

Arts at the Old Fire Station Business Model Case Study

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Published 2015
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Arts at the Old Fire Station's business model flows from its shared mission with Crisis Skylight Oxford to create a new kind of public space where people can transform their lives and form inclusive communities.

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Arts at the Old Fire Station Business Model Canvas



Arts at the Old Fire Station was a start-up organisation, which has developed its business model as it has progressed from the ideas stage.

Introducing Arts at the Old Fire Station

Arts at the Old Fire Station (AOFS) is an arts centre in Oxford that opened in 2011. Its programme and activities include a shop, gallery, theatre, studios, cafe and associated activities.

The Old Fire Station, which has a history of periods of arts usage dating back to the 1970s, also contains a centre for training homeless people run by Crisis Skylight Oxford.

AOFS was developed as an organisation and as a venue in partnership with Crisis to bring the building back into full use and to provide education and employment opportunities for homeless people in Oxford. The project was awarded £2.8 million capital funding by the Homes and Communities Agency through its Places of Change programme.

The organisation arose out of a series of opportunities:

- a building falling into disrepair and disuse
- the fact that Crisis, having identified the building as a potential home with the City Council, only needed half the potential footage available in the five storey building
- a groundswell among local people in Oxford in support of an addition to the local cultural offer

As the first and current Director Jeremy Spafford puts it, 'some quite visionary people took a bit of a punt...' AOFS was a start-up organisation, which has developed its plans and business model as it has progressed from the ideas stage.

AOFS sees itself as an arts centre rather than a building promoting a number of discrete art forms via various spaces. This is important conceptually to its business model, its Value Proposition and its Customer Segments and how it relates to them.

It is a social space anyone can walk into for any purpose. People have many reasons to come in - to eat, use the toilet, to buy or sell craft in the shop, to get help with homelessness, to go to a show, to develop as an artist. For AOFS it is important that, as Jeremy Spafford puts it, 'everyone has come to the right place'.

This means that arts centres must be 'jack of all trades', although Spafford sees this as a specialism in its own right, especially when it comes to ensuring high standards across all areas. Growing work with individual artists, in both performing and visual arts and crafts, is helping ensure AOFS is in touch with artistic practice.

The Business Model

AOFS' business model flows from its shared mission with Crisis Skylight Oxford. Together they aim to create a new kind of public space where people can transform their lives and form inclusive communities.

In terms of the common business model 'patterns' described by Osterwalder and Pigneur, the model is typified by its openness and partner and customer focus.

Partners - starting with Crisis - and Customer Segments have a lot of influence on the overall Value Proposition, which in turn has enabled a diversity of income streams. The need for supportive social space for all kinds of people shapes the way in which the Old Fire Station is programmed and run.

Innovation in the model comes from multiple points and brings in new funders such as trusts and foundations who focus more on social impact than on the arts per se.

Neither AOFS nor Crisis treat the other as an add on or simply as a joint tenant in the building. There is back office support and collaboration between quite distinct staff teams, liaison between managements and one trustee of AOFS is a senior executive at Crisis. Equally important is the shared 'front door' and reception within the Old Fire Station building and that the arts centre and Crisis services use the same spaces rather than having their own dedicated branded areas. AOFS pay something towards the salaries of Crisis staff that manage the entire building facilities.

AOFS had to build its own financial model. This draws income from a range of streams, mainly derived from uses of the building. This was made possible in the first

years by use of loan funding, with a loan provided by CAF Venturesome. It was the first provided to a start up. Oxford City Council guaranteed the loan. The loan was paid off 21 months early. After three years AOFS was able to create enough revenue income to balance its budgets and had been able to establish a track record attractive to trusts and foundations.

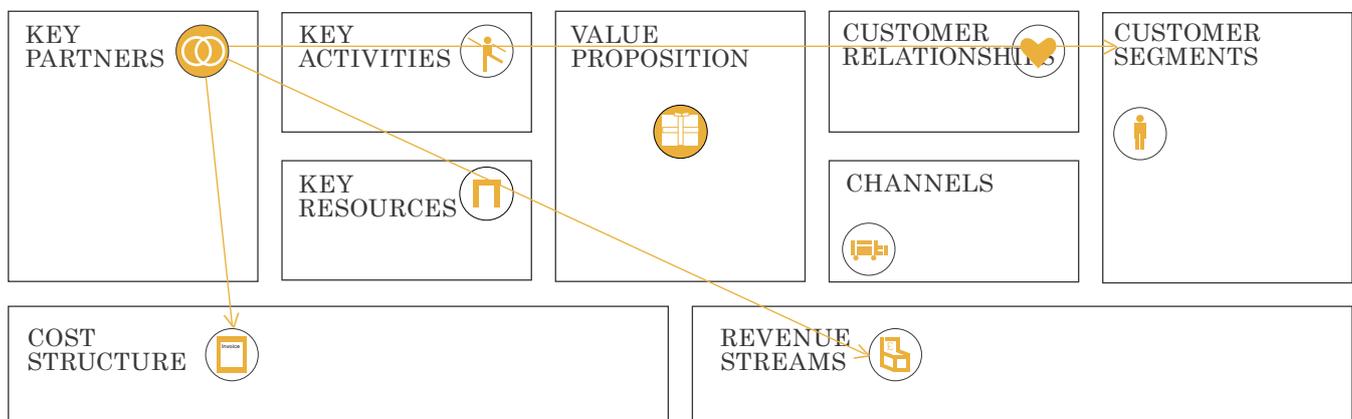
This led to a number of three-year core funding offers from foundations such as Lankelly Chase, Esmée Fairbairn, Monument and Tudor. AOFS were careful to position this grant funding as for core activity, not as project funding from which it could fund projects and a small 'top slice' for core/management costs as is often the model.

While attracting funders interested in the social impact, especially on homeless people, they wanted to see this as part of the bigger picture core Value Proposition of the arts centre and not as a 'project' add-on. This required confident and direct discussions with potential funders. It has also informed an in-depth evaluation and development of a robust theory of change and impacts that can describe how AOFS delivers value.

One potential advantage in business model terms is that arts centres have diverse income streams 'built in' from different programme elements. Comedy nights can, for example, be used to support riskier events. Shops and galleries can create other income streams.

A range of activities can also spread risk around fundraising, allowing access to different fundraising pots, including those focused on social impact. A challenge is demonstrating quality across all areas.

The Core of Business Model Innovation



Based on the Business Model Canvas by [Strategyzer.com](https://www.strategyzer.com)

Innovation in Arts at the Old Fire Station's business model comes from multiple points. Perhaps the most significant of those is its partnership with Crisis. This partnership influences the overall Value Proposition and Customer Segments, the Cost Structure through shared facilities, and Revenue Streams through trusts and foundations focused on social impact.

Partnerships help
complement the expertise
within the small staff team
and the organisation's
volunteers.

The model in practice

Turnover has increased from £90,000 in 2010 - 2011 to £500,000 in 2013 - 2014. There is no ambition to grow this further simply for the sake of growth.

The organisation has recently been able to shift from establishing the model to improving business systems and to collecting evidence to inform strategy and to assist with measuring impact and fundraising.

The proportion of income derived from fundraising, as opposed to earned income from programme and services, may alter in coming years as a sustainable level is found. The target for fundraising was not met in the last year, for instance, although overall the business did better than budgeted.

As all successful start ups do, the organisation is moving out of the 'growth' phase into one of 'consolidation'. Without the CAF Venturesome loan to pay off but with a number of three-year funding agreements coming to an end, the organisation needs to move from survival to sustainability.

The model allows for increases in earned income and efficiency, with more events directly managed and produced rather than being hires or 'bought in'. Meanwhile it maintains social impact core funding and is developing project funding.

In common with many similar organisations, the staff team is small and generally made up of people at early stages in their careers. The operational model allows staff to gain excellent experience but cannot provide high salaries or extensive opportunities for internal progression. It therefore builds in levels of staff turnover that may be higher than some larger organisations. This is not to say AOFS is a low-paying employer, indeed it has explicitly chosen to pay casual staff more than most venues do and salaries have improved in recent years.

One positive 'side-effect' of the way in which the staff team has developed alongside the business model is that 'everyone thinks about the money'. The organisation as a whole is thoughtful about the relationship between activity and the flows in and

out of money. This leads to more innovative ways of working and has been especially useful in shaping a new Strategic Plan informed by a thorough evaluation of the first three years of operation.

Much of the consolidation relates to being better able to assess and describe the impact of AOFS beyond the financial measures. Impacts have been identified within a Theory of Change that relate to all areas of the Value Proposition. These are that people who engage with AOFS will be more open to new ideas and different people, that artists who engage will be more successful and that homeless people will be more resilient and stable.

As well as its core partner Crisis, AOFS has a wide range of partners who are essential to developing the quality and production values of the artistic programme. These include several cultural partners in Oxford such as the Pitt Rivers Museum (for a ceramics exhibition), Oxford Playhouse (including a new performing arts festival) and the Ashmolean Museum (for potential curation of a Live Friday event).

Partnerships help complement the expertise within the small staff team and the organisation's volunteers. They also provide access to 'customers' or influencers AOFS wants to reach. This includes people working in areas of social impact and social enterprise.

AOFS has developed 'Marmalade', a series of events and a web platform for people working towards social change. This has included conferences, such as 'Art & Money: where's the change?' around the major Skoll World Forum event in Oxford, and work with the Low Carbon Festival.

Through such activities, which draw on its experiences of working with individuals and groups in the Old Fire Station, AOFS also aims to shape debate on the value of art and its potential contribution to social change. The physical arts centre is reflective of the culture AOFS wishes to be part of, in Oxford and in the country as a whole, where people can come for their own purposes and find what they need.

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