

## Promprylad Revitalization Project Vision and Strategy

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Ukraine stands at a moment of tremendous opportunity. Creative, entrepreneurial, and economic possibilities exist in the country today at levels likely not seen at any point in its history, and await only the formation of a handful of catalyzing institutions to move the entire country forward. Promprylad, the site of a sprawling, Soviet-era factory, is positioned to be among the first – if not the first – such social and entrepreneurial pioneering centers in Ukraine. The multifunctional facility created at the revitalized Promprylad site will serve as a hub for a wide range of social, educational, artistic, and business activities, attracting a diverse group of creative individuals and organizations to its campus, and will provide significant economic development benefits to Ivano-Frankivsk and the broader western Ukraine region.

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Research into successful creative ecosystems around the world – whether it’s Silicon Valley in the United States, Barrio Lastarria in Chile, or Tallinn’s Old Town in Estonia – reveals the importance of place, and of achieving a critical mass of activity. A creative ecosystem requires the interaction of various entities in mutually beneficial exchanges. The level and scope of activity need not be enormous, but it does need to reach a scale that allows it to be self-sustaining to succeed in the long run. Creative ecosystems reach self-sustaining levels where there is a unique “attractor” – a physical location that provides both usable space and distinctive appeal that draw people and organizations to it, who in turn draw other people and organizations in a positive-feedback process that leads quickly to a self-sustaining creative ecosystem. This is Promprylad’s primary mission: to provide a location at which people and organizations can convene, interact, and create.

Essential to the vision of Promprylad as a sustainable platform supporting creative entities and people is the role of the Promprylad organization as “convener” – a recruiter, coordinator, and curator of the site’s participants and associated activities and services. It will be the Promprylad organization’s responsibility to identify, assemble, and oversee the resources, partnerships, and connections needed for creative cluster formation within the property and around the region – creative clusters being groups of geographically-linked companies and people within the same creative industry. As it develops, this platform will also become a center of education and skill development and help develop networks encompassing organizations throughout the city that will generate spillover effects well beyond the Promprylad site itself.

The document that follows, the culmination of a nine-month collaboration between Teple Misto, Insha Osvita, and SRI International, describes the strategy for Promprylad. It describes the key pillars of the strategy; the specific activities, services, and facilities to be provided by Promprylad; a governance plan for the project’s primary organizing body, Promprylad LTD; and the business model by which Promprylad is expected to sustain itself financially.

The strategy presented herein is intended to be flexible and adaptable. It recognizes that much of the planning for Promprylad remains at a relatively early stage and allows for the evolution over time of key aspects of the Promprylad value proposition, its operations, and its business model. New partners and programs will, as a matter of design, be added to Promprylad over time as the site’s activities grow and evolve. Accordingly, some aspects of the plan are laid out in detail, while others are presented at a high level.

## 2.0 Pillars of the Promprylad Strategy

The strategy outlined here assumes the Promprylad project’s primary organizing body, Promprylad LTD, will play the role of a “convener”, organizing and bringing together creative people and organizations within the physical space of the Promprylad site. The Promprylad LTD team will curate the physical space of the Promprylad site, formulating the mix of companies, artists, entrepreneurs, makers, and

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others who will inhabit the property, and provide limited resources to support the creative ecosystem. Critically, the Promprylad LTD team will also recruit and coordinate with strategic partner organizations that will provide a range of programs and services to support the development of the Promprylad ecosystem and local industry clusters. This is a bottom-up oriented strategy that aims to form organic connections between key actors in the Ivano-Frankivsk community and to support the natural development of new and existing industry networks and clusters.

This strategy is supported by three key pillars:

- Providing access to physical space

- Supporting the creative ecosystem with a broad range of services and programs, both free and fee-for-service

- Serving as a creative hub for Ivano-Frankivsk and the surrounding region, through which individuals and organizations can meet and interact

This strategy has several advantages over traditional economic development approaches, which typically feature a top-down orientation and are more focused on direct economic intervention and support. First, the convener strategy will help to keep Promprylad staff and capital costs low because the organization will focus on coordinating and hosting organizations, events, programs, and services, rather than operating them directly. Low operating costs will contribute considerably to Promprylad's sustainability. The strategy will also help the organization remain flexible and adaptable to changing conditions because it is not committing large portions of its budget to long-term staff and capital costs beyond those associated with the Promprylad facility itself. Finally, the strategy will allow local creative clusters to develop and evolve more organically than a resource-heavy, top-down strategy allows.

## Providing Access to Physical Space

Promprylad's primary asset will be the large amount of physical space under its control in the form of commercial and event spaces, offices, meeting rooms, and various specialized facilities. The site's advantageous central location within the city of Ivano-Frankivsk will make it an attractive location for a huge range of organizations and activities.

However, the goal of this project is not merely to create another commercial center in Ivano-Frankivsk, but rather to develop an ecosystem that supports creative organizations within the Promprylad site and in the surrounding region. Therefore, the Promprylad LTD team will curate the types of businesses and organizations that become tenants, as well as the types of events that are hosted on the property. This "curation" of the organizations that use the physical space of Promprylad will achieve several overlapping goals:

- Creating a vibrant and attractive atmosphere for renters and visitors of the property – turning the property into an "attractor" that draws people to the physical location. This includes implementing high-quality renovations to the property itself (these renovations are currently in the planning stages); recruiting a mix of artists, makers, NGOs, and creative companies as long-

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term tenants; hosting engaging and interesting events, festivals, and exhibits; and hosting cafes, shops, and other amenities for both visitors and tenants.

Jumpstarting a critical mass within the creative ecosystem by recruiting several “anchor institutions” as tenants, which will in turn draw other creative people to the property. By “anchor institutions” we mean large organizations – companies, NGOs, educational institutions – engaged in creative and innovative activities that can act as the focal point for a creative network and will attract and connect similar organizations and people. Teple Misto has already begun discussions with several promising candidates for anchors, including a large craft workshop looking to expand its operations, the first microbrewery in Ivano-Frankivsk, several large IT companies, and the Ivano-Frankivsk National Technical Oil and Gas University’s renewable energy research program.

Generating public awareness for Promprylad by hosting events and organizations that create publicity for the property, especially in the early years of the project.

Specific policies for recruiting and curating tenants are described below in the *Promprylad Services and Activities* section of this document.

## Supporting the Creative Ecosystem with Programs and Services

Promprylad will support creative and innovative organizations in its ecosystem and the surrounding region through a broad range of programs and services. This support will be provided directly by the Promprylad LTD and indirectly by its strategic partners, including Teple Misto, Insha Osvita, Garage Gang, CANactions, and other organizations.

In keeping with the convener strategy, the Promprylad LTD itself will provide a limited set of services and benefits. These will include:

Subsidized rent for NGOs, startups, and artists that fit with the LTD’s vision and goals.

Access to specialized equipment in a makerspace, food incubator, and other creative spaces managed by the Promprylad LTD.

The Promprylad LTD will also coordinate with many strategic partners, who will provide a much broader range of services and programs for tenants and visitors to the property. These will be a mix of fee-based and free services, depending on the specific partner and program involved. Potential programs and services include:

Educational programs, including practical training courses, vocational training, and alternative education.

Cultural programs, including an artist-in-residence program, and art and music exhibits, festivals, workshops, and galleries.

Economic programs, including business planning and accounting services, industry cluster support programs, incubator/accelerator programs, and agricultural extension programs.

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Social programs, including an urban lab and community development programs.

Promprylad's strategic partners are in the initial stages of developing these programs, so the full range of programs and services that will be offered at Promprylad is not yet finalized. Additionally, as the local ecosystem grows and evolves, Promprylad will likely need to add new strategic partners that can offer programs and services that reflect the changing needs of the community.

## Serving as a Creative Hub

Promprylad will form a creative hub for organizations and people in Ivano-Frankivsk and the surrounding region, providing a place for people to meet and interact in meaningful ways. The site will be more than an office park or a shopping mall where people go to work or to buy things – rather a space where, for example, a startup company can go to enter an accelerator program, receive accounting and legal services, find new employees, new customers, new suppliers, new investors, new ideas, all in the same location. The hub concept speaks to the value of a place like Silicon Valley, which offers everything a tech company could ever want, all within a few square miles of physical space.

The Promprylad LTD will develop this creative hub by bringing together a huge range of people and organizations in many different creative fields. In the initial stages of the project, the Promprylad LTD will need to draw on the substantial social capital of the organizations developing this project – Teple Misto, Insha Osvita, and their partners – which have built up strong relationships and trust with key community stakeholders, and have many meaningful connections with leaders and innovators around Europe and the world. This social capital will be invaluable to establishing Promprylad's initial creative network and building trust with potential partners and stakeholders.

The Promprylad LTD can further enhance the value of this hub by developing catalyzing events and programs intended to bring people together to form connections. For example, hosting investor pitch days, where investors from Kyiv and abroad come to see presentations from the entrepreneurs and small businesses within the Promprylad ecosystem. Specialized spaces, like a co-working space or makerspace, will also bring together people working on a variety of projects in many different fields within the same physical space.

In time, Promprylad will establish itself as a powerful hub for creative people within Ivano-Frankivsk and, more importantly, a connector who can form networks that reach beyond Western Ukraine to important innovative and creative clusters in Western Europe, the U.S., and elsewhere.

## 3.0 Promprylad Services and Activities

Promprylad's mission will be supported by a wide range of specific programs and activities. This section of the document discusses the set of program and activities suited to Promprylad's initial rollout, as well as SRI's recommendations for program policies suggested timelines for implementation. The proposed service and activities map directly to the three strategy components, and in some case support more

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than one of these components. Please note that at the time of the writing of this report, many details of the full-scale Promprylad project are still under development by Teple Misto and its partners, and thus, these are not intended to represent the entirety of Promprylad's portfolio of initial activities.

## Providing Access to Space

The physical space of the Promprylad property will be used for three purposes: long-term rental to tenants; short-term rental for events, conferences, rehearsals, classes, and meetings; and space used by the Promprylad LTD for their own offices and programs.

The majority of the property's interior space (approximately 60-75%) will be set aside for long-term tenants, who could be private companies, other NGOs, entrepreneurs, artists, private galleries, or other types of organizations. The remainder of the space will be used for short-term space rental or utilized directly by the Promprylad LTD.

The exact ratio of space allotted to long-term vs. short term vs. programmatic use will be determined by the Promprylad LTD and by market demand. This ratio will likely need to be adjusted over time, depending on a variety of economic and strategic factors, and should be revisited by the Promprylad LTD, its Ownership Group, and its Advisory Board on a periodic basis. The financial model that accompanies this report will be a useful tool to find how different allocations of space will impact the project financially.

As detailed in the *Pillars of the Promprylad Strategy* section, this project does not aim to merely fill the space with tenants and charge them rent, but rather to create a vibrant, engaging creative ecosystem. The Promprylad LTD will recruit tenants who add to the creative culture of the ecosystem, and, if possible, provide services that benefit other tenants and visitors, support local industry clusters and networks, and/or generate public awareness of Promprylad.

## Long-term Rental

The Promprylad LTD will establish several categories of rental rates for tenants, with tiered pricing based on the type of space being rented and the type of organization leasing the space. Each category will have a rent per square meter rate, but will allow for rental rate negotiation in the tenant lease agreements.

SRI recommends the following rental categories, which are simple and straightforward:

- Commercial rent – ground floor
- Commercial rent – non-ground floor
- NGO rent
- Subsidized rent

The Promprylad staff may need to add categories or merge existing categories as market demand for space evolves.

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## **Policies for Selecting Tenants**

The curation of tenants is a key aspect of the Promprylad strategy. Tenant selection policies will be created by the Promprylad LTD and approved by the Ownership Group and will need to be revisited and potentially revised on a periodic basis – especially early in the project as the LTD team and its partners collect more data on the needs and capabilities of tenants and developing the ecosystem.

Recommended selection criteria:

Based in part on market demand, the Promprylad LTD will establish a preferred ratio of commercial retail, commercial office, NGOs, startups, and other organizations among the long-term tenant population.

Organizations that provide services that benefit tenants and visitors, or that enhance the creative environment of the property will receive preference over organizations that do not.

Organizations that design and/or produce products and services on the property will receive preference over organizations that do their design/production work at different locations.

The Promprylad LTD will also develop a portfolio of organizations from among identified local industry clusters (see *Appendix I* for a description of the industry clusters). This portfolio will not strive for an equal number of organizations in each cluster, because some clusters are larger and more mature than others and will have more potential Promprylad tenants based in Ivano-Frankivsk. Organizations from underrepresented clusters will receive preference over those from clusters that are well represented on the property – especially organizations that could serve as a cluster-forming anchor institution or provide cluster-supporting activities and services.

## **Policies for Subsidized Rent**

Organizations can apply – or be recruited – to receive a subsidized rental rate. This will be an important tool for recruiting organizations that can provide services and/or connections that benefit the creative ecosystem, and for recruiting strategic partners who will implement programs within Promprylad.

SRI recommends that subsidies be awarded for 1 to 2-year terms, and that awardees be eligible to receive subsequent subsidies if they continue to meet Promprylad’s subsidized rental criteria. The Promprylad Ownership Group make decision on awarding subsidized rates based on recommendations from the Promprylad LTD staff and the Advisory Board.

Recommendations for organizations to target with subsidized rent:

Strategic partner organizations. These are organizations that work with the Promprylad LTD to develop and implement programs that contribute to the Promprylad ecosystem. These programs could be educational, artistic, social, or economic in focus.

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Startups. Startups in creative industries (preferably in a targeted industry cluster) should demonstrate potential to grow and become self-sustaining. Limitations will be placed on how long commercial entities can subsidized rent, in part to ensure that they are working toward self-sufficiency.

## Events & Conferences

Events will be an important part of the creative ecosystem that this project aims to develop. Much like its strategy and policies for long-term tenants, Promprylad will use events to create a vibrant and engaging creative ecosystem that attracts creative people and organizations.

SRI's recommends that, if possible, Promprylad only rent empty space to event organizers, and not provide lighting, sound, furniture, or other equipment. This model is used by a similar organization, Kaapeli, and allows them to keep their capital and staff costs low because they do not need to buy, maintain, or store expensive equipment. Kaapeli can rent their event spaces at very low prices because they avoid these costs. This rental strategy, however, may only be feasible for certain types of event spaces and not others. Where there exists sufficient market demand to merit equipment investment, the LTD and its Ownership Group may consider such an investment.

### Policies for Selecting Events

The event selection policies will be created by the Promprylad LTD and approved by the Ownership Group, and should be reviewed and revised on a periodic basis.

Recommended selection criteria:

Events (which include festivals, conferences, exhibitions, concerts, and a range of other short-term activities) with a strong cultural or artistic focus will receive preference over those that are purely commercial.

Events that are connected to one or more target clusters will receive preference over those with no connection to any clusters.

Events that synergize with other Promprylad activities (such as a food festival synergizing with the food incubator) will receive preference over those that do not.

Events that will bring considerable publicity and attention to Promprylad will receive preference in the early years of the project in order to generate awareness of the project and property.

## Activities that Support the Creative Ecosystem

This section describes specific services and programs that are planned for the Promprylad site, which will be offered directly by the Promprylad LTD or by its strategic partners. The activity descriptions include the planned operating model, implementation timeline, as well as recommendations and best practices for implementation and operation. Because the project is still in the early stages of development, this section only represents those activities that are planned at this time – this list will be added to and changed as the project develops and evolves.

### Promprylad Revitalization Vision and Strategy

## Co-working Space

**Operating model** The co-working space will be operated directly by the Promprylad LTD. It will provide access to working space through paid memberships. This includes monthly memberships for the use of desk space and hourly or daily rental for meeting and conference rooms

**Implementation** Will be part of pilot project

**Local Clusters Supported** IT, Design, Film, potentially many others

**Recommendations and best practices** Co-working spaces are inherently social spaces, so the location within the Promprylad property is somewhat important. The space should be in a semi-quiet location, have access to some natural light, and be relatively close to amenities (like a café or bar) and other activities.

Monthly memberships are preferable to hourly desk rentals because they help build a sense of community among the people who use the space. Because they are not charged by the hour, users will not feel pressured to spend as little time in the space as possible to save money.

## Makerspace

**Operating model** The makerspace will be operated directly by the Promprylad LTD. It will provide access to equipment and working space through paid monthly memberships.

**Implementation** The makerspace will be an integral part of developing creative networks within Promprylad, and should be installed relatively early in the project (within the first year).

**Local Clusters Supported** IT, Design, Woodworking, potentially others

**Recommendations and best practices** A makerspace synergizes with many creative industries, and could be used by a wide range of Promprylad visitors (and tenants). In addition to providing makerspace members access to equipment, the space can also be used for educational courses and practical training courses.

Creative workshops whose operating model revolves around renting access to shared equipment (like makerspaces) require active, involved communities to be successful. Teple Misto and other project partners should use their personal

and professional connections to engage makers and other creative people in Ivano-Frankivsk to gather their input on the space and build an initial maker community in advance of the space opening.

Potential community building activities include:

- Host a “maker’s day” event in the months before opening the makerspace to show people the new workshop, discuss how the space will be used, and get input from local makers.
- Attend maker’s fairs and other maker’s events around Ukraine to meet other maker communities and inform them about the new makerspace in Promprylad.
- Host a range of classes in the space for beginner, intermediate, and experienced makers to build awareness about the space.
- Host maker’s fairs, maker’s festivals, and other events in the space and among the local maker’s community.

It is not feasible to open a makerspace with only a few pieces of equipment – someone paying for a membership will expect to have access to a broad range of equipment. In *Appendix II* of this report, SRI has provided some examples of “essential” equipment for the Promprylad makerspace based on its interactions with similar spaces. Additionally, the makerspace will need dedicated storage space where makers can store their materials.

Many makerspaces rely on donated and loaned equipment, which often involves makerspace members choosing to locate their own equipment inside the makerspace so other members can also use it. Makerspaces normally provide membership discounts to people who locate their tools inside the space. The Promprylad LTD plan to build an early community of makers around the makerspace, and thus take advantage of similar arrangements to increase the amount and variety of equipment in the makerspace.

If demand exists, the Promprylad LTD will likely need to consider equipping the space with an electronic lock so members can have 24-hour access. However, it will need to weigh security concerns for the makerspace equipment and for other spaces in the Promprylad property when making this decision.

## Food Incubator

<b>Operating model</b>	The food incubator will be operated directly by the Promprylad LTD. It will provide access to equipment and kitchen space through paid weekly or monthly
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	memberships.
<b>Implementation</b>	Setting up a commercial kitchen represents a relatively high upfront cost. Unless a large demand for access to kitchen equipment is identified early on, this space should be added in the later phases of the project.
<b>Local Clusters Supported</b>	Food, Agriculture
<b>Recommendations and best practices</b>	<p>Like a makerspace, food incubators need active and involved communities to be successful. Teple Misto already has many connections to the restaurant and food industry in Ivano-Frankivsk, and should leverage those connections to reach out to food businesses that may not have their own kitchens to get them involved in the project.</p> <p>Potential community building activities include:</p> <ul style="list-style-type: none"><li>• Host a food festival in the months before opening the food incubator, and include an exhibit and/or tour of the space as part of the festival to build awareness.</li><li>• Attend other food festivals in Ivano-Frankivsk and around Ukraine to discuss the new space with other food communities.</li><li>• Host cooking classes in the space.</li><li>• Host food festivals, wine and beer festivals, and other food-related events that involve users of the space after the food incubator has opened.</li></ul> <p>The Promprylad LTD will enhance the value provided to food incubator members by connecting them to markets for their products. Potential markets include local restaurants, supermarkets, and retail stores on the Promprylad property.</p> <p>Food incubator members will need freezer, refrigerator, and pantry space to store their ingredients and products.</p>

## Impact Hub

<b>Operating model</b>	The Impact Hub accelerator will be a franchise of the Impact Hub Global Network and will be established and operated as a separate, rent-paying entity, rather than being managed directly by the Promprylad LTD. Impact Hubs are accelerators and co-working spaces that offer a range of services and activities.
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The Impact Hub in Promprylad will focus on incubator and accelerator programs and training for local small- and medium-sized enterprises (SMEs), as well as co-working, office, and lab space for local businesses and entrepreneurs. These will largely be paid services, though the Impact Hub and Promprylad LTD may offer some grants and discounts for these services.

**Implementation** Establishing the Impact Hub will be an early priority for the project. Teple Misto and its partners should immediately begin searching for qualified people to operate the Hub and to design and implement its accelerator/incubator programs.

**Local Clusters Supported** IT, Design, Food, Agriculture, and many others

**Recommendations and best practices** Successful and timely implementation of the Impact Hub will require the project partners to quickly identify and recruit qualified individuals or strategic partner organizations that can design and implement accelerator/incubator programs matched to the needs of local SMEs and entrepreneurs. This recruitment process should begin immediately.

## Other Business Services

**Operating Model** Promprylad will host one or more strategic partners that can offer some or all of the following services:

- Basic accounting, contractual, and legal services
- Business planning
- Agriculture extension and support services (include education on new agricultural technologies, crops, connections to markets, and other support)

The Promprylad LTD can offer such organizations subsidized rent to encourage them to locate on the property, where they will be able to support both tenants and businesses that come in from outside. Operating on site will also offer them an efficient way to reach a large client base in one location.

**Implementation** The Promprylad LTD will make it a high priority to identify, recruit, and provide space to strategic partners that can offer one or more of these services in the early phases of the project.

**Local Clusters** IT, Design, Food, Agriculture, and many others

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## Supported

**Recommendations and best practices** The Promprylad strategy depends on the Promprylad LTD finding strategic partners that can provide a range of business services. The Promprylad LTD will not have the staff or expertise to offer such services, and should not invest in hiring such staff if partner organizations can be found.

## IT School

**Operating Model** The IT School will be operated by a strategic partner. Many of the details of the school are yet to be determined, but the IT School will likely offer some mix of the following:

- Practical training courses in a range of IT- and computer design-related areas
- Certification courses
- Internships and/or co-working programs with local businesses

**Implementation** Establishing an IT School will be a relatively early priority for the project. The Promprylad LTD will work with the local and regional IT clusters to identify and recruit a qualified organization to design and implement the IT school.

**Local Clusters Supported** IT, Design

**Recommendations and best practices** The IT School will be tailored to the needs of the IT sector in Ivano-Frankivsk and the surrounding region, and thus the local IT Cluster, other IT companies, and universities should all be consulted during the IT School design process.

The IT School will play an important role in supporting and developing the IT cluster in the city by training new IT professionals, providing internships and other on-the-job opportunities inside local companies, and organizing and/or hosting local workshops and conferences.

## Farmer's Market

**Operating model** The farmers market will be operated directly by the Promprylad LTD as a platform for local food producers and farmers to sell their products.

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**Implementation** Will be implemented after networks of food producers are established and there is demand for retail space from members of the Promprylad ecosystem – six months or more after the Promprylad opening.

**Local Clusters Supported** Food, Agriculture

**Recommendations and best practices** SRI only recommends creating a farmer’s market if there is reason to believe market demand exists and members of the food producer community and local farmers can be recruited. Recruitment may require education on the part of the Promprylad LTD to convince potential participants of the value of the Promprylad distribution channel.

On a cautionary note, SRI found that similar creative centers experienced that such markets can be difficult to manage because local food producers often have problems supplying a steady inventory of goods and maintaining quality. Promprylad will work with its food communities to help prepare them to be suppliers of this market.

## Hotel and Hostel

**Operating Model** The hotel and hostel will be operated directly by the Promprylad LTD. It will rent rooms to visitors and guests to the Property. The hostel and hotel may also have a café and/or bar attached; however, many of the specific details related the hotel and hostel are yet to be determined.

**Implementation** The hotel and hostel will open relatively early in the project, likely in the first year of the project.

**Local Clusters Supported** Does not directly support any local clusters, but will supply indirect benefits to entire Promprylad ecosystem

**Recommendations and best practices** The hotel and hostel will not require synergies and connections to the other creative and innovative activities within the Promprylad ecosystem to be successful. However, it should be thought of as part of this ecosystem nonetheless – it will act as an attractor for creative people coming into Ivano-Frankivsk from outside of the city, giving them a place to stay in close proximity to a wide range of interesting organizations and activities at Promprylad.

## 4.0 Organizational Model

This section focuses on how Promprylad will be managed and governed, and on the roles and responsibilities of the Promprylad LTD, its Ownership Group, and its Advisory Board. It is important to acknowledge that the day-to-day operation, support, and management of the Promprylad ecosystem will be a multi-stakeholder effort.

There will be five sets of actors involved in operating the Promprylad platform:

**Promprylad LTD.** The Promprylad LTD will be the central organizing body and responsible for implementing the Promprylad strategy and vision. Its specific responsibilities will include:

Creating the policies that govern the Promprylad ecosystem. This includes policies for setting rental prices, selecting tenants, awarding subsidized rent, selecting events, and allocating space.

Developing and managing strategic partnerships. This includes recruiting strategic partners to fill specific needs of the community and local industry clusters and coordinating which programs and services will be offered by partners within the Promprylad Platform.

Managing specialized facilities, including the makerspace and food incubator.

Event coordination.

**Promprylad LTD Ownership Group.** The Promprylad Ownership Group will oversee the Promprylad LTD and is the ultimate decision-making authority among all the actors involved. Its specific responsibilities include:

- Approving strategic decisions
- Approving policies

This group will be comprised of two entities:

1. The Promprylad Foundation, made up of Teple Misto, Insha Osvita, and potentially other strategic partner NGOs. This NGO foundation will own 51 percent of the Promprylad LTD and property.
2. The Promprylad Investment Fund, made up of investors who own shares in the fund. The investment fund will own 49 percent of the Promprylad LTD and property.

**Promprylad Advisory Board.** The Promprylad Advisory Board provide guidance and recommendations to the Promprylad LTD and its Ownership Group related to its vision, strategy, and programs. It will be made up of 5-8 individuals with valuable expertise and/or connections in various creative and social areas. The Advisory Board's specific responsibilities include:

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- Providing strategic and programmatic guidance to the Promprylad LTD and its Ownership Group
- Providing valuable connections to local, regional, and international players in various creative, social, and cultural fields

**Promprylad Management Company.** The management company will oversee the maintenance of the physical space of the Promprylad property, under the direction of the Promprylad LTD. Its specific responsibilities include:

Managing the property, based on the policies created by the Promprylad LTD

Facility maintenance

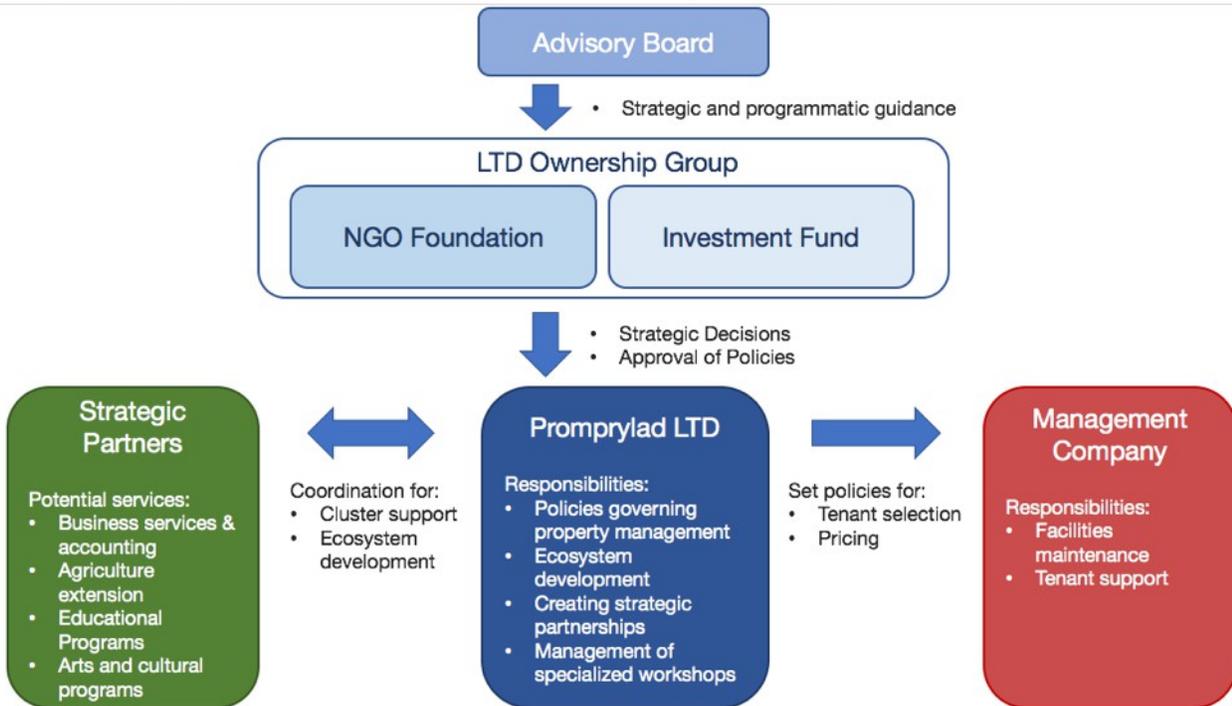
Tenant support

**Strategic Partners.** Strategic partners will provide a wide range of programs and services within the Promprylad ecosystem. The project’s current strategic partners are Teple Misto, Insha Osvita, CANactions, and Garage Gang, but other partners will be added in the future. Strategic partners’ specific responsibilities include:

Creating and providing a broad range of programs and services, in coordination with the Promprylad LTD. Programs include those aimed at cultural, social, educational, and/or economic objectives.

The figure below illustrates the hierarchical relationships between these actors.

*Figure 1: Key Actors and Relationships in the Promprylad Ecosystem*



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## Promprylad LTD Staff

The Promprylad LTD is the primary organizing body of the Promprylad platform, responsible for creating the policies that govern the Promprylad ecosystem, developing and managing strategic partnerships, and managing specialized spaces, such as the makerspace and food incubator.

### Project Pilot and Early Stage Operations

Because the LTD is not yet established, many of its organizational responsibilities are currently being carried out by staff from Teple Misto and Insha Osvita. Once the Promprylad LTD is established as a legal entity, it should immediately seek to fill the following roles:

**Managing director.** The managing director will be responsible for the day-to-day operations of the Promprylad LTD, the hiring and management of LTD staff, developing the policies that govern the Promprylad ecosystem, developing strategic partnerships, allocating resources to programs and activities, engaging the greater Ivano-Frankivsk community, and overseeing fundraising activities. The managing director will report directly to the board.

This role will likely be filled by Yuriy Fylyuk of Teple Misto during the initial stages of the project; however, if Fylyuk is not going to remain in that position permanently, a full-time director should be found as soon as possible.

**Office manager.** The office manager will do the LTD's bookkeeping, generate financial statements, monitor cash flow and financial trends, and develop the annual budget. The office manager should also organize all administrative and logistical activities, organize and facilitate Promprylad Ownership Group and Advisory Board meetings, and oversee human resources activities. The administrative coordinator will report directly to the managing director.

This role will likely be filled by staff from Teple Misto and Insha Osvita during the early stages of the project. Once the LTD is established, a full-time person should be transferred or hired full time by the LTD.

**Marketing (and events) coordinator.** The marketing director will develop and implement marketing and public relations plans for Promprylad; develop and distribute press releases and stories in local and regional media; maintain and broaden social networking campaigns; and oversee Promprylad's website. During the early phases of the project, they will also develop Promprylad's events strategy and outreach efforts. This position will report directly to the managing director.

This role will likely be filled by staff from Teple Misto and Insha Osvita during the early stages of the project. Once the LTD is established, a full-time person should be transferred or hired full time by the LTD.

These three roles represent the minimum required staff for a functional coordinating LTD in the initial stages of the project, when there are few stakeholders and activities to manage.

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## Full-Scale Operations

As the Promprylad ecosystem grows in size and scope, the LTD will, in turn, also need to expand its operations and partnerships, requiring additional staff. Because the project is still in the very early stages of development, it would be difficult to predict the future staff needs and timelines for hiring new staff. However, from its discussions with other creative centers of various sizes, SRI anticipates that the Promprylad LTD will need to hire:

**Dedicated events coordinator.** Kaapeli, a Helsinki cultural center of a similar size to the Promprylad property, has one marketing and sales director and three dedicated events coordinators. Even if many of the contractual and administrative duties for events are done by the Promprylad Management Company, the Promprylad LTD will still likely need at least one staff member entirely dedicated to events outreach, coordination, and management.

**Multiple program managers.** Program managers could fill a variety of roles within the Promprylad LTD. SRI specifically foresees the need for program managers to manage and coordinate with a portfolio of strategic partners, as eventually the number of partners and activities within the ecosystem will grow too large for the director to manage alone.

**Makerspace manager.** The makerspace will need at least one full-time staff member to manage the space and coordinate classes that use the equipment.

**Food incubator manager.** The food incubator will need at least one full-time staff member to manage the space and coordinate classes that use the equipment.

## Ownership Group

The Promprylad LTD Ownership Group will own the LTD and the Promprylad property and will be the ultimate decision-making authority among all of the actors described here.

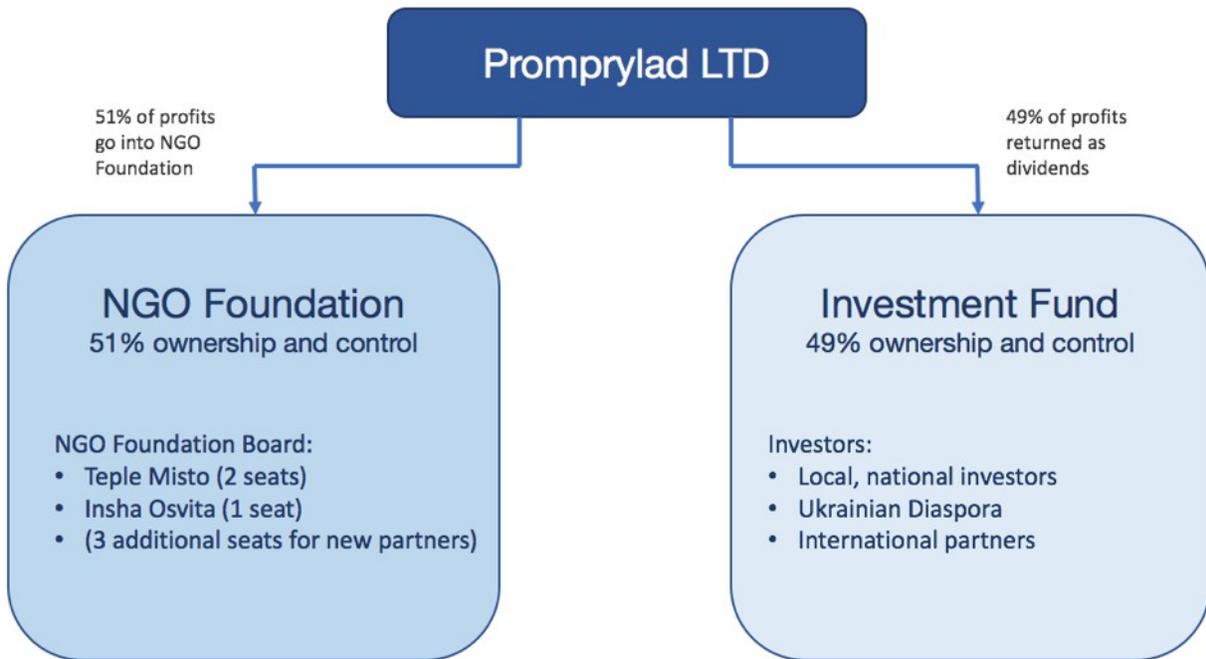
The Ownership Group is comprised of two bodies:

The **Promprylad Foundation**, made up of Teple Misto, Insha Osvita, and potentially other strategic partner NGOs. The foundation will own 51 percent of the Promprylad LTD and property. 51 percent of profits will be allotted to the Promprylad Foundation for reinvestment into the Promprylad property, developing new Promprylad LTD programs or services, or used to fund other social, cultural, or economic services and activities in the Ivano-Frankivsk region.

The **Promprylad Investment Fund**, made up of investors who own shares in the fund. The investment fund will own 49 percent of the Promprylad LTD and property. Shares can be purchased by individual investors or organizations for \$500 each and resold. 49 percent of any profits earned by the LTD will be distributed to shareholders as dividends.

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Figure 2: Promprylad Ownership Structure



The Promprylad LTD Ownership Group will make high-level decisions related to the Promprylad LTD and property, such as hiring a new LTD director, purchasing of new equipment, approving policies, making strategic decisions, and making changes to the vision/mission of the LTD organization. The Ownership Group will rely on input from the Promprylad Advisory Board and the LTD staff when making these decisions.

Representatives from Promprylad Investment Fund and Promprylad Foundation will meet regularly (quarterly or biannually), at which time the Promprylad LTD director will develop an agenda that briefs the Ownership Group on any relevant changes or updates to investments, strategic plans, and policies.

Ownership meetings should be open to partners, tenants of the property, and to members of the makerspace, food incubator, and/or other specialized workshops and programs who want to add an item to the agenda for discussion.

## Advisory Board

Because of the size and complexity of Promprylad’s activities, an advisory board is needed to provide strategic and programmatic guidance to the Promprylad Ownership Group and the Promprylad LTD. The board will help guide the vision and strategy of Promprylad and will provide recommendations on strategic decisions, large investments, and policies.

The board will be made up of roughly eight members. SRI recommends the following groups be represented on the board (the final allocation of seats will depend on a variety of factors, including the ultimate size of the board and the level of participation of strategic partners):

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Elected representative from Promprylad tenants (1 seat)

Ivano-Frankivsk City Administration (1 seat) Independent members (1 to 4 seats)

Independent chairperson (1 seat)

The independent members of the board and the chairperson should be selected based on the value of their personal networks and/or the expertise that they can bring to the Promprylad ecosystem. Board members should serve two- to three-year terms.

The board will meet regularly (quarterly or biannually) – ideally at the same time as Ownership Group meetings. The Promprylad LTD director will develop an agenda that briefs the board on any relevant changes or updates to investments, strategic plans, and policies. The Ownership Group may also add items to the agenda if there are specific areas they would like input from the board.

## 5.0 Business Model

Promprylad will include a mix of activities, including those that are revenue generating, those that are roughly cost neutral, and those that require subsidies to support. Promprylad’s strategy calls for the revenue generating activities, such as the renting of commercial space, to be sufficient in the long run to cover the cost of activities that generate no revenue or cost the facility money to provide. Funding for the Promprylad property purchase and buildout will primarily come from the Promprylad Investment Fund, which will be entitled to a share of overall Promprylad profits, paid as a periodic dividend to the fund’s investors.

### Fundraising Strategy

The Promprylad LTD will raise money for purchase and renovation of the property through grants from charitable foundations and by selling shares of the Promprylad Investment Fund to investors. These shares will entitle investors to dividends from any profits of Promprylad’s rental activities. Investors will also be able to resell their shares to others. The Promprylad LTD does anticipate taking out any loans for the purchase or renovation of the property.

The Promprylad LTD will target the following groups to invest in the Promprylad Investment Fund:

- Investors with an interest in development in Western Ukraine
- Investors with an interest in developing creative clusters in the region
- Investors from the Ukrainian Diaspora in Western Europe, the US, and the rest of the world
- International investors with an interest in Promprylad’s novel bottom-up investment model

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## Profit and Loss Streams

The Promprylad LTD's primary revenue-generating activity will be renting space to long-term tenants and short-term users of event spaces and specialized facilities. As described in the *Promprylad Services and Activities* section, the Promprylad LTD will establish several rental categories for long-term space rental with different rates, based on the type of space being rented and the type of organization renting the space. Private companies, especially those on the ground floor of the property that will receive the most visitors, will pay higher rental rates than other tenants. In this way, rent earned from companies will subsidize many of the other activities on the property.

The LTD will also offer several event spaces of different sizes that can be used for conferences, concerts, festivals, exhibitions, meetings, and other events. The LTD will minimize its investments in audio/video equipment, furniture, etc., and instead only rent empty space to event organizers whenever possible. By minimizing equipment costs, the LTD will be able to rent spaces at lower prices than it would otherwise.

The Promprylad LTD will also offer a limited range of fee-based services, including a makerspace and food incubator. The LTD will also coordinate with strategic partners, which will offer a wide range programs and services to tenants and visitors. Some of these programs will be fee-based and others will be free – the cost structures will depend on the specific partner and program.

Any profits made from Promprylad's rental activities will be distributed in this way:

51% will be distributed to the Promprylad Ownership Group. These funds will be reinvested in the Promprylad property and used to fund local social, cultural, and economic projects.

49% will be distributed to investors as annual dividends

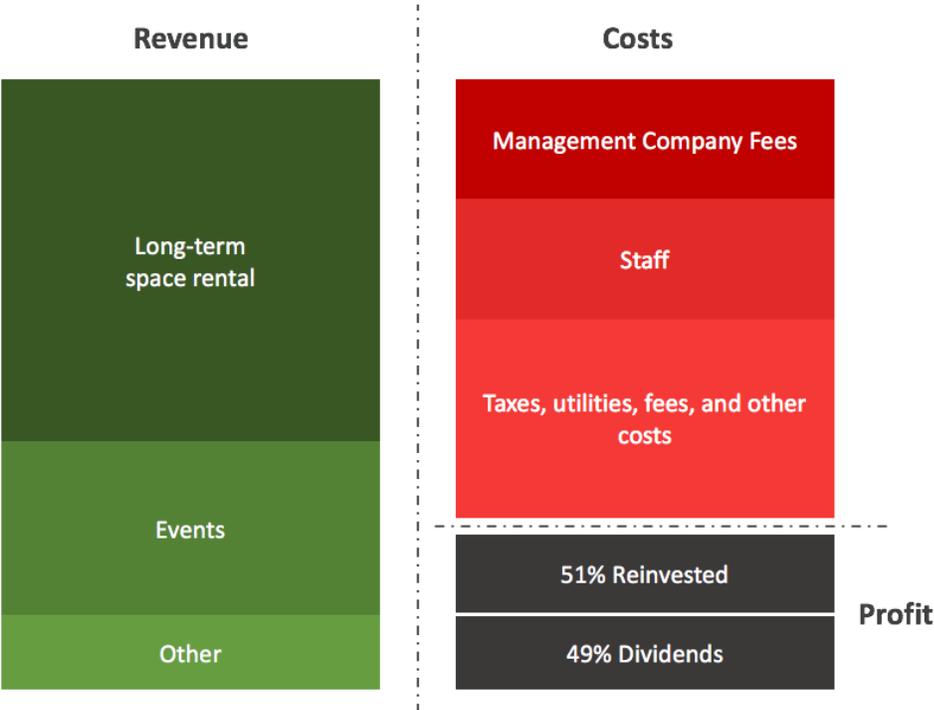
A key aspect of this business model will be minimizing costs – many of the ecosystem-supporting programs and services will be offered by Promprylad's strategic partners, rather than the LTD itself. Instead, the LTD will operate with a minimal staff focused on coordinating partnership and programs. Lower costs for staff and equipment will allow the LTD to become self-sustaining more easily and to charge lower prices for rent and events.

The Promprylad LTD's fixed costs will be those usually associated with property ownership – water, power, gas, sewage – and the LTD will pay the a property management company to maintain the facility. The project does not anticipate needing to make any debt service payments.

The figure below provides an example of the primary Promprylad revenue and cost streams and profit allocation. All numbers in the figure are approximate and intended for illustrative purposes.

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Figure 3: Promprylad LTD Profit and Loss Streams



SRI developed a financial model of the Promprylad project as a companion to this report. The financial model establishes a draft view of Promprylad capital requirements and profit and loss for the first five years of operation, based on data available at the time of its development. As a flexibly coded Microsoft Excel model, it will allow the Promprylad LTD refine assumptions about capital costs, operating costs, and revenues as Promprylad’s plans solidify and new data become available. The financial model is intended to be a planning tool, allowing the LTD to project its profit/loss in a number of different scenarios. The tool will help the LTD allocate space to achieve desired impacts while remaining self-sustaining.

## 6.0 Appendix I: Initial Target Clusters

This Appendix contains a list of industry clusters identified by SRI and Teple Misto as showing potential for the Promprylad ecosystem. Some of these clusters are already established, some nascent, while some are aspirational. A large part of the SRI’s previous work on this project focused on identifying existing and potential creative/innovative clusters in Ivano-Frankivsk, and many of the programs and activities found in this report are designed to support one or more of target clusters. The Promprylad LTD will also find and coordinate with strategic partners, who can provide programs and services to fill specific cluster needs.

The needs of existing clusters will change over time, and new clusters will emerge from the local economy, so the Promprylad leadership will need to constantly engage with stakeholders and scan the horizon to keep apprised of changing conditions. Promprylad’s policies, partnerships, and programs may need to be adapted to meet the evolving needs of local clusters.

### Identified Clusters:

	<h2>Food</h2>
<b>Key actors/institutions</b> <ul style="list-style-type: none"> <li>Local restaurants</li> <li>Other food businesses, including caterers, bakers, etc.</li> <li>Active unofficial networks of restaurateurs and other food producers</li> </ul>	
<b>Size/stage of cluster</b> <ul style="list-style-type: none"> <li>Large and growing culinary scene in Ivano-Frankivsk</li> <li>Local restaurateurs think market is still growing</li> </ul>	
<b>Market(s)</b> <ul style="list-style-type: none"> <li>Local</li> </ul>	
<b>Cluster needs:</b> <ul style="list-style-type: none"> <li>Cluster is already established</li> <li>New food businesses need business services support and de-risking</li> </ul>	
<b>Potential Promprylad programs</b>	

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- Food incubator
- Hosting culinary training / restaurant management school
- Food market
- Connections to local farmers



## Agriculture

### Key actors/institutions

- Numerous small- and medium-sized farms in the region
- Very few (or no) networks of agriculture businesses in the city

### Size/stage of cluster

- No official networks for agriculture
- There are a few actors who see potential for forming cluster

### Market(s)

- Commodity crops, like corn, wheat, and soy, are sold on international markets.
- Other crops and foods, like pumpkin, are mostly sold at local markets.
- Potential for alternative crops, like garlic, nuts, etc.
- Potential for value added products, like canned goods, herbal products, etc.

### Cluster needs

- Small farms will need some sort of agricultural extension / business services center
- Farmers need ready access to one or more markets in Ivano-Frankivsk – could be at farmer’s markets, grocery stores, or contracts with local restaurants
- Value-added agriculture companies (like those making herbal products) will need access to farmers, business services

### Potential Promprylad programs

- Host agricultural extension program
  - Education services on which crops to grow
  - Education services/training on new farming technologies

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- **Business services**
  - Business model planning
  - Organic food certification
- **Connections to local markets**
  - Farmers market (inside Promprylad)
  - Local restaurants
  - Value-added agriculture businesses (like herbal medicines and products, canned foods, etc.)
- **Urban gardening demonstration and/or educational program**



## Key actors/institutions

- Many large and small IT companies
- Freelancers
- Local and regional universities with IT/design programs

## Size/stage of cluster

- Small, but growing rapidly – around 2,000 IT professionals in the city
- IT Cluster is an active network

## Market(s)

- Most companies have outsourcing contracts abroad (US, UK, Germany, etc.)
- Some companies have customers in local and national markets

## Cluster needs

- Cluster already established. IT companies can be used as anchors of Promprylad ecosystem.
  - Can create spillovers with related creative industries, like design
- Need good office space
- Need more conference space, space to use for practical training

## Potential Promprylad programs

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- Co-working space
- Host practical training programs
- Internships with tenant companies



## Design

### Key actors/institutions

- Small design companies
- Designers working in IT and other sectors
- Freelancers

### Size/stage of cluster

- Very small number of dedicated design companies, but design overlaps with IT, other industries
- Design Village is an active network

### Market(s)

- Local, regional, and international. There is demand for design from local businesses, but also lots of outsourcing design work.

### Cluster needs

- Space for conferences
- Space for practical training

### Potential Promprylad programs

- Co-working space
- Host practical training programs
- Internships with tenant companies



## Woodworking

### Key actors/institutions

- Independent local craftsmen
- Timber companies
- MetaLab, small product design firm

### Size/stage of cluster

- Very small
- Weak connections between key actors

### Market(s)

- Both local, regional, and international

### Cluster needs

- Local craftsmen, product designers need connections to markets abroad
- Platform for marketing goods locally, regionally, internationally
- Design school

### Potential Promprylad programs

- Host product design school
- Integrate makerspace into woodworking ecosystem (both for education and production)



## Film

### Key actors/institutions

- Some local actors
- Almost no companies involved in production or post-production

### Size/stage of cluster

- Non-existent. A few local actors, but no film businesses.

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- Carpathian Mountains are used as filming location

## Market(s)

- Local, regional – market for Ukrainian-language films is restricted to Ukraine

## Cluster needs

- Would need a large anchor institution to start the cluster. Promprylad could host such an anchor institution.

## Potential Promprylad programs

- Film festival
- Location for large film production office, film school
- Host practical training for filming, editing



## Green Energy

### Key actors/institutions

- Oil and Gas University, Precarpathian University on the research side
- Some businesses working in energy efficiency for buildings

### Size/stage of cluster

- Very small. A few researchers at universities, some businesses that install energy efficiency upgrades.
- Weak connections between key actors.

### Market(s)

- Local

### Cluster needs

- Bridge between university research and market in energy sector is very large, needs huge amounts of resources
- Certification courses for installing efficiency upgrades, solar panels, etc.

## Potential Promprylad programs

- Renewable energy demonstration project (like solar panels, batteries, etc.)
- Host certification courses for installing efficiency upgrades, solar panels



## Future Clusters

Promprylad should continually re-examine local industries to identify new and emerging industry clusters.

## 7.0 Appendix II: Basic Equipment Needs for Makerspace

This list was put together from SRI's discussions with various makerspaces over the course of this project. These represent the most basic needs of a makerspace – makerspace can obviously have many other types of equipment. As detailed in the *Promprylad Services and Activities* section of this document, the Promprylad LTD will solicit feedback from its users and maker community on other types of equipment to add to the space.

### Woodworking:

- Jig saw(s)
- Table saw
- Hand saw(s)
- Belt sander

### Sewing and fabrics

- Sewing machine(s)
- Screen printing station(s)

### Electronics

- Soldering equipment
- Multi-meter(s)

### Design

- Computer(s) with design software
- 3D printer (basic)
- Printer(s)

### Miscellaneous

- Large hand tool set(s)

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- Vinyl cutter
- Bicycle repair tools
- Drill press

## 8.0