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COVER STORY

COMING UP WITH A BRILLIANT IDEA IS JUST THE BEGINNING, TRANSLATING IT INTO COMMERCIAL SUCCESS IS THE HARD PART. SO HOW DO AUSTRALIA'S CREATIVE INDUSTRIES DO IT? WE SPEAK TO THE COUNTRY'S LEADING LIGHTS. BY HELEN HAWKES

CREATE EXPECTATIONS

Once it may have been acceptable for 'creative types' to profess a disdain for the more commercial or mundane aspects of running a business. But in the dog-eat-artist environment in which architectural, fashion, entertainment or design firms operate, most have been forced to round out their capabilities.

Being an 'artist' is no longer enough to make you rich. Diversity, balancing the books and being able to communicate creative concepts to a less imaginative clientele – as well as build strong relationships – are all crucial to success.

Embracing diversity

Award-winning creative companies like Melbourne and Sydney-based Hoyne Design, whose clients include Fosters, Kraft, Coca-Cola and Coles Myer, don't just offer clients 'art' but expertise in corporate branding, identity and new product development. "Great design firms are redefining their services and the teams they develop," says Andrew Hoyne, 37. "They don't just do graphics; they generate new opportunities."

Hoyne Design recently worked with Fosters CUB to develop the market leader Pure Blonde – a full-strength, low-carb beer that continues to grow faster than any other beer in the market. "It had been a conversation we introduced to them two years prior to launch and

there were a lot of people against the idea," he says. "It was felt that Australian males were simply not interested and it would be misinterpreted as a light or low-alcohol beer.

"Our solution was to emphasise that it was a full-strength, full-flavour beer. We designed it with European cues to capture the 'blonde' beer style. We made sure it looked premium.

"Pure Blonde has exceeded every market expectation."

For Sydney-based company Gravity Web Services (GWS), whose clients include ACNielsen and Optus, being diverse means offering clients eye-catching content *and* the technology to power it. The 30-member team spent six months developing a new website for ACNielsen that included tools to handle content management, reward product details and user profiles, says director Anthony Farah, 32.

Having more than one side to a creative business is a way of providing a financial safety net, believes producer Vincent Sheehan, co-founder of Porchlight Films – a company that had international success with the AFI award-winning movie *Little Fish*.

The primary aim of Porchlight, founded in 1996, is "to make innovative and distinctive Australian film and television". But it also offers a full research service for archival and contemporary Australian film, and budget and schedule preparation for Australian-based projects. "These secondary businesses can actually earn income that can assist us with the core of the business," says Sheehan, 40.



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Hoyne Design

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Balancing the books

Of course, it would be wrong to assume diversity was the only factor necessary for artistic survival. Today's creatives need to be able to crunch the numbers.

Sheehan, who comes from an arts and communications background, admits he has had to learn to be more financially astute and now maintains a strong relationship with both the firm's accountant and lawyer. "All artistic people have to train themselves in that area because it's not what their natural focus is about," he says.

"One director said to me – I really don't want to know [about the finances] because I'll only worry too much."

Leading fashion designer Fleur Wood, 32, who started her business in 1998 with \$10,000 and now enjoys representation in 150 stores worldwide, believes it is a challenge to focus on both the creative and the business side of the company. "But I have always understood finances, although I do have a business consultant on call now when I need him."

However, Sydney accountant Maurizio Zappacosta, for whom 65 per cent of his clients are in creative industries, believes that most creatives are not like Wood. "Many radio announcers, PR consultants, or fashion designers have no idea about business and financial planning," he says.

"Cashflow, focus, goal setting – they're all issues that are as vital to the survival of creative firms as any business. They need to make sure work is costed correctly, that there is enough margin in there, and they need to know when money is coming in."

"They need to look at their centre of influence – where their main work is coming from."

"They need a strategy document; to know where they are heading in 12 weeks and where they are headed in 12 months and how they are going to get there. They need to look at ways they can market their business without it costing a lot of money."

"All these things are fundamental and often overlooked."

A recent addition to his client list is fashion designer Wayne Cooper who ran into some well-publicised cashflow difficulties and is now working with Zappacosta to restructure his finances.

Says Zappacosta: "Success is not just about making a dress. The [financial] foundations must be right."

Wood agrees: "Cashflow is always an issue. For example, wholesalers are supposed to pay within 30 days but that can stretch to 120 days."

Besides taking care of existing business, launching a new fashion or accessories range – or chasing new business – can and does represent a major financial outlay which many creative firms do not always recoup.

A well-researched creative proposal for a product, or a building, can cost \$50,000, money that is not recoverable if the business goes to another firm; while the money that is poured into a fashion range or a film may not see returns for months, and sometimes not at all.

"Look," says Sheehan. "Everyone believes they are making the greatest film ever. No-one ever thinks they are making a dog. But there are so many variables. Sometimes

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Fashion designer
Fleur Wood

ROB PALMER

it works, sometimes it doesn't. The good news is that as you get more experience you become better at assessing that [and minimising loss]."

Perhaps it is not so much numeral illiteracy as an inability to translate creative ideas into financial propositions that holds some companies back.

GWS's Farah says the day-to-day quoting and its quality assurance is an internal process.

"But when I wanted to raise funding for the company, I needed a financial adviser to help convert the value I saw in it into financial information.

"He acted as a conduit, if you like, between me and the financial institutions. He was able to prepare a business plan, investor memorandum, and other documents that were required to back up the funding."

Blame globalism and the heightened realities of the 21st century competitive commercial environment, but today's creatives must also be able to make the bottom line seem more appealing to clients, old and new.

Says Justin Littlefield, 38, a partner at the award-winning Melbourne-based architectural firm ClarkeHopkinsClarke: "The challenge is that everyone wants an award-winner. Besides making the design attractive and environmentally friendly, you have to see it comes in on a budget."

Communicating creative concepts

For many creative businesses, the hard sell has been made considerably easier by technological advances. A computer program that turns architectural plans into 3D presentations "has revolutionised the way we are able to present concepts to clients", says Littlefield.

"We can put in people, or landscaping, the materials and colours – make the whole thing come to life. It's interactive – clients can do a walk through. So they get the scale and feel of an idea and it allows them to have more input."

ClarkeHopkinsClarke used 3D presentation technology to help convince the Department of Primary Industries to invest an initial \$1.7 million in a reception centre at Horsham.

Five years later, the project had become a \$17m campus that included a research facility, office buildings, laboratories, an information centre and a depot. "We listened and earned their trust," he says. "And we kept going back and making sure they understood what we were developing. But it was easy to present the concept (buildings based on the shape of a wheat husk, with a flow of people around the 'outer leaves') because of interactive computer technology."

Hoyne Design also uses 3D graphics to bring concepts to life as much as possible in the early stages.

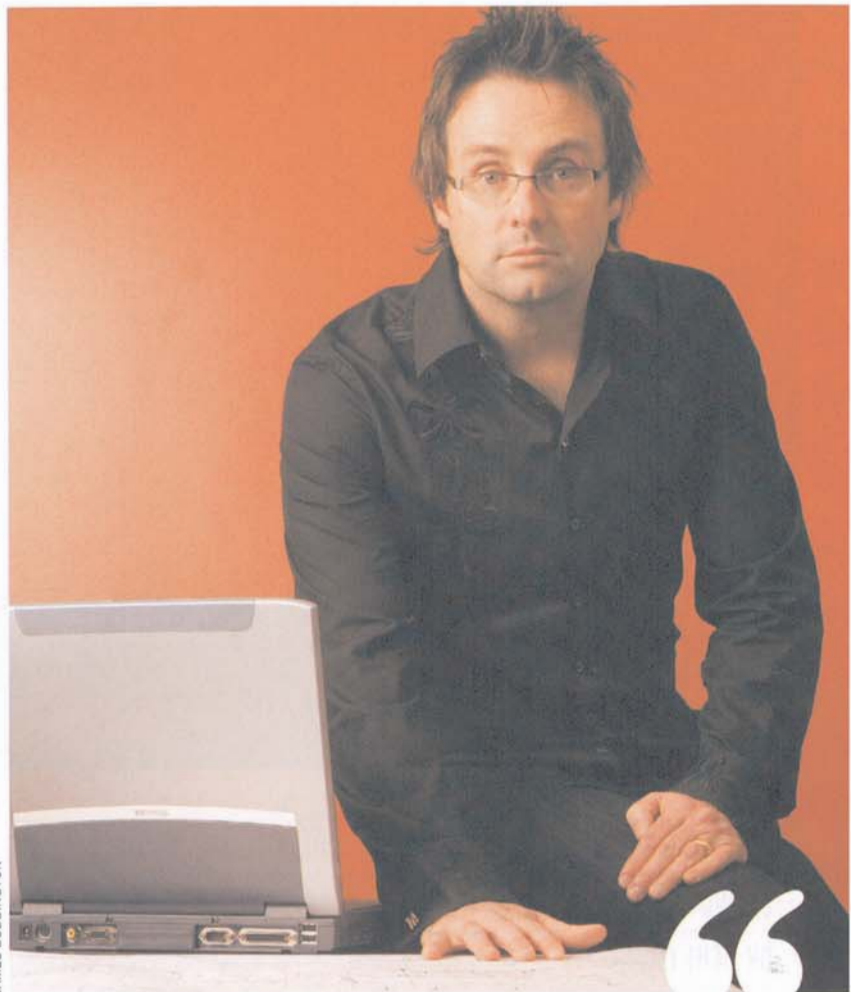
"If the client can see the creative idea as their audience would, it certainly helps to get buy in," he says.

Building relationships

Technology aside, Sheehan believes networking remains a fundamental key in the on-going hunt for new investors or clients, who will ultimately help make a creative firm financially stronger and more successful. "It's all about relationships," he says.

So, too, is the internal success of a creative team, which ultimately impacts on its ability to communicate with its target market. "Directors, writers and other creatives who you wish to realise your vision in the most compelling way, must be protected, nurtured and pushed," says Sheehan.

Both Farah and Wood agree it is important to see that all those working for the company share the same vision while Hoyne says: "Creative teams must be constantly energised to exceed expectations."



JAMES BODDINGTON

So what keeps creatives toiling away in small businesses?

For Littlefield, it is the fact that he can "do a thumbnail sketch on a napkin at a café and, in two years time, that building is in front of me."

Laughs Hoyne: "Being neither a revhead nor a slumlord, it makes it hard for me to consider selling cars or real estate."

But perhaps it is Sheehan who best encapsulates the appeal of being in a creative business.

"You do it for the work itself," he says. "For me it is about telling intriguing, compelling stories."

For Wood, it is creating a Pandora's box of beautiful things – a fusion of fashion, accessories, homewares and music. While for Farah, it is the successful marriage of words, images and technology.

"You do it for the work," says Sheehan. "If you were in [a creative business] because you thought it was glamorous, you would be very dissatisfied indeed." ●

THE CHALLENGE IS THAT EVERYONE WANTS AN AWARD-WINNER. BESIDES MAKING THE DESIGN ATTRACTIVE AND ENVIRONMENTALLY FRIENDLY, YOU HAVE TO SEE IT COMES IN ON A BUDGET.

Justin Littlefield
Partner at architectural firm
ClarkeHopkinsClarke



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