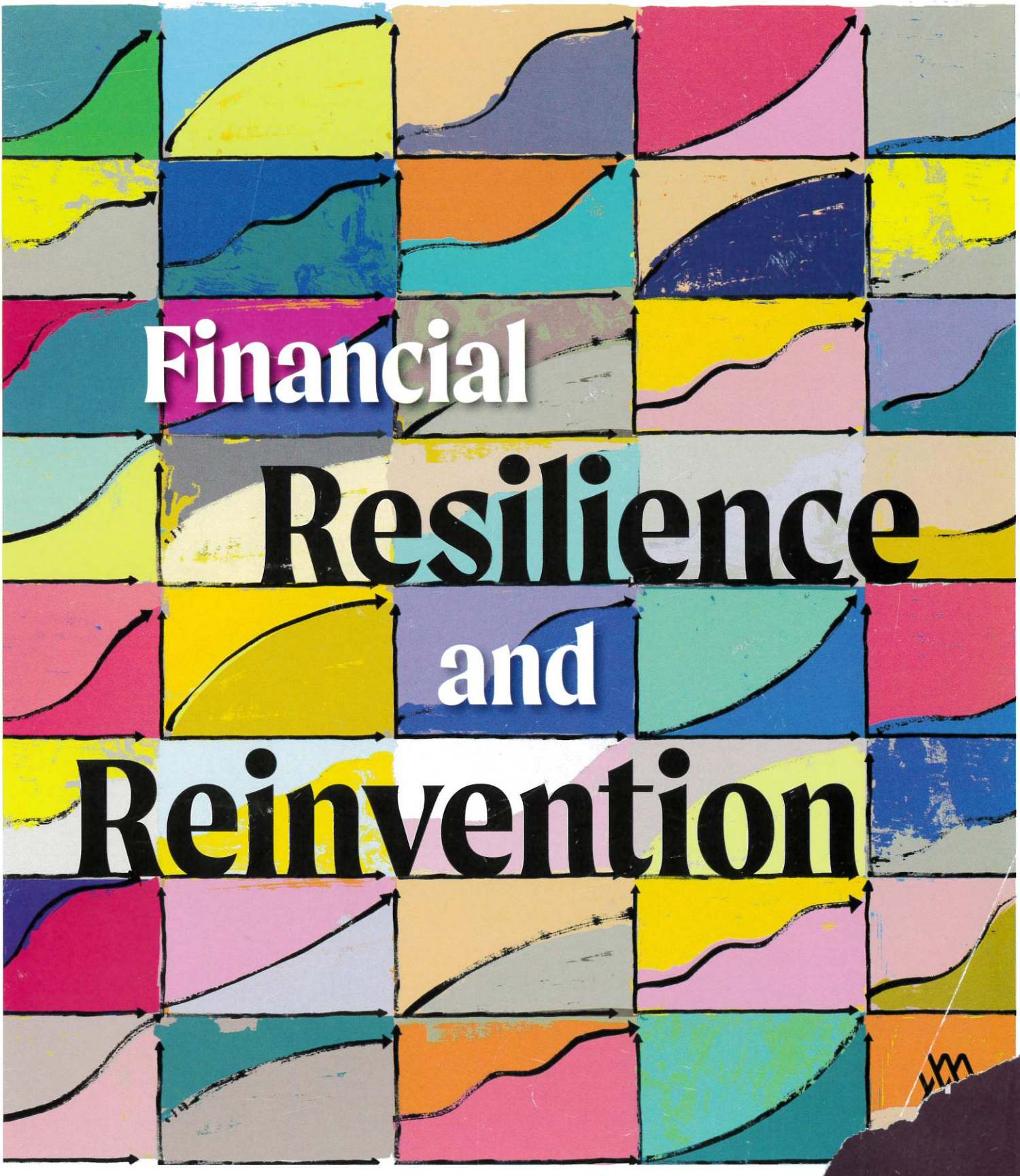
NOVEMBER/DECEMBER 2026

INVESTMENT
INNOVATION
RISK +
VALUE

MUSEUM



Financial Resilience and Reinvention

NOVEMBER
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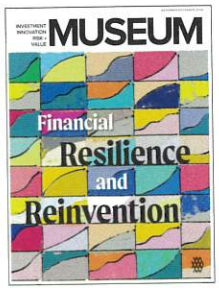
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American Alliance of Museums

Courtesy Chazen Museum of Art

POINT
OF VIEW

Chasing Pennies

The hidden costs of cutting expenses.

By Kristine Klasen



The Chazen Museum of Art sits at the heart of the University of Wisconsin–Madison's campus.

All images courtesy Chazen Museum of Art

"Did you want to negotiate?"

The prospective staff member on the other end of the phone was silent. After a beat, she stammered, "Uh … I … no, I think the offer is very fair. I'm excited for the job. I'm planning to accept."

"OK, well, we're open to negotiation. In fact, I was looking over the offer again, and I'd like to increase it by $3,000. We hope you'll accept. You'd be a great addition to the team."

"Increase the offer?"

With museum budgets pinched, it might seem counterintuitive to offer a candidate more than they are expecting—especially when they have already indicated they are willing to accept the original offer. As museum professionals, we are conditioned to cut costs—whether for salaries, events, or programming. We often operate from a mindset of scarcity and mistake this for financial sustainability. Yet cutting costs can be expensive in ways we might not immediately recognize.

The High Costs of Low Budgets

In the museum field, it is common to offer a candidate the lowest possible salary they will accept, and to negotiate begrudgingly or not at all. While a prospective or current staff member might accept a low salary, the decision can send a message about how the organization values their contributions and approaches compensation. The new employee might then have one foot out the door or do their work with hidden resentment. A staff member might worry about job security or struggle to pay their bills, eroding a positive and productive work culture.

Approaching salary negotiation as a strategic *investment* can strengthen organizational resilience over time. A high offer and fair ongoing compensation signal the value the staff member brings to the organization. Satisfied staff are better at their jobs and less likely to leave—a disruption and a real cost. Morale is hard to measure, but it's worth far more than $3,000 annually.

This same principle can apply to nearly any financial decision made within a museum. Cutting costs for a public event might diminish the visitor experience—for example, by reducing staff, accessibility, interpretation, hospitality, or other elements that help audiences engage with the institution and its work. Reducing the professional development budget might limit staff members' ability to build new skills and knowledge, creating the need for more outside assistance or making staff work less efficient. At worst, cost-cutting can undermine an organization's ability to retain staff and deliver on its mission.

Making Strategic, Sustainable Investments

We often focus on finances and overlook the opportunity costs of decisions. Yet every opportunity you choose to take—and every dollar you spend on it—costs you the opportunities you did not choose. Financial sustainability is not simply about spending less; it is about making deliberate choices about where limited resources will create greater value.

For example, a large formal gala might generate high revenue and shore up relationships with important donors. But it might also alienate a portion of your audience, use resources that could have been spent on a more community-focused event, and exhaust your staff in the planning.

To assess the opportunity cost, you need a holistic approach that moves beyond the easily assessed financial figures and considers other costs and benefits. Is this the best possible use of your team's resources? Is the outcome really worth the investment?

When you can anticipate where financial outlays will pay off, you begin to look at financial decisions differently. Instead of focusing only on the immediate and obvious monetary cost, you can focus more broadly on true sustainability. Doing that is easier said than done, but the following approaches can help.

> "Financial sustainability is not simply about spending less; it is about making deliberate choices about where limited resources will create greater value."

Do Less

No institution has unlimited resources, so strategic investments require careful balance and pacing. Sometimes the most sustainable financial decision is to stop doing something—or do less of it—to invest in what matters most. Museum leaders must make decisions grounded in what the institution can actually afford. Some museum leaders spread resources across too many priorities and then insist they do not have the budget to pay staff a competitive salary or provide regular increases. If fair compensation and professional development are not

USING A DECISION MATRIX

When considering a new initiative, a decision matrix can help identify what is most important and where potential concerns can be addressed through modifications or trade-offs. Your matrix will be unique to your organization, but the following example, about whether or not to move ahead with a new museum gala, offers a starting point.

For each category, assign a score of 1, 3, or 5, with 1 representing a significant concern, 3 a mixed or manageable outcome, and 5 a strong or positive outcome. Add the scores to help assess whether the initiative is worth pursuing.

Financial Feasibility

1 - Not affordable within current resources
3 - Affordable, but requires reallocating resources or making other changes
5 - Clearly affordable within the existing budget

Actual financial costs cannot be overlooked. If you score this aspect a 1 or 3, or cannot answer this question, then you have work to do before moving ahead. For example, this new gala could replace an older program that has become less popular, or a donor might be persuaded to financially support the event.

Impact on Staff

1 - Negative impact
3 - Neutral or manageable impact
5 - Positive impact

Planning a new gala is probably not going to have a positive impact on staff, so this needs careful review. Can you estimate the staff hours it will actually involve? (Hint: ask the people doing the work.) Is this sustainable given their current workload and other programs? (Hint: ask the people doing the work.) You can address a low score here by minimizing staff workload in other ways. For example, you might hire a contractor to handle event setup and teardown. You can raise staff morale by using the event to highlight their work.

Alignment with Mission and Values

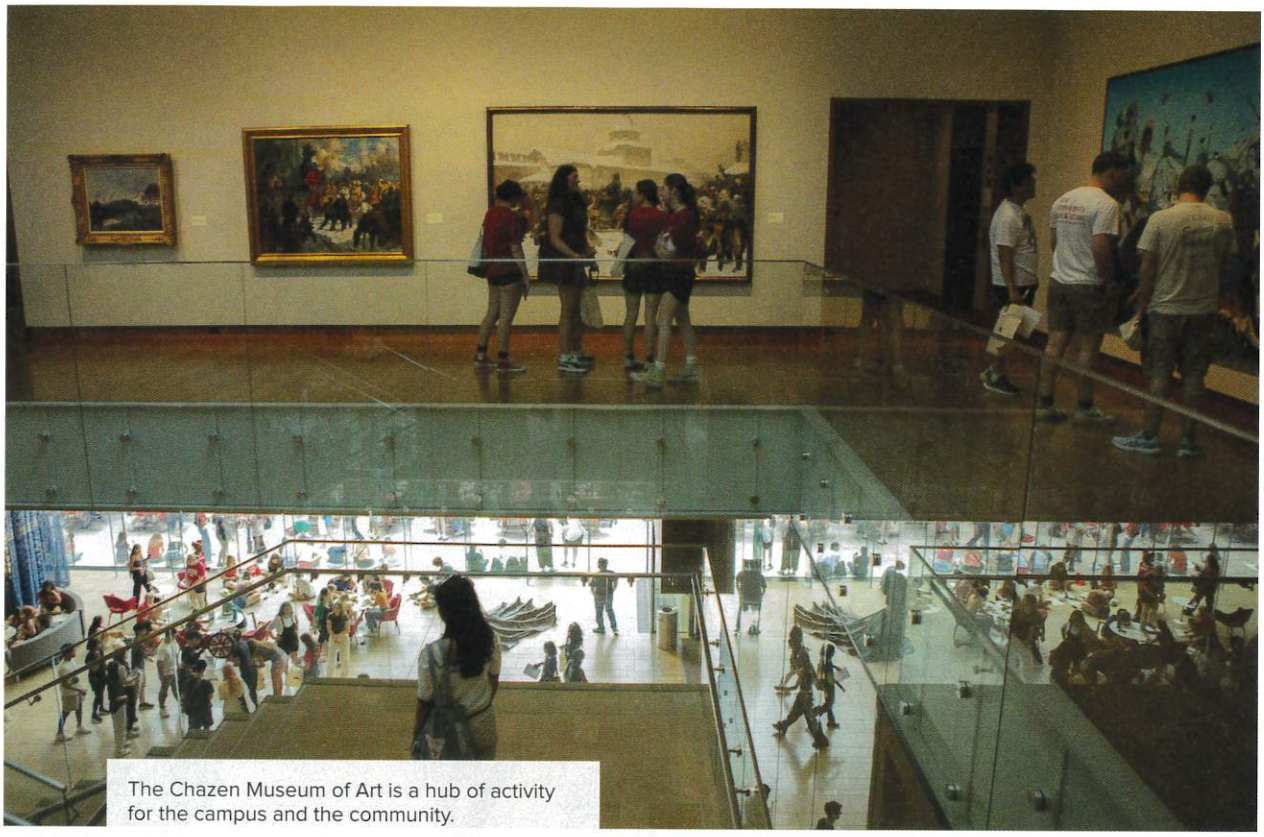
1 - Detracts
3 - Neutral
5 - Aligned

Does this event bring you closer to your mission or further away? If you were interviewed by local media, could you clearly explain how this new gala relates to your mission? Does this align with the values stated in your Code of Ethics or other documents? You might address a low score by, for example, pursuing corporate sponsorships to make attendance free for community members.

Impact on Long-Term Sustainability

1 - Could detract
3 - Neutral or unclear
5 - Enhances

In three to five years or more, are you likely to think that launching a new gala was a good or bad decision? Will the next person in your role thank you or wonder what you were thinking? You might address a low score in this area by, for example, making clear to donors that this new program is a pilot and evaluating its results before deciding whether to continue with it.



The Chazen Museum of Art is a hub of activity for the campus and the community.

part of the institutional budget, the institution is not allocating its resources sustainably.

Look to the Future

When you're faced with a financial decision, try to project the impact of that decision into the future. Use your mission and institutional values as a guide. You might be tempted to cut costs in the short term but think about the consequences three to five years down the road. For example, short-term thinking might lead you to decide against purchasing project management software, instead muddling along with emails and spreadsheets. Long-term thinking helps you see that investing in better systems can improve communications, reduce inefficiencies, and free staff time for higher-value work over time.

Own It

The dismal state of museum budgets and salaries has been the topic of countless conference sessions and articles. The blame is often assigned to someone not in the room or to broader structural issues. As museum leaders, we must own responsibility for our budgetary decisions. Even if we did not create the problem, we can choose not to perpetuate it.

Financial decisions are rarely only about money. Their consequences can support or erode the institution's mission, staff morale, and long-term sustainability. Financial sustainability is not about cutting costs wherever possible. It is about making thoughtful choices about where to invest, what to stop doing, and how today's decision will affect the institution tomorrow.

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