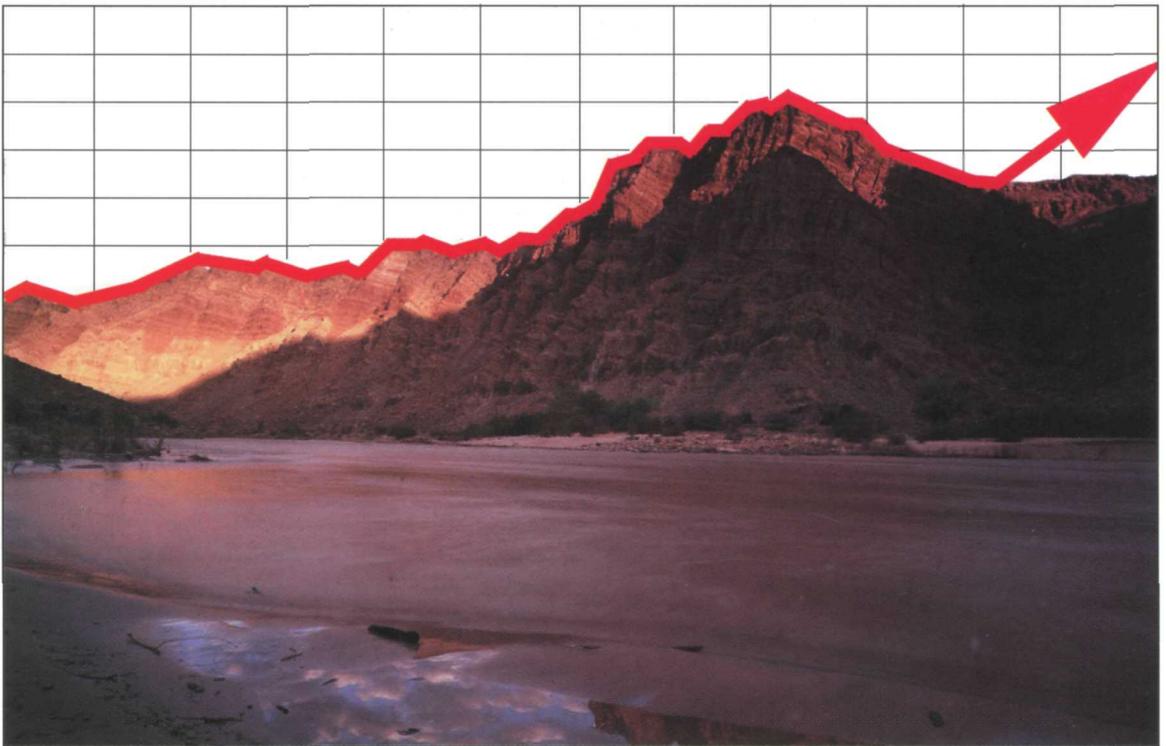


THE NATIONAL PARKS BUSINESS PLAN INITIATIVE



*A Partnership of
National Parks Conservation Association
and the National Park Service*

PARTICIPATING PHILANTHROPIES

Henry P. Kendall Foundation
Roy A. Hunt Foundation
Walter and Elise Haas Fund
The Compton Foundation
The Vira I. Heinz Endowment
Anonymous

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COVER: Cataract Canyon, Canyonlands National Park, Utah.
Photo by Steve Mulligan.



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NPCA PHOTO

Mount Rainier National Park, Washington

THE UNDERNOURISHED AGENCY: A CASE STATEMENT

The National Park Service is an agency on a starvation diet. The agency manages 80.7 million acres of prime natural lands, sensitive historic sites and cultural antiquities as well as the activity of more than 285 million Americans and visitors from abroad every year. Since 1980, park visitation has grown by 36 percent and Congress has added to the National Park System more than 3.5 million acres spread amongst 58 new park units.

In this same period, funding for basic management and protection of park resources has fallen short—far short—of the need.

In the past few years, press stories have carried news of the declining health of the national parks and the growing cost of repairing dilapidated structures and worn interpretive exhibits and of fixing roads and roofs. Less publicized but more troubling is that physical structures and exhibits have received more attention and funding than the natural and cultural resources themselves. By Park Service estimates, the backlog of maintenance needs alone exceeds \$3.5 billion. The backlog of resource needs is less clear. The combined backlog is the direct result of consistent shortfalls in park funding.

The National Parks Business Plan Initiative, a partnership between the National Parks Conservation Association (NPCA) and the National Park Service (NPS), is designed to address this issue by clarifying park needs, identifying efficiency improvements, and measuring current work against the standard that parks must maintain to fulfill the mission of the agency.

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INTRODUCTION

The Business Plan Initiative (BPI) addresses the issue of assessing needs by adopting a precept commonly used in the private sector: the construction of strategic business plans. The National Park Business Plan Initiative extends this approach to a non-traditional “business:” America’s national parks.

The National Parks Business Plan Initiative uses non-governmental resources to help NPS understand and clarify the distribution of funds and park needs.

The NPS method of allocating federal funds was built incrementally over the course of the agency’s 85-year history. The budget process has evolved into a complex system of requirements that, in many cases, exceeds park managers’ ability to understand it. Outside NPS, the process is nearly impossible to follow. In many parks, funds are supervised by staff with only limited training in financial management. The result is a clouded understanding of both problems and opportunities. Even at the highest level, agency budget justifications poorly communicate the status of park budgets, making it nearly impossible to determine the depth of park funding problems or to develop strategies that will effectively address them.

The National Parks Business Plan Initiative uses non-governmental resources to help NPS understand and clarify the distribution of funds and park needs. The BPI process encourages park managers to employ business tools to simplify the communication of financial need, to increase feedback from staff to managers, and to boost the credibility of park managers in dealing with financial affairs.

HOW CAN THE BUSINESS PLAN INITIATIVE HELP THE PARK SERVICE?

Prior to the development of BPI, the business plan approach was foreign to all but a very few National Park Service managers, and it remains foreign to much of the federal government today. The potential benefit of clear communication of both expenditures and need, however, was demonstrated in Yellowstone three years ago.



NPSA PHOTO

Old Faithful

In March 1996, Yellowstone superintendent Mike Finley announced his intent to close Norris Campground because he didn’t have the \$77,000 needed to run it. Seeing an annual Yellowstone budget of \$19.4 million, members of Congress demanded an explanation. Finley invited the congressional delegation out for a fact-finding mission, spent days walking them through the budget process of the park, and methodically demonstrated the stream of expenditures across the park and the decision-making that finally led to the determination to close a \$77,000 campground. At the end of the process, Rep. Barbara Cubin reflected the sentiment of the delegation, saying, “I was misinformed. Yellowstone does need additional funding.”

Echoing through parks across the country, this confrontation set the stage for an understanding that parks must find a way to explain the business of park operations, justify the distribution of public funds, and identify the amount, need, and reasoning for additional funds.

THE BUSINESS PLAN PROCESS MEETS THE NATIONAL PARKS

In a nutshell, the BPI process is designed to allow individual parks to address six critical questions in a direct, presentable format:

1. what is your “business;”
2. how are funds currently allocated;
3. how have inflation, added workload, and other cost factors affected the buying power of the park over time;
4. how well does current funding answer the needs and expectations of the public, Congress, and park managers;
5. if there are unmet needs, what are they and what is their justification; and,
6. if there is a gap between currently available funds and need, how do you address that gap?

In 1998, the National Parks Conservation Association and the National Park Service developed and expanded on work done in Yellowstone and Canyonlands National Parks to try to address the NPS’ recurring operating shortfall and the national parks’ growing backlog of unfunded resource protection and infrastructure projects. This effort became the National Park Business Plan Initiative (BPI).

With the initial support of the Henry P. Kendall Foundation, the Roy A. Hunt Foundation, and the Walter & Elise Haas Fund, BPI applied the skills of highly qualified graduate students in business, government, and natural resource management to analyzing individual park budgets. During the analysis, the students worked with park managers to incorporate business planning as a tool for park financial planning and management. Refined in 1999, BPI has assisted 15 national parks over the past two years and has been reviewed and certified as a sound process by Pricewaterhouse Coopers LLP.

During the past two years, support from private philanthropies has grown, as has interest from the business community. NPS’ commitment has deepened as refinements have been built into the program; the agency now invests the time and resources of dozens of park staff to make BPI a success. Art Eck, Superintendent of Santa Monica Mountains National Recreation Area and a 1999 BPI participant, commented, “Our venture with the Business Plan for Santa Monica Mountains Recreation Area could be likened to the early voyages of Columbus. We completed the journey, charted new waters, learned much, but now know there is still much exploration and work to be done.”

PRICEWATERHOUSE COOPERS CONFIRMS BPI’S USEFULNESS TO NPS

In order to gain a professional business consultant’s perspective on BPI, NPCA asked Pricewaterhouse Coopers (PwC) to assess the BPI process. PwC’s recent report to NPCA included the following comments:

“PwC’s overall assessment of the BPI was that NPS is well ahead of establishing standard processes that would be able to be reproduced in the other parks.”

“It was clear to [PwC] that the process of the BPI is as valuable as the end product because it allows park units to conduct a level of analysis not currently conducted at the park level.”

“With further improvements to the BPI, PwC believes that NPS will establish a model of business planning for other public sector organizations.”

“Our venture with the Business Plan for Santa Monica Mountains NRA could be likened to the early voyages of Columbus. We completed the journey, charted new waters, learned much, but now know there is still much exploration and work to be done.”

LINK TO ACADEMIC INSTITUTIONS

By recruiting graduate students from top business and policy schools, BPI has helped connect NPS to a new source of skill and experience. Four of the consultants from BPI have been hired by NPS. Two consultants are now working on BPI for the NPS comptroller's office. The two other former consultants are managers in national park units. One of the consultants from 1998, Nick Hardigg, graduated from Yale's School of Management in 1999 and immediately moved to Denali National Park and Preserve to be the Chief of Concessions. Nick has been able to use the financial analysis skills that he learned at the Yale School of Management to negotiate with park concessionaires on a more even footing.

The challenge now is to build BPI into a program that will provide lasting value to NPS, allowing all parks to understand and apply traditional business planning. If that challenge is met, BPI should empower NPS to identify the level of funding necessary to institute plans that strengthen management of individual parks, to operate a world-class National Park System, and to communicate the need to Congress and the public.

BPI UP CLOSE: DESIGN AND PROCESS

At the center of BPI design are the graduate students. All come to the parks with a business background and with technical training in financial and business management from some of the leading graduate programs in the nation. In an intense, one-week training period, the BPI management team instructs these young managers in national park precepts, NPS data systems, and budget allocation structures. After the training, graduate students are placed in parks to work directly with park managers.

In 12 weeks, the students assist park managers in gathering data; analyze the accumulated information; and begin the process of constructing cogent, succinct business plans. These business plans focus on the use of funds in the park, the standards needed to maintain the vitality of park resources, and the gaps between existing park funding and the justified need. At the conclusion of the student analysis, parks have the core structure needed to continue working through the data, provide refinements, and finish a plan that identifies problems and opportunities and clears the path to addressing funding shortfalls strategically. As important, however, is that at the end of the process park managers have gained exposure to the tools, have collaborated with the students, and have learned both the mechanics of constructing business plans and the potential for more refined, strategic management.

PARTICIPATING GRADUATE PROGRAMS

Carnegie Mellon University – John H. Heinz School of Public Policy
Columbia Business School
Cornell University – Johnson Graduate School of Management
Dartmouth University – Amos Tuck School of Business
Duke University – Fuqua School of Business
Duke University – Nicholas School of the Environment
Duke University – Sanford Institute of Public Policy
Harvard Business School
Harvard University – Kennedy School of Government

Northwestern University – Kellogg Graduate School of Management
Stanford University Graduate School of Business
University of California, Berkeley – Haas School of Business
University of Michigan – School of Natural Resources
University of Michigan – School of Business Administration
University of Pennsylvania – Wharton School of Business
University of Texas – LBJ School of Public Affairs
Yale School of Forestry and Environmental Studies
Yale School of Management

The analyses are broken into five discrete parts:

1. Identification and evaluation of the standards the park uses for operations, routine maintenance, resource protection, visitor services, and administration;
2. Translation of park financial information into common, understandable categories, with a focus on the use of funds;
3. Analysis of the park budget over roughly 20 years, accounting for inflation, changes in legal and regulatory mandates, and changing patterns of use;
4. Reflection and comparison of discrete operational costs with the cost of similar activities outside the National Park System;
5. Integration of the above information into a comprehensive statement of park status and need.



BPI interns at Yellowstone, 1998, with NPS and NPCA staff.



NPS Comptroller Bruce Sheaffer instructs BPI interns about the NPS budget process.

The end products are displayed in three complementary layers of detail. The first layer is a presentation document or slide program that identifies the cost of core park functions, the gap between current funds and justified need, and the park's strategy for addressing this difference. The second is a

20- to 30-page overview that stands as the core public document. Third is a set of appendices that display the building blocks used to assess current distribution of funds, the standards for park operations by functional category, and the demonstrated need.

The core 20-30 page document is structurally similar for all parks and constitutes the central business plan. This document is itself broken into a variety of segments:

- Identification of the mission and vision of the park
- Inventory of the park's natural and human-generated assets
- Historical analysis of park funding
- A simple accounting of park finances including all sources of income
- Explanation of funding needs for park operations and maintenance
- Discussion of the park strategy for addressing its financial needs

CASE EXAMPLES OF THE IMPACT OF SHORT-FUNDING PARKS

At Rocky Mountain National Park, with 3.3 million visitors a year, the Park Service recorded more bear-visitor related incidents in the first six months of 1999 than in the entire year of 1998. No funding has been available for an inventory of the bear population, the first step necessary to develop a viable bear-visitor management plan. In the interim, both bears and visitors suffer. BPI consultants and Rocky Mountain staff are attempting to quantify all park needs, including these, so that Congress and park constituents can understand the reasoning and justification behind requests for increased funding, as well as the dynamic interplay among healthy resources (i.e., bears), safe and happy visitors, and park projects.

BPI UP-CLOSE: SNAPSHOT OF RESULTS

Too few parks have completed business plans to allow for any definitive indication of trends throughout the National Park System.

Nonetheless, the results from several parks clearly demonstrate the kinds of information that BPI generates: clear, succinct documentation that quickly gives the outside observer or park manager an understanding of park operations and financial status.

For those parks that have been involved, BPI has shown itself to be a significant success, providing both the forum and the tools to address financial management issues not otherwise available to

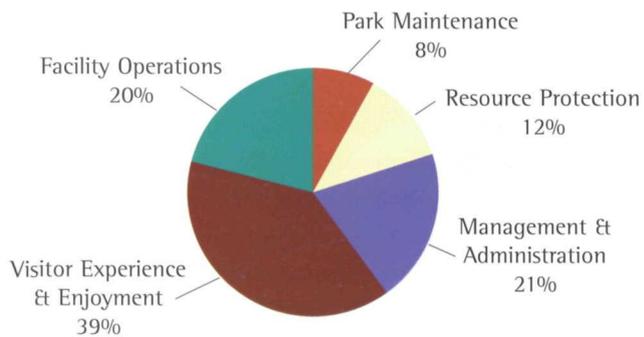
park managers. As products, the 20- to 30-page business plans have provided park managers with powerful documents that succinctly identify park purpose, expenditures, and need.



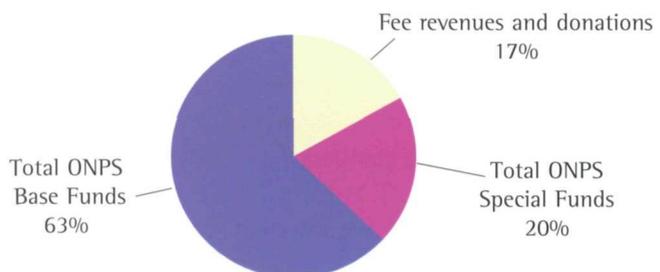
MIKE MALONE, NPS

China Flats, Santa Monica Mountains National Recreation Area, California

PARK OPERATIONS & MANAGEMENT BUDGET
(*Santa Monica Mountains NRA*)



ONPS* BASE FUNDS VS. OTHER FUNDING
(*Point Reyes National Seashore*)



*Operation of the National Park System, a term used in the federal budget process.

BPI ADVANTAGES: A REFINED COMMUNICATIONS TOOL

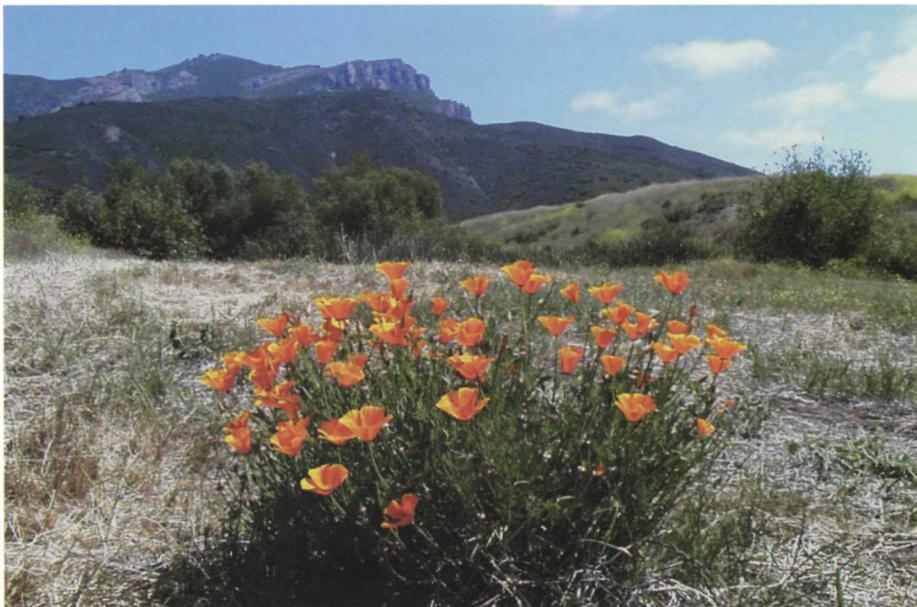
For external audiences, park business plan documents provide a refined communications tool that answers the questions: What do you do at this national park? How does the park operate? Where does the money come from? And...where does the money go? The examples on the previous page show that this can be done without requiring 500 pages of reading and cross-referencing documents. The documents have the added benefit of identifying how the parks intend to respond if there are gaps in funding.

Park managers are beginning to use the results of the business plans to explain the park status quo to a variety of stakeholders, including Congress, park visitors, gateway communities, and potential donors.

BPI ADVANTAGES: AN OPPORTUNITY FOR REFINING PARK MANAGEMENT

For internal audiences, park business plans present an opportunity for enhancing park management. One of the greatest values of structuring the program as a cooperative endeavor between graduate student consultants and park managers is the opportunity for people with varied backgrounds to challenge—and for park managers to address—the why of park operations. Most of the student consultants' time is focused on completing an intensive series of interviews with park managers and staff involved with each of the common park divisions (administration, interpretation, law enforcement, maintenance, management). These interviews are used to identify park operational standards against which current operations are measured and from which an assessment of

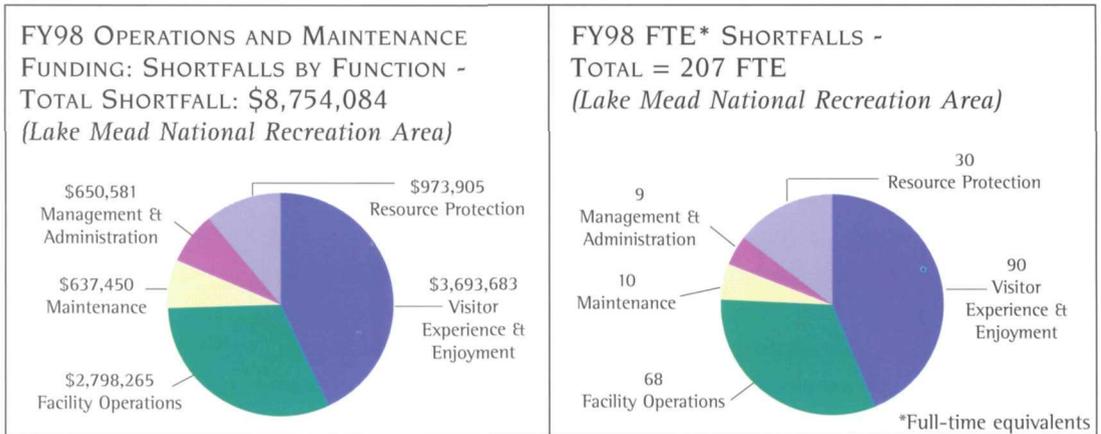
One of the greatest values of structuring the program as a cooperative endeavor ...is the opportunity for people with varied backgrounds to challenge—and for park managers to address—the why of park operations.



Santa Monica Mountains National Recreation Area, California

financial needs can be developed. This outside perspective inevitably yields a more refined understanding of operational inefficiencies and potential efficiency gains. In effect, the needs assessment forces park managers to ask themselves if the money the parks are spending accomplishes the mission for which the park was created, and if not, why not.

The process also yields a much stronger understanding of the relative magnitude of need in one park function relative to another, in effect, revealing where park managers can obtain the “biggest bang for the buck,” as the following graph shows.



Using this process, managers can develop a more strategic understanding of the opportunities and challenges they face, enabling them to construct plans for addressing shortfalls in both park management and funding.

BPI'S FUTURE

The National Parks Conservation Association and the National Park Service are beginning to move BPI across the National Park System. Addressing chronic shortfalls in park funding will take time to resolve, and it will take the participation of the Congress, private citizens, and others. Every year the media carries stories about park resources under siege—from traffic congestion and pollution to general decay and neglect. Without tools for identifying the size, distribution, and dynamic of shortfalls that cause these problems, however, it will be difficult or impossible to construct solutions. BPI provides the tools needed for real progress in addressing shortfalls in funding, bringing together the skills of park managers with focused outside resources behind a common vision of opportunity for resolving the problem. If BPI is successful, the National Park Service will be well prepared to return the National Park System to its position of both the first and the best park system in the world.

BPI provides the tools needed for real progress in addressing shortfalls in funding.



*NPCA's mission is to protect and enhance
America's National Park System for
present and future generations.*

For more information about the National Parks
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