



Worksheet 12:

Project planning, financial management and modelling.



The DBACE guide to writing a plan

The Worksheets

12

This worksheet is part of a larger document created by Adrian De La Court and Siân Prime for Deutsche Bank Awards for Creative Entrepreneurs (DBACE) called 'The DBACE Guide to Writing a Plan'. The DBACE Guide aims to help applicants, as well as aspiring creative entrepreneurs in general, to organise their idea and consider the sustainability of their venture.

The guide is a form of workbook comprised of different worksheets. The worksheets have been organised in a way that we feel is most effective for you to work through chronologically, although each worksheet can work as a stand-alone guide for you to develop a particular aspect of your venture.

As you work through the worksheets you will discover more about your work and how to express the impact it has.

The approach works for creatives, people with ambitions to set up a new enterprise and with established businesses who want to increase their impact.

Project Planning, Financial Management and Modeling

In our experience social entrepreneurs and creatives are too good at handling money. What we mean by that is they are great at making it go a long way and achieving a lot. That said, we also know that ideas that are strong often require significant amounts of money to ensure the quality and reach they deserve is achieved. To become very good, not too good, you need to be comfortable with how much your work really costs.

You are managing your personal finances all the time, the same will be true for a project or business financial management: you will know if you need to spend more or less on one item and how to make that happen.

Financial modeling is the stage before the start up of the enterprise, where you choose how much you will be charging and how much you will spend and on what. It is a time for you to ensure that the values and reach of your enterprise that you have outlined already is reflected in the financials. It also shows how well you know your own sector and the way it works.

Looking at the Value Chain that you have begun to outline, can you move this in to a time-based chain? Draw a 12-month period and then move the post its/activities you have outlined in to this, more linear form.

Make sure you know:

- How long every activity takes.
- At what time of the year each activity needs to take place.

Once you have done this, you have the initial Business Model and Blueprint of the way your business and project will work.

The DBACE award offers three levels of funding. Be honest and realistic about what level you need to go for, why you need the money, and what you will use it for. It may be to develop a pilot project that has elements of research and development, that can then look to grow into a more sustainable model. It could be to support the growth of an already existing, tried and tested enterprise or it could be the creation of a new enterprise. Is the application for part funding, as the award would only be part of the total funding needed?

Review this Blueprint.

- Who is giving or receiving money in each of these relationships?
- Can you say at this point how much each activity you have identified might cost?
- Have you included paying (properly) people involved that are contributing to the development of the ambition?
- Have you included paying yourself?

Put the financial value/cost against every element on the Blueprint.

This is your first draft of a Cashflow.

If you can't put numbers by activities, you may need to research more, or perhaps the activities don't cost you?

Costing and Pricing

The costs of the enterprise are elements that you can, to an extent, determine: you can decide what materials you will use, how long you will spend developing the work, the time needed.

Pricing is determined by others.

- How much do others charge for their service or product?
- How much do you want to charge?
- How will your work be perceived at that price?

Of course, you must be careful not to sell your work for less than it costs, but this is where you begin to model your finances, to work out how much you might be able to generate in income (also known as turnover), as opposed to how much it will cost to make the work.

You will be able to make decisions about whether you are using particular materials, numbers of items produced, hours spent working on the output. Once you know the costs, you should think about the impact that would be made on your final work if you were to use lower cost materials, or indeed higher cost. A longer development period, or shorter? Would you enjoy it more or less if you spent less on it? What impact might that make on the work and also your reputation and the audience's experience or customer's perception of the value of your work.

There are also decisions about whether the work is going to be replicated (repeat workshops, experiences or training sessions, prints, limited editions, diffusion ranges, tours,) or whether the value is in creating a one-off experience or product, or an ephemeral event. When you look at this in financial terms, remember this is your choice, and the numbers represent the value of the work that you choose to create.

You will have to make decisions about the quality and costs of materials that you use. Be aware that the materials you use will impact on the final aesthetics, particularly if you are looking at forms of product development. All of this impacts the participants / audience's / buyer's / user's experience of your work. Think about this and the compromises you are willing / unwilling to make.

You may well be approached by people asking for your services for free or at a very low price, but in return they say they will give you a good review. Be wary of accepting this – can they really review your work in a way and to a set of people you are keen to influence? Also, remember that it is very difficult to raise your price once you have given them a low rate, and much easier to give discounts (rather than a low fee).

You could decide that a proportion of your work can be done at a discounted level, perhaps because it is important to you to work with a particular community and you know they cannot afford your work. Who then will pay for it? Is there a grant that could subsidise it? Would you be able to charge more for your work elsewhere so that, in effect, your own work subsidises it? As you build a longer-term future you will become more confident in your pricing.

All of this shows the sensitivity that financial modeling has – it impacts your work and your relationships and profile. Being able to show that you know how much your work costs builds a confidence in the reader that you will be able to achieve the work at a high standard. Enjoy reviewing your numbers until they reflect your values and the value of your work.

We've put links to guidance for market rates because we think it is so important to value your abilities and time, but also to show the value that you deserve. Please be careful about undercutting your peers by offering a lower level of fee. It also is unlikely to be sustainable over a period of time.

Do you need to think about different income/revenue streams? Who else might pay for this work? If you know how you are improving a part of the world, then you can start to research in to how is interested in this and may be so interested that they pay.

Review the initial value chain, are you sure you are gaining value out of everything you create?

Standard elements that influence the financials

- Where will / is the enterprise located and what costs will that bring (such as rent, phones, broadband, insurance, utilities and business rates)? Only necessary if you need a space, like a shop or gallery or design studio. Remember most people start their work in their own home.
- Do you need to insure your product in case of theft?
- Are you holding or delivering events and need to insure the people accessing it (public liability) in case of them being harmed?
- Do you need to look into venue access, drinks or food licensing, and health and safety checks if you are inviting in members of the public?
- Will you need to hire rehearsal spaces and recording space? Where will that be, and at what cost?
- What professional services (such as lawyers and accountants) will be needed? What will they cost?
- How much will other items (such as postage and stationery) cost?
- How much will you need to invest in equipment (such as computers or machinery)?

If you add these financial elements to the Blueprint, you will have the first full Cashflow for your project.

If you are looking at these questions and lists and not knowing how to answer them, start asking peers, or searching online: all of them can be answered with simple research.

The next visual exercise illustrates how you move from the stages we have gone through to develop the cashflow. We recommend you adapt them to your creative ambition. Go through this process step by step and you will easily reveal your financial model and first financials.

C O S T S

MATERIALS

PERFORMERS

DESIGNERS
(for show)

DESIGNERS
(for marketing)

SPACE
Rehearsal

SPACE
Performance

SPACE
Making

SPACE
Evaluation

MARKETING
MATERIALS

WEBSITE

BOX
OFFICE
COSTS

LICENSE
Music /
performing
rights

DOCUMEN-
TATION

CONTRACTS
/ LEGALS

LICENSE
for
performing
space

Manufacturing
of
merchandise/
products

ACCOUNTANTS
(annual fee)

POSTAGE
COSTS

ENTERTAINMENT
& MEETINGS

I N C O M E

BOX OFFICE
TICKET SALES

SALES

MERCHANDISE

GRANTS

LOANS

PERSONAL

SPONSORSHIP

£ IN KIND

BOX OFFICE TICKET SALES

LOANS

SALES

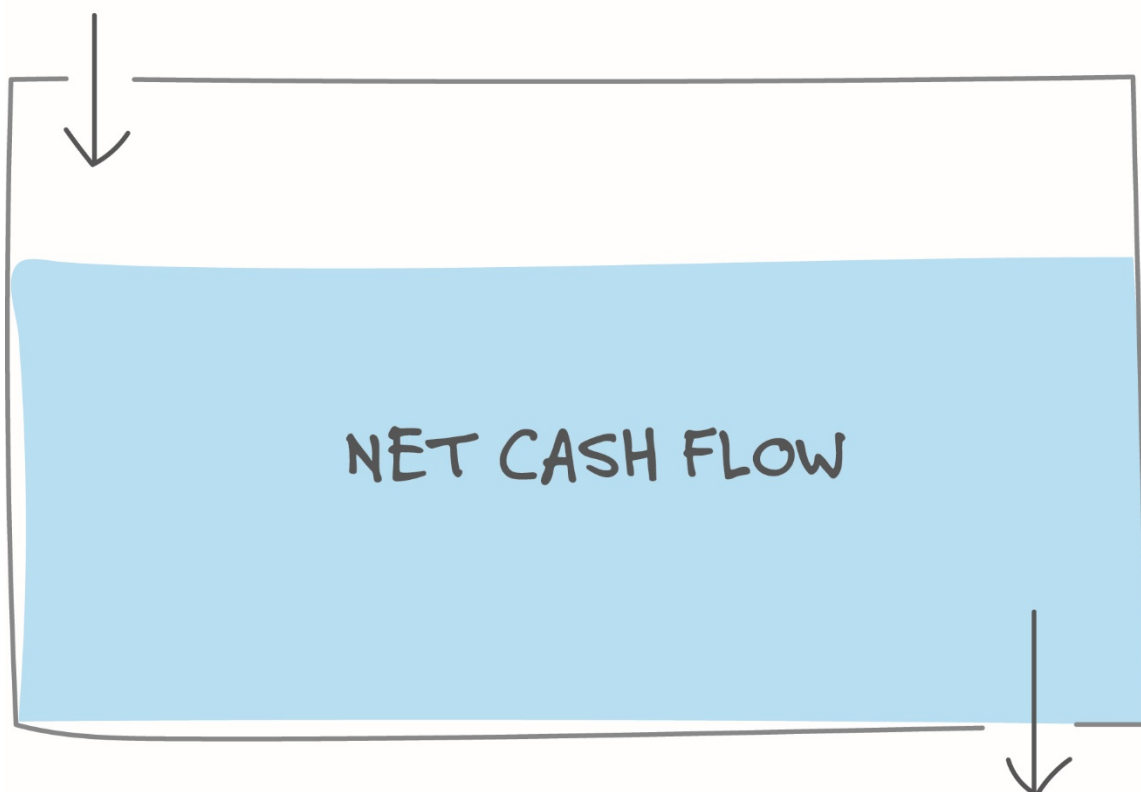
PERSONAL

MERCHANDISE

SPONSORSHIP

GRANTS

£ IN KIND

MONEY IN**NET CASH FLOW****MONEY OUT**

MATERIALS

LICENSES

PERFORMERS

DOCUMENTATION

DESIGNERS

CONTRACTS

SPACE

ACCOUNTANTS

MARKETING MATERIALS

POSTAGE

WEBSITE

MANUFACTURING

BOX OFFICE COSTS

ENTERTAINMENT / MEETINGS

TAX

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
OPENING BANK BALANCE:													
MONEY IN													
LOANS													
PERSONAL													
SPONSORSHIP													
GRANTS													
£ IN KIND													
MERCHANDISE													
SALES													
BOX OFFICE TICKET SALES													
TOTAL MONEY IN													
MONEY OUT													
MATERIALS													
PERFORMERS													
DESIGNERS													
SPACE													
MARKETING MATERIALS													
WEBSITE													
BOX OFFICE COSTS													
LICENSES													
DOCUMENTATION													
CONTRACTS													
ACCOUNTANTS													
POSTAGE													
MANUFACTURING													
ENTERTAINMENT / MEETINGS													
TAX													
TOTAL MONEY OUT													
CLOSING BANK BALANCE													

From a Cashflow to a 3 Year Plan

If this is not a one-off experience, then you have to think about when you will be ready to either repeat the work, or develop the next new piece: is this a different work or a second version? Will you need to develop new participants / audiences? is this for the same, developing group of people? Do you need to grow this community (quickly or slowly)? Costs and prices may develop and change too, over time, and due to your needs.

Have you developed an example of the work that need or want to produce next, and is the next iteration longer, larger or made with more expensive materials? All of this will help you think about the next years of your work.

Review the financials, do they tell the story you want?

You should use Excel for your financials – we have included links to template cashflows at the end of this guide. You should amend the templates to reflect your work, you will notice categories that are not relevant to you or your work in almost all of them, just enter zero!

Other worksheets you can access from www.dbace.org, either as standalone pieces or as a section in the main document, are:

Worksheet 1: From project to enterprise

Worksheet 2: Can you write a pitch

Worksheet 3: Do you want to work alone or with others?

Worksheet 4: What are your skills and why do you do what you do?

Worksheet 5: What sector are you operating in? Looking beyond you

Worksheet 6: Why are you doing this / how will it change the world / who will it affect?

Worksheet 7: Accessing others' help

Worksheet 8: The value chain

Worksheet 9: Ideation process, the creative process. Or, the entrepreneurial process

Worksheet 10: Research, research, research

Worksheet 11: How will you find and engage your customers/clients/beneficiaries/users?

Worksheet 13: Hands off, that's mine not yours! (The intellectual copyright bit)

Worksheet 14: What kind of language is that? How to write appropriately

Worksheet 15: What next?

Worksheet 16: Some useful sources to look to for support and information

About DBACE

The Deutsche Bank Awards for Creative Entrepreneurs (DBACE) is an awards programme open to any UK resident aged 18 – 30 years old (applicants must be 18 when the awards open on January 16, 2019 and not older than 30 years old by June 30, 2019). The award provides financial and business support to help start or grow creative enterprises.

Since 1993 DBACE has supported over 200 new ventures. In 2019, Deutsche Bank is working with MeWe360 to relaunch the programme with a focus on supporting visionary creative entrepreneurs driven by a mission to create and sustain social value through their enterprise.

DBACE aims to reach ambitious individuals from all backgrounds with ideas that will improve the lives of others and the communities we live in.

About the authors of the Guide

Adrian De La Court is a creative advisor, academic and business development consultant, as a critical practitioner he trained and worked professionally as a fine artist, live artist and contemporary dancer and choreographer. He has developed a strong portfolio career in the creative industries.

Siân Prime has worked to find new, impactful ways to engage highly creative individuals and social innovation and cultural organisations in sustainable practice. They have worked together in a range of roles, but most recently at Goldsmiths, University of London where they lead the entrepreneurship education work.

For this Guide as with much of their work they have collaborated with We Made This, and the founder of the design Agency Alistair Hall, he brings great clarity to their thinking as well as his visual communication skills.