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May 03, 2006

Mr. Rex Harrison
Christchurch City Council
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Dear Rex

LTCCP SUBMISSION: THERAPEUTIC ARTS TRUST

The Chairperson of the Therapeutic Arts Trust, Dr. Susan Bagshaw, said you had kindly agreed to accept our Long Term Council Community Planning Process submission today. We are grateful for the extra few days to finalise our business plan as we, our users and stakeholders as well as many complementary organisation believe Creation has become an essential thread in the fabric of Christchurch's youth development sector.

In summary, Creation is a not-for-profit organisation at the crossroads of youth and arts development with a track record of successful economic and social outcomes for its users. We use the therapeutic benefits of creative involvement to change destructive behaviours, to enhance mental health and to provide a platform for potential and emerging performance and visual artists to reach their public, hone their skills and achieve an income. While our target market has since our inception four years ago been primarily youth in the 16-25 year old range, our facilities have also been used by primary school children and older members of the public.

During 2005 over 20,000 members of the public made use of our facilities, attending exhibitions and performances at our centrally located character building.

We are home to a joint licensed and under-age performance venue as well as to one of the city's most financially accessible equipped band rehearsal rooms. These services are highly valued by professional and amateurs alike not only as choice facilities but also for their affordability.

Creation is contracted to Christchurch City Council, through Project Legit, to reduce tagging in the city by working in a pro-active way with young taggers. Project Legit is featured regularly in the media for its work in the community and has been celebrated as one of the city's most successful social projects.

Our Open Studio, exhibition space and retail galleries – the Basement Gallery and Mezzanine Gallery respectively – provide emerging artists, and particularly the city's youth, with access to artistic opportunities they would otherwise be deprived of. Users of our space can also call on free expert input from a wide range of artists who are part of our pioneering Artists in Residence programme.

Creation Arts Space has achieved significant positive outcomes in its first four years on limited funding. However, the period covered by set-up funding has now ended and the programme now requires substantial ongoing support from the Council to cover rising operational costs and for improving the quality of our facilities.

The first plans for Creation, aimed to see the organisation pay for itself over three years. However, the revenue we can earn from the hire of our exhibition gallery, venue and band practice space, as well as sales from our shop and retail gallery, is limited by the fact that we exist to provide opportunities for young people to use these spaces and therefore can't charge market prices. As a result our earnings are not sufficient to cover our costs. Moreover, our rent has just jumped up by around 35% from about \$60,000 a year to just under \$80,000 and the shortening of wage subsidy eligibility periods has introduced even greater increases to our salary bill.

We will be requesting from Council \$142,200 to cover our annual rent bill and the salaries and indirect costs for two of core positions in our two main service delivery areas, the Venue Co-ordinator and the Gallery and Studio Co-ordinator.

Actions taken so far or which are under consideration to address our funding shortfall include but are not restricted to:

- Reducing the number of staff and the area of the building we use in order to reduce running costs
- Finding a sponsor for the venue – several companies are being approached currently
- Running an OSCAR programme Monday to Friday out of our Open Studio
- Developing a contract with the Ministry of Social Development to continue as a youth development programme
- Running a fundraising campaign to raise funds from local philanthropic trusts, City Council and businesses with the endorsement of local MPs Tim Barnett and Jim Anderton

I enclose a draft budget for 2006, for your information, as well as other relevant documentation and look forward to hearing from you as soon as possible.

Kind regards



Michael Herman: Business Director

Business Plan

Therapeutic Arts Trust
Trading as

CREATION  **ARTS SPACE**

2006 - 2009

Business Plan 2006 to 2009

Therapeutic Arts Trust

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INTRODUCTION

Creation Arts Space is an inner city youth development programme operated by the Therapeutic Arts Trust, a charitable trust established in 1998 to support the successful social integration of young people into society. Creation is unique in New Zealand as service providing opportunities for youth development using the arts – there are many programmes nationally that use sport or adventure, but very little funding has gone into artistic youth development programmes.

Creation provides a creative space for young people to develop skills and abilities in all forms of the arts, to achieve excellence in the arts, to increase their confidence, to involve them in constructive use of time, to encourage positive employment outcomes, income generation, and improvement in mental health. During 2005 over 20,000 members of the public made use of our facilities, attending exhibitions and performances at our centrally located character building.

Description of the Programme

In the four years since the Honourable Helen Clarke launched Creation in March 2002 in an old disused cinema in Worcester Street, Christchurch, the building has been transformed into a multi-purpose arts space for youth between the ages of 16 and 25 as well as for emerging performance and visual artists.

The ground floor is a performance space that has been used for music performances, dance, drama, showing short films, poetry readings and fashion shows. Young people are encouraged to charge for performances and keep part of the door take, allowing them to earn an income from their talents. A variety of organizations use the venue on a regular basis, including a local hip hop group, the University Dram Soc, YMCA and a local playback theatre group. A complementary project is run in the basement, providing a low-cost highly popular band rehearsal room equipped with drum kit and small PA.

The next floor up has been used for a joint art project with Linwood College and a retail project for young independent designers and artists. The Arts Academy provided an alternative programme for students who otherwise would have left school early. Many of the students found learning art in a building used by more “advanced” artists gave them a credibility lacking in school surroundings. The school withdrew the programme as they found it difficult to manage the students so far off campus. The retail project, Wyrd Creation, sold clothes, jewellery, paintings etc on consignment on behalf of young and emerging artists. Wyrd Creation was the sole channel for many of its young suppliers, who collectively earned around \$120,000 in the 11 months the store operated. An exhibition gallery situated in a refurbished basement space in the adjoining building has been running successfully since the end of 2002, providing young visual artists with an opportunity to gain exhibition and curatorial experience as well as to sell their work. Around 120 artists have exhibited in the gallery since it opened.

The third floor houses a graffiti arts project provided under contract to the Christchurch City Council starting in 2003. Project Legit works with young taggers and teaches them how to become skilled in legal stencil and graffiti art. The shortfall in operating costs from the CCC contract is made up by commercial work for a local energy firm (painting power boxes) as well as through contracts all over the South Island to paint murals in areas affected by illegal tagging. The third floor also houses an open studio, where young people can try for free a variety of visual art forms from painting to carving, screen printing to sculpture.

There are six smaller rooms off the main studio, which are rented to artists in the community as part of an artist in residence programme. The artists pay a less than commercial rent in return for providing free tuition to the young people who use the open studio, allowing them to gain access to valuable inner city studio space in return for transferring creative skills and techniques back into the community. This virtuous circle of activity is being developed into a more formal programme of structured workshops and courses. Two inner city local primary and high schools have used the space regularly for arts activities and we have an OSCAR application in preparation, to provide a special character (arts focused) after school programme from 3pm to 6pm Mondays to Fridays.

Economic Context

While there are revenue generation opportunities both for Creation and the young people who perform and sell their work through our retail operations, experience has shown that these opportunities will never completely meet the full operational cost of delivering the programme.

While in Christchurch, like most New Zealand cities, there has been considerable public and private investment in the arts, in the form of publicly and privately funded galleries, orchestras, theatre and events, there has been a tendency for access to be exclusive; for emerging artists this has often meant not having access to commercial galleries or performance venues and they have reported considerable difficulty accessing a fragmented and underdeveloped "Arts Market Place".

Moreover, from a youth development perspective, Creation is one of only two venues where young (underage) people can go to socialise and enjoy performances and live music. Most venues are restricted to adult audiences due to the liquor licensing laws and are in any event not safe environments for young people. The establishment over the last few years of a popular smoke-free, 200 capacity multi-purpose performance venue at Creation has helped attract the city's youth back into the inner city and provided them with a carefully monitored space to enjoy their culture and interests. Furthermore, young artists benefit from the development model, which places their right to earn an income above the financial interests of the promoter.

Established and acknowledged as a unique programme at the intersection of youth and arts development, our next step is to move from a reliance on subsidy and grants to one of sustainability through partnerships with complementary organisations and Christchurch City Council as well as income derived through contracts with state ministries and government agencies, such as the Ministries of Youth Development and Social Development and youth offender organisations.

But Creation is more than a youth development programme: it contributes to the creative and social capital of Christchurch by helping to develop, attract and retain young talent. As Richard Florida so aptly points out, a creative centre is enabled by a strong university, which is made strong because it is based in an open, inclusive city that attracts creative people. We believe that creativity in the business and scientific world is closely aligned to creativity in the arts world. As we encourage young people on the margins of society to become included through their art we contribute to a more vibrant city from which all its citizens can benefit.

FUNDING REQUIREMENTS

Initially it was hoped the project would become self-sufficient. The aim was to create income from hiring out the performance venue and through gallery and retail sales. In reality, providing affordable and hence accessible services to young people has meant charging lower than the commercial rates that are required to meet the operational budget.

Initial funding from the business enterprise arm of the Christchurch City Council (the Canterbury Development Corporation) was set up to be reducing at the same rate as our income increased. While income for Creation and participating artists increased healthily over the first four years, so too did direct and indirect costs, most of which we were unable to pass on to users as they are often on the economic fringes of society.

Staffing

Moreover, when Creation was first established costs were reduced by appointing Task Force Green eligible staff. Since then the scheme has cut back the period of eligibility from three years to one year, leading to additional costs in recruitment and training. Additionally, high employment has meant that the pool of suitable Task Force Green candidates has dried up, making it more difficult to recruit staff with right skills and values who are also eligible for the wage subsidy. Future viability requires us to procure funding to pay the full wages and indirect costs for at least two formerly subsidised positions.

Income Constraints

Providing services that require a high degree of technical skill and capital investment results in unavoidably high overheads. This is compounded by a narrower revenue stream because of the organisation's youth development focus, which means that revenue through alcohol sales is limited to the few adult gigs we host. Furthermore, this cannot be offset by higher door fees or room hire rates as the youth market operates on a very restricted disposable income.

In order to subsidise the youth development programme, Creation offers adult (licensed) performances. These help to increase our revenue and have the additional benefit of increasing our credibility among young people as an aspirational venue and not simply as a place for kids.

Likewise, revenue from gallery sales is restricted by the fact that emerging artists are usually unable to sell their work for high prices. This means that the commission we receive is also much lower than that of comparable commercial galleries.

Income Growth Opportunities

The focus during the set-up phase was on programme development and resources were not available to establish a vigorous marketing and sponsorship strategy. This is now being addressed through the appointment of a business director.

Extra income to offset costs is being explored through the establishment of joint projects with complementary organisations such as Floyds, 4YP, Creative Places, Salvation Army and others. Discussions are also underway with appropriate corporates for sponsorship opportunities.

Expanding the Open Studio project to include an arts-focused OSCAR programme will introduce a new government-funded revenue stream and entering into contracts with the Ministry of Social Development, the Ministry of Youth Development and Child Youth and Family initiatives for the delivery of specific youth development programmes.

We see the development of a robust and sustainable fundraising strategy to run alongside long-term local and national government contracts as the route to ending our reliance on funding from philanthropic trusts. This is viewed as a key part of our efforts to strengthen the financial basis of the organisation.

THE BUSINESS PHILOSOPHY OF THE YOUTH DEVELOPMENT PROGRAMME

One dimension of Creation is a retail business that supports the youth development programme as well as creating opportunities for young and emergent local artists to earn an income from their talents. The business is becoming a focal point for young New Zealand visual and performing artists, fashion designers, writers, poets and musicians, many of whom have been encouraged to enter the creative sector by the opportunities provided by Creation.

Creation does not restrict itself to any one particular art form or genre, celebrating the cultural and artistic diversity that now reflects the society in which young people live. It collaborates with existing galleries and venues to increase their exposure to participating artists and in turn with the artists to increase their exposure to the market.

Creation strives to work in partnership with participating artists and attempts wherever possible to simplify its structures and reduce its costs in order to maximise the return to the artist. In most instances we work on a risk- and profit-sharing basis with participating artists, minimising upfront costs to the artists and largely earning income only when work is sold.

Creation is an “open books” business, with accounts, costings and fees available for public scrutiny.

LOCATION, LOCATION, LOCATION

Creation is located at 105 Worcester Street, which is a few seconds walk from Cathedral Square to the East of the Cathedral. It is on the Tourist Tram route and in close proximity to New Regent Street, which has become a popular stop for visitors to the city, and the recently developed Cathedral Junction complex, containing serviced apartments, a boutique hotel, coffee house, shops, restaurants and bars. The Therapeutic Arts Trust is busy negotiating its right of renewal to the building, which should secure the space for the community for a further five years. A recent revaluation of the building by landlord Brittco has seen the rent bill increase by around 35% from just under \$60,000 to almost \$80,000. A survey of the inner city rentals indicates the jump is simply tracking the market, reflecting New Zealand's integration with the global property market. Christchurch City Council advisers and other stakeholders are in agreement that the present location is ideal, providing youth with an easily accessible venue (the bus terminus is a few minutes walk away) in the cultural heart of the city.

Located in Worcester Street between the Cathedral and Manchester Street, Creation is in one of the priority areas identified by the Central City Revitalisation Project. Our activities are also aligned with several of the aims articulated in the Central City strategy, particularly making the Central City a more attractive place to shop, socialise and conduct business. Our presence in this part of town encourages the natural expansion of the Creative Precinct further east along Worcester Street – already Creation Arts Space, Film South and the Design & Arts College are situated within a few metres of each other, laying a strong foundation for a bigger inner city creative zone.

ORGANISATIONAL CHARACTERISTICS

Legal Structure

The Therapeutic Arts Trust is a fully registered charitable trust. The Trustees appointed a Business Director who is responsible for the day-to-day operation of the Business and accountable to them.

Vision Statement

A city famous for its youth arts culture.

Mission

The Therapeutic Arts Trust will provide creative environments for young people in which their personal goals or aspirations can be attained through the medium of arts.

Purpose

The Trust will use creativity through the arts as a medium to encourage young people who are at risk of poor health, poverty, unemployment, educational failure and social dislocation to develop their self esteem, cultural identity and pride by experiencing, achievement success and affirmation.

Values

Creation is a collaborative organisation providing a fertile environment and resource centre for predominantly young emergent artists.

Creation is an open arts centre offering exhibition, art and workshop space, practice space and a performance venue.

At Creation emergent artists can address issues around employment, business development, health and well-being while engaging in artistic endeavour, training and education.

Creation provides a hot-house for ideas, sharing, networking and the development of an inclusive arts based industry.

Our values are informed by research and experience in three critical areas. The first shows that when human beings creates something, whether it is a piece of music, a poem, a drama or a painting, a number of things happen. The person develops a sense of achievement – especially if the art has been displayed to others. In that achievement a sense of confidence grows and in the confidence an ability to do more.

Second, an understanding that especially mental health depends on the reality of the relationships that people hold with one another. Much research has been done on the factors that promote resiliency in young people. One of the major factors that has been found to be important is a relationship with another adult in which the young person feels valued and gives and receives respect. Relationships between artists can create resiliency.

The third argues that young people need something to do and something they can do (Bernie Brown, Cell Block Sydney). An arts programme facilitates gainful employment of time at the same time as building confidence to move into the job market from a base that is more likely to succeed. Thus arts can lead to income generation and economic independence.

Aims

- To develop and promote the local arts based industry already established during the set-up years.
- To establish and manage an industry development, training organisation. (A pre-foundation arts course under investigation for commencement later in 2006.)
- To encourage young artists who want to make a living from their art to take a business-like approach.
- To continue to develop a high-profile arts retail outlet specialising in young, local artists.
- To continue to manage a local arts sales and promotion strategy in collaboration with existing local businesses, community, local body and statutory organisations.
- To be mission-focused.
- To provide a therapeutic environment in which young people can create their dreams.
- To work in partnership with the Maori community.
- To respect and respond to cultural diversity.
- To involve youth at all levels.
- To promote emerging young artist's work as exciting, valuable and worthwhile.
- To maintain strict confidentiality and privacy for young people.
- To respect and encourage the widest possible expression of youth culture.
- To promote New Zealand/Aotearoa made art
- To provide strong accountability to the youth community.
- To work in partnership with other agencies.
- To develop and expand services on the basis of clearly identified need.
- To support the economic development and employment of young people.

RELATIONSHIP WITH THE ARTISTS

All relationships with the artists will be conducted in a transparent business-like manner. The aim is to give all artists access to the market so no work will be excluded. Creation will however accept no responsibility for a lack of marked response to any particular work and all works are sold on a consignment basis to eliminate risk to the organisation and to ease cash flow. Commission rates and prices are set in conjunction with the artist prior to listing an event.

For the next year the rates are as follows however as with all businesses these are negotiable and each artist will be treated as an individual on a case-by-case basis:

Gallery – sliding scale

- \$100 inc. GST rental per week with 20% commission
or
- \$135 inc. GST rental per week with 17.5% commission
or
- \$155 inc. GST rental per week with 12.5% commission

Retail Space

- 20% commission on any work sold with GST on commission
or
- 20% mark up on any work sold with GST on mark up

Performance Venue

- Flat rate of \$150 per day for the bare room, no equipment
or
- Flat rate of \$250 per day for the room equipped
or
- 20% of door take or \$250 per event for the room equipped

Band Rehearsal Room

- Flat rate of \$10 an hour

INDUSTRY DEVELOPMENT STRATEGIES

Relationships

Commercial relationships are being developed with galleries, markets and gift and craft shops that have an interest in displaying and exhibiting the work of emergent artists, and these will continue to be expanded on over the months ahead. Creation will maintain a profile with organisations and institutions that provide training and education for New Zealand artists.

Training

The aim is to continue the partnership built between Creation and other organisations that provide business training courses for artists, e.g. 'FUSE Arts Business Seminars and Consultancy', as well as to develop new partnerships. An example of what we have run is a workshop run in collaboration with FUSE on 'how to put on an exhibition'. This was a three-day workshop transferring the necessary skills required when curating an exhibition.

RETAIL STRATEGIES

Wyrd Creation (Now Closed)

Wyrd Creation was a retail outlet specialising in the retail of local (New Zealand) music and arts. Retail space was available to any artist who was a citizen or resident of New Zealand. Quality standards with respect to the presentation of Art and Music will be maintained however no judgment will be made regarding the artistic merit of the work.

- **Visual Arts:** Visual Art covered the walls and filled cabinets in the space. Displayed stock and stored stock was catalogued in both display folders and electronically. A computer station was available for customer to look up Artists biographies and featured listings and visual images of Local Art available to purchase. We had planned to include mail-order and electronic shopping facilities.
- **Fashion:** There was a focus on the art of fashion not the commercial fashion sense. Working closely with the local clothing retailers and the training institutions the goal was simply to promote Christchurch's local young designers. The shop featured work by over 100 independent 80 artists, including clothing, jewellery, books, CDs, pottery, sculpture and paintings.
- **Reasons for Closure:** Wyrd Creation was an enormously successful project for the independent artists who supplied the shop, returning almost \$120,000 to them as a group in its 11 months of operation. While it was expected that the shop would at least break even and at best return a surplus to the operational budget, it proved to be much more expensive to run than was first forecast. The new business director closed the shop after satisfying the Trustees that it had drained funds from the organisation and would continue to do so in the absence of a substantial sponsor. Several of the artists and the former retail manager formed a collaborative and set up a commercial version of Wyrd at the northern end of Colombo Street within a month of its closure using the experience they had gained at Wyrd Creation.

Local Arts Guide

The Christchurch Arts Council recently launched a Christchurch Arts Guide. We were directly involved in this project on a consultation level as well as on an inclusion level and have been approached to have a more direct involvement in the 2006 Guide.

Creation Arts For Hire

This art-hire service to promote local art to the managers of corporate and public buildings is currently under investigation. The hirer will be given an opportunity to sell any artwork that is available for hire on a sliding commission basis. Commission will be based on the length of time the artwork has been hired. Commission ranges from 12.5% to 20%. Again a number of trusts currently offer this service but largely at the level of the existing established artist. We will continue to dialogue with these organisations to best represent the young, emergent artist.

Creation Arts Events

This service is now running at about 50% of potential with major events run in the last twelve months. For the year to starting Jan 1st 2005 we have hosted and organised: 121 performance events in the venue with over 12,500 people attending; 16 exhibitions in the gallery exhibiting 222 artists' work and seeing 1766 visitors; and 1600 people use the drop in studio. Of the 137 events and exhibitions 41 have been instigated by Creation.

Nationwide Art Exchange

It is difficult for many of the art and craft shops in small communities and the suburbs to manage adequate turnover of stock and diversity to maintain customer appeal. The aim of the exchange is to circulate stock so the retail outlets contracted to the exchange remain exciting and vibrant and the Artist maximizes his/her exposure to the market. Participating stores will sell on a commission basis and will be required to meet a set of clear quality standards with respect to insurance, care and merchandising. In addition the notion of online links to other galleries allows a much broader market place for potential customers throughout not only the local community but also worldwide. This project has been developed through the forming of a Creative Spaces discussion group with spaces from all over New Zealand discussing and sharing ideas and strategies for collaboration and exchange over the coming months.

Serviced Studio Space and Artists in Residence

Serviced Studio space has been made available to artists who have made a commitment to Creation and to retailing their work through Creation. These artists, which in the past have included a found object artist, a visual artist, a stone carver, a fashion designer, a screen printer and a comedy theatre outfit, participate in the Industry Training Programme and are engaged on a part-time basis as tutors and mentors at Creation. Serviced Studio space is let on a sub-commercial basis to make inner city studio space available to artists who otherwise would not be able to afford it. Weekly rental payment includes, electricity, a reception service and access to performance, practice and exhibition space. Subsidised rent is offered in

return for the participation in the Industry Training Programme, which takes place in the Open Studio. During 2005 the Open Studio was used by over 1500 unique users. We are currently recruiting corporate sponsors to provide scholarships to support the Artists in Residence programme. This will introduce a measure of contestability for the highly sought after studios as well as help cover the cost of this project.

MARKETING AND PROMOTION

Customer Profile

Teenage Market:

The teenage market is a major consumer of music. The child and younger teen are major consumers of the "school discos" and "formals". They also represent a significant market for relatively low cost alcohol free dance parties. The major access point for promotion to this market is through the Schools and Youth Groups. This is being targeted with strong links networking in with projects like 'Subvert' and 'Youth Week', to identify and generate marketing strategies for this age group.

Youth Market:

This market is expected to be predominantly made up of older teens and the under thirty's population. This is typically a market that supports high volume, relatively low cost, merchandising. As such it is expected that they will be the largest consumers of Creation Music, Memorabilia and "off the rack" fashion available from the store. While there will be interest in a wide range of musical styles the major retail interest will be contemporary (commercial) music ranging from Popular Dance Music, to Rap and Hip Hop and some Rock Music with a lesser interest in Classical, Jazz and Folk Music Styles.

The Youth Market is also a major consumer of unique design labels and fashion apparel and accessories. The trend towards "designer clothing" and the unique fashion statement has grown as part of the post 1970s consumer society in which this target market has grown up.

Typically, despite low wages and study commitments, this segment continues to have disposable income, which is frequently spent on clothing, entertainment, recreation, food and beverages. They are also the major patrons at the pubs, venues and events at which we will maintain a strong profile. Musicians performing in these venues and events are encouraged to promote their music as available from Creation. Events taking place in the performance venue at Creation will also feed into the promotion to this market.

Creation has historically maintained a high profile on the less commercial local Radio Programmes (e.g. RDU and Plains FM), which already tend to have a much greater commitment to playing local music.

Adult Markets:

The "Thirties Plus Market" represents a lower volume but higher value purchases. While this market will also have an interest in Creation Music it is expected that it will not represent the same volume sales and will be demanding of a wider variety of musical styles. It is expected that this market will be a larger consumer of visual arts, culture and collectables as well as have an interest in "one-off" fashion garments purchased for a specific event or purpose.

The "Thirties Plus Market" also represents and influences the business and corporate market that is a significant secondary market. The people who decide on the interior design and furnishing of business houses and establishments are most likely to be in the Thirties Plus Market.

The "Thirties Plus Market" represents most significantly the "Home Maker and Decorator Market". This market like the Youth Market has been significantly influenced by the consumer society of the 1980s and 1990s.

The "Thirties Plus Market" represents a significant "Gift Market", most significantly wedding gifts, anniversaries, housewarmings and so on.

This segment are also the major patrons of cafes and restaurants. A large amount of their time is spent at the workplace or involved in related activity and with family, often school aged children. As such they also frequent the public events such as Summertimes, Arts Festivals, Home Shows, Art and Craft Fairs, and Garden Shows.

They are most likely to be accessed by regular promotional material in the media, especially magazines, and through a regular catalogue, mail order and potentially Internet-based sales.

Creation proposes to maintain a high profile through the regular production of a catalogue/ magazine, which will profile local artists, events and exhibitions. This will take the form of a limited hard copy run and a larger online presence, allowing economic regular updates and specific target marketing. A regular fax and email promotion list will be maintained with regular contact being made.

Baby Boomers Market:

The Baby Boomers Market is expected to be the most discerning of the markets. This is expected to be a low volume but high value market that will have an interest in Local Music, Culture and Art. This market is also most likely to present as an "Investor Market". International trends show that there has been a growing interest in the investment in the work of Emergent Artists work.

Baby Boomers also represent those who make the decisions in the business and corporate world. While influenced by the "Thirties Plus Market" they also represent "good taste and maturity" in these establishments. They have a tendency to be the decision makers.

Unlike the Youth and Thirty plus market the Baby Boomers remember a time and culture before the consumerism of the 1980s and 1990s. They are less influenced by current mass marketing, promotion and branding exercises, having already established their taste and preferences.

The Baby Boomers Market has a tendency to have adult children who are leaving or have left the nest. Their children represent the homemakers market and are the recipients of wedding gifts, house warming gifts and suchlike.

Like the "Thirties Plus Market", this population are also the major patrons of cafes and restaurants. A large amount of their time is spent at the work place or involved in related activity and with family. The Baby Boomers are also major consumers of travel; both international and local.

The Baby Boomers Market is also the more formal home-entertainer, dinner-party, market. As such they have the potential to be a significant market for background music, craft and Art, which has the potential to create the desired ambience.

Similarly to the Thirty Plus market the Baby Boomers frequent the Home Shows, Art and Craft Fairs, and Garden Shows. This population are also major consumers of Theatre, and similar cultural events.

The Mature New Zealand Market:

The Mature New Zealand Market is expected to be the most discerning of the markets. This is expected to be low volume but high market value that will have an interest in Local Music, Culture and Art. This market is also likely to present as an "Investor Market". International trends are that there has been a growing interest in the investment in the work of emergent artist's work.

The Mature New Zealand Market is also likely to be a significant consumer of small works such as greeting cards, craft and unique work, purchased as gifts for family and friends.

The Tourist Market:

There are several Niche Markets within the Tourist Market. The most important immediate markets are the Backpacker Market and the Free Itinerant Tourist Market. While the Package Tourist Market has huge potential, access is challenging in the face of competition from the major established tourist shops and the Art Centre Market.

New Zealand Arts and Culture is often overlooked as a reason that tourists come to New Zealand. Over the past decade the New Zealand tourist market has matured from sheep, geysers, and scenery as Eco-Tourism and Adventure-Tourism have come to the fore. There has also been strong positive development and marketing of Maori Art and Culture, however there remains huge potential for development. The remainder of New Zealand's Art and Culture remains by and large invisible to the tourist.

The Backpacker Market:

The Backpacker Market has a tendency to be a young market, similar to the Youth Market. The Backpacker Market is a major consumer of local entertainment in

local bars clubs and venues for the short time they are in Christchurch. This market has the potential to be major consumers of local music and collectables purchased as mementos of their Kiwi Holiday and experience.

Creation aims to maintain a very high profile in cyber cafes, hostels, establishments providing budget accommodation and Youth Hostels throughout New Zealand. Regular promotions and events targeted to backpackers will be held through the summer months.

This market has the potential to become the major attendees of regular evening and lunchtime events held at the Creation site at 105 Worcester Street. This was illustrated in the hosting at Creation of events such as The Montana Jazz Festival late night jazz club with over 2000 attendees over 10 days and the launch of our own 'not a fringe festival' Four Square with over 1500 people involved in 20 events over 18 days. Around 10% of the audiences for these events come from the backpacker market.

Moreover, backpackers looking for something a little bit different to the usual tourist activities regularly use the Open Studio, leaving with self-made art works as well as purchasing works from the retail outlet.

The Free Itinerant Tourist Market (campervans, rental cars):

This is potentially a more affluent and older market to the Backpacker Market. Creation faces significant competition for this market from tourist, craft shops and markets throughout New Zealand as this is also a significant market for them.

The greatest potential to attract this market is through the Local Arts Guide and the Nation Wide Art Exchange that would act to make Creation and the shop a "must" when visiting Christchurch. The Local Arts Guide would be available from Tourist Information Centres throughout New Zealand.

In addition the unique nature of the arts for sale would add an advantageous marketing tool for the promotion of the retail space.

COMPETITIVE ADVANTAGES

While there is considerable competition in the Arts industry there are few that exclusively retail the work of emergent New Zealand Artists and Musicians. The reluctance of traditional music shops and dealer galleries to market this work creates a niche market which to date has been untapped. The small commission is an attractive concept to young artists and means a competitive pricing of work and therefore a more attractive purchase opportunity to a broader market.

Direct Competitors

Art and Craft Shops and Mall Markets throughout New Zealand are significant competitors, particularly for the local artists involved in craft and for some visual artists. It is our expectation that Creation will be merchandising a far wider range of art. Creation will present as having a significantly different profile, being vibrant, exciting and slightly “funky”.

The Arts Centre will be the most significant competitor, especially during the weekends when the Market is open. Creation proposes to promote itself as a complementary alternative that offers something a little different. Creation will be a place for young people and for the person who is excited about finding something unique, from New Zealand, and something from an emergent artist, who may one day, be famous. The additional advantage is that the retail space’s main hours of operation will be Monday to Friday, with weekends explored once the space is established on the local market.

Dealer Galleries will continue to attract the “traditional” art buyer. Creation will work to attract the potential buyer who is looking for something different. By working with the Dealer Galleries Creation will be collaborating to expose New Zealand Artists to the Market. By offering a significantly different retail culture Creation will be aiming to expand the market. To date the gallery space at Creation has exhibited over 150 individual artists with work selling at around 95% of exhibitions. These then provide the basis for the retail space as well as those artists who only have one or two works for retail at any one time.

Music stores are a strong competitor, especially for the Teenage Market however their reluctance to retail local musicians and non-commercial music has created an opportunity for Creation. It is expected that these retailers will increase the amount of New Zealand music sold, however it is unlikely that they will retail the work of emergent musicians. Again the main focus of the retail space from a music point of view is to concentrate on those bands as yet unsigned, small independent issues of music appealing to a young audience.

Indirect Competitors

Creation's business is clearly in the discretionary expenditure market and therefore competes with all other consumer goods, entertainment and services that compete for the discretionary dollar. It is therefore Creation's intention to target markets that have a high interest in New Zealand Art and Culture, Youth Culture, Music, Fashion and Entertainment. By producing an in-house promotional magazine in both hard copy and electronic format Creation will invite other organisations and businesses to advertise. Creation is becoming the "epicentre of an alternative arts industry in Christchurch". The space is gaining a reputation for the quirky, the alternative, the young and emerging, which is clearly not being catered for anywhere else in the city or, in fact, the region. In addition the major music promoters are now using the venue as a space for big profile acts to perform all ages shows and also more boutique performers, which the space lends itself naturally towards.

PROMOTIONS

Attendance statistics reinforce the value that can be wrought from a higher profile in the community, arguing for increased promotion and marketing activity. The recently appointed business director is developing a marketing and communications strategy to boost the number young people generating income from their artistic work, public access to the arts and to help reinforce Creation's brand.

THREE-YEAR BUSINESS DEVELOPMENT STRATEGY

Year One: 2006 – 2007

Website

It has been clearly identified that the World Wide Web is a huge potential marketing strategy for Creation. The website currently exists purely as a means of information dissemination but over the next twelve months this will develop to include online retailing, blog sites, discussion groups and forums, image galleries and will be viewed as a nationwide hub for young and emerging artists to use as their first port of call for arts in Christchurch.

Database

The most effective use of all the information held by the trust is by efficiently utilising a database. This will be professionally developed in the first year to create an efficient marketing and promotional tool for the organisation. As a point of reference there are currently over 2,500 contacts across various databases within the organisation and it is the consolidation of these that will be the first priority.

Media Campaign

- **Radio:** A good contra relationship already exists with the local B net radio station RDU 98.5 and this will continue along with developments of relationships with all other relevant radio stations to promote the business.
- **TV:** Some TV coverage has already been gained with projects like 'Project Legit' and 'Four Square'. It is envisaged that this reportage style of increasing public awareness will continue.
- **Print:** Magazines aligned with the mission of the organisation will be targeted with stories and the local and national newspapers will continue to profile events and activities of the organisation through editorial, listing and advertising features.
- **Street:** The organisation has developed a great relationship with the local street advertising (posters and fliers) company Phantom. This will continue and our guarantee of prime placement sites for event advertising on the street is a sure fire way of developing the profile of the organisation in the very public domain.

Initiated Projects

- **Art Beat:** This successful pilot project was run by Creation at the request of the Christchurch City Council in 2002. Our February 2006 event included 45 local artists opening their private studios (non-gallery based) to the general public who are invited to browse and purchase works at their leisure on provided bus

tours. Around 750 members of the public will take part in this project and the co-located market that ran in Creation's forecourt over the two-day event.

- **Sliced Stencil Art Exhibition:** As part of the inaugural 'Four Square' not a fringe festival run by Creation in 2005 a stencil art exhibition was organised and staged. This saw 45 stencil artists from around New Zealand submit 122 works for a silent auction (non-commission bearing that saw 48 works sold (over one third). This is now to become an annual event and will hopefully also see the development of an annual publication and media representation of each exhibition
- **British Council Hip Hop Project:** The organisation is currently involved in discussion with the British Council about staging a large-scale NZ UK collaboration with Breakdancing, DJing, Stencil and Graffiti art as the four areas of focus. Partnering the best UK talent with that here in Christchurch to create performances, art works and hopefully establish a strong relationship in this huge cultural area of focus for the organisation.
- **Artists Xmas Card Fundraiser:** We are planning on inviting a number of high profile artists to create a xmas card and calendar for us together with young artists, that can be sold as a fundraiser during 2006. If this is successful we may view this as an annual fundraising event.

Targets

- | | |
|--|----------|
| • Number of events in venue | 200 |
| • Number of exhibitions in gallery | 40 |
| • Number of artists utilising drop in studio | 2000 |
| • Gross income generated through gallery | \$15,000 |
| • Nett income to artists generated through gallery | \$12,000 |
| • Income generated through venue | \$37,000 |
| • Income to artists generated through venue | \$50,000 |

(nb. this is currently not included in the cashflow forecast as artists take 100% of door. Income shown in budget is for venue hire alone)

Year Two: 2007 – 2008

Documentary

Five years after its official opening we aim to create a documentary, in partnership with a local organisation that will celebrate the successes and journey of Creation since its inception. This will prove an invaluable marketing tool when trying to attract corporate sponsors, which will be the aim of the organisation in this year and beyond.

Monthly Magazine

From time to time in the past Creation has sporadically published a monthly newsletter/ magazine called Neoframe. This was successful but insufficient funds meant it could not continue. By 2007 we will be in a position to sustain this magazine and aim to produce 1000 copies a month initially with increase as funds and demand permits.

Continuation of Media Campaign

See previous year

Initiated Projects

- **Art Beat:** As with previous year except we aim to include 75 artists in the tour and 1000 members of the public to attend.
- **NZ Music Month:** May is a huge time for NZ music, our goal in the next few years is to create 31 gigs in May at Creation. Basically, an event every night of NZ Music Month, from small, emerging, bands to large all ages gigs. A true celebration of NZ Music and a great opportunity for local talent to earn income from this focal point of the NZ music calendar.
- **4 Square Not A Fringe Festival:** In 2005, with assistance from the Christchurch City Council, Creation designed and hosted Christchurch's first Fringe style festival. The 18 days saw 20 events with 120 artists making income from doorsales or art sales and 1350 members of the public attend events. The event was a success and will become a biannual project with (already indicated) City Council seed and core funding.
- **Mammoth Aerial Mural:** We have been approached by an aerial display artist with the offer of flying a huge banner around the city. This has developed into the idea of creating a huge graffiti mural, 30 metres by 10 metres, which will involve around 1000 young people in its creation possibly as part of the City Council's annual 'Kids Fest'. It will then be flown around the city on the back of a plane and then sold back to the city as an artwork in a public place.
- **International Exchange:** Relationships are being established with like-minded organisations throughout the world and it is hoped that in this year an exchange will take place between Creation and one of these spaces. As a way of sharing best practise and creating global arts projects and opportunities for exchange and collaboration between artists throughout the world, this will prove highly invaluable in the establishment of Creation in the global arena, and lay the way to projects for future years.
- **Sliced Stencil Art Exhibition:** See previous year

- **Art Auction Fundraiser:** As with previous year but instead of Xmas cards we will aim to attract artists to submit actual works for auction. Increasing the amount of possible income from this style of event.

Targets

- Number of events in venue 260
- Number of exhibitions in gallery 46
- Number of artists retailing through wyrd creation 110
- Number of artists utilising drop in studio 2500
- Gross income generated through gallery \$18,000
- Nett income to artists generated through gallery \$14,000
- Income generated through venue \$46,000
- Income to artists generated through venue \$60,000

(nb. as with previous year income shown in budget is for venue hire alone)

Year 3: 2008 – 2009

DVD

As with the documentary this year will see the creation of a saleable product reflecting the breadth, depth and diversity of artists. This will be a great product for showcasing local artists and their talents to the global market and a good chance for some revenue to be generated on an ongoing basis for the organisation.

Continuation of Media Campaign

See previous years

Initiated Projects

- **Art Beat:** As with previous years but 1500 members of the public.
- **NZ Music Month:** See previous years.
- **International Exchange:** The continuation of the previous year's relationship and the establishment of a new one.
- **Sliced Stencil Art Exhibition:** As with previous years.
- **Art Fundraiser:** As with previous years but a continued development of the scale and amount of works available for auction and funds for Creation.
- **Youth Arts Conference:** New Zealand has no youth arts policy, unlike Australia, which has an excellent document. Our plan is to host an inaugural Youth Arts Conference run by young artists for young artists and with the aim of generating a youth Arts Policy documents as a result. This conference, if successful would then develop into a model that could be replicated throughout

the world. The dream would be to see a world youth arts conference at some point in the future whereby a global strategy document could be produced reflecting the direction of youth arts policies worldwide.

Targets

• Number of events in venue	260
• Number of exhibitions in gallery	52
• Number of artists utilising drop in studio	3000
• Gross income generated through gallery	\$20,000
• Nett income to artists generated through gallery	\$16,000
• Income generated through venue	\$69,000
• Income to artists generated through venue	\$75,000

(nb. as with previous year income shown in budget is for venue hire alone)

RISK ANALYSIS AND RISK PREVENTION

General

Creation is made up of several operations all of which are expected to operate at a small gross margin therefore pose a potential risk. Each trading operation will be monitored closely on a monthly basis in terms of sales and costs of sales. Any trading enterprise that is trading at a loss will be reviewed and ultimately closed. The business will only take on additional overheads, as it is able to trade at a level where it is able to meet those costs.

Lack of Supply

The most significant risk confronting Creation is inadequate supply of art product to maintain a well-stocked retail sales operation. Considerable effort has been made to extend the networks of Artists. The Community Arts Project has contributed significantly to this end. There is however some concern that the productivity of contributing artists will be too low to sustain the venture in the long term. In order to reduce this risk key relationships have been developed with other organizations working throughout New Zealand with Emergent Artists and Musicians.

As the news of Creation's existence spreads the supply of artwork has become more prolific; a marked increase in supply has been seen over the last few years through simple email, telephone and one to one communication with artists. This lack of supply potentially becomes less of a possibility as word spreads. In fact it is now clear that quality supply is not going to be risky at the level we first envisaged.

Lack of Custom

The Trustees of Therapeutic Arts Trust and the Staff of Creation who have developed the project are aware of considerable demand that already exists. The prolonged marketing plan that aims to raise the profile of the retail operation will engage a considerable amount of existing demand. The strategy to reduce this risk is to initiate trading gradually in areas with higher profiles such as arts festivals, large-scale community events, all ages big name band gigs, etc.

Noise Complaints

The venue at 105 Worcester St is directly opposite the prestigious Heritage Apartments and is close the vicinity of two major Hotels, so noise is a potential risk. Creation has already hosted several events at this venue and has found that the building contains sound well due to its double and triple brick construction. The Christchurch City Council has done sound checks and reported no noise that would result in complaints from any local business or resident. The only limitation is on making large amounts of noise during the day, due to the proximity of local

tenants. To date this has not proved a problem as tenants, when given notice, have been happy with the noise we do make on such occasion as necessary.

Debit

All the stock wherever possible will be purchased on a consignment basis, following the philosophy of Creation risk sharing with the Artists as a means of reducing its retail margins. All sales are on a cash-only basis.

Management Risks

The Therapeutic Arts Trust has recently completed its policies and procedures manual, which will be adopted by Creation. Fire and earthquake egress plans are in place. The Building complies with bylaws and the district plan and has a current Warrant of Fitness.

The Therapeutic Arts Trust has established accounting policies that require clear separations of duty, monthly reporting and annual audit of accounts.

All employees have Employment Relationship Agreements and job descriptions.

The Therapeutic Arts Trust carries adequate insurance cover.

All capital assets will be the property of the Therapeutic Arts Trust.

EXIT STRATEGY

In the first instance all attempts will be made to sell the business as going concern. In the event of the loss of profitability, declining market, major loss of supply the business will be wound up. All artwork held by the business will be returned to the artist prior to the business being wound up. Any assets will be sold to meet liabilities. Any surplus assets will be returned to the Therapeutic Arts Trust.