

Exploring Emerging Business Models in the Creative Economy:
Experiences from Zimbabwe

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THE BOOK CAFÉ PAMBERI TRUST BUSINESS MODEL

✘ What is the Book Café?

The Book Café was born when former Liberation War fighters led by Albert Ndindah donated funds for the development of Grassroots Books, the business that would evolve into the Book Café. Grassroots Books opened to the public in 1982 seeking to redress imbalances in the area of literature created by the Rhodesian government during the colonial era. The late Paul Brickhill was its founder.

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- ✘ In 1997, looking for new ways to expand book readership, Grassroots established a centre called the Book Café. The goal was to bring together – in a community setting – books, performing arts and a café that would become a meeting place for artists and intellectuals.

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- ✘ In 2002, Grassroots Books created a Non-Governmental Organisation constituted by its Board of Trustees to give a proper structure to an arts and culture development “vision” that had been so integral to the establishment of the original bookshop and the Book Café.

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- ✘ The Book Café became an independent, autonomous, commercial enterprise (Brickhill, P, 2012) and by 2006 it was operating under the Pamberi Trust umbrella.
 - ✘ With no access to loans and corporate sponsorship coupled with the prevailing economic challenges in Zimbabwe (most banks consider it a risk to invest in arts and culture through provision of bank loans) artists creative artists tend to over-rely on donor funding. Pamberi Trust tried to run away from this syndrome.

CLOSURE OF BOOK CAFÉ IN 2015

- ✘ The first blow suffered by the Book Café was the death of Paul Brickhill in 2014. His son, Tomas then took over from where Paul left. In 2015, Tomas Brickhill as Director of Creative Services Sector, the managing company to the Book Cafe made an announcement that Book Café was planning to stop all operations effective close of business on 30th May 2015 and liquidate the company. We were made to understand that the Book Cafe has been operating with a deficit for a while and the situation has now got so out of a hand thus informing decision made above.

BOOK CAFÉ PAMBERI TRUST BUSINESS MODEL

- ✘ Paul Brickhill, the founder of Grassroots Books described the relationship between the two institutions a hybrid.
- ✘ The commercial operation of Book Café became Pamberi Trust's single largest funder by 2012.
- ✘ There were also other strategic benefits for Pamberi Trust in entering into agreement with the company trading as the Book Café and jointly managing and utilising the Book Café as a core venue for arts development activities.

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- ✘ Pamberi Trust saved over one-third of its entire annual budget (assuming the same level of operations) by having a dedicated venue, free of charge, in which to stage and host the entirety of its development platforms and events. Or to put it in the opposite way, it would be required to reduce its output by about two-thirds if placed in the position of having to hire a venue for every activity (Brickhill. P, 2012).

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- ✘ For the Book Café, artists were crowd pullers who brought in business for the kitchen and bar. From January 2012 the Book Café also started charging a nominal fee of 15% of gate takings to artists, but this charge is not always deducted. In some cases it is waived, especially if an artist fails to make enough money through ticket sales.

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- ✘ The greatest source of income for the Book Café as an economic venture was its bar and kitchen (Tomas Brickhill, 2012). Bar and kitchen sales were derived from live music shows, Pamberi Trust artists development programmes, hosting events by Pamberi Trust's partners hosting private functions.
 - ✘ Commercially driven shows and concerts drove the bulk of the commercial income for the Book Café as they were the magnetic force which brought clients for the food and beverage business.

HYBRID BUSINESS MODEL

- ✘ Produces both social value and commercial revenue through a single unified strategy.
- ✘ Marrying non profit organisation with income generating business.
- ✘ To help facilitate business growth that will allow activities of artists and activists to flourish and grow

The two organisations,
together, work to enhance
the development of the
creative sector.

The Book Cafe is a commercial entity which operates a food, beverage, staging and functions business. Besides that, it provides a facility and platform, chiefly for and in partnership with Pamberi Trust, as well as many other cultural development programmes. As a commercial entity, it places key commercial decisions within the development needs and profile of Pamberi Trust. If a commercial decision is deemed against the interests of arts development or artists, it is likely to be withdrawn or altered. This is done by consensus and discussion between the two organisations.

There is a memorandum of
understanding that governs the
relationship between these two.

Pamberi Trust is an NGO founded on the belief that the arts are critical in shaping values that reflect society. Culture represents a multitude of diverse realities; it provides a medium for tolerance, enlightenment, joy and social cohesion. Individual artists stimulate, provoke, inform and make people aware. Cognisant of the economic potential of the arts and the need to create free, diverse means of cultural expression, Pamberi Trust exists as an enabling facility, by which all performing artists and producers of culture may develop, promote and perform their works, and participate in building the nation.

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- ✘ This was a highly innovative business model to have evolved in Zimbabwe and since its closure there have been many efforts to create a look alike of the model. Nhimbe Trust has opened one in Bulawayo called the Bluez Café .

DID THIS MODEL WORK?

- ✘ I would say Yes and No.
- ✘ According to the Book Café income statement for 2011, sales from the kitchen and bar totaled to USD 226,874.98 of the total revenue of the Book Café which was 285,153.98 (79.56%) of the total revenue raised by the Book Café in 2011.
- ✘ Other sources of revenue in 2011 included venue hire and sundries which was (\$57 000) - 19.98% and (\$ 1,279.00) - 0.46% respectively.

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- ✘ One of the crucial factors for the effectiveness of this business model is that the two organisations should be able to leverage off the synergies that are formed to create new and innovative solutions and ideas. This is especially considering that one advantage of hybrid models is that they allow for cross pollination of ideas between employees of the two entities. This was happening very well at the Book Café /Pamberi Trust Model.

GOVERNANCE OF THE TWO ENTITIES

- ✘ The secret for sustainability of Hybrid Business Models also lie in their governance.
- ✘ The governance and management or responsibilities, relationships and interactions within the model are critical issues for its development. For Book Café and Pamberi Trust, the management was almost the same.

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- ✘ Management Mechanisms -conflict management mechanisms, communication policies and management meetings etc.
 - ✘ Trust, collaboration and coordination of entities and their employees, team work etc.
 - ✘ Governance elements- Both entities to have strong governance structures, there could be a standing MoU between the two entities. The diagram on the next slide shows governance structure of this model

Governed by Board of Trustees -7 Trustees plus the creative director- who is an equivalent of an executive Director in some organisations). Trustees also oversee the performance of the Board of Directors of the Book Cafe and its Management. However, they have very minimal control over the Book Cafe unless there is something that directly impacts on Pamberi Trust.

Managed by Executive Committee which comprises of Creative Director, Finance Manager, Head of Development, Arts Administrator and Chair of the Board. Sometimes this management has joint meetings with that of the Book Cafe. The cooperation between the two entities is governed by agreement and by a history and tradition. For Book Cafe its entire history and growth has been around arts development, it is not about 'profit for profit sake'. It must seek to make a profit *within* the ambit of *bona fide* arts development.

Book Cafe Shareholders who are also trustees and executive committee members of Pamberi Trust

Governed by a Board of Directors who are also responsible for setting its Commercial Policy. The Board of Directors are part of Pamberi Trust's management (1 Board Member and Executive Committee Members of Pamberi Trust). This Board does not involve itself in the day to day running of the business it leaves decision making to the management of both Pamberi Trust and Book Cafe. This management takes joint decisions on daily basis by consensus.

Managed by Senior Management comprising of Systems, Stock Controller Functions, Bar and Night Duty Manager, Restaurant and Staging. It is managed by its 4-person management team that manages daily and weekly all facets of operations, staff, finance, maintenance among others. The management team is chaired by the Creative Director of Pamberi Trust who is not involved in day to day operations. A weekly management meeting takes key decisions for each week. Pamberi Trust management is represented at this meeting to raise and inform of development issues and concerns and also to facilitate cross pollination of ideas.

SUSTAINABILITY STRATEGY

- ✘ One employee described it as follows: ‘It is intricately woven to a point where even some of the employees of the two entities cannot clearly explain the model. This testifies to how difficult it is for an outsider to easily understand it by just looking at the two entities.’

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- ✘ According to Keast and Hampson (2007) the ability to mix governance and management elements has engendered hybrid arrangements with some unique characteristics such as simultaneous competition and cooperation. This implies that while the two entities work together, they also compete in realising the goals.

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- ✘ The model needs to be supported by proper structures and institutions for it to work properly. According to Coriat and Weinstein (2002) institutions- laws, rules, contracts, norms of conduct, customs etc, play a central role in developing collaborative enterprises because they 'regulate' both in tacit and explicit terms of the partner's behaviour. In the case of the Book Café and Pamberi Trust there was a standing memorandum of understanding (MoU) between the two organisations. For instance, although the Creative Director of the Book Café is also the Executive Director of the Book Café, his dealing with the two organisations is regulated by the MoU.

CHALLENGES ASSOCIATED WITH THIS MODEL

- ✘ A study which I conducted in 2012 established that the Book Café had no independent non-executive directors as all its Directors were linked to it through Pamberi Trust and this brought serious irregularities in corporate governance which weakened the model. In the long run this kind of governance model proved to be unsustainable. Effort could have been made to strengthen the Board of the Book Café so that it comprises of strong business figures/people who will then bring fresh business ideas within the broad developmental goals of Pamberi Trust for the purposes of strengthening the commercial side of the business.

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- ✘ It was an observation of this study that Pamberi Trust and Book Café governance involved conflict of interest in many ways and this may have not been good for the two entities. It also overburdened the Creative Director of Pamberi Trust who also served as one of the Board members of the Book Café, and more of the Executive Director of the Book Café.

RECOMMENDATION

- ✘ Define mission of social enterprise, then implement best legal structure to support the mission, not the other way around.