Designing your creative business

A Toolkit for Creative Entrepreneurs

By David Parrish
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A Guide to the Business of Creativity

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Introduction

Creativity and Business

Successful creative enterprises integrate creativity and business in harmony. The challenge for you as a creative person when planning and developing a business is to combine skilfully the best ideas of both 'T-Shirts' and 'Suits', in other words, to bring together creativity and the best business ideas, in a way that adds up financially and is consistent with your values. Crucially, this is not a matter of making a 'compromise' between creativity and business – it's a matter of getting the best of both worlds.

Achieving Success

The purpose of this Toolkit is to help you achieve the success you wish for as a creative person in business. Success means different things to different people and this Toolkit will help you define success in your own terms. It will then provide you with the information, ideas and methods to help you to plan your own individual route to success.

As a result of using this Toolkit, you will have devised a business formula which is consistent with your own creative passions and values on the one hand, and the realities of business and the marketplace on the other.

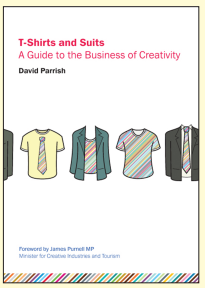
How to use this Toolkit

This toolkit has been written and designed as a working document to write in, not just to read. It's for you to use as your 'drawing board' for devising a successful business formula – and then putting it into action. It is ideal for testing the feasibility of new businesses or new projects within existing creative enterprises. The framework it offers and the questions it asks will help you to consider a range of factors which influence the way you will design or re-design your creative enterprise. No doubt you will want to consult with colleagues and others before coming to conclusions and you may need to do some research before answering the questions fully. The more thought and information you put into it, the more you will get out of it.

It can be used effectively by individuals and also by people working in groups to discuss and plan business development. It is also suitable for use by business advisers and students as well as creative entrepreneurs.

This toolkit has been created as a companion to the highly-acclaimed book 'T-Shirts and Suits: A Guide to the Business of Creativity', written by David Parrish, which can be bought as a paperback or downloaded free of charge as an eBook from the T-Shirts and Suits website.

Additional information to complement this Toolkit is available in the book and online in the 'Design Your Creative Business' section of the T-Shirts and Suits website www.t-shirtsandsuits.com



Your Unique Route to Success

'Success' means different things to different people, so as a creative entrepreneur you need to be clear about your own definition of success. In other words, you must know where you are planning to go.

Having a vision of the future is important, especially if you are working with a business partner or partners, otherwise it's possible that you will all be working hard, but towards different goals. Actually writing down the objectives of the enterprise and what the future will look like, helps to keep everyone inspired and focused.

Success should be defined as exactly as possible, including the future size and structure of the enterprise, the types of projects to be undertaken, its ideal customers, the degree of creative freedom required, the level of personal autonomy and the financial reward for the business itself and individuals involved.

Once you are clear where you want to go, then you can begin to plan your Route to Success – or Business Strategy – which will become your master plan for the journey.

One of the biggest problems facing creative people is the bewildering array of choices available, both in terms of the creative products or services you can offer and also in terms of the vast number of potential customers you could approach.

Some of the most important decisions you will make as a creative person in business is to answer two big questions which lie at the heart of any business strategy:

1. Which specific goods or services should we offer (from all the creative things we could do)?

2. Which particular customers should we target (out of all those potential customers out there)?

If you don't answer these questions, there is a danger that you will try selling 'everything to everybody' – and end up selling 'nothing to nobody'.

Many entrepreneurs have found the answers to these questions through trial and error and have found their successful niche in the marketplace. Many others, though, have fallen along the way, having failed to find a viable formula which connects creative integrity with financial success.

Strategic planning involves using your head as well as your heart, using left-brain logic as well as right-brain intuition, to steer your creative passion in the direction of business success.

Designing your Creative Business involves integrating your creative passion with the realities of the marketplace. The process used in this Toolkit is shown opposite.



Important!

Complete the loop

Check that your Business Formula will result in what you wanted to achieve in 1. If not, you will need to go round again, matching different strengths and opportunities, and making adjustments to your formula until there is harmony between all four elements. Be prepared to go around several times until it all fits together well.

1. Where do you want to go?

Success

Success for your creative enterprise may include a range of factors in addition to financial reward, such as fulfilling your creative ambitions, staying true to personal values, and gaining recognition for your work. Each enterprise will combine these and other ingredients differently to create their own particular definition of success.

The meaning of 'success' is for you to define, not other people. There are no value judgements here about what exactly 'success' might mean. Bigger is not necessarily better; often small is beautiful. You must decide where you want your creative enterprise to be in the future. As they say: 'if you don't know where you want to be, then you will never figure out which road to take'. So your road to success depends on your destination – where you want to be in the future.

Profit

Profit is not always the primary driver for creative enterprises – though even 'not for profit' organisations cannot survive if expenditure continually exceeds income. The creative and cultural sector includes different economics models: commercial businesses seeking profit, 'not for profit' or charitable organisations, public sector institutions and social enterprises. You may prefer to use the term 'the desired financial result' rather than necessarily 'making profits'. Many arts organisations are constituted as charities and their income includes grants and subsidies. Social enterprises often define success with the 'triple bottom line' approach, measuring success on three counts: financial, social and environmental. Some creative entrepreneurs are also 'social entrepreneurs'.

Lifestyle

'Lifestyle businesses' succeed by delivering both a healthy income and a rich quality of life for their owners, in which the creative person is centrally involved. For others, success means building a profitable business that eventually doesn't need them, so they can sell it and move on.

To help you to be specific about what you mean by success, answer the following questions:

What's your creative passions?

What kind of respect and recognition do you seek, and from whom?

What are the values you want to remain true to?

To what extent do you want to work with other people – managers, investors, funders, partners, employees, etc?

Do you want always to be centrally involved or would you prefer to devise a business which makes money without your constant involvement, and maybe could even be sold?

To what extent do you want your enterprise to have social or environmental objectives?

How much do you want to earn?

Write below other aspects of your definition of success.

2. Where are you now?

To 'know ourselves' we need to assess the facts of our current situation as objectively as possible. It's useful to ask others to help you to do this, since they can see things from different perspectives.

Strengths and Weaknesses – or Characteristics

It's important to assess the strengths and weaknesses of our business, focusing particularly on strengths, especially strengths which competitors do not have.

Another approach to this 'internal analysis' of strengths and weaknesses is to use a more neutral term and list the 'characteristics' of you and your enterprise. You can then ask in which creative fields, or in which business situations, or with which particular customers, do these characteristics become strengths.

PRIMEFACT

A useful checklist for listing characteristics in order to identify factors that are potential strengths and weaknesses is the PRIMEFACT checklist. This is an acronym for nine factors which provide headings for your analysis of your enterprises:

People
Reputation
Intellectual property
Market information
Ethos
Finances
Agility
Collaborators
Talents

Use the spaces below to list the characteristics, strengths and weaknesses of your business. Remember that strengths and weaknesses are not absolute but relative to particular situations, customers or creative fields.

People. What are the characteristics of the people involved?
(You, partners, directors, employees, associates, advisers, supporters and other stakeholders.)

Reputation. What is your reputation with your target customers and the strengths or weaknesses of your brand in particular markets?

Intellectual Property. What intellectual property do you have, such as copyright-protected content, designs, trade marks or patents?

Market Information. What information do you have about market trends – and about specific customers and their needs?

Ethos (or Values or Culture). What is your ethos, your values and your 'organisational culture'? Does everyone involved share this same ethos?

Finances. What is the current state of profitability, cash flow and assets? How much money could we obtain from investors or lenders if required?

Agility. Do you have the mindset, information and organisational structure to allow you to seize new opportunities as they arise?

Collaborators (Alliances, Partnerships and Networks). What current and potential partnerships with other businesses and organisations do you have, or could you have?

Talents (competencies and skills). What are your core competencies – and what skills do you have that competitors do not have?

3. What's going on out there?

Keeping a Look Out!

Watch out! There's stuff going on out there that can make or break your business. It's a rapidly changing world and the changes taking place are outside your direct control – changes in technology, economics and regulations for example. Such changes in the 'external environment' can have dramatic effects on businesses and organisations, indeed on whole industries.

Using a Business 'Radar'

To stay ahead of the game you need to anticipate changes, not just react to them. This requires constant 'scanning' of the external environment and I liken this to a ship's radar, constantly looking out for both hazards and help, picking up on its radar screens approaching ships and impending storms in good time. Naturally, we are in touch with the world we live in and we constantly learn about new developments from TV, friends, publications and a host of other sources. But to have an effective 360 degree radar, it pays to be more systematic in scanning for opportunities – and threats. This scanning can be called an External Audit (or Environmental Analysis).

The ICEDRIPS Checklist

The 'ICEDRIPS' checklist below, lists eight different directions from which external factors can approach:

Innovation
Competitors
Economics
Demographics
Regulations
Infrastructure
Partners
Social Trends

The best way to use this checklist is first to 'brainstorm' and list everything that is happening in the world under each of the headings, without analysing or discussing them. Then go back to find which factors might be opportunities or threats for your own enterprise.

Fill in the spaces under each of the eight headings with things going on in the world out there – or likely to happen soon – which could be opportunities or threats for your enterprise.

Innovations include computer technology and the internet and also developments in the biosciences , transportation etc.

Competition. List your closest competitors and what they do better than you.

Economics includes factors such as inflation, exchange rates, downturns in the industry, public spending etc.

Demographics include the ageing of the population, migration, trends in employment, social class etc,

Regulations such as new laws, protocols, agreements and conventions.

Infrastructure such as telecommunications networks, transport, public services and utilities.

Partners. Formal or informal partnerships, joint projects or strategic alliances with other companies or organisations.

Social trends, including acceptance of technology, use of leisure time, fashions and changing beliefs.

Any other opportunities or threats

4. Your Unique Business Formula

Your unique formula for success will be derived from many factors, some of which we have already identified. Let's bring them together here:

List the main strengths you identified in section B.
Then identify the most important of these.

Which of these strengths give you a competitive advantage in relation to rivals?

In which markets or situations are these strengths most valuable?

Which specific creative products or services can you excel at, in relation to competitors?

Which particular creative products or services are you most passionate about?

What intellectual property rights do you have that could be used to gain an advantage, strengthen your commercial position, or erect 'barriers to entry' to rivals?

Which of your products and services are least at threat from new entrants to the marketplace?

Which particular customer types want the goods or services at which you excel?

What are the main benefits of these products or services to those customers?

Which particular types of customer best fit your goals and values?

Can these customers pay enough to provide commercial viability for your enterprise?

What partners, employees or associates will you need, to be able to serve these customers?

What is the best organisational structure for your enterprise?

What are the main risks facing your business and what can you do to eliminate or minimise these risks?

Your Formula – first draft

Summarise the main point from your answers above to sketch out the key points of a business formula for your enterprise. The formula should answer the questions:

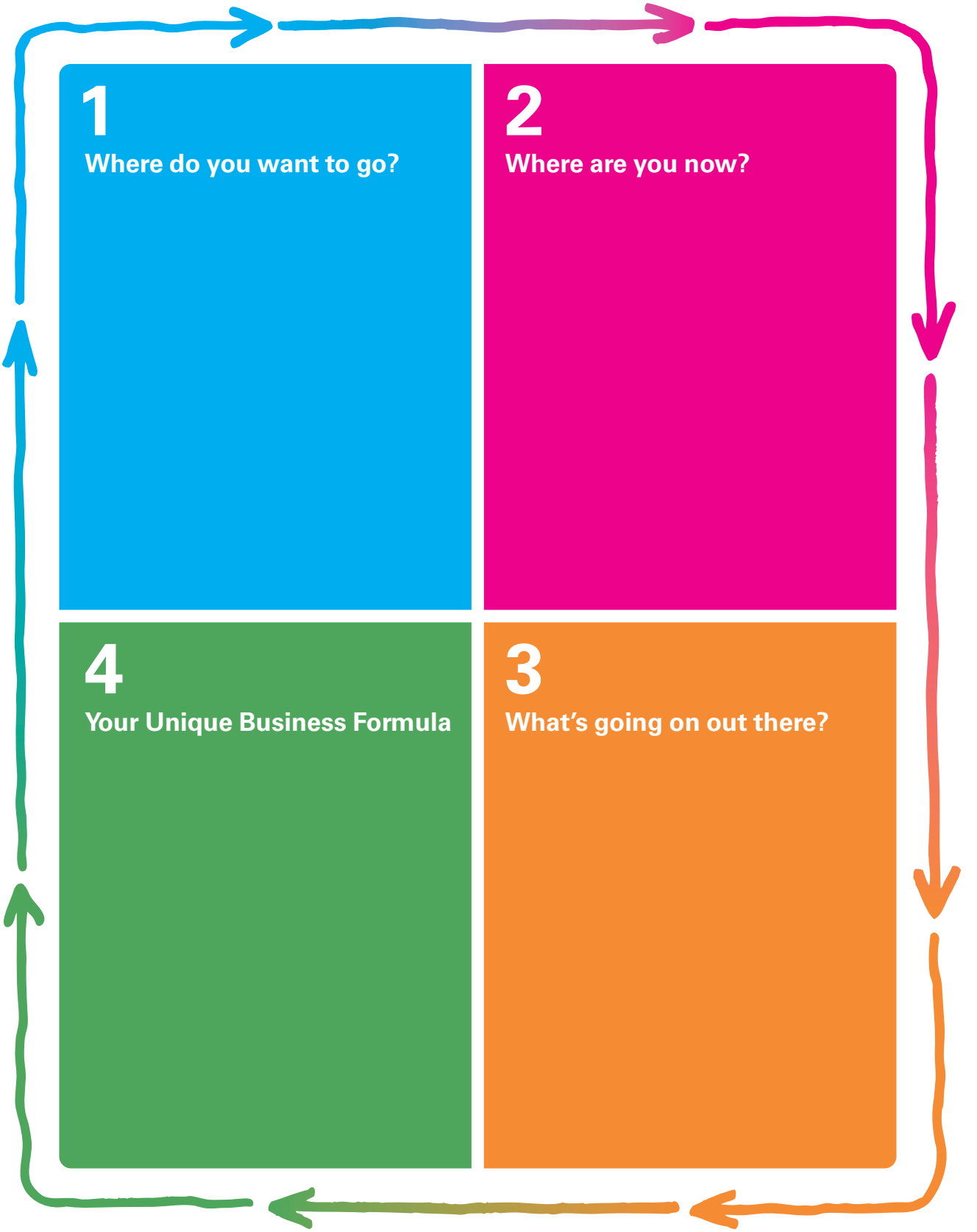
1. Which specific goods or services should we offer (from all the creative things we could do)?
2. Which particular customers should we target (out of all those potential customers out there)?

It should also specify other main aspects of your business.

Now, go back to your answers on pages 4/5 to check whether this formula will take you to where you want to go. If not, you will have to repeat the four stages of the process until it all fits together in harmony.

Does it all fit together?

Does your business formula take you back to what you wanted to achieve in the first place?



Test the formula and review all four stages of the process by asking questions such as these:

Competition. Have you chosen a niche where you have little or no competition, or where you can dominate the competition?

New entrants. To what extent can you stop new entrants to the market competing against you, for example by erecting barriers to entry through intellectual property rights or superior branding?

Profitability. Is the chosen market segment sufficiently lucrative to give you the profits you need?

Partnerships. To what extent will you be dependent on partners, employees, associates etc?

Does this formula fit with the size and type of business you want?

Is the formula consistent with your creative passions?

Are you using your characteristics in ways which mean they become strengths, by matching them with the right customers and products or services?

Is the formula consistent with your values?

Are you making the most of your creative skills?

Does the formula take advantage of external opportunities?

Ask yourself further questions here.

List here any issues that you still need to resolve before you can devise a business formula which will result in the success you want to achieve.

It is vital that you are happy with your Unique Business Formula and that it is in harmony with your objectives before moving on to the next section.

Use the four-stage process again and again until you can find a formula that is right for you.

Your Business Strategy

You will now need to develop your Unique Business Formula into a more detailed Business Strategy. Your Business Strategy is your Route to Success. It is the plan you make to get from where you are now to where you want to be. Use the following headings to draft the key elements of your strategy.

Market Research

How you will keep in touch with market trends and listen to your selected customers to understand their perspectives.

Marketing Communications

The key messages you need to get across to selected customers, your branding and the media you will use for advertising and publicity.

Intellectual Property

How you will protect and commercialise your intellectual property, such as copyright material, designs, trade marks or patents.

Legal and contractual issues

Your business terms and conditions, contracts with clients, suppliers, associates and employees, and compliance with business regulations.

Organisational structure

The most appropriate legal structure for ownership and control of the enterprise, to minimise risks and achieve financial sustainability.

People

Your partners, employees, associates, and your role as leader or manager of them.

Continuing professional development

Your own and your team's learning and training, to make sure you keep up to date with the skills you need and to nurture your creativity.

Risks

The risks in your business strategy and how you will eliminate or minimise them.

Financial Forecasts

Your realistic financial forecasts which indicate that your business is financially viable and will deliver the financial results you require. These include: start-up costs; income and expenditure (profit and loss) forecasts; cash flow projections; and balance sheets.

Other

Other relevant elements of your business strategy.

Strategic Action Plans

These are the key things you will need to do to make your business successful. In other words, they are the major 'stepping stones' along your Route to Success. Identify these key challenges below (there might be more or less than five).

1 .....

2 .....

3 .....

4 .....

5 .....

You will need to draw up more detailed plans for each of these, in order to achieve them.

Conclusion

At this stage you have developed your own Unique Business Formula and have a draft Business Strategy to guide you towards the Success you defined in the first stage of this process.

You should use this Toolkit again later to review your progress and to adjust your strategy as circumstances change.

Further information is available online in the 'Designing Your Creative Business' section of the T-Shirts and Suits website, to help you make your creative business even more successful.

Best wishes,
David.

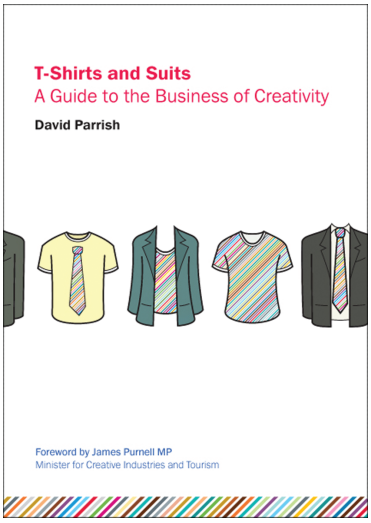
About the Author

David Parrish is a business adviser, trainer and management consultant working with creative businesses and the agencies that support them. He helps his clients by drawing on his own experience as a creative entrepreneur combined with his knowledge as a specialist professional adviser.

His international experience adds value to clients by bringing a wealth of experience from other cultures and sectors world-wide. He has worked in a range of different countries and cultures, including: Canada, China, Colombia, Denmark, Egypt, France, Germany, Holland, India, Italy, Norway, Singapore, South Africa, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates – as well as in the United Kingdom.

About T-Shirts and Suits

'T-Shirts and Suits' is all about bringing together Creativity and Business in harmony. The name began as the title of a book 'T-Shirts and Suits: A Guide to the Business of Creativity' by David Parrish. The book shows how successful creative businesses and cultural enterprises have used business methods appropriately and imaginatively to help them achieve their objectives. The book is also available to download as a free eBook. T-Shirts and Suits is now also a brand for creative business advice, training programmes, management consultancy, publications and other projects.



P.S. Don't forget! There's more useful information here and here

www.dycb.info

"T-Shirts and Suits is a great mixture of theory, practice and inspiration. 'Designing Your Creative Business' is the 'Do It Yourself' version of the book."

Fiona Shaw – Capsica Publishing. www.capsica.net

"This practical publication could also be described as a 'sketchbook' or 'drawing board' for creative entrepreneurs like us to use to get our heads round what we need to do to make our design businesses work better."

Matt Houghton and Tom Downing – Sauce Multimedia. www.saucemultimedia.co.uk

"David's workshop was a great help when I was starting my business. If you can't attend one of his workshops, this toolkit is just what you need instead."

Darren Ratcliffe – RedStar Creative Ltd. www.redstarcreative.co.uk

"This toolkit takes you through the process used when we attended one of David's workshops. It asks the right questions in the right order and prompts you to think about the fundamentals of your business then take the right decisions to get you where you want to go."

Andy Cooper and Glenn Maguire – Sparkle Media Ltd. www.sparklemedia.tv

"T-Shirts and Suits is a thoroughly enjoyable and essential book for any creative business. This companion publication helps creative entrepreneurs to put together their own plan for success using the ideas and information in the book."

Alison Coward – Enterprise Centre for the Creative Arts, University of the Arts London. www.ecca-london.org

www.t-shirtsandsuits.com

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