Three New Scenarios for Financial Survival in 2020
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The museum field is dealing with critical questions—how long will we be on lockdown? How will my museum stay financially solvent while we are closed? How will we know when it is the right time to reopen?

The answers to these questions depend on so many things—much of it within your realm of expertise. Your cash flow, financial reserves, debt balance—you’ve got that covered. But much of the current uncertainty is about things outside of your control—the pandemic itself; how government responds at the national, state, and local levels; the intentions and behavior of your visitors and donors. I hope to help you grapple with those big unknowns by collapsing them into a manageable number of possibilities and providing a framework for your planning. As the future unfolds in coming months, you can bring the appropriate plan into play.

This resource will:

» Help you identify key variables that set the stage for each scenario and locate sources of information to track the actual values of these variables.

» Present three “state of the world” scenarios you can use as the seeds for your own stories: a best-case scenario of relatively low impact from the pandemic, a medium-impact scenario, and a high-impact scenario that takes a blunt look at some of the worst possibilities we may face.

» Provide a worksheet for envisioning how your museum can thrive in each of these potential futures.

Identifying Key Variables
Start by choosing key variables that will set the stage for each scenario. These currently unknown quantities will have significant influence on your operating environment and decisions. Identifying the most critical things you need to know will help you focus your attention and filter the overwhelming amount of information crossing your news feeds. For example, your key variables might include:

» Pattern of COVID-19 epidemiology (severity, timeline, pattern of cycling)

» Length and extent of state and local closures and distancing orders
  o Business closures
  o School closures

» Overall impact on your local economy, including employment

» Available relief funding (locally and nationally for museums or individuals)

» Public willingness to attend museums after restrictions are lifted
Metrics about your organization, e.g.:
- Current operating reserves (cash on hand to pay expenses)
- Financial health of the museum’s sponsors, funders, and donors
- Membership renewals
- Financial impact of cancellations in 2020—penalties incurred, or revenue lost from contracts, bookings, etc.
- Value of the museum’s investments
- Total financial impact to the museum’s operations

Tracking the Data
Next, find sources of information that will help you fill in values for each of these variables as events play out. Here are some sources of information for things happening out in the world:

COVID-19 projections
- Social distancing strategies for curbing the COVID-19 epidemic. This Harvard research study makes the case for intermittent physical distancing, rather than one long shutdown followed by recovery. It also cites data suggesting the potential for a significant surge in cases in the fall. Authors argue that intermittent distancing may be necessary into fall of 2022. Original study here.

- The Four Possible Timelines for Life Returning to Normal. Based on interviews with epidemiologists, the authors of this article in The Atlantic present four timelines for how recovery may play out in the US:
  - 1-2 months (rated highly unlikely). Herd immunity builds up unexpectedly fast or lax physical distancing results in a huge immediate spike in deaths.
  - 3-4 months. Arrived at through increased testing and isolation. Continued restrictions on the number of people in public places (restaurants, etc.) at any one time, possible bans on large events, development of effective treatment (not a vaccine).
  - 4-12 months. Two possible variations: a) COVID-19 turns out to be seasonal, with a drop in cases during the summer. b) COVID-19 is not seasonal, continues over the summer. Restrictions from previous scenario (limits, crowds) continue to apply. Some travel resumes. Possibility of triggering a second wave of infections in the fall. However, population levels of immunity may support less draconian shutdown measures; schools may reopen. More outside-of-house work, socializing. Continued high attention to sanitation.
  - 12-18 months (or longer). An effective, distributed vaccine becomes available (Spring 2021 is the earliest plausible date for this, but it could take a year longer, until Spring 2022). Or there is no effective vaccine, but given enough time, immunity spreads in the population in any case.

- State-by-state projections on when COVID-19 may peak in the US from the Institute for Health Metrics and Evaluation.

State and Local Closures, Restrictions on Travel, Distancing Orders
- National Governors Association State Action Tracking
- National League of Cities COVID-19 Local Action Tracker
Employment Statistics

- Unemployment Projections, summarized in this article in Forbes

Relief Funding
AAM is maintaining a summary and links to resources on the COVID-19 Financial relief and resources page of our website, as well as featuring blog content about how museums across the nation are navigating the crisis.

Public Willingness to Attend Museums After Restrictions are Lifted
IMPACTS is tracking public attitudes about COVID-19, and researcher Colleen Dilenschneider is publishing regular updates on her blog Know Your Own Bone. Of particular interest is data on people’s intent to visit cultural entities when restrictions are eased, and on which kinds of cultural attractions they feel most comfortable about visiting post-pandemic.

Internal Metrics
Complement this external data with your museum’s key financial indicators and other pertinent data. Some museums already maintain digital dashboards to capture and share such information—which becomes useful in a time of universal telecommuting. If you already maintain a dashboard, you may want to add or remove fields to make it relevant to your current situation. (Attendance is probably a moot point at the moment, alas.) If you don’t have a dashboard yet, now might be a good time to start. Here is a collection of resources on creating and using dashboards from the National Council of Nonprofits.

Three Scenarios of the World
I’ve used data from some of the sources listed above to create scaffolds for scenarios of low-, medium-, and high-impact futures over the next 16 to 20 months. Use these scaffolds to build scenarios exploring the potential impacts of each future on your museum’s operations.

Low-Impact
In this future:
- Scattered intermittent closures and distancing orders continue through fall 2021.
- US deaths from COVID-19 reach 100,000 by end of 2020.
- Unemployment rate peaks at 8.5 percent in 2020.
- Schools and universities reopen in fall 2020 with onsite classes as usual.
- Many foundations massively step up their giving to support museums and other grantees.
- Ten percent of museums close permanently by the end of 2020. Another 20 percent have effectively spent down their financial reserves.
- Public willingness to travel and frequent public places rebounds, with confidence built by widely adopted health precautions.
Medium-Impact
In this future:
- Regions hit earliest by COVID-19 (New York, New Jersey, Michigan, Louisiana, etc.) experience peak cases starting in May 2020, with cities and regions that experienced later outbreaks extending the overall curve throughout the US.
- As some areas of the US continue to develop as hotspots, there are continued travel bans across some state lines, or targeting certain cities.
- International travel resumes but is significantly depressed.
- US deaths from COVID-19 reach 250,000 by end of 2020.
- Unemployment reaches 15 percent by July 2020, but many businesses begin to reopen and rehire in the fall.
- Schools and universities reopen in fall 2020 with mandatory COVID-19 testing of students and instructors, and online instruction is made available for infected or exposed individuals, at-risk groups, and students/families uncomfortable with the risk of on-site instruction.
- School field trips are radically curtailed.
- Twenty percent of museums close permanently by the end of 2020. Another 30 percent have effectively spent down their financial reserves.

High-Impact
In this future:
- All countries, including the US, enter a cycle of intermittent physical distancing: as the number of reported cases drop, and physical distancing eases, we experience a resurgence of cases (as happened in Hong Kong in March 2020).
- Many people, wearied by long quarantines, begin ignoring stay-at-home orders. Some local officials, spooked by the extent of economic damage, ease back on distancing and mandatory closure orders too soon.
- US deaths from COVID-19 reach one million by the end of 2020.
- Long-lasting international travel bans go into effect.
- Widespread reluctance to resume recreational and work travel, attendance at public events persists.
- Unemployment reaches 30 percent by July 2020; remains at this level through the remainder of the year.
- Permission to return to work is tied to testing positive for antibodies to coronavirus.
- Thirty percent of US museums close permanently in 2020. Eighty percent of the remaining museums have instituted long-term downsizing and layoffs. Even museums in the top 10 percent of endowment size have (like MoMA) suspended some non-revenue generating activities indefinitely.
Scenario Worksheet for Your Museum
For each of these scenarios, sketch out what is happening at your museum. What is your most likely financial outlook? How have you found additional sources of support? For example, in your low-impact scenario you might envision that your museum:

» Receives a COVID relief act small business loan in spring 2020, sustaining it through two months of closure, and enabling it to reopen/rehire in summer 2020
» Successfully petitions funders to have programmatic grants converted to general operating support
» Is authorized by the board of trustees to use board-designated endowments to fund operations and continue to pay employees, while staff take graduated pay cuts

The worksheet below provides some prompts for creating these tailored scenarios. These prompts are just a starting point. You may, for example, want to add more financial detail to inform critical decision-making about staffing and operations. You may want to add story elements that explore impacts particular to your institution (e.g., pausing a capital campaign or construction project). Complete the worksheet for each of the scenarios framed above—low, medium, and high impact. I recommend you write from the perspective of mid-to-late 2021, looking back to tell the story of how you successfully navigated this difficult year.

How Our Museum Survived the COVID-19 Pandemic
[Complete for each scenario: low/medium/high impact]

» We were closed for a total of ____ months, and reopened on ______
» The income streams that sustained us through 2020 and 2021 were ____
» The following funders/donors stepped in to support us ____ in the following ways (e.g., with additional funding or easing of grant restrictions)______
» ____ staff members were furloughed/laid off (specify which) in ____, and by ____ , ____ had been rehired.
» We applied for financial relief from these government programs or charitable funds _________
» We cancelled these events and exhibitions ________
» We instituted these online/digital events and programs ________
» We cultivated members and donors by ____________
» Our total operating losses in 2020 were $____ (Deficit at the end of the year)
» The museum’s investments went from $____ at the beginning of 2020 to $____ at the end of the year.
» Our donors and funders see the museum as having played a critical role in supporting our community in the past year, because we ____________
What’s Next
The goal of COVID-19 scenario planning is to keep your organization afloat during the current crisis and prepare to rebound as quickly as possible as the pandemic recedes. By prompting you to consider at least three versions of what may happen in coming months, this exercise will prepare you to cope with uncertainty and adapt to the rapid pace of change. I look forward to the day when museums begin to reopen across the US, and in a subsequent post, will share a list of considerations for preparing for that happy day.

Access More Forecasting Support and Resources for Your Museum from AAM
The American Alliance of Museums is here to help you prepare for your museum’s rebound from the COVID-recession:

- Use AAM’s latest forecasting report, TrendsWatch: The Future of Financial Sustainability, to revisit and revise your financial plans. The report is available as a free PDF-download to AAM members of all types, and for $10 for nonmembers.
- AAM offers fee-based services on a select basis to museums and related organizations, consortia, and companies that are looking for speakers, trainers, customized assessment, or other assistance. Learn more about Alliance Advisors and how we can support your museum’s leadership.

Support Free COVID-19 Resources for the Museum Field
This and other resources have been taken out from behind AAM’s member paywall to make them free and accessible for all. The current crisis is taking a distressing financial toll on cultural organizations, and AAM is no different. In these challenging times, we ask that if you can, consider supporting our advocacy work and making extensive COVID-19 resources freely available for our field, by making a donation or becoming a member of AAM. Thank you for your much-needed support.

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