

If you build it, they will come...

Most people get at least one chance in their lives to branch out on their own, those that take it are changed forever. It's the stuff of dreams but a lack of diligence makes nightmares. In a series of articles, NEIL HILLMAN documents his progress in planning, financing, equipping and marketing his own new post facility, The Audio Suite, in Birmingham.

THERE ARE THREE certainties in this life: death, taxes, and the mindlessness of the long-distance dubber. Finding myself back in staff employment as a dubbing mixer after 11 years of running my own company took some getting used to, but the lure of being asked to start an audio department from scratch, in an otherwise visual facility, was too much to resist. The reason for the addition of a sound department was a commitment to edit, design and mix the audio for a 26-part, big-budget, CGI series in TV Surround Sound for worldwide syndication. It all proved to be a pretty compelling inducement for me to return full-time to build someone else's business.

The American co-producers of the show required temp mixes and appraisal versions of the soundtrack for each programme. What evolved became a highly efficient use of dual time-zone logistics to determine empirically how little sleep I could survive on, to compensate for the fact that we were actually shipping tapes back and forth across the Atlantic on an almost daily basis throughout the life of the production. It actually worked remarkably well, due in no small part to the team that was assembled to assist

me in the track-lay, and a production manager who understood the importance of material arriving on time. The project was delivered on-time and profitably on-budget.

New owners of the company however left me in little doubt that the audio department was not as pivotal to their future plans as had previously been the case. The future for them, it seemed, lay in a return to a predominantly picture-based operation, where the dubbing suite would become a little add-on for 'sweetener' mixing. Minus me, thank you. And so after an 18-month sojourn, and after losing my two trusty lieutenants through redundancy, the signs all pointed to a return to the harsh commercial realities of the marketplace for me.

My decision to leave this perceived security of a staff job was met with a characteristically understanding warmth and sympathy from my wife. Or rather - and seeing a rather sinister side of her that I had never seen before - 'You must be out of your tiny mind if you think the kids and I are going back to the days of wondering where our next pair of shoes are coming from!' Ever the dramatist my wife, she soon saw sense when I explained patiently that we just

A preproduction room makes sense for productivity and efficiency

needed to invest a little time and a little money, repeat the proven model of my present set-up, trade shamelessly on my enviable reputation and our fortune was certainly assured. Some six months on, a six-figure sum having passed through these fader-fixed fingers, the fruit of our labours is shortly about to bear fruit. I hope. We are, in short, now open for business.

The germ of the idea for owning my own audio-post facility came from realising that it would be such a waste to leave behind what I had created for someone else who missed the point (This rings a bell of recognition with me, Neil. Ed). This previous model was proven to be efficient and profitable; many of the productions I serviced there were from long-established clients of mine from running my own company and hopefully they would remain loyal if I moved. So with the zeal of an evangelist, the hunt for capital began.

A quick tot-up of the kit required and the resources immediately available to me, indicated that I was in need of an angel to lend us the necessary money. An article in a trade magazine filled me with optimism; for it was there that I read audio-industry finance brokers' claims about finding £100,000 within twenty-four hours for the right project. And this one was certainly right.

So now let me tell you about brokers, hoops, and jumping, and the cost of borrowing. Take a base bank-rate of 4%, which we have for some time enjoyed in the UK. Now mark this up by 400% to find what the cost of borrowing will actually be for your own equipment and premises. A hefty 16%, plus a personal guarantee from you, supported by equity in the family home - even though the new venture itself is a Limited Company. Oh, and by the way, it's unlikely that you will be getting the full amount either.

For some reason when I presented the business funding requirements, what I was apparently saying was 'Of course, I've put this figure here in accordance with the equipment manufacturers' prices and what I need to borrow to buy this gear; but I just need you



Going, going, gone. Immaculately restored Rover P5B heads off to fund more outboard

Heart and desire

That accountants cost is an inescapable truth. Good accountants cost even more, but you're dead in the water without a good accountant in your corner who knows - inside out - what you are trying to achieve. The potential lender will be able to talk in direct terms with

your accountant, it gives you credibility and saves an awful lot of time for all concerned, and here more than anywhere else, time is money. This indisputable truth is key to the success of a project such as this. Large, 'named' practices are not necessarily the way forward either. Their fees, which will need to be met irrespective of your own success in launching the project, can often be inversely proportional to what they actually bring to the party. Be afraid of them. Be very afraid.

But having your accountant working the deal on your behalf in the bank manager's office, spreadsheets and lap-top to the fore, also has the advantage of freeing you to merely nod sagely when talk drifts away from automated mix data and 2-second handles on OMF clips. Then, at a suitable pause in their conversation, you can nod sagely and add something like: 'It strikes me that the third quarter is going to be key in our growing this business organically, you know.' If you can look into the middle distance as you say this, all the better.

to offer me an arbitrary sum well short of the actual requirements. Go ahead and shaft me on the interest rate, and then take a stake in the shelter I provide for my wife and children.' I went to three very respected sources of industry financing with varying degrees of success, but all pretty much along these lines. All the negotiations were carried out in the most civil of atmospheres - almost akin to a form of gentleman's club. However, quickly into each new application came the same, familiar sinking feeling that suggested that these Merchant Bankers were not necessarily driven by a passion for the 'meed-jha' sector as they would have you believe.

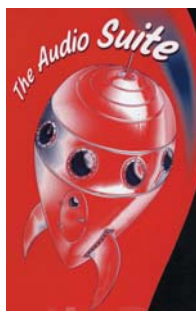
These disappointing encounters were of course merely an opportunity to be swayed away from my vision, a minor hold-up and a test of my resolve. With an increasingly fixed grin, and the glazed, single-mindedness of a strung-out addict, other areas of finance were pursued. High street banks are forever asking you to borrow. This foray merely resulted in several outright 'Nos', presumably because it wasn't as tangible as a car loan - 'It's a sports car then is it, this Prodigy Mark 2?' or double-glazing - 'So, are all the CEDAR models hard-wood and tilt-and-turn?'.

A chink of light was evident from a rather refreshingly enterprising HSBC business manager who had the unique standpoint of actually showing an interest and enthusiasm for the business plan: 'Well, not perhaps quite as laid out here, but how about this-and-this, then we could maybe do this-and-that for you'. Break-through. And so it was that an application in partnership with the Hong Kong and Shanghai Bank to the UK Government's Small Firms Loan Guarantee Scheme came to be our way forward for funding.

The SFLGS is as simple a process as the Department of Trade and Industry can make it. Which is, in short, not very. But the main thrust of the process is this: if you can convince a bank that your business plan is fundamentally sound, but your security is not, the DTI will look at the plan. If they agree too that the business is viable, the DTI themselves guarantee 75% of the bank's loan for you at a minimal annual cost, in addition to the rather less punitive lending rate of 8%. This was a significant result: the cost of borrowing was, at a stroke, reduced to 50% of that wanted by industry 'specialists', with the additional benefit of no Company Director's personal guarantee being required. I was still short on the full amount required, but significantly, the sum we were chasing now had reduced from six figures to a more achievable five.

It is at this point that we must never forget the last recourse of the scoundrel: Family Money; and how important it is to marry well.

Fathers-in-law, brothers and sisters-in-law all became fair game as open season was announced in the mind of the now maniacally fixated entrepreneur. A current low return for investors in Premium Bonds, ISAs, PEPs, Building Societies, and Post Office Savings Accounts - and a healthy lack of self-respect gained from consistent commercial begging - aided me. This desperado-dubber made short work of convincing commendably trusting kith and kin of the merits of an unsecured loan - in fairness, at a comparably healthy rate - to a fresh, exciting and dynamic start-up business. And it was headed by a pivotal family figure: i.e. that man without a proper job who lives in Birmingham and married your sister



or daughter, as the case may be. I'm not proud; but I am driven.

While the capital sum required to fund the equipment is straightforward enough to arrive at, less easy to quantify are the hidden costs of simply asking to borrow the money. You cannot make an approach without a business plan, cash-flow forecasts, profit-and-loss projections, and supporting stationary and artwork. Accountants cost. This is where the sale of your pride-and-joy, restored-it-from-a-certain-death classic car, that never really did appreciate in price quite how you hoped, comes in. However, by choosing premises with a shower within cycling distance of home, and a resolve to be a healthy and wealthy dubber, who needs to be a two-car family anyway?

The choice of business premises is crucial. A city-centre location is, I believe, essential. Close to the production companies' own offices that you hope to attract work from. It's a way of showing that you are right there with them, just a short hop away, and able to be easily part of their production process.

An old client of mine had just the place, if they had the space for me. An established, high-value commercials production company that had its own Avid DS suite and a supporting DigiBeta machine. The latter was essential to me for the lay-off and lay-back stage and I could hire it on an hourly basis, and build it into my dubbing suite's facilities at no capital outlay. A floor and a machine room were made available. A voice-over booth and a preproduction area were sorted too, to compliment what would become the main suite. The clincher was that this company's premises had exactly the right feel and look to fulfil the promise of my - obligatory, I'm afraid - business plan mission statement: "To bring to Birmingham the spirit of Soho".

While several bank managers had visions of a revue-bar in reception and lap-dancers upstairs, those who needed to understand the significance of what I was trying to achieve did. However, it would, with hindsight, probably have been easier to fund a flesh-pot; and I could probably have kept the car. □



Neil and interior designer Heather Reinman share a joke about Neil's incapacity to pay

Art and design

The kit is exciting, attractive and a wonder to behold. To you. Almost every client I have ever had in 20 years is marginally less excited about the DSP architecture or the ergonomics than they are about the prospect of a repeat appointment for colonic irrigation. Therefore the main room was designed to tuck as much as possible out of sight in the machine room, leaving an uncluttered, uninhibiting openness to the room. A small outboard rack contains the peripheral devices that require prodding by fingers. I wanted the premise to be clear: feel free to explore with me where you want this soundtrack to go, but don't be concerned by how we get there.



- 1 Choosing the right location with the right feel is vital
- 2 Shared machine room with adjoining video house. Centre rack components can be hired by the hour.

The colour scheme, furniture and decor, rather obviously, are vital for a client's sense of well-being while using the suite. As engineers we either overlook this fact or push it way down on the priority list. The atmosphere should be energising yet relaxing, comfortable yet functional.

A life-long school friend, who thought she had escaped my clutches by moving to Australia, timed a return visit to the UK perfectly. As an interior designer of note in her adopted homeland, Heather Reinman's otherwise expensive talents were drafted in to this project for love, not money. Which was just as well really by this stage.

Bemused by my brief, she received - as I do - more serious input from my fellow director and wife, Mel. Once more adopting my winning formula of nodding sagely and uttering from time to time 'motif' or 'terracotta', this part of the project - I promise you - has had the most significant impact on all on our visiting clients.

Contact:

The Audio Suite (UK) Ltd
Tel: +44 121 452 2024
Web: www.theaudiosuite.com