



# PROMPRYLAD FACTORY

## SCOPING VISIT REPORT

21 November 2016

**Prepared for**

Teple Mesto Platform  
Shevchenko Street 3, building B  
Ivano-Frankivsk  
Ukraine

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## 1. Analysis of Situation

### OPPORTUNITIES

#### **Programmes & Contents:**

- In the city there is no organisation offering informal training on business, marketing, communications or fundraising.
- Ivano-Frankovsk is the most important city Ukrainian in the contemporary literature sector.
- Promprylad is more than a cultural centre. It is an innovation centre with a business incubator inside and a learning platform.

#### **Brand & Communications:**

- When the project was presented publicly in March 2016, there was a very positive public reception.
- The local media already know about Teple Mesto and the Promprylad project.
- Gaming seems to be quite popular among young people.

#### **Competition:**

- The city's artistic activities are basically focused on crafts and traditional arts.
- In the city, there is only one cinema. It has a commercial programme.
- There are 14 museums in the city (history, folk art, etc.). Among them, only one works in the contemporary art field.
- There is not a proper venue for live music.
- There are no professional rehearsal studios for bands or performing arts companies.
- There are not professional recording studios.
- There are some artist studios in the city, but not properly equipped for contemporary artistic production.

- There are a few publishing houses in the city, but their publications portfolio seems to be un-interesting.
- There is no space for contemporary visual arts.
- There is demand of co-working spaces.
- There is demand of a maker-space.
- There isn't a venue for contemporary performing arts.

#### **Urban development:**

- The building is very well located near the city centre.
- The neighbourhood where the building is located is becoming a residential district. Cultural demand is expected to grow in the next years.

#### **Demand:**

- When correctly presented, contemporary cultural events seems to get attention from media and audiences. There is an "invisible demand" of this type of services and products.
- Teple Mesto has identified cycles of around 3 years for new ideas and changes to be accepted in the city.
- There is a demand for cultural activities for kids and families.

#### **Funding:**

- There is an opportunity to get grants covering energy costs of the building from the government.
- Fundraising opportunities for 2017 include: European Commission (Creative Europe, Erasmus+, Horizon 2020, etc.), US Aid, German Ministry of Economics, ect.
- Several funding and capitalisation sources have being identified in order pay the fundamental studies and research (500.000USD): Individual philanthrops, private companies, donations, crowdfunding, credit, etc.

#### **Partnerships:**

- Impact HUB could be interested in the space.
- Several potential tenants and partners have already been identified.
- No contact has been yet stablished with the Ukrainian Ministry of Culture.
- The Institute of Arts is located very close to the factory and it is open to future collaborations with Promprylad.

#### **THREATS**

- In the city, there is a gap between traditional culture and contemporary culture. To overcome this gap it would be needed to educate people.
- The actual cultural needs and interests of the city haven't been mapped yet.
- Currently, there is little demand of contemporary arts and culture in the city.
- Demand for artistic activities and willingness to pay hasn't been tested properly yet.

- There is no certainty regarding whether there are enough potential tenants in the city so the building can operate in a sustainable way.
- The current trend is that artists are moving out of the city to Lviv, Kiev and abroad. So far, only 5 visual artists have been identified in the city.
- The audiences seems to be quite passive when it comes to attend cultural events.
- Previous experiences show that people don't understand contemporary arts and culture.
- The number of potential audiences hasn't been estimated yet.
- There is not a clear idea of what type of cultural activities would generate more interest or demand.
- People attend easy-to-understand cultural events, specially when it is free of charge, but not events with more sophisticated art works.
- The public administration is showing suspicion towards the project. It is perceived as a threat.

## **STRENGTHS**

- So far, the project is sustainable. The current operations are financed through contributions of local businesses and grants.
- The low cost of labour in Ukraine allows to have a sufficient number of employees so the project can develop quicker.
- Teple Mesto seems to know and be in contact with all business, cultural and education operators in the city.
- A very motivated leader and team with a strong –yet some times blurry– vision for the project and its impact in the city.

## **WEAKNESSES**

### **Team:**

- The project doesn't count with many supporters in the city yet.
- So far, only Yuri has the whole picture of the project. The rest of the team understand the project partially.
- There is lack of capacities within the organisation for the implementation of the cultural area of the project.
- If the cultural part of the project is going to be 33% of the whole project, a very experienced manager needs to be recruited as managing director as soon as possible to lead the strategic planning and implementation of the project.

### **Strategy:**

- The business model and strategic plan of the project are going to be developed by external consultants (SRI). There is a high risk of making the model too abstract and disconnected with the reality of the city.
- Having external consultants developing the strategic plan may conduct to a lack of ownership of the project among the staff members.

- The brief for SRI was just the vision of the project. Their deliverables may lack the details needed for such a project.
- The three components of the project –culture, education and business– are very different among them (for instance, they have very different economic logics), and they should be tackled separately but in connection.

#### **Finances:**

- For the time being, the organisation has money to pay the only the two first phases included in the SRI assignment. The costs of the third phase need to be fundraised.
- As by today, the organisation doesn't have the 3 million dollars to buy the building and the 2 million dollars for the renovation of the building.
- The fundraising target for 2016 is 150.000\$. This amount of money has to be raised in 3 months before the end of the year.
- There isn't yet a fundraising strategy and plan in place for 2017 and the following years.
- The fundraising strategy is going to be designed by SRI.
- The operating costs of running the centre hasn't been estimated yet. This is also due to the uncertainty regarding the type of programmes and activities that the centre will host.

#### **Partnerships:**

- No collaboration agreements between the partner organisation have been signed yet.

## **2. Main Current Risks**

1. Lack of sufficient planning.
2. Operate under short-term logics and take bad decisions too soon.
3. Going too fast and risking to do things not in the best of ways.
4. The team is currently working in a situation of high uncertainty.
5. The building may not be the right place for developing a financially sustainable cultural centre.
6. As conceived, the project has a too big scale for the current resources available.
7. Not achieving the fundraising goals.
8. Realise that the project is not feasible after feasibility analysis.
9. Not being communicating the project correctly so people in the city can understand what it is all about and how they can support it.

## **3. Main Challenges**

#### **Strategy and planning:**

- How to design a clever plan for the implementation of the project.

- The project needs a long-term vision and to create a sustainable structure –focused on the project and not in specific individuals– enabling it to develop without interruption.
- How to interlink the three areas of the project: cultural centres, innovation centre (including the businesses incubator) and educational platform.
- How to make sure that a desired bottom-up approach to the project is consistently kept during the implementation and development of the project.
- What organisation will run the building and in which conditions?
- Design a sustainable business model for the building.
- Put together a risk and contingency plan for the initial phases of the project.

#### **Staff:**

- Build a complementary and competent team to manage the project.
- Hire an experienced managing director to run the cultural centre.

#### **Knowledge:**

- Expert knowledge regarding arts management and cultural facilities management is needed.
- Expert knowledge regarding urban development, building renovation and other technical areas is required.
- How to select the right combination of advising experts to proceed with the project.

#### **Programme content and demand:**

- Test what art fields and cultural events are more relevant to the needs of the city population.
- Tele Mesto still don't have the whole picture of the cultural situation in the city. Demand must be tested as soon as possible.
- How to create demand for cultural events in the city.
- How is demand going to be tested and measured?
- Demand can be created, but it is not going to happen overnight. A part from the cultural activities, educational activities regarding culture are very important at this stage.

#### **Finances:**

- Fundraise to pay the three phase of SRI International's collaboration plan in 2016: 150.000€
- Contradictory information: Fundraising strategy to be planned by SRI. Lilia informed that they already have a fundraising strategy but they are still in research phase.

#### **Stakeholders:**

- How to attract stakeholders and tenants.

- Implement a comprehensive stakeholders mapping.
- Correctly communicate the project to stakeholders.

## 4. Recommendations

### a) Working with consultants:

- You don't want consultant to do the work for you. You have to do it yourself. Consultants can support you, but you need to take ownership of the project. That can help also with the structure of the team.
- You need clarity about what the role of each consultancy company is (SRI, Kaospilot, TEH), and how they are going to cooperate between them.
- SRI International should not design a business model and business plan without actively involving the Promprylad team.

### b) Planning and budgeting:

- Don't start the project if you don't have a clear plan and the figures associated to the plan. Rushing into action without a clear plan could be risky.
- Design a long-term road map for the project. You need to work on a realistic time frame.
- Define the totality of the project and what the three consultant firms (SRI, Kaospilot and TEH) can do for you.
- The cultural element of the project is very important but, so far, it seems to be the less developed conceptually and apparently the less profitable. The other areas of the project will have to subsidise the cultural area.
- Make sure that this building is the right one for the type of project you are willing to start.
- The price of renting the space in the building has to be set according to the breakeven point of the different areas of the building and the whole project. First floor will be more expensive, while second and third would have office space prices.
- You need to add an analysis of how much will cost to run the building and the minimum occupancy of the space. What type of activities you have in mind because this will affect the costs (equipment, etc.).
- Start with the contamination and structural survey. If it is ok, then go for the rest, but you need to know that you have a project before committing to spending money.
- You need a plan B and C. If you find that the targeted building doesn't work, then what? You need to look for different options? Don't put all the eggs in one basket.

### c) Building:

- The building is very big and it will be very expensive to run.
- Look for possibilities in different buildings. Analyse different scenarios.
- The functional needs of production premises (rehearsal studios, maker spaces, etc.) are very different from audience-focused premises (theatre, concert venue, etc.).

- Building structure surveys to be done by a national company that knows the Ukrainian legislation.
- If the soil of the building is contaminated, the duration of the cleaning needs to be estimated accurately, as it will delay the rest of the project.
- Run structure surveys to find out the real state of the building and be able to calculate the costs of renovation of the building.
- The content, including art forms, of the project will determine the spacial needs.
- Spaces to be used by audiences are usually expensive to renovate and equip, as they involve costs related to, for instance: safety, user experience, insulation, etc.
- Insulation may be a great cost within the total costs of the building renovation.
- A new floor will change the whole experience of the space.

#### **d) Audiences and tenants:**

- You need a clear mission and vision to communicate nationally and internationally.
- Start a cultural programme before you get the building. Include this activities in the marketing and communications strategy of the project.
- Test the artistic and cultural demand demand in the city before buying the building.
- Collect information from local and regional cultural operators in a systematic and structured way.
- So far, you don't have enough tenants for the size of project. You would need to attract people from outside of the city and create demand in different areas.

#### **e) Staff:**

- You need to calculate the real costs of operating the building in terms of staff, maintenance, etc.
- You don't have any one in the team with the capacity and experience required to run such a big project.
- You need to hire a senior cultural manager to lead the cultural project.
- You need to visit some of the centres in the last section of this report. You need to meet the people running these centres. They are the real experts.
- You don't have the knowledge or research results to know whether the model of cultural centre you have in mind is actually sustainable. You need external expert advice for this.

## **5. Recommended visits**

### **Next TEH meetings:**

#### **THE Conference 83 at Rojc**

Pula, Croatia  
25-28 May 2017

#### **TEH Camp Meeting 84 at Izolyatsia**

Kiev, Ukraine  
October 2017



**TEH Conference at ZAWP Bilbao**  
Bilbao, Spain  
May 2018

**Recommended TEH Members to visit:**

Good examples of successful multi-disciplinary cultural centres initiated by civil society:

**Kaapeli, Helsinki, Finland.**

Interest point: The largest cultural centre in Finland. It rents permanent and short-term venues for culture and urban events, as well as studios and offices for artists and creative businesses. It has a successful “shopping mall” business model.  
Website: [www.kaapelitehdas.fi](http://www.kaapelitehdas.fi)

**UfaFabrik, Berlin, Germany.**

Interest point: Multi-disciplinary cultural centre integrating arts, education, social businesses and sustainable development.  
Website: [www.ufafabrik.de](http://www.ufafabrik.de).

**WUK, Vienna, Austria.**

Interest point: Multi-disciplinary cultural centre working in three areas: artistic productions (music, performing arts, children’s culture and arts), education and Counselling (12 education and counselling institutions) and socio-cultural initiatives including 150 independent groups.  
Website: [www.wuk.at](http://www.wuk.at).

**ZAWP Bilbao, Bilbao, Spain.**

Interest point: Zorrotzaurre Art Work in Progress (ZAWP) is the most interesting example in Spain of re-purposing of an industrial area lead by an association and in collaboration with a variety of stakeholders, including the public administration.  
Website: [www.zawp.org](http://www.zawp.org).

**Subtopia, Stockholm, Sweden.**

Interest point: 15.000 sqm creative cluster hosting over 80 organisations, companies and educational institutions. More than 200 creatives work in the centre every day.  
Website: [www.subtopia.se](http://www.subtopia.se).

Best practices of community work and social involvement:

**Institut for (X), Aarhus, Denmark.**

Brief description: Culture and business platform for young designers, musicians, artists, entrepreneurs and craftsmen. It includes 90 projects, 50 businesses and 35 associations.  
Website: [www.institutforx.dk](http://www.institutforx.dk)

**The Beat Carnival, Belfast, Northern Ireland.**

Brief description: The Beat Carnival has pioneered carnival arts in Northern Ireland as an effective form of artistic engagement. They employ artists, actors, musicians

and dancers to deliver workshop programmes and to devise and produce performances, pageants and large-scale participatory, celebratory events.  
Website: [www.beatcarnival.com](http://www.beatcarnival.com).

**Brunnenpassage, Vienna, Austria.**

Brief description: Defined as a lab and space for practicing transcultural and participatory art, Brunnenpassage organises more than 400 participatory and community arts events every year.  
Website: [www.brunnenpassage.at](http://www.brunnenpassage.at).

Most interesting practices regarding private fundraising:

**Stanica, Zilina, Slovakia.**

Brief Description: Cultural association running 3 venues, one of them in renovation phase at the moment. Good case of very successful fundraising campaigns.  
Website: [www.stanica.sk](http://www.stanica.sk).

**The New Malt Factory, Ebeltoft, Denmark.**

Brief description: Project in initial phase. In the first year, the project leader fundraised 5 million € from individuals living in the region. Good example of cross-sectorial cooperation.  
Website: [www.nymalt.mono.net](http://www.nymalt.mono.net).

**Other references:**

Environmental Sustainability in the arts:  
**Julie's Bicycle.**  
Website: [www.juliesbicycle.com](http://www.juliesbicycle.com).

Education:  
**Team Academy Finland.**  
Website: [www.tiimiakatemia.com](http://www.tiimiakatemia.com).

**Architecture and civil engineering:**

AVR Development. This architectural company based in Lviv is coordinating to us sub-contractors (plot survey, structural analysis, fire concept, energy concept and other surveys) for the Jam Factory. The collaboration between the Architecture studio in Vienna and AVR Development is coordinated by Herbert Pasterk. For further details about this, contact Bozhena Zakaliuzhna ([bozhenya.z@gmail.com](mailto:bozhenya.z@gmail.com)).

## 6. Collaboration with TEH

After assessing the following collaboration options, it was agreed that the most useful services for the time being would be:

1. Design of overall strategy for the centre and implementation plan. Support to define the most suitable uses for the spaces and options of art forms, programmes, etc.  
Deliverables: a) Project Strategic Plan, b) Operational Plan, and c) Space Uses Report.

2. Design audience development strategy and artistic programme development.  
Deliverables: a) Audience Development Strategy, b) Artistic Programme Plan for the first 2 years of operations.
3. Mentoring advice. Done remotely through Skype.

Additionally, TEH could support Teple Mesto to identify stakeholders, talent recruitment and advice the integration of the education strategy with the cultural strategy.

Some examples of deliverables of previous assignments:

1. [Creative Economy Master Plan Kosice 2020](#). Author: Paul Bogen.
2. [City of Kosice Cultural Strategy 2014-2018](#). Authors: Paul Bogen and Michal Hladký
3. [Village Underground Business Plan](#). Author: Paul Bogen.
4. [TEH Capacity building and Professional Dev. Plan 2011-2013](#). Author: Paul Bogen.

## 7. Timeline

According to the above-listed services, the work plan would be:

Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Artistic Programme Plan for 2 years																		
Space Uses Report																		
Audience Research																		
Project Strategic Plan																		
Audience Development Strategy																		
Operational Plan																		
Mentoring advice																		

## 8. Fees

The cost of the above-mentioned proposal is:

Senior Consultant / Project Manager:  
Workload: 40 days.  
Cost: 32.000 €

Senior Specialist:  
Workload: 20 days.  
Cost: 14.000 €

TEH Coordination Office Consultant:  
Workload: 10 days.

Cost: 5.000€

**Total cost: 51.000€**

The price doesn't include travel expenses or other related expenses. The number of visits will be agreed between both parties according to the needs of the project development.

## 9. Our team of consultants

**Paul Bogen** (Olivearte Ltd, UK) was the founder and Director of The Junction cultural centre in Cambridge which he ran for 17 years, is a Fellow of the Royal Society of Arts (UK), was an assessor for the EU's Culture Programme 2007-2014, former President of TEH for 7 years and has worked in both the commercial and not-for-profit theatre and music industries. He has 30 years experience of working in the sector as a manager and consultant in more than 30 countries for organisations, municipalities and government. Paul is also a TEH Ambassador.

*Key competences: Financial management, Feasibility and business plans, Capital projects, Project Management, EU Funding, Strategy and Audience Development.*

**Sandy Fitzgerald** (Olivearte Ltd, Ireland) has 30 years of experience in the creative sector. He was the founder of City Arts Centre in Dublin and its director until 2000. As a consultant, he has contributed to the development of more than ten cultural centres in Europe. He is the author of several publications about community, arts and public space, including the reference handbook "Managing Independent Cultural Centres".

*Key competences: Strategic management, Feasibility plans, Community Arts, Communications, HR Management, Organisational development, Project Management, Process leadership, Evaluation, Stress Management.*

**Agata Etmanowicz** (Fabrika Sztuki and Art\_Inkubator, Poland) is an expert on creative industries with 15 years of experience working for the European Commission, the Polish Ministry of Culture, as well as non-profits and businesses in both Poland and internationally. She is the vice president of Impact Foundation, promoter of the audience development concept in Poland. She works for cultural centre Fabrika Sztuki and is a founder of Art\_Inkubator, that aims at professionalizing the creative and cultural sectors.

*Key Competences: Audience Development, Process leadership, International Cooperation, European Union policies, Funding, Strategic management, HR Management, Project Management, Feasibility and business plans, Evaluation.*

**José Luis Rodríguez** (Trans Europe Halles, Sweden) is a project manager with 12 years experience in the fields of arts & culture, education, innovation and international cooperation for development. He has worked for the Ministry of Foreign Affairs of Spain, La Salle Innovation Park Madrid and as a freelance consultant for arts and cultural organisations in Spain and internationally. He is a founder of Transibérica Network of

Independent Cultural Spaces and since January 2014 has been the Network Manager for Trans Europe Halles.

Key competences: Project management, *Strategic management, Marketing and communication, Innovation Management.*