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Case study on loan finance: Tidylike Records

'Taking out the loan was a real eye-opener as I'm not from a business background. Anything new is risky but it was refreshing to have someone ready to back you.'

TIDYLIKE RECORDS CO-ORDINATOR

Background

Tidylike Records is a Community Interest Company¹ that provides socially beneficial services to the communities of Pembrokeshire, Carmarthenshire and Ceredigion. The company was registered in July 2006 and was born out of a voluntary arts group called Circus Malarkey.

The co-ordinator had previously worked on an anti-social behaviour project on the Mount Estate in Milford Haven, and after the project ended, a public meeting was held where the decision was made to set up a community record label as a social enterprise.

As well as showcasing, developing, supporting and promoting local music and making and distributing records, the company provides a whole range of complimentary services:

- workshops in music, circus skills, theatre and community art
- music recording – studio and outreach based
- CD releases
- CD and DVD duplication
- training and OCN accredited courses
- film making
- website and graphic design
- mentoring



¹ Community Interest Companies (CIC) are limited companies, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. This is achieved by a 'community interest test' and 'asset lock', which ensures that the CIC is established for community purposes and the assets and profits are dedicated to these purposes. Source: <http://www.cicregulator.gov.uk>.

Tidylike Records aims to encourage and empower the communities of West Wales to be creative through music, circus skills and the arts, and to develop and promote music through the community record label and their website.

It also runs an interactive 'Rock School' with tutoring and mentoring.

Community Interest Company (CIC)

Being one of the first Community Interest Companies (CIC) in Wales, Tidylike Records aims to benefit the community.

The CIC model was chosen because it was considered to be 'sustainable and good' and the company did not want to create profit or pay dividends to shareholders.

Organisational structure

Tidylike Records employs one full-time co-ordinator and five part-time sessional workers.

The co-ordinator has experience in circus skills and community work.

Prior to the Communities Investment Fund (CIF) loan (see below), the company was run entirely by volunteers.

The company has a board of directors, made up of three individuals with different skills – one is a 'rock role model', a theatre and drama lecturer and an IT and graphics expert.

All directors are from the local community and are involved in local community action.

Why loan finance?

With the help of local organisations including Planed, Pembrokeshire Association of Voluntary Services (PAVS) and the Pembrokeshire Business Initiative (PBI) a business plan was prepared prior to making the loan application.

The company found it difficult to find funds, as it did not fit any of the eligibility criteria for most grant funding schemes.



The company approached PAVS and conducted Funder Finder searches but to no avail. However, being a CIC, there were no restrictions on borrowing so loan finance was considered.

The Communities Investment Fund (CIF)

The Communities Investment Fund (CIF) provides flexible loans to social enterprises and community and voluntary organisations, based in Objective 1 Communities First areas.

The decision to take out a CIF loan was made by Tidylike Records because it was considered more ethical than borrowing from a high street bank.

A good relationship was forged with the CIF Manager and the flexible repayment terms suited the company.

At the beginning, the company did not have robust finance systems in place to manage the loan, as there was just one person involved on a voluntary basis. However, the CIF team helped with cash flow projections and made the business side of the process accessible and user-friendly.

The whole process forced the company to re-look at where its income was coming from, what it was doing and the opportunities it faced.

As well as buying equipment, the loan has enabled a full-time worker to be employed to make Tidylike Records more sustainable and allow the company to develop further.

The loan has also allowed the company to develop community workshop events, support, tutoring etc, none of which would have happened without a full-time co-ordinator in post.

The flexibility of the CIF means that if needed, the loan repayments can sometimes be re-scheduled.

The company needed to do this in order to buy a vehicle and were given a staggered repayment plan at a reduced rate for a three-month period.

Support

'The loan application process was really helpful to us and we feel clearer about what we're doing due to the help given – it has helped us go the extra mile.'

TIDYLIKE RECORDS CO-ORDINATOR

The company sought help from various organisations but found Planed, PAVS, PBI and the local Communities First partnership the most helpful.

Because of the advice and 'hands-on' support given by the CIF team, the company was able to understand their earning potential and be confident that it had a good business case.

The aims of Tidylike Records fit with those of the local Communities First² partnership,

as part of the Young People Community of Interest status.

The company sits on the Communities First partnership, which enables it to promote social enterprises and develop initiatives together. Being based in this area has also given the company more opportunities to apply for financial assistance.

Potential risks

The most obvious risk in running a community record label is that people are now buying fewer records than they used to, so making enough money to meet the loan repayments might be a problem. Tidylike Records did have a music shop but closed it and is now focusing on developing a digital download portal to enable people to buy tracks online. The company has also learnt to diversify by offering circus workshops, music workshops, rock school etc.

The future

So far, Tidylike Records has produced 23 records and runs many community workshops, music festivals and events e.g. the Celtic Blue Rock festival. The services provided are unique and offered to rural, isolated communities and they are in a unique position to showcase local talent in Pembrokeshire, Carmarthenshire and Ceredigion. The company hopes to create a regional 'creative identity' so that communities can earn a living in West Wales, instead of going to towns and cities in South Wales.

Networking widely and positive media coverage has been crucial for the company to ensure that people and organisations in the area know what it does. The newly developed Bluestone project, providing luxury accommodation in Pembrokeshire, has recently awarded the company a contract to deliver a 'Rock School' and circus workshops four times a week.

¹ Communities First is a National Assembly initiative, aimed at regenerating Wales' most deprived communities, through a long-term committed programme. More information is available from: www.communitiesfirst.info or <http://new.wales.gov.uk/topics/housingandcommunity/regeneration/communitiesfirst>.

The company also networks with the local authorities' social services departments, mental health teams, youth offending and probation teams to encourage them to use Tidylike Records to work in a creative way with vulnerable and disadvantaged communities. Work with the local youth offending team has already been delivered.

'We don't want to be dependent on other funds and want to ethically develop what we've got for the community.'

TIDYLIKE RECORDS CO-ORDINATOR

In the long-term, it is hoped that the loan will enable the company to keep employing a Co-ordinator and generating an income to be sustainable – it hopes to be completely sustainable within three years.

Top tips for loan finance

- Embrace the help offered.
- Research as much as you can beforehand.

- The critical success factor is a business model that will definitely work.
- Financial management skills are needed to take on a loan of this type.
- ***'If you can't trust your own instinct and judgement, you can't do it. You have to believe in yourself.'***

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