What Chinese Art Museums Could Learn From the U.S Art Museum

Funding Model:
A Case Study of Today Art Museum

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May 1, 2015
Introduction
The past couple of decades have seen an increasing presence of art museums in China. Since 2001, an estimate of 100 art museums are founded on annual basis, and the total number of art museum building increased from fewer than 2,500 to more than 3,500. Nearly 40 percent of these institutions were financed by real estate companies or banks, with the majority of interested in contemporary arts (Cotter, 2013). Without sufficient government funding, non-governmental art museums experienced financial difficulties, lacking adequate resources to fulfill their missions.

This paper investigates what Chinese art museums could learn from the U.S. art museum funding model through a case study of Today Art Museum (TAM), the first nonprofit, non-governmental-run art museum in China, and how these processes can be incorporated into the Chinese art museum system. TAM’s mission is rather vague, “today is not simply this present moment; it is the past and future. We understand the Art of Today. Our achievements and responsibilities [are] the Art of Today. We share with the world the Art of Today” (Today Art Museum, 2006). It can be interpreted as TAM is dedicated to pushing Chinese contemporary art to move forward by collaborating with Chinese contemporary artists through diverse art and educational programs. As a leading art museum in the Chinese contemporary art scene, TAM builds a bridge between Chinese contemporary art and the international art scene. With these ambitions, TAM needs more revenue to reach its mission (Xiong, 2015).

Chinese museum directors failed to establish a successful revenue model and looked to the Western model for innovative methods (Lyn, 2013). Peng Gao, the Director of TAM, said that “the U.S and other western models might not be the best one for us, but it deserves learning, because it is an established, work-well model (Xiong, 2014c).” Through research, the gaps between the major U.S
funding sources and TAM will be identified and possible solutions can be found.

This study investigates the current revenue sources of TAM, using the U.S art museum funding model as a baseline, and analyzes the means of developing a sustainable and mission-related revenue stream, which could implemented in the Chinese art museum’s fundraising programs. By reviewing revenue streams and interviews with insiders, this paper will provide insight into how Chinese non-governmental art museums integrate these fundraising practices into their own model and potential lead to long-term sustainability.

**U.S Art Museum Funding Model**

According to the American Association of Museums (AAM), U.S museums’ funding sources are sectioned four categories: government grants, private donations, earned income and endowment income (Bell, 2012). Each of those sources can be subordinated into revenue streams. According to the Association of Art Museum Directors (AAMD), of the total revenue gained by art museums, the largest proportion comes from private donations (35 percent), which includes contributions from individuals, families and corporations, memberships, foundations and trusts. The next largest revenue streams are earned income and endowment income, accounting for 27 percent and 21 percent. The remaining 18 percent government support (Association of Art Museum Director, 2014).

Private contributions are the most important revenue source for art museums, and most private contributions come from individuals, memberships and foundations. Individual philanthropy provides the largest financial support for the U.S. art museums, reflecting the tradition of “private support for art museums as important civic institutions for communities large and small”

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1 All data used in this paper comes from the *2014 Annual Report of Today Art Museum* (the first and only one published annual report), Shuhui Liu, the development director of TAM, [redacted], the former director of [redacted] of TAM and personal communications.
(National Endowment for the Arts, 2012). According to the National Endowment for the Arts, the growth of private contribution is mostly encouraged by tax incentives (National Endowment for the Arts, 2012). “Since 1917, any donations to a tax-exempt, not-for-profit organization has qualified as a potential deduction for the tax-paying individuals” (National Endowment for the Arts, 2012).

Individuals and families with larger income contribute great shares of income to non-for-profit institutions, to have their taxes reduced between 33 and 35 percent, becoming the primary source of funding for the U.S art museums.

Earned income supports art museums with the second largest revenue stream. According to AAMD, earned income accounted for 16.1 percent of the total in 1993, rising arose to 26 percent in 2012. Admission fees were ranked first in 1993, followed by the museum stores merchandise sales in 2012. This transformation changes society’s assumption that museums do not have to raise admission fees to increase earned income (Heilbrun & Gray, 2001). An alternative to reducing or eliminating admission fees, art museums are encouraged to generate revenue by operating stores to drive the growth of earned income(Heilbrun & Gray, 2001). Furthermore, museum stores also reinforce the museum’s identity with merchandise that provides marketing their collections information, missions and exhibitions, which may contribute to building loyalty.

Endowment income is defined as the fund “used to accumulate those assets that have been given to the museum on the condition that the principal of the gift is to be kept intact and that only the investment income it produces can be used to meet the museum’s needs”(Daughtrey & Gross, 1978). Endowments are the means by which the U.S art museums offer stable revenue for organizations (Kotler, Kotler, & Kotler, 2008). According to AAMD, in 1993, endowment income accounted for 19.5 percent. This increased to 26 percent in 2012. In 1997, the
endowment values fell sharply to 15.4 percent (Heilbrun & Gray, 2001), indicating that endowments fluctuate depending on market conditions (Kotler et al., 2008).

American art museums receive government support from federal, state, regional and local art agencies. Federal art agencies such as the National Endowment for the Arts and the Institute for Museum and Library Services are the principle art supporters. However, since economic and political priorities shifted and social service agencies appeared to support art, the local and regional art agencies undertook these responsibilities, recognizing the value of generating business, jobs, income and community support. Thus, the federal and other level art agencies became partners in funding the arts (Kotler et al., 2008).

This brief outline demonstrates how the U.S. art museum funding model is very diversified and fragmented funding framework, comprised of grants from federal, state, and local art agencies, private contributions, endowment income, and earned income (National Endowment for the Arts, 2012). The pie charts below outline the U.S. art museum funding model. Although the revenue streams in each category vary significantly among museums based on their sizes, scope, and fundraising capacities, this framework reflects the basic funding model for American art museums, as it has been shaped by the economic environment, public policy, and museums’ intentions. This model is a baseline to measure the revenue performance of TAM in the following case study by identifying gaps in TAM’s revenue streams.
Average Sources of Revenue & Support

Source: Association of American Museum Director, 2014

The Broadly Defined U.S. Art Museum Revenue Model
Case Study

Today Art Museum was founded in 2002 by Baoquan Zhang, the president of ANTEAUS Group, a real estate company. Originally, TAM was endowed as a private art museum to exhibit the art collections of Zhang and his corporation. In 2003, TAM completed its transformation into a nonprofit art museum (Today Art Museum, 2011). TAM is an art institution organizing exhibitions, educational programs, and special events (Today Art Museum, 2015). In addition, TAM is an academic institution running a publishing house and archive unit. TAM owns *Oriental Master*, an art magazine that introduces contemporary art and artists. An online presentation is also offered by TAM's digital branch Today Art Digital Museum (www.vrdam.com) to promote the digitalization of the museum's collections and exhibitions. The variety of in-house and online programming solicits expanded financial support for TAM. According to the *2014 Annual Report of Today Art Museum*, total revenue consisted of private contributions, government grants and earned income. Private contributions came from corporate sponsorship (47.1 percent) and memberships (0.2 percent). Earned income consisted of space rentals (38.2 percent) and admissions (5.1 percent). Government support accounted for 9.6 percent of revenue.
Private Contributions

*Corporate Sponsorship*

Accounting for 46.9 percent in total revenue, corporate sponsorship is the most fundamental source of TAM from the private sector. TAM gained monetary and in-kind support through naming rights, logo recognitions, and priorities for space rentals. In 2014, TAM’s sponsors included MARTELL, UBS, AXA ART, Ritz-Carlton, EPSON, Caissa, and Carsate, companies involved in the industries of
liquor, banks, art insurance, hotels, traveling and housewares (Today Art Museum, 2014). MARTELL, UBS, Caissa and Carsate offer year-round financial support to programs and events. Other sponsors provided donations with services or in-kind donations such as print equipment from EPSON, hotel services from Ritz-Carlton, and art insurance service from AXA ART. Corporate sponsorship is also the major source of program expenses (Personal Communication, 2015).

TAM utilized diverse strategies in attracting and sustaining sponsorship. A sponsorship benefit package is provided, including recognition on the title wall, all printed materials, press releases, and online presences, the priority for private tours, space rentals and special exhibition sponsorship, as well as free admission (Today Art Museum, 2014). In addition, a flexible sponsorship plan was also used to draw attention from more potential sponsors. TAM creates a unique plan for each sponsor, rather than a template applicable for all levels, based on the sponsor's budget sizes and marketing goals. According to Liu, this strategy can adapt to different types of corporations, large and small. A package with additional benefits such as naming rights for special events and using the front square would be provided for large, recognized companies. For sponsors with smaller budgets, a plan including free admission and recognition on specific exhibitions is most often recommended.

“Corporate sponsorship is so important that each one deserves our special treatment” (Personal Communication, 2014). For example, Mercedes-Benz sponsored the exhibition CHEN MAN:Elan in 2011, a renowned female photographer who worked with celebrities and recognized corporations including Mercedes-Benz. As one of TAM's top sponsors, Mercedes-Benz gained the privilege of using TAM's front square for exhibiting its new collection (Today Art Museum, 2014). More than members of the press attended the grand
show, in which Mercedes-Benz gained high visibility not only among general visitors but also by means of high media coverage (Personal Communication, 2015).

Corporate sponsorship is so important in TAM’s revenue structure, having an influence on the organizational decision-making, especially in human resources. TAM’s development directors are required to have strong networking and personal connections, especially with corporations (Personal Communication, 2015). The former development director was appointed for her [REDACTED] (Personal Communication, 2015). In 2014, the current development director, Shuhui Liu, was appointed and praised for her [REDACTED]. She has worked as a senior manager in marketing, public relations and event planning for more than ten years, and maintains strong connections with many recognized corporations. Her network enabled TAM to build a relationship with [REDACTED] (Xiong, 2015). TAM also recruited consultants for expanding relations with specific industries. TAM appointed Xing Zhang, a film director dedicated to charitable fundraising, and An li, a senior manager of the Chinatex Corporation, a government-run corporation that has great reputation in the fashion industry, as development consultants (Today Art Museum, 2014). Furthermore, to maintain the relationship with sponsors, TAM usually considered [REDACTED] (Personal Communication, 2015).

TAM built partnerships with select organizations by curating special programs to broaden sponsor resources. In 2014, TAM produced the Today Art and Fashion
Award and Exhibition (TFAA), partnering with Let’s, a nationally-circulated lifestyle magazine (Wang, 2014). “We have retained a close partnership with Let’s over the past years, and hope to [redacted] (Liu, 2014)”

Through these alliances, TAM made a connection with [redacted], who is a long-term sponsor of Let’s (Liu, 2015).

Memberships

Membership income accounted for only 0.22 percent of the total revenue sources. According to 2014 Annual Report of Today Art Museum, the number of members increased in 2014 by 179, including 31 adults, 24 students, 119 families and 5 VIPs (Today Art Museum, 2015). By offering the corresponding benefit packages to different membership levels, the accumulated members reached [redacted] members since [redacted], including the new, renewed and un-renewed. The membership development strategies combine in-house and online promotions. Membership forms are placed at the front desk, exhibition entrances, and a gift store, and introduced by a trained staff member. Newsletters with program information and membership benefits attached are sent to members and subscribers regularly to remind them about exhibitions and program information.

Individual Donations and Endowments

During the period reviewed, TAM did not receive any individual donations (aside from memberships) or endowment income. It is likely that one reason for this is difficulty implementing the relevant tax-deduction regulation (Personal Communication, 2015). According to the established tax-deduction regulation in China, for individuals who donated to government-approved, tax-exempt charities or charitable organizations, 30 percent of taxable income tax is exempted (“Law of the People’s Republic of China on Donations for Public Welfare”). Donors must keep a donation receipt to have their tax exempted. This
regulation ensures individual donations are legally protected. However, the exemption only applies to government-approved organizations, and non-governmental museums hardly ever gain the qualification. Tax-exempt charities or charitable organizations are defined by government, and usually limited to government-funded organizations (Heisman, 2013). After a few years, TAM eventually did gain the tax-exemption qualification in 2014 by establishing the Today Development Foundation affiliated with a government-funded charity to support TAM (Xiong, 2014c). This now allows for individual contributions to be achievable and endowment income is expected to increase in the future.

*Foundations*

TAM has had little financial support from foundations. When TAM received foundation grants, these funds were from international foundations and given to specific artists or curators. For example, TAM received a grant from the Mondriaan Fund to support an exhibition of work by an artist from the Netherlands (Personal Communication, 2015). Opportunities like this are rare.

*Earned Income*

Earned Income is defined as the revenue from admission fees, gift shops, restaurants and space rentals (Bell, 2012). TAM’s earned income consists of admissions and space rentals only. The income from TAM’s gift shop and restaurant were too low to be accounted for in the museum’s total revenue (Personal Communication, 2015).

*Space Rentals*

The second most important revenue stream for TAM, space rentals, accounted for the largest share of earned income. TAM accepts space rentals for both special art programs and commercial events. Special art programs are short-term, non-TAM-curated art projects, are most often sponsored by
individuals and organizations, such as a one-week exhibition supported by a private collector. This program fills the gap between large exhibitions and programs. Commercial events are profit-oriented events that usually last three days or less, and typically include product launching, press previews, or fashion shows (Today Art Museum, 2015). Twenty-two commercial events took place in 2014 and represented revenue growth point.

Traveling exhibitions also account for some revenue gained through space rentals. These exhibitions are generally sponsored by the embassies or their cultural councils. TAM’s partnerships with the Embassies of America, Germany, France, Norway, Austria, and Chile give the embassies priority in recommending excellent exhibitions from their countries to TAM to reach diplomatic or cultural purposes. Typically, the Embassy will pay for the exhibition’s space rental. However, at times an alternative payment is given in the form of an exchange enabling TAM-curated exhibitions to be presented in the sponsor country (Lyn, 2013).

To support their museum’s mission, TAM uses rate strategies to leverage rental types. Three rate levels are given based on these types (Personal Communication, 2015). Commercial events are typically charged a 50-100 percent higher rate than special art programs. As a nonprofit organization, excessively involving commercial events would not contribute to the museum’s mission. Gao said that he attempts to avoid non-mission-related commercial rentals. However, commercial events do bring more revenue to support operating expenses. In this case, high charges help to restrain the expansion of commercial events. Traveling exhibitions charge (and sometimes pay only through exhibition exchange).

*Ticket Income*
Ticket income makes up 5.1 percent of total revenue. Since 2006, TAM has held its admission fees at $3.30 (20RMB) for adults and $1.60 (10RMB) for students even though operating costs are increasing. According to Liu (2015), ticket income is stable but it is only a tiny portion of total revenue; it hardly supports the museum. Thus, TAM sees ticket sales as a means of converting visitors to members.

A Restaurant and Museum Store

The income from the museum’s restaurant and store accounts for only tiny portions of TAM’s total revenue (Personal Communication, 2015). The restaurant mainly provides catering for the museum’s events and staff. TAM’s store has even run deficits for years (Personal Communication, 2015).

Government Grants

Government grants are provided by the Ministry of Culture (national level), and distributed through the Beijing civil affairs bureau (city level), Beijing culture bureau (city level), and Chaoyang district culture committee (local level). The government fund received in 2014 accounted for 9.6 percent of total revenue. All grants were used to support mission-related programs. TAM gained direct funding from two grant programs: the National Excellent Art Programs and Museums Program, and the National Cultural and Scientific Improvement Project.

The National Excellent Art Programs and Museums is a grant program established by the Ministry of Culture to support the art and educational programs of governmental and non-governmental art museums. The project-funding grants are awarded to the programs based on an academic and educational evaluation by the National Art Museum Professional Committee, consisting of artists, critics, museum directors, and other professionals. Based on the evaluation, the funds were distributed to cover one-third of the expenses of two programs: THE

The National Cultural and Scientific Improvement Project is another fund established by the Ministry of Culture, to support technology innovations in the arts and to encourage technology in arts management practices. TAM received these funds for five years to support the construction of Today Digital Art Museum (TDAM) http://www.vrdam.com/, China’s first integrated digital-technology services and information provider in the art industry with the largest database of domestic contemporary art exhibitions in panoramic vision (Today Art Museum, 2015). With its singular role in digitalizing art collections in China, TAM has sustainably gained one hundred percent funding, a substantial investment in technology and database updates, equipment maintenances, right purchases and other expected financial outputs.

Findings and Conclusions
While there are 15 typical revenue sources in the U.S art museums funding model, TAM has only five revenue streams. TAM does not receive significant revenue from individual donations, memberships, endowments, foundations, or restaurants and gift stores. Those sources contribute 52 percent of the museum’s total revenue in the U.S (Association of Art Museum Director, 2014).

Problems
Insufficient membership revenue negatively affects financial sustainability. Membership is an important source of revenue for museums, which provides regular operating income, and contributes to maintaining financial stability (Kotler et al., 2008). Also, lack of member base underrates the importance of
improving members’ experiences. A possible method to effective membership programs is offering more membership benefits including exclusive events, private tours and educational programs (Rich & Hines, 2002). By increasing membership benefits and cultivating loyal art patron base, more individuals may be motivated to actively participate in TAM’s programs and engage in the organizational development by providing their sustaining support.

Membership also supports the museum’s mission. Without a substantial member base, TAM could not recruit expected volunteers. Membership attracts volunteers, which offset the cost of labor (Wallace, 2006). A volunteer can cover a full-time position at the front desk or guiding tours, and play a supporting role during events and opening receptions (Wallace, 2006). Most committed museum members develop a deep affinity to the museum and its mission. They enjoy the exhibitions, programs and events, and as regular visitors, and are very supportive of the mission and even more familiar with facilities and operation (Wallace, 2006). Their work can be an asset to the museum’s programs and assist in building visitor experiences, while contributing to the mission.

TAM’s volunteer team mainly consists of college students. TAM has agreements with selected universities offering volunteer opportunities for their students. It is a “double-edge sword” (Personal Communication, 2015). For TAM, it is good to see a wide engagement among young people. However, TAM has to spend additional resources and time on training inexperienced students who may not be motivated to visit and lack of a passion for the mission. TAM also has to deal with a complicated school administrative application process. Furthermore, the purpose of their volunteer hours might be to fulfill their academic requirements rather than believing in the museum’s mission (Personal Communication, 2015). This kind of training time is actually not well spent since those volunteers’ performances were far from the level of satisfaction of motivated volunteers reached (Kotler et al., 2008).
The museum store also can be used to appropriate another source for TAM’s revenue streams. In the U.S. art museums, although space rentals have been increasingly contributing to earned income, merchandise revenue is still the most important source of earned income (Wallace, 2006), while admission fees are no longer driving the growth of earned income. According to AAM, “97 percent of their member museums provided special discounts, and nearly 62 percent had free admission days. Some of these museums are moving to reduce or eliminate admission fees” (Kotler et al., 2008). Consequently, museum stores revenue need to grow. The same situation is true at TAM. Although operating costs are rising, TAM froze admission fees in 2009 to grow attendance. As a result, the museum store is the sole contributor to earned income.

Aside from providing sustainable revenue income, a museum store can be regarded as supporting the mission by providing more information about the collection, mission, and exhibitions through merchandise that can also engender visitors’ and members’ loyalty. Taking home a souvenir featuring the museum’s logo or exhibition information might extend visitors’ museum experiences, and enhance the value of their visits, which might help build TAM’s identity and loyalty among visitors and communities (Wallace, 2006).

The absence of individual donations is a significant concern for TAM. In U.S art museums, individual contributions usually focuses on museums’ expansion of collections, programs and infrastructure (Kotler et al., 2008). For art museums, donations are often given to purchase a specific work of art or to renovate facilities, and donors might be recognized by name as supporters of a gallery or other facilities (Kotler et al., 2008). These donations provide a flexible means to support the museum’s mission, improve visitor experiences, and grow
investment income in case of any financial shift such as the pulling out of a corporate sponsorship or drops in rental revenue. A plausible cause for the absence in individual donations at TAM is that TAM was not authorized with tax exemption until 2014. The substantial expenses to purchase art works and renovate facilities were derived from [Redacted](Personal Communication, 2015). In this case, growing individual contributions would enable substantial support for mission-related programs and remodeling for modern facilities.

TAM is currently facing a challenge of their dependency on corporate sponsorship and space rentals. As their most important revenue sources, corporate sponsorship and rentals accounted for 80 percent of total revenue. Gao is concerned that corporate sponsorship and rentals threaten the mission and sustainability (Xiong, 2014b). Also, high level dependence on commercial rentals and corporate sponsorship is impacting the mission-driven operation with excessive commercial involvements. A museum’s space is supposed to be used for creating exhibitions and educational programs. If rented for commercial purposes, this limits the opportunities for audiences to attend art and educational programs. TAM follows a “first come first served” policy for rentals. Sponsors of commercial events usually reserved [Redacted] or longer in advance. As a result, fewer spaces were available for mission-related programs, and they have to be postponed due to scheduling conflicts (Personal Communication, 2015). At the same time, the development team tends to be in favor of commercial rentals for the immediate benefits and minimal work requirements compared to mission-related programs or events (Personal Communication, 2015). Generally, a commercial event takes only one to two days, and almost nothing needs to be invested aside from facilities and one staff member to supervise, while holding an art or educational events usually requires more
investment in planning, meeting, and paid work. This tends to make some staff members reluctant to explore alternative revenue solutions that might better support the mission of the museum. Externally, TAM is facing a competition from the growth of galleries and display space in Beijing. More museums, galleries and commercial spaces are rapidly appearing in Beijing (Cotter, 2013). Commercial events might have more rental options with furnished space, advanced facilities and moderate rates. Commercial rental revenue is expected to decline and no longer be a reliable income source.

Excessive corporate sponsorship leads to temporary short-term financial insecurity and threats to the mission. In the U.S, corporate sponsorship is recognized as a means of achieving private contributions as costs increase and government funding declines (Kotler et al., 2008). “Corporate sponsorship always acts as a marketing strategy in exchange for specific returns such as large audiences data and to communicate the value of corporate product with lower expense” (Ambrose, 2006). Therefore, corporate sponsorship is a business relationship between the museum and the sponsors based on their few consensus on the mission. In 2013, TAM suffered budget cuts when almost all of its corporate sponsors asked to terminate their financial supports, due to 

“I spent six months looking for new sponsors when my tenure started on August 2013,” Gao said, “The museum had no corporate sponsors when the former director ended her nine-month tenure”(Xiong, 2014a). This financial crisis also affected the mission-driven programs. Many upcoming exhibitions and educational programs were canceled, and the number of exhibitions in this year significantly dropped (Xiong, 2014a). “The quantity and quality of our exhibitions significantly dropped down in 2013 (Xiong, 2014a).” Great pressures were put on commercial rentals to maintain regular operation. Some staff members resigned from the museum.
Excessive reliance on commercial involvements led to an unstable revenue system. Instead of depending on business-oriented income, TAM needs to significantly lower the proportion of business-oriented income, and actively create alternative revenue structure with other resources from supporting TAM’s mission and programs.

Recommendations

The potential benefits from diversifying revenue sources and the threats to the museum’s mission and financial sustainability, generated from excessive reliance on commercial involvements, revealed that TAM has to build a more comprehensive funding framework. Possible strategies are offered based on TAM’s established revenue source types and an evaluation of the feasibility of new sources of revenue.

Memberships and the museum stores have the most potential as contributed revenue streams. Both of them have well-established existing infrastructures. The TAM’s store features furnished space and a wealth of a wealth of merchandise exclusively authorized by renowned artists. The membership program has been established for years, and has well-designed print materials. In addition, TAM employees are invested in and motivated to grow revenue from these two streams. “The development team took lots of time on developing membership, but it seems not work as expected” (Personal Communication, 2015). A well-established infrastructure and motivated staff members demand minimum investments in labor, construction and other sectors, might generate substantial income.

A membership management strategy is needed to expand a membership program. All of TAM’s membership information is collected manually with Excel,
without further analysis based on the collected data. The slapdash ensemble makes it difficult to examining membership information to allow staff members tracking their satisfactions and making better decisions (Kotler et al., 2008). Without that analysis, membership developers cannot create a further strategy for membership promotion activities for different groups. But it is good to see that a database administration software featuring information analysis for admission, ticketing and memberships, and automatically categorizing members’ information on birth, gender, jobs, district, education, and art preference, will be purchased in 2015 (Liu, 2014). The software might provide the necessary technical support in data analysis for online membership campaigns with the powerful data analysis function and less labor and budget invested.

With rich potential revenue contributions and branding benefits, a museum store deserves concentrated and strategic planning. According to Xiao, the former promotion director of TAM, lacking such serious promotion strategies, the museum’s store has been operating on deficit for years. According to Museum Store Management, for the new-founded museum stores or one without substantial income like TAM, it is recommended considering how to offset the cost of paid staff before making revenue (Theobald, 2000). Converting TAM’s 340,000 attendees into shoppers might also help form a substantial potential shopper base. The store manager should propose a year-round revenue plan based on annual visitor numbers and set an average sale per visitor to make its finance in a balance (Theobald, 2000). A corresponding promotional strategy also is needed. For the largest museums stores in the U.S, a considerable marketing investment always is needed (Theobald, 2000). However, considering a limited proposed budget in marketing and labor invested (Xiao, 2015), e-marketing like a short article, a column, or photos featuring interpretive information included in the TAM digital publications or newsletters might help a lot (Theobald, 2000).
To explore the feasibility of individual donation and endowment, two changes happened in the mechanism of tax and TAM’s institutional building in 2014 when Gao completed his first year of his tenure. The founding of Today Art Development Foundation (TADF) indicated that, as a government-approved, tax-exempt organization, TAM is able to accept private giving by issuing tax-deduction receipts to donors. Without the authorization, TAM cannot issue a valid, tax-exempt receipt. Gao also activated the function of the Development Committee. As one of the established committees, the artistic committee has long been well operated by involving 22 distinguished artists, curators, critics, directors and other professionals in curating, academic research, and planning-making (Today Art Museum, 2013). However, the development committee has been ‘frozen by dysfunction’. “A committee meeting was never organized once so far.” Zikang Zhang, the first director of TAM said, who resigned in 2012. To push the committee to move forward, Gao’s first attempt was getting the international art scene involved in the committee building. Gao invited Chris Wainwright, the former member of Tate Britain Council, to join in the board. He believes Wainwright would contribute to the board management with his rich museum-management experiences. Gao was also expanding the committee’s size by appointing the individuals from diverse areas and industries, with needed skills, joining the board to oversee and protect museum’s assets and investments (Wang, 2014).

From the perspective of the U.S art museum funding model, TAM needs to build more diversified and flexible funding based on the mission, sustainability and organizational strengths. Alternative revenue sources are required to reduce the reliance on commercial involvements. The majority of TAM’s current funding structure is made by corporate sponsorship, space rentals, government grants and admission, of which TAM is over-reliant on business-oriented revenue from
private sector sponsorship and space rentals. Mission-supporting funding sources like individual donations, endowment interests, and merchandise sales and are absent in the structure. It makes TAM financially vulnerable and greatly impairs operations of the mission-related programs. Thus, TAM needs to diversify its revenue sources and, reduce its reliance on commercial revenue. In this case, by strategically expanding the membership base and museum store revenue, reducing the dependence on commercial involvements in commercial rentals and corporate sponsorship, and exploring the possibility of individual donation and endowments, TAM will construct a structured funding ground work to maintain it’s finances and achieve the museum’s mission.
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1 Some texts were blacked out for sensitive personal or business information
included.