

Creative Community Space

Miranda Lam, PhD, Salem State University

Robert “Ripp” Daniell, PhD, Salem State University

Miranda Lam, mlam@salemstate.edu

Ripp Daniell, rdaniell@salemstate.edu

Authors:

Miranda Lam, PhD is a Full Professor in the Accounting and Finance Department at the Bertolon School of Business, Salem State University. Her research focuses on investment performance evaluation and personal finance. Professor Lam has published in numerous journals and received awards for research in investments. She served as executive editor of the *Journal of Business and Economic Studies* (2006-2013). She has been a Chartered Financial Analyst since 2002.

Robert B. “Ripp” Daniell, PhD is an Assistant Professor in the Management Department at the Bertolon School of Business, Salem State University. To date he has completed research projects in hospitality & tourism, sport management, and educational technology. His doctoral dissertation explored spectator sport travel motivation, and the role of self and social identity and destination image related to future behavioral intentions.

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Leah ended the call and put her phone down on the kitchen table.ⁱ She could barely contain her excitement. Her realtor just called to tell her that her offer was accepted. Finally! It had been a long journey over the past four years.

She took a sip of tea and stared out at the late February morning. She recalled how the idea of opening a shared art community space had slowly dawned on her. Leah had always had an entrepreneurial spirit but her passions had been art and teaching art. After returning to school and finishing a Master’s Degree in Art Education, she was unable to find a permanent position in nearby schools. Leah decided to take her fortune into her own hands. The sharing economy business model was revolutionizing industry after industry.ⁱⁱ She had found her true calling - creating a community to bring art educators and students together.

Leah knew that she wanted to locate in the Seacoast area of New Hampshire, and location was critical to the success of the venture. She began looking for a building and the process was a lot more challenging than she expected. There were a few near misses and some were very, very close. She found an old office building in Exeter, New Hampshire, that was within walking distance to the elementary schools and the town center. Unfortunately, the owner rejected her offer even though the building had been on the market for a long time. The next building was an abandoned restaurant in East Kingston, New Hampshire, on a main road. East Kingston was a neighboring town to Exeter and the property had plenty of parking spaces. This time both the location and price were great. When she requested a zoning variance for the building use, the town voted her request down.

Leah thought to herself, “The third time has to be the charm.” She knew there were still a lot of hurdles ahead but an accepted offer, even one subject to property inspection and a success application for rezoning, was a start. She had been down this road before and had learned a lot of valuable lessons. First, she picked up her phone again and called a house inspector.

The Sharing Economy and Co-working Spaces

Each day, millions of people made their way to work in an office setting. The work performed was diverse, yet the common thread was that they typically worked in collaborative and interactive environments. While much has been written regarding sterile “cubicle farms,” experiments to improve office spaces have led to higher levels of productivity and interactivity.ⁱⁱⁱ Interaction is craved by most humans, and is vital to the basic functioning of business.

However, many careers were and continue to be solo endeavors. Accountants, writers, truck drivers, and in this case artists, had little to no human interaction during the performance of their jobs. In order to alleviate work-related loneliness and offset the expense of acquiring office space, co-working spaces emerged as a trend within the new collaborative consumption lifestyle.

The collaborative consumption lifestyle involved an economic and cultural shift in which users shared, rented, swapped, bartered, and loaned assets with others in order to provide ownership benefits with reduced costs, risks, and other related burdens.^{iv} Examples of this shift can be witnessed on a local level (community garden, farm co-op, makerspace), as well as globally (Netflix, Airbnb). Given these examples, it came as no surprise that the rise of shared office spaces would lead the way into co-working spaces. These shared spaces allowed for the “solo” worker to thrive in a space that offered collaboration, innovation, networking, and flexibility, all at lower overhead costs and better amenities, such as conference rooms. This trend even extended to food entrepreneurs, who face especially high overhead costs associated with licensed commercial kitchens.^v Artists sharing studio and teaching spaces is also gaining popularity.^{vi}

Location

The town of Epping, New Hampshire (NH), was founded in 1741 and claimed the nickname “Center of the Universe.” It was part of Rockingham County with population totaled over 6400 at the 2010 census. The town center was near the intersection of NH Route 101, an expressway connecting Manchester to the Seacoast, and Route 125, a highway running north-south in central NH. The town had several retail centers with Walmart, Lowes Home Improvement, a multiplex movie theater, Michael’s (craft store), Marshalls (clothing store), grocery stores, restaurants, and other retail stores. It served as the commerce center of nearby towns. The variety of stores in Epping provided parents the opportunities to get errands done or simply relax in a Starbucks while their children were in art classes.

The town and its zoning board had a reputation of being business friendly. This was an important factor for Leah. She had to give up a previous building because the zoning board in East Kingston did not grant her a variance in usage.

Epping was adjacent to School Administrative Unit (SAU) 16, one of the largest school districts in NH. SAU 16 included six towns: Brentwood, Exeter, East Kingston, Kensington, Newfields and Stratham.^{vii} In December 2018, there were 2208 students in pre-K through grade 5, 1216 students in grades 6-7 and 1666 students in grades 9-12, totaling over 5000 school age children in the district. The proximity of Epping to SAU 16 was further enhanced by its access to Route 101 and Route 125. The furthest town, Stratham, was within a 30-minute drive to Epping. The easy commute also made Epping an attractive location for adult learners.

Competition

The New England seacoast area had a vibrant art scene. Even in a small town like Exeter there were several for-profit and non-profit art venues. Exhibit 1 shows a map of the local competitors and their relative location to the proposed location in Epping. Two for-profit places (To Your Arts Content and The Offbeat Owl) followed the 'paint and sip' business model, which combined painting lessons with wine and beer for an adult night out. They also offered Alcohol-free lessons during the day for all ages. The Exeter Center for Creative Arts (ECCA), a non-profit organization, focused on music and performing arts and did not provide lessons in other media. The Seacoast Art Association and Art Up Front Street were non-profit member-supported organizations that offered studio space, lessons, and retail space. Their lessons were designed more for adults than for school-age students. Individual artists who had sufficient followings also offered lessons at their home studio.

Leah's Entrepreneurship Journey

Leah grew up in the Midwest and moved to the East Coast to attend college. Her passions had always been art and helping others. At school she chose to study human services instead of art and after graduation she worked at a non-profit, rising to leadership roles. Though successful at her job, Leah was no exception to the burnout phenomenon.^{ix} Newly divorced with two young children, she decided to take a part-time job as director of religious education at a local church and returned to school to get a Master's Degree in Art Education. Unfortunately, at the time when she completed her degree many schools were cutting their arts programs. She was able to get temporary or part-time appointments but there were few full-time positions for art teachers.

Leah explored other options while searching for a full-time teaching position. She had a diverse and valuable skill set and prided herself as an artist and social activist who had a pragmatic approach and management experience. She became a columnist for a local newspaper syndicate, interviewing artists, researching current arts topics and events, providing arts education and information. She was a master storyteller and performed at libraries and festivals. She exhibited her work at local galleries, winning at art competitions, and accepting commissioned work. She developed "soul collage" workshops, combining her interests in art and spirituality. Each of these ventures was moderately successful but insufficient to scale to a full-time job. In the meantime, she built a vast network of artists and craft people, and had deep understanding of their challenges and needs. She knew many people were in search of a solution to the economic challenge of making a living as artists and art educators.

The inspiration of an art community space was sparked when Leah watched and helped her boyfriend with his real estate investments. By this time, Leah had decided that she wanted to be her own boss. She was tired of waiting for a teaching contract until days before a new school year to find out if she would have a job for another six months or a year. She did not want to go back to the non-profit world and relive the stress she left behind decades ago. She believed a business model similar to co-working space would work for artists. She began looking for a suitable property.

Opportunity versus Risk

Leah knew the vital importance of understanding *risk* versus *opportunity*. Her goal was to optimize the total reward within the context of an individual's risk tolerance.

Leah also understood risk tolerance well. "I was afraid of risk for years, but all it did was make me spin my wheels. There is risk in everything we do, every day of our lives..." This realization led Leah to ask the question, "If not now then when? If not me then who? Living is a risk – why not make the risk worth it by experiencing the joy that comes with pursuing your dreams?"

Making the Numbers Work

Reading real estate listings had become a weekly ritual for Leah as she searched for a location to launch her vision of a co-working space for artists and art educators. One listing caught her attention (see Exhibit 2). The building had five bedrooms and two bathrooms with 2600 square feet in total living space. It was built in 1910, zoned as single family, and had a mother-in-law apartment. It first came on the market in June 2017 and listed for \$300,000. The price dropped to \$275,000 in December 2017. In real estate jargon, 'needs a little love' meant a large number of repairs and renovations. Leah estimated she would need \$50,000 to bring the electricity up to code, a new roof and new off-street parking. She planned to do most of the painting, light carpentry, and landscaping by herself. According to HomeAdvisor.com, the remodeling costs for a 3000-4000 square foot home averaged \$36,000 in 2018.^x Leah made an all cash offer of \$225,000. Leah decided to use cash versus securing a loan. According to Leah, "I didn't have many financing choices as I hadn't worked, due to illness, before starting this business. I chose to buy the property outright rather than rent as I wanted as much control of my expenditures as possible. I did not want to open the business begin to make a profit and then have a landlord raise my rent or sell the building causing me to lose profits or location branding."

The seller came back with a counter offer at \$238,000. In addition to needing repairs, the building was packed with junks because the last owner was a hoarder. Leah accepted the price of \$238,000 but required the seller to empty the building. Her offer was finally accepted.

Next came inspection and applying for a zoning variance because the building was zoned as single family. The house inspector gave Leah a long list of needed repairs, though it was not a surprise. Leah was very nervous before the town meeting about the zoning variance. She spent a lot of time preparing. She knew one of the concerns would be traffic. Her artistic talent came in handy. She drew a clear diagram showing how the new parking, which was part of the zoning variance request, would help improve traffic flow in that street. As a master story teller, she was persuasive in describing the positive impact an art center would have on the town. Unlike the East Kingston experience, the Epping town council was excited about the project and granted her the zoning variance. Leah closed on the building in March 2018 and Creative Community Space (CCS) was born. Exhibit 3 contains the mission statement for CCS.

Independence was very important to Leah and she decided to establish CCS as a for-profit operation so she did not have to have a board of directors. She used money she had saved for retirement and paid cash for the building as well as repairs and improvements that required

contractors. As noted above the three main items were a new parking area, a new roof, and electrical upgrade. She planned to do most of the other improvements herself. A friend of hers happened to be laid-off right around this time. She was also an art educator and she believed in Leah's vision. She helped Leah with the renovation in exchange for studio space. The in-law apartment was a serendipity. Residential rental in the area was in high demand and one-bedroom apartments averaged \$1200 to \$1500 per month.^x Income from the in-law apartment would be a great addition to studio rental. She planned to convert three of the bedrooms into studios. The two rooms in the turret would rent for \$530 per month and the last room would rent for \$325 per month. Leah also planned to teach classes herself. Her goal for CCS was to generate sufficient income as full-time employment. She fired up her laptop and began crunching numbers for her new venture.

Endnotes

- ⁱ The name of the owner was disguised. All other information was factual.
- ⁱⁱ The sharing economy is an economic model defined as a peer-to-peer (P2P) based activity of acquiring, providing, or sharing access to goods and services
- ⁱⁱⁱ Kreamer, A. (2012) "The Rise of Coworking Office Spaces." *Harvard Business Review*. Retrieved from <https://hbr.org/2012/09/the-rise-of-co-working-office>
- ^{iv} Botsman R., Rogers, R. (2010) "Beyond Zipcar: Collaborative Consumption." *Harvard Business Review*. Retrieved from <https://hbr.org/2010/10/beyond-zipcar-collaborative-consumption>
- ^v Danovich, T. (2016, February 26), "What Are Food Incubators and Do They Create Viable Businesses?" *Eater*. Retrieved from <https://www.eater.com>
- ^{vi} Lesser, C. (2017, August 24), "Two Artists Created the Airbnb for Renting Studio Space." *Artsy*. Retrieved from <https://www.artsy.net>
- ^{vii} School Administrative Unit (SAU) 16 enrollment data. December 2018. Retrieved January 10, 2019. Retrieved from <https://www.sau16.org/>
- ^{viii} Kanter and Sherman (2017) noted the common factors leading to burnouts in non-profits: the stress of running an organization always on a shoestring, waiting for the next grant or donations; working with boards of directors and committees, balancing everyone's priorities; recruiting and keeping up morale of volunteers; and the sense of urgency/crisis related to the organization's mission.
Kanter, B., Sherman, A. (2017) "Why Nonprofits Have a Burnout Problem." *Thrive Global/Medium*. February 2017. Retrieved from <https://medium.com/thrive-global/>
- ^{ix} HomeAdvisor.com (2018). "How Much Does It Cost to Remodel Multiple Rooms?" Retrieved on June 12, 2019. Retrieved from <https://www.homeadvisor.com/>.
- ^x Craigslist.com. (2018) Apt/Housing for Rent/Epping, NH. Retrieved 1/2/2019. Retrieved from nh.craigslist.com.

Exhibit 1 – Competition

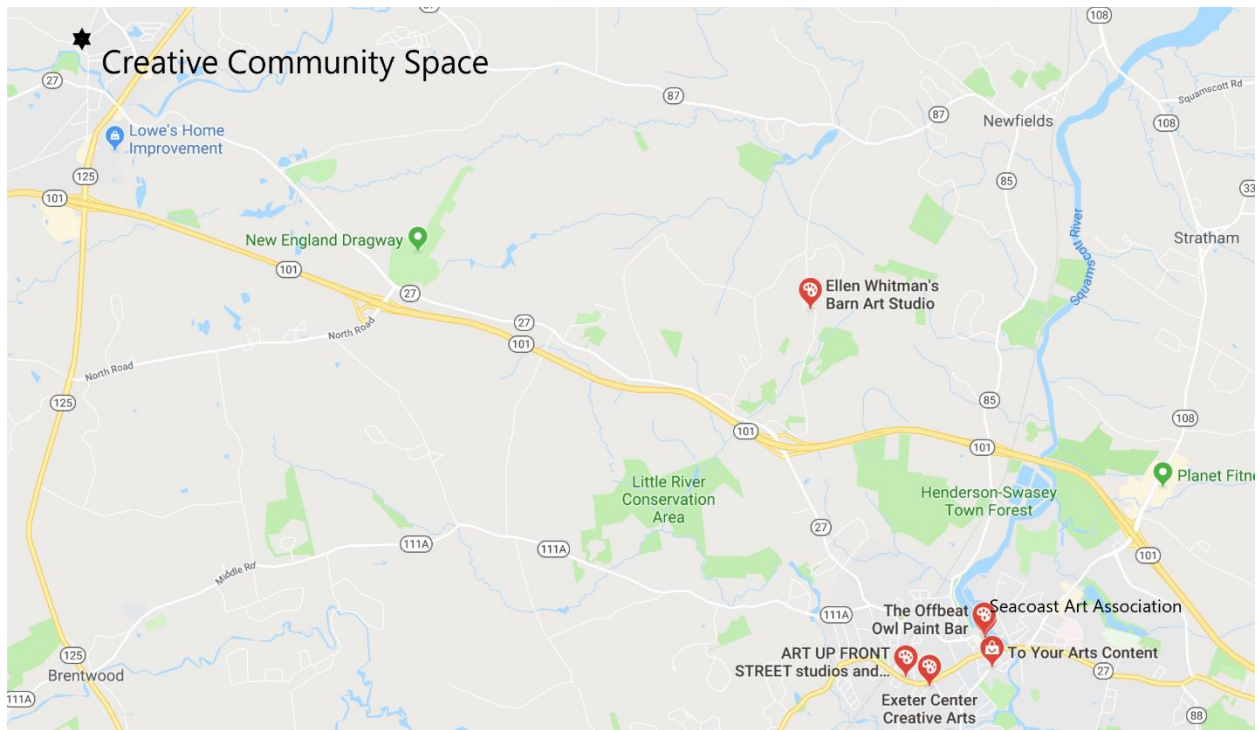
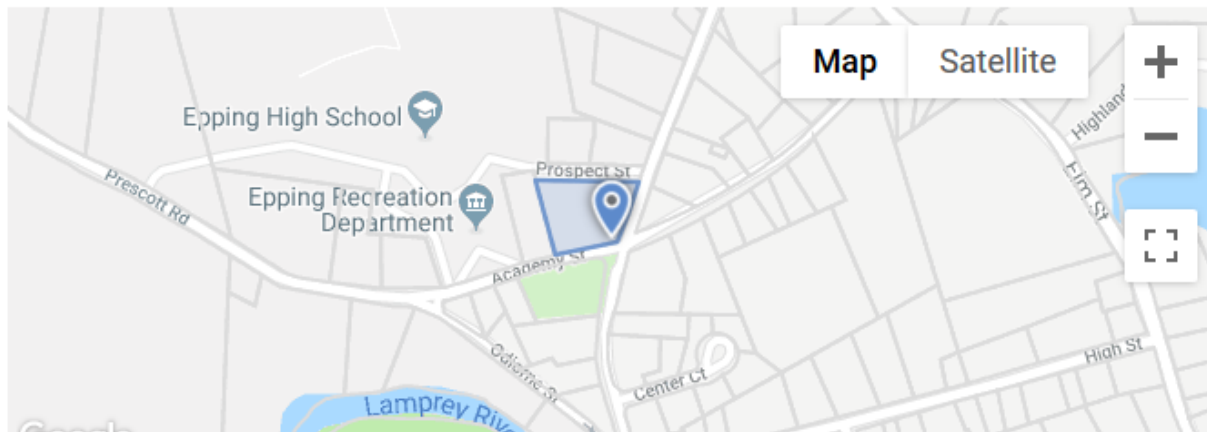


Exhibit 2 – Real Estate Listing

Great potential at bargain price, investors take notice. This unique Victorian includes a beautiful turret and sits on 1.2 acres right in the heart of Epping. Walking distance to Epping's Elementary, Middle and High Schools. Has an Attached Oversized Garage with lots of space above for storage. This home has a solid structure and great living space. Needs a little love to bring it back to it's original state but will be well worth the time.

Baths	2 full	Style	Victorian
Property Type	Single Family	Stories	2
Community	Epping	County	<u>Rockingham</u>
MLS#	4670834		



Interior Features

Bathroom Information

- # of Baths (full): 2

Basement Information

- Basement: Yes
- Basement Access: Interior
- Concrete

Other Interior Features

- # of Rooms: 14
- Flooring: Carpet, Laminate
- Water Heater: Oil
- Blinds, Fireplaces - 2, In-Law Suite

Equipment & Appliance Information

- Cooktop - Electric, Other, Refrigerator

Room 1 Information

- Breezeway
- Breezeway
- Level: 1

Room 2 Information

- Bonus Room
- Level: 1

Room 3 Information

- Kitchen
- Level: 1

Room 4 Information

- Full Bath
- Level: 1

Room 5 Information

- Family Room
- Level: 1

Room 6 Information

- Dining Room
- Dining Room
- Level: 1

Room 7 Information

- Bedroom
- Level: 1

Room 8 Information

- Bedroom
- Level: 2

Room 9 Information

- Bedroom
- Level: 2

Room 10 Information

- Bedroom
- Level: 2

Room 11 Information

- Bedroom
- Level: 2

Room 12 Information

- Kitchen
- Level: 2

Room 13 Information

- Other
- Level: 2

Room 14 Information

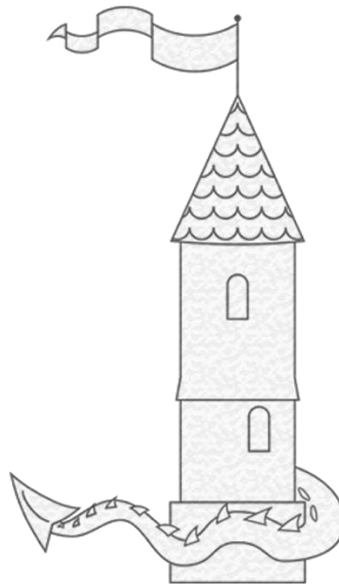
- Full Bath
- Level: 2

Exterior Features	
Building Information <ul style="list-style-type: none"> • Construction Status: Existing • Approximate Sq. Ft. Total Finished: 2600 • Approximate Sq. Ft. Total: 4390 • Color: White • Porch - Covered 	<ul style="list-style-type: none"> • Construction: Wood Frame • Foundation: Concrete • Roof: Shingle - Asphalt, Shingle - Wood • Exterior: Wood Driveway <ul style="list-style-type: none"> • Crushed Stone
Utilities	
Heating & Cooling Information <ul style="list-style-type: none"> • Heat: Baseboard • Heat Fuel: Oil Sewer Information <ul style="list-style-type: none"> • Public 	Electric Information <ul style="list-style-type: none"> • Circuit Breaker(s), Combo, Fuses Water Information <ul style="list-style-type: none"> • Public
Taxes / Assessments	
Assessment Information <ul style="list-style-type: none"> • Assessment Amount: 244100 • Assessment Year: 2016 Tax Information <ul style="list-style-type: none"> • Tax Year: 2016 • Tax Rate: 25.94 	<ul style="list-style-type: none"> • Gross Amount Tax: 6332 • Taxes TBD: Unknown Other Tax Information <ul style="list-style-type: none"> • Page Deed: 158
Property / Lot Details	
Lot, Zoning, & Easement Information <ul style="list-style-type: none"> • Lot: 0 • Corner 	Survey Information <ul style="list-style-type: none"> • Surveyed: Unknown Other Property & Lot Information <ul style="list-style-type: none"> • Year Built: 1910

Source: RedFin (<https://www.redfin.com/NH/Epping/218-Main-St-03042/home/88333414>)

Exhibit 3 – Mission Statement of Creative Community Space

“Providing a home for the creative expression of people of all ages. Creative Community Space is a creative space that is available for members of the arts and healing arts community to rent to teach classes, hold workshops or performances. It is also open to the public to take classes and attend events. Teach a class, take a class, perform poetry, play music, host your book release party, meditate, create art. Do what creatively feeds your soul. Make this space your space.”



CREATIVE COMMUNITY SPACE