



Eastern State Penitentiary Historic Site

Strategic Business Plan FY2017-2021

Executive Summary

September 29, 2017

Prepared by



Introduction

In 2016, Eastern State Penitentiary Historic Site (ESPHS) embarked on a year-long process to set our course for the coming five years and beyond. Over the past 20 years, Eastern State has built a singularly successful historic site in terms of growing visitation, innovation in preservation and interpretation, and financial strength.

The board of directors and senior leadership prioritized strategic planning at this point in the organization's development in order to achieve several goals:

- Create an inclusive process by which the organization could articulate a holistic mission, vision, and values, supported by staff and board
- Clarify ESPHS's aspirations and goals regarding future growth, visitor experiences, interpretive approaches, and connections with external partners
- Resolve questions regarding tolerances for change in the historic architectural fabric of the site
- Build on the work of the 2011 Master Plan to define a phased building development program that takes into account the organization's current needs and that includes a strategy for procuring the necessary funds
- Define the operational changes required to support ESPHS's growing activities, particularly in regards to marketing, fundraising, and visitor services
- Understand the impact of building projects and operational changes on ESPHS's operating model and risk tolerance

This document summarizes the plan that records the results of this process. The plan includes a summary of the planning activities undertaken by the organization and the key findings from that work; revised mission, vision, and values that guide ESPHS's work; the goals and strategies that ESPHS will pursue for the coming five years; the Facilities Development Plan; and financial projections that reflect the key assumptions embedded in the goals, strategies, and facilities development plan.

Methodology

The planning process was guided by a strategic planning committee made up of staff and board leadership. ESPHS engaged Juliana Koo and Elizabeth Wiesner of TDC, a Boston-based nonprofit consulting and research firm, to facilitate the planning process. TDC was joined by Sam Olshin and Ruth Embry of Atkin Olshin Schade Architects, who led the discussion on the facility, and Nancy Brennan, who led the discussion on fundraising goals and operations. The planning process was divided into five phases and was designed to engage the full staff and board at critical points in the discussion.

- **Phase I. Laying the Groundwork.** The committee reviewed the recommendations from the 2011 Master Plan and TDC’s observations about ESPHS’s current state, based on a series of staff interviews and review of internal documents regarding ESPHS’s programs, audiences, marketing, development, operations, and financials.
- **Phase II. Building.** On a concurrent basis, TDC, AOS, staff, and select committee members progressed on a discussion regarding ESPHS’s facilities.
- **Phase III. Operations and Organization.** TDC and senior staff discussed aspirations and assumptions for visitation, programmatic development, and marketing plans based on the Phase I vision discussions; and the likely impact on operations of the building projects articulated in Phase II, particularly in regards to staffing. TDC also met with a select group of board and senior staff to discuss board development and leadership succession plans.
- **Phase IV. Fundraising and Financials.** TDC, Nancy Brennan, development staff, and select board members worked together to determine ESPHS’s baseline for fundraising, potential for growth, and staffing plan to support expanded development activities.
- **Phase V. Strategy and Testing.** TDC and staff worked together to create a strategic framework that built on the previous phases of work, and which included revised mission and vision language, organizational values, a brief narrative describing ESPHS’s history of success and plans for the future, five-year goals and strategies, and the facilities development plan.



Mission, Vision, and Values

Mission

Eastern State Penitentiary Historic Site interprets the legacy of American criminal justice reform, from the nation’s founding through to the present day, within the long-abandoned cellblocks of the nation’s most historic prison.

Vision

Eastern State Penitentiary’s innovative preservation, interpretation, and public programs will move visitors to engage in dialogue and deepen the national conversation about criminal justice.

Values

Eastern State Penitentiary has built a strong culture of beliefs and practices that inform all of our decisions and actions. The core values are grouped according to content and practice, but were not prioritized. ESPHS believes that each of these values is critical to the organization’s success.

What we do

- Stewardship of Eastern State Penitentiary as a stabilized ruin of international significance and our collections
- Interpretation of the stories of the people who were imprisoned and who worked at Eastern State, and the artifacts that tell their stories
- Leveraging the power of history and historic places to inform current-day issues
- Exploration of contemporary criminal justice issues with honesty and respect for multiple perspectives

How we do it

- Visitor-centric approach
- Organization-wide commitment to equity, diversity, accessibility, and inclusion
- Partnerships that enrich and complicate the dialogue catalyzed by our work
- Commitment to environment sustainability and long-term, thoughtful preservation
- An innovative and entrepreneurial culture
- A sustainable business model



Our Story

Eastern State Penitentiary Historic Site, Inc., has done the seemingly impossible: we have transformed this collapsing, once dangerous property into a thriving cultural attraction. Today the site draws nearly 250,000 visitors a year, engaging visitors with some of the most complex and critical issues facing our nation.

Since our opening in 1994, we have raised \$14 million in preservation funding. We have hosted 3.5 million visitors from around the world. In 2016, we accepted the Trustees Emeritus Award for Historic Site Stewardship from the National Trust for Historic Preservation for success and innovation in historic site administration. In 2017, we received awards from the American Alliance of Museums for excellence in exhibitions and public programs.

Over the next 10 years, we will build on this success, strengthening our position as the national leader in engaging the public with complex issues facing the criminal justice system.

To date, our ambitious business model has generated surplus annual revenues, supporting operations and allowing for modest investments in the facility. To expand to our next phase of growth, however, we will require greater support from the philanthropic community. Through critical investments in our site, program, and organization, funders will join us in creating the next decade of growth, innovation, impact, and excellence.

Goals and Strategies

Goal 1: Programs

Maintain excellence in Eastern State’s historical interpretation, engagement with current issues in criminal justice, and historic preservation.

The Eastern State visitor experience illuminates the history of the site and delves into current-day issues of criminal justice. The centerpiece of the experience is the site itself. In the coming five years, ESPHS will develop the visitor



experience by continuing our careful preservation work, building on our innovative practices in interpreting current day criminal justice issues, and expanding our impact and relevance for local audiences, including schoolchildren as well as communities disproportionately impacted by mass incarceration.

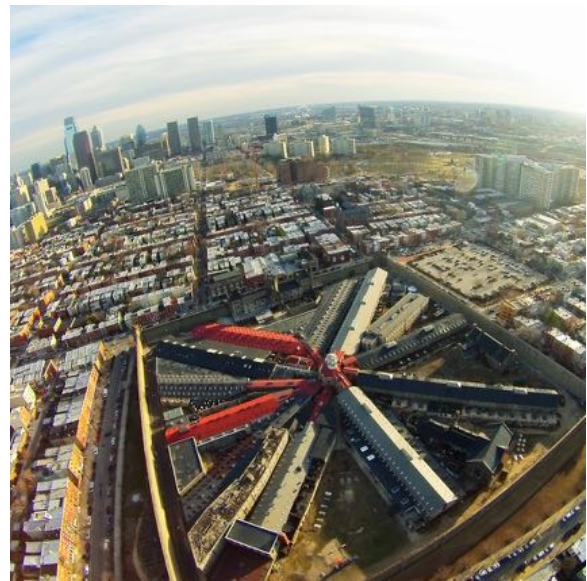
To advance Goal 1, ESPHS will pursue the following strategies in the coming five years:

- A. Maintain excellence in historic interpretation, preservation, and design
- B. Connect audiences with contemporary justice issues through innovative exhibitions and programs that achieve national recognition
- C. Expand programs that reach local audiences

Goal 2: Historic Preservation and Adaptive Re-Use

Ensure that the site is preserved from structural deterioration, is safe for visitors and staff, and supports the needs of the organization.

Eastern State’s most important asset is the site, which is at the same time a nationally significant historic structure and the venue for ESPHS’s programs and activities. ESPHS’s approach to historic preservation balances the needs of our buildings with the needs of people who use them.



To advance Goal 2 and the Facilities Development Plan, ESPHS will pursue the following strategies in the coming five years:

- A. Maintain the highest standards of historic preservation and design
- B. Make updates to the site that support programs and enhance the visitor experience
- C. Make updates to the site that support the efficient running of site operations

Goal 3: Public Identity

Elevate Eastern State’s profile among local audiences and the wider philanthropic community, while maintaining a strong and direct message to tourist audiences.

Eastern State has firmly established our reputation as a significant destination for Philadelphia leisure tourists and for Halloween enthusiasts. Our marketing activities have focused on two simple messages. For leisure tourists: Come explore an eerie, fascinating historic prison, once

known for its grand architecture and strict discipline; for Halloween revelers: Eastern State hosts the most popular haunted house in the nation.

For the next five years, ESPHS aims to change the perception of ESPHS among local audiences, local philanthropists, and national funders and partners, while at the same time continuing a strong message to tourists and *Terror Behind the Walls* audiences. ESPHS's audience development strategy does not intentionally aim for significant growth to the audience base. While growth may naturally occur, investment will be focused on changing perceptions.

To advance Goal 3, ESPHS will pursue the following strategies in the coming five years:

- A. Elevate Eastern State's profile in among local audiences and the philanthropic community
- B. Maintain a strong and direct message to tourist audiences

Goal 4. Business Model

Lay the groundwork to diversify Eastern State’s business model to support operations and the Facilities Development Plan

ESPHS has built a successful business model, which is based on strong earned revenues from *Terror Behind the Walls* and daytime tours. Operations have been fully supported through these revenue streams. Contributed revenue is raised, in large part, to support preservation and restoration of the site, supplemented by cash surpluses from operations. To achieve the Facilities Development Plan and mitigate the risk of a future downturn in *TBTW*’s success, ESPHS must build our fundraising operations. At the same time, ESPHS must maintain the strength of current revenue streams.

To advance Goal 4, ESPHS will pursue the following strategies in the coming five years:

- A. Build contributed revenue
- B. Maintain and enhance strong earned revenue streams

Goal 5. Organization

Develop a mature organization that maintains the essence of Eastern State’s innovative, entrepreneurial, and positive culture

ESPHS has come a long way since our founding over twenty years ago. We have advanced in our lifecycle through startup and growth, and is now ready to establish ourselves as a mature and thriving cultural institution. Institutionalization, however, should not come at the cost of ESPHS’s flexible and energetic culture, which is a major driver of the organization’s success.

To advance Goal 5, ESPHS will pursue the following strategies in the coming five years:

- A. Build the capacity of board for planning and oversight
- B. Build the capacity of staff
- C. Take action to reflect the value of equity, diversity, accessibility, and inclusion throughout the organization
- D. Continue to manage the relationship with the City of Philadelphia





Facilities Development Plan

Needs Assessment

ESPHS uses the site in a myriad of ways. Through individual walk throughs and a retreat, staff prioritized building needs in the following categories: Essential Needs, Core Mission Needs, *TBTW* Needs, Staff Needs, and Other Back of House Needs. Included in the full plan is a summary of the prioritization made by staff and reviewed by the planning committee.

Phasing

Nearly 350 components of the construction costs were categorized by type: renovation, preservation, exhibits, landscape, mechanical/electrical/fire protection/plumbing, HVAC, structural, infrastructure, and stormwater management. Building projects were then phased based on need and to align with ESPHS's assumptions about timing of fundraising opportunities and capacity.

	Phase	First Year Online
1	Visitors Center	2019
2	Infrastructure and Critical Preservation Projects	2020
3	Industrial Building Staging	2020
4	Stormwater Management	2020
5	Industrial Building	2023
6	Collections	2022
7	Visitor Amenities	2022
8	Administration Building	2028
9	Additional Preservation Projects	2028

Financials

ESPHS’s current business model generates healthy, consistent surpluses, which have enabled the organization to experiment with new programs, make needed investments in site preservation, and weather unexpected downturns. Over the next five years, ESPHS’s annual operating costs are projected to grow from \$6.3M in 2015 to \$9.7M as a result of investments in the strategies laid out in this plan and other cost increases beyond the control of the organization. ESPHS’s annual surpluses have enabled the organization to build a healthy level of cash reserves. While this plan calls for the use of some of these reserves for capital projects over the next ten years, ESPHS will maintain a fund of nearly 3 months of expenses toward reserves. The pro-forma included in the plan shows the projected financial implications of the plan from FY2017 to FY2021, and lists the key assumptions that underpin the financial projections.

Risks

All plans by their very nature carry an element of risk. To mitigate potential negative impact, ESPHS will closely monitor the following types of risk and adjust our strategy as needed. The plan document includes descriptions of ESPHS’s mitigation strategies for these risks.

Strategic Risks

- *TBTW surpluses.* ESPHS is dependent on surpluses from TBTW to cross-subsidize operations, to replenish reserves, and to fund capital development. TBTW is vulnerable to unpredictable factors, such as bad weather, that temporarily depress demand. Its success is also contingent on continued public interest in Halloween experiences.
- *Capital Support.* The Facilities Development Plan (FDP) is dependent on several sources of funding, including the Commonwealth of Pennsylvania’s Redevelopment Assistance Capital Program (RACP), the City of Philadelphia, and private donors.
- *Building deterioration.* The plan was based on a careful review of ESPHS’s facilities by Atkin Olshin Schade and the FDP includes every project categorized as Preservation

Priority 1 or Priority 2. Some of these projects, however, were included in later phases of the FDP. It is possible that the buildings will deteriorate faster than anticipated and require mitigation before planned projects have been completed.

Operational Risks

- *Expertise.* ESPHS is currently operating at a very high level of efficiency and expertise, particularly in terms of interpretive programs, visitor-focused operations, marketing of the current programs, TBTW, preservation and other capital projects, and financial management. The success of the plan is dependent on the continued high performance of ESPHS's staff teams and leadership from the board.
- *New skills.* Success of the plan is contingent of ESPHS developing new skills, particularly in organizational marketing and private fundraising.
- *Adherence to budgeted expenses.* ESPHS has a strong track record with maintaining operations at budgeted expense levels. The financial model in the plan, however, does not include two specific costs: additional expense for TBTW offsite storage and potential increase to utilities costs for the Visitors Center should ESPHS choose to build a glass roof. The planning team was unable to estimate these costs before the plan was adopted.

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Front cover: Historic marker. Photo by Jeff Fusco, 2010. Collection of Eastern State Penitentiary Historic Site.

Page 3: Guide-led tour at the historic model in Center, 2016. Photo courtesy of Independence National Historical Park.

Page 5, top: View from Eastern State's center guard tower, c. 1987. Photo courtesy of David Cornelius.

Page 5, bottom: *The Big Graph* from the northeast. Photo by Rob Hashem, 2014. Collection of Eastern State Penitentiary Historic Site.

Page 6: Aerial view of Eastern State Penitentiary. Photo by Tim Emgushov, 2015.

Page 8: Guide-led tour of the cellblocks. Photo by Sean Kelley, 2004. Collection of Eastern State Penitentiary Historic Site.

Page 9: Architectural rendering of the proposed Visitor Center. Atkin Olshin Schade Architects, 2017.