignment, but the distance between these rankings in other categories may provide unique opportunities for innovation, as shown for Admissions & Membership.

While contributed revenue constitutes a substantial portion of the average garden's budget, earned revenues generate 60% of the funds that gardens use each year (APGA, 2020). Figure 3, below, shows a breakdown of profitability and significance of some common earned revenue categories for gardens.

### Budget Significance, All Gardens

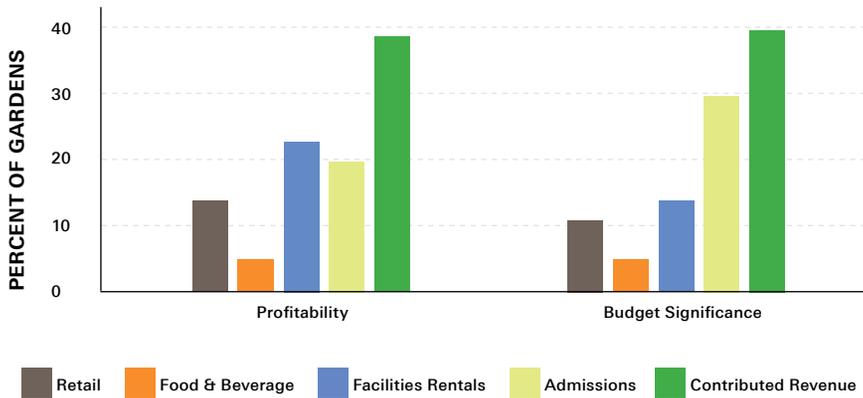


Figure 3. In the aggregate, responding gardens ranked the significance and profitability of all revenue streams; these percentages reflect those categories that received a ranking of "high profitability" or "high significance to budget" across all respondents.

We asked participants about how they calculate the profitability of their revenue streams (figure 4). Organizations must carefully consider what costs to include so as to not operate under a false picture of apparent profitability: by knowing where each source of revenue truly stands, a garden can more effectively identify the areas where profitability is low and innovation is needed. The only universal cost recognized by all gardens was the staff time needed for a given effort.

### Costs Considered When Determining Profitability

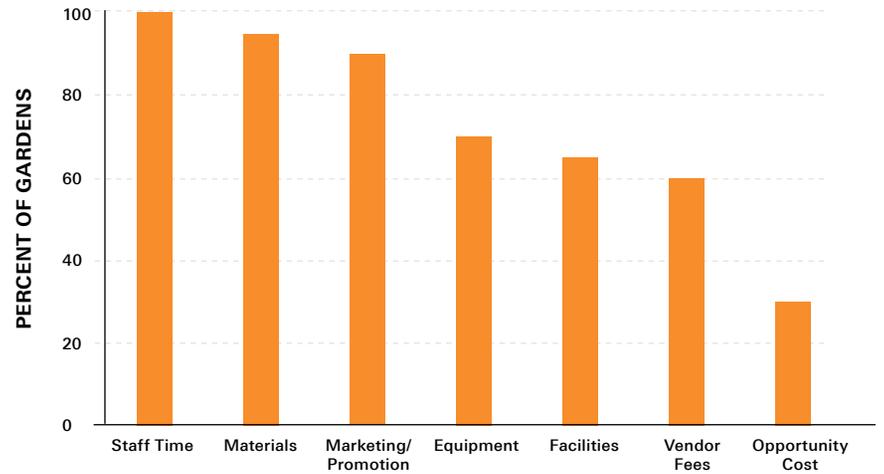


Figure 4. Participating gardens reported what kinds of costs they include when calculating profitability. Only 30% of responding gardens include opportunity costs, or the trade-offs inherent in implementing any program, in their calculations.

Each of the earned revenue categories that we considered were further divided into the specific tactics listed below:

- Retail**
  - Branded merchandise
  - Exclusive local merchandise
  - Non-branded merchandise
  - Plants
- Food and Beverage**
  - Fine/formal dining
  - Casual dining
  - Cafeteria-style dining
  - Food trucks
  - Concessions
  - Catering
- Facilities Rentals**
  - Long-term leases
  - Weddings
  - Other private events
  - Corporate events
  - Commercial film/photography
- Admissions and Membership**
  - Ticketed admission
  - Membership
  - Concerts, events, and other ticketed programs
  - Education and school programs

Although gardens of all sizes use tactics from each of these categories, we found that the impact varied slightly based on an organization’s budget. Figure 5 shows garden survey results divided by garden budget size (small, medium, large, extra-large). The percent of gardens in each budget size that responded that an earned revenue stream category was **highly profitable**, **highly significant** to their budget, or **strongly aligned** with mission are shown. Small and extra-large gardens were more likely to say that their food and beverage programs were profitable, where as medium and large gardens were more likely to list facilities rentals as profitable.

## Revenue Categories by Garden Budget Size



Figure 5. Shown is the percentage of responding gardens who rated each revenue category as highly profitable, highly significant to budget, or strongly aligned with mission. All responding gardens reported a balanced mix of revenue streams in their budgets, although organization size correlated somewhat to the profitability of some efforts.

We recognize that organizations within public horticulture are afforded opportunities and face challenges for earned revenue by their geographic location, so we asked survey respondents to include local population densities when describing themselves. The percent of gardens in each geographic location that responded that an earned revenue stream category was highly profitable, highly significant to their budget, or strongly aligned with mission are shown. Although trends carried across all geographies, we noticed that urban gardens were less likely to rank facilities rentals as part of their mission, while rural gardens considered retail operations to be mission aligned despite not ranking this revenue stream as highly profitable or significant to the budgets (figure 6).

### Revenue Categories by Geographic Location



Figure 6. Shown is the percentage of responding gardens who rated each revenue category as highly profitable, highly significant to budget, or strongly aligned with mission. Survey responses were analyzed to determine the effects of geographic location and population density on earned revenue streams.

Within these larger categories, survey respondents consistently rated three revenue streams as highly profitable: unrestricted donations, planned giving, and weddings. Interestingly, unrestricted donations also appeared as one of the top three most mission-aligned efforts, along with memberships and education programs (figure 7). It is worth considering whether donations are viewed as strongly aligned with mission because they enable other programs or whether gardens truly perceive donation solicitation as a tool for delivering their missions. If so, leaders may want to investigate how annual appeals highlight their collections, say, or how fundraising events can better connect people and plants. Similarly, memberships support missions when organizations create opportunities for members to deepen their plant knowledge, for example.

### Mission Alignment and Profitability

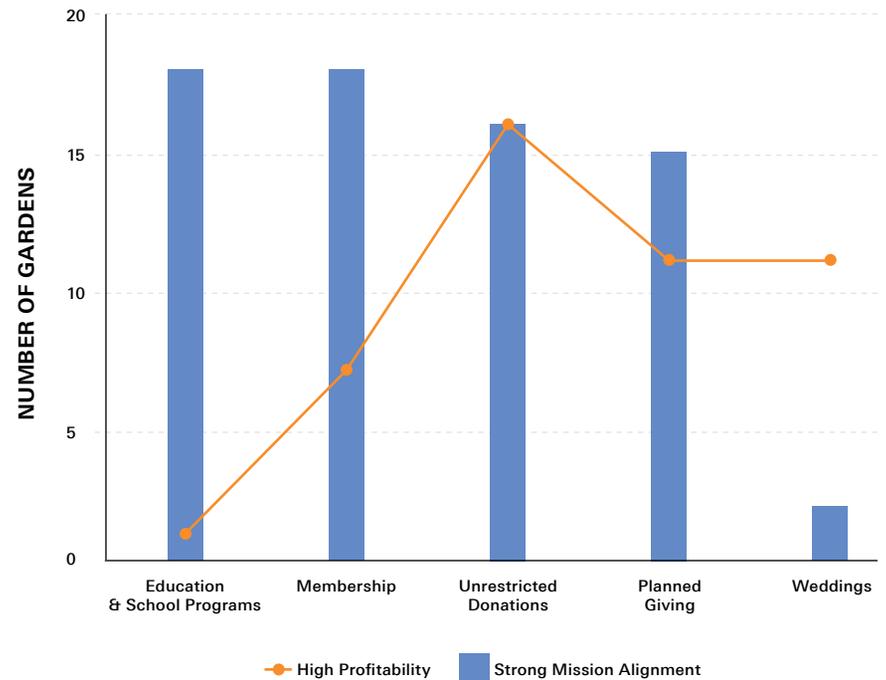


Figure 7. Survey respondents ranked their most mission-aligned revenue streams in relation to their most profitable; unrestricted donations were among the top three in both categories.

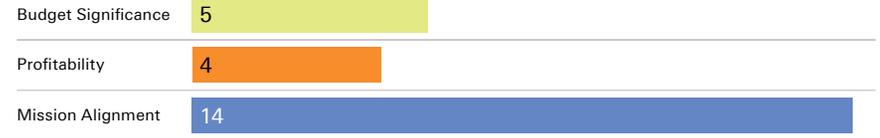
In a sense, these rankings are not surprising; weddings are widely perceived as important to the bottom line and most nonprofits routinely solicit donations and planned gifts. Education and school programs are core to an organization’s mission but are not often leveraged to generate profits. However, it is worth asking whether there could be a way for these revenue streams to enhance each other. Are there aspects of weddings that could be adapted for educational programs? How could weddings better support mission impact?

A closer look at any of these revenue categories yields insights into potential growth areas. For example, although retail activity was not viewed as strongly mission aligned, plant sales were the exception (figure 8). How might public horticulture organizations redesign plant sales to reduce costs? Is it worth investing in branded merchandise if the margins are wider on non-branded items?

In general, these findings invite us to reconsider the amount of energy expended on activities that are not highly significant to revenue or mission. We can also examine how a highly-mission-aligned activity might be made more profitable so that its budget significance increases.

## Retail Category Rankings

### Plants



### Exclusive Merchandise



### Branded Merchandise



### Non-Branded Merchandise

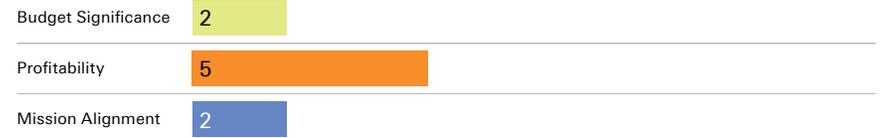


Figure 8. Participating gardens rated four retail streams. Numbers indicate how many gardens ranked each tactic as “highly profitable,” “highly significant,” and “strongly aligned with mission.”



# What is Innovation?

*Innovation has long been a pillar of business strategy, but the use of the term “innovation” only started growing exponentially in 1950 as modern business practices evolved. Unsurprisingly, definitions also proliferated, and today the average leader is left to navigate many interpretations of innovation for nonprofit and for-profit businesses alike.*

Photo by Hank Davis.

*Here we define innovation as an invention that reduces cost or increases revenue. Invention refers to a sense of novelty and may be either a brand-new creation or an existing idea repurposed in a new way. Reducing costs or increasing revenue requires that inventions be useful to our guests, communities, and other stakeholders. A new program may offer the potential for an amazing experience, but if no one is interested, that program is not necessarily an innovation because it is not useful (at least until the market changes).*

## Why Innovate?

Innovation has numerous benefits. The first two are obvious, practical, and at the heart of our working definition: innovation will increase revenue and decrease costs. Innovation also helps organizations stay creative, adaptable, and ahead of the curve (and, hopefully, defining that curve for the rest of the industry). Being innovative can create a positive feedback loop that spurs further innovation, as when unlikely partnerships lead to new cost savings that in turn enable larger investments in new program ideas.

Similarly, not innovating has numerous drawbacks. Maintaining existing programs and services as-is may lower productivity, translate disengagement into staff retention problems, slow agility in responding to market changes, and reduce profits. The potential benefits and drawbacks clearly demonstrate that fostering a culture of innovation is a worthwhile pursuit.

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## Where to Start

Inspiration can come from any aspect of the organization's operations. Management theorist Peter Drucker called these "areas of innovation opportunity" and defined them as follows:

### Internal Areas of Innovation Opportunity

- **Unexpected occurrences** are those sudden needs that you may be uniquely equipped to address. Gardens' ability to provide safe, outdoor activities in response to the COVID-19 pandemic was a huge, unexpected opportunity to make and rework programs and events.
- **Process needs** are opportunities that come from determining how processes can function well as part of a larger whole. Sale of admission tickets, for example, are a necessary function within ticketed gardens. Many of these sales are routine but time-consuming for guest services employees. Innovation might be found in redesigning the ticket sales process; gardens may incentivize online pre-sales, say, or install self-servicing kiosks at the visitor entrance. These process improvements would also free guest services employees to support guests who need extra assistance, provide wayfinding, help with tours or complex group ticket sales, or even participate in larger organizational projects.
- **Incongruities** are elements that feel out of sync with the rest of a given process. For example, a garden may have a specific process for adding new members to their database. If all of the steps are automated through a software system with the exception of one data field requiring manual entry by a guest services employee, then that data field is incongruent with the overall process. Finding a way to automate and integrate that step would streamline the overall process, saving labor costs and reducing the possibility for error. The opportunity with incongruities is in finding out what the process should ideally look like and addressing any gaps.

### External Areas of Innovation Opportunity

- **Demographic changes** invite innovations as population trends—age, geographic distribution, occupation, education levels—start to shift. Opportunities emerge when organizations can anticipate and provide for the needs of those changing

populations. By recognizing that younger generations prefer video-based messaging, for example, gardens and other cultural organizations can develop fresh marketing campaigns and experiential programs to engage this group.

- **Perception changes** are shifts in how people feel about facts and information. A small, but growing, perception change is the attitude of Americans toward traditional turf grass lawns. Individuals are increasingly willing to reconsider this method of vegetating wide landscapes in favor of native ground covers or diverse plantings that are more environmentally friendly. Identifying this type of perception shift may afford gardens the opportunity to innovate on education programs, special event offerings, and plant sales.
- **New knowledge**, whether it be social, scientific, or technical, offers vast opportunities for innovation. Many of these advancements offer clear advantages, as when upgrades to automated greenhouse fertilization systems enable more precise controls and early warnings of potential problems. Integrating these upgrades into a garden's operations can increase work efficiency, prevent wasted supplies or costly unattended system issues, and increase plant health. These outcomes have the added effect of enhancing collections preservation, improving the visitor experience, and ensuring product quality for plant sales and gift shops.

Keep your radar up for potential innovation areas. Internally, find out the pain points of your guests, employees, volunteers, and partners by asking, listening, and documenting connections between activities, processes, and any feelings of frustration. These observations may indicate areas that could improve through innovation. Externally, stay abreast of research and trends within public horticulture, allied cultural sectors, and related for-profit industries. This will position you to stay ahead of the curve, innovating in anticipation of change rather than in response to it.

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## How to Innovate

Once you have identified an innovation opportunity, start to clarify, develop, and refine your innovative solution. While described here in a stepwise fashion, the innovation process is iterative, circling back on itself, winding between steps over and over again during development. In the end, the process begins all over by reexamining the opportunity that led to the first innovation.

 **See the blue Process Tool Card 02 for a helpful illustration of the innovation process.**

1. **Define the problem.** The first step is clarifying the issues at the heart of the innovation opportunity. Make sure you are addressing a real need by verifying what you have observed and heard, taking care to guard against assumptions. Ask whether you are the right person to solve the problem at hand, whether you have the resources needed to do so, and whether the problem is even solvable. Try to address underlying issues rather than presenting problems that may be only side effects. Take your time with this stage of the process—it may prevent you from investing even more time innovating in response to the wrong problem.

*Employees at Green Garden and Arboretum (GGA) identified a process-need innovation opportunity in their horticultural operations. The garden has just*

*two scissor lifts, and staff noted that the lifts are never where they should be and never available when needed. Work can be delayed, and the guest experience is sometimes impacted when sections of the garden are closed during open hours for time-sensitive work. The horticulture managers know this problem is something they can resolve when they recognize that the garden has enough lifts but lacks a scheduling system for staff to coordinate use.*

2. **Ideate.** Once the innovation opportunity is clearly examined, begin to generate ideas in response. Now is the time to throw everything at the wall. Challenge assumptions and first-level thinking by collaborating with dislike-minded people. Brainstorming can be helpful, but also consider “bodystorming” possible solutions by experiencing the problem physically. Walk on narrow paths. Buy a coffee in the café. At this stage, it is important to keep generating ideas and not fixate on a single one (that winnowing will come later).

*GGA's managers hold a staff brainstorming session to surface different solutions for their lift problem. Although the first suggestions are simply to buy more lifts, the managers, knowing that supply is not the root problem (and that new lifts are not in the budget), push the team to keep brainstorming. Staff then generate many ideas for coordinating lift usage: Hang a sign-up sheet in the garage where the lifts are supposed to be, assign one person to check out the lift keys to others, purchase an electronic scheduling system to track the lifts, install GPS trackers on each lift, and so on. After about 30 minutes of generating ideas, staff identify several that seem like they would dovetail with their daily routines.*

3. **Develop.** Once you have a list of potential solutions, put them to the test. Assess each idea in terms of feasibility, profitability, and potential for market interest (if applicable). Use these categories to rank your ideas, and then test those that seem most likely to succeed. Rapidly prototyping and trialing these solutions in their most basic form in a “fail fast” manner will serve you best here. At this stage, committing too quickly to one idea risks a larger setback if it does not pan out. This is also the time to explore other supports that may be needed to fully implement your innovation.

*GGA's horticulture managers present the staff-generated ideas to their senior leadership team. After reviewing the top options, the leadership recommends trying a simple sign-out sheet; several are printed and hung at the daily announcement board and on the lifts themselves. The managers are surprised to find that they fail fast: the sheet on the bulletin board is too far from the lifts for staff to actually check it, and the sheets on the lifts are lost almost immediately as the machines are used. An electronic scheduling system would solve these issues, but there was no budget for purchasing a new system. The managers instead decide to use the calendar feature of the garden's information management software system to create accounts for each lift. All staff have ready access to this system in desktop and mobile platforms. The managers ask several staff members to test the new process: they check schedules and “check out” the lifts by sending invitations to the lifts' individual calendars. The process seems easy and convenient and, best of all, it leverages the garden's already existing systems.*

4. **Implement.** Once you are confident in your best idea, roll it out widely! Invest in bringing your innovation to life at the best level you can afford.

*Based on their preliminary success, GGA's managers train all staff members on the new reservation process. After a few initial bumps in the road, the system begins*

to work smoothly. Staff can schedule their lift work without conflicts: tasks are completed efficiently, which prevents loss of staff time and minimizes negative impacts on guests. The managers are also pleased that the team was able to brainstorm past their initial suggestions. Pursuing their first idea of buying more lifts would have necessitated a large capital expenditure—and would likely not have solved the real problem.

- 5. Redefine the problem.** Once your new solution is active, begin reevaluation. What can be added? How could this innovation be made available to more of your guests or other stakeholders? Can you minimize costs? Returning to the innovation process may uncover even more improvements and innovations.

The horticulture managers at GGA, inspired by their success, begin to examine other processes to determine where other conflicts exist that could benefit from similar systems.

## Innovation Types

During the innovation process, you will get an idea of what type of innovations may be possible in response to each type of opportunity. The type of innovation gives you a sense of the scale of the impact the innovation will have, which could inform your decision on pursuing it to completion or not. Innovations are generally grouped by how they use technology—which broadly includes knowledge, expertise, programs, and products, as well as electronic gadgets—and how they affect the market. Market effects refer to whether an innovation exists in the current market or whether it creates a new market. The matrix of these attributes defines four main types of innovation: incremental, architectural, disruptive, and radical (figure 9).

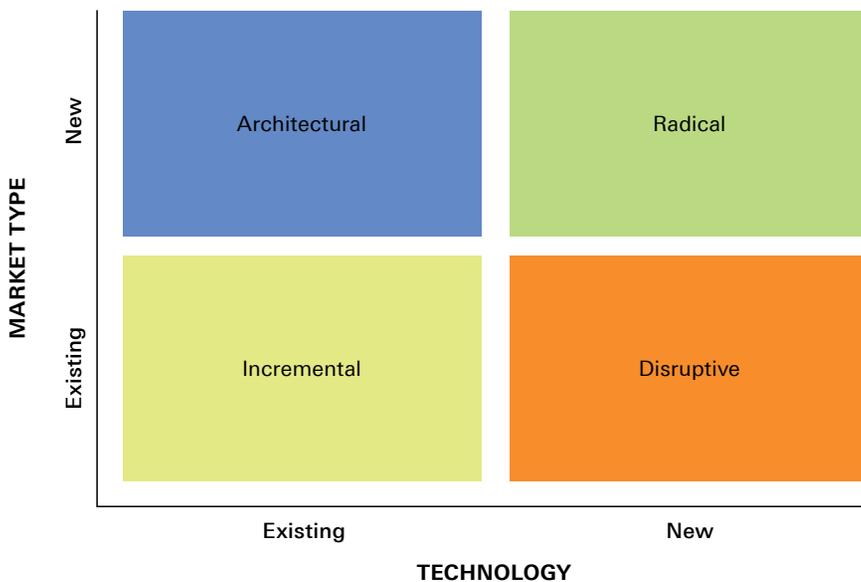


Figure 9. Image adapted from *Strategic Management* by Reed Kennedy.

- **Incremental innovations** use existing technology within an existing market to improve existing products or services. The focus is on reducing defects and adding features to increase value. Incremental innovations may have small return on investment, but they can help keep your guests engaged. Winter light shows in gardens may be good examples of incremental innovation. Often these shows receive small adjustments each year, adding a new feature or eliminating crowded pinch-points by changing wayfinding, increasing guest satisfaction and keeping them returning each year.
- **Architectural innovation** occurs when you adapt and apply existing technology to a previously unentered market or use it to create an entirely new market. This is a way to gain new customers who may have previously never interacted with your organization. This good return makes pursuing architectural innovation attractive. In gardens with existing concert series or other sound capabilities and infrastructure, creating events around new genres of music may bring in guests who otherwise are not interested in the gardens themselves, tapping into this new market.
- **Disruptive innovations** introduce brand new technologies into existing markets which compete with or even replace more traditional approaches within the market. Disruptive innovation is associated with competition between organizations, which is luckily not typical of public gardens. However, garden operations may be disrupted by new technologies that change what guests expect from the garden. New augmented reality technology that could allow live 3D garden visit experiences from home may replace older digital methods such as video tours.
- **Radical innovations** create entirely new markets using new technologies. These are the products that never existed before. Gardens may be more likely to serve as incubation or test sites for radical innovation within the wider horticultural and agricultural industries than to be radical innovators themselves, as there is not the for-profit R&D drive within public gardens. Within production greenhouses, urban farms, and conservatories, new robotic technology for locating and identifying plant health problems can undergo a wide range of testing during development before launching to the wider agricultural industry.

## Connecting Innovation to Mission

While this section has focused on innovating in order to drive profits and solve problems, public gardens must often prioritize mission above profitability. The most lucrative programs may hold no relevance to mission, and conversely, many mission-aligned programs operate at a loss by design (for example, gardens offer free educational programs for specific community groups). There is a fine balance between pursuing mission while maintaining financial health and resilience. The tools found here will help you keep mission and finance connected rather than contrasted: innovations that drive down costs free up staff time and budget to pursue mission-driven activities.

Your mission statement will help your garden better align revenue-generating activities with your mission. Re-examine those programs that closely align with your mission: how could you improve profitability using the innovation process above? A mission statement is a powerful commitment to delivering value and can be used to guide innovations that improve the financial health of mission-based programs.



# Case Studies: Earned Revenue Innovation in Public Horticulture

*To see innovation in earned revenue in public gardens, there is no better source than gardens themselves. By sharing their experiences and insights, the organizations interviewed here are helping to elevate the entire field. Interviews were standardized to allow all contributors a chance to comment on every aspect of this project.*

Scan this QR code to access the project appendix which includes all survey data and the full list of survey questions.



*In each case study, you will find basic demographic information that includes budget size, physical size, and age. Next you will find the case's story, the real heart of the subject. You will read stories of successful innovation in earned revenue and inspiring ways gardens and other allied cultural institutions infuse innovation in their cultures. A small summary section follows, and a reflection section contains questions to foster translation into your own setting. Finally, the related tools section guides you to the relevant pull-out cards that aid practical application. This feature maps each tool to a real-world application, enabling your organization to apply it in your own setting.*

■ **Blue call-out pages along the way contain highly focused insights into the experience of other gardens. We hope these stories, graciously provided by a variety of organizations, inspire you to try innovations in earned revenue in your own garden.**

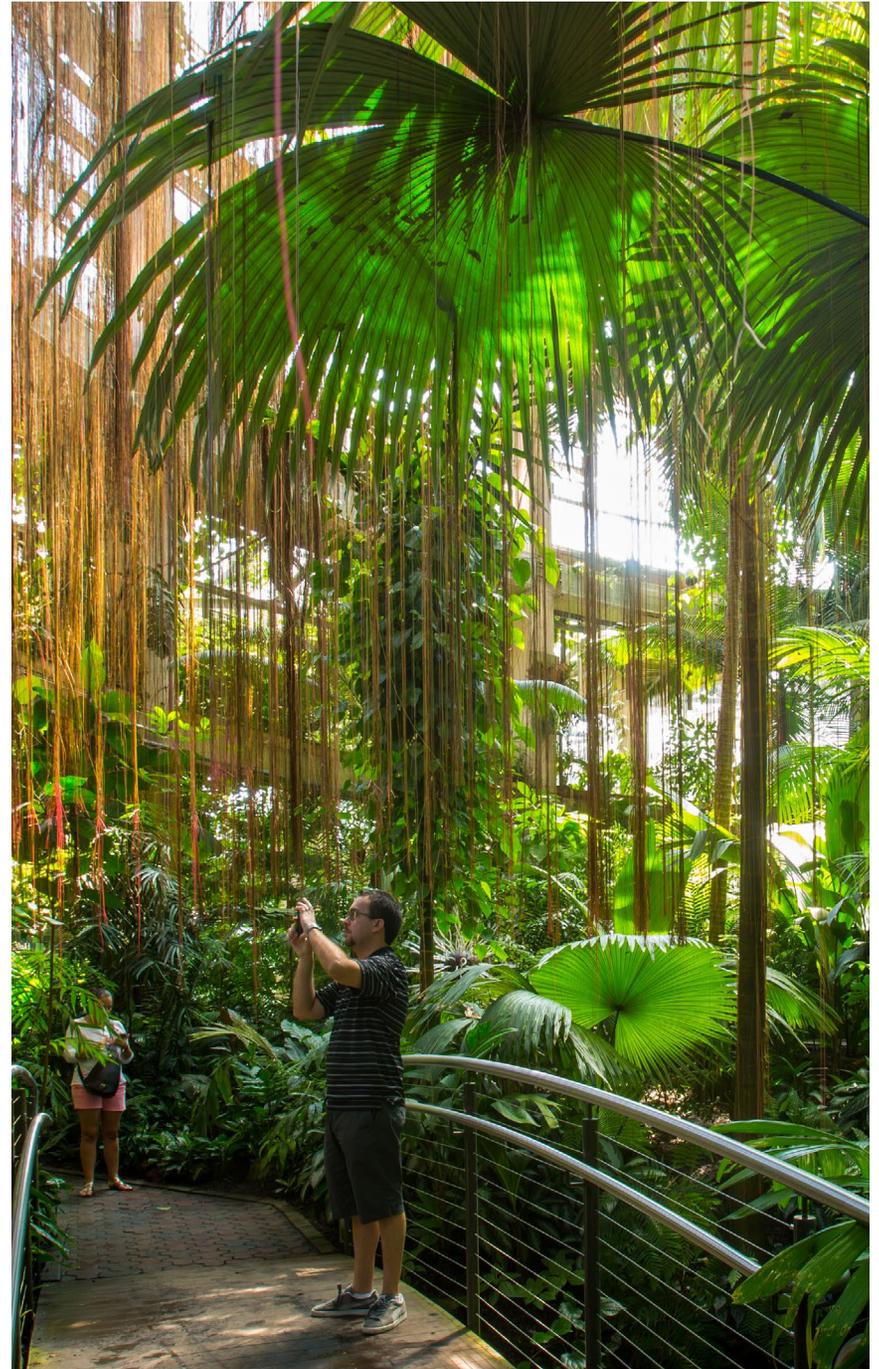


Photo courtesy of Atlanta Botanical Garden.

## CASE STUDY 1

# Atlanta Botanical Garden

Type	Botanic Garden
2020 Revenue	\$29,890,828
Acreage	30+ acres
Setting	Urban
Age	Established in 1976
Innovation	Admissions and Membership, Facilities Rentals
Mission	To develop and maintain plant collections for the purposes of display, education, conservation, research, and enjoyment.

With nearly 60,000 member households and up to 780,000 annual visitors to 30 acres of outdoor gardens, Atlanta Botanical Garden (ABG) is a cultural anchor in the heart of Midtown Atlanta. The “emerald jewel in the crown of Atlanta culture” first opened to the public in 1976 and since then has expanded its reach through diverse programs like concerts, a holiday light show, and tiered membership packages.

These initiatives are important to ABG because a significant portion of their budget comes from earned revenue. In fiscal year 2022, earned income totaled about \$21,000,000, or 65%, of their total budget. A large part of that revenue comes from an annual holiday light show, “Garden Lights, Holiday Nights.” From its inception in 2011, this show has been a significant source of revenue, drawing approximately 325,000 people to the garden over the show’s 50-night run. Although ticket sales were capped at 6,500 per day, tickets were not timed and the visitor experience was highly variable.

The 2020 pandemic forced significant changes to this operating model. Facing increased demand from people seeking access to “a destination where the horticulturally-minded, nature-inspired, and fun-seeking families come together to feel human again.”

ABG recognized the need to “offer something special for all those craving a sense of normalcy during an otherwise unusual holiday season,” as Jessica Boatright, the Vice President of Marketing, put it. However, social distancing requirements meant the garden would need to restrict visitorship to 3,500 people per day during the show’s run. To both produce the show and keep people safe, the executive team and Head of Guest Services decided to launch timed tickets at 15-minute intervals and set up a second entrance to facilitate physical distancing. This approach worked—but it also meant that 50,000 fewer guests would be able to attend.

To offset the loss in sales volume, ABG decided to test the idea of variable pricing (also known as surge pricing, demand pricing, or time-based pricing) by adjusting ticket prices according to the desirability of the time slot. This meant that more highly valued or desirable time slots would be offered at a higher price point. They implemented a three-tiered pricing structure comprised of Value nights at the early and late end of the show, Standard nights on dates closer to but not right against the holiday, and Peak nights right before Christmas and on the weekends. The overall effect would be to raise prices by 35% over the run of the show.

The plan was not without critics. Consumer research is key to ABG’s philosophy that “it all starts with the visitor,” but the team’s consumer research consultant strongly advised against raising prices. When the consultant pushed back on the proposal, ABG pushed back harder. As discussions were concluding, Mary Pat Matheson, President and CEO, said, “Wait a minute—if we’re going to drop our supply by 50,000 people, the demand builds up and we’re going to turn people away. Can’t we raise our prices? Isn’t that how it works?” As an organization that thinks of “nonprofit as a governmental designation and not a business model,” according to Boatright, ABG decided it made financial sense to institute variable pricing, especially given the lingering financial impacts of the two-month closure driven by pandemic restrictions.

Variable pricing turned out to be hugely successful. According to Matheson, the 2020 season of “Garden Lights, Holiday Nights” had “50,000 fewer guests, a higher quality experience, and raised almost \$1,000,000 more.” And as noted in ABG’s 2020 annual report, “this more intimate holiday experience garnered rave reviews from both devoted fans and newcomers. Although fewer tickets were sold this year, we instituted a dynamic [referred to as variable in this publication] ticket pricing model, helping the Garden to meet earned income goals that sustain operations year-round. First-time visitors made up almost half of total ‘Garden Lights, Holiday Nights’ visitation in 2020, the biggest increase in new visitors since 2014.” This success has led what had been a pandemic adjustment to become a permanent feature of the holiday light show. ABG concluded that it is preferable “to limit the number of guests to maintain the quality experience and still maintain net revenue” and maintain the ticket limit for the holiday light show at 4,500 guests a day.

But their innovations didn’t stop there. Along with date-related variable pricing, ABG introduced a Flex ticket, featuring an upcharge that serves as a sort of “bad weather insurance” allowing guests to re-book in case of inclement weather, and Premium+ tickets, with an upcharge allowing people to come on a particular evening without being bound to a specific time slot. Premium+ tickets offered other incentives including express entry at a VIP entrance and a goodie bag with items like a drink ticket, hologram glasses to use while walking through the display, a light-up necklace, and a sweet treat. (Interestingly, ABG found that people often left their goodie bags behind; the real value-add was getting in when they wanted to get in.) Some of these premiums are substantial: in 2022, Premium+ tickets cost \$129.00, versus \$27.95 for a general admission values night.

ABG found that the Flex option solved another ongoing challenge. Traditionally, the garden had not issued refunds for inclement weather; tickets were rain or shine. Now most of the guests choose to include the flex option as an add-on to their ticket purchase. This ticketing option generates additional revenue with no additional impact on the number of guests ABG can host in the garden and carries little to no cost burden for ABG.

Given their initial success, ABG has now instituted variable pricing throughout the year, putting a premium on weekend visits and offering a comparative discount for weekday attendance. This strategy has helped spread out visitorship all year long, enhancing the visitor experience every day of the year and selling more tickets for those weekdays that had been traditionally harder to market.

### Summary

The pandemic forced Atlanta Botanical to change its approach to operating one of its most popular annual events. This is an example of an unexpected occurrence that led to innovation. COVID initially caused significant losses to ABG's revenues. However, by using this challenge to reevaluate their pricing models, it led to increased revenue and a better guest experience. ABG continues to build on their initial successes applying variable pricing to other garden events and private event rentals.

An organizational culture of intentional innovation, with a focus on guest experience, has positioned ABG as an "emerald jewel in the crown of Atlanta culture."

ABG's process includes regular evaluations of their programs to better understand the value-add for their visitor. For example, during one evaluation process ABG realized that the goodie bags provided at ticketed events were not offering real value to visitors— instead, the flexibility of entry time was most valued. ABG found the true value in an earned revenue stream for their visitors.

ABG found that providing a "flex option" ticket for inclement weather allowed their visitors agency over their garden experience, as they were able to decide if they would rather visit the garden on a sunnier day. Offering this ticket option added little to no cost burden for ABG's existing operations, and as such has created a "win-win" revenue stream for garden and guest.

### Reflection

How can your organization re-think ticket prices or rental fees to better align with consumer demand?

How might a new strategy for adding value to your visitor experience have an impact on your overall pricing?

### Related Tools

Matrix Map - ■ Program Evaluation Tool Card 01

Variable Pricing - ■ Pricing Model Card 02

Tiered Pricing - ■ Pricing Model Card 04

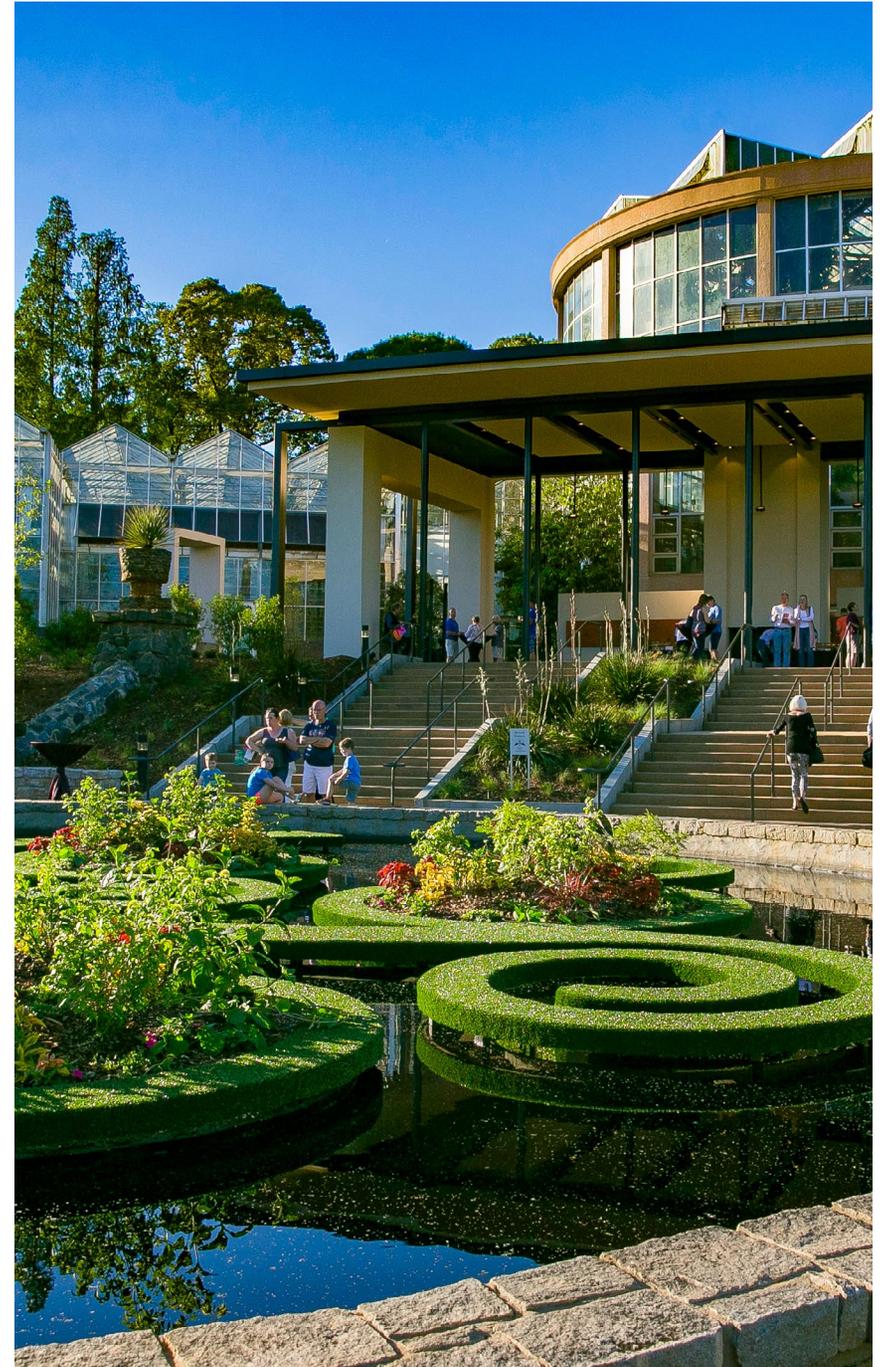


Photo courtesy of Atlanta Botanical Garden.

## CULTURE SPOTLIGHT

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### Opening Spaces to Open Ideas at Atlanta Botanical Garden

Cultivating an organization that encourages staff to identify and implement dynamic innovations is not a passive endeavor. Atlanta Botanical Garden (ABG) has built a culture of strategic risk-taking by being intentional about creating space for innovative ideas and taking a hard look at long-standing programs that might not be working anymore. There is a real “just try it” culture within the organization scaffolded with ongoing evaluation and iterative brainstorming. Jessica Boatright, the Vice President of Marketing, describes the positive feedback loop generated by innovation: “Earned revenue leads to other things. It leads to more loyalty. It leads to more engagement. It leads to innovation. Earned revenue in the nonprofit world sometimes gets a bad rap because it feels like it’s not the mission thing. It’s often the thing where it can feel so transactional, but it’s only transactional if you let it be transactional. It can lead to so many other mission-driven things. It ultimately funds the mission. More money, more mission; more mission, more money.”

This type of institutional courage comes in part from an intentional cultivation of innovation among garden staff. Staff are encouraged to look both inside and outside of the garden for inspiration, from simply being in the garden and listening to visitors to looking at peer institutions and engaging with peers within one’s own specialty. There is, however, an even more intentional organizational cultivation. Mary Pat Matheson, ABG’s CEO, put it best: “If you want to create a safe environment for brainstorming, don’t try to do it in the corporate offices or the executive conference room. That’s where you do your day-to-day meetings. Your tactical, strategic thinking. That’s not where you do your innovation necessarily. So, to innovate in a safe space, I’ve always believed you have to get out of your normal realm. We use the rooftop of our restaurant. It’s very pretty. We can seat 40 people up there, but we usually have 15 to 20. In the late afternoon we have appetizers brought and we’ll have the wait staff take care of us. When you break bread with people, behavior changes, so we’re eating together. We’re sipping wine. We laugh a lot. Somebody might lead it. I do not lead these, because that’s not how you innovate. I’m almost always at the table, but somebody else leads. It’s really a setting that is conducive to the idea that there is no bad idea, that any idea can be thrown out, we may not use every idea. Don’t be thin-skinned! For that type of brainstorming, there is no bad idea and everybody’s in a safe, playful place. And I really think that works well.”

As ABG’s employees have embraced innovative thinking in various ways, Atlanta’s communities have benefited. Five years ago, ABG decided that, because they are located on city property with a long-term lease, instead of doing annual free days they would focus on providing affordable memberships to “caretakers of the city”: those who work for the City of Atlanta, the Atlanta Public School District, Grady Hospital (which provides healthcare for low-income patients) and the Metropolitan Atlanta Rapid Transit Authority. They have offered family memberships for \$20 to anybody in any of those organizations, and the impact of this program has been important to the garden. Their average member household income went from \$120,000 to \$45,000, and ABG views this as an opportunity to cultivate longer, deeper, and more meaningful relationships with people who might not ordinarily be able to afford a membership. In turn, this expanded visitorship enhances ABG’s mission. As Matheson stated, “It all starts with the visitor. If you don’t understand that, then you’re going to miss out on the fact that every visitor is an opportunity to create a donor, an environmental steward, or someone who will support you long into the future. So how we treat, and how we attract, our visitors is key to our success.”

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#### Reflection

Atlanta Botanical Garden regularly invites creativity, innovation, and new ideas from its staff, and these ideas often translate to guest benefits. How might you as a leader curate new ideas from your staff? How might you support them in translating those ideas into public-facing programs?

## CASE STUDY 2

# Tucson Botanical Gardens

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Type	Botanic Garden
2020 Revenue	\$2,251,805
Acreage	5.5
Setting	Urban
Age	Established in 1970
Innovation	Food and Beverage, Retail
Mission	The Tucson Botanical Gardens connects people with plants and nature through art, science, history, and culture.

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The Tucson Botanical Gardens (TBG) have had several homes in the Tucson, Arizona, area since their founding in 1968 as a cacti and palm collection at the home of horticulturist Harrison G. Yocum. In 1974, TBG moved to its current home when Tucson city council approved the historic Porter family property to be developed into a botanical garden. Today TBG is a thriving asset to the city of Tucson. According to Executive Director Michelle Conklin, earned revenue currently accounts for 70% of the garden's budget. This wasn't always the case, though: smart operational and relational investments have boosted their financial position and created new, unexpected opportunities.

In 2015, TBG opened a new visitor center, restaurant, and gift shop. The Westward Look Resort, another historic Tucson property, responded to a call for restaurant vendors. The resort wanted to pursue blending the two historic locations, and the relationship has worked out wonderfully for the garden's café. In addition, Conklin made the strategic move to hire a shop manager from the world of high-end resorts. This new manager changed the entire feel of their shop, giving it an upscale look, and hired sales staff, not just cashiers. This business refresh turned the once underwhelming and unprofitable gift shop into a reliable profit center. However, when the COVID-19 pandemic hit, the resort lost their gift shop vendor. Because of the high-end look of TBG's shop, the Westward Look Resort asked the garden if they would like to open a secondary garden shop in their resort, which elevates TBG to a new audience at a low cost. In the end, a single strategic hire for their gift shop led to several unexpected and fantastic opportunities for the garden.

This business-first approach has influenced other programs too. For example, TBG's well-loved annual home garden tour experience was initially self-guided, staffed

by volunteers at every home on the tour, and cost just \$11. The profit was minimal, according to Conklin, and attendance was hard to track because tour guests were just driving themselves around, so she knew something had to change. By focusing on only a few properties each year and inviting the homeowners and their landscape architects to play an intimate role in the visits, TBG now has a higher-end experience that buses guests to each home. After a day of crisscrossing paths, the 3 buses of 29 passengers each arrive at a single home and have a wonderful chance to gather, eat, and chat. Now at \$150 a ticket and requiring fewer volunteers and staff, the experience not only generates profit but also cultivates relationships with attendees that often lead to donations to the garden. As Conklin notes, "501(c)3: It's just the way to file your taxes. Period. It's not a management style." Acknowledging the need for programs to generate profits has not only benefited TBG's bottom line, it has also elevated a key experience for stakeholders and strengthened their long-term connections with the organization.

With a keen eye for opportunity, Conklin turned to the garden's winter light show. Traditionally the show featured 3,000 luminarias, food trucks, and live music, requiring 32 staff and 50 volunteers every night. The event barely produced any profit and had a bleak outlook in terms of growth. TBG went into innovation mode to completely revamp the event. Conklin hired an experienced ad sales professional on commission to pursue sponsorships for the new show (a relationship that continues today for other events), ultimately covering all but \$80,000 of the costs this way. Props and lights of the garden's own original design were created and installed, requiring only 7 staff members and a handful of volunteers each night during the show, a welcome change to the long overtime hours required previously. According to Conklin's numbers, the new LightsUp! show should cover almost all of its initial investment costs in its first season, will become a profit generator from the second year and beyond, and now has the flexibility to include new features and attractions to keep growing each year.

Cutting costs while making smart investments has set TBG on course to a bright future. When Conklin took over as Executive Director in 2002, TBG carried \$800,000 in debt. Now, the organization is building the funds needed to expand through new property purchases as part of a 25-year strategic plan. Named as one of the "Top 10 North American gardens worth traveling for" by the Canadian Garden Council, Tucson Botanical Gardens demonstrates the innovation, strategy, and beauty that inspire us all.

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### Summary

By confronting the need to change with a business sensibility, Tucson Botanical Gardens turned their gift shop into both an on-site profit center and an off-site revenue generator and marketing tool for resort guests.

Tucson Botanical Gardens hired individuals with backgrounds not often seen in gardens, such as those from the resort industry and those with sales experience rather than development experience, to the huge success of the gift shop and pursuit of sponsorships.

## Reflection

Tucson Botanical Gardens had key positive changes stemming from hiring outside the “usual” job description, such as an ad sales expert rather than a development officer. Can you think of roles in your organization that could benefit from an outside-the-box viewpoint such as this and, if so, how could you change the job descriptions?

Sometimes tradition needs to change, a fact TBG recognized when changing their home garden tour to make it work better for both the garden and their guests. What traditional programming does your institution have that, no matter how beloved, may need to change in some way to improve both profit and experience?

## Related Tools

Innovation Process - ■ Process Tool Card 02

Return on Investment Ratio - ■ Financial Tool Card 08

## CULTURE SPOTLIGHT

### Small Risks, Large Rewards at Tucson Botanical Gardens

Michelle Conklin, Executive Director of the Tucson Botanical Gardens (TBG), is herself an inspirational force, but she also recognizes that some of the most innovative ideas come from her staff members. Conklin encourages staff throughout the organization to gain experience by experimenting, failing, and trying again. To help staff work past their own fears and learn that failures present opportunities, TBG first encourages them to experiment with small, low-budget projects. This approach ensures that any project failures are not actually big losses, which encourages staff members to try even bigger experiments. As Conklin says, “Failure is encouraged because that means you’ve tried to take a risk.” Indeed, smart risks are worth taking: by removing fear of failure from the mental equation, staff are able to explore out-of-the-box ideas with purpose and strategy. Making small, staff-driven pilot programs a central part of TBG’s culture could uncover that one-in-a-million idea that produces huge returns on investment and mission.

*“Instituting innovation is hard. People don’t like change. But you cannot be afraid to face those fears and those challenges and then push back head-on.”*

—Michelle Conklin, Executive Director, Tucson Botanical Gardens

Staff are also encouraged to seek inspiration outside of TBG. Conklin offers a day of pay and a night in a hotel to staff who want to visit other gardens during personal vacations. Letting staff know they can collect ideas and return to the garden to tinker and ideate is a smart investment that will pay dividends in future innovations.

## Reflection

TBG actively invests in employees by encouraging them to find inspiration at other gardens and bring new ideas back to the garden. How does your garden support employees in visiting and learning from other cultural institutions? How does your organization benefit from inspired staff?

## CULTURE SPOTLIGHT

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### A New Approach to Staff Engagement Enhances Innovation at Bloedel Reserve

In mid-2021, Bloedel Reserve launched a new strategic plan. During this process, staff members expressed concerns about how decisions were made by the leadership team and requested more transparency. Reflecting on this, CEO Ed Moydell said,

*“My approach for the first several years here was to try to, by virtue of my position, shield some of our employees from some of the challenges that we faced, and I think that’s important to a certain extent. But then it can really backfire if people don’t feel like you’re either being honest with them or that they don’t have a responsibility in helping to solve some of the problems that we collectively face.”*

In response, instead of having the usual seven-person leadership team developing the 2022 budget, they “turned everything on its head” by asking the frontline staff to develop the annual operating plan. The resulting budget was much more informed by the frontline staff, but still resulted in a not-unexpected but still-significant financial gap. When facing this type of challenge, the leadership team would typically solve this themselves. Instead, they decided to be very transparent and get ideas from staff about how the organization might address the shortfall. This led to an all-staff brainstorming session. Despite initial concerns that some of the staff would be resistant to new ideas, they found that many of the more innovative and unusual ideas came from these same staff members. These ideas reflected experience garnered through many guest interactions and deep staff connection to the landscape. Even if staff members didn’t have an idea to share right away, participating in this session was important: transparency increased, and staff understood that their ideas have real value and would be seriously considered.

Engaging the broader group resulted in a few major takeaways: a sense of shared ownership, the high quality of resulting ideas, and the intangible benefits to Bloedel Reserve’s organizational culture that came from

a broader planning process. In fact, advancing a culture of openness and shared responsibility resulted in strong positive outcomes. Bloedel increased equity as staff increased their sense of ownership in the organization and mission. Staff also deepened their sense of responsibility for organizational success. Staff are now willing to speak up and share ideas, knowing that the leadership team is interested in hearing from them.

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#### Reflection

Bloedel Reserve engaged their staff in the decision-making process in a new way. They benefited tangibly through new ideas and intangibly through a new sense of buy-in and shared ownership. How can you ask for staff feedback in new ways? How can you involve staff at all levels in organizational decision-making? Considering how your organization currently cultivates new ideas, could you implement more formalized opportunities for staff to share their ideas and know they are being heard?

### CASE STUDY 3

## Fort Worth Botanic Garden and the Botanical Research Institute of Texas

Type	Botanic Garden, Research Institute
2020 Revenue	Fort Worth: \$10,924; BRIT: \$8,144,757
Acreage	120 acres
Setting	Urban
Age	Established in 1934
Innovation	Admissions and Membership
Mission	<p>Fort Worth: To provide a non-profit, education, scientific association of members; to foster and promote continuing development of the Fort Worth Botanic Garden; to encourage civic plantings and beautifications and to create public interest in the conservation of natural resources.</p> <p>BRIT: To conserve our natural-world heritage by sharing knowledge of the plant world and helping the public understand the value plants bring to life.</p>

Established in 1934, Fort Worth Botanic Garden (FWBG) is the oldest major botanic garden in Texas. Located in the heart of the Fort Worth cultural district, the garden's 120 acres and diverse collection of over 2,500 plant species make it a cultural jewel for the city. Adjacent to the garden is the Botanical Research Institute of Texas (BRIT), which was founded in 1987 for the initial purpose of housing the herbarium and botanical library collections of Lloyd H. Shinnery. Since that time, however, BRIT has grown immensely: the institution now houses over 1.5 million plant specimens in their herbarium and almost 125,000 botanical books and journals in their research library, making them a global asset for research on plant taxonomy and conservation. Although BRIT and FWBG were historically separate entities, their stories have recently become intertwined.

Since October 1, 2020, FWBG has functioned as a public-private partnership, an agreement between a government (the city of Fort Worth) and a private group (BRIT) to run a public amenity (FWBG). This allows Fort Worth to retain ownership of the garden's land while BRIT takes over management of the garden. This merger has already produced rich results. According to an informal report to Fort Worth city council members in 2022, garden attendance increased by 174% between fiscal years 2020 and 2021, and gate revenue increased by 227% in the same timeframe. Vice President of Guest Services and Operations Ennis Anderson IV notes that 38% of their budget comes from earned revenue, while CEO Patrick Newman adds that admission is the main earned revenue driver, followed by private events, retail, and membership. This diversification is key to the organization's current positioning: Anderson notes, "As you look at gardens as a whole, there is a need to diversify to strengthen our position so we don't go extinct." FWBG-BRIT now boasts over 6,500 member households—remarkable growth for what is a nearly-brand-new membership program, and a number that will likely continue to grow.

The benefits from the new public-private partnership have continued in many aspects of the garden. For example, FWBG-BRIT holds a yearly Butterflies in the Garden event with live butterflies displayed in their conservatory. Anderson explained that this popular event would previously only realize about 30% of its revenue as actual profit. The new partnership allowed them to take advantage of both the flexibility of their nonprofit status and best practices from their affiliation with local government to reexamine the entire event. They could adjust ticket prices without getting entangled in bureaucratic regulations while also soliciting bids for their butterfly supply to obtain the best prices as well as the best quality to ensure a quality guest experience. The results were striking: even in a year with a butterfly provider issue that resulted in around \$40,000 in ticket refunds, these changes increased the flow-through of Butterflies in the Garden to nearly 70% annually.

FWBG-BRIT also created and launched ¡Celebremos!, a month-long celebration of Hispanic heritage. This event, which evolved from conversations during community listening sessions about the garden's 20-year master plan, provides desired and welcoming events for Fort Worth's nearly 40% Hispanic and Latinx populations. Newman emphasizes that the success of ¡Celebremos! stems from *community engagement*, creating what is desired in collaboration with the community, rather than *audience engagement*, where something is created by the institution alone and put out for others to simply attend. From that same 20-year master plan also comes the garden's plans to prioritize a new family garden, capitalizing on Fort Worth's rapid population growth. Both ¡Celebremos! and the new family garden showcase the mindfulness that FWBG-BRIT has in serving their unique community. In turn, this approach bolsters attendance and membership and drives other aspects of earned revenue.

*"If something doesn't touch on both adding value and cutting costs, that's when you should take a look and ask why it doesn't and if it's worth pursuing."*

—Patrick Newman

This way of thinking hasn't just appeared out of thin air. Newman explains the principles the garden follows to encourage creativity and risk-taking in all of their staff to increase innovation. First, everyone must be honest and transparent in everything they do, rather than hide from failures or mistakes. Second, the team explicitly welcomes mistakes as long as they spark learning (and only happen once). And third, everyone should focus on solutions, not problems. Newman says these principles allow staff to see opportunities for success, not chances of failure. Admitting failures and mistakes becomes an important way for the whole team to learn, grow, and work on new solutions.

The garden also has formal working groups focused on presenting ideas and solutions to ensure that all staff are heard. The garden even recently held a "Shark Tank"-style contest for staff to present their ideas to the senior leadership team. From this idea incubator, three ideas were implemented: two addressed issues already on the radar of senior leaders, but the remaining idea created an improvement they were unaware was needed. By listening, encouraging, and examining all possibilities, FWBG-BRIT has begun paving their road of success to a very bright future.

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### Summary

Fort Worth Botanic Garden and the Botanical Research Institute of Texas merged into a public-private partnership, with BRIT taking over management of the garden. This has allowed the garden to focus on financial health and growth.

By taking the time to examine all current and potential earned revenue streams, such as decreasing their butterfly exhibit's material costs by putting their butterfly supply out to bid, FWBG-BRIT has made big strides in profitability.

Engaging local communities in meaningful collaboration has led to successful new events at FWBG-BRIT and helped prioritize aspects of their master plan.

Viewing mistakes as learning opportunities and encouraging staff at all levels to contribute creative ideas that improve operations, has yielded great results and has even revealed and solved issues of which senior leadership was not aware.

### Reflection

What are the major benefits and challenges that could be associated with horticultural institutions merging, such as FWBG and BRIT did?

FWBG-BRIT put their butterfly supply out to bid to great success, both in terms of reducing cost and improving the guest experience. What aspects of your operations can you identify that may be operating under a "status quo" mentality that could benefit from a similar exploration?

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### Related Tools

Innovation Process -  Process Tool Card 02

Return on Investment Ratio -  Financial Tool Card 08



Photo courtesy of Polly Hill Arboretum.

## PROCESS SPOTLIGHT

### Partnerships Bolster Plant Sales at Polly Hill Arboretum

Plant sales are a common revenue generator at public gardens. While considered very aligned with many organizations' missions, plant sales often do not net significant revenue—or at least not enough to constitute a substantial portion of a budget (see the APGA survey results in Appendix B). However, Polly Hill Arboretum on Martha's Vineyard has started to change this outcome through productive partnerships. By linking their production of difficult-to-propagate native plants to specific orders from organizations working on both ecological restoration and private landscapes, Polly Hill has streamlined their production to reduce waste and holdover inventory costs. As an added benefit, their more formalized and structured production schedules have resulted in more public use of native plants throughout the island and increased demand locally. The arboretum's plant sales have increased 43% since implementing this approach in 2019. Other public horticulture organizations could benefit from this type of smart partnership, as increased sales and marketing boosted their overall earned revenue from plant sales.

#### Reflection

Polly Hill Arboretum leveraged specialized horticulture skills in native plant propagation to build a revenue stream that both furthers their mission and brings in income. What skills does your organization have that could fill an unmet need in your community? How could you identify and cultivate those skills among your staff members?

## CASE STUDY 4

# Red Butte Garden

Type	University Garden
2020 Revenue	\$11,700,000
Acreage	21 acres + 5 miles of hiking trails
Setting	Urban
Age	Formally opened in 1985
Innovation	Admissions and Membership, Facilities Rentals
Mission	To connect people with plants and the beauty of living landscapes.

Located at the mouth of Red Butte Canyon in the foothills of the spectacular Wasatch Mountains, Red Butte Garden (RBG) boasts both remarkable and diverse gardens and stunning views of the Salt Lake Valley in Utah. The Garden hosts over 200,000 annual visitors and has 10,000 members.

Since they opened in 1985, Red Butte Garden has relied on earned revenue to survive. The need to be self-sustaining prompted garden cofounder Zeke Dumke to suggest an amphitheater for cultural performances and concerts as a potential revenue stream, leading to the first concert series in 1987. From the seeds of Dumke's original idea, the Red Butte Garden Outdoor Concert Series has continued to grow: the Series has turned into a reliable funding stream and accounted for approximately 50% of total earned revenues in 2022.

This success did not happen overnight but developed through continual and thoughtful cultivation. The initial major investment came in 1990 with the construction of the first official amphitheater. This upgrade paid off, but it was not without its quirks. When the concert series became extremely popular in the early 2000s, RBG found that it was time again to consider investing in the future success of this important revenue stream.

A major renovation was completed in 2008, building both a new amphitheater and an event space. This new addition created savings on back-of-house costs by eliminating the need for tent and restroom rentals and also saved the staff time and labor dedicated to setup and tear-down for each event. It also created additional value by adding 500 more seats, increasing the quality of amenities available to guests and performers, and enabling concession sales.

As a result of cutting cost and increasing value, RBG again finds itself with a good problem. "We are at 98% sellout," notes CEO Derrek Hanson. "That's kind of unheard

of, so we want to maintain that and bank on that. We need to invest the revenue that we're receiving to make sure we can sustain it."

*"There's not a [formal innovation] process here. It's ingrained in all of our processes from start to finish ... we don't start something until we've thought about what the expenses are going to be ... we hedge our bets a little bit, like: Are we going to at least break even the first year? Do we think there's a donor that's going to cover some of this?"*

—Derrek Hanson

Having reached capacity for their concert series, RBG is evaluating new opportunities to drive revenue. In 2022, they reviewed their concert sponsorship packages and realized that, with pent-up demand and no increases during the first year of the pandemic, their corporate stage sponsorships were sold out with a waiting list. RBG decided to increase the cost of their Presenting Sponsorship, the highest level, by \$115,000 per season. They are also evaluating the back-of-house opportunities to create a better experience for their performing artists to help keep and attract high-quality talent.

RBG looked within an existing revenue stream for this opportunity. However, they recognize their reliance on this one very successful revenue stream is high, and this dependence brings both autonomy and risk to their overall budget picture. The risk was made apparent during the 2020 COVID shutdowns when RBG was not able to hold concerts.

Although some of the losses were offset by not having concert-related expenses, this challenge still led to an overall recognition of the need to evaluate once again. As Hanson pointed out, "We are heavily dependent on the concert series, and we are definitely starting to realize, especially post-COVID, that we need to get creative and try to come up with other things."

To take advantage of their success while reducing future dependence on this revenue source, RBG has been investing a large amount of surplus revenues into a quasi-endowment for operations and horticulture. Unique to university systems, a quasi-endowment creates a safety net that can protect the garden in some future catastrophe where earned revenue streams are not available.

They also cultivate innovation at all levels by caretaking open lines of communication throughout the organization. Hanson notes, "Even if it's leapfrogging their direct line of reporting, I have people come to me. Even seasonal people come directly to me with ideas. So we do have a culture that says, a good idea is a good idea, and it doesn't matter where it comes from." A weekly staff newsletter provides a forum for ideas and suggestions. Insights gleaned from visits to other organizations, for example, prompt staff to consider how they might adapt these ideas to fit their location and organization. RBG iterates by starting small; initiatives are either expanded if successful or discontinued after 3 years of trial.

Under Hanson’s leadership, RBG is engaging a new round of strategic planning to look at new revenue stream and partnerships. They are assessing current programs and events as well as benchmarking against what other gardens are doing, and Hanson hopes another shift will come out of this process. Having such a long-standing focus on earned revenue has made them financially successful, but now he wants to “break away from some of that a little bit. It’s okay if a new idea doesn’t make quite as much money if it’s something that’s mission related, or something we think we should be doing, or something that brings on a new partner for the organization.” RBG has relied on quantitative analytics over the past two decades, prioritizing revenue over ideas that are harder to quantify. Now, they are finding new ways to consider new ideas, asking questions like: Will this bring in new audiences? Does this speak to audiences that we have not historically reached? Does this promote an environmental or conservation narrative that we think the public should hear? Does this help build organizational credibility in the community? If the idea is something the community needs or wants—if there is a qualitative weight to it – RBG carefully considers it, even though it may not fit their traditional revenue-forward model.

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### Summary

Red Butte has been financially successful because they identified a possible earned revenue stream early in their formation. By starting small and continuing to evaluate, test, and implement potential improvements, they have been able to strategically invest in ideas that cut costs and increase value.

Having a high dependence on one revenue stream created risk in RBG’s overall financial position. The pandemic shutdowns highlighted their vulnerability when this revenue stream disappeared, prompting the garden to re-think their overall strategy.

Recognizing the organizational risk, RBG is working to create a financial safety net, while at the same time planning for the future, diversifying revenue streams, and advancing mission impact.

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### Reflection

Red Butte Garden has taken a traditional source of earned revenue and made it into a long-standing success. What is a traditional source of revenue that your organization relies on that you should reevaluate? What strategic investments could you make to increase value or cut costs?

Does your organization consider both financial impact and mission impact when evaluating programs?

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### Related Tools

Matrix Map - ■ Program Evaluation Tool Card 01

Reliability-Autonomy Matrix - ■ Program Evaluation Tool Card 03

Tiered Pricing - ■ Pricing Model Card 04

Reliance Ratio - ■ Financial Tool Card 03

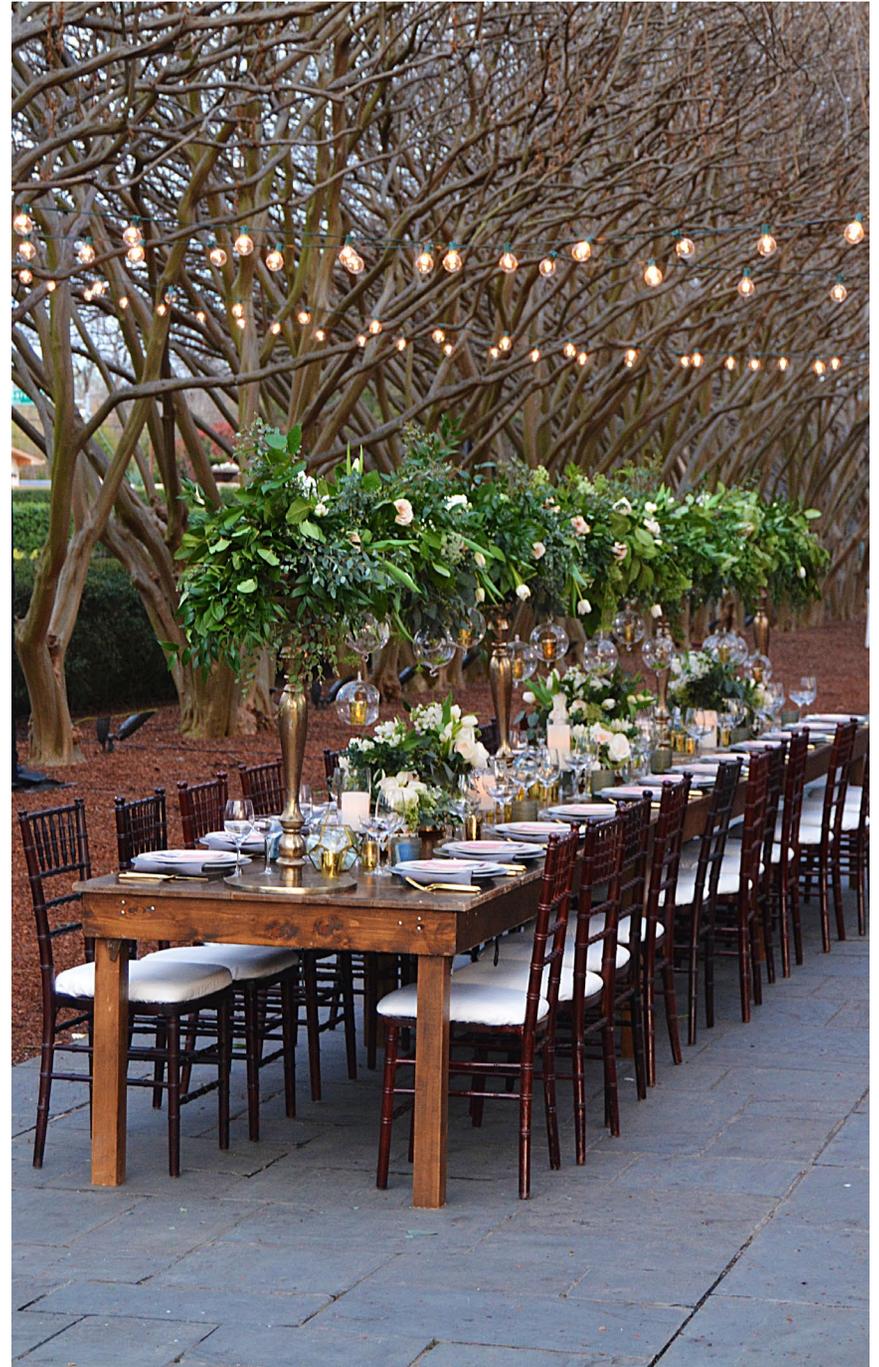


Photo of Dallas Arboretum and Botanical Garden.

## PRODUCT SPOTLIGHT

### Dallas Arboretum and Botanical Garden: Friendship Tea at Restaurant DeGoyler

An intrinsic part of many gardens, restaurants provide food, refreshments, and a space to relax after a garden stroll. They can also become destinations themselves.

At the Dallas Arboretum and Botanical Garden (DABG), a Friendship Tea is served in the Restaurant DeGoyler, where visiting the Tea Room has become a tradition in the local community. Instituted several decades ago, the Friendship Tea spans generational divides and facilitates shared memory-making for families: grandmothers who took tea with their mothers now bring their granddaughters to share in the experience. At these silver-service, three-course affairs, catering is provided by Dallas Arboretum's onsite partner and staff make extra effort to make every guest feel special. A menu featuring soups, finger sandwiches, and sweet and savory treats has proven not only extremely successful at Dallas, but it has also become one of their most reliable revenue streams, generating almost \$1M annually.

Despite its success, the Friendship Tea is not static but has continued to evolve. In fact, the event initially launched as a "Champaign Tea," featuring cocktails and other alcoholic beverage options. Although this event ran successfully for a number of years, DABG noticed that the increasing costs of food and beverage supplies were minimizing profit margins, according to CFO Rebecca Billings. Rather than sacrificing quality by buying lower-cost alcohol and retaining the same event format, DABG decided to restructure and rebrand the event as the more family-friendly Friendship Tea on offer today. This has allowed them to not only reduce costs but has allowed them to create a meaningful event for their guests year over year.

#### Reflection

DABG's willingness to revisit and adjust an already successful earned revenue stream kept it relevant for guests over a long period. Are there ways that your long-standing revenue streams can be modernized or adapted to both increase revenues and serve the changing needs of your constituencies?

## CASE STUDY 5

### City Zoo\*

Type	Zoo
2020 Revenue	undisclosed
Acreage	undisclosed
Setting	densely populated area
Age	well-established leader in the Association of Zoos & Aquariums (AZA)
Innovation	Admissions and Membership (online pricing), Food and Beverage, Retail
Mission	Conservation Focused Mission

*\*This organization agreed to participate in the project under conditions of anonymity, so we are using the pseudonym City Zoo in this case study. Located in a densely populated area, this organization has a sizable annual budget and has been around for decades.*

As public gardens seek to cultivate financial resiliency, inspiration and fresh perspectives can be found in allied nonprofits such as zoos, museums, historic homes, land trusts, and park conservancies. In this case study, we will look at the profitable and creative ways a leading zoological organization in the United States manages its earned revenue to advance a conservation-focused mission.

Steeped in conservation history, City Zoo attracts millions of visitors annually to learn, engage, and connect with wildlife. Their mission is large and far-reaching: to inspire people to join in their global conservation work. How can earned revenue at a local scale impact such a large-scale global mission? It begins with a business services division that has a fearless culture of trying, iterating, and trying again, along with a strong business mindset continuously evaluating and evolving to meet visitor needs while staying true to their brand.

Many public gardens leverage third-party vendors or partnerships to deliver specialized earned revenue streams like food and beverage services or gift shop operations. City Zoo has learned to prioritize in-house expertise over outsourcing, however, because this tactic has notably increased profitability. Given their longstanding focus on enabling guests to carry forward their conservation mission outside of the zoo's gates, City Zoo carefully weighs the need for profitability with the quality of the guest experience. When an outsourcing model for food services was evaluated about six years ago, several scenarios were compared:

- Maintain the status quo: manage services in-house and make no capital investments in their café
- Outsource services and make no capital improvements
- Maintain in-house operations but invest in needed capital improvements

When considering the second option, City Zoo understood that the outsourced partner would focus on maximizing their own profits. As a zoo representative observed, “They have a very strict labor percentage [or profit margin] that they can’t go beyond, where we can look at it holistically in terms of the whole year.” In other words, the vendor could not afford to keep food service locations open during slower attendance days, diluting the guest experience. In addition, the vendor was only operating “at the periphery of the [zoo], so a visitor can go 15 to 20 minutes without running into an open food location. We’re able to balance the visitor experience with profit.” For City Zoo, considering potential food service profits across the entirety of the year revealed that an in-house operation would be both more successful financially and more beneficial to the guest experience. One leader noted, “If we’re willing to make investments, [we] can put a team in place that can not only do everything that a professional restaurant could do, but we could do it more nimbly, and we could keep all the profit, and so we could do it for less and make a lot more revenue.”

Exhibitions, another common source of earned revenue, are often outsourced as well. City Zoo has chosen to implement an in-house business model for a unique exhibition that is owned and exhibited periodically, typically every three years. The team found that the exhibition “works really well as long as it’s not every year.” While the exhibit is not in use at City Zoo, it is rented out as a traveling exhibition to other cultural institutions and the initial start-up costs of purchasing the exhibit elements were recouped after one year of rental profits. “We went with the unique model where we actually bought the [exhibit elements],” the zoo representative said. “We own them; we rent them out in the years we don’t use them. So we’re probably doing this at one-third of the expense of anybody else just because you can typically buy them for what it costs to rent them for one year. Nobody does that because what are you going to do with them, right? We rent them out—and so it actually works well for us.” Thinking creatively about how to leverage a big-ticket purchase has yielded an innovative revenue stream for this organization.

In discussing a culture of innovation, City Zoo shared some intriguing examples of opportunities for staff to engage beyond their day-to-day roles and seek inspiration from the wider industry. This has resulted in more efficient back-of-house operations and innovative, highly mission-based, attendance-driving programs and successful fundraising opportunities. The leadership team has instituted several programs to support staff engagement and learning:

- Staff can set up individualized trips to visit industry peers and learn from their operations
- Within the Business Services division, managers swap roles for two weeks every year to learn how others run their divisions. Managers glean new process efficiencies from each other, and this new understanding helps standardize the guest experience across the entire organization.

City Zoo has clearly benefited from these initiatives. For example, one learning tour resulted in an operational efficiency that improved scheduling for frontline staff. Historically, any scheduling changes required a manager to spend time calling and locating staff to determine who could cover for an employee who was home sick, for example, or who needed to request a shift change. A City Zoo staff member discovered that a peer organization was managing their scheduling process through text messaging and was able to implement this approach at this zoo. Today, text requests are sent out to off-duty staff, and anyone can simply reply and pick up a new shift. The process takes seconds to complete and it increases communication efficiency. The zoo spokesperson said, “It’s very inexpensive, and that’s something [a staff member] brought back [from the traveling program] a couple of years ago that we’re still using it today. Every year we generate good enough ideas to pay for the program.” Staff members agree; as one noted, “I feel like it’s a business where I’m able to use my background, use my education, use the innovations that I’m seeing around me, whether in the U.S. or out of the U.S., and kind of put them in action.”

These initiatives have the added benefit of engaging staff, developing change resilience, and spurring further creativity. A member of the leadership team noted that “One of our values has always embraced change and that one was always fun. I like to think we allow [staff] to think out of the box, to own their areas, and to look at change as being a really good thing.” The interviewee spoke highly of the zoo’s ability to manage risk and commitment to innovation: “I think it’s incredible, and by that, I mean that there’s just a whole lot of bandwidth and tolerance. What’s kept me here so long is that I really feel like an entrepreneur.”

With an innovative and mission-driven culture, the zoo’s business services team consistently seeks opportunities to amplify their mission. One event that advances their conservation message is a run which engages people in raising money for specific mission-driven efforts, such as research focused on threatened or endangered animals the zoo is working to save. “It’s a mission-driven event where we generate almost half a million dollars one day from a run at the park that goes toward a specific animal,” said the zoo representative. “It’s done really well and it’s actually good for business. Not only do we generate half a million for that [conservation initiative], but it’s a great way to engage our members and our ticket buyers to come in, have fun, spend money. They walk out loving it. You have people buying [merchandise featuring] the animal of that year—they’re buying costumes of the animal and running the 5K, or at least trying to run the 5K, in the costume, and it’s pretty cool stuff.” This successful fundraising and community engagement program now has an established fan base that seeks out this event every year.

This special event is highly mission-driven in that it raises funds for a specific conservation initiative. Zoo staff “always pick an animal where we have a conservation project so that money will go to that conservation project. So it’s very transparent.” Although the event itself is not a direct earned revenue stream, the event has added benefits for overall earned revenues. Increased attendance and longer visitor stays driven by the run result in increased food and beverage and gift shop sales. Spending per guest has increased notably during special events.

## Summary

Holistically evaluating outsourcing opportunities in relation to in-house business models can yield long-term increase in profitability.

Investing in staff learning builds a culture of engagement, ownership, and creativity that can generate operating efficiencies and other managerial innovations.

Creative mission-driven fundraising events can amplify mission, improve the visitor experience, and grow earned revenues by increasing each guest's spending.

## Reflection

This organization regularly uses per cap metrics, or revenues per visitor when evaluating earned revenue streams. For example, they calculate per cap food purchases or per cap expenditures in their gift shop. How else might you utilize per cap trends to evaluate an earned revenue stream?

When considering outsourcing, it is important to evaluate and compare multiple scenarios that include labor cost fluctuations, the need for capital improvements, or even the costs and benefits of making no changes. Additionally, consider the size of your organization and the scale of the proposed operation. Can you successfully implement the earned revenue operation in-house? If not, could it be profitable over time by launching with an outsourcing model and later transitioning to in-house operations?

In what fun ways can you support staff to develop a culture of innovation and leverage lessons learned from others to improve your sources of earned revenue?

## Related Tools

Matrix Map - ■ Program Evaluation Tool Card 01

Per Capita Ratio - ■ Financial Tool Card 06

Human Resource Cost Ratio - ■ Financial Tool Card 10

Cost Per Unit of Service - ■ Financial Tool Card 11

## PROCESS SPOTLIGHT

### Streamlined Purchasing Experience Increases Zoo Memberships

The visitor experience is central to both mission impact and long-term earned revenues for public gardens and allied nonprofits like zoos, museums, and historic homes. Organizations regularly evaluate the visitor experience in real time, but as admissions purchasing has increasingly shifted to online platforms, new methods are needed for engaging visitors from the first click. Positioning the initial online point of contact as an opportunity to raise engagement can improve the experience of the transaction, enhance the visitor's sense of connection to the organization, and even increase membership conversion rates.

By streamlining their online membership purchasing process, City Zoo has seen an increase in conversion rates from premium ticket sales to full memberships from 8% to well over 90% over the last decade. They simply added a small but clear notice on their website: when guests place tickets in their online shopping cart, they see how much more it would cost to convert their one-time purchase into a full membership, especially for those buying multiple tickets. This automatic calculation allows visitors to quickly decide if they want to access this value by converting ticket purchases to memberships, and this simple website change has proved invaluable to membership sales.

*“We really resonated with local ticket buyers and membership was really popular this past year. People saw the value.”*

## Reflection

City Zoo thought carefully about the user experience across all aspects of their website and identified a way to remove friction in membership purchases. In what ways can you optimize your website's user interface to increase your earned revenue?

## CASE STUDY 6

# South Coast Botanic Garden

Type	Botanic Garden
2020 Revenue	\$2,631,755
Acreage	87 acres
Setting	Urban/Suburban
Age	Established in 1962
Innovation	Admissions and Membership
Mission	South Coast Botanic Garden will connect ALL to the wonders of nature and create experiences that inspire stewardship and sustainability.

Once an open-pit diatomite mine and then a sanitary landfill, South Coast Botanic Garden (SCBG) in Los Angeles County is “a masterpiece of creative land reclamation.” Its very existence is an innovation: born from the imagination and pluck of local community members, SCBG’s 87 acres have transformed into a place of beauty where all people can connect with “the wonders of nature.”

While SCBG has moved beyond its “trashy past,” it hasn’t abandoned its grit. Without a large endowment or a cadre of major donors, SCBG relies heavily on earned revenue “in order to feed the mission.” But SCBG faces a significant hurdle to earning said revenue: their operating agreement with Los Angeles County includes sharing general admission fees to offset public expenditures on maintenance of the county-owned grounds. Drawing on its creative spirit, a determined SCBG team has built a strategy that takes full advantage of an exemption in their agreement with the county, which precludes entry after 5pm, ticketed events, and “motivation” programming from their split—allowing 100% of earned revenue from these sources to go to the SCBG Foundation.

To guide guests toward these revenue streams, SCBG’s approach is twofold. First, they structure their annual calendar around a series of 2-3 “anchors”—seasonal or traveling exhibits—which become “motivation” or ticketed events and provide themes that permeate the garden. Second, SCBG is forward in steering guests toward these opportunities. When one goes to the SCBG homepage, a pop-up appears with a menu of linked options, starting with the special motivation programming. For example, in winter 2023, the first option was “Nature POP!”, an exhibition featuring larger-than-life nature-inspired sculptures made from LEGO® pieces. Although the exhibit is sprinkled throughout the garden and is free with general admission it, along with layered interpretive or interactive programming, is a motivation or a draw for visitors above and beyond the garden grounds.

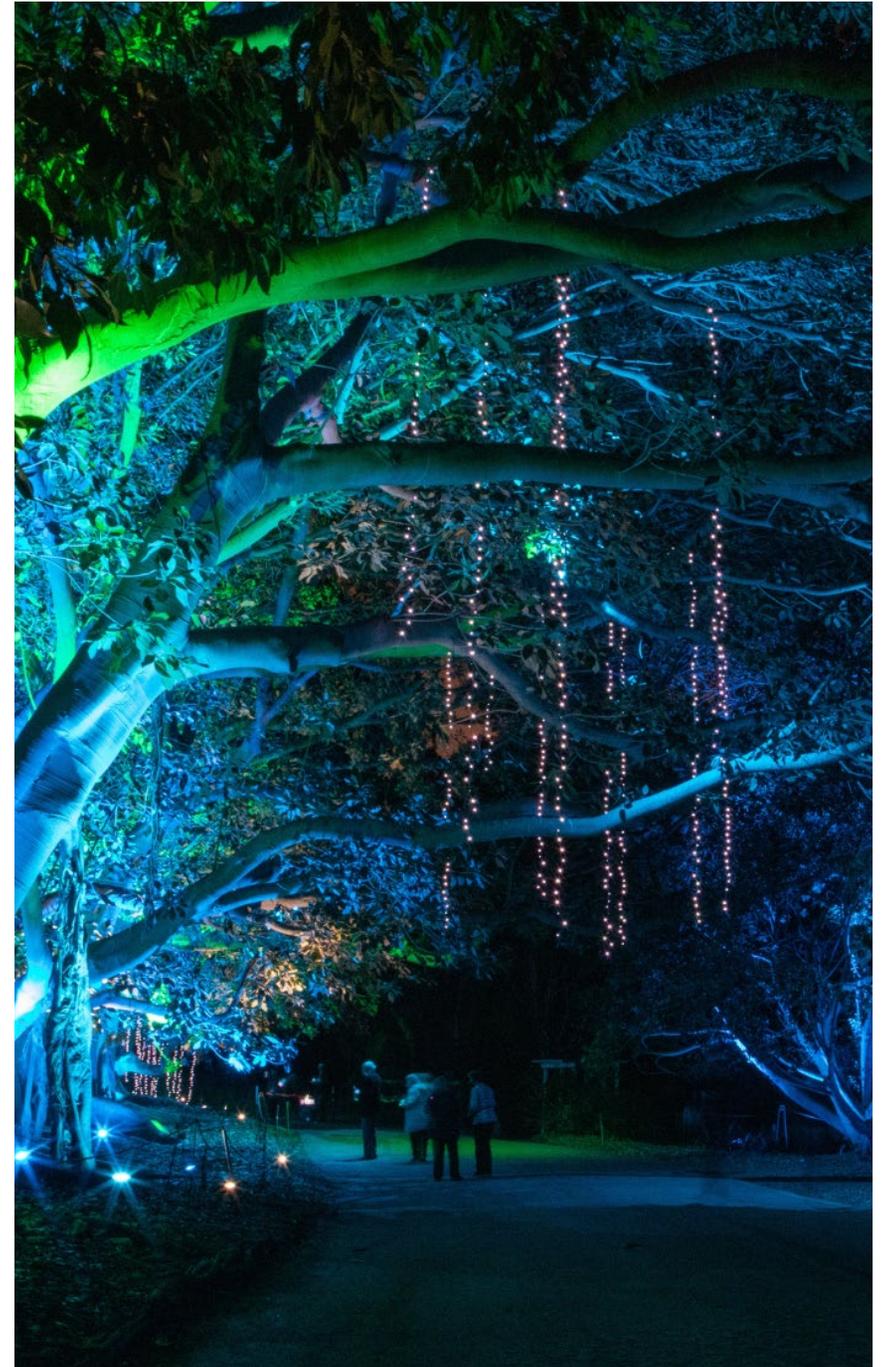


Photo courtesy of South Coast Botanic Garden.

For this to work, potential visitors must successfully be drawn to the special programs that SCBG makes or brings to the garden. MaryLynn Mack, SCBG's Chief Operating Officer, is a font of creativity, but the leadership team at SCBG has established systems to ensure that innovation comes from all levels and is produced from both standard and out-of-the-box processes. On the more standardized end, SCBG uses project planning and evaluation templates for consistency across the organization. The planning and implementation process starts with a statement of purpose, which must articulate a "why" and identify the audience to be served. This purpose statement becomes important for the marketing team in selling the program. Identifying target audiences is key for evaluating the program's success; they also estimate profitability using a calculated risk formula. Once programs have commenced, the leadership team reviews numbers monthly, tracking progress toward target metrics and constantly look for ways to close any gaps with new ideas.

Before these measures are applied to provide order and metrics, however, SCBG cultivates organized chaos, risk-taking, and messiness. They believe in the power of bringing diverse groups of people together often. Many of these gatherings are "open," meaning that there is no hierarchy within the meetings and anyone on staff is welcome to participate. They believe that "a good idea can come from any source, at any level," as Mack notes. Sometimes creative individuals outside of the organization are also invited to bring new perspectives, and everyone is encouraged to engage in free-form thinking and brainstorming. For example, staff share artworks they find inspiring or talk about what got them "jazzed" when they were eight.

*"We throw a lot at the wall. I'm not saying everything is a success, but we have a formula we use to make sure we are taking as much of a calculated risk as possible in terms of profitability but also about how we're feeding the mission, how we are serving all."*

—MaryLynn Mack, Chief Operating Officer, South Coast Botanic Garden

Messy as it may sound, the process begins with an identified need for the group to explore. Mack points out that people generally start out with conventional solutions. Having a variety of contributors is crucial so that there are people brave enough to push beyond the traditional and those who can "pick out the seeds" of a good idea and allow it to grow. Once the bones of the idea are in place, focused groups take on research and planning. In this stage, Mack describes working with "Play-Doh and Silly String" and searching for "a weird thing that could have a garden component attached to it" on TikTok or Instagram. Lastly, concept evaluation and implementation are effected using standard methodologies. Even when a program is paused, "it's never a 'no', just a 'not now,'" with the team digging into how the idea can be improved (by finding a different scope, season, or duration, for example) to become a better fit in terms of profitability and mission alignment.

The marriage of an unapologetic focus on increasing earned revenue and a culture of out-of-the-box thinking has brought magic to SCBG. A prime example is SCBG's

bold move to host DiscOasis—a glittering roller-disco paradise in the garden—in collaboration with an outside operator, Constellation Immersive. Not only did the program bring significant earned revenue to SCBG, it did so while providing much-needed joy to the community during a difficult time (the COVID pandemic in summer of 2021). The event served the garden's mission by using (over-the-top) botanical displays to attract new audiences who had never considered visiting SCBG or hadn't previously thought it was a place for them.

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### Summary

SCBG maximizes earned revenue by guiding guests to special offerings. For this to be effective, SCBG must consistently deliver enticing programming to encourage visitors to seek out opportunities beyond general admission and put these options front-and-center to minimize friction as guests select from the available choices.

To develop new and exciting programs and exhibitions, SCBG encourages creativity and risk-taking at all levels of the organization, brings staff to new environments to encourage new thinking, and invites in outside voices to offer fresh perspectives.

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### Reflection

Are there opportunities at your garden to guide your guests while still allowing them autonomy in their experience? Are there pain points between the guest and desirable activity that you could lessen or eliminate?

What brings joy to you, your colleagues, or members of the community you serve or wish to serve? How might that source of joy mix with or bump up against your garden to create a new, unexpected, and exuberant experience? How might your team experiment and test this idea to determine if it would have market appeal and mission impact?

If a team member at your organization brought a truly wild and wacky earned revenue idea to the table, how would it be received? Does your organization strike the right balance between pragmatism and creativity, responsibility and risk-taking? If not, what might you learn from a bold organization like SCBG?

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### Relevant Tools

Innovation Process - ■ Process Tool Card 02

Matrix Map - ■ Program Evaluation Tool Card 01

Earned Revenue and Self-Sufficiency Ratio - ■ Financial Tool Card 04

## PRODUCT SPOTLIGHT

### New Opportunities in Existing Revenue Streams Rebalance Revenues at Bloedel Reserve

Bloedel Reserve, established on Bainbridge Island, WA, through a generous endowment from founder Prentice Bloedel, traditionally relied on contributed revenue, investments, and endowment earnings over earned revenue. However, both stock market volatility and increased demand have flipped that revenue mix: in 2022, 40% of their \$4,250,000 budget came from earned revenue.

This increase in revenue has been driven in part by Bloedel's ability to capitalize on pandemic-driven increases in attendance. From 2009–2020, annual attendance grew from 20,000 people to about 60,000 visitors, but as people sought healing in nature to buffer the loneliness and social isolation from pandemic lockdowns, this number ballooned to 83,000 annually. In response, Bloedel instituted timed ticketing in an effort both to keep people safe and to preserve the immersive experience that is central to their mission. Timed ticketing also allowed them to spread out the additional guests and preserve the experience of finding safety and healing in nature for both guests and staff.

Following a staff-driven budget planning process, Bloedel also implemented variable pricing to take advantage of increased attendance and build additional revenue into an existing revenue stream. Bloedel has innovated by increasing existing revenue streams while preserving the guest experience. These efforts have paid off: rather than follow a bump-and-slump cycle, Bloedel's visitorship has held steady at approximately 81,000 guests per year.

#### Reflection

To preserve their unique characteristic of providing a sense of being immersed in nature while welcoming many more guests to the reserve, Bloedel has had to look within existing revenue streams for new opportunities. Which of your existing earned revenue streams might offer either increased value or decreased costs?

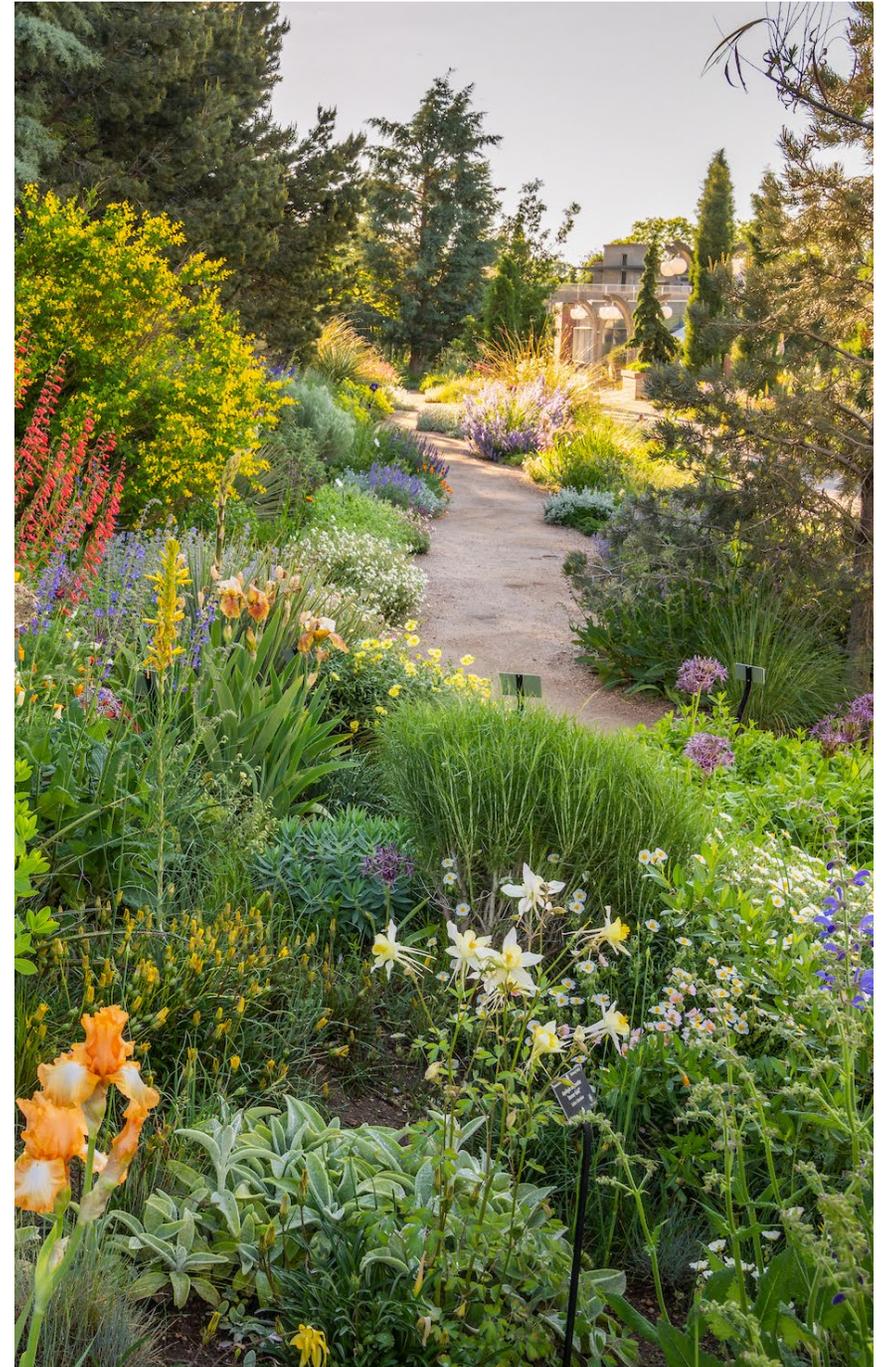


Photo courtesy of Denver Botanic Gardens. © Scott Dressel-Martin.

## CASE STUDY 7

# Denver Botanic Gardens

<b>Type</b>	Botanic Garden, Research Institute
<b>2020 Revenue</b>	\$21,735,027
<b>Acreage</b>	724 (24 acres at York Street location; 700 acres at Chatfield Farms)
<b>Setting</b>	Urban
<b>Age</b>	Established in 1951
<b>Innovation</b>	Admissions and Membership
<b>Mission</b>	<p>The mission of Denver Botanic Gardens is to connect people with plants, especially plants from the Rocky Mountain region and similar regions around the world, providing delight and enlightenment to everyone.</p> <p>In support of the Gardens' institutional mission of connecting people with plants, the purpose of Chatfield Farms is to inspire the public to be good stewards of the environment by connecting people to our past, present, and future relationships with plants of the Rocky Mountain region.</p>

Denver Botanic Gardens (DBG) was established in 1951 by garden club communities in Denver. Today DBG consists of 24-acre site at York Street in Denver and the 700-acre Chatfield Farms in Littleton, CO, that is managed in cooperation with the Army Corps of Engineers. DBG also has satellite sites that include the Plains Conservation Center, the Mount Goliath Natural Area, and the Dos Chappell Nature Center. DBG's expertise has a regional and international reach, covering areas such as education and programming, community engagement and outreach, horticultural operations, events, and exhibitions. DBG is also a horticultural and scientific research center, with major focuses on biodiversity study, population biology, and conservation genetics. Their horticultural research focuses on native plants, plant evaluation and trials, and water stewardship.

At DBG, recurring events are frequently refreshed as staff engage in ongoing evaluation and iteration. They experiment with different themes and formats, recognizing that some events have a definite lifespan. Over the last five years, DBG has developed core events that include a light show, pumpkin festival, and corn maze. Although these annual events have become their most dependable, staff are keenly aware not to take their success for granted. They revisit events annually to make improvements and keep them up-to-date and appealing.

Brian Vogt and John Calderhead shared one particular example of this process related to DBG's annual light show. At the time, the big holiday light show had always been quietly successful but it had not consistently sold out. Rather than bringing in a specialized custom lightshow company, which could be an expensive option to utilize, the team decided to look at how the show could be improved internally. Vogt set aside \$50,000 to invest in improvements and established an interdepartmental team consisting of staff from operations, the IT department, and event management. Focusing on DBG's underutilized amphitheater, the interdepartmental team began brainstorming different ideas for incorporating that space into the wider holiday light show. The team discussed a range of ideas, with things such as 50-foot high holograms proposed. However, because members of the IT team knew about LED lighting systems and were in contact with a small group of LED specialists who did work at Burning Man, together they were able to invest the special funds in a plan to install thousands of LED light sticks throughout the amphitheater. The lights were spaced out evenly and sequenced to music, and the team connected them to interactive touchscreens which visitors could use to cause the lights to respond, creating an event in itself. As visitors wound their way through the main garden light show, their journey would culminate in the amphitheater where a climactic lightshow wowed.

Soon after the revamped holiday lightshow was opened as Booming Scape, it was pushed into overdrive through social media posts by visitors. From that initial investment of \$50,000, the show made half a million in its first year. By the end of 2022, the revenues from Booming Scape and Blossoms of Light had reached \$3 million.

This success has allowed them to look at all of their events, trying to figure out what is that nexus they can fill with a little more investment, a different marketing approach, or a different price point. In this case, DBG also tries to make sure the events at their sites have equitable attendance, setting aside what they call "community tickets" that are distributed through their social responsibility team to about 140 partner organizations working with underserved communities.

DBG's experience is striking due to their willingness to commit seed funding to fostering innovation, to collaborate interdepartmentally, and to explore and develop new projects. They factor in the idea that not everything will work, but nevertheless proceed with intention to see what does and then grow those initiatives into something successful.

DBG has a balance of income streams from endowment returns, philanthropic contributions, and earned revenue. They also benefit from funding through the Scientific and Cultural Facilities District, which manages a special regional tax mandated by Denver metropolitan area voters in 1988 to allocate one penny from every \$10 sales transaction for local cultural organizations.

The percentage of DBG's budget from earned revenue has changed over time. Twenty years ago, roughly 50% of their revenue came from public support, but that figure is now down to around 20% with the remainder coming from other sources of income. In fact, DBG has not only made a conscious effort to increase earned revenue but also to diversify their overall income with the sources listed above. Of these, earned revenue now accounts for 40% of their budget; admissions generate 15% and events (both public and private) create a further 25% and stand as the largest overall earned revenue stream. Membership makes up roughly 20% of their budget and is viewed by DBG as a hybrid of earned revenue and contributed income.



Photo courtesy of Denver Botanic Gardens. © Scott Dressel-Martin.

The diversification of revenue streams allowing DBG not to be overly dependent on one or another became particularly important during COVID, when DBG experienced a loss of admissions revenue due to a closure of several months. Fortunately, they were able to make up these losses due to a broad base of support. As pandemic restrictions eased, DBG benefited from increased interest in both events and garden visitation as people sought opportunities to be outdoors.

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### Summary

Investing in staff creativity can sometimes yield improvements to established events in a way that can create opportunities for new audience experiences and can elevate the event overall.

Large garden events can often involve a lot of staff time, and factoring these sometimes hidden costs into event budgets—as well as accounting for the potential opportunity cost as staff are pulled from other duties—is an essential calculation for understanding revenues accurately.

Diversification of revenue is not always a priority, particularly for those organizations with comfortable endowments or other highly secure sources of funding. Finding a balance between continued investment in those sources and taking advantage of potential opportunities may position organizations for continued growth.

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### Reflection

Investing even small amounts of money into staff creativity can spark big ideas. How might you work opportunity funding into your budget?

How might you determine whether your staff has hidden expertise that could be tapped to offset expenditures on contractor services?

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### Related Tools

Innovation Process - ■ Process Tool Card 02

Reliability-Autonomy Matrix - ■ Program Evaluation Tool Card 03

Return on Investment Ratio - ■ Financial Tool Card 08

Human Resource Cost Ratio - ■ Financial Tool Card 10

Cost per Unit of Service Ratio - ■ Financial Tool Card 11

## PRODUCT SPOTLIGHT

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### New Life for an Old Building at Niagara Parks Commission

The Niagara Parks Commission (NPC) in Niagara Falls, Ontario, Canada, has no shortage of spectacular features. The stories in this 36-mile, 3,274-acre system tell of the relationship between humans and nature. The story of hydroelectric generation, harnessing the power of the water around Niagara Falls to provide electricity, is still reflected in the parks today in the form of both active and inactive generating plants, gatehouses, and tunnels that dot the landscape. NPC acquired the decommissioned Toronto Power Generating Station and Ontario Power Company Generating Station in 2007 and the Canadian Niagara Power Company Generating Station in 2009.

Shut down in 2006, the massive structure of the Canadian Niagara Power Company Generating Station started as a \$14-million liability but was quickly folded into NPC's 10-year strategic plan. Repairs, maintenance work, and renovations taking place between 2018 and 2021 were folded into an adaptive reuse strategy NPC undertook to convert the building into a visitor attraction. Opened in 2021 at a cost of \$25 million, the now renamed Niagara Parks Power Station features a soaring historic hall, an interactive light and sound storytelling show (Currents), a well-appointed gift and snack shop, and an experience called The Tunnel, which opens new visitor access to the base of Niagara Falls through the power station's old subterranean hydroelectric generating infrastructure. Through rentals and ticket sales, the building is expected to make \$3 million a year.

Lessons learned in transforming a liability into an earned revenue asset—while elevating the stories of the parks and the falls—continue to be applied and expanded. The NPC recently put out a call for proposals for adaptive reuse of its other two power generating stations. Breathing new life into the parks' past has proven to be a smart strategy for strong future positioning at NPC.

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#### Reflection

The Niagara Parks Commission is creatively rethinking physical assets to advance their organization in areas of visitor experience, historic preservation, interpretive mission, and earned revenue. What physical assets does your organization have that could benefit from a fresh look to turn them into earned revenue and mission drivers?

## PRODUCT SPOTLIGHT

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### Managing Weddings and the Guest Experience at Bloedel Reserve

Many gardens rely on wedding revenues as a significant part of their budgets. While fiscally important, weddings are largely seen as not strongly aligned with mission (see APGA survey results in Appendix B). In addition, weddings come with a host of other impacts, like increased staffing needs, limitations to the guest experience, and potential damage to horticultural assets. Given these factors, holding a wedding at Bloedel Reserve on Bainbridge Island, WA, was not an option—until recently.

Bloedel Reserve discovered how to take advantage of this reliable revenue source while avoiding many negative impacts. They knew that hosting multiple weddings every weekend would fundamentally change the nature of the core visitor experience. When they decided to try weddings, they looked at alternatives to traditional models, especially those that would allow them to earn revenue while “not getting into the wedding business.”

Ultimately, they chose to host just two weddings a year. These weddings come with a premium price tag of around \$75,000 for the site fee; this includes exclusive use of the garden on the wedding day. Reservations are sold out years in advance.

Because the Reserve is closed to the public on wedding days, this approach has not been without controversy. However, being purposeful in how they host weddings has allowed Bloedel to bring in significant revenues while limiting negative impacts to just two days of the year.

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#### Reflection

Bloedel has found a way to make weddings profitable while minimizing negative impacts to the Reserve. How might your organization leverage unique assets to add value in a way that also relieves other pressures?

## CASE STUDY 8

# Houston Botanic Garden

Type	Botanic Garden
2020 Revenue	\$4,031,429
Acreage	132 acres
Setting	Urban
Age	Formed in 2002. The Garden opened in fall 2020
Innovation	Admissions and Membership, Facilities Rentals
Mission	The mission of the Houston Botanic Garden (HBG) is to enrich life through discovery, education, and conservation of plants and the natural environment. HBG is a recently completed botanic garden that strives to inspire all people to love plants and be good stewards of the natural world.

Houston Botanic Garden (HBG) is a very young garden—opened to the public less than three years ago—in a diverse, vibrant, and growing city. Being a young organization has offered many opportunities for HBG, but it has also come with its challenges. Among them are the need for earned revenue to cover the garden’s fixed costs and the desire to put on ambitious programming with broad public appeal despite having a small staff (HBG employs fewer than 40 full-time staff to oversee and activate over 130 acres).

Their board set a goal for 60% of the garden’s budget to come from earned revenue, so HBG is very strategic about ensuring profitability of its programming. They have found the greatest success in partnerships, especially with events. Though these partnerships vary significantly in type and scale, they consistently come with considerable financial benefits—reducing HBG’s costs and increasing value for their constituencies—as well as furthering their mission in other ways.

For example, HBG has four education pillars, one of which is health and wellness. HBG’s three-person education team often partners with independent educators and other providers to deliver health and wellness programming in the garden. A profit-sharing model for their yoga program lowers overall costs, reduces risks by minimizing labor costs, and incentivizes the partner to support marketing efforts by reaching out to their networks.

Another core goal for HBG is that visitorship should reflect Houston’s diverse communities across demographic indicators like socioeconomic status, age, race, and ethnicity. “By many measures, Houston is the most diverse city in the United States. We have no ethnic majority,” shares HBG President and General Council, Claudia Gee Vassar. While many gardens—even those in ethnically/racially mixed communities—struggle to attract people of color, HBG has both a diverse staff and visitorship. For example, Black

Houstonians visit HBG in higher numbers than their proportionate share of the city’s population. Partnerships play an important role in making HBG the welcoming place it is to so many Houstonians. Vassar explains, “We developed our partners through relationships. Sometimes we sought them out, sometimes they sought us out. We said early on it was important and brought people in to tell us what would be important to them and what they would like to see. By listening to them, we grew a reputation of working with folks and gained trust from communities.” A typical partnership is with event producer/influencer Erika Harrison of Black Girls Who Brunch, who holds events in the garden in partnership with HBG. These events expose her large audience to the garden, not only for a specific event but as a place to visit with their own networks.

*“Visitorship should reflect our community.”*

—Claudia Gee Vassar, President and General Counsel, Houston Botanic Garden

Similarly, community leaders and influencers from other communities have introduced the garden to their constituencies. The Party Sober Partnership has an annual rally day where the sober community can have a fun time out without alcohol. Although the rally is primarily presented and managed by the Partnership, HBG serves as host and the event is open to the public. In 2022, the event drew 1,200 Houstonians to the garden. Throughout the year, HBG does other events and festivals like this, providing a new and unique home to their partners, increasing the number and scale of events they can put on, and expanding their reach thanks to their partner’s marketing efforts.

### Summary

Event partnership brings a multitude of benefits to Houston Botanic Garden, including:

Reducing risk by sharing costs and profits with partners.

Attracting new and diverse audiences by leveraging partners’ networks.

Allowing for more and larger events than HBG’s small staff would otherwise have the capacity to undertake.

### Reflection

What organizations or individuals in your community might make powerful collaborators?

How can partnerships be mutually beneficial for both your garden and partnering organizations/people?

In addition to sharing costs, what non-financial benefits might partnerships offer to your organization? Could partnerships play an important role in meeting your garden’s IDEA goals?

### Related Tools

Matrix Map - ■ Program Evaluation Tool Card 01

Earned Revenue Ratio - ■ Financial Tool Card 02

Program Expense Ratio - ■ Financial Tool Card 09

## CULTURE SPOTLIGHT

### What Would Houston Do?

Houston Botanic Garden (HBG) in Houston, Texas, may be the youngest public garden in the United States. Opened in September of 2020 on the site of a former golf course, HBG leverages its newness in an admirable way. While many public gardens are grappling with their histories and trying to move deep-rooted cultures toward the future—for example, by embracing and implementing IDEA principles—HBG gets a tabula rasa. President and General Counsel Claudia Gee Vassar says they make very intentional decisions on what to include in their programming, ensuring the garden starts from a modern view on ethnobotany and diversity rather than reinforcing older styles of formal, and perhaps exclusionary, horticulture. By thinking carefully about what should be in the garden and applying lessons learned from the wider industry, HBG is ensuring a garden founded on inclusivity, with doors open wide for the extremely diverse Houston community.

*“We ask which pieces of the history of gardens we want to keep and which we don’t.”*

—President and General Counsel Claudia Gee Vassar

#### Reflection

What would you do if your garden were new? As a “clean slate, blue sky” exercise, take time to imagine you are just founding your garden today. If you had no history to maintain or internal cultural expectations to navigate, what would your ideal garden look like? What would you elevate and what would you discontinue? Using Houston’s example to resist the pull of business-as-usual may help you articulate a guiding vision to move your organization further and faster into the future.

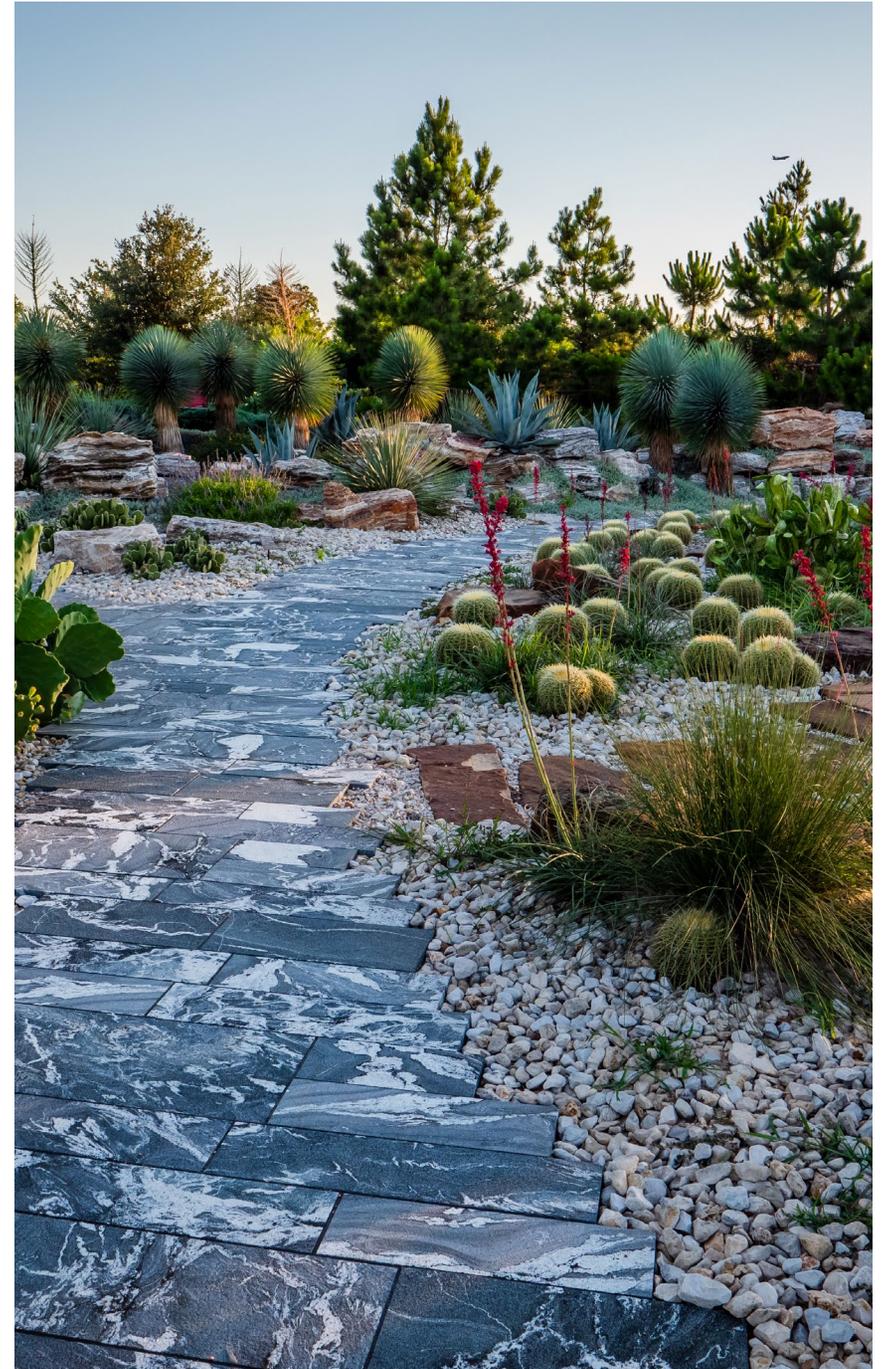


Photo courtesy of Houston Botanic Garden. ©Lance Childers/Houston First.



# Tools for Innovation

*Throughout the Longwood Fellows Program, Fellows are introduced to many tools for inspiring innovation processes, evaluating programs, and better understanding the financial health of public gardens. Ranging from the theoretical to the more tactical, these tools are introduced in the following sections: Process Tools, Program Evaluation Tools, and Financial Tools.*

## Process Tools

Whether you're planning new initiatives, reviewing existing programs, or are somewhere in between, taking an expansive, "from the balcony" view is always helpful. Here we provide several tools to help you imagine, ideate, and structure at a high level.

■ **Companion cards for each of these tools are also available; the blue cards provide brief notes and a helpful illustration of each tool.**

The **innovation process tool** helps structure a brainstorming process through defining the problem, identifying potential solutions, and then testing, developing, and implementing the best solutions for your context. This process is rarely linear: insight on problems and inspiration for solutions can come from many sources, including your staff, guests, local communities, industry trends, the larger environment, and more. More information on the innovation process can also be found in this book's introduction.

To help you identify potential opportunities for innovation, we've created a simple **fill-in-the-blank exercise** that encourages you to think broadly about how to leverage your institution's unique aspects. Ask staff members from across your organization to participate; they may share new insights into potential innovation areas. Have some fun with this exercise! You may be surprised by the ideas that surface for generating new revenues or enhancing the profitability of existing revenue streams.

**Logic models** can structure thought processes when planning, implementing, or even evaluating innovations. As visual representations, logic models invite more expansive and systems-level thinking; analyzing a program on this level helps identify strengths and uncover weaknesses in your underlying assumptions. A basic logic model includes descriptions of five program components:

- **Inputs** are the resources needed to implement your program. They may be financial, social, organizational, and more.
- **Activities** are what your program carries out using your inputs. All activities should focus on achieving the intended results of the program.
- **Outputs** are the direct products of your activities. They could include the number of people who attended an educational workshop, the pounds of food produced in a community garden, or the number of trees planted each year.
- **Outcomes** are the changes that occur in your program's participants. These changes could be in behavior, knowledge, skills, abilities, or status, and can be categorized as short-term (usually achieved in 1–3 years) or long-term (achievable in 4–6 years). Outcomes and outputs are generally related to achieving your organization's mission.
- **Impacts** are the changes occurring in larger systems, such as industries or communities, as a result of your program. Typically achieved in 7–10 years, impacts shape the world in a larger way. Impacts are generally related to pursuing your organization's vision.

The basic logic model is a useful starting point; after you are comfortable with its components, you may notice that you approach different programs from different frameworks. This is where other approaches to the logic model may be helpful. The theory, activities, and outcomes approach logic models take these different starting places into account. While different in their order of operations, all three of these models will help you build a strong program and reveal if, how, and when you can expect to see your program's intended impacts.

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## Program Evaluation Tools

One danger of pursuing revenue opportunities is losing sight of mission and relevance to your constituencies. Additionally, the pursuit of a perceived high-earning revenue stream may risk your organization's financial health if it distracts from day-to-day operations or prevents you from pursuing more incremental innovation opportunities. Even when teams keep the bigger picture in mind, it can be challenging to find consensus on pursuing those opportunities with the most promise.

■ **Gardens and arboreta have several tools to help ensure that they are staying true to their mission while also pursuing earned revenue streams. You will find some of these tools on the included green cards, including:**

- Matrix Map: Mission Impact and Profitability
- Advanced Matrix Map: Mission Impact, Profitability, and Values
- Reliability-Autonomy Matrix
- Program Evaluation Rubric

The **Matrix Map** can help organizations visualize and evaluate programs and activities as a snapshot in time. Organizations can use this tool to determine which programs are successful in terms of mission impact and profitability and which programs may need more development. On the Matrix Map, profitability (revenue) and mission impact are plotted in relation to each other using an Excel spreadsheet that translates scoring values to a simple graphic. Seeing where a program lands on the matrix will help you better understand how to increase that program's mission impact and/or revenue and—hopefully—move all programs toward the desired quadrant indicating both high mission impact and high revenue. Using this tool as part of an annual review process can help clarify and prioritize evaluate efforts to increase mission impact and revenue. For specific instructions on generating your own Matrix Map, visit [nonprofitquarterly.org/the-matrix-map-a-powerful-tool-for-mission-focused-nonprofits](https://nonprofitquarterly.org/the-matrix-map-a-powerful-tool-for-mission-focused-nonprofits).

Adding an organizational values metric to a matrix can illuminate a program's alignment with organizational values. This **Advanced Matrix Map** supports gardens and arboreta in developing program strategies that would bring activities into better alignment where needed.

The **Reliability-Autonomy Matrix** can help organizations gauge the validity of revenue projections and unearth potential vulnerabilities in a new business strategy.

This tool illustrates the implications of revenue fluctuations and the demands of meeting funding conditions, both data points that can be oversimplified in financial reports. Both the autonomy and reliability axes have scores of high, medium, and low; different organizations may have their own ideal revenue compositions, but a good target would be a mix of high-reliability, high-autonomy revenue as this is the most dynamic revenue type.

The Bloedel Reserve generously shared with us a **Program Evaluation Rubric** that we have adapted to include revenue and profitability. Created using a simple spreadsheet, this rubric compares multiple programs against shared metrics like mission alignment, community relevance, values, goals, and profitability. This can help identify which of your programs should be prioritized and which may need to be cut or modified.

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## Pricing Models and Financial Tools

As nonprofit leaders, we must continually evaluate our garden's financial health to better prioritize those resources that advance our missions. Our case studies highlight several ideas to successfully increase earned revenue, including variable ticket pricing, venue rentals, outsourcing versus operating in-house business models, and mission-driven special events. Following is a brief overview of a few models and tools that can aid in evaluating new or existing earned revenue streams.

Admissions sales (i.e., guest tickets, memberships, special events, or educational programs) are an important earned revenue stream for many public gardens. Based on our 2022 survey of APGA's institutional members, the revenue streams identified as "highly significant" to overall earned revenues were memberships and ticketed admissions, at 85% and 47% respectively. Anecdotal evidence concurs: there is lively industry-wide discussion about pricing models for admissions. Our case studies further reveal the importance of calibrating pricing to maximize earned revenue (specifically, variable ticket pricing was shown to generate greater earned revenue). The tools found here define different pricing models and may help evaluate opportunities for increasing earned revenue.

 **The orange cards further provide visual guides, brief notes, application examples, and additional resources about pricing models.**

**A Pricing Model is simply the overall structure of how organizations earn revenue for products or services. Examples include:**

- **Static/Fixed Pricing:** A pricing model where a single price is established and manually set for a good or service. This price does not change based on external variables like level of demand, time, market trends, or inventory availability. An example of a static/fixed price is having the same admission ticket price throughout the entire year.
- **Variable Pricing:** A pricing model where pricing strategies are set based on consumer demand predicted by past experience. Prices can be set higher during times of peak demand to maximize revenue and then lowered during times of lower demand; the hope is that this variability will increase consumer

engagement. An example would be admission ticket prices that vary seasonally during the year based on demand (i.e., gardens charge higher ticket prices during holidays when there is higher demand).

- **Dynamic Pricing:** A pricing model that allows for adjustments in prices based on real-time fluctuations in demand. In other words, buyers will find different prices on different days as demand rises or falls. For example, airline tickets, hotel nights, and concert tickets are sold at different prices to different buyers.
- **Tiered Pricing:** A pricing model that allows for goods or services to be offered at different price points, or tiers, as benefits change. An example common in public gardens would be multiple membership levels; each membership level would be a tier, with higher, more expensive tiers including added member benefits.

However, as Warren Buffett famously reminds us, "Price is what you pay. Value is what you get." Nonprofits have a special mandate to ensure that we are delivering the highest value to our guests, communities, and other stakeholders. One way to ensure this outcome is through financial ratios. These simple calculations can facilitate earned revenue discussions, enable us to monitor financial trends, and help us measure the financial health of organizations, programs, and individual earned revenue streams. T. R. Ittelson's *Nonprofit Accounting and Financial Statements* identifies three main questions answered by financial ratios:

- How effective are an organization's programs at advancing mission?
- How sustainable are an organization's programs?
- How financially fit is an organization?

The tools in this guide focus on the first two questions but can provide helpful information in answering the third as well.

 **Along with further details and application examples, several ratios are highlighted in the lime pull out cards. On these cards, you will find:**

- Ratio Overview
- Earned Revenue Ratio
- Reliance Ratio
- Earned Revenue Self-Sufficiency Ratio
- Return on Revenue Ratio
- Per Capita Ratio
- Cost of Revenue Ratio
- Program Expense Ratio
- Return on Investment Ratio
- Cost Per Unit of Service Ratio
- Human Resource Cost Ratio

## Where to Go from Here

Listening to organizational stories from across the United States, both in one-on-one conversation and through our survey, we were struck by the shared commonality across gardens, arboreta, reserves, and allied institutions. Despite organizational particularities in acreage, management philosophies, budgets, or funding structures, we found that earned revenue, of any budget proportion, is significant to each institution. Leaders immediately know what it would mean not to have it, describing the loss of staff members, the elimination of a program, or more. As nonprofits, public horticulture organizations are keenly aware that missions require money and are increasingly pressured to generate funds outside of philanthropic contributions or endowment draws.

### Across the variety of approaches that were shared with us, we identified four common strategies for earned revenue innovation in public gardens:

- **Engage** staff in the innovation process (e.g., Atlanta Botanical Garden, Bloedel Reserve, City Zoo, Denver Botanic Gardens, Fort Worth Botanic Garden and the Botanical Research Institute of Texas, South Coast Botanic Garden, Tucson Botanical Gardens)
- **Evaluate** outsourcing, programs, and partnerships and launch, end, or reconfigure as needed (e.g., Atlanta Botanical Garden, Bloedel Reserve, City Zoo, Fort Worth Botanic Garden and the Botanical Research Institute of Texas, Houston Botanic Garden, Polly Hill Arboretum, South Coast Botanic Garden)
- **Prioritize** investments that advance mission-based programming (e.g., Bloedel Reserve, Denver Botanic Gardens, Niagara Parks Commission, Red Butte Garden)
- **Build** on strengths by continuing to innovate with core, long-standing, and successful programs (e.g., Atlanta Botanical Garden, Dallas Arboretum and Botanical Garden, Red Butte Garden, Polly Hill Arboretum)

Most of these innovations not only bring in always-needed revenue, they also contribute to the organization's mission delivery. For example, City Zoo bringing food and beverage in-house resulted in both higher net proceeds and an improved visitor experience. While outside food vendors with slim margins limited outlets to the most profitable and centralized locations in all but the peak season, the zoo could operate at more dispersed locations in slower seasons knowing they would make up the revenue over the course of the year. Similarly, by transitioning from a static pricing model to a combination of tiered and variable pricing, Atlanta Botanical Garden was able to simultaneously increase its revenue and reduce crowding, thus adding value to the guest.

How these organizations arrived at earned revenue innovation took many forms, and each process reflected the unique culture and personality of each institution. Denver Botanic Gardens' up-front investment in their seasonal lighting, which gave them more control and significantly increased profits, was partly enabled by their financial ability to shoulder a large initial expenditure. Other processes—like not underestimating what people (individual visitors or corporate sponsors) are willing to pay, drawing on internal human resources, and recognizing the power of cross-sector

partnerships—could easily manifest themselves in some form in every garden.

To do so, though, public gardens must embrace a culture of innovation. Nearly every innovator talked about their willingness to take risks. At Tucson Botanical Gardens, they shared how they not only “fail fast” (by trying things quickly and retreating quickly if they fail), they also “fail small” (by encouraging staff at all levels to take low-stakes risks and become comfortable with trying new things), and they “fail smart” (by making calculated risks and learning from their mistakes).

These organizations also shared a sense of openness to ideas from various departments, external consultants, creative collaborators, and many other sources. They also embraced this openness by running relatively non-hierarchical organizations where “no” is not the default answer. In Fort Worth, FWBG-BRIT held a Shark-Tank style idea incubator, where senior leadership heard solutions to new-to-them problems reflecting the ingenuity of front-line staff. Additionally, this incubator format underscored other common aspects of innovative cultures, like focusing on solutions and creating new physical environments for new thinking.

And it is important to note that, while there is much you can do as a staff member or executive to shape culture, ultimately culture starts with the board. If your board isn't supportive, it is hard to take risks. Likewise, having a supportive board enables the type of risk-taking that innovation requires. We hope that the tools provided here—from process tools that get your creative juices flowing and allow you to map out likely impacts, to program evaluation tools that ensure you stay true to your mission while pursuing earned revenue opportunities, to financial tools that can aid in evaluating new and existing revenue initiatives—will help convince even hesitant trustees of the benefits of taking strategic and calculated risks in pursuit of innovation.

Your team—including your board, executives, staff members, and community stakeholders—know your needs better than anyone. As we've heard from the innovators across the public horticulture landscape, however, sometimes outside voices can provide a bit of inspiration, offering a new perspective on what you have and inviting you to imagine what more you can do with the means at your disposal.

Maybe you saw your reflection in a garden profiled here, and you're already thinking about a potential new revenue stream. Maybe you can't wait to convene your team, pull out the process tools, and get to dreaming and scheming together. However you use this resource, we hope it can assist you in cultivating financial resiliency to bring you closer to fulfilling your mission and vision.

The last few years have underscored how immeasurably valuable your work has been during a challenging time. You offered solace when that has been in short supply—may increased autonomy from earned revenue bring you a bit of the same.

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President and Chief Executive Officer

#### Marnie Conley

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#### Caitlin Monahan

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#### Jessica Boatright

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#### Susan Dewberry

Special Events Manager

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#### Ed Moydell

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#### Rebecca Billings

Chief Financial Officer

### Denver Botanic Gardens

#### Brian Vogt

Chief Executive Officer

#### John Calderhead

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### Fort Worth Botanic Garden and Botanical Research Institute of Texas (BRIT)

#### Patrick Newman

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#### Ennis Anderson IV

Senior Vice President of Guest Services  
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### Niagara Parks Commission

#### David Adames

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#### Steve Barnhart

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#### Kim Viney

Senior Director, Business Development

#### Charles Hunter

Director of Horticulture

### Polly Hill Arboretum

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#### Emily Ellingson

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### South Coast Botanic Garden

#### MaryLynn Mack

Chief Operating Officer

### Tucson Botanic Garden

#### Michelle Conklin

Executive Director

### Our Friends at an Anonymous Zoo

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A special thank you to the many friends at gardens, arboreta, and allied nonprofits that graciously contributed their time and knowledge to our learning and leadership development.



Photo by Carlos Alejandro.

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