

Leeds Round Foundry

The Round Foundry Media Centre offers city centre workhub facilities and offices to media, IT and technology businesses

The building

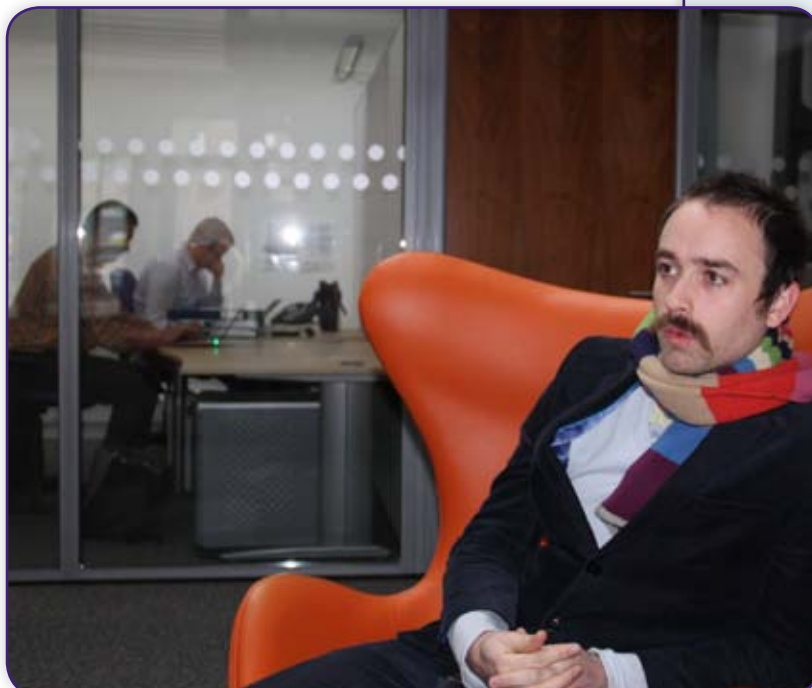
The Round Foundry was built on spec by a private company in the Holbeck Urban Village district. Its intended tenants, two large firms, never moved in and in 2001 the regional development agency, Yorkshire Forward, bought the building on a long lease with a different objective. It would be a media centre – the heart of a new Leeds creative business cluster. Opened in 2003, the building has 29,000 square feet of space, housing 200 regular users working for 110 companies. There are also about 70 virtual users, most of them home-based businesses using the Foundry as a workhub.

What's special

'The creative sector was very fragmented in Leeds. There was a need to create a highly visible HQ for it,' says Toby Hyam, director of the specialist facilities management company that runs the Round Foundry – Creative Space.

'Flexibility has been a key success here – the Round Foundry can support larger companies and micros based at home. Many of our users have switched between being a regular tenant and a virtual user. If your business contracts, you can go virtual with us but keep many of the benefits. And vice versa.

'Our virtual office system is very much geared to people in the creative, media and knowledge sectors.



David Sorley

weareboxhead.com

David Sorley is a graphic designer specialising in communications branding. He set up his company, We Are Boxhead, after moving from London to a live/work property in Leeds. 'It was a great concept – dropping a business into a deprived area to see if it brings it up,' David says. 'But we ended up calling out the police a little too frequently.' Moving to a more traditional house, he found the deeds banned running a business from home and with two small children, home-working had become less appealing.

'Even in the live/work space the children didn't understand that, 9-5, they couldn't come knocking on the door.' Having heard about the Round Foundry, David made enquiries. With finances still tight he opted for the virtual office service and was able to negotiate generous terms on a (very) small office owned by a client down the road. 'It's great for business that clients think we're in the Round Foundry and they're happy meeting in the atrium.' But with a full-time assistant and an intern, space is a squeeze. 'I remind myself we're saving money and we're building up so we can move to a place like the Round Foundry,' he says.

He believes the recession has triggered a widespread rethink of traditional business practices. 'Friends and colleagues around the country say they're all looking for more ways to collaborate with like-minded people rather than build a behemoth of an agency,' David says. 'Some in London have had to fold their business but were able to keep their clients. They now work from home and use a space like this. Financially they're better off and say it's the best thing that ever happened to them.'



That's one of our unique qualities. Our staff really understand how our users' businesses work.'

There has been steady growth in home-based and occasional users, with around 20% eventually taking office space. 'In the recession there has been a slight dip in regular users but we have retained almost all of them as virtual customers,' says Hyam.

Management

The building is owned by Yorkshire Forward and is managed on a three-year contract by Creative Space Management, a private company. Company director Toby Hyam previously managed the Huddersfield Media Centre, then and now run by the non-profit Media Centre Network. Hyam's switch to the private sector illustrates a dilemma for public sector workhub owners: how to retain the talents of entrepreneurial hub managers. Should the buildings be managed by a non-profit company or social enterprise? Or sold entirely as a going concern? Or is a contract to manage the best compromise?

Facilities/services

- Although the building opens from 8.30am – 5.30pm, Monday to Friday, it operates as a creative hub, 24/7
- Virtual office (both phone and post)
- Broadband
- Free wifi throughout building
- Synchronous (fast upload speed) broadband with 24/7 monitoring and backup line
- 80mbps virtual conference facility with low hourly charges
- Hotdesking
- Small office pods for freelancers or occasional use
- Storage facilities
- Meeting rooms for hire
- Atrium available for events
- Networking events eg community fête, Google events, mini trade shows, Christmas parties
- Corporate grade digital telephony with handset and professional call answering
- Franking and postal collection
- Photocopying/printing (up to A3), laminating
- Stationery supply
- Secretarial support.



Sarah Shafi

www.rudeltd.com

Sarah Shafi is founder and managing director of Rude, selling leather goods and accessories she designs primarily for the hairdressing industry. Now working almost solely from home, the last three years have seen Sarah set up a business at home from scratch, shift a booming enterprise to the Round Foundry, then downsize as the recession hit. 'If I was purely business-orientated I'd have folded the business completely,' says Sarah, 'but there's still a market to be tapped and I have a passion for it.'

Sarah's ex-husband, a hairdresser, inspired her launch product – a cowboy style belt for hairdressers' tools. 'My ex had expensive scissors and was always frustrated because other stylists would wander off with them,' Sarah says. 'So I got some cowhide from my piano stool and fashioned it around his tools. It changed his professional life and, being cowhide, it was really funky.' The average cost of a hairdresser's scissors, she explains, is around £300. 'Some cost £600. I've come across one whose scissors cost £5,000, made by Samurai swordmakers!' Sarah put together a few more prototypes, touted them around local hairdressers, and the holster gained a momentum of its own. 'I got a call from *Hairdressers Journal* who'd been approached by hairdressers trying to get hold of the holsters. I did a little research and the next week quit my job, remortgaged my house and borrowed some money.'

Up to her eyes in debt, with an 18 month old baby and going through a divorce, Sarah and two friends spent the summer of 2006 visiting salons across the UK to test the market. 'We launched it at Europe's biggest hair event in October. In three days there we turned over £17,000.' Two weeks later her 'zebra-skin' model was the 'must have' accessory on TV's *Celebrity Scissorhands* and, backed by an advertising campaign, Sarah was soon swamped with orders. 'I was inundated. I needed a professional eye on my business. I needed to get out of the house. I'd heard about the Round Foundry so I called and spoke to them. Tom made a massive impact on my business from day one.' Another Round Foundry tenant, AWA Digital, created the Rude website and in 2007 the business flourished.

But 2008 brought a rude awakening. 'People cut spending on luxury products,' Sarah says, 'and I faced insolvency.' Round Foundry suggested downsizing so Sarah set up her home office again and now uses the virtual office service. 'From the outside world people see a big company, even though I'm running it from my home. Kirstyn, Tom and Alison who answer the calls are brilliant. It's like they're part of the Rude family. I get great customer feedback and my loyalty to this place is strong because I know I get looked after. The key thing is their flexibility, whether my business is working well or it's unproductive I still feel like a valued part of the team.'

After nearly two years of forced austerity, business is starting to pick up, notably in the USA. 'Most days I'll get my daughter to school then check my email,' Sarah says. 'I've been using the 2009 lull to plan and restructure and my business legs have grown hugely.' Her product range is set to become more diverse, including laptop cases (one snapped up by *Dragons' Den's* Peter Jones) and an FBI-style holster for keys, phone and wallet (fans include Ronnie Corbett and Steve Strange). She's also exploring a more affordable product for the 2012 Olympics, hopefully taking the edge off cheaper rip-offs that have cost her thousands in legal action over copyright breaches.

'We're getting a lot of interest now from America, Australia and Canada and I've signed deals with the UK franchise of American hair giant Paul Mitchell and a hair extension company, Great Lengths.' There have been invitations from *The Apprentice* and *Dragons' Den*. 'It's humbling and nourishing to see your work being recognised,' says Sarah. 'And I am of course now officially a Rude woman...'





The finances

The capital cost of fitting out the building was £1.3m. Running costs are approximately £750,000 pa including rent, staff and utilities. The foundry is close to a break-even position in commercial terms, but Yorkshire Forward paid a high commercial cost for the long lease. 'Breaking even is quite an achievement given the building was difficult to fit out and generally not as cost effective, space-wise, as a hub as it might have been,' says Hyam. It is a good example of how to create a workhub facility in a building designed for a very different purpose.

Income is mainly from rent from tenant businesses. But 25-30% of revenue comes from IT services (including its virtual office facility, VoIP phone charges and broadband). There is no grant or public sector contribution to revenue costs. The company is building up the proportion of income derived from non-rental sources, by expanding the range of services it offers.

Staff

Toby Hyam is overall director of this and other workhubs managed by Creative Space. There are three full-time staff – a manager and customer services administrators. The latter are deliberately multi-task jobs.

Businesses and members

There are 40 businesses based in the building and a further 60 businesses using it as a hub, bringing to about 250 the number using the building, excluding the visitors and freelancers who drop-in every day. Types of business vary enormously but typically include e-commerce specialists, gaming industry micros, web and graphic designers and training companies.

The challenges

The long term prospects are good, Hyam believes. 'There is ongoing growth in the number of Leeds businesses that are in the sectors we appeal to. And we think we've got a good balance between what we offer full-time tenants taking workspace and part-time/occasional users. Our market is expanding.'

The building is not easy to adapt, nor to expand in. 'It would have been much easier if it had been bigger and designed for its current purpose.'