

The background is a dark teal color with various abstract elements. In the top left, there is a cluster of white dots. In the top center, there is a large white organic shape. In the top right, there is a green organic shape with two white zigzag lines below it. In the bottom left, there is a green scribbled line. In the bottom center, there is a teal arc. In the bottom right, there is a teal organic shape with a cluster of white dots next to it.

CREATIVE INVISIBLES

Module 3

Resources for your idea:
how to get the support you need

Outcome

MODULE 3 aims to offer you a glimpse into how to manage & raise project finance to start your business

We have gathered a selection of sources reflecting on questions like “Is your business viable?” or “Where can you find support?”, all enriched by real life examples.



By completing this module you:

You will be able to locate financial resources and make a basic planning for the viability of your enterprise. The fact that modules use active than passive learning experiences, students are more engaged and understand real world applications.

- This set of modules allows you to develop the business/entrepreneurial skills and attributes to commercialize on your creative practices and/or knowledge of street culture.
- The resources mentioned give you a theoretical and practical understanding of cultural and creative industries and the development of a cultural economy to create your own creative initiatives.
- Our collective approach is to integrate entrepreneurship within creative practises relevant to street culture and to take a 'creative' approach to the development of new businesses and the infra-structure that supports them.



Can you sell your product at a price to make a profit?

- Cost is the amount it takes for you to produce the product or service for sale.
- Price is the selling price per unit customers pay for your product or service.
- Turnover is the amount of money you take into the business (generated by your sales).
- Profit is what is left when you have covered all your costs.



WILL YOU BE
VIABLE?

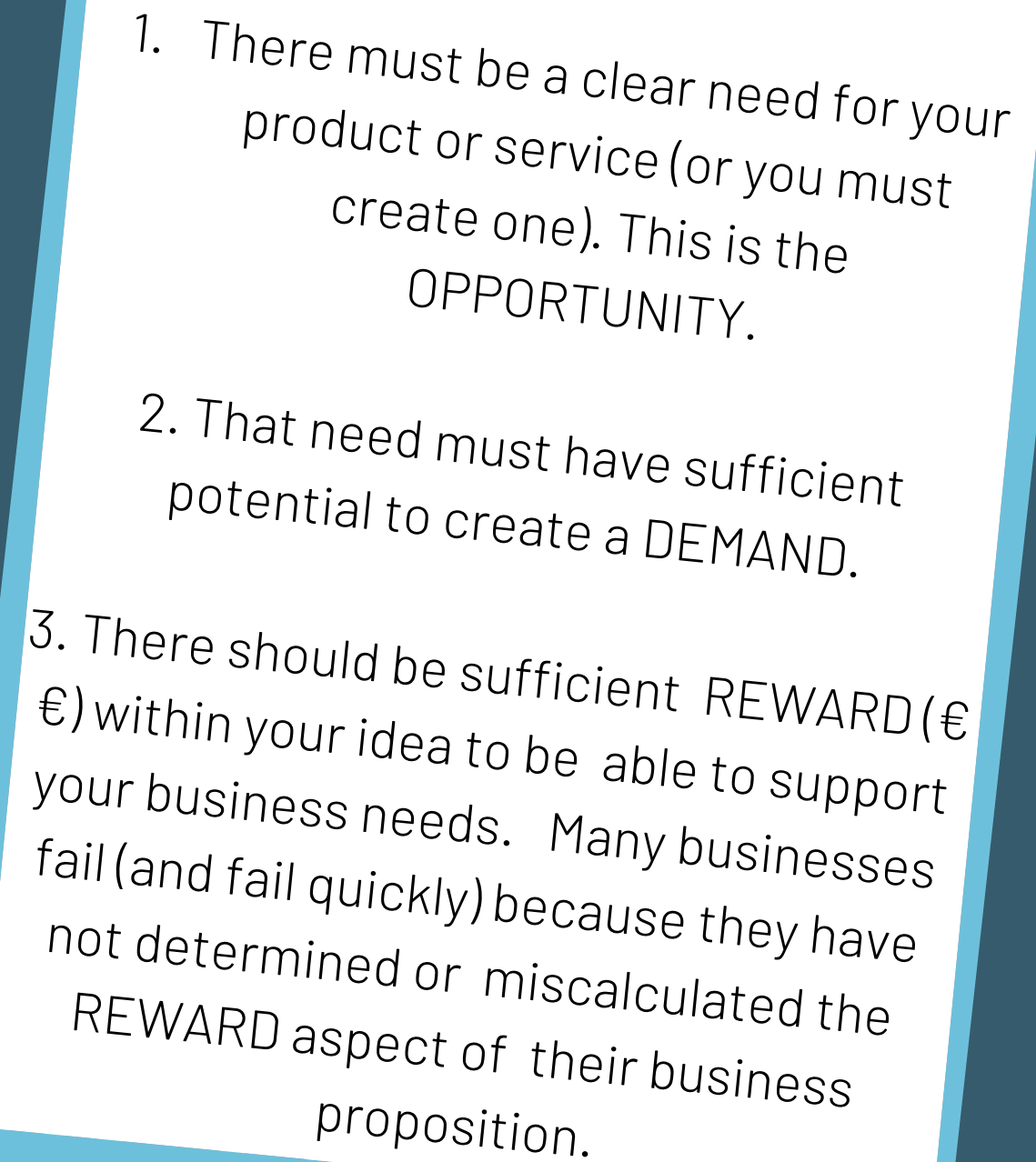


Follow this formula to calculate cost:

The cost of your materials
needed to make the final service or product.

Labour – the cost of your time in
making and selling the item or
providing the service.

Overheads – the costs of being in
business – e.g. rent, transport,
marketing costs.

- 
1. There must be a clear need for your product or service (or you must create one). This is the OPPORTUNITY.
 2. That need must have sufficient potential to create a DEMAND.
 3. There should be sufficient REWARD (€) within your idea to be able to support your business needs. Many businesses fail (and fail quickly) because they have not determined or miscalculated the REWARD aspect of their business proposition.

Ways of Costing & Pricing

Calculate all costs for a product / service.
Determine number of units - how many can you make and im- portantly how many can you sell (there is a differ- ence!).

Divide total costs by number of units.

Add profit figure - the magic number generating the price to customer.

Advantages:

Simple to operate Ensures you make a profit

Disadvantages:

Not suitable for fluctuating businesses

Lacks flexibility for new business decision making



(Costing continued)

CONTRIBUTION APPROACH

- Determine Selling Price – influenced by the marketplace e.g. what the customer will pay + what competition are charging
- Split Costs into Variable and Fixed
- Calculate “Contribution” – selling price less variable costs.

Example:

Our competitors sell their mugs for €2.50 and customers seem happy to pay this price

Our variable cost to produce the mug is €0.75 Therefore, contribution is €1.25 which is used to pay off our fixed costs (rent etc.) and once the fixed costs have been paid in full, the contribution balance is profit.



How To Price Your Products: Handmade Business Pricing Formula That Works



Share

HOW TO PRICE YOUR PRODUCTS

Mei Pak | www.creativehiveco.com

PAY ATTENTION!

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Module 3

Financial Opportunities

Bank Loans

Traditionally start up businesses might have considered going to their bank for a business capital loan.



Borrow at the right time:

If you take the loan too early, then there are chances that you end up spending most of it for purposes other than what it was meant for. If you borrow it too late then it could put a hold on your business as you will also have to pay the interest at a time when your business can grow exponentially.



Borrow the right amount:

If you borrow too little can result in under capitalisation and that can bring more challenges to your start up.



Crowdfunding



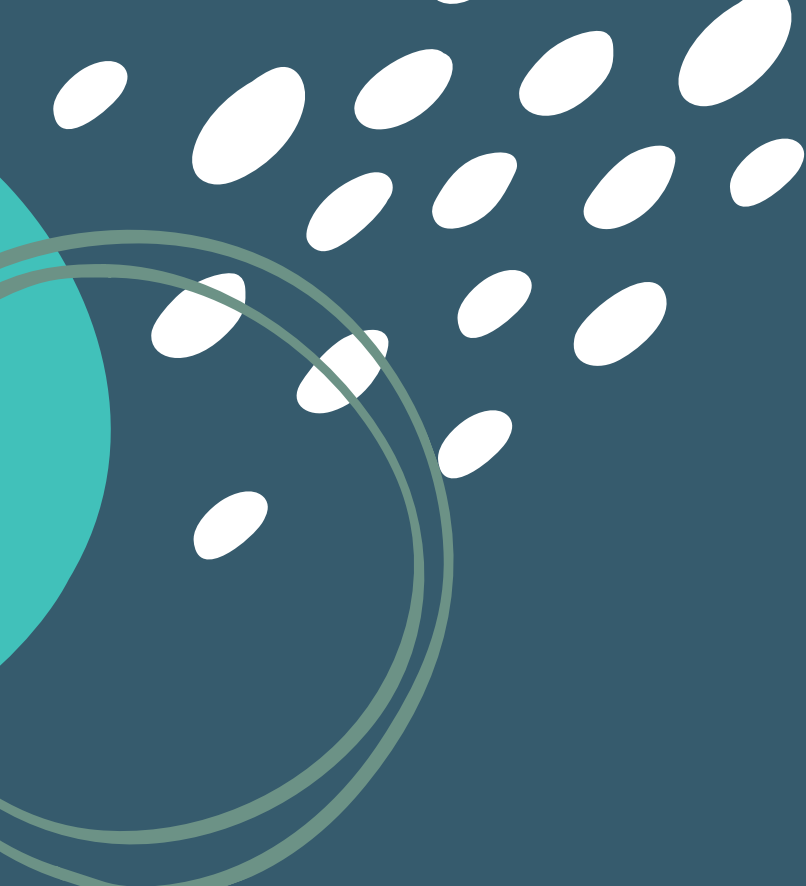
Crowdfunding is the financing of a new project by raising many small amounts of money from a large number of people. Crowd- funding is not only to great way to raise money online for a busi- ness idea or project but simultaneously build up a community and improve visibility/credibility for you and your business.

Is it right for you?


It suits certain types of businesses – usually Start-ups or early stage companies that are looking for relatively small amounts of money.

Crowdfunding has a higher success rate within certain sectors e.g. creative, craft and food.





Private Investment is often a good option for a new business especially when you can prove the basis of a good business. It also has other advantages such as strong business contacts or advice and help which traditional lenders do not provide.



Business angels are private individuals or groups that invest their capital into start-up companies and entrepreneurial ideas in return for partial company management and/or a return on a set amount of the company's profit (known as an "equity stake"). They often have other benefits for a company, such as experience in the particular sector and often a wide range of industry contacts that can help get your business in motion.



Angel Investment across Europe has taken off over the last few years. Angel investors invest in early stage or start-up companies in exchange for an equity ownership interest. Angel investing in start-ups has been accelerating.



Grants



A grant is an award, usually financial, given by a public body or a foundation, to an individual or a company to facilitate a specific business goal
e.g. start up, expansion etc. There are many local, regional and national grant opportunities. Start your research on which one is right for you.

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Module 3

Human Resources

Hiring

You are as good as the people you hire. No matter how good your business concept, your marketing, your planning, and everything else, it's your employees who must put it all into practice. If you don't have the right people designing your products and representing your company to your customers, you'll be in trouble.



JOB

Start By:

1. A clear job description that sells the job, doesn't unnecessarily exclude good candidates, and is posted in the right places.
2. A proper preparation for the interview, including knowing what to ask and what not to ask, and put together a competitive package of salary.

"Hiring the right people takes time, the
right questions, and a healthy dose of
curiosity"

Richard Branson



EMPLOYEES SAFETY!

It should be clear that your employees' safety is your most important responsibility.

- a) assess the risks
- b) put controls in place
- c) ensure that everyone follows the safety rules





Measure Employee Performance

Now you need to set up a performance review process. The point is not just to check up on people.

Performance reviews can be very helpful to employees as well, by establishing clear goals and expectations and letting them know how they're doing

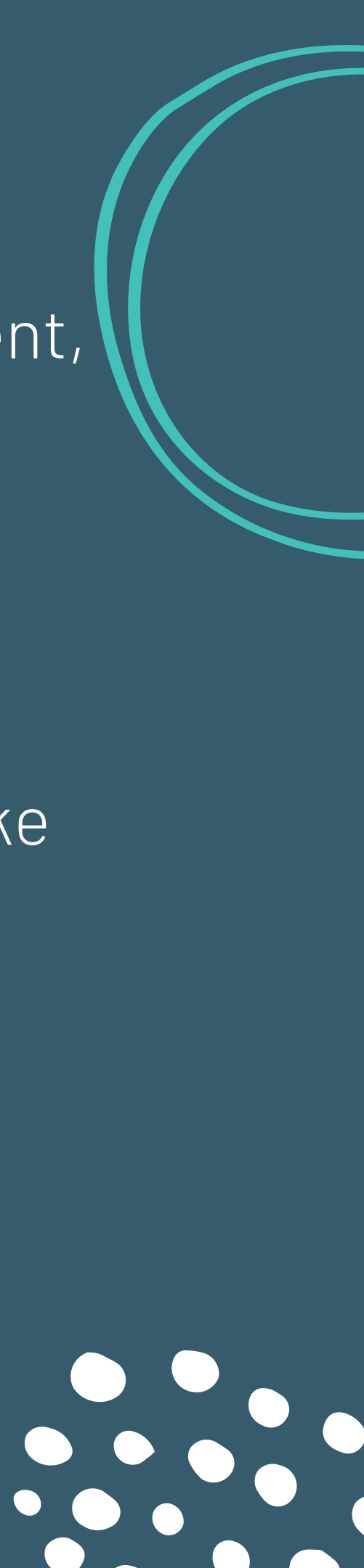




How to resolve conflict?

Try this checklist from the Human Resources department at the University of California, Berkeley:

- Acknowledge that a difficult situation exists.
-
- Let individuals express their feelings. Define the problem.
-
- Determine underlying needs.

- Find common areas of agreement, no matter how small.
 -
 - Find solutions to satisfy needs.
 -
 - Determine follow-up you will take to monitor actions.
 -
 - Determine what you'll do if the conflict goes unresolved.
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Module 3

Multimedia Resources

Crowdfunding Resource

CRUCIAL Crowdfunding is an ERASMUS+ supported project, designed to inform all the different stakeholders who can potentially benefit from this innovative means of funding business ventures.

www.crucialcrowdfunding.eu



Crowdfunding Stories



Below, you'll see a list with several crowd funding scenarios, from Fellow and Board Member Dread Scott's fundraising for a performance to artists seeking assistance to engage in social justice initiatives. Spend some time checking out their pages.

Pope.L and What Pipeline: an artist and gallery team up to raise funds to fight the Flint Water Crisis

The Wide Awakes: a collective of artists and activists launch public art and get-out-the-vote initiatives

Nancy Borowick: a photographer publishes her first book documenting her parents' last few years of life

Dread Scott and Antenna: an artist and nonprofit raise funds to reenact a slave revolution

Source: <https://www.nyfa.org/crowdfunding-101>



ANGEL INVESTER QUESTIONS

What are the six most important things for angel investors?

What do angel investors like to initially see from an entrepreneur?

How long will it take to raise angel financing?

What financial questions should the entrepreneur anticipate from angel investors?

What questions should the entrepreneur anticipate about marketing and customer acquisition?

What questions should the entrepreneur expect concerning the management team and founders?

How risky is angel investing?

What questions should a CEO ask of potential angel investors?

What are the key factors in determining the appropriate valuation in a seed round of financing?

What are typical reasons angel investors will reject an investment? What mistakes are made by entrepreneurs in a pitch meeting with angel investors?

<https://www.forbes.com/sites/all-business/2016/06/13/50-questions-angel-investors-will-ask-entrepreneurs/>

BEST PLATFORMS TO RAISE FUNDS

Best Overall: Indiegogo

Best for Startups: SeedInvest Technology

Best for Nonprofits: Mighty-cause

Best for Investing: StartEngine

Best for Individuals: GoFundMe

Best for Creative Professionals: Patreon

<https://www.investopedia.com/best-crowdfunding-platforms-5079933>



(Costing continued)



Human Resources Guide

"Tips, examples, resources, and experts advices.

<https://connecteam.com/guide-human-resources-for-small-businesses/>

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CREATIVE INVISIBLES

Learning Activities

Make a Map of Costs

Map out ALL your expected costs for the first 12 months

Estimate costs you don't know.

Make a list of :

Capital Costs

Fixed Costs

Variable Costs

Capital Costs

Vehicles – cars, vans, trailers. Equipment and tools. Office costs – desks, chairs, files, folders. Computer & Printer. Fixtures and Fittings – signs, security, shelving.

Variable Costs

Stock
Raw Materials for Production
Subcontracting Costs
Costs for Packaging

Fixed costs

Rent and Rates Marketing Cost
Utility Bills
Insurance – public liability / memberships
Vehicle Lease / Fuel bills / MOT etc
Staff – wage, pension, National Insurance
Banking Costs, Leasing costs
Telephone

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Module 3

Self-Assestment

EXERCISE 1

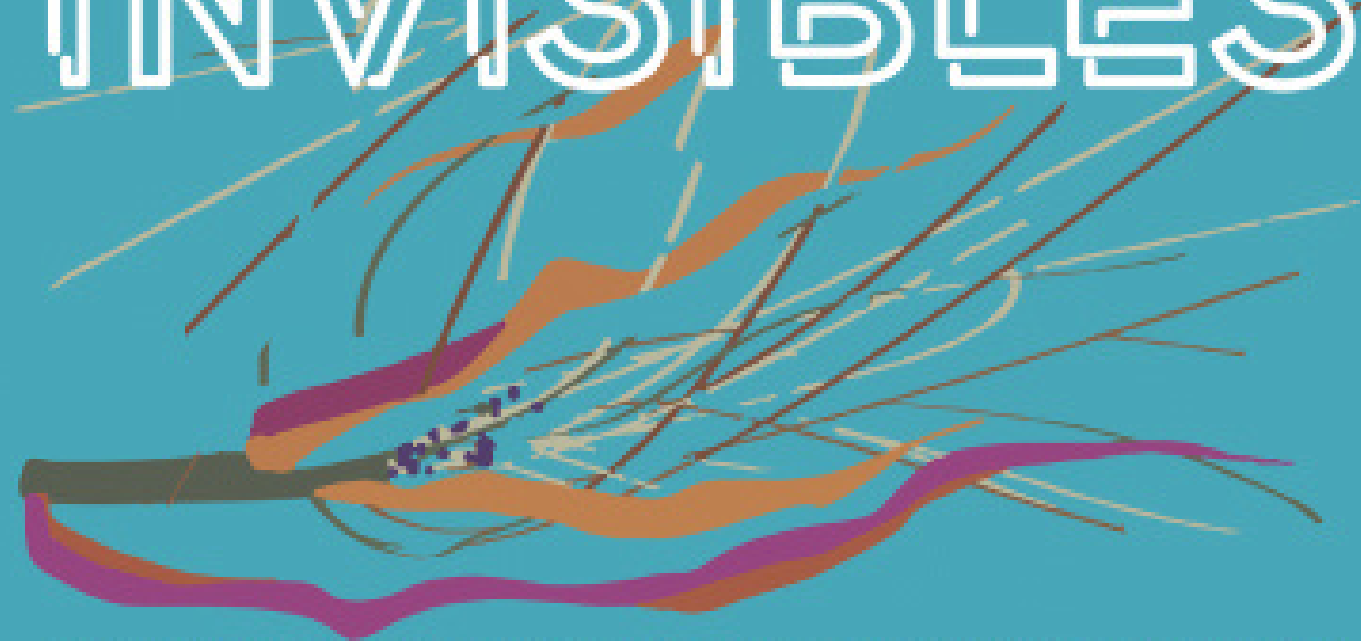
Talk to potential clients and find out what their requirements are. Ideally you want pre-orders (and deposits if suitable in your business). Customers will sometimes pre-order, at a preferential rate, buying (and sometimes even paying) in advance in order to ensure that they have the product when they want it.

EXERCISE 2

Draw up a simple cash flow forecast on a monthly spreadsheet showing how much you expect to collect from sales (your debtors) based on your sales forecast, how much it costs to support the sales, and all the fixed costs needed to run the business (rent, utility bills, wages, insurance etc).

For more information and a sample cash flow forecast, visit <http://www.nbv.co.uk/>

CREATIVE INVISIBLES



SUPPORTING YOUTH IN URBAN CULTURE

Home - Creative Invisibles

*Thank
you!*

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