



This work is licensed under a Creative Commons Attribution Non-commercial Share Alike (3.0 Unported). Uses are thus permitted without any further permission from the copyright owner. Permissions beyond the scope of this license are administered by NESTA.



Except where otherwise noted, this work is licensed under <http://creativecommons.org/licenses/by-nc-sa/3.0>

Arrivals and destinations

AN INTRODUCTION TO LAUNCHING YOUR OWN SUCCESSFUL CREATIVE BUSINESS

If you're a creative person and want to start your own business, then this guide can help. 'Launch Your Own Successful Creative Business' gives you a framework to explore your idea and create a business model that suits your aspirations.

Arrivals

This section sets out:

- Who this guide is for
- Why it's different from other business guides
- How it can help
- What you should expect to get out of the process.

Destinations

This section sets out:

- What kind of company to set up
- Links to useful organisations to help you move to the next stage.

WHO IS THIS GUIDE FOR?

In the 'Launch Your Own Successful Creative Business' handbooks you will find information and advice together with a series of exercises and activities that we have developed to help creative people explore and develop their business idea, and describe the 'story' of their business. By the time you get to the end of this guide you'll be able to answer the following key questions:

- What should I do to make my business work?
- Why should my customers care and how will they benefit?
- How can I make money to allow my business to be sustainable?

In realising your business idea you take risks, solve problems and make ideas happen. This is what business is really about: "Spotting opportunities, creating new ideas and having the confidence and capabilities to turn these ideas into working realities." (Nixon, 2004)

Starting a business can be very daunting. Becoming familiar with business language and processes will help you, and allow you to articulate and discuss your ideas confidently with partners, suppliers and customers as well as business support agencies.

Traditional methods of developing a business involve engaging with bank managers, business support agencies, family and friends, and they're all likely to ask you to develop a business plan – particularly before investing in your idea.

WHAT MAKES THIS GUIDE DIFFERENT?

Business planning can seem alienating, because it tends to use a rigid linear process to define and describe your business. We've tackled this differently. In 'Launch Your Own Successful Creative Business' we've brought together a variety of approaches to business planning that draw on your creative skills to help you design your business. There are four main elements:

01 Practical Handbooks

In addition to this introductory handbook, there are three practical handbooks to help you describe your business, explore how it works and to develop a business model that suits your aspirations.

02 Worksheets

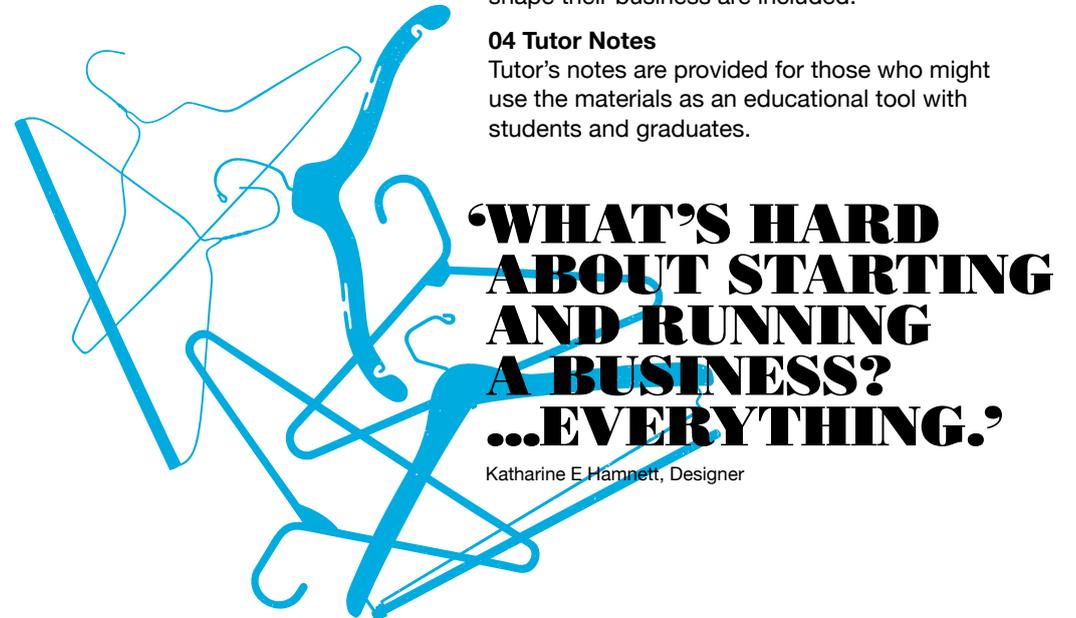
Each handbook contains two or three worksheets with accompanying stickies to help you explore the key issues about your business through modelling.

03 Case Studies

Case studies of real entrepreneurs who have used the worksheets and exercises to successfully shape their business are included.

04 Tutor Notes

Tutor's notes are provided for those who might use the materials as an educational tool with students and graduates.



WHAT MAKES THIS GUIDE DIFFERENT?

Practical Handbooks

Here's a summary of the handbooks. We recommend you use them in the order they're presented. This will lead you through a logical path, from scoping your idea through to practical considerations of marketing and finance.

In **'Getting off the ground: How to go about setting up a creative business'** you define the values you'd like your business to embody, and develop a mission statement. You then explore your idea to look at the real business opportunity and possible customers.

In **'Choosing your path: What you need to make your business work'** you identify the people you need to connect with and build relationships with. You look at the different parts of your business and how they fit together and where relationships are needed to make them work.

'In it for the long haul: Speaking to customers and staying in business' shows you different ways to speak to your customers and generate sales, as well as how to manage your cash flow to make sure the finances stack up.

'What I've realised is that my business isn't just about making money, it's intrinsically part of me. I don't want to be or do anything else, I just couldn't be!'

Carrie Ann Black, Contemporary Jeweller

Worksheets

Modelling means making a visual representation of something, a depiction of reality such as a graph, picture, object or mathematical representation. The worksheets in each handbook are designed to help you to develop a range of models to explore different aspects of your business to better understand, describe and predict how it could work. You'll use them to explore the activities involved in turning your ideas into products and services that people want. They help you explore what you're offering, whom you're offering it to and how you can engage those people and earn money for your business.

With the worksheets you will explore the following areas of your business:

- Your Values
- Evidence Modelling as a way of illustrating the future impact your business will have on the world
- Your Customers
- Blueprint Modelling to visualise how your business will actually operate
- Relationship Modelling to work out who you need to work with to make it all happen
- The Marketing Mix
- Critical Marketing Tasks

WHAT MAKES THIS GUIDE DIFFERENT?

Each worksheet helps you ask crucial questions about your business. Working through them as exercises will help you build a convincing picture, for yourself and others, of your future business. You can use them on your own or with partners and friends. The worksheets have been designed so you can photocopy them, allowing you to revisit and change things over time. Of course you can write directly onto your worksheets, but using the stickies allows you to keep a clean sheet for future use.

‘The exercises have really got me thinking about my long term plans and the whole idea behind my business...the minute I stop enjoying what I do, I will become less willing to dedicate huge amounts of time to the business.’

Nadia Yousuf, Couture Bridal Wear and Evening Gowns

Case Studies

The case studies feature real entrepreneurs who’ve used the worksheets and exercises contained in ‘Launch Your Own Successful Creative Business’ to successfully shape their business. They cover a range of creative companies: fashion, jewellery, technology and product design.

HOW CAN THIS GUIDE HELP ME?

When someone starts turning their idea into a business idea, they go through different stages:

Fantasy. We’ve all had those moments of spotting something that doesn’t work as well as it could do or wondering how to improve things in our lives. Those moments of saying: “Wouldn’t it be great if...”, “I’ve got this idea...”, or “Would it be better if...?” In this fantasy stage, we have an idea that we think is worth exploring and maybe developing further.

Vision. At this stage you’re clearer about what you want to achieve, what your business will offer, who’d be interested in buying what you have and how you might deliver this. Further research might still be needed to develop the idea, including knowing if there is a need or demand for it.

Animation. At this stage you’re testing your idea to see if it could be a sustainable business. You’re considering how you’ll reach your customers, who you’ll need to partner with or involve for the business to deliver what it sets out to do, how you’ll pay for this, and whether what you charge will provide enough profit to create a sustainable business.

‘In the beginning my business was very much an idea. Gradually my ideas and confidence have progressed and I now feel able to take my business forward successfully.’

Anna Stutfield, Product Designer

HOW CAN THIS GUIDE HELP ME?

Operation. At this point you're trading and concentrating on making the business work on a practical level. You'll be testing its different parts to ensure they work profitably to achieve a sustainable business.

Refresh. Once you've operated for a period, you'll be able to measure the performance of the business. You might consider the value you give your customers, as well as the profit this generates for the business, in order to determine what to do next. The wider environment and your ideas will be constantly evolving, so you need to refresh your initial ideas around your customers, business and financial models.

Developing and refining your business idea is an iterative process. Whilst your vision often remains relatively static, you'll need to continually check the viability of your animation and operation processes against changes in the marketplace and the business environment.

WHAT CAN I EXPECT TO GET OUT OF THIS PROCESS?

The three practical handbooks that are the core of this guide aim to support you in the vision and animation stages, and prepare you for operation. Each provide practical outputs:

Getting off the ground – outputs

In handbook 02 you explore the building blocks that will help define the foundations of your business. The outputs you should expect include:

- Using basic business facts to explore your idea as a business idea.
- Looking at how you can identify, protect and exploit your intellectual property.

- Identifying the values that underpin why you're doing what you're doing. It's these values – combined with your energy and ambitions – that will make the difference between your business and others. Balancing passion, talent and economic drive will enhance the chance of your business being successful and sustainable.
- Creating a Mission Statement that summarises the impact you want to have.
- Using evidence modelling and future evidence to illustrate how your business might look and what success means to you.
- A SWOT analysis to look at the strategic positioning of your company, and to identify possible weaknesses and threats to address as well as strengths and opportunities to exploit.

Choosing Your Path – outputs

Having given some shape to your business idea and defining the foundations for its development, in this handbook you identify your customers, explore the connecting aspects of your business, and the various relationships you'll want to develop to help your business move forward and deliver your products or services. The main outputs are:

- Identifying your customer base and checking there's a need for your product or service. You will have established there are enough customers willing to pay you the desired amount of money for your offering.
- Understanding the interrelation of your business vision, your customer expectations, and the qualities of your product or service as key to your business activity.

**WHAT CAN I
EXPECT TO GET
OUT OF THIS
PROCESS?**

- Blueprint Modelling will have helped you develop a more detailed operational plan, and identify areas where you need external expertise and resources to deliver your product or service to your customers.
- Relationship Modelling introduces the four key areas of business activity: Generator, Realiser, Distributor and Customer. You will identify the different types of relationship you need to develop your product or service to your customer.

In it for the long haul – outputs

You need to get your message to your customers and make sure the finances make business sense. In handbook 04 you're introduced to marketing and finance. The main outputs include:

- The Marketing Mix provides a framework for you to consider the key elements that should be in place for you to connect with your customers. These are the 7Ps of Marketing: Product, Place, Price, Promotion, People, Process and Physical Environment.
- The Marketing Mix provides a framework for you to consider the key elements you need to consider when planning communications activities.
- Having a structure and format to develop a marketing plan that will allow you to prepare your communications strategy to ensure you maximise the impact of any information you release to customers.

- Financial Modelling introduces the vital role of finance to allow you to control your business activities. This is crucial for you to anticipate problems that might arise and to ensure that your business doesn't lose money.
- Cash flow is a tool that can help you understand how money flows into and out of the business. By understanding this you can be in real control of your business finances to ensure you keep a healthy and sustainable business that meets your aspirations.

This is the start of your journey – you have the main tools to shape, define, explain, communicate and control your business – now you just have to make it work!

You will find a list of organisations that can offer assistance with setting up your business in the Destinations section at the back of this handbook.



Destinations / Where do you want to take your business?

Now you've worked through the three handbooks with their exercises and worksheets, you have the building blocks to make your idea happen by developing your business idea into a viable enterprise.

You should be able to clearly describe the 'story' of your business and how your business will work.

WHERE DO YOU WANT TO TAKE YOUR BUSINESS?

You should be able to confidently answer the questions set at the beginning of this journey:

- What should I do to make my business work?
- Why should my customers care and how will they benefit?
- How can I make money to allow my business to be sustainable?

But this is only the start... You are only past the first stage of a business journey. By following the processes in 'Launch Your Own Successful Creative Business', you should be able to move from having just an idea to having more of a business idea, and to form answers that any person or organisation wanting to support your business is likely to ask.

Some of these questions may be difficult ones that you'll need to ask yourself before you embark on any enterprise. Indeed, having gone through this process you might have even more questions than answers. You'll need to think whether you can commit the time, energy and emotional investment needed to make your business happen. You'll also need to consider whether this is the right time in your life to establish this venture and why you're favouring self-employment or setting up a company over getting a job.

There might still be a lot of research and development work ahead of you before you're in a position to be able to launch your business.

Do remember that there's support out there for aspiring entrepreneurs. And a great deal of it's free. You'll need to assess what's going to be of most value to you, and how you can make most use of it. There's a list of support agencies at the end of this handbook. The list is not exhaustive and will change over time, so keeping abreast of changes through contact with your peers will be helpful.

WHERE DO YOU WANT TO TAKE YOUR BUSINESS?

Remember, it's good practice to revisit the models and exercises you've gone through. The business and marketing plans should be regularly reviewed and modified against performance to ensure both short and long-term business objectives are achieved.

As your business plan develops, it will inevitably shift and change, and it's well worth going back to the basics now and again to check you're heading in the right direction.

WHAT TYPE OF COMPANY TO SET UP?

It is important to consider what type of company to set up. Below is a brief summary of the main types of company status.

Sole Trader

As a sole trader you are self employed and independent with all of the profits of the company going to you. It is easy to get your business up and running. However, you'll have unlimited liability and will be personally responsible for any debts run up by your business.

Partnership

Partnerships are where two or more people set up in business together. The business can benefit from the range of skills and experience that the partners bring. However, disagreements between partners can cause problems. There is unlimited liability and partners share the costs, profits and any debts of the business.

Limited Liability Partnership

A limited liability partnership (LLP) has the flexibility of a partnership with the benefits of limited liability, where your personal financial risk is restricted to how much you invest in the business and any guarantees you have given to obtain financing.

This type of company has legal duties, including maintenance of the company's public records similar to a limited company.

Limited Liability Company

A limited liability company is a separate legal entity registered at Companies House. The financial risk to shareholders (members or owners) is restricted to the value of the shares they own or guarantees committed to.

This type of company has legal duties beyond those of a sole trader or partnership. The company must file annual accounts and returns at Companies House and the word limited must be used in its name.

Social Enterprises

Social enterprises are businesses that trade for a social purpose. The profit or surplus generated is usually reinvested in the company or community rather than being distributed to shareholders and owners. It may be set up as a charity bringing tax relief benefits although charitable status also comes with increased regulation.

Co-operative

A co-operative business is a company run and owned by its workers and/or consumers where each member has a vote. Member-owners share equally in the control of the business and invest in shares to provide capital for the operation. The main difference between other types of businesses and a co-operative is that co-operatives are organised for mutual benefit, where members equally control and benefit from the operation.

Acknowledgements

This toolkit has been written for a UK audience, although we think the approaches are applicable to creative businesses' across the world.

The content for this handbook was originally devised by the Creative Pioneer/Creative Economy Team at NESTA to accompany The Creative Pioneers' Academy, Insight Out and Starter for 6 programmes.

Following feedback from trainers and participants the content has been revised and new aspects included. The models, exercises and ideas are from a number of sources, some of which are listed below.

The definitions of modelling and business models have been developed from the work of Alexander Osterwalder <http://business-model-design.blogspot.com>

The 'passion, talents and economic drive' illustration is developed from the Three Circles of the Hedgehog concept in 'Good to Great', by Jim Collins and published by Random House Business Books.

Values Worksheet: The content and approach was developed and provided by Joanna Woodford - Trainer, Coach and Business Adviser.

Your Customers: The content for this worksheet was provided by the Cultural Enterprise Office.

Evidence Modelling: This is an adaptation of the Tetrad Model developed by Marshall McLuhan www.marshallmcluhan.com, undertaken by the service innovation and design company Live | Work www.livework.co.uk

Relationship Modelling: The content used in this section has been developed from an idea by Designersblock www.designersblock.org.uk

Blueprint Modelling: This has been developed from some of the ideas in Bill and Gillian Hollins' book, 'Over the Horizon: Planning Products Today for Success Tomorrow', published by John Wiley & Sons.

View the toolkit online:
www.nesta.org.uk/enterprise-toolkit

The Marketing Mix and Critical Marketing Tasks: This content was provided by The Value Innovators Ltd www.tvi-ltd.com

Financial Modelling: This was developed by Andy Chapman, who has licensed this model to NESTA.

List of Contributors

NESTA would like to thank the following individuals and organisations for their contribution in supporting and developing the content within this handbook.

Cultural Enterprise Office, in particular Fiona Pilgrim www.culturalenterpriseoffice.org.uk

Jenny Rutter – Creative and Digital Business Advisor

Joanna Woodford – Trainer, Coach and Business Adviser

Journey Associates – Catherine Docherty www.journeyassociates.com

Martach – Colin Burns

Own-it www.own-it.org

Percy Emmett www.percyemmett.com

The Value Innovators Ltd www.tvi-ltd.co.uk

The Big Picture www.big-picture.co.uk

List of Useful Organisations

Business Gateway www.bgateway.com

Business Link www.businesslink.gov.uk

Coach in a Box www.coachinabox.co.uk

Cobweb Information for Business www.cobwebinfo.com

Intellectual Property Office www.ipo.gov.uk

Invest Northern Ireland www.investni.com

Own-it www.own-it.org

Welsh Assembly Government www.business-support-wales.gov.uk

Notes

