

## **Accountability Report Transmittal Form**

Agency Name — Patriots Point Development Authority

Date of Submission — September 13, 2002

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## SECTION I — EXECUTIVE SUMMARY

2002 brought challenges and opportunities to the Patriots Point Development Authority that could not have been imagined as the fiscal year began. Through the stunning events of September 11, the complex process of creating and presenting a sound plan to provide a home for the submarine Hunley, the critical renegotiations involving leases which supply critical capital revenues to maintain its museum ships, Patriots Point was inspired to excel by a focus on its customers and stakeholder and the needs of its customers and a firm adherence to its legislatively mandated mission and the core values derived from that mission.

### 1. MISSION AND VALUES

In creating the Patriots Point Development Authority more than a quarter of a century ago, South Carolina's governor and legislature charged it with a mission of unusual breadth and diversity, the primary mandates being, in the words of the enabling legislation:

1. To develop and improve the Patriots Point area to provide a place of education and recreation to foster among the people pride and patriotism in our nation and its heritage;
2. To establish and develop a National Naval Museum of ships, naval and maritime equipment, artifacts, books, manuscripts, art and historical materials for the education and enjoyment of the people of our nation and to instill in them a knowledge of our naval and maritime history; and of the importance of sea power to our economy and defense;
3. To foster and stimulate national and international travel to and participation in the development of Patriots Point by acquiring, constructing, equipping and maintaining museum buildings, sea-quariums and laboratories, public exhibits and entertainment facilities, historical monuments and sites and providing lodging and accommodation for travelers by land or water to Patriots Point. . .

In the course of its history, Patriots Point has occasionally focused on one aspect of this mandate to the detriment of other equally important functions. With a significant change in senior management in the course of FY 2001 came a reexamination not only of Patriots Point's central mission but also of the core values inherent in that mission.

While other values are important to Patriots Point's management and staff, five have been identified as central to its mission and identity:

- **Education.** Patriots Point exists to educate, fostering patriotism by inculcating an informed knowledge of the history of our region, state and nation in the community we serve.
- **Preservation and Conservation.** Patriots Point must preserve the heritage of our past for the inheritors of our future, not only by protecting its museum ships, artifacts and archival materials but also by watchful stewardship of the lands entrusted to its care.

- **Professionalism.** Patriots Point aspires to the highest standards of professionalism and ethical behavior applicable to any area of its mission from its finances through custodianship of its ships and collections to concern for the needs of its employees, customers and stakeholders.
- **Fiscal Responsibility.** Since Patriots Point is an “enterprise agency” which supports itself entirely upon revenues derived from its own endeavors without a general appropriation of taxpayer funds, fiscal responsibility is critical to its ability to fulfill its mandate of service. Management and staff are ever mindful of the consequences of past failures in this area and are determined that they shall never reoccur.

## 2. KEY STRATEGIC GOALS

While Patriots Point continues to consider several strategic goals as key for its long-term success, senior management has designated the following four goals as primary for FY 2003.

- **Education.** Increase the depth and diversity of educational programs at Patriots Point, focusing particularly on day trip programs for local and regional schools and expanding appropriate living history activities at Patriots Point.
- **Capital Improvement.** Utilize the improved Capital Fund to focus on major capital improvements and repairs to USS YORKTOWN, the “flagship” of the museum fleet at Patriots Point.
- **Community Awareness.** Raise awareness of Patriots Point and the products and services it offers in the local and regional community.
- **Fund-raising.** Designing and beginning implementation of a comprehensive membership and capital fund-raising program for the Patriots Point Naval & Maritime Museum.

## 3. OPPORTUNITIES AND BARRIERS

- The Hunley “bid” process proved an exciting opportunity for Patriots Point to enhance its patriotic education mission and serve an expanded visitor community, bringing to the table new stakeholders and providing an incentive for zero-based reevaluation of the overall master plan. Unfortunately, it also has proved a significant barrier to completing revision of Patriots Point’s master plan as the decision originally scheduled for February, 2002, was still pending at year’s end. As operations and structures for the proposed new home for the Hunley would be so central to Patriots Point, nothing can be finalized until that decision has been made.
- The ongoing issue of the National Park Service’s desire to limit departures to Fort Sumter to a single location in downtown Charleston has also been a notable barrier to long-term planning as this would not only impact the youth camping program of which a visit to Fort Sumter is an integral component, but also has the potential to significantly decrease casual visitation to the museum and sales in the gift shop from those who come to Patriots Point primarily to visit Fort Sumter.

- Patriots Point's location on the shore of Charleston Harbor is both an opportunity in that it allows diverse access and recreation options to visitors but also provides a dangerous barrier to availability and preservation of the museum ships in the case of severe weather. In past years, only a few days loss of business due to hurricanes in peak tourist system combined with the damage caused by such storms have turned what would otherwise have been a financially successful year into a marginal one.
- The uncertain economy did not prove a significant barrier in FY 2002, but the same may well not be true in FY 2003. Visitation and gift shop sales will inevitably be negatively impacted if the general economy does not begin to recover. In addition, economy-related cuts at other governmental entities have already had indirect impacts on Patriots Point. For instance, a long-standing program of Veterans and Memorial Day educational programs co-sponsored by Patriots Point and the Charleston County School District has been cancelled for FY 2003 due to the district's budgetary situation.

#### **4. MAJOR ACHIEVEMENTS OF FY 2002**

- Creating and presenting a proposal for housing the Confederate submarine Hunley at Patriots Point in a world-class museum sponsored jointly by the Patriots Point Development Authority and the Town of Mount Pleasant.
- Successful completion of complex negotiations to transfer all leases involving the Patriots Point Marina, the resort hotel at Patriots Point and three development parcels previously held by separate developers to the control of the Great American Insurance Company, thereby guaranteeing unified planning and adequate financing for future development of these key landside resources.
- Prompt and creative response to September 11, not only by providing a focus for community patriotism and grief with immediate memorial services but also by offering long-term educational programs, providing a realistic venue for terrorism response training for local and national authorities and upgrading security and disaster preparedness measures for Patriots Point and its museum ships.
- Setting attendance records for general visitation and participation in youth camping and education programs despite a general downturn in visitation not only in the Charleston area but also throughout the United States.
- Finalizing design plans and clearing most of the legal hurdles for the Town of Mount Pleasant to begin the long-awaited upgrade of the Patriots Point Boulevard to improve access to Coleman Boulevard and the new Cooper River Bridge. (Construction is presently scheduled to begin in Winter 2002.)
- Expanded the number and scope of ceremonies and free public functions at Patriots Point beyond the usual Fourth of July and Veterans Day memorials to better serve the military and veterans' community and provide a focus for the community patriotic involvement.

- Implemented a new network-based accounting system more closely aligned with the South Carolina S.T.A.R.S. programs to enhance fiscal productivity and improve integration with the Comptroller General's office.
- Initiation of construction on the Cold War Submarine Memorial at Patriots Point.
- Installed new Windows-based collections management software to better integrate artifact, photograph, archive and donor information, significantly improving the museum's research capabilities and decreasing staff time required to complete critical accession tasks.

## SECTION II — BUSINESS OVERVIEW

As an “enterprise agency”, the Patriots Point Development Authority is entirely self-funded, receiving no operating appropriation from general funds. Primary sources of operating revenue are museum admissions, sales at the museum gift shop, educational programs such as the youth education and camping programs, and commissions from lease functions, on-site vending franchises and the Patriots Point Links. Additional income from landside leases has for some years been dedicated to a capital fund for maintenance of the historic museum ships and other capital projects at Patriots Point.

### EMPLOYEES

As of June 30, 2002, paid staff included 73 full-time permanent employees and 42 temporary/part-time employees. This figure does not include 10 positions temporarily vacant at the end of the fiscal year. However, it does include a significant percentage of seasonal employees fulfilling direct customer service roles in the museum and gift shop since this date falls at the height of the summer tourism season. In addition, the museum has an active volunteer program which provides hundreds of man-hours each month, largely in direct customer service areas such as museum tours, visitor services, school outreach programs, etc.

### OPERATION LOCATIONS

All operations are located on the grounds at Patriots Point. Museum exhibits are currently located aboard the four museum ships (USS YORKTOWN CV-10, USS CLAMAGORE SS-343, USS LAFFEY DD-724, USCGC INGHAM WHEC-35) and in a replica Vietnam Naval Support Base landside. Retail operations are located in a gift shop pavilion landside which hosts ticket sales for the museum and Fort Sumter Tours as well as customer convenience services. Museum offices are divided between USS YORKTOWN, the Gift Shop Pavilion and a temporary structure landside.

### EXPENDITURES/APPROPRIATIONS

#### Base Budget Expenditures and Appropriations

| Major Budget Categories      | 00-01 Actual Expenditures |               | 01-02 Actual Expenditures |               | 02-03 Appropriations Act |               |
|------------------------------|---------------------------|---------------|---------------------------|---------------|--------------------------|---------------|
|                              | Total Funds               | General Funds | Total Funds               | General Funds | Total Funds              | General Funds |
| Personal Service             | \$2,139,995               | \$0           | \$2,360,957               | \$0           | \$2,734,209              | \$0           |
| Other Operating              | \$3,118,171               | \$0           | \$3,450,278               | \$0           | \$3,235,000              | \$0           |
| Special Items                | \$0                       | \$0           | \$0                       | \$0           | \$0                      | \$0           |
| Permanent Improvements       | \$0                       | \$0           | \$0                       | \$0           | \$0                      | \$0           |
| Case Services                | \$0                       | \$0           | \$0                       | \$0           | \$0                      | \$0           |
| Distributionsto Subdivisions | \$0                       | \$0           | \$0                       | \$0           | \$0                      | \$0           |
| Fringe Benefits              | \$618,820                 | \$0           | \$695,264                 | \$0           | \$753,975                | \$0           |
| Non-recurring                | \$0                       | \$0           | \$0                       | \$0           | \$0                      | \$0           |
| <b>Total</b>                 | <b>\$5,876,986</b>        | <b>\$0</b>    | <b>\$6,506,499</b>        | <b>\$0</b>    | <b>\$6,723,184</b>       | <b>\$0</b>    |

## Other Expenditures

| Sources of Funds      | 00-01 Actual Expenditures | 01-02 Actual Expenditures |
|-----------------------|---------------------------|---------------------------|
| Supplemental Bills    | \$0                       | \$0                       |
| Capital Reserve Funds | \$0                       | \$0                       |
| Bonds                 | \$0                       | \$0                       |

### KEY CUSTOMERS AND SUPPLIERS

The customer base for Patriots Point is extremely diverse. Nearly 350,000 visitors from all areas of South Carolina, from other states and dozens of foreign countries visit the museum ships each year, individually, in group tours, as a participant in one of the museum's educational programs or a guest at one of the hundreds of events held at Patriots Point each year. Thousands more embark at the Patriots Point pier to visit Fort Sumter or patronize the hotel, marina, golf course and sports complexes located at Patriots Point. Patriots Point also reaches out to many customers who may never actually visit the property through its web page, its responses to research queries made via letters, the telephone and the internet and through volunteer outreach programs in various South Carolina School systems.

Patriots Point has a number of key relationships with other governmental, non-profit and profit-making entities. Some of these are both customers and suppliers of services to Patriots Point and its individual customers. For instance, the U. S. Navy and Coast Guard have both placed on loan to the museum not only the historic vessels, but also thousands of key artifacts to illustrate their history. At the same time, both utilize museum facilities and staff as components of their training programs. Similarly, franchisees such as Fort Sumter Tours and Recreational Food Services not only supply services to Patriots Point visitors and income to the Authority itself, but also receive infrastructure support from Patriots Point.

Long-term relationships in support of museum functions and exhibits also exist with the Congressional Medal of Honor Society, the Tin Can Sailors Association, the Yorktown Association, the Laffey Association, the Clamagore Association and various other veterans' groups as well as the Patriots Point Foundation and the Cold War Submarine Memorial Foundation. In addition hundreds of individual donors and military reunion groups regularly support the museum's exhibits and educational functions with donations of artifacts and financial support for its programs.

The Authority also participates in co-operative programs with a number of emergency management, local, state and federal governmental entities. Currently two major projects have been undertaken in conjunction with the Town of Mount Pleasant, the upgrading and realignment of the Patriots Point Boulevard which provides access not only to the museum but also to the other attractions located at Patriots Point and a pending joint proposal on the part of Patriots Point and the Town of Mount Pleasant to provide a permanent home to the Confederate submarine Hunley in a dedicated museum structure on the Patriots Point property.

## **PRODUCTS AND SERVICES**

As noted above, both the mission and the customer base of Patriots Point is very diverse, making any bulleted list of services provided to the public, directly and indirectly, necessarily incomplete and somewhat simplistic. However, it may be useful to highlight current programs in several areas.

### **Education**

- More than a hundred exhibits devoted to historical events and naval/maritime life at the four museum ships (USS YORKTOWN CV-10, USS CLAMAGORE SS-343, USS LAFFEY DD-724, USCGC INGHAM WHEC-35), the replica Vietnam Naval Support Base and the Congressional Medal of Honor Museum.
- Youth camping programs allowing more than 20,000 young people a year to sleep aboard USS YORKTOWN and be exposed to structured educational curricula designed to inculcate patriotism, historical knowledge and leadership skills.
- Guided tours aboard the museum ships, many led by World War II veterans, designed to give visitors a “living experience” of the ships and their crews.
- An educationally-oriented web site with hundreds of pictures and informational pages on the museum ships, aircraft and related topics.

### **Preservation/Conservation**

- Extensive programs to preserve and restore the four museum ships. Major work was performed during FY 2002 on all four ships as well as the Vietnam Support Base.
- Conservation and storage of thousands of artifacts, photographs and archival materials related to American naval history. The museum actively solicits materials for preservation and is currently in the process of recataloguing and, where necessary, rehousing its collections to better preserve them and make them more available to researchers and the general public in the future.
- Planned development to preserve green space within a rapidly urbanizing landscape for future generations to enjoy at Patriots Point.

### **Tourism and Sports**

Though many services are provided indirectly through lessors or franchisees, Patriots Point actively supports these activities and ensures that they are carried on to the public benefit.

- Event planning and lease functions aboard USS YORKTOWN, ranging from small military reenlistment ceremonies and private dinner parties for veterans’ groups to large public fund-raisers for regional non-profit organizations.
- Patriots Point Links providing high-quality golf to the general public.

- A Resort Hotel and Marina providing “destination tourism” of the sort envisioned in the enabling legislation for the Patriots Point Development Authority.
- High-quality soccer and softball facilities maintained by the College of Charleston and the Town of Mount Pleasant at Patriots Point.
- Access to Fort Sumter and other destinations via departures from the Patriots Point pier.

## **ORGANIZATIONAL STRUCTURE**

By its enabling legislation as modified in 1990, overall governance of the Patriots Point Development Authority is vested in a Board of Directors appointed by the governor with each member serving a term of four years. Selection of three members of the Board, including its chairman, is at the discretion of the governor. The two remaining members are legislatively mandated, one to be appointed by joint recommendation of the Chairman of the House Ways and Means Committee and the Speaker of the House and the other by joint recommendation of the Chairman of the Senate Finance Committee and the President Pro Tempore of the Senate. This Board meets regularly to approve strategic planning initiatives, revisions to development plans and contracts, long-term leases, etc.

The Executive Director, reporting to the Board of Directors and working closely with its chairman, is responsible for long-term planning and day-to-day management of the agency, including the museum and all of its ancillary services.

Each functional division (e.g., Finance, Operations, etc.) has a department head who reports directly to the Executive Director. Organizational structures within each department vary according to the scope and complexity of their function. Where required, deputy department heads or team managers provide an intermediate planning and management layer between the department head and line staff.

In cases where functional responsibilities may involve more than one division (for example in long-term planning of exhibits), the Executive Director may establish specialized planning committees of qualified staff from different departments to participate on an advisory basis in strategic and tactical planning. Such committees, however, do not normally replace the normal “chain of command” for daily operations.

## SECTION III — BALDRIDGE AWARD CRITERIA

### CATEGORY 1 — LEADERSHIP

For more than five years, the Board of Directors and senior leadership at Patriots Point made strenuous efforts to reverse the traditional “top down” leadership structure common within the agency over the last quarter century.

However, in the course of an organizational review of internal structures and processes initiated after the appointment of a new Executive Director during FY 2001, it became clear that neither management nor employees really felt confident that these efforts had achieved their goal, despite the acknowledged commitment to employee empowerment and the significant resources devoted to formal and informal training and other initiatives designed to create a less traditional leadership model.

Analysis of preferred communication methods and management styles among senior managers, middle managers and line staff revealed that the rather unique demographics of the Patriots Point staff significantly affected preferred styles for leadership and direction. As a result of the job skills and background required by many positions at Patriots Point and the large number of applicants with military preference in the Charleston area, an unusually high percentage of Patriots Point employees in both management and line positions have retired from the military, particularly from the Navy. (This is true in most departments, although there is a special concentration of retired Navy personnel in those areas responsible for maintenance of the museum ships.)

Given the number of staff who have twenty or more years of military service, it is perhaps not surprising that a majority had a distinct preference for the “chain of command” leadership model from which Patriots Point had been trying to discourage. After serious consideration senior leadership decided to allow a return to the leadership model with which most staff felt comfortable, utilizing the traditional “chain of command” for most organization and communication while leaving open the non-traditional mechanisms for upward communication which had been developed in the previous five years.

#### **1.1. How do senior leaders set, deploy and communicate: a) short and long term direction, b) performance expectations, c) organizational values, d) empowerment and innovation, e) organizational and employee learning, and f) ethical behavior?**

Senior leadership, in conjunction with the Board of Directors where appropriate, determines strategic goals and consequent action plans. These are communicated on a departmental basis from senior management to team managers who are responsible for communicating to their work group all aspects of the initiatives which will affect their teams.

One of the major successes of the reemphasis on one-on-one sessions between line staff and their team managers has been a clearer sense of organizational values, tasks and performance expectations on the part of individuals at the work group level. Informal techniques parallel to those used in the military for promoting team consciousness and shared responsibility for meeting goals for quality, timeliness and productivity within the work group have proved highly

effective in many departments, particularly where work groups consist largely of former enlisted personnel and non-commissioned officers.

In addition, though the primary unit is the work group, all members of management from the Executive Director down to the leader of the smallest work group are tasked with “leading by example”. This has been particularly effective in inculcating professional, ethical and “best practices” standards for line staff and middle managers.

### **1.2. How do senior leaders establish and promote a focus on customers?**

Senior leadership from the Executive Director on down regularly emphasize to all staff that the primary task of every employee at Patriots Point is to “delight the customer” no matter what their formal job description. Patriots Point has found that leading by example has been notably successful in this area. When junior staff see the Executive Director routinely picking up litter from the pier leading to the museum ships or directing a visitor to the location on a museum tour where they can find information on a battle in which their father participated, it becomes very difficult to say “that isn’t in my job description”.

### **1.3. What key performance measures are regularly reviewed by your senior leaders?**

The Board of Directors, the Executive Director and other senior leaders regularly review key financial metrics and attendance statistics, such as overall revenue, revenue for the Capital Fund, overall expenditures, budget versus actual figures for both revenue and expenditures, overall attendance and attendance by type (e.g., general visitation, lease functions, camping, etc.).

The Executive Director and relevant department heads review expenditures by department, project progress and completion by department and department-specific statistics such as number of media placements, employee compensation and turnover, etc.

### **1.4. How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization?**

This is a problem area at Patriots Point, not so much because senior leadership is unwilling to utilize such findings and feedback from middle managers and line staff, but because the level of formal and informal feedback tends to be generalized and somewhat difficult to translate into concrete action plans. In a very naval tradition, “scuttlebutt” abounds aboard the museum ships, but often reflects generalized concerns or wild rumor for which the only response is information or refutation. This phenomenon was particularly notable during FY 2002 as staff responded negatively to media reports predicting dire budgetary impacts “on state employees”.

### **1.5. How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?**

Since the general public is the largest component of the customer base at Patriots Point, current and potential benefits and risks to the public are automatically considered when initiating new programs or services. For instance, all new exhibits at Patriots Point are automatically evaluated for their relevance and accessibility to the various demographic components of our visitor base (e.g., general visitors, school children, veterans, foreign visitors, handicapped visitors). While

senior management realizes that there will necessarily be compromises in implementing such new programs (for example, the fabric of the historic ships limits wheelchair accessibility), all efforts are made to accommodate as wide a segment of the general public as possible. In all cases, the safety of the general public is a primary consideration.

**1.6. How does senior leadership set and communicate key organizational priorities for improvement?**

Senior leadership sets priorities for improvement based on key organizational values and strategic goals and action plans. Where performance deficiencies are identified, senior management communicates to departmental leadership and work group managers who are responsible for communicating to their work group the priorities for improvement and devising concrete tactics for meeting specified improvement goals.

**1.7. How does senior leadership and the agency actively support and strengthen the community?**

As an organization, Patriots Point is very firmly rooted in its community and many of its activities are geared towards serving the immediate community and drawing the community into the Patriots Point “family”. For example, Patriots Point annually co-operates with the Town of Mount Pleasant to host a family-oriented Fourth of July fireworks celebration. Memorial services and other patriotic events are hosted in conjunction with various local veterans’ groups throughout the year and expanding the opportunities for such occasions was a major priority for Patriots Point staff during FY 2002.

Institutionally, Patriots Point also supports the United Way and a number of other fund-raising initiatives, most notably the Juvenile Diabetes Foundation of which the Executive Director was a fund-raising chair. Senior management also strongly encourages interested staff to support veterans’ groups, churches and other non-profits in the Charleston area.

Patriots Point institutionally supports a number of professional organizations, including the American Association of Museums, the Southeastern Museums Conference, the South Carolina Federation of Museums, the Historic Naval Ships Association, the Charleston Archives, Libraries and Museums Council, the South Carolina Information Technology Directors Association, the South Carolina Public Records Association, the Southeast Registrar’s Association, the South Carolina Archival Association and the Charleston Area Convention and Visitors Bureau.

Senior managers regularly serve as officers of and/or give presentations to professional and community groups. For instance, the Executive Director currently serves on the Board of Directors of the Historic Naval Ships Association. During FY 2002 he gave numerous presentations to community groups in the Charleston area, including the Chamber of Commerce, the Sertoma Club of Charleston and the Surface Navy Association. Similarly, during FY 2002 other senior staff gave professional presentations at the fall conference of the South Carolina Information Technology Directors Association and the Sixth International Maritime Heritage Conference.

## **CATEGORY 2 — STRATEGIC PLANNING**

Patriots Point's current strategic development plan was originally written in the mid-1990s and has evolved incrementally through annual reevaluation.

Adoption of a completely new strategic plan and master development plat had been scheduled for FY 2002. Initial stages of a planning process organized to optimize the inputs of customers and stakeholders produced promising results, including a strong proposal, developed jointly with the Town of Mount Pleasant, to provide a permanent home for the Confederate submarine Hunley. However, ongoing uncertainty as to the status of the Hunley project has prevented the final adoption of either the revised master development plat or the strategic plan originally scheduled for the final quarter of FY 2002.

### **2.1. What is your strategic planning process, including participants?**

Prior implementations of the strategic planning process at Patriots Point displayed a notable disparity between the methodology employed for establishing goals for landside and revenue development and that used to establish strategic goals for the museum component and tactical options for its component functional divisions. In the former case, long-term goals were set by the Board of Directors and the Executive Director, usually with outside inputs from professional architects, landscape designers, sustained development management personnel and potential lessors and franchisees. In the latter case, projects and or goals were developed and proposed for adoption by management in each functional department, usually without direct input from outside consultants or related staff in other departments, and were organized into a more coherent goal-oriented tactics and strategies by senior staff acting in conjunction with the Executive Director.

The strategic planning process used in FY 2002 attempted to employ a more organic development process in which overall goals were set by senior management after examination of inputs from all relevant stakeholders, internal and external. Only after the overall goals towards which Patriots Point should be striving had been established and prioritized did the process move towards discussion of specific strategies and tactics to be employed to meet those goals.

A notable innovation in the current strategic planning process was the employment of professional facilitators to elicit structured inputs from line staff and middle management as to the overall direction which Patriots Point should take to meet its statutory responsibilities. A series of advisory meetings in which interested employees met with the Executive Director and selected senior staff under the direction of a professional facilitator to discuss not only issues involving the employees' own work groups and related areas but also the general development plan and master plat produced valuable inputs as to the desirability and feasibility of additions to the conceptual master plan.

Another new feature of the planning process in FY 2002 was the employment of outside specialists and consultants in planning areas unrelated to landside development. Partially as a result of the need to draw on new areas of museum and fund-raising expertise in the development of the Hunley proposal, senior management concluded that the planning process would greatly benefit from the addition of fresh insights from outside professionals in order to break out of an institutional tendency to fall back on "the way it has always been done".

## **2.2. How do you develop action plans that address your key strategic objectives?**

Action plans are developed in a manner similar to that utilized for determination of overall goals. However, ongoing adjustments are made to many programs utilizing ongoing market analysis to track trends in the composition of our actual and potential customer base and determine how best to meet its needs through our programs. Relevant staff regularly review customer feedback in the form of questionnaires, surveys and guest book submissions and distribute pertinent information to appropriate work groups for use in the formulation of strategic plans and to execute corrective action, where necessary.

A series of interdepartmental committees also meet to determine how to implement strategic objectives using “best practices” in all functional areas. Some committees such as the Exhibits Committee established in FY 2002 and an Operations Management committee are standing committees that meet regularly to set implementation priorities and allocate resources according to meet the agency’s strategic needs. Membership of such committees is generally permanent and is determined by functional responsibilities. Other committees, such as that created to develop the Hunley proposal, may be established by the Executive on an *ad hoc* basis with members selected for special expertise or experience and typically will include one or more external consultants.

## **2.3. How do you communicate and deploy your strategic objectives, action plans and performance measures?**

Strategic plans are published internally on the Patriots Point intranet and are available to all employees with computer access. (More than 90% of the permanent and temporary staff have access to the internal computer network.) In addition, at the time of adoption of a new plan, the Executive Director usually holds a general “All Hands” meeting of all employees to explain the overall goals of the plan. More detailed sessions are held with senior management and with middle managers to explain not only the overall priorities and values underlying the strategic plans but also details of the plan that will impact specific work groups in their areas of responsibility. Middle managers meet with the members of their work group to explain the implications of the plan at the work group level and answer any questions that the members of their work group have concerning the effects of the plan upon the group or its individual members.

Whether generated directly by the general strategic planning process or by committee action, department heads usually communicate implementation plans and metrics in a similar manner through the line managers on a work group basis. This allows for team buy-in to the plan and encourages feedback from the work group responsible for implementation if they encounter any barriers to implementation on budget and on schedule.

### **CATEGORY 3 — CUSTOMER FOCUS**

Given Patriots Point's extremely diverse mission and the resulting diversity of its customers and stakeholders, the outline below can only begin to summarize the complexity of its relationships with those customers and stakeholders. However, as Patriots Point is not only an "enterprise agency" but also a 501(c)3 educational entity, deriving its income entirely from these relationships, customer focus is not merely a criteria for assessing organizational excellence at Patriots Point but is a critical factor for its very existence.

#### **3.1. Identify key customers and stakeholders.**

Key customers include:

- Individual and group visitors to the Patriots Point Naval & Maritime Museum. The museum had nearly 300,000 paid visitors in FY 2002 with additional unpaid visitation (children under 6, special school groups, visitors to memorial services, etc.) of approximately 50,000.
- Participants in organized youth camping and educational programs on USS YORKTOWN. These programs served over 20,000 young people and accompanying adults in FY 2002.
- National and regional veterans' groups, reenactment organizations and military units which use the museum as a venue for reunions, educational programs and ceremonial functions.
- Attendees at lease function events held on USS YORKTOWN and the other museum ships.
- Visitors to the National Park Service site at Fort Sumter who embark from the Patriots Point pier, utilizing parking, gift shop and other convenience facilities provided by the Museum.
- The College of Charleston and Town of Mount Pleasant and those who use their facilities.
- Tourists from the United States and abroad who utilize the facilities of the Patriots Point Links, the Patriots Point Marina and the resort hotel and associated structures.
- Individuals and educational entities provided historical information via the Patriots Point web page or through customized research assistance provided by the museum's professional staff.
- Regulatory and oversight entities in state and federal government (O. S. H. A., the South Carolina Budget and Control Board, etc.)
- Recipients of internal administrative services, primarily present and former Authority staff.

Key stakeholders include:

- The people of the State of South Carolina.
- Individual and organizational donors who support the museum, including the U.S. Navy, Coast Guard and other military entities that have placed the museum ships and significant historical artifacts on loan to Patriots Point. This group also includes an active group of volunteers who provide thousands of man-hours of time to museum programs.

- Service franchisees and landside development lessors including Fort Sumter Tours, Recreational Food Services, the College of Charleston and master lease holders for the resort facilities, Patriots Point Links and Patriots Point marina.
- The Town of Mount Pleasant which not only derives secondary tourism income from visitation to the property and co-sponsors with Patriots Point an annual Fourth of July celebration and special events like the September 11 memorial held in September, 2001. The Town is engaged in co-operative projects with the Authority to upgrade the Patriots Point Boulevard and to provide an appropriate permanent home for the submarine Hunley.
- The Congressional Medal of Honor Society and (potentially) the Hunley Commission, as interested parties in museums co-sited at Patriots Point.

### **3.2. How do you determine who your customers are and what their key requirements are?**

The identification of key customers and stakeholders has been fairly simple for Patriots Point over the years as they are more or less defined by its statutory mission. The strategic planning process has traditionally included a review of individual customer/stakeholder identifications to determine whether the relationship has been modified and/or is still relevant.

Identifying key requirements is a bit more complex as even the most long-standing relationships have changed fairly dramatically over the past quarter century. In the case of visitors and participants in educational programs and other museum customers, periodic trend analysis of customer satisfaction metrics has served as a reliable predictor of key requirements and the actions required to meet those requirements satisfactorily. In the case of lessors and franchisees, mutual requirements are usually set as part of the lease negotiation and/or RFP process.

### **3.3. How do you keep your listening and learning methods current with changing customer/business needs?**

Professional staff from marketing, administration, collections management and other departments regularly participate in conferences and workshops not only to hone professional skills in their respective fields, but also to exchange “best practices” for setting and measuring customer satisfaction. Using the techniques derived from this ongoing learning process, customer satisfaction metrics, including detailed queries on questionnaires and surveys, goals for focus groups, etc. are revised periodically with most essential measurement tools being reviewed and modified, if necessary, at least once a year.

### **3.4. How do you use information from customers/stakeholders to improve services or programs?**

### **3.5 How do you measure customer/stakeholder satisfaction?**

At Patriots Point so close a correlation exists between the measurement of customer/stakeholder satisfaction and the use of the information derived from that measurement to improve the quality and scope of services offered that these two questions are really a single issue.

While every individual at Patriots Point is explicitly responsible for doing anything that can be done to delight each customer with his or her “Patriots Point experience”, inevitably certain departments assume primary responsibility for systematic measurement of customer satisfaction.

For instance, the Communications department, internally or in conjunction with the Charleston Convention and Visitors Bureau, periodically conducts “exit surveys” of visitors to the museum to determine their level of satisfaction with the visit, what led them to visit Patriots Point, what portions of the museum experience they enjoyed the most and least, etc. Feedback from these surveys is not only used to fine tune marketing for the museum and other attractions at Patriots Point but is also digested and forwarded to appropriate department heads for use in revising existing programs and planning new ones.

As Patriots Point looms so large in the physical, intellectual and financial landscape of the Charleston area, local media and individuals frequently take an active interest in its plans and activities. Marketing and Executive staff monitor and document the overall customer view of the agency and its operations by maintaining “clipping books” of local, state and national media, letters to the editor and general mailings and correspondence. This allows staff to feel the “pulse” of public opinion, particularly in the case of high profile issues like development at Patriots Point, single or dual departure sites for Fort Sumter, location and potential customer bases for a Hunley Museum at Patriots Point, etc. While management does not plan to succumb to a “poll result mentality”, such information has often provided invaluable insights for the strategic and tactical planning process.

More specialized information is derived from a comprehensive survey provided to each group of participants in the overnight camping program to determine their level of satisfaction with the educational program and materials, accommodations and catering provided, as well as any suggestions they might have for enhancing the experience for future campers. Virtually every group of campers responds to this detailed survey. More than 95% of those returned in FY 2002 had overwhelmingly positive comments on the program. (The large number of scout and youth groups who repeat their visits annually or biennially reinforces this result.) Both positive and negative responses are immediately distributed to all relevant departments who promptly respond to any negative comments. Suggestions and trends in questionnaire commentary are also discussed during weekly planning meetings held by staff involved with the camping and lease function programs to ensure that all issues have been promptly addressed.

In addition, guest relations staff, volunteers and other staff with direct one-on-one contact with the public verbally survey visitors daily not only to gauge visitor satisfaction with the areas in which they themselves interact with the public, but also with other aspects of the visitor experience, including exhibits, facilities and informational materials. Such feedback is promptly transmitted to appropriate department heads and/or the Executive Director for appropriate action.

Loose-leaf guest books are placed on most of the museum ships and in the Shipyard Museum area of USS YORKTOWN. These allow casual visitors to make comments and suggestions for enhancing their visit. Pages from these books are regularly retrieved and reviewed by museum staff as part of the planning and evaluation process. Similar guest books dedicated to reunion and veteran visitors are reviewed constantly by trained Volunteers. Again, the vast majority of comments in these books are overwhelmingly positive.

Monitoring of the satisfaction of “internal customers” is carried out on a more informal basis throughout the year. The Executive Director, the Human Resources Officer and all department heads have “open door” policies that allow any employee under them in the “chain of command” to discuss issues of concern to them or to their workgroup. In addition, most departments schedule regular group meetings and/or one-on-one sessions between managers and staff to discuss issues relating to situations within or of particular concern to that department.

### **3.6. How do you build positive relations with customers and stakeholders? Indicate any key distinctions between different customer groups?**

Quite simply, the Patriots Point approach to building positive relations with customers and stakeholders is to “delight the customer” whenever possible. In many cases Patriots Point has only one opportunity to create a positive response in a visitor and must do so in only a few hours or without even meeting the customer, as is the case with visitors to our web site.

In most cases, this does not require distinguishing between customer groups. Occasionally, competing demands will create apparent conflicts. For instance, in some cases the needs of the general visitor may involve inconvenience to a franchisee or a dedicated event (e.g., a memorial service) may involve closing a portion of a tour route in the museum. When possible the needs of both groups are accommodated, but the general rule is that “the visitor comes first” at Patriots Point. Exceptions to that rule usually involve cases where accommodating the visitor would involve a violation of generally accepted professional or ethical standards, as with a request from a reunion group to allow fragile historical items to be used as table decorations for a banquet.

## **CATEGORY 4 — INFORMATION AND ANALYSIS**

### **4.1. How do you decide which operations, processes and systems to measure?**

Senior management determines which processes are critical to consistent monitoring of the strategic “dashboard” for Patriots Point based on the priorities set in the strategic planning process and includes those in the global metrics monitored by senior staff and the Board of Directors on a monthly and quarterly basis.

Management has a strong preference for metrics which provide comparative measurements diachronically (i.e., reveal positive negative trends) or measure accomplishment against pre-determined desiderata (e.g., budget versus actual financial figures). Where possible, dashboard metrics are limited to those items directly verifiable using standard external measurement criteria. For instance, as Patriots Point is not only a governmental agency, but also a 501(c)3 educational non-profit, one of its goals is to meet generally accepted standards for the percentage of resources allocated to program-related activities as opposed to administration.

Patriots Point has been most successful to date in developing acceptable trending metrics to measure the success of development, marketing, preservation and visitation programs through financial and visitation statistics. General customer satisfaction metrics developed using data from surveys and focus groups has tended to lend itself only to the sort of “alarm light” measurement that does not lend itself to accurate trending, though it is useful to pinpoint problem areas through concentrations of negative surveys. In other areas, such as employee satisfaction, use of traditional human resources metrics such employee turnover, absenteeism, etc. have

proved less than adequate given the small size and particular demographic characteristics of the employee base at Patriots Point.

#### **4.2. How do you ensure data quality, reliability, completeness and availability for decision making?**

Most of the key metrics, particularly those designed to monitor the changing health of the Authority, derive directly or indirectly from existing computer-based systems. All data is stored on mirrored network drives and backed up daily to ensure completeness and availability of data on a long-term basis. Unplanned downtime during business hours during FY 2002 for critical systems used to generate strategic metrics can be measured in minutes rather than hours and is directly related to loss of electric power. (No loss of information resulted from any outage.) The information systems disaster preparedness plan allows for relocation and recreation of all critical systems to an alternate business location within twenty-four hours, if necessary.

Data quality and reliability are further reinforced by standard data entry procedures and audit trails incorporated into key computer systems. These currently include an accounting system integrated into the S.T.A.R.S. system for financial and personnel management, a Windows-based system for ticket sales that allows highly granular analysis of visitation, a Windows-based point of sale system which not only integrates cash and credit card sales but allows comparisons of sales and inventory trends on the high level required by senior management while meeting the more detailed needs of retail operations planners and a collections management system that not only allows close inventory control of historical artifacts, archives and library volumes but also handles the details of loan relationships with major stakeholders.

#### **4.3. How do you use/data information analysis to provide effective support for decision making?**

Key financial metrics are regularly reviewed by the Chief Financial Officer and the Executive Director and drive adjustments to expenditures throughout the fiscal year. Together with the Board of Directors they also constantly monitor income from landside development, which has been dedicated on a long-term basis by the Board of Directors for capital expenditures to support the maintenance of the historic ships and infrastructure at Patriots Point, to determine the short-term and long-term feasibility of capital projects and any necessary modifications to operating and capital budgets.

Trends in visitation are similarly monitored not only to predict revenue levels for the fiscal year but also to provide a clue to pending trends that may affect the Authority's ability to complete planned projects in future years. Automated "alarm buttons" notify senior management of danger signals for customer satisfaction, although they do not lend themselves as well as the trending metrics to graphic representation.

#### **4.4. How do you select and use comparative data and information?**

The rather unique nature of Patriots Point limits the applicability of comparisons with other state entities in South Carolina or other states. The most relevant comparisons are trending comparisons in visitation and/or income derived from visitation, gift shop sales, etc. from other tourist attractions or museums of similar type and size. In the past we have found that absolute numbers do not translate well for valid comparisons as the underlying assumptions for such

statistics often differ to such a degree as to create significant distortions. For instance, the primary maritime museums of size and type comparable to Patriots Point are located in New York City and directly off I-95 between New York and Boston so that higher visitation is largely a function of a larger population base. Similarly, the definitions used to determine visitation statistics by Patriots Point and the South Carolina Aquarium proved so disparate that a valid comparison proved impossible.

## **CATEGORY 5 — HUMAN RESOURCES**

### **5.1. How do you and your managers encourage and motivate employees (formally and informally) to develop and utilize their full potential?**

One of the successes of the reversion to a more traditional “chain of command” leadership structure in FY 2002 was a reemphasis on one-on-one sessions between line staff and their team managers to encourage and motivate employees to excellence in all areas of their job functions. Informal techniques for promoting team consciousness and shared responsibility for meeting goals for quality, timeliness and productivity within the work group have proved far more effective in most departments than theory-based formal training.

In addition, though the primary unit is the work group, all members of management from the Executive Director down to the leader of the smallest work group are tasked with “leading by example”. This has been particularly effective in inculcating professional ethical and “best practices” standards for line staff and middle managers.

### **5.2. How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?**

Training needs are determined in a variety of ways, building from perceived needs stated by the individual to his or her managers, to human resources personnel or personnel responsible for specialized training in departments such as Information Systems or Safety training.

Detailed skills training is generally managed on a departmental basis. However, safety officers perform routine training in all areas of environmental and occupational safety recertifying staff on an annual basis in skills relevant to their job descriptions. Information Systems also administers a budget for end-user computer skills training, utilizing a combination of external courses available under state contract, standard training materials made available on the user’s desktop and one-on-one training by help desk staff in response to observed gaps in the computer knowledge required to perform the user’s assigned tasks.

Human Resources has also arranged for appropriate staff from the Budget and Control Board to perform specialized training on site for managers in essential skills such as employee management and evaluation, managing diversity and avoiding race or gender-based conflicts, proper procurement procedures, etc. As new managers begin state employment, Human Resources makes arrangements for one-on-one training in management skills specific to the state employment system if a suitable group class is not already scheduled.

All new employees attend two-to-three day orientation classes conducted by representatives of all departments under the auspices of Human Resources and safety training staff. This program includes an introduction to the history, mission and values of Patriots Point, orientation to key locations at Patriots Point including the historic ships, general familiarization with the employee handbook and sources for further information on all aspects of state employment, and, where required by the individual's job description, basic training in access to the computer network and email and/or appropriate safety training classes and issuance of protective equipment.

### **5.3. How does your employee performance management system, including feedback to and from employees, support high performance?**

Performance management has always been an area of concern at Patriots Point. During long years when budgetary concerns prevented the administration from granting merit raises to any employees, many managers and employees became discouraged with the relatively complex demands of the standard state EPMS forms for planning performance goals and evaluating the success with which an employee has met those goals. In short, the general feeling throughout the staff was that the entire EPMS system was an exercise in futility siphoning time and effort away from more immediately productive tasks.

Although Patriots Point some years ago adopted a standard date for employee planning sessions and evaluations and Human Resources staff have made strenuous efforts to mitigate this attitude in both senior and middle management through internal training and specialized EPMS training provided by Budget and Control Board specialists, formal EPMS procedures still seem to many an alarmingly intimidating process as well as a distraction from high performance rather than a mechanism for encouraging professional standards in the workplace. A perceived lack of correlation between performance (as opposed to increased or decreased job duties) and compensation has exacerbated this problem.

During FY 2002 Human Resources personnel began the process of working with managers and consultants at the Budget and Control Board to devise a significantly simplified version of the standard state EPMS forms in order to encourage less time-consuming and more direct evaluation of employee performance. As performance criteria will more directly link performance evaluations to an employee's functional position description, these new procedures should allow both managers and employees to more clearly understand the goals set for each period and the performance expected during that period.

### **5.4. What formal and informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation?**

Human Resources personnel periodically circulate surveys to measure general employee satisfaction and solicit inputs on various topics of interest to Patriots Point employees (e.g., training needs, potential group discounts, etc.). As response to these surveys is purely voluntary, Human Resources feels that they produce more authentic opinions on issues critical to employees at Patriots Point.

In addition to the structured surveys issues by Human Resources, management uses employee suggestion boxes to facilitate the ability of employees to express dissatisfaction or make suggestions for process improvement anonymously and without prejudice.

However, the primary mechanism for measuring how employees feel about their jobs, their managers, their fellow employees and Patriots Point as a whole continues to be the one-on-one interaction between each employee and his managers and co-workers. Given the small size of the Patriots Point staff and the close conditions in which many employees work, this has always provided an extremely sensitive barometer of employee goals, motivations and morale.

### **5.5. How do you maintain a safe and healthy work environment?**

As noted above, Patriots Point has established a safety department dedicated solely to ensuring safety in the workplace through aggressive worksite inspection and establishment of safety procedures that meet O. S. H. A. and other industry standards, as well as providing recurring safety training of employees in each area required by their job description. Where necessitated by job duties, appropriate safety equipment is provided to employees at Patriots Point's expense.

In addition, Human Resources makes strenuous efforts to provide to Patriots Point staff the opportunities to participate in free or low-cost health screening and remediation programs as well as training sessions in wellness-related areas such as stress reduction, exercise for life, etc.

### **5.6. What is the extent of your involvement in the community?**

Patriots Point strongly encourages individual and group participation in community initiatives and formally supports employee donations to the United Way through payroll deductions and informational programs in the workplace. There is also strong support for the Juvenile Diabetes Foundation and its various fund-raising and educational programs from the Executive Director and many members of the Patriots Point staff.

On an individual basis many employees are extremely active in their churches, school groups, reenactment organizations and other community activities. This participation tends to spread the values cherished by Patriots Point through the local community in a most effective manner.

In addition to organizational support for professional organizations, noted above when discussing leadership, a number of members of management represent Patriots Point formally and informally in the professional community, regularly making presentations to professional and community organizations, holding office and serving on committees devoted to professional development in the governmental and museum community.

## **CATEGORY 6 — PROCESS MANAGEMENT**

### **6.1. What are your key design and delivery processes for products/services, and how do you incorporate new technology, changing customer and mission-related requirements, into these design and delivery processes and systems?**

Design and delivery of new products/services is closely associated with and generally arises from one of several functional business process categories that may or may not be aligned with a specific functional department. Key process categories include development, administration, education, visitor relations, maintenance, exhibits, information technology, communications and museum collections.

Proposals for new programs are typically designed and an implementation plan provided by one of more of the departments responsible for the relevant business process and presented for approval to senior management and, in the case of large-scale projects requiring significant contractual commitments, to the Board of Directors. In some cases, where several departments will be involved in implementation of a program or project, the proposal may also be referred to an *ad hoc* or permanent standing committee before approval by senior management. Where a project involves communications or computer technology, appropriate information systems staff also participate in the design process to ensure that it utilizes appropriate and cost-effective technology.

Long-term projects and programs are reviewed annually as part of the budget process to evaluate whether modifications are required by changing customer or mission requirements. Modifications demanded by changes in information and communications technology are also discussed by information systems staff and the appropriate department head at that time.

**6.2. How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?**

For all new projects and systems, performance requirements are included as part of the original project parameters and modified on an annual basis as noted above. The precise procedure used for monitoring and ensuring that these performance parameters are met depends to some extent on the nature of the process and the department responsible for monitoring its progress. In the case of financial systems, computerized reports allow the Chief Financial Officer and his staff to monitor key financial indicators on a day-to-day basis. Similar computerized benchmarks also assist in management of ticket sales and retail operations with daily reports supplied automatically to retail operations managers and personnel in finance. Information systems and museum collections staff also use computer technology extensively to monitor and adjust key processes in their areas. In maintenance and operations, education, guest relations and other manpower-intensive and frequently less quantifiable areas, process management, although computer assisted, tends to be organized more on a work group basis with specific team members being responsible for monitoring and reporting on one or more key processes.

**6.3. What are your key support processes, and how do you improve and update these processes to achieve better performance?**

Key support process areas include administration (including finance and personnel), maintenance and information technology. Within each area procedures for improving and updating techniques to achieve better performance are identical to those used for development and day-to-day monitoring of production and delivery processes.

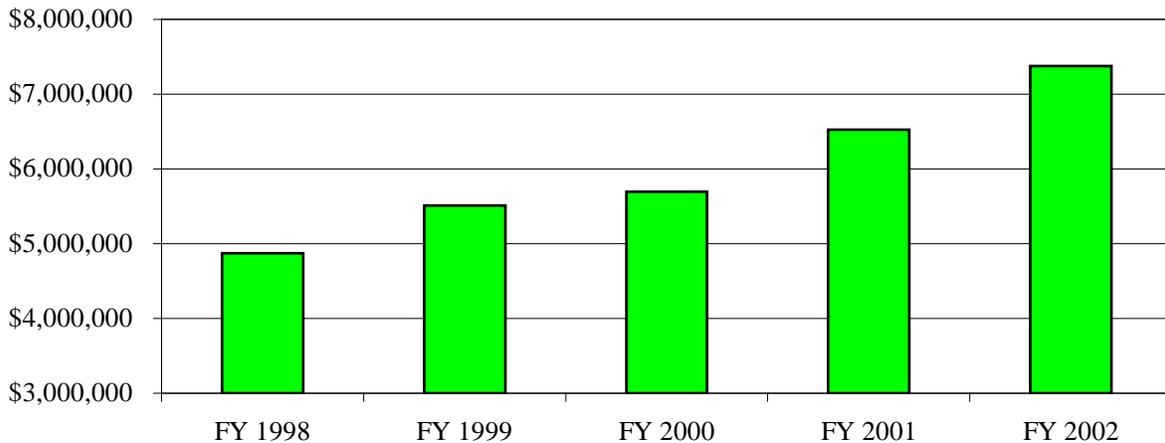
**6.4. How do you manage and support your key supplier/contractor/partner interactions and processes to improve performance?**

Management and support for key supplier/contractor/partner interactions are primarily allocated to the same departments responsible for other key support processes and are handled in a similar manner.

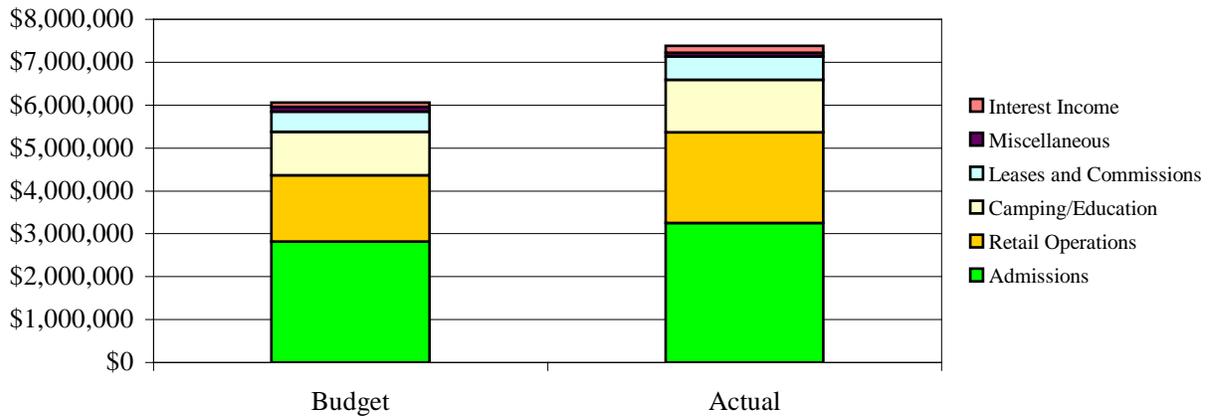
## CATEGORY 7 — RESULTS

Total operating revenues (exclusive of landside income dedicated to the Capital Fund) increased to \$7,377,491 in FY 2002, an increase of \$849,876 or more than 13% over the operating revenues for FY 2001. Despite the generally negative effect on tourism nationally and in the State of South Carolina in the wake of September 11, Despite a general decline in tourism, total operating revenues exceeded budgeted amounts by \$1,314,166 or more than 21%.

### Revenue for Operating Fund

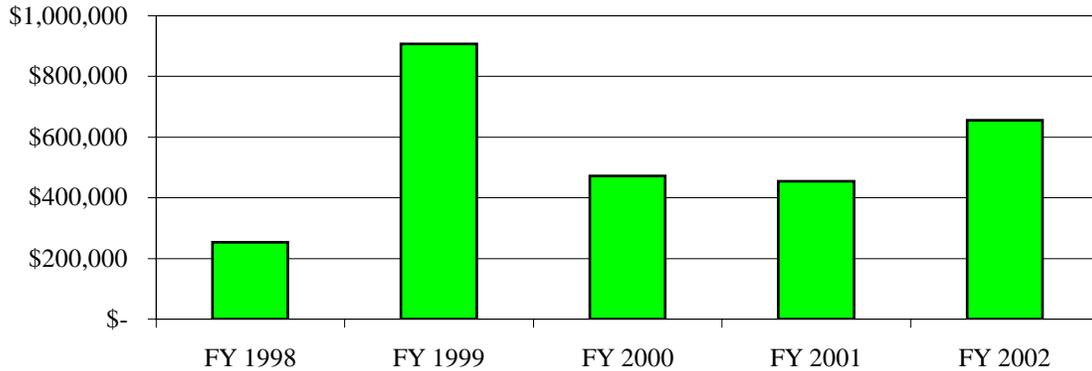


### Budget vs. Actual Revenues for Operating Fund



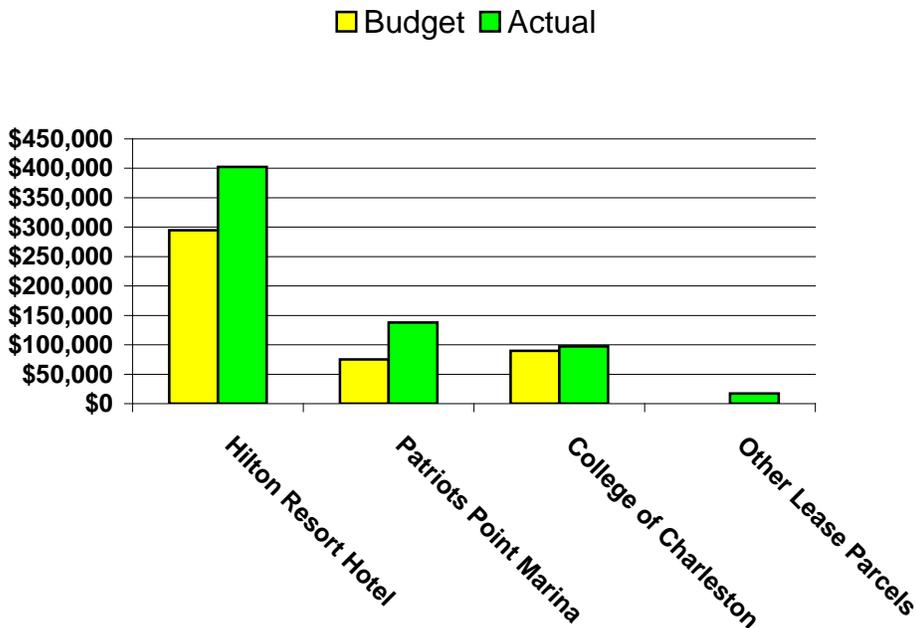
The capital fund for the maintenance of the historic ships and infrastructure at Patriots Point increased by \$655,744 during FY 2002, exceeding projected budget amounts by \$195,744 or nearly 43%.

### Capital Fund Revenue from Development



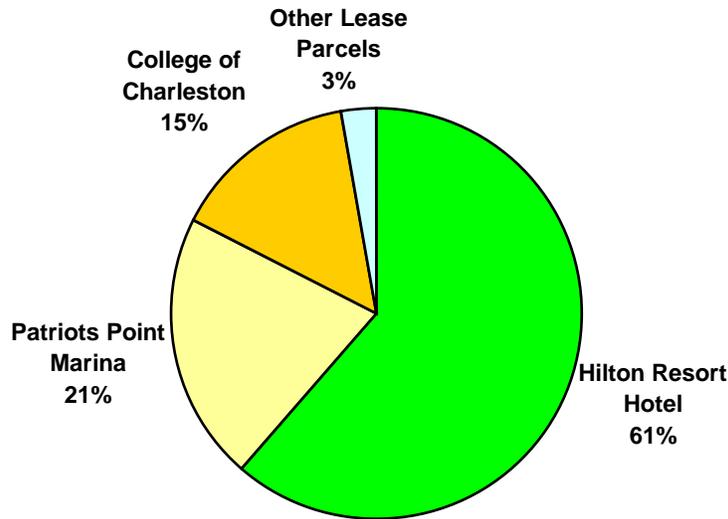
Note: The trend of recurring development income to the Capital Fund is somewhat distorted by a one-time lump sum payment of \$500,000 paid during FY 1999 by the College of Charleston upon the opening of the Sports Complex at Patriots Point.

### Budget vs. Actual Revenues for Capital Fund



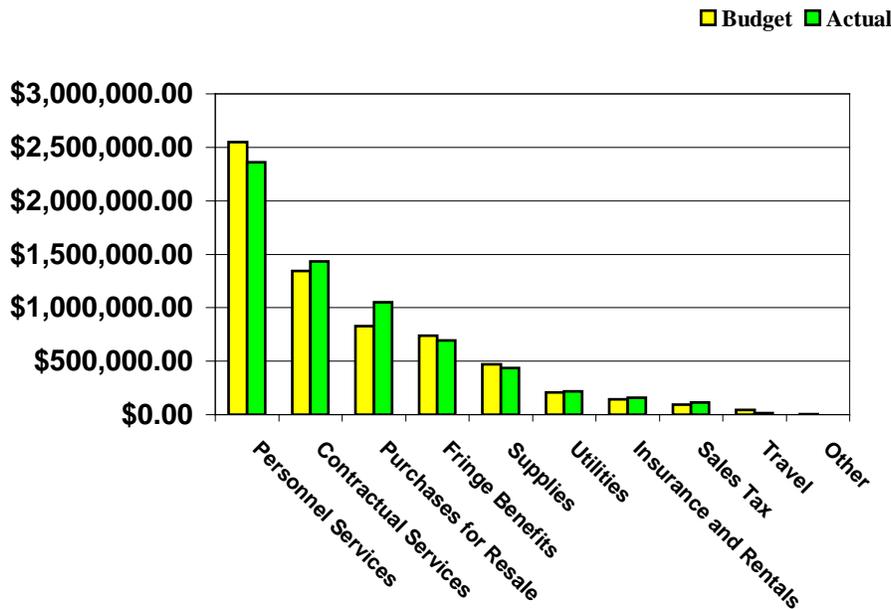
Income to the Capital Fund included \$402,617 from the Hilton Resort Hotel, \$138,157 from the Marina at Patriots Point, \$97,500 from the College of Charleston Sports Complex and \$17,500 in proceeds from development of other landside parcels. Properties affected by the renegotiated lease arrangements with Great American Insurance produced \$558,244 or 85% of total revenues to the Capital Fund

### Sources of Capital Fund Revenue



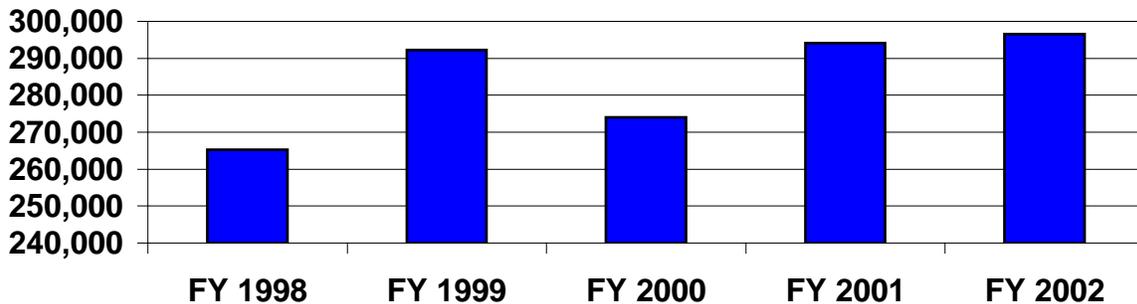
Operating expenditures exceeded the total budget of \$6,433,010 by \$53,670 or less than 1%. This overage is directly attributable to necessary purchases for resale and sales tax payments directly related to a significant increase in revenue from gift shop sales.

### Budget vs. Actual Operating Expenditures



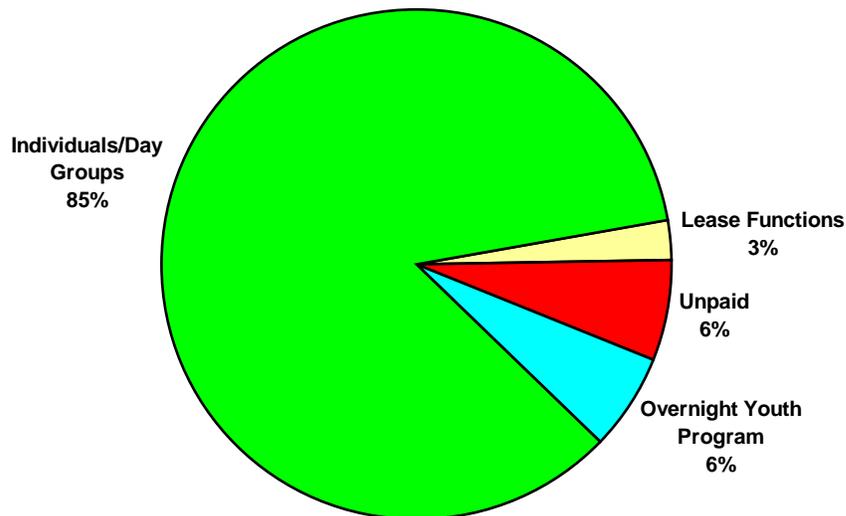
During FY 2002 total paid attendance was 296,589, establishing a new record for paid attendance at Patriots Point despite a general decrease in tourism and attendance at most attractions in the Charleston area in the wake of September 11. As attendance expectations had been set rather low during the budget process due to the uncertain economy and generally declining trends for visitation in the area, actual attendance exceeded expectation by 40,170.

## Paid Attendance at Patriots Point



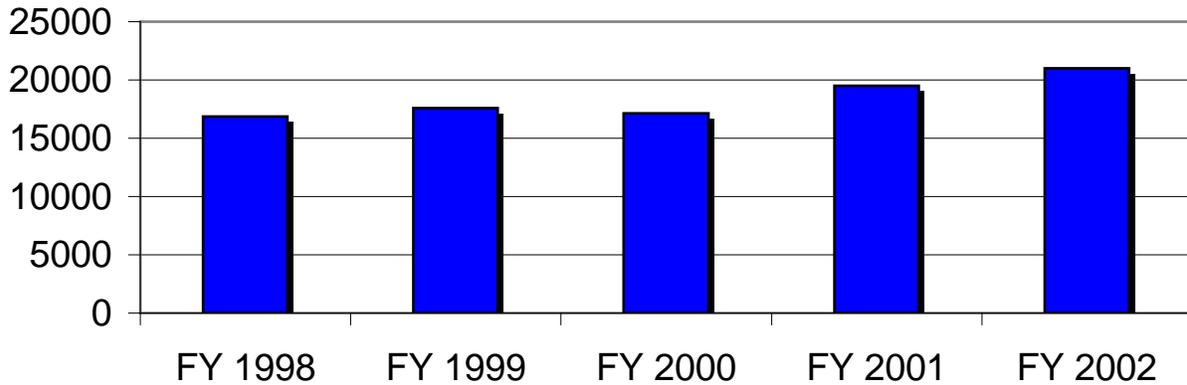
Unlike most attractions in the Charleston area, Patriots Point has traditionally published only paid visitation figures, in part because of limitations on record-keeping imposed by older ticket systems. However, current systems allow us to track actual visitation more closely, revealing that 51,915 visitors to the museum were not included in the traditional paid visitation figure, making actual visitation 348,504. In the analysis of visitation below, the unpaid category includes any visitor for whom no fee was charged, including all children under the age of six, attendees at free community events such as the Fourth of July and September 11 memorials, and all those admitted on a complimentary basis due to membership or reciprocal arrangements.

## Analysis of Museum Visitation - FY 2002

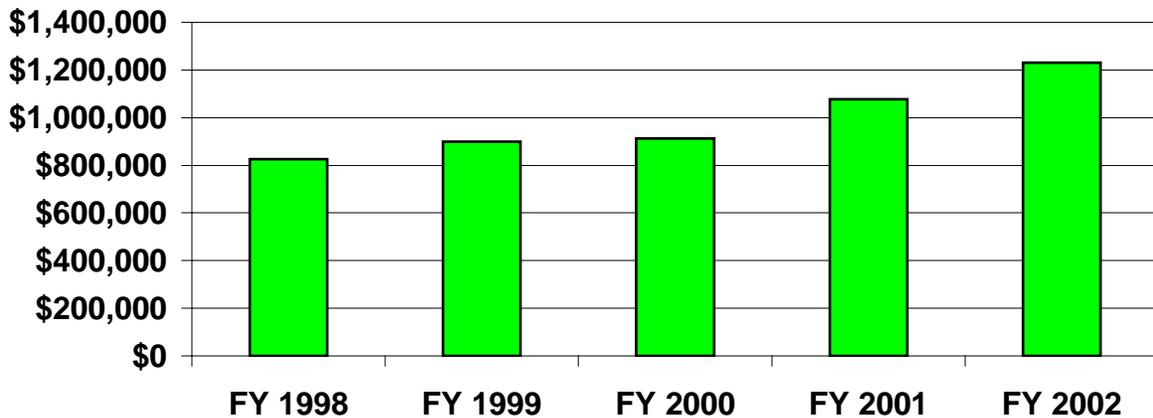


20,986 participants in youth camping and education programs slept aboard USS YORKTOWN during FY 2002, an all-time record for the program and an increase of nearly 8% over the previous record set in FY 2001. Overall revenue from the program also rose to \$1,231,758, an increase of \$155,077 or more than 14% over FY 2001.

### Campers Aboard USS YORKTOWN

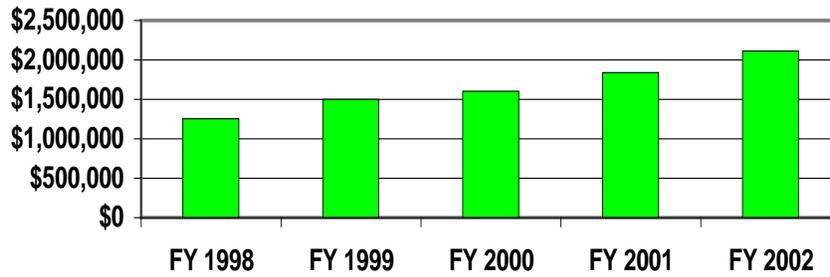


### Yorktown Camping Revenues

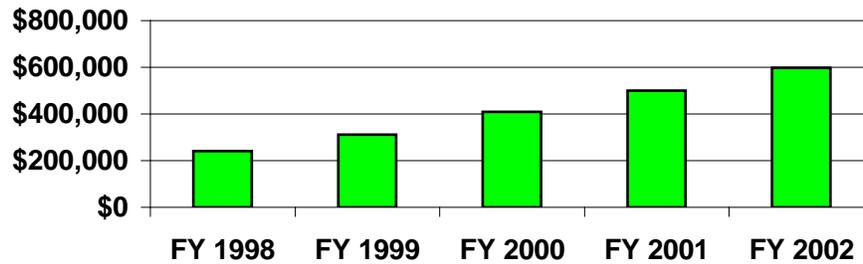


Despite the generally poor economy, Patriots Point's museum gift shop achieved gross sales of \$2,108,815 in FY 2002, exceeding budgeted amounts by \$568,815 or nearly 37%. While some of this is directly attributable to an upwelling of patriotism in the wake of the events of September 11, improved targeting of merchandise to visitor demographics and selective advertising played a significant role in increases as well.

### Gross Revenues from Retail Operations



### Net Income from Retail Operations



Patriots Point is not only an agency of the State of South Carolina, but also a 501(c)3 educational non-profit organization. As such, one of its goals is to maximize the resources allocated to program-related activities directly related to its mission as a non-profit educational institution as opposed to administrative and fund-raising operations.

Note that in the chart below all employees involved in gift shop operations are allocated to administration, even though they have a direct customer service function and participate in a related operation under IRS standards. Were these employees attributed to program operations, less than 10% of the staff would be engaged in non-program related activities such as marketing, finance, personnel, general administration, etc.

### Employees by Program Allocation

