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## READ THIS FIRST



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# **READ THIS FIRST**

**GROWTH AND DEVELOPMENT  
OF CREATIVE SMEs**

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## EDITORIAL

It is with great pride that we introduce our handbook, *Read This First, Growth and Development of Creative SMEs*. The book is the result of true European cooperation, with renowned writers on key aspects of the creative industries and creative entrepreneurship playing a major role in it. The aim of the book is to help raise the professional development of creative small and medium enterprises (SMEs) and (art) management students to a higher level. We imagine that our readers will be creative and cultural entrepreneurs, students following degree courses pertaining to the creative industries, lecturers and members of intermediary organisations, as well as policy makers active on local, regional, national and European levels.

The creative industries are now a given, and 'creative entrepreneurship' is one of the buzzwords of the day. There are still many obstacles to be overcome, however. Definitions of terms - such as cultural or creative industries and economy, creative class, creative cities and regions, and creative SMEs - all remain influenced by specific perceptions and cannot be found in generic textbooks. The discussion around such definitions, however, illustrates the fast moving character of these sectors and the involvement of experts from all different backgrounds (creatives, artists, geographers, demographers, economists, politicians, etc). This handbook therefore includes contributions from experts in many different fields, who shed light on the various topics relating to their specialist subjects.

The handbook has been divided into three different sections: the Creative Economy addressing the subject on the macro level; the Creative Industries, on the regional or sector level;

and Creative/Cultural Entrepreneurship, on the micro level. The articles tackle their subjects with a theoretical approach, followed with practical conclusions, consequently relating to readers across many borders.

CMBKU, as part of the Research Group Art and Economics, Faculty Art and Economics of the Utrecht School of the Arts, is responsible for implementing the Utrecht work package of ECCE, Economic Clusters of Cultural Enterprises; a Pan-European project, running from December 2005 until June 2008, aiming to stimulate the development of creative SMEs in different regions and cities in Europe. The handbook is one of the results produced by CMKBU, and will be followed by workshops and a second publication in the spring of 2008.

After reading the introduction, the reader is advised to consult the reading guide on page 14, which will further discuss the content of each article. The introduction will scratch the surface of definitions of terms such as the creative economy, creative industries, creative cities and creative or cultural entrepreneurship.

Only you can decide whether our pride in this publication is justified, but we hope that you will find the information presented here relevant and useful. This also goes for the literature referenced in each article. Comments about the content are most welcome.

Finally, we would like to thank all our writers for contributing, the CMKBU team for their support and, of course, our ECCE partners.

The Editorial Committee

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# INTRODUCTION

Giep Hagoort, Daniëlle Arets, Annefloor Oostinjen, Marijn van Thiel and Aukje Thomassen

**Marian Jacobse is a Utrecht-based sculptor. She is also the director of Sophies Kunstprojecten, which manages more than 15 studio complexes and produces community-oriented arts projects in the city. Its operations are determined by the dilemmas affecting art and commercialism, or more specifically, the creation of art and earning money. The various studios support not only the practice of art by independent artists, but also works produced by creative professionals: people who manage and stage cultural shows in an enterprising manner, based on creative concepts. Jacobse did her arts training in Utrecht and developed her entrepreneurship by acquiring experience, attending courses and, in particular, developing networks. She aspires to keeping the artistic flame burning, while avoiding financial disaster.**

## 1. Introduction

There are plenty of people like Jacobse, in all parts of Europe. One is Tomas Zizka, a Slovakian creator of theatre, who is active in Prague. There, together with his cultural organisation, MamaPappa, he works on international programmes in Central and Eastern Europe, which focus on arts-related stories drawn from villages and rural areas. His project, Dancing Villages, receives local support, but it is a struggle to keep his main or-

ganisation above water. Sometimes he manages this with support received from European funds, and in other cases with assistance provided by embassies. What is decisive, however, is his artistic entrepreneurship.

Many European artists, designers and creative professionals have similar experiences. Many are involved in smaller organisations, such as those of Marion Jacobse and Tomas Zizka. All have a great need for information on how to structure their cultural business operations as effectively as possible.

In this article, we set out to provide an insight into cultural and creative entrepreneurship. After all, it is an established fact that, if cultural and creative entrepreneurs are to flourish, their success will partly depend on the up-to-date knowledge of the milieu in which their entrepreneurship receives expression. Our aim is to present this knowledge in the form of several sketches, to ensure that cultural entrepreneurs and students are well-prepared as they structure their own practical and educational situations, thereby managing to exploit any opportunities.

This article may also serve as a reference source in the debate concerning the growth and development of cultural and creative SMEs. An attentive observer will notice that the concepts are not always used uniformly (in relation to the creative industries, for example). As

an important European Union (EU) report reveals (October 2006), this is because every country or region has its own definitions. It is not the purpose of our article to make these definitions more uniform, although we do try to clarify them. Generally, however, the terms need to be understood in their own specific context. At any rate our article may help you to focus more closely on your own understanding of the various terms. For example, cultural entrepreneurship is concerned with art and culture, the domain of artists, arts institutions and our cultural heritage. We also use the term, creative entrepreneurship. The latter type of entrepreneurship frequently focuses on the organisation of crossovers, for example, between art and industry, art and technology, and art and community organisations.

In order to offer an insight into the domain of art, culture and creativity, we view it as a clover leaf: four small lobes define the picture. In the first place, there is the lobe representing the creative economy. In section 2, we set out what (as a rule) is meant by this economy, which is tied to the general concept of the knowledge economy. Then in section 3 we highlight the lobe representing the creative industry, a phenomenon which emerged in policymaking circles in the 1990s, and which has already received critical treatment (as a cultural industry) from the researchers of the Frankfurter Schule. The concept of creative cities is dealt with in section 4. We discuss what is meant by the term, what the features of such cities are and what the relationship is between creative cities and creative classes, as Richard Florida has portrayed them. In section 5, we look at cultural entrepreneurship and cultural and creative SMEs (the fourth lobe of our clover leaf).

## **2. The Creative Economy**

Various researchers (including Alvin Toffler and Peter Drucker) have drawn attention to the fundamental changes currently occurring in contemporary European society. The concept is as follows: starting in primi-

tive, farming settlements focussing on the cultivation of food for small-scale family communities, Europeans found themselves in an industrial society in the 18th and 19th centuries. This industrial society was dominated by technological innovation, large-scale production and the manufacture of industrial products. Until halfway through the previous century, industrialisation was the source of economic growth and the level of prosperity associated with it. Thanks to the emergence of computer technology in the second half of the 1990s, industrial dominance receded into the background, giving rise to the information society of the post-industrial era. Economic development no longer depends solely on raw materials like coal and steel, which were so important in industrial society, but the information that can be obtained and processed with the aid of computers. This information society increasingly revolves around the provision of knowledge-related services with information being created at a constantly rising technological level. This has given birth to an economy directed towards knowledge and services. In accordance with the requirements of this new economy, Western countries and the EU are beginning to invest specifically in technology, education and training.

It is in this information society that another specific economy has emerged alongside the knowledge economy, namely the latter's creative counterpart in the form of an experience economy. If the manufacture and sale of goods is no longer the driving force behind the growth of prosperity, and a growing amount of information becomes available in a community, the ability to add an experience to the sale of goods and services represents value. Pine and Gilmore were the first to introduce the concept of the experience economy and, in so doing, used theatre as a metaphor for the imagination required. A car salesperson no longer sells a Mercedes to 'convey you from A to B' but rather, 'a mobile experience of freedom and power.' Jenssen (1999) takes this even further, arguing that the only fu-

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ture for the economy rests on the narrative strength of organisations and people: their dreams are responsible for the growth and development of society.

In this respect, we must not forget that a new type of consumer has emerged, one who may be deemed to be reflexive (Kloosterman, 2005). This individual is more vocal than his or her predecessors, and opts for a distinctive pattern of behaviour and consumption. This has resulted in the fragmentation of consumer markets. In the business domain we can simultaneously see the emergence of flexible organisations. These networking organisations are more capable of innovation than their bureaucratic counterparts, with their top-down management (Castells, 1996). As a source of the imagination and narrative art, creativity plays a key role in relation to all of this. It is for this reason that reference is made to the creative economy. The rapid emergence of this concept is closely related to the need for innovative operational methods, products and services in the business sector, community organisations and government, so as to be able to provide adequate services to the market and target groups, and not to lag behind our competitors at the international level. It is for this reason that the EU drafted the Lisbon Agenda 2000, which seeks to establish a broad innovative front within Europe.

Within the creative economy it is important that the chain of artistic creation, production, distribution and experience is of superior quality, if it is to satisfy current expectations of artists, designers and creative professionals. This brings us to the domain of the creative industry, which is discussed in the next section.

### 3. The Creative Industry

The concept of a creative industry first emerges in Western Europe in policy documents emanating from the British government (DCMS, 1998), which was later followed by the city of London (GLA, 2002). This city published a report stating that businesses and occupations considered as creative are important for economic

prosperity. The creative industry is understood to refer to the aggregate of creative activities (from architecture to multimedia, and from art to design) in which an individual creative component is recognisable, and which yields economic benefits through the protection of copyright. The report produced by the city of London indicates that the growth of employment opportunities and business numbers is more pronounced than in other sectors. The document pleads for an active incentive policy so as to ensure the maximisation of benefits from these favourable developments. An important argument is that the creative industries in the UK must be able to compete with emerging industries in Asia.

In the meantime, every self-respecting urban area has identified its own creative industry, and city authorities are keenly aware of the need to promote them. Nevertheless, the creative industry is not solely an urban affair, in view of the fact that the chain of creative production, distribution and experience also demands a macro-approach. In this respect, the question that arises (but which has not yet been answered) is where creative sub-sectors exist in a country, and what measures need to be adopted to assist them. In the Netherlands, research has shown that in order to fine-tune policy, a distinction must be drawn between three subsidiary areas of the creative industry, each of which requires its own approach to the chain. For instance, the autonomous arts and culture (museums and heritage) are viewed as a separate area, suggesting the special need for government to provide targeted financial support for specific arts and cultural sectors. One might consider theatre troupes, playhouses and museums in this respect, but also government funds for cultural innovation. The sector consists of small-scale businesses in the main. There is a second area in the form of the media and entertainment sector, part of which is publicly funded (public broadcasters and film institutes), and part privately (musicals and commercial broadcasting

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stations), in which large enterprises operate alongside cultural SMEs. Finally, there is a third area: the creative services sector, consisting of the applied arts (fashion, design and architecture) and businesses services (consultancy and so forth), and largely financed by the market. This sector is also predominantly small in scale. All three areas have their own supply chain, and it is rare to find companies controlling an entire chain. Part of the media and entertainment sector (including publishing houses), in which creative enterprises control both the creative side of things and distribution, represents an exception to this. Research conducted in various countries reveals that the average small cultural or creative business has four members of staff on average (CMKBU, een veelbelovende onderneming, 2005, i.a.).

What facilities does a creative industry have to improve its own organisational capacity and professionalism? Here we must draw a distinction between financial and other facilities, as listed below.

#### 4. Financial Facilities

The establishment of funds to provide capital in the form of loans subject to relaxed conditions. This mainly takes the form of support for start-ups and early developers. Support for specific goals such as collaborative ventures involving artists and the business sector. This type of support frequently occurs in the form of programmes (temporary or otherwise).

#### Other Facilities

- The promotion of programmes which strengthen Creative SMEs in general (all creative enterprises) or in a specific sector (games, for example).
- The encouragement of collaborative ventures (regional or otherwise) involving knowledge institutions and creative businesses.
- The establishment of so-called breeding grounds for creative enterprises.

Depending on the situation prevailing in situ, the activities referred to here are carried out by public bodies or other agencies operating at some distance from government. There are also specific private funds, which invest risk-bearing capital in selected creative businesses and which themselves become part owners of them.

#### 5. Creative Cities

The question must be raised as to whether the creative industry is the exclusive domain of the major cities. Various sources of research may create the impression that this question should be answered in the affirmative. Nevertheless, this is a misunderstanding. We will illustrate this after explaining the concept of a creative city. A number of researchers (Jacob, Hall and Landry) do indeed consider the city

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to be the source of creativity and innovation. The specific characteristics of a city (residential and occupational diversity, the concentration of knowledge, the presence of all sorts of facilities, such as technology, large administrative structures and international links) create a dynamic mood, a superior social climate and diversity embodying what is uniquely personal. Creativity thrives in such a climate and creative people are in their element.

Landry has labeled the creative city, thereby cementing a belief in the exclusive nature of the city as the most important protagonist for the creative industry. It cannot be denied that the concentrations of creativity in the cities are denser than anywhere else in relative terms. Research conducted by Florida (2002) goes a step further: only those cities which offer a haven to what he terms the 'creative classes' can count on increased economic prosperity. The concept of a creative city developed by Landry is less closely related to the economic developments described above than to the concrete situation in which many European cities found themselves in the 1960s and 1970s. This situation was not healthy: old, neglected urban precincts, impoverished people in the inner cities, high unemployment and a city council that seemed barely awake. This description might vary from one country to the next, but generally European cities offered little in the way of a basis for challenges and no revitalisation policy was being pursued. With the aid of several best practices, Landry discovered that creativity constituted the engine of success. Although he also had cultural creativity in mind, for example in the case of groups of artists, museums and theatres, he was primarily concerned with the revitalisation of neighbourhoods through a new, creative (in the sense of ingenious) way of approaching planning processes, urban programmes and spatial planning. In his opinion, these town-planning tools needed to be wielded more strategically and creatively, becoming less class-based and less bureaucratic. He then carried out cultural projects in numerous cities based on which he designed a strategic phased plan founded on urban creativity to serve as a model.

In the meantime, many cities, partly inspired by the work of Florida referred to above, have described themselves as creative cities. This researcher from the USA puts a face to Landry's thesis, as it were, by stating that, if a city were to accommodate groups of creative individuals, this would improve its quality of life and work. Whereas creative individuals used to flock to places offering work in the past, nowadays it is creative milieus that are attracting businesses and jobs. Such creative cities comply with the three Ts Florida formulated: they accommodate the Talented, they afford priority to Technology, and they create a climate directed towards Tolerance. A word of caution is required. Improving cities by introducing creativity can also lead to a situation in which the original protagonists (artists and creative individuals) are left out. Such a milieu has become a highly sought-after place in which to live

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or stay, with soaring property and home prices. Renting studios and workplaces can become so costly, that the original creative residents are forced to leave. This process of 'gentrification' is occurring in practically all of the major cities.

Recent research (Hagoort, 2006) has made it clear that the dynamism of the creative industry is not only to be found in cities. Increasingly attention has been devoted to rural creative industries, the key points being cultural tourism, creative agricultural entrepreneurship, landscaping, community art and regional cultural entrepreneurship. When this entrepreneurship links up with rural production (of food and otherwise), it gives rise to entirely new sectors, such as food design, the slow food lifestyle and rural entertainment (regional festivals with an international allure).

In conclusion, we can add the following: here we are presenting reality in physical terms. However, we need to realise that digital existence is sharply on the rise and that we can also – or should we say alternatively – have creative cities and regions in an electronic environment, in which all of the functions of creation, production, distribution and experience are possible. We can already see artists and designers establish income-generating professional practices by operating actively within this digital reality ('gaming industries' and 'second life'). Many people face the prospect of being involved in electronic workplaces in the not too distant future (StratLab MA, 2007).

### **6. Cultural SMEs: the Perspective of Cultural and Creative Entrepreneurship**

Viewed against the background of a creative economy, new platforms have emerged for artists, designers and other creative professionals in the form of creative industries, cities and regions. New competencies need to be acquired, if one is to perform in these. Apart from crafting a discipline (music, theatre, expression, tech-

nology, education or management), what we are particularly concerned with here is a form of entrepreneurship which enables a protagonist to spot and exploit opportunities within the context of a clearly defined cultural or creative mission, while his or her own cultural business operations need to satisfy increasingly stiffer requirements. It is already possible to start doing this in the course of one's studies, and in many places we can see that exciting educational situations arise, in which professional practitioners, the business sector, community institutions and intermediary organisations are involved. This networking approach to learning is a typical product of the creative industry, and may serve as an example for the more general aspects of the creative economy.

Vitaly important is that cultural or creative entrepreneurs (or those aspiring to be so) do not operate on their own, but establish networking relationships where possible, to ensure the development of their own business. Together with other cultural or creative entrepreneurs, and supported by intermediary organisations, they constitute the cultural SMEs. In this way a network of business contacts can evolve in each city or region, which will facilitate the professionalisation of creative enterprises.

In the coming years, it seems inevitable that creative entrepreneurship will attract more attention from institutes and enterprises aiming at innovation and improved presentation values. The meaning of art, culture, media, entertainment and creative services, whether measured according to their intrinsic value, or the value that they bring to other organisations, will play a specific creative role when it comes to renewing and creating quality in their own environment. It all amounts to a profound change of perspective. The big question is, will cultural and creative entrepreneurs and knowledge institutions be ready for the challenges and opportunities ahead?

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School of the Arts), a cooperation between Utrecht School of the Arts and Utrecht University.

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# 0.3

## READING GUIDE

Annefloor Oostinjen

**Part 1** of the handbook, addressing the Creative Economy, starts with the article Creative Industries and Innovation by **Karen de Ruijter**, **Yolanda van Heese** and **Stephan Raes**, all representatives of the Dutch government Department of Economic Affairs. They put innovation at the heart of their policy, addressing the change from an industrial economy to a knowledge economy.

On the regional level, **Marijn van Thiel** cooks up a recipe for creative regions with her article Creative Regions: a Recipe for Success. She illustrates the key players on a regional level and develops a model for cooperation, embracing educational institutes, the business world, and creative SMEs.

Some definitions and interpretations from the 'traditional industries' need to be adapted or expanded when facilitating creative entrepreneurs. Existing business models for example, are often not applicable to measure the validity of creative businesses. **Hugh Mason** from Pembridge has considerable experience of growth within creative SMEs, which is discussed in the article Growing Creative Industry SMEs.

Creative cities play a major role in the development of creative SMEs. Creative entrepreneurship is strongly connected with this urban phenomenon, and it is this creative activity that attracts the creative class, as established

by researchers such as Richard Florida. **Joeri van den Steenhoven** gives his perspective on the creative city in Creating Creative Capital, followed by **Simon Roodhouse** who sheds light on Defining Cultural Quarters, addressing both the economic and cultural arguments for cultural quarters, as well as considering them in relation to urban planning.

**Part 2**, on the Creative Industries, discusses regional and sector specific issues, kicking off by the importance of Educating for Entrepreneurship by **Debi Hayes** and **Anthony Kent** from the London College of Communication. The writers raise awareness about the entrepreneurial thinking of creatives, specifically on intellectual property. **Gaynor Richards** supports this thinking and has developed a model for Embedding Entrepreneurship at the Heart of Education through years of UK government experience in entrepreneurship in the creative industries and through her experience as an advisor to early-stage graduate entrepreneurs. **Gerardo Neugovsen** goes further to outline the key competencies that cultural managers need in the article Developing Cultural Managers. These first three articles sketch an overview of learning opportunities for creative entrepreneurs (to be). They are followed by articles from practitioners in the field of the creative industries, who dig deeper into specific issues affecting creative entrepreneurs.

In Eight Recommendations for a More Effective Design Export Policy, **Peter Kersten**, who used to chair the association of Dutch Designers (BNO) and remains an ambassador for the organisation, pleads for a more coherent (design) export policy and calls for cities, regions and government to work together, supporting those designers who are willing to include export in their business plan.

**Sandy Fitzgerald**, in behind the Facade, sketches the history and relevance of disused industrial buildings from the 1960s to the present day. He has 30 years of experience as a manager, artist and activist in the cultural sector and was director of the City Arts Centre in Dublin from 1973 until 2000.

He is followed by the example of Lodz: Renaissance of the Promised Land by journalist **Roy van Dalm**. Lodz in Poland is experiencing a major renaissance with its industrial cotton factories now being transformed into huge centres for culture, creativity and tourism.

These examples of creative clusters are physical examples of networks that work, yet we certainly shouldn't forget the importance of (social and virtual) networks, which win in popularity and importance, creating valuable knowledge sharing inside and outside the creative industries (including cross-pollination). **Anamaria Wills** makes us aware of the importance of networking, but also of the Importance of Being Networked. Owing to the reluctance of creative entrepreneurs to engage in networks and to attend to network meetings, she describes ways of making networking more comfortable, by participating in organised networks and therefore being networked by the organiser.

**Alexander Fernandez** and **Daniëlle Arets** go further, by stating the importance of virtual networks and gaming within organisations and education in The Game Business. We could wonder to what extent Sim City will start to compete with the physical city in the future. One thing is sure: the gaming world is big business, and games are increasingly used to professionalize businesses.

Investment is typically one of those subjects that don't come easily to the creative entrepreneur. **Tom Fleming**, consultant and academic in the creative industries, therefore sketches the environment of investment in Investing in Creative SMEs, through extensive experience in research, mentoring and consultancy in the creative industries. Followed by another key issue and hurdle for creative entrepreneurs: intellectual property. **Evert van Gelderen** and **Marieke Coumans**, both lawyers specialised in intellectual property in the creative industries, introduce this complex issue in Copyright: an Introduction.

**Part 3**, on Creative/ Cultural Entrepreneurship, looks at hot issues in creative enterprises at the organisational level, starting with Managing the Growth Challenge in Creative Businesses by **Greg Pestrak**. Creative businesses are often seen to be less successful at growth, however Pestrak concludes that we shouldn't assume creative businesses to be automatically less successful in managing their growth potential. In his article, Pestrak highlights several critical factors necessary for the creative entrepreneur to achieve his or her goals.

Another typical issue of the creative entrepreneur is his or her balance between commercialism and artistic freedom. **Giep Hagoort** discusses this fine line in Commercialism's Artistic Assignment, followed by his theory on Cultural Business Modelling, an article written by **Giep Hagoort** and **Gabriëlle Kuiper**. The writers challenge hybrid forms of funding, involving the state, market and culture, underlining the shifting focus away from subsidies which is taking place in so many countries.

**Gabriëlle Kuiper** also illuminates Project Management in a Creative SME from her perspective as a project manager and head of the Event Management Bachelor's degree at the Utrecht School of the Arts. **Dorian Maarse** subsequently complements the competencies of the project manager with her vision of Teamwork, and **Eva van der Molen** develops a Personal Toolkit for the Cultural Entrepreneur.

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We are still dealing with assumptions about the different worlds of the creative and the traditional entrepreneur, the world of the t-shirts and suits. Even though these visions may still live in the minds of facilitators (banks, consultants etc), most of the articles have proven that there can be a healthy balance between traditional business approaches and those of the creative entrepreneurs. With his article, [David Parrish](#) introduces his ideas for Making a Business Plan, inspired by his book T-shirts and Suits, A guide to the Business of Creativity.

In the first chapter, innovation was discussed on the macro level, by De Ruijter, Heese and Raes. [Andrew Bullen](#) further discusses this topic on the organisational level in Innovation in Cultural and Creative SMEs, through his experience at the Media Guild in Amsterdam. In his article, Bullen highlights tools that can be implemented by the creative entrepreneur in the context of the innovation process within the knowledge economy.

Marketing within creative SMEs touches on many of the previous articles, by integrating needs for commercialism with artistic incentives, clear business goals, teamwork, management etc. Creatives are often in need of different marketing and positioning techniques, simply because their products are out of the traditional range. [Menno Heling](#) and [Pieter de Nijs](#) present an article on The New Marketing that challenges these issues within cultural organisations and enterprises.

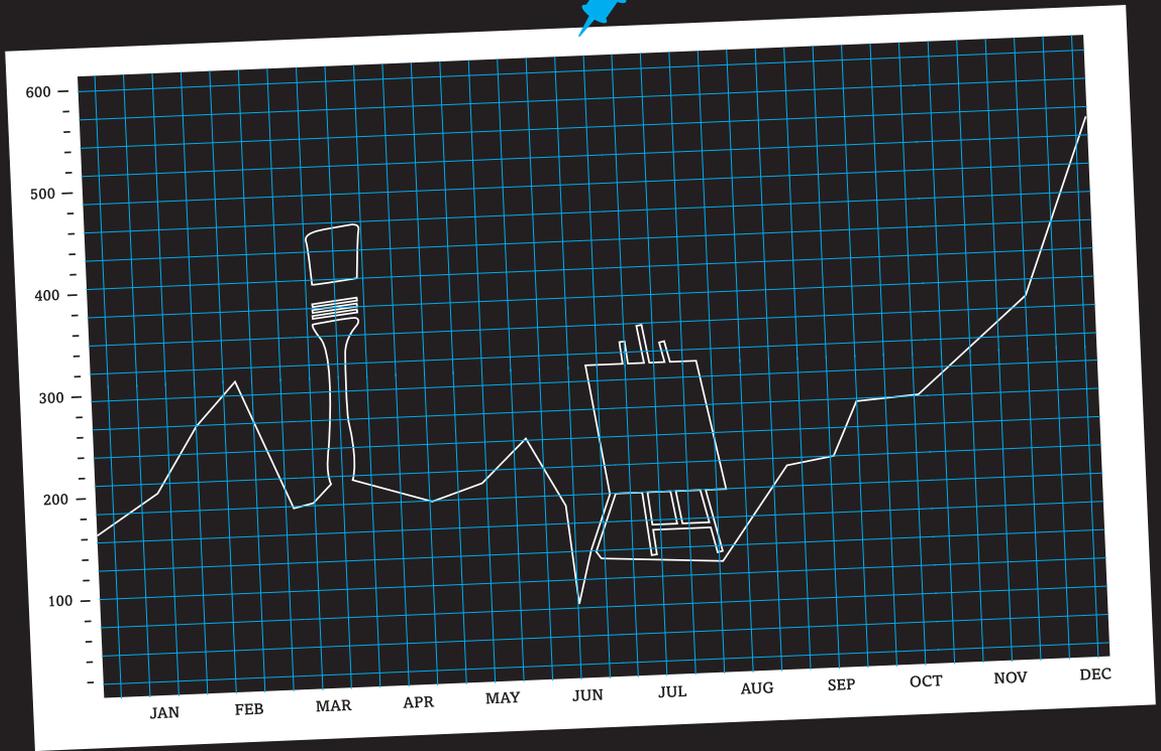
Earlier, Peter Kersten introduced recommendations for a better design export policy, which don't necessarily apply directly to each creative entrepreneur. [Remy Harrewijn](#) has therefore written the article, Meetings in the Lion's Den, as a result of research conducted for CMKBU, which introduces the whys and wherefores of export for a creative SME.

Finally, [Nelly van der Geest](#) stipulates the importance of the Intercultural Competencies in the Creative City, provid-

ing a checklist for an inclusive strategy of the creative city, also applicable to the inclusive strategy of a creative SME. We hope you will enjoy reading this handbook and we hope that these articles will motivate you to find out more about specific subjects and the authors. If you have any comments on the handbook, or any of the specific articles, we would be glad to hear from you.

Enjoy!

# CREATIVE ECONOMY



# 1.1

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# CREATIVE INDUSTRIES AND INNOVATION

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Karen de Ruijter, Yolanda van Heese, Stephan Raes

## 1. Introduction

**Western countries are quickly switching from an industrial economy to an information-based one. This means that knowledge and innovation, rather than labour and capital, are the most important drivers of economic growth. The extent to which we succeed in converting knowledge into new services and products, i.e. in innovating, increasingly determines our future growth possibilities.**

To profit from increasing globalisation, it is important that Western countries “move up the value chain”. This means that companies must focus on value-added activities where knowledge, technology and intangible assets are at stake.

At the European Council in Lisbon in 2000, the European Union announced its ambition to be the world’s most innovative and competitive economy by 2010. One of the sectors which plays an increasingly important role in achieving this goal comprises the creative industries - a collective term for a large number of professions and disciplines,

which can be roughly classified into three categories: arts and cultural heritage; media and entertainment; and creative business services. This sector takes up an important role in the economy and its share is only growing.

Before proceeding we first ask the question what is exactly meant by ‘innovation’. The Dutch Ministry of Economic Affairs uses the following definition:

Innovation is renewal that ends up in products, services, processes or organisational forms. The essence of innovation in companies is converting knowledge into money. Innovation leads to durable economic added value, and exploits knowledge for solving social bottlenecks. Transferring and application of existing knowledge are important, especially in small- and medium sized enterprises. Innovation is work of man and does not only demand the development of technology – innovation is also dependent on factors such as management, logistics and marketing. (*Innovation Letter, 2003, Dutch Ministry of Economic Affairs*)

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Yolanda van Heese is unit manager services of the industry department of the Ministry of Economic Affairs. She is co-author of the policy letter *Our Creative Potential*.

Stephan Raes is deputy Director Strategy, Research and International Affairs Department at the Ministry of Economic Affairs. He is co-editor of the publication *Creatief Vermogen*.

In this definition, innovation is more than research and development (R&D), or technology. It includes the complete knowledge chain: from knowledge development to knowledge transfer, application of knowledge and generating income on the basis of that knowledge by means of new products, services, processes and royalties.

### Innovation and the creative industry

Creativity and innovation are inextricably linked. Creativity literally means the capacity to create, but is generally interpreted as the ability to examine situations or problems in a new manner. In both meanings, there is a clear relation with invention and therefore with innovation.

Edward de Bono (1993) considers creativity as breaking through accepted truths and patterns. It is widely recognised that creativity is encouraged by combining ideas and insights from totally different areas. For Joseph Schumpeter, innovation was the art of achieving new combinations. Einstein summarised his scientific work as a game of combinations.

Creativity and innovation play an important role in the creative industries. The creative sector is a developer of new concepts, ideas and experiences. It is also an important mover of innovation for other industries, for example in the application and exploitation of newly developed technologies.

Next, this article will address the economic meaning of the creative industry for the Dutch economy (section 2); the role of the creative industries in creating added value on the basis of innovation (section 3); the most important bottlenecks creative industries encounter in the innovation process (section 4), and possible solutions which creative companies or government can undertake (section 5).

## 2. Economic Importance of the Creative Industries

The creative industries have at least 20 years of development behind them, and currently receive considerable attention both nationally and internationally, thanks to the

growing economic importance of the sector. From arts to advertising agencies, from festivals to the gaming industry, the creative industries contribute to employment and economic growth.

In the Netherlands, the creative industries now account for nearly 240,000 jobs (3.2% of total employment), and have an added value of approximately € 8.4 billion. Moreover, this share is growing rapidly. The average annual growth in employment in the creative industries increased by 5.1% between 1996 and 2002, in excess of the national average of 3%.

The influence of the creative industries reaches far beyond the sector itself. With increasing internationalisation and individualisation, the importance of creativity grows in other industries as well. The success of brands such as BMW and Apple, for example, stems partly from the fact that they distinguish themselves from their competitors with their strong commitment to design and the renewal of product concepts.

Moreover, the creative industries are strengthened through their connections with other economic sectors. The rise of the so-called experience economy has reinforced the position of the creative industries.

## 3. The Role of the Creative Industries in Creating Value

In current discussions about the future of the Western economies, the role of creativity and culture is increasingly emphasised. The exploitation of creativity in economic processes could become the most important competitive advantage of Western Europe in the global marketplace. In the knowledge-based economy, the human ability to create value on the basis of new concepts and ideas forms a crucial mover of increased prosperity.

By connecting creativity and design to products and services, companies can add an extra dimension to their product or service and thereby supply consumer needs. Think, for

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example, of the new term ‘experience economy’- consumers no longer simply want to travel, they want to travel to experience new cultures. They no longer want a regular cup of coffee, but “a moment of relaxation”. The recent development of mass individualisation plays a role here: consumers increasingly want to differentiate themselves through their consumer choices.

The creative industries offer new distinguishing possibilities to companies both within and outside their own sector. Companies no longer offer a product or service, but a solution to a problem, or an answer to the question of the consumer.

The combination of developing new products and services and linking these with experiences is an essential ingredient for innovation in the knowledge and experience economy. Through this, the creative industries offer an alternative perspective on innovation: there is more attention to the front end of the innovation process. From this perspective, the primary issue is converting market possibilities and technological concepts into new products and services.

Secondly, it concerns adding symbolic and emotional value to products and services to increase their market chances. Where in many cases the intrinsic qualities of products and services have been optimised within the limits of affordability and technology, meaning can add more value.

The combination of both types of activities, developing new products and services and linking these to experience value, is an essential ingredient for innovation in the knowledge and experience economy. This approach forms a clear alternative in comparison to the more traditional approach, in which the emphasis is on technological knowledge and competences. Here, the innovation process is directed towards the ‘input’ of the process: the realisation of technological breakthroughs that must be translated into new products and services. Creative industries are boosters of ‘what is called ‘non-technical innovation’. Non-technical innovation becomes at least as important as technical innovation in the knowledge and experience economy. For example, design

plays a more important role in productivity growth. Companies that neglect the creative dimension literally create less value. Creativity is also of growing importance regarding the type of knowledge and skills that employers demand from their employees.

### HEMA and design

Low-cost Dutch retailer HEMA (founded 1926) has given creativity an important role since the 1980s. HEMA sells exclusively own-brand products in which design is important. This applies also to the look of its shops and marketing material. Creativity is central to the company philosophy, and HEMA has strong ties to the design sector through its competition for young designers (introduced 1983), now regarded as a great career opportunity for starting-out designers.

## 4. Challenges and barriers

The creative industries offer great opportunities for the Dutch economy, but these are not being properly exploited. Artists, entrepreneurs and employees encounter all kinds of barriers. There are bottlenecks between the creative industry and other parts of the economy, problems in financing, law and legislation, and with the self-organising capacity of the creative industry.

### Links to other parts of the industry and institutions

One of the main challenges is that creativity and the economy are thought to be worlds apart. The creative sectors and the other sectors meet up too seldom. Unknown equals undervalued. This is one of the reasons for the inadequate level of dynamism in the chain from initial creation to market launch.

### Finances

Availability of financial resources and the accessibility of instruments for entrepreneurs are – as in several other sectors – frequent obstacles for creative companies and institutions. The ambitions of creative companies are frequently larger than their bank accounts. On the one hand there is a lack of risk-bearing business investment in facilities and exploita-

tion. On the other hand, our culture of gifts and patronage, where a company, group of companies or a private person gives money without an eye to a direct profit, is underdeveloped. To realise a broader financial basis, communication problems must be tackled. The existing possibilities for investment are insufficiently known by the sector; financiers and creative company branches have few opportunities to find each other.

### Intellectual property

Intellectual property (IPR), particularly copyright, plays a key role in the creative industries. In the creative company branches, it mostly concerns (in contrast to high-tech companies) innovation that is conceptual rather than technological. But few style attributes can be patented. This means that innovations can be easily copied by competitors. Copyright does protect creative performances, which can be developed economically as a result. This benefits the author, and also potentially others such as the distributor or sales agent. Research indicates that current copyright laws don't stand in the way of innovation per se, but the way copyright laws are implemented does indeed form a barrier to innovation.

### Internationalisation

The creative industry makes poor use of its international possibilities. Individual international successes mask the fact that, at a collective level, many chances are missed. Many creative companies do not have proper international distribution channels. Therefore, internationalisation is more incidental than structurally planned in the creative industries.

### Improving business and cultural management

Like other governments, the Dutch cabinet wants to stimulate cultural institutions to develop their businesses. It hopes to stimulate entrepreneurial skills in cultural professionals and create a climate in which entrepreneurship benefits subsidised cultural institutions. The cabinet wants to encourage the 'economisation of culture' in three main ways. In education, more attention will be given to entrepreneurial skills. Moreover, the systems in which costs of subsidised

institutions are defrayed will be reorganised, as a result of which the unilateral dependence on culture subsidies will be reduced.

Subsidy dependence has undesirable side effects. Subsidies tend to work as accreditation, and vice versa: the absence of subsidy is a certificate of insolvency. This contributes towards the image that the utilisation of economic potential is a sign of inferiority in art and culture. In this way, the focus of subsidy committees on consensus stands in the way of innovation. It is only right that creative study and experimentation is conditional across the entire breadth of the creative business sector. In the visual and performing arts, success is measured not just in terms of sales or profit alone, but also on the basis of originality, authenticity, daring and ambition; this also applies to the more 'commercial' sectors such as architecture, design, film and television productions.

This limited role of the market has given rise to two misunderstandings regarding entrepreneurship. Quite wrongly, it appears as if a subsidised existence is the highest level that can be achieved. And equally wrongly, it seems as if public success is inevitably equated with low quality. These distorted views can be corrected by developing alternative forms of financing for the cultural sector.

## 5. Options for improvement

The Dutch cabinet has formulated five actions to improve the situation:

- Establish active links between the creative industries and other businesses.
- Improve the financial conditions for creative businesses.
- Improve the conditions for intellectual property.
- Intensify internationalisation.
- Stimulate entrepreneurship and cultural management.

*Source: Ministry of Economic Affairs and Ministry of Education, Culture and Science (2005), Our creative potential.*

Here, the focus is on improving the connections between the

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creative industries and other businesses and institutions.

The innovative capacity of businesses, gets a boost when the connections between the creative company branches and the rest of the economy is reinforced. There are many possibilities when sectors are actively linked with each other: the connection gives rise to a source of ideas for the development and exploitation of new technologies and products.

A better connection also dovetails with the recent popular development of 'open innovation'. Open innovation is innovation in association with other parties - not as an individual organisation behind closed doors, but in association with parties with additional knowledge. This is not a new development, but it is happening more, and in fresh forms. For the creative industries, open innovation is an attractive opportunity, and is possibly already more popular here than in other parts of the economy. Openness is an essential characteristic of an innovative and creative economy. This characteristic not only helps the creative production within the creative industries themselves, but also encourages the exploitation of creativity in divergent sectors of the economy.

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## CREATIVE REGIONS: A RECIPE FOR SUCCESS

Marijn van Thiel

### 1. Introduction

Is there a recipe for the development of a creative region? This article examines the basic ingredients needed for such a region to succeed. In section 1, creative region is defined as clustering and collaboration to develop creativity and innovation in a specific, recognisable geographical area (whether a city, two cities, or a province). Section 2 outlines four creative milieus present in regions, while section 3 takes CMBKU, a Utrecht-based project, as a case study. Section 4 looks at regional profiling, while section 5 considers the various parties involved and their roles. Section 6 deals with the interaction between the regional and inter-regional context, and argues for the collective promotion of creative businesses. Finally, section 7 presents a model for successful creative regions.

In this article, the concept of the creative business or cultural SME is taken to mean all of the organisations that are professionally active within the creation, production and distribution chain of creativity – whether in design, architecture, games development, or performance.

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## 2. The Mix of Creative Milieus

Four different creative milieus may be identified within a region: the breeding ground; the production environment, the creative workplace, and the transaction milieu (Proeftuinen, 2006). Typical of the breeding ground is the attention devoted to 'starters', internal interaction, affordable space and a variety of disciplines. A production environment stands for a one-sided array of disciplines, a collection of separate businesses that produce knowledge and products. A creative workplace – a milieu in which creative businesses establish links with each other – focuses mainly on product development in the creative sense. Within the transaction milieu, the focus is directed towards one specific discipline and the convergence of supply and demand.

Most creative regions devote the bulk of their attention to the breeding ground: the support of 'pure artistic' talent in their region usually accompanied by a limited degree of growth. However, the third and fourth milieus are the most interesting for the creative economic development of regions. Collaboration, the sharing of knowledge, interaction and innovation are at their core. A combination of the transaction environment and creative workplace along with the parallel devotion of interest to breeding grounds constitutes a powerful mix for a region to achieve ongoing growth.



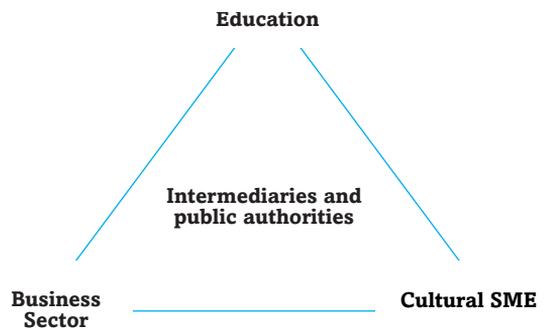
**Be aware of the makeup of your own region.**  
Where possible, create a combination of the transaction milieu and creative workplace, devoting parallel attention to breeding grounds.

## 3. Case Study: Cultureel MKB Utrecht

Utrecht has considerable potential to continue developing as a highly creative economic region. Firstly, the city has a large cultural SME sector. Research conducted by the Faculty of Geoscience in the University of Utrecht (Van Aalst, 2005) reveals that the city (with 284,000 inhabitants) has more than 2,500 creative businesses rep-

resenting a total of more than 10,000 jobs, accounts for 5% of all employment opportunities in Utrecht and accounts for 15% of its economy. Nevertheless, the small size of the relevant businesses is also confirmed in this case: an average of 4.5 jobs per organisation as opposed to 13.4 in other Utrecht businesses. Secondly, education (cultural and otherwise) is also well represented in Utrecht. Thirdly, intermediary organisations, such as the Chamber of Commerce, Syntens (an organisation which supports innovation) and the Municipal and Provincial Councils of Utrecht have described creative business as a key element and have developed projects to ensure its ongoing development. Fourthly, there is the 'normal' business sector in the region of Utrecht. A growing number of businesses are acknowledging the added value produced by the use of creativity within their own organisation.

Figure 1: Players in the Cultural SME Environment



The problems affecting these four parties, such as limited managerial skills in creative businesses and little interaction and collaboration between cultural SMEs, the business sector and educational institutions, constitute the rationale for the programme, Cultureel MKB Utrecht, which was initiated by the Faculty of Art and Economics in the Utrecht School of the Arts. This programme is centred around the professionalisation of cultural entrepreneurship on the one hand and the ongoing devel-

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ship and creative regions. CMKBU aims at the professionalisation of cultural entrepreneurship and stimulates the collaboration between Cultural SMEs, educational institutes and large businesses.

opment of and use of creativity within the mainstream business sector.

A number of pilot projects were established between September 2005 and 2006 in order to achieve these goals. In the first year of the programme (September 2005 to September 2006), the bulk of the work involved the creation of an infrastructure for and the achievement of an understanding of the creative sector and Utrecht as a creative region. The second year (September 2006 to September 2007) is largely concerned with the articulation of and response to questions of cultural entrepreneurship (professionalisation being the key point) and increasing collaboration between the educational, cultural SME and mainstream business sectors in the region (exploiting the region's potential).

The Art and Economics Faculty takes a facilitative role with the aid of this programme. Throughout its duration, multiple projects have been initiated inside the faculty and beyond, which are helping to strengthen Utrecht's position as a creative city. Utrecht's strength in relation to supporting creative business lies in the collaboration different fields of expertise. The faculty has assumed responsibility for cultural and entrepreneurial expertise in this respect. At present educational, business and intermediary organisations are working on a hot spot: a physical location in the city where meetings can be held, experiments conducted, and collective support provided for the creative sector.

unique selling point. Increasingly, regions are focussing on a specific creative discipline. For instance, the Delft region focuses on industrial design, Arnhem associates itself with fashion and Eindhoven with technology and design. Utrecht, on the other hand, does not focus on a single specific discipline (yet), but on the multiplicity of creative disciplines which educational institutions (cultural and otherwise) are serving up for the region. This is also known as the Utrecht model.

Unfortunately, Utrecht's image (the idea that outsiders have of Utrecht) does not coincide with the identity and core regional values that it seeks to generate (Meerstadt, 2006). How can the Utrecht region resolve this difficulty? A sound choice could take the form of placing greater emphasis on a specific discipline – such as games. Utrecht has a rapidly growing games industry, which holds great economic potential and includes extensive cross-overs with a large number of disciplines, such as music, theatre and design. In addition, a number of important umbrella game organisations and professional associations are also present in Utrecht. Serious gaming also represents a rapidly emerging market, which will draw a wide range of businesses to the region and which will facilitate cluster formation and will profile Utrecht as a 'games city' nationally and internationally.



- Professionalise cultural entrepreneurship in cultural SMEs.
- Initiate meetings and collaboration between the educational, creative and 'non-creative' business sectors.



- Focus on a specific discipline for the purposes of regional profiling, thereby achieving cluster formation, innovation and economic growth.
- Working together with parties in the region, continuing to build on a strong, economic, geographical and/or historical background.

#### 4. Clustering for Regional Profiling

The Dutch situation shows every region seeking to create its own identity in the creative arena, a type of

#### 5. Roles in a Creative Region

If a permanent creative region is to be developed, collaboration is required between different parties, each of which has its own role to play in this respect. In the case of Cultureel MKB Utrecht, four major parties are involved: creative business, education (or knowledge in-

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stitutions), the 'non-creative' business sector, and government and intermediary organisations.

### Role of Cultural SMEs

Cultural SMEs play a key role in creative regions, but new graduates frequently lack the confidence to start up their own business (creative or otherwise) in spite of the growing attention paid to entrepreneurship. This abyss can be bridged with the aid of creative business, for example, by introducing a buddy system: bringing students together with cultural entrepreneurs in the region. This way, students can acquire more confidence and can develop ties with the region, thereby ensuring that talented people can be more readily retained.

### Education as a mainspring

In various Dutch regions, education acts as a catalyst for regional profiling, mainly because of the large proportion of talented people which the educational institutions 'supply' as part of a discipline. Examples of this are fashion at the HAN University, industrial design at the Technical University of Delft, gaming at the Utrecht School of Arts and design at the Design Academy in Eindhoven. Research conducted by Florida confirms this driving role played by universities and higher education institutions in regional economic development.

In addition, higher education may assume an important role in monitoring how the creative region evolves, and in knowledge sharing.

### Intermediaries and public authorities

Creative regions need to function well as regions – they need bottom-up policy, facilitation and support. A second role for government lies in collectively profiling and promoting a creative region. The third role open to government is to facilitate the establishment of affordable accommodation and the development of a hot spot for meeting, and networking.

### 'Non-Creative' business

Non-creative businesses can encourage the use of creativity in their own organisations. Secondly, they can collaborate with talented people in their own region, creating a self-sustaining model: businesses are attracted by the presence of talent. Such clustering makes a region stronger in terms of profiling and promotes economic growth, with the result that highly qualified people find it interesting to move to such a region or to be educated in it (Florida). Thirdly, businesses can provide support for creative business and educational programmes, by giving them assignments, for example.

Figure 2: Roles of Key Players in a Creative Region

<b>Creative Business</b>	<b>Educational Institutions</b>
<ul style="list-style-type: none"><li>• creation, and the production and distribution of creativity</li><li>• buddy system</li></ul>	<ul style="list-style-type: none"><li>• promote regional profiling</li><li>• to apply creative talent and perform a bridging function</li><li>• conduct research and share knowledge</li></ul>
<b>Intermediaries and Public Authorities</b>	<b>Businesses</b>
<ul style="list-style-type: none"><li>• perform a managerial function</li><li>• profile and promote regions</li><li>• facilitate accommodation and hot spots</li></ul>	<ul style="list-style-type: none"><li>• use creativity in their own organisation</li><li>• use talented people within their region</li><li>• provide support for entrepreneurship</li></ul>

## 6. The Regional and Interregional Mix

The promotion of innovation in one region can be boosted by sharing knowledge and collaborating with other regions. One way of doing this is by using a platform,

such as ECCE (Economic Clusters of Cultural Enterprises), a collaborative venture in which seven European regions are creating and sharing knowledge for the purposes of developing their own region. Such platforms are driven by the following five factors: opportunities for collective activity for creative regions, innovative education, employment opportunities, social cohesion and integration (inter-culturalisation), and collective profiling based on regional profiling.

The promotion of group interests through a professional association for creative regions would be the next step within this framework. Creative business consists of a series of mainly small businesses, which are often driven more by artistry than by entrepreneurship. In addition, a large number of cultural entrepreneurs have a poor knowledge of marketing, ICT, finance, and managerial skills such as leadership. Also, the small scale of most cultural SMEs means that a single member of staff is often a Jack (or Jill) of all trades, doing marketing, finance, staffing policy, publicity, and even the cleaning. As so much time is taken up by day-to-day affairs, long-term strategy is often neglected. A professional association could help with the development of long-term strategy, and offer additional benefits:

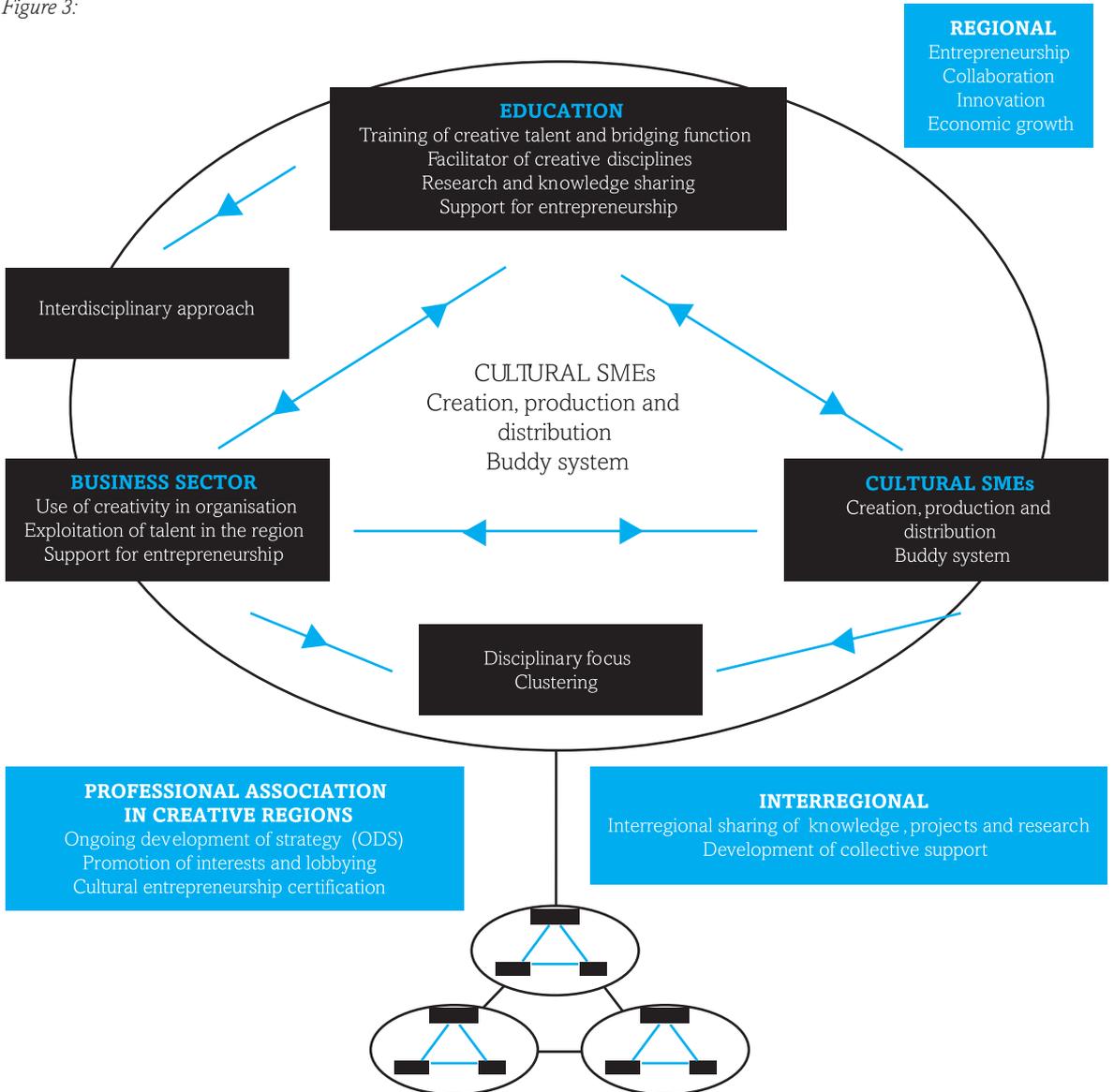
- The ongoing promotion of growth and employment.
- Encouraging the formation of networks and coherence within the creative business sector.
- Profiling and image enhancement.
- The potential to influence policy collectively.
- Distinguishing between competitors, raising the average level of the industry and professionalising it by means of a certification structure.
- The structural sharing of knowledge.

The establishment of such an association could occur in stages like these:

- I** The initiation of individual regional pilot and other projects.
- II** The sharing of knowledge and collaboration between creative regions through projects and joint research.
- III** The establishment of a central office – consultancy, structural and ongoing support, and coordination between creative regions.
- IV** The development of overarching support, and local attention to regional issues; interregional tools which go beyond a particular region.
- V** The use of certification – the professionalisation of creative business in the field of cultural entrepreneurship.
- VI** Lobbying to influence policy at the national and European levels.

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Figure 3:





- The use of an interregional or Euregional platform as a means of collaboration and sharing knowledge for the purposes of growth, innovation and new educational programmes in individual regions.
- A professional association serving as a model for the ongoing development of the sector and the promotion of collective interests.

## 7. A Model

The sections above describe the basic ingredients required in order to ensure the further ongoing development of a creative region. Of course, local historical, economic and geographical ingredients will also determine the final flavour. The basic ingredients produce the following model.

*Figure 3: Players in the Cultural SME Environment*

The essence of the recipe for a strong creative region lies in cultural SMEs and collaboration between the educational, and creative and larger business sectors, and local and regional government (together with intermediary organisations). Profiling a specific discipline is required, in addition to wide-ranging support for creative talent. Sharing knowledge with other regions enables accelerated development. Finally, an outer circle has been created around all the regions. The small scale of cultural SMEs demands collective action, while maintaining respect for individual parties. Last but not least: test the recipe by adding your own experience and ingredients that are specific to your own region. Hopefully, you will be able to enjoy the results for years to come.

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## GROWING CREATIVE INDUSTRY SMEs

Hugh Mason

### 1. Introduction

**My organisation, Pembridge Partners LLP ('Pembridge') is a group of entrepreneurs with a mission: to help the owners of creative small to medium-sized enterprises (SMEs) grow and realise value in their businesses. We do that by providing finance and advice on a fully commercial basis. We also licence our diagnostic, benchmarking, portfolio-management and mentoring tools to public-sector agencies that seek to achieve growth.**

Since our foundation in 2001, we have worked with over 1,000 SMEs in the UK, USA, Netherlands and Singapore. We have raised or directly invested over €15mn in a portfolio drawn from those SMEs. It shows a predictable mix of individual success and failure, but overall has achieved >40% internal rate of return. The sobering experience of investing our own cash has given us a vivid picture of the issues surrounding growth in commercially motivated creative industry sub-sectors as

diverse as design, music, television, film, animation, games, public relations, advertising, direct marketing and sales promotion.

In this paper, I set out to share our experience. In section 2, I summarise our understanding of the typical phases of growth faced by commercially motivated creative industry SMEs. Section 3 collates some practical lessons we have learned, describing both the potential and the limitations that we see for anyone seeking to inspire and empower growth. In section 4, I formulate some conclusions.

This paper draws on the empirical experience of a team of practising entrepreneurs, not professional researchers. Where no reference is given for an assertion, I ask readers to understand that I draw upon our empirical experience. Wherever I can, I have included source citations for the benefit of academic colleagues.

Hugh Mason is a former physicist turned film-maker turned entrepreneur. He co-founded Pembridge Partners LLP ([www.pembridge.net](http://www.pembridge.net)) in 2001 to provide finance and advice to Creative In-

dustries SMEs. Hugh now works directly with both high-growth SMEs and public agencies seeking to grow the Creative Industries sector across Europe and Asia.

## 2. Growth in the Creative Industries

The observations here apply exclusively to the commercially motivated SMEs that form Pembridge's client base. Therefore, 'growth' is defined in conventional terms, as an increase in the price a purchaser might be prepared to pay for an enterprise (i.e. its 'value'), based largely on the SME's projected ability to generate surplus cash, and a positive view of its fit with its future market.

SMEs that successfully apply this definition of value to target their work grow to attain first sustainability, then increased opportunity to expand the business. The process of growing commercial value does not only benefit the business owner. It

also creates increased employment and economic wealth in the community (through taxation). Eventually, there is the option for the owners of the SME to become personally wealthy by exchanging the value they have created for cash, through a transaction such as a trade sale or flotation.

Culturally or socially motivated SMEs operate under very different dynamics, which lie outside the scope of this article.

Figure 1 shows a stereotypical picture of how value might grow in a creative industry SME over time. As it moves from left to right, an SME could be said to pass through a series of stages.

Figure 1: Stereotypical growth path of Creative Industries Businesses

Commercially Mature	High		<b>VALUE REALISORS</b> Established business model Don't change it Age of Directors influence new challenges needed single focus SALE MBO IPO	<b>ACQUIRERS</b> Mature creative firms acquirers
	Medium	<b>VALUE CREATORS</b> Understanding process Use Advisers appropriately make decisions will fire a client >€750k-€2m TO	<b>VALUE GROWERS</b> Know the numbers Owners less hands-on with clients Innovation happens >€2m TO	
	Low	<b>UNSOPHISTICATED</b> stalled/ low growth no process owners involve in everything prevaricate <€750k gross profit <€750k turnover 2-10 staff		
		Small	Medium	Large
		Size (European classification)		

# 1.3

## The start-up business

Start-up businesses are generally valued low by potential purchasers, because there is little trading track-record on which to base a valuation, and because the management teams are often unproven and inexperienced. Many SMEs do not survive the start-up period, however, businesses closing down in this period are not 'failures'. Rather, they are a healthy indication of entrepreneurs having the confidence to try out new ideas, learning and moving on if their expectations are not met by reality.

Where cash is required to start a business, the risks and issues of low valuation mean that the only available sources of finance are colloquially described as 'friends, family and fools.'

## The lifestyle/workstyle business

It might take a first-time entrepreneur two years to move from the first day of trading to a financial position where the business can support their lifestyle sustainably (what might be called a 'lifestyle' business), or to give them the capacity for creative fulfilment on a reasonably sustainable basis (what might be called a 'workstyle' business). In getting to this stage, entrepreneurs will also have begun to understand what being a business owner-manager really means: they are likely to have experienced both 'ups' and 'downs' in the flow of work, and they will start to feel confident that they know how to do whatever it is they do, consistently, on their current scale of operation.

Many owner-managers choose to keep their businesses at this scale until external factors force them to do otherwise (Clayton and Mason, 2006), perhaps growing incrementally year-on-year. A typical statement by an entrepreneur thinking this way would be that they 'hope to increase business by 20%' next year. Such a statement prompts the immediate question: but why not 10%, 50% or 500%? Lifestyle/workstyle SMEs' tendency to target their growth ambitions based on an internal reference point is a strong indication of SMEs looking inwards, rather than outwards towards the external market opportunity.

Typically, the financial requirements of lifestyle/workstyle businesses are met by self-generated cash (retained profit), or by debt guaranteed by the business owner's personal assets. In some territories, part of that guarantee may be provided by the state (Graham, 2004).

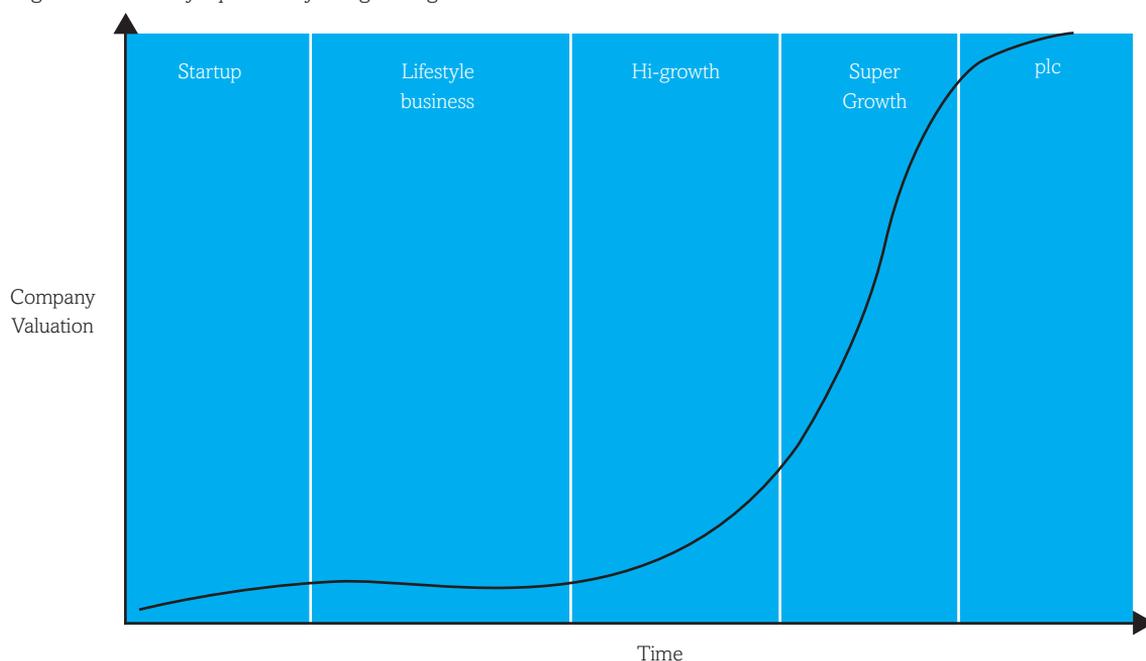
If trading conditions allow, owner-managers operating lifestyle/workstyle businesses often extract value from the business as it is generated, paying themselves higher dividends in good years and less when times are tougher. It is a perfectly viable option that creates jobs and income for many people. Some world-class creative industry businesses operate in this way.

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### The high-growth businesses

There is, however, a faster growth opportunity. That is to re-invest most of the profits generated by the business, accepting higher levels of risk. Going down this path will typically move a management team far out of its 'comfort zone' but, with the right support and a good match to the market, it offers a shot at a very different future: one that can lead to significant personal wealth and a much larger scale of operation, far more quickly than would otherwise be possible. Pembridge focuses on this category of SMEs, helping management teams break out of a series of boxes to ascend the 'staircase' illustrated in figure 2.

Figure 2: Modes of operation for a growing Creative Industries SME



A company entering a high-growth phase must necessarily move out of the lower left hand corner occupied by start-up and lifestyle SMEs (unsophisticated).

The catalyst for doing so is typically external mentoring or the intervention of an experienced non-executive director who helps the management team set a path to becoming value creators.

# 1.3

Armed with that knowledge, the team needs to implement change over time to expand the business and become value growers.

The SME will typically require further external support as they approach the moment when they wish to realise the value they have built (because most have never sold a business before, and because it takes additional management energy that would otherwise cause them to 'take their eye off the ball' in the main business).

Realising value can happen through several paths, but it typically involves being acquired by a much larger business: 'selling out.'

For some SMEs, the high-growth path outlined here will require external finance. This may come from a source such as a 'business angel,' who will often be an experienced entrepreneur offering advice as well as cash investment.

Only a small number of management teams have real commitment to high growth and fewer still envisage it from the start. By analogy: many of us aspire to lose weight, yet most of us fail to take up the diet and exercise advice made available to us (if we did, the business model of most health clubs would collapse through excess demand!). In the same way, many entrepreneurs aspire to wealth, yet few are prepared to accept the risks and self-discipline required to achieve it. It is a minority of SMEs that truly seek to accelerate their growth (when judged by actions not words) and those who follow the high-growth path typically do so after a period of several years in 'lifestyle' mode, once their founders have grown comfortable with an entrepreneurial identity.

## The 'supergrowth' business

It is not unusual to see business plans for technology-based companies predicting meteoric 'hockey stick' growth with some credibility (although reality may not always deliver). Here, fast growth is possible due to several factors, such as the fact that modern technology products frequently have very low manufacturing costs and huge markets, once the high costs of developing them have been repaid. In other words, they have 'scalability.'

Pembridge's working definition of the creative industries does not include SMEs built around scientific or technological intellectual property (IP). We prefer to categorise them as part of a larger knowledge economy, but we still observe many parallels with the SMEs that we would define as creative industries. It is therefore natural that investors dealing with both kinds of SMEs should seek to apply similar metrics to them. For example, we can apply the same concept of scalability to some sample SMEs:

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By their nature, performance venues are physically constrained, and performers can only perform in one place at a time (humans cannot yet be cloned, although fictional characters can be – Mickey Mouse earns cash in many places at the same time). Venue businesses will therefore be hard to scale (although even the design of a venue or a production can be franchised in several places at once, as is common with hit musical stage productions).

Creative services firms need to execute twice as much work to bill twice as many hours, so their scalability is limited (although there are opportunities to secure larger and more lucrative clients as a business grows, to reduce central costs and to systematise delivery by retaining and packaging up elements of IP).

Content companies such as TV, film, music and video games producers/developers produce products that have historically proved very scaleable: records can be stamped out cheaply and earn their rights owners money while they sleep. Set against that, new technology is challenging this traditional model, and the content industry seems to need to produce a lot of ‘misses’ for every ‘hit’ title that shows meteoric growth.

Clearly, generalisations across the creative industries about the potential to offer scaleable returns are dangerous. Only a tiny minority of start-up SMEs will ever be able to achieve the kind of meteoric growth in value required to make the business models of venture capital firms work, for example. So for most, such forms of financing will forever be inaccessible and irrelevant.

The prospect of ‘supergrowth’ motivates many wannabe entrepreneurs. It inspires virtually every independent feature-film maker and it creates a lot of chatter in the trade press. However, it is more talked about than actually achieved in the creative industries. Rather, the creative industries offer strong management teams, with focus and commitment to market realities, the prospect of good (but not meteoric) riches. The majority of companies will offer great potential to generate employment and the best will be ‘steady earners’ that could make their owners millionaires, rather than ‘shooting stars’ that create billionaires.

### [The public creative industry business](#)

There are numerous examples of companies fuelled by creative IP listed on the bourses of the world. However, as virtually none are SMEs, they fall outside the scope of this paper.

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# 1.3

## 3. Lessons Learned

We are beginning to understand that there is a pattern to growth and development in creative SMEs. We are also beginning to unravel some of the misunderstandings that have historically held the sector back, such as the confusion between social enterprises, culture and the creative industries.

Our experience working with SMEs at all stages of the growth path shown in figure 1 is that barriers to growth vary at each stage. The literature concerning such barriers to growth is itself growing (NESTA, 2006, DCMS, 2007). A full discussion of those barriers is beyond the scope of this paper, but here are some of the main features we observe.

Some start-up businesses launch with excellent products, skills and processes, yet fail to take off because the market does not understand and/or value their product or services. Many first-time entrepreneurs expect the world to come to them because they offer a service that the entrepreneur perceives as world-class. It is a shock to discover that selling is required and that there are many other alternatives available to potential customers. Other first-time entrepreneurs find that the unpredictability of life running a start-up creates personal stress that they find unacceptable. The first two years in the life of any start-up business are as much a personal journey for a first-time entrepreneur as they are a commercial enterprise.

In common with start-ups, our experience is that lifestyle businesses are most typically held back by weak market engagement, by a lack of financial skills to understand where the money is coming from and going to in the business, and by confused definitions of 'value' and 'growth' among owner-managers. Even when a business is out of the start-up period and trading in a stable fashion, we often encounter creative industry business owners who find it difficult to separate themselves mentally from their business and its projects/services. As a result they fail to develop the business itself.

Beyond the inherent risks of trying to grow fast, such as exposure to unexpected adverse market conditions, high-growth and supergrowth companies typically encounter barriers to growth that focus on the experience of the management team. A mature team whose members trust each other will find the external support they need to manage skills gaps: an immature team will fail to spot the need.

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#### 4. Conclusion

It is vital that creative entrepreneurs try to be honest with themselves about what kind of business they are running, or aspiring to run. Indeed, this would help investors and mentors, by saving time and energy all round, and it would help to increase the credibility of the creative industries in general. While definitions of the creative industries are unclear, and generalisations about it common, a climate of misunderstanding is created that holds the sector back from achieving its full growth potential. Hopefully, this paper will encourage investors and providers of finance to take the growth prospects of creative industry SMEs seriously, and that it will encourage more management teams operating SMEs to do the same. The power to build commercial value is in their hands: it needs only will, insight and market focus - and a little luck.

#### Acknowledgements

The ideas articulated in this paper stem from many sources and I am obliged to numerous friends and colleagues for the many helpful discussions that have informed this paper. Beyond Pembridge, I would particularly like to acknowledge our joint-venture partners, Burns Owens Partnership Ltd ([www.bop.co.uk](http://www.bop.co.uk)) and colleagues at NESTA ([www.nesta.org](http://www.nesta.org)). Many public sector client agencies have kindly provided projects, data and stimulating discussions that continue to inform our work. Most of all, I would like to thank the SMEs who are our clients for their inspiring enthusiasm, commitment and trust.

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# 1.4

## CREATING CREATIVE CAPITAL

Joeri van den Steenhoven

### 1. Introduction

**In 1800, only 3% of the world's population lived in cities. In London, however, a new era was dawning. Every day saw more people arrive in the bustling, rapidly expanding capital, in search of a better future. Other cities increasingly followed in London's footsteps, until, by 1950, 30% of the global population lived in urban centres. According to the United Nations, the majority of the earth's population now lives in a city. Why? The reason is still the same. Ken Livingstone, the Mayor of London, expressed it as follows in the aftermath of the 7/7 terrorist attack:**

*"If you go back a couple of hundred years to when the European cities really started to grow and peasants left the land to seek their future in the cities, there was a saying that 'city air makes you free' and the people who have come to London, all races, creeds and colours have come for that. This is a city where you can be yourself as long as you don't harm anyone else. You can live your life as you choose to do rather than as somebody else tells you to do. It is a city in which you can achieve your potential.... This year for the first time in human history a majority of people live in cities." (Statement made at press conference, 8th July 2005)*

The most important challenge currently facing cities is to ensure that they remain an open environment in which people can achieve their aspirations, structure their lives as they wish, discover new things, meet new people and exploit their potential - a breeding ground for change. This aspect of the city must be safeguarded and cherished, certainly in times of change. Just as they did around 1800, cities are experiencing economic, technological and social transformation. How do we deal with this? The answer lies in the city's creative capital. But what is a city's creative capital, and how do you strengthen it? These questions form the subject matter of this article. In section 2, I look at the nature of the transformation we are currently experiencing, and in section 3 I define creative capital. Section 4, 5 and 6 focus on three elements of the creative capital: talent, networks, and innovation. Section 7 concludes with a look at the role of creative capital

**2. The Knowledge Economy** One indication of the transformation is the emergence of the knowledge economy, as described in 1993 by Peter Drucker, the writer who coined the term, 'knowledge worker':

"The basic economic resource – 'the means of production',

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to use the economist's term – is no longer capital, nor land, nor labour. It is and will be knowledge... Value is now created by productivity and innovation, both applications of knowledge to work."

This paints a clear picture of the knowledge economy: the use of knowledge in work produces innovation and hence economic growth. This transformation has had implications for numerous fields. It has led to de-industrialisation, the internationalisation of production and a new division of labour, a process we have come to call globalisation. The bulk of mental work is now occurring in Western countries, while manual work has been relocated to low-wage countries. Nokia telephones are designed in Finland and manufactured in China. Nike footwear is developed in America and produced in the Philippines. 'Foreign' parts account for more than 80% of 'French' vehicles. The company which may be considered to be the most fitting icon of this new era even states on all its products: "Designed by Apple in California, Assembled in China." Interesting in this respect is that Apple does not consider a country to be its home base, but a region. This confirms the conclusion drawn by many studies (such as AnnaLee Saxenian's *Regional Advantage*, 1994), which reveal that the region is the unit in which the knowledge economy manifests itself.

The creative industry – a collective term for all those businesses which add significance, experience and identity to products and services – plays a major role in the knowledge economy. However, the entire economy is having to contend with this transformation. In this respect, knowledge is the most important economic source, innovation is the driving force, and creativity is the distinguishing factor. All of us need to learn how to deal with this.

### 3. Creative Capital

Since the publication of the book, *The Rise of the Creative Class* by Richard Florida, one hears the term, 'creative city', mentioned in many a town hall. Here and there plans are appearing for the transformation of monuments

into trendy offices for creative enterprises. The reality and Florida's analysis is more complex than this. The essence of his argument is that, as a result of globalisation, businesses are constantly searching for places where they can find the talent they need. Those cities that have such talent will appeal to these businesses. He therefore advises cities to focus on the creation of a healthy climate for talent. This will not happen overnight. A city such as Amsterdam has taken hundreds of years to develop its tolerant urban culture, which now appeals to talent from far and wide. Add to this two universities with a long history, a multiplicity of cultural facilities, Europe's fourth largest airport, and one of the largest Internet hubs in the world - all of these are factors that promote talent and consequently induce businesses to open an office in this city. This readily illustrates that a creative city is much more than a few splendid buildings for creative businesses. The point is to develop the city's creative capital.

Creative capital refers to a collection of factors that enable people and organisations to be creative. So what then is creativity? Csikszentmihalyi defines creativity as "any act, idea or product which changes an existing area or turns it into a new one." In his words, a creative person is "someone whose actions change an area or create a new one." According to him, a creative environment has three distinguishing elements. First of all, it enables people to understand a specific area. In order to be innovative, it is necessary to understand what already exists. Secondly, it offers scope for the invention of something new. This could happen in numerous ways, in isolation or through interaction. However, the ability to establish new relationships constitutes a crucial part of it. Thirdly, one's surroundings make it possible to have creative ideas accepted. This refers to the ability to test an idea and the presence of experts or a market which may or may not accept it as something valuable, for it is only once it is accepted, that an existing area will change or a new one will come into existence.

Access to knowledge, interaction with others to establish

# 1.4

new relationships, testing new ideas: all are processes which thrive in an urban environment. Still, not every environment is the same. A creative city is not a standard recipe. This is confirmed by a recent, interesting study conducted by the University of Utrecht, which considered Florida's hypothesis. It reveals that it is not so much cultural facilities which are decisive factors for a creative class to settle somewhere, but matters such as diversity, openness and social cohesion

A number of ground rules can be formulated for every city. The elements cited by Csikszentmihalyi provide a firm basis for this. Here this is translated into the following three elements of creative capital: talent, networks and innovation. Together they enable people and organisations to be creative - or in other words, to develop, to meet, and to discover.

## 4. Talent

Talent is the most important raw material of the knowledge economy. The task is to give people the opportunity to develop their full potential. This extends to both a wide-ranging, general foundation and excellence in specific fields. It begins with good educational facilities, so as to enable the city itself to reproduce talent, for without homegrown talent it is usually impossible to attract any from elsewhere. Then there are facilities which challenge specific talented people to immerse themselves in something and to acquire expertise for, because as Csikszentmihalyi states, this is a prerequisite for creativity. In this respect, one might consider research institutes and superior educational facilities which are located in a city. However, this is not the only way. Equally important are those businesses offering interesting work or the potential for the self-employed to work on innovative projects. This affords talented people scope to show initiative and to achieve their ambitions. A city may consider initiating or supporting advanced projects, which could challenge and appeal to talented people. They could be large-scale projects but also very small ones.

## 5. Networks

Networks, the second element of creative capital, represent the structuring principle of a knowledge economy. According to Manuel Castells, the acceleration of innovation in the United States in the 1970s was due to a 'networked' approach to work, which developed in innovative clusters, such as Boston's Route 128 and Silicon Valley. In a relatively small area, various businesses worked on innovative products and services at the same time, often competing fiercely with each other in the process. Castells contrasts this with the bureaucratic model, which is hierarchically structured and which revolves around the concept of control, greatly reducing dynamic potential. According to Castells, this is the most plausible explanation of America's victory in the cold war. The Soviet Union was unable to keep pace with the powers of innovation and fell behind in economic and technical terms. The challenge, therefore, lies in creating an environment in which there is scope for creativity and competition, and in which new relationships are constantly being established.

This entails encouraging the establishment of hubs linking the various domains, organisations and people in a city and elsewhere. Michiel Schwarz refers to these as 'crossovers'. Innovation increasingly occurs at these intersections linking the various domains or organisations. A city can encourage this by creating meeting places. This may start with buildings, but nothing will be achieved without good programmes. This entails the organisation of activities such as conferences and seminars, which provide a rationale context for meetings involving people and organisations. This could assume an array of different forms, from large trade fairs, lectures and debates to small performances in galleries. Intermediary organisations can play a crucial role in this respect. Michael Porter refers to the importance of these types of intermediary structures as part of his cluster-based approach. The public authorities may adopt a strategy to help erect such structures, for example, by providing support for intermediaries or their activities.

## 6. Innovation

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Once existing knowledge is understood and new relationships have been established, a creative idea needs to be tested and accepted. This entails innovation, the third element of creative capital. The process of innovation has changed significantly in recent decades. Charles Leadbeater refers to this using the term 'open innovation'. There are two aspects to this. Firstly, since innovation occurs more frequently through interaction with other people, this makes new demands of organisations. They need to start operating as part of a network. Secondly, consumers are increasingly also co-producers. LINUX open source software is the best example of this. It has developed within a network involving thousands of programmers. New products and services are making it possible for consumers to be actively creative; the challenge lies in creating open systems for this purpose. The Creative Commons licensing system is one example. It provides the opportunity to build on the creativity of others and to establish new relationships, without infringing on the property rights of the original creator, because it is the latter who stipulates the conditions governing reuse. This establishes a basis for a powerful public domain.

Entrepreneurship represents another aspect of innovation. How do you challenge talented people to transform the knowledge and networks at their disposal into a product or service? The above-mentioned Utrecht study also reveals the existence of a positive relationship between the presence of a creative class and new business. Funnily enough, there was no sign of a relationship between the creative class and technology, as Florida assumes in his model. Consequently, not every city needs to have high-tech businesses available in order to accommodate a creative class. Nevertheless, having a healthy climate for business start-ups is a prerequisite.

## 7. The Role of the Creative Capital

The creative sector can play an important role in the creation of creative capital within a city, region or country. In the developed economies, the value of a growing number of products and services is increasingly being determined

by the creative component. Design, film, fashion, new media and entertainment: these industries (and others) apply this creative component. They all create value by adding significance, identity or experience to products and services. In this respect this sector is an important aspect of the emerging knowledge economy, with potential for growth in terms of job opportunities and financial income.

Nevertheless, creativity needs more scope in all parts of the economy and society. It is an illusion to think quick gains can be achieved in this respect. It takes years to create creative capital. Contrary to what some people seem to think, it also entails more than marketing or branding. Naturally, you need to publicise what you have to offer, as a city and as a country but, as the branding expert Simon Anholt, says, "Your image is always determined more by what you do than by what you say."

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# DEFINING CULTURAL QUARTERS

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Simon Roodhouse

## 1. Introduction

This article sets out to define cultural (industries) quarters and to explore the success factors and risks when establishing one from an urban planning perspective. Cultural and cultural industry quarters are defined in section 2, followed by an account of the usual criticisms of cultural quarters in section 3. In sections 4, 5 and 6, I list the ingredients for success and the risks in establishing such quarters.

## 2. Defining Cultural Quarters and Cultural Industry Quarters

A useful definitional framework to provide parameters for the case studies and practical application of the Bolton experience is informed by Montgomery, Parkin, O'Connor, Bell and Jayne, as follows:

*The accepted definition of a cultural quarter is that it is a geographical area of a large town or city which acts as a focus for cultural and artistic activities through the presence of a group of buildings devoted to housing a range of such activities, and purpose designed or adapted spaces to create a sense of identity, providing an environment to facilitate and encourage the provision of cultural and artistic services and activities.*

A distinction can be made between a cultural quarter and a cultural industries quarter. The latter is dedicated to cultural business development, while the former is an identification of a geographical area in which cultural activity is encouraged to locate, a physically defined focal point for cultural activity.

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A cultural quarter represents the coherence and convergence of the arts and heritage in culture and culture as a manifestation of society. Cultural quarters provide a context for the use of planning and development powers to preserve and encourage cultural production and consumption. Up to the present time, cultural quarters have invariably developed from an existing embryonic cultural presence, as a result of a public sector initiative. Cultural quarters are often part of a larger strategy integrating cultural and economic development, usually linked to the regeneration of a selected urban area. A cultural quarter is a complex cluster of activities - networks embedded in a particular place.

The success of a cultural or cultural industries quarter as an urban space can be measured in three dimensions -- the activity (economic, cultural and social), the form (the relationship between buildings and spaces) and the meaning (the sense of place, historical and cultural), which Montgomery elaborates.

Brooks and Kushner share a similar definitional framework when quantifying the North American version of cultural quarters, cultural districts (A.C. Brooks & R.J.Kushner, 2001). They adopt a classificatory approach to cultural district strategies to facilitate analysis, which is:

- Administration (delivery structure): how does the institutional landscape change as a result of creating a cultural district?
- Degree of public involvement (funding and regulatory structures): how is the government involved in the district?
- Degree of change in the cultural district (spatial relationships refurbishment and new building): How much physical change is evident in the district as a result of cultural designation?
- Programming (cultural activity): what is the content, centralised or decentralised programming of cultural activity?

From this, it is apparent that the ingredients for a successful quarter in Europe are similar to those in North America that is: spatial and building issues, cultural activity, and delivery structures. However, little reference is made in this model to the meaning of a quarter; that is a sense of place, the people's history and culture.

### 3. Criticisms of Cultural Quarters

Critics of the cultural quarter approach to regeneration focus on the artificial planning and building development-led approach, suggesting that this has little to do with communities, their needs, or creative activity. This debate is often typified as a top-down versus bottom-up, or, directed as opposed to collaborative, with the engagement of communities, their needs and creative activity being the collaborative bottom-up means of developing cultural quarters, rather than the building centred, directed, profit-oriented mechanisms.

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In the UK, for example, the regeneration of the Sheffield creative industries quarter began with creative individuals taking over a redundant building associated with the old cutlery industry, in a derelict city centre area near the railway station and university, in order to provide a venue for popular music. As this became more successful, recording studios were established, and more people moved into the area, including artists. The primary motivating factor for those involved in the early stages was to meet their needs for a cheap venue for their kind of music.

As happens in many cases, including the Manchester cultural quarter development, local authorities and other public agencies progressively assume control, with the result that gentrification creeps in and the creative individuals move out to other 'poor' areas because they can no longer afford the rents or purchase price of accommodation. Other times, development is initially led by a generation or cohort of creatives who enjoy being associated with each other, and who want to locate and interact with each other, but who eventually fragment and follow their own personal and professional interests. This driving away of the creative core is cited as a weakness of the structured approach to cultural quarter development.

Another UK example is the Custard Factory in Birmingham: a regeneration project that relied less on individual artists, and more on a creative entrepreneur with vision and determination to succeed despite the odds to provide high quality facilities at competitive prices for creative businesses. The individual entrepreneur model does not fit comfortably into a planned public sector-led system with the associated regulatory requirements, procedures and collective decision-making processes.

#### 4. The Ingredients for a Successful Cultural Quarter

John Montgomery points out that cultural quarters are not new, citing the examples of the Left Bank in Paris, the Lower East Side in New York and Soho in London (Montgomery, J., 2003). Similarly, Brown, O'Connor and Cohen suggest that the models we consider are derived from the North American experience of the urban village and the British industrial district model based on pre-Fordist economies of small and medium-sized enterprises clustering around complementary skills and services, both competing and collaborating at the same time (Brown, O'Connor, and Cohen, 2000). Science and business parks are a typical example of this approach, and proved popular in the 1980s. It is suggested that:

*"Quarters are complex clusters of activities - they are networks embedded in a particular place. The complex networks of activity and exchange are given the context - they take place. This place acquired is a series of associations which can be iconic, but are also spatially embedded social networks."*

Montgomery describes cultural quarters from an urban planning perspective as:

*“The use of planning and development powers to both preserve and encourage both cultural production and consumption. Moreover, cultural quarters are often seen as part of a larger strategy integrating cultural and economic development. This is usually linked to the redevelopment or regeneration of a selected in an urban area, in which mixed-use urban development is to be in courage to, and the public realm is to be reconfigured. In other words cultural quarters tend to combine strategies for greater consumption of the arts and culture with cultural production and urban place making.”*

He cites Canter’s Metaphor for Place (1997) as providing a useful description of the necessary characteristics of all successful urban places, which are:

- Activity: economic, cultural, and social.
- Form: the relationship between buildings and spaces.
- Meaning: sense of place, historical and cultural.

He goes on to suggest that it is possible, within this framework, to establish indicators that can be used to assess the relative success of cultural quarters.

#### Activity

- Diversity of primary and secondary and uses.
- Extent and variety of cultural venues and events.
- Presence of an evening economy, including café culture.
- Strength of small firm economy, including creative businesses.
- Access to education providers.

#### Built form

- Fine grain urban morphology.
- Variety and adaptability of building stock.
- Permeability of streetscape.
- Legibility.
- Amount and quality of public space.
- Active frontages.

#### Meaning

- Important meeting and gathering spaces.
  - Sense of history and progress.
  - Area identity and imagery.
  - Knowledgeability.
  - Design appreciation and style.
-

# 1.5

Cultural or cultural industry quarters are emerging internationally as a democratic and effective sustainable model which is less dependent upon the conventional and traditional public cultural agency structure, and more on the local, social, economic and cultural community need. It is less about determining what is 'good' art and more about creative business.

Florida, Bell and Jayne have helpfully echoed the principles and realities of cultural quarters;

*Designed to make the city more liveable, these encompass aesthetic improvements of soft infrastructure, ranging from the building of squares, the provision of benches and fountains to the greening of streets and improved public spaces, the establishment of late night shopping and 'happy hours', and cultural events and festivals. Augmenting this has been the support and promotion of creative and cultural industries such as advertising, architecture, visual and performing arts, crafts, design, film, music, performing arts, publishing, media and new media. With buildings and facilities such as museums, art galleries and arts centres, theatres convention and exhibition centres, as well as a supporting cast of restaurants, cafe bars, delicatessens, fashion boutiques, and other cultural facilities – the buzz of 'creativity, innovation and entrepreneurialism' brought about by the clustering of these activities in certain areas of the city centre is seen as crucial to contributing to the competitiveness of cities.*

(Florida 2002; Bell & Jayne 2004)

However, this approach to cultural regeneration and development tends to focus attention on one physical area at the expense of others, and ultimately drives rents up and creative businesses out. There is a continual danger of 'gentrification' and a subsequent loss of the creative nucleus or life of the quarter. Sometimes, the quarter development fails to act as hub for other cultural or related activities, or attracts the 'wrong' culture.

### 5. Critical Success Factors

The general critical success factors which are derived from studies of cultural quarters, and the principles to be applied to the design and delivery of these models, can be found in the following table. This may act as a general guide for those planning to establish a quarter, and provide a useful set of initial performance criteria.

Meeting key local, regional and national policy priorities such as:

- Town or city centre area physical redevelopment and regeneration.
  - Regional, national and international profile raising through effective and targeted marketing.
  - Significant generation of jobs, graduate retention, and business development, the benefit to individuals.
  - Post-16 educational attainment and skills development, to be employable.
-

- Accessing national and regional public and private funds for local benefit.
- Providing and improving high-quality public cultural services to the community.
- Public and private partnerships and management structures to attract additional major private sector investment.
- Rental levels that are variable, to meet differing needs.

#### Providing and supporting activity including:

- The diversity of primary and secondary business uses.
- The extent and variety of cultural venues and events.
- The use of existing public and private cultural and business infrastructure.
- The presence of an evening economy, including café culture.
- The strengthening of the small firm economy, including creative businesses.
- Access to and engagement with learning providers.
- Working with creative people and organisations.
- The enabling of livework space facilities.

#### Protecting and developing the built environment by:

- A distinctive physical reality.
- An environmentally responsive approach.
- An old and the contemporary architectural juxtaposition.
- Creative streetscape within style and material frameworks.
- Clearly defined useable public space, including squares and green areas.
- Encouraging active frontages which take advantage of pedestrianisation.

#### A meaning for the people involved and the place through:

- Establishing important meeting and gathering spaces all year round.
- Genuinely recognising the area's history and progress.
- Creating an exciting place to live, work and play.
- Knowledgeability, a place to access learning and information.
- Networks, virtual and real.
- Stimulating richness in cultural diversity.
- Maintaining a healthy, safe and clean environment.

### **6. Risks in Establishing a Cultural Quarter**

The key success factor is consultation with stakeholders, as this is essential when local authorities are involved and provides a means of encouraging genuine ownership of the project. The alternative is the cultural entrepreneur model, in which an individual provides vision, energy and drive to establish the project. Inevitably, there are risks, and these need to be understood and addressed in any attempt at developing a quarter:

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# 1.5

- Community expectations are raised and have to be managed.
- Development is focused on one geographical area at the expense of others.
- Funds are directed to the cultural or cultural industries quarter, at the expense of other cultural projects.
- Building and transport realignments may not be delivered in time or at all.
- Public funds from agencies such as the EU, regional development funds, or lottery funds may cease to be available or be less than expected.
- Lack of private sector interest or investment.
- Conservation, land and building acquisition and planning objections.
- Other towns developing similar configurations nearby, resulting in competition and diminished profile.
- Lack of markets for creative industry business products and services.
- Lack of distinctiveness from other cultural quarter developments resulting in a failure to attract businesses and tourists.
- The overpowering influence of the city region shadow and cultural imperialism.
- Policy confusion between local need, regional requirements and national direction of travel.
- Lack of leadership and vision, with no champion.

Cultural quarter principles have been practised and risks addressed through a spectrum of management vehicles, all of which require a differing public and private funding package mix. These range from the almost entirely state-funded Museums Quartier in Vienna, to the private sector influenced Temple Bar project in Dublin. In any venture focussed on culture, at the end of the day, success comes down to creative people being given a chance to make a sustained social and economic contribution to their communities:

*“Creative people, in turn, don’t just cluster where the jobs are. They cluster in places that are centres of creativity and also where they like to live.”*  
(Florida 2002)

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**CREATIVE  
INDUSTRIES /  
FIELD RELATED  
ISSUES**

# 2.1

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## EDUCATING FOR ENTREPRENEURSHIP



Debi Hayes and Anthony Kent

### 1. Introduction

**In this article, we will focus on the issue of retaining talent within the SME cultural sector – namely by providing job opportunities for students who have been educated in the creative industries – and on the role of education in entrepreneurship. Section 2 addresses the problems facing creative enterprise SMEs (such as intellectual property issues), while section 3 examines London’s University of the Arts (UAL) as an example of practices within an educational institution that support creative SMES in the marketplace. Section 4 argues for a more developed interdisciplinary approach to really advance the business skills of the cultural section, while section 5 provides the conclusion.**

The UK Government has two economic objectives for the creative industries in order for the country to become a world leader. These are to stimulate creative firms that are high in added value and to encourage all industries to be creative. The Creative Economy Programme (CEP), launched in November 2005, is the first step towards these objectives (DCMS, 2006). Similar initiatives are evident in other developed countries, for example, New Zealand (Matheson, 2006).

British government policy in relation to creative enterprise education has been stated by the Department for Culture, Media and Sport (DCMS). It sees the build up of current models of effective partnerships between academic and vocational educational institutions and the creative industry businesses. Such partnerships should lead to dissemination of knowledge and skills across the creative industries and education sectors.

Current government policy is to intertwine education with a social inclusion agenda (Guile, 2006). The current focus on creative education and training policies in the UK is mainly for 16 to 25-year-olds. While this is helpful in the creative and cultural sector, there is a recognition that older people should be able to access careers in creative enterprise, as well as engaging with younger age groups at school through a re-assessment of provision for 14 to 19-year-olds. However, the effectiveness of supply-side policy has been called into doubt. The high proportion of SMEs in the sector creates a very fluid labour market that is largely impervious to the application of government training initiatives and financial inducements. Centralised control over the identification of educational opportunities and the funding of qualifications has led to inflexibility and under-provision of local initiatives.

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In terms of the labour market, policy has failed to tackle significant social and cultural capital barriers to employment in the industry. This contrasts with the view that education in knowledge societies, rather than seeking to work within standardised systems, should encourage diversity. Further it implies that regulatory and institutional mechanisms should be greatly simplified (Hearn and Rooney, 2002).

In part, this is being addressed by a reassessment of business education in the creative sector, from college to practitioner courses. Specifically, there is fundamental debate about the definition of enterprise or enterprise education as broad or narrow. The narrow approach conceives enterprise education as the teaching of business entrepreneurialism and the skills needed to start a business (OECD, 1989). A broad sense of enterprise education involves the development of enterprising attitudes and skills, possibly extending to decision-making and managing in conditions of uncertainty, and in which student-centred learning is important (Lewis and Massey, 2003).

However, many schemes fall between the narrow and broad extremes, and education and training has generally been criticized for traditional didactic styles of delivery (Guile, 2006). The UK government's CEP working party supports the alignment of business courses with the needs and motivations of creative businesses and in particular that delivery should be contextualised appropriately to the industry, for example, through the involvement of specialist practitioners.

## 2. Problems Facing Creative Enterprise SMEs

The creation, recognition and protection of intellectual property (IP) and its exploitation by creative SMEs forms a major area of concern. The lack of knowledge and skills relating to IP and the barriers to accessing IP reduce opportunities for business development among creative SMEs:

*"An industry in which IP is the core of competitiveness faces an IP regime that is confusing and restrictive. The creative industries*

*need IP clarity, whether as to standards and definitions, trading and "fair-usage" and effective management. In this respect, the specification of IP rights, and the procedures applicable to them, contrasts very unfavourably with copyright rules and processes applicable to printed material."*  
(DCMS, 2006).

Business skills and IP awareness and support should be available for students (through educational institutions) as well as for freelancers, the self-employed, sole traders and the employees of SMEs. Support needs to be accessible through a variety of routes, such as existing networks, formal and informal mentoring and on-line resources (DCMS, 2006).

Of equal significance are knowledge brokerage, networking and supply chain development. Networks that permit the sharing of information and best practice must be fostered. Guile (2006) observes that aspiring recent entrants to the creative industries often resort to voluntary unpaid work and engage in networking activities. This helps them to develop a personal occupational labour market (OLM) so that they can hear more quickly about commercial opportunities. Consequently, an education and training strategy should be devised, that extends the number of ways in which people can create their own networks and the funding to support such a diversity of routes.

A third problem is the provision of business support and finance. Business support in the form of tangible resources, skills and expertise must be appropriate to the needs of businesses at various stages of development. An associated challenge is to encourage owner-managers and micro businesses to expand their operations to realise their full potential. Particular issues include overcoming the fear of losing control over the creative integrity of the business and conformance to the conventions of what are often perceived to be 'uncreative' commercial practices and threats to personal value systems. These can be summarised in terms of a need for effective organisational and cultural knowledge and associated management skills.

# 2.1

A final area concerns the ability of SMEs to understand their business environment, in particular competition, and develop appropriate marketing concepts and practices. There is a need to develop appropriate planning techniques, to map the changing marketplace, and types of change facing Creative SMEs and to enable businesses to proactively manage competitive responses.

### 3. Supporting SMEs: the Case of the University of the Arts, London

The University of the Arts, London (UAL) supports the government's Creative Enterprise working group in its central argument that there are major concerns regarding managerial capacity in SME creative enterprises that restrict growth and development potential. In recognition of this, the UAL has established specialist centres to support network building and provide flexible, student-centred learning at all levels.

Reflecting the importance of IP, the UAL has established Own-It as a specialist centre which delivers necessary and specialist IP knowledge and skills at two levels, for creative businesses in London and for students. The general aim for creative businesses is to enable them to exploit their creative value and to grow their businesses. Since 2004 over 8000 businesses have used Own-It's services which include events, contract templates, podcasts, email IP advisory services and free individual legal advice. For the university's students, Own-It recognizes the value of IP as knowledge, to allow them to develop and distribute their work through the management of digital rights, the appropriate use of new communication media and awareness of the global marketing practices. At this level, UAL sees IP knowledge as a necessary part of art, design and communication courses, and offers students IP as part of its Personal and Professional Development (PPD) courses.

The Enterprise Centre for the Creative Arts (ECCA) delivers targeted and specialist business support for students, creative practitioners and creative businesses and focuses on the pre-start-up, start-up and emerging stages of development. ECCA stimulates enterprise knowledge as part of the student experience and as an integral aspect of their creative practice. In addition ECCA supports academic staff, professional practitioners and careers advisors through the dissemination of information. It provides postgraduates with a continuing advisory service with the objective of supporting business development and growth.

ECCA in turn feeds the Centre for Creative Business. This is a joint venture between UAL and London Business School, aimed at developing creative industry entrepreneurial management teams and for larger SMEs that have reached a turnover of £300,000 - £1mn. Its main educational vehicle is a six-month course, Building the Creative Business, in three modules: leadership and people management, commercial strategy, and finance. It offers short courses for postgraduate students and a portfolio of events, conferences and a networking club for alumni. Recently a course entitled 'survival skills' has been added to the

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portfolio, to provide knowledge, diagnostics and best practice to creative businesses, that have been trading for less than three years. Its aim is to identify expansion strategies and overcome barriers to business development.

The University's 'Grid' and 'Creative Capital' projects respond to a high level need for the brokerage of creative enterprises. At its most encompassing, the recently formed Creative Industries Observatory will provide market intelligence, baseline assessment, forecasting and a strong evidential base to inform government and regional policy and public and private investment decisions.

Specialist centres offer expertise to students, graduates and external creative organisations. A separate specialist fashion enterprise centre focuses on this significant area of creativity in London. The Innovation Centre has three areas of activity. Future Ideas and Future Enterprises, hosts debates, discussions and provides support to students and graduates through advice, networks and links to finance. The centre houses a cross-disciplinary research projects with commercial and social applications and supports a number of in-house services and businesses, for example, the Design Laboratory.

However, there is a wider agenda to address art, design and communication students' creative and entrepreneurial skills throughout university and at different educational levels. Consequently, UAL offers a wide range of courses, short courses and course options. The current portfolio includes 120 courses in art, design and communication aimed at broadening skills and knowledge of students - whether unemployed or in employment, or returning to education. They can be accessed on both a full and part-time basis. It provides personal and professional development for all undergraduate students in the form of portfolio development in essential sector skills. Transferable skills are integrated into curricula and also offered to students in specialist options, for example enterprise management, and conversion courses.

#### **4. Future Directions**

The integrated creative enterprise centres, ECCA and CCB provide models of appropriate knowledge and network-building that can be adopted both in the UK and internationally. The CCB reports very high level of learner satisfaction, graded 4.6 out of 5 in the university's learner surveys, while ECCA has assisted over 1,000 SME businesses. The distinctive features of the centres are their focus on individual and organizational needs at different stages of development, their flexibility, and their interactive networked approach to learning. Industry relevance and involvement have underpinned all the UAL's activities in support of creative SMEs.

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# 2.1

However, the long-term growth of the creative industries is dependent on a much higher level of business management skills. The identification of appropriate skills and knowledge and appropriate learning strategies present a major challenge. These need to be mapped across different creative industries, from architecture to craft, to meet specific needs and to be applicable to individuals and organisations at their different stages of development. Therefore, considerable work needs to be undertaken across disciplinary boundaries to integrate organisational studies, marketing, change management, finance and law, with those of creative courses, cultural and contextual studies, and above all, practice. Theoretically, this means a more fundamental assessment of interdisciplinary teaching and learning strategies, linked to practice and development. Existing models of management and leadership development programmes, in a sector and non-sector context, should be considered, developed and resourced appropriately to encourage wide participation from the creative industries (DCMS, 2006).

The development of courses must be planned in the context of wider educational policy. UK government provision for 14 to 19-year-olds is currently under review to provide a wider range of vocational opportunities. Creative and media diplomas for this age group, and outreach to younger learners through a satellite centre in a local school, provide examples of future development. New courses and the extension of creative enterprise to younger age groups, as well as the growing need among existing ones has implications for teaching and lecturer training. The UAL has developed three continuous professional development (CPD) awards with a UK qualifications awarding body, to provide knowledge and skills in creative industries teaching for teachers and lecturers. Still to be developed is a national credit transfer scheme for creative enterprise courses and a systematic provision of student progression routes from the lowest to highest levels.

However, Guile (2006) argues that qualifications do not necessarily support employability. There is evidence that

individuals who flourish are not necessarily the most talented but rather those with family support to develop their own cultural and social capital. This suggests that there is a need for further development of student-focused, demand-side government strategy. This is not a straightforward task. As the UK government itself observed:

*“The current picture of education and skills in the Creative Industries presents a very complicated landscape of Government departments, agencies and non-departmental public bodies... Government and educational institutions and organisations, complicated funding systems, conflicting Government targets and identified barriers of ‘institutionalised language’ are still hindering effective partnerships.”*  
(DCMS, 2006).

The key to success lies in the extent to which SMEs as well as larger organisations can create learning environments and learning practices to facilitate the progression from novice to expert. This argues for a more collaborative approach with regional agencies and learning providers rather than one that is centrally directed. Following Guile’s argument, agencies should be empowered to work more flexibly, to be more responsive to accessibility issues and to enhance routes to learning and development.

## 5. Conclusion

The growth of the creative industries, and their significance to the developed economies, has led to an awareness of the specific entrepreneurial needs of SMEs and how to enable learning among creative practitioners and students. Recognition of the diversity of the creative process and industry definitions is an important starting point in developing educational policies. A fundamental issue is building awareness of the protection and exploitation of the core of creative activity, its intellectual property. To expand their contribution to the economy, micro creative businesses need a range of organisational, commercial and personal skills. In addition, capacity through successful networks and supply chain management would be valued. Appropriate financial

skills need to be developed to enable SMEs to be aware of and to manage basic sales, costs and profitability measures. Enhanced marketing planning and intelligence is required to provide frameworks for examining the competitive structure of local, national and global markets.

These objectives face a number of barriers. Creative individuals and organisations can resist 'commercial' practices, business school methodologies and learning materials. The importance of access to cultural and social capital in achieving entry to these sectors may disadvantage individuals who lack their own financial and networked support. Government sponsored support services themselves may be fragmented and inadequate. The UAL has addressed both the demand and supply of creative enterprise needs. The university sees these as central to its art, design and communication courses and provides students with essential IP learning and business start-up skills. Students and businesses continue to find support from the university through a range of centres and support services, addressing generic and specific individual needs. These in turn, provide networks to government agencies and other advisors. Ultimately, dissemination of creative practice is supported through seminars, speakers, and websites, while one-to-one support is available through mentoring, training and consultancy.

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# EMBEDDING ENTREPRENEURSHIP AT THE HEART OF EDUCATION

Gaynor Richards

## 1. Introduction

**In the UK, much has been made in recent years of the importance of the creative industries to the national economy. The ‘mapping document’ produced by the Department for Culture, Media and Sport (DCMS) in 1998 (and updated in 2001) brought together statistical information on the 13 diverse sub-sectors encompassed within the then newly coined term ‘creative industries’ and demonstrated their importance to the UK economy. The sector contributes 7.9% towards UK Gross Domestic Product (almost £1 in every £12 of total GDP), employs around 2 million people and contributes £11.4 billion to the balance of trade; twice that of the pharmaceutical sector. Worryingly though, this growth trend appears to be levelling out - at a time when more and more countries are recognising the regenerative potential of the sector:**

Key to the continued success of the creative industries in the UK are the higher education (HE) institutions, where a large

proportion of the future entrepreneurs behind this dynamic sector are currently being nurtured. The HE sector is already having a huge impact on the creative industries, however if the UK is to maintain its current competitive position on the world stage, it is vital to avoid complacency.

This paper builds upon work completed in 2006 by the DCMS Entrepreneurship Task Group, identifying the importance of developing the scope, scale and appropriateness of entrepreneurial learning within HE for the benefit of the creative industries and the wider economy. In section 2, I look at why HE is so important to the growth of the sector, while in section 3 I examine existing approaches to entrepreneurial learning in HE. Section 4 summarises recommendations for development, while section 5 concludes that the most effective means of developing entrepreneurial skills in creative students is through embedding tacit learning opportunities within the mainstream curriculum, linking entrepreneurial abilities directly with creative practice.

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Government on Entrepreneurship in the Creative Industries. She has worked for seven years in an advisory capacity to graduate entrepreneurs and early stage businesses in the creative sectors.

## 2. The Importance of Higher Education to the Creative Industries

The UK creative industries can truly be described as a 'graduate sector'. On average, 43% of those working in the sector have degree level qualifications compared with just 16% of the workforce as a whole (NESTA, 2003). While the figure varies between 30% and 80% depending on the sub-sector (music and design generally have lower levels of graduate employment), it still represents a significant proportion across the board.

The creative industries as a whole are dynamic, entrepreneurial and characterised by large numbers of small and micro businesses and sole traders, often involved in complex supply chains with the handful of larger organisations. In the audio-visual sector for example, 50% of those working in the sector are freelance, rising to 90% in film production. The Crafts Council estimates that 87% of those working in the craft sector are sole traders, and 64% of those in the performing, visual and literary arts are self-employed according to the Creative and Cultural Skills Council.

We also know that graduates from creative arts, design and media programmes are more entrepreneurially motivated than their peers. In 2005-6, around 50% of successful applicants to the National Council for Graduate Entrepreneurship's (NCGE) 'Flying Start' Programme came from creative disciplines, despite the programme being open to all graduates. This led to NCGE developing a joint programme with the Royal Society of Arts (RSA) in 2006, specifically geared towards creative entrepreneurs. Higher Education Statistics Agency (HESA) data in 2005 also showed that over one-third of all self-employed graduates are from creative arts and media courses. There are a number of reasons for this increased propensity towards self-employment and enterprise, including positive driving factors such as the commercial value involved in the production of original content, the ethical concerns of those wanting to work in the sector and desire to be in control of their own creative expression, as well as the necessity caused by the

harsh reality that jobs in the sector are rare. Graduates in the creative industries must increasingly develop 'portfolio careers', involving juggling multiple projects (often moving between the creative, cultural and education sectors), and must cope with uncertainty and complexity.

## 3. The Current Picture: Existing Approaches to Entrepreneurial Learning in HE

*"Once we were known as the workshop of the world; but many of those industries have shrunk or disappeared. It would be a terrible day if in 20 or 30 years time, people were saying the same about our creative industries."*

(James Purnell, Former Minister for Creative Industries, 2005)

Despite the encouraging statistics, research suggests that many graduates following art, design, media and other creative programmes still feel that their programmes of study are not preparing them adequately for the realities of working in the creative industries – for the likelihood of a 'portfolio career', for self-employment, or setting up a business. While good examples of entrepreneurial learning opportunities do exist, the Entrepreneurship Task Group identified that there is currently a lack of scale and scope in the provision, a shortage of learning opportunities that are appropriate to the sector, a lack of clear direction for their development, and a resulting piecemeal approach to addressing the issue. Other economies in Europe and the Far East are investing heavily into their creative industries, yet in the UK, there is no coherent national strategy or framework for their development and as a result, no clear guidance for educational institutions.

The Entrepreneurship Task Group examined what is already happening in HE, collecting and analysing a wide variety of examples and case studies from institutions across the UK from which five different broad approaches were identified, referred to in the papers as 'provider models'. The types and range of approaches employed varied greatly across the different institutions and departments but the

# 2.2

Figure 1:

Emerging Provider Models for Entrepreneurial Learning		
Curriculum embedded	Provision which takes place wholly within the core curriculum	A) Assimilated/facit, contextualised learning within programmes and/or B) Bolt-on compulsory enterprise modules on business, professional practice and experience
Extra-curricular	Programmes and support outside the curriculum accessed on an 'opt-in' basis	<ul style="list-style-type: none"> <li>• Enterprise centres</li> <li>• Business start-up schemes</li> <li>• Special concourse</li> <li>• Summerschools</li> <li>• Incubating facilities</li> <li>• Networking groups</li> </ul>
Postgraduate	Specially developed postgrad programmes with a creative industry focus	MA/MBA creative industry programmes Master of enterprise programmes Graduate diplomas in enterprise
Continuing Professional development	Flexible short-term opportunities for those already in the sector	Short skills development courses Professional updating Knowledge transfer partnerships/knowledge catalyst Foundation degrees
External agency provision	Support and programmes offered by agencies outside HE, some in collaboration with HE	NESTA 'Creative Pioneer Programme', NCGE "Flying Start Programme", Crafts Council "Next Move", Arts Council England "Setting-up Sceme", Design Council "PLatform" Project, etc.

provision can be categorised in the following table.

While it is encouraging to see that most institutions are embracing this entrepreneurship agenda, when devising strategies for entrepreneurship education it is important to consider the reach and impact of these different approaches.

The extra-curricular approach has been the most commonly used – perhaps because it is the easiest to adopt, does not impact on academic programme delivery and can be

developed outside considerations of subject benchmarking and academic quality assurance - and many institutions provide a wide range of services for students, graduates and the wider business community. Many of these services are centrally located and offer generic support, although an increasing number of creative industry focussed ones are appearing. At the University of the Arts, London, for example, the Enterprise Centre for the Creative Arts (ECCA) is a well established service that works not only with its own graduate entrepreneurs, but also creative practitioners from

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across Greater London, offering a range of free services such as specialist intellectual property (IP) advice, one-to-one guidance and support.

However, although extra curricular provision is quite well developed, it does not always reach the majority of those who might benefit from it. Many students consulted as part of the DCMS research process were not aware of services available to them outside the curriculum, or if they were, had not taken advantage of these due to a perceived lack of relevance. For students having to juggle the demands of their coursework with the need to work to sustain themselves, extra-curricular activities are often a low priority, particularly where they do not appear to hold immediate relevance. Similar difficulties exist with the other non-curriculum based approaches. Most graduates will not be able to continue with their studies at postgraduate level, and once employed or self-employed within the sector, may not be able to spare the time or resources to access CPD programmes

The embedded model may seem to involve extensive re-working of the curriculum, but is actually about finding ways of building opportunities for tacit entrepreneurial learning within the existing curriculum, so that students develop a realistic awareness and the underlying entrepreneurial capacity they will need to build successful careers. They also build students' enthusiasm and confidence, driving them to take advantage of the wider opportunities and support available to them outside the classroom or studio, including the extra-curricular support outlined above.

Many programmes already include some of these opportunities and activities as part of the curriculum, although the entrepreneurial learning elements are not generally articulated (while a quick trawl of university websites will quickly throw up examples of extra-curricular support, there is very little reference to entrepreneurial learning within the curriculum itself). The key is not only to introduce more of these opportunities, but to examine what already takes

place and draw out clearly the entrepreneurial learning outcomes so that students can make conceptual links between project work and the relevance of skills developed in the commercial world. The types of activity which embody this approach include live projects and briefs, with the emphasis on 'live', to ensure that concepts of timeliness and meeting tight deadlines are fully understood. At Coventry University for example, on all its Art and Design programmes, the concept of the creative practitioner is reinforced through opportunities to work on live briefs, meet creative practitioners and study career structures of artists which leads to a greater appreciation of what it is like to work in the sector.

Student organisation of events, exhibitions and degree shows. Industry practitioners as visiting tutors/mentors. The University of Sunderland's National Glass Centre invites local glassmakers into the classroom where they are able to use high cost equipment and facilities in return for offering teaching.

Developing networks and contacts with the local communities of practice and professional bodies.

Offering supported business start-up within programmes, for example the innovative Bachelor of Design Programme at Manchester Metropolitan University, an optional 4th Year for students on the 3D Design and Fashion & Textiles programmes offering the opportunity to pursue professional design practice in a supported environment. Supported by tutors who are themselves creative entrepreneurs, students develop their creative skills alongside business start-up support, allowing them to establish a business in the workshop space provided.

By developing programmes and projects in collaboration with the relevant creative industry sectors and practitioners, activities have real-world relevance and provide effective, situated learning experiences, as well as ensuring more effective engagement between HE and industry which benefits both.

#### [Building capacity and developing capability](#)

As an educator, there are a number of options when de-

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# 2.2

## Embedding Entrepreneurship at the Heart of Education

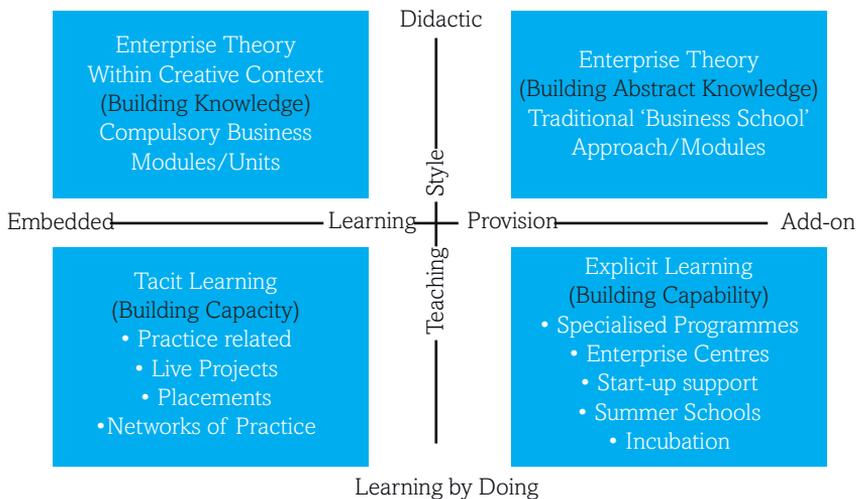
signing entrepreneurial learning opportunities (figure 2). The current drive is shifting away from traditional 'business school' approaches (the top half of the diagram) where entrepreneurship is taught as a sub-section of business studies – an approach which has unsurprisingly failed to capture the imagination of our budding creative entrepreneurs - towards a focus on andragogical learning where students take responsibility for their own learning and tutors act as facilitators, providing the opportunities whereby students can 'learn by doing' and reflecting on the 'doing', thus developing entrepreneurial capacity. Alongside this and outside the curriculum, specialised programmes that focus on the more generic business skills can also help.

Each approach can be effective in some circumstances, but it is clear that the curriculum embedded, assimilated model is the only one capable of impacting on all students, not just those for whom enterprise is already an interest. It is

therefore probably the most effective means of introducing entrepreneurship to students following creative disciplines. Embedding entrepreneurship within learning programmes provides a means of 'switching students on' to entrepreneurial thinking and behaviours by linking it directly with their creative practice and development, making it part of their normal activities as opposed to an unwelcome addition. Here, the word 'entrepreneurship' is applied in its widest and truest sense, as 'opportunity spotting', rather than the common misinterpretation that places it entirely within the realms of business and commerce. It is not about forcing students to learn about business plans and cash flows, but encouraging them to consider the real-world applications of their creativity and appreciate the commercial and social value of their talents.

By placing entrepreneurship at the heart of the creative curriculum, all students develop a commercial awareness

Figure 2: Models of Entrepreneurship and Education



Richards, G & Wedgwood, M 2006

that is linked directly to their creative practice and entrepreneurial thinking becomes second nature.

See Figure 2.

#### 4. Recommendations for Development

The DCMS Entrepreneurship Task Group put forward four recommendations at national policy level to help build the scale and scope of entrepreneurial learning for the creative sector, some of which are being taken forward within the work of the National Council for Graduate Entrepreneurship and the DCMS Creative Economy Programme. National agendas take time to influence, but these recommendations can be applied equally at the local institutional level (Figure 3) and provide a sound basis for universities, faculties and departments seeking to develop their own enterprise strategies.

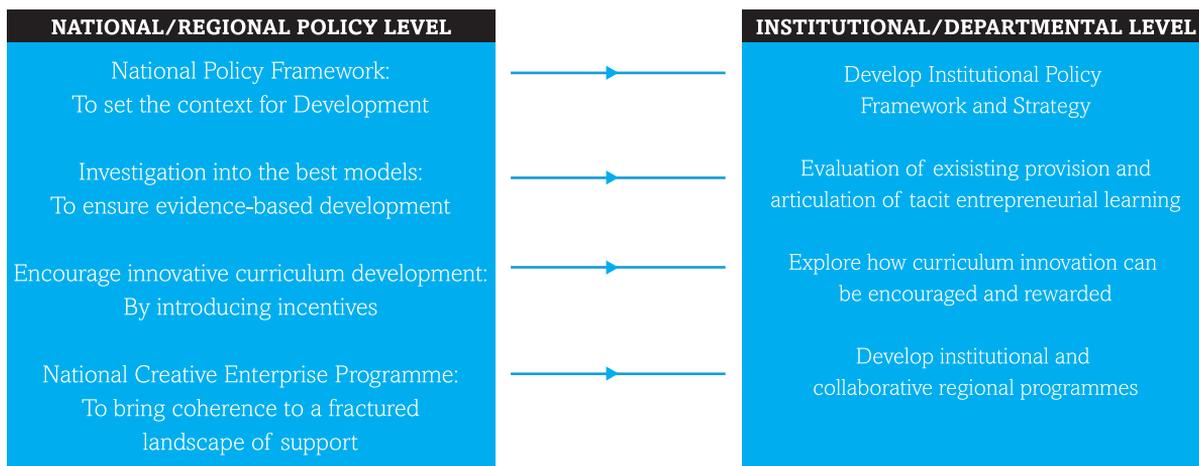
See Figure 3.

Furthermore, HE institutions have a broader responsibility in overcoming the conceptual barriers that prevent the development of entrepreneurial learning by:

**Changing perceptions:** by introducing students to appropriate positive role models, i.e. early-stage creative entrepreneurs who can provide realistic insights into the reality and challenges of different stages; and by reclaiming the word ‘entrepreneur,’ which in its truest sense is more closely aligned to the creativity and innovation embodied within the creative industries.

**Raising awareness:** of entrepreneurship/business start-up/self-employment to students as a normal, typical and desirable activity, not something unusual or unethical; and highlighting the range of opportunities available alongside information about more traditional employment routes

Figure 3:



Richards, G & Wedgwood, M 2006

# 2.2

## Embedding Entrepreneurship at the Heart of Education

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Providing curriculum-embedded, tacit-learning opportunities: by linking effectively with the industry sectors to provide access to a range of live briefs, networks, placements and projects which allow students to identify the commercial, social and regenerative potential of their creativity and therefore develop the entrepreneurial mindset and capacity.

Providing progression routes to support outside the curriculum: which allows students already tuned in to ways of entrepreneurial thinking through their curriculum opportunities to further develop specific business and enterprise skills.

### 5. Conclusions

HE institutions are in an unparalleled position to enhance the competitiveness of the UK creative economy by ensuring a constant stream of entrepreneurially minded, creative and innovative graduates.

It is increasingly clear that the traditional business school approach to entrepreneurship education is not working for the majority of students and graduates, and that institutions need to find new and innovative ways of ensuring that their graduates leave with the entrepreneurial and life skills needed to thrive in an increasingly dynamic and complex environment. Newer approaches which attempt to introduce entrepreneurial learning as a component part of the core curriculum appear to have a longer lasting effect on developing the entrepreneurial mindset, but only where the learning outcomes are clearly articulated from the outset and students are encouraged to reflect throughout the programme on what they have learned and what their remaining development needs are.

Entrepreneurship belongs at the heart of the curriculum, not in outdated 'bolt-on' models that deter many creative individuals from pursuing entrepreneurial careers, but as part of an alternative paradigm of building capacity that allows graduates to be entrepreneurial in any setting.

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# 2.3

Gerardo Neugovsen has finished his Master on Arts and Media Management on European Context in 2002 at the Utrecht Arts School. He is founder and director of Tikal Ideas ([www.tikalideas.org](http://www.tikalideas.org)), an Argentinean organization working worldwide developing capacities at socio-cultural managers and entrepreneurs. He teaches, researches and also develops educational proposals on this field.

## CULTURAL MANAGERS: CLUES FOR DEVELOPING COMPETENCIES

Gerardo Neugovsen

### 1. Introduction

**At the beginning of the 21st century, cultural managers and arts administrators are emerging from a long period of having their social and economic function and relevance overlooked. Now, the impact of the cultural industries on local and national GDP is seen to exceed the forecasts made just a few years ago. Cultural Small and Medium-sized Enterprises (CSMEs) have become a recognized category within the business world.**

CSMEs, and arts administrators and cultural managers (for the sake of simplicity, they will be referred to from now on as cultural managers, or CMs) must, more than ever, be capable of dealing with change, complexity and uncertainty. Professionalism and sustainability are now considered essential, while not so long ago the quality of output and commitment to the cultural cause justified many a gap at managerial level.

Another important change in the taxonomy of the modern CM is related to his/her relevance when creating value, particularly in the economic field. This adds a new dimension to the more traditional managerial job. New intersections are happening between economy and culture, tourism and culture, business and culture, and so on, while the cultural industries, and the wider ranging creative industries are growing significantly.

Academia, being aware of the new developments, has the responsibility to forecast tendencies and to provide adequate programmes to expand the possibilities of the cultural sector. New organisational needs lead to new educational needs (Gore, 2004).

This article presents the vision and experience of the author after 10 years researching the labor and learning behavior of CMs, mainly in Europe and Latin America. The article examines the management's profile of the CM in

# 2.3

## Cultural Managers: Clues for Developing Competencies

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section 3, going on to explore the other dimensions of the job (section 4), followed by the tensions between creativity and management and how to deal with them (sections 5 and 6), and listing the ideal education strategies (section 7), academic course content (8), and learning competencies (9) for CMs.

### 2. The Cultural Management Challenge

*“Culture needs participants, professionals and informed audiences. The education system needs to help supply all three.”*

(Simon Mundy, Cultural Policy: A Short Guide)

Academia is aware of the new developments and is presenting new educational offers for CMs: BAs, Masters, postgraduate degrees and even PhDs are offered worldwide, also in e-learning formats.

Building the ‘human infrastructure for the cultural sector’, to paraphrase the John Hopkins University’s research (at Salamon, Aneheier, 1999), means to form professionals with a specific combination of management skills and “a serious commitment to empowerment of organisations, communities, and individuals” (Salamon, Aneheier, 1999). The question is how to combine the more pragmatic aspects of management with the natural tendency of art and creativity to break down structures, to build sustainable organisations.

### 3. Profile of the Cultural Manager

*“The International Standard Classification of Occupations (ISCO) adopted by the International Labour Organisation does not include “cultural (or arts) manager” as a separate profession/occupation. The complex nature of the arts/culture manager’s job does not allow fitting it into this particular framework, even though there are holders of a diploma, or an academic degree in cultural management.”*

(Malgorzata Sternal, Cultural Policy and Cultural Management)

Arts administration and cultural management can be seen as the capacity to build appropriate conditions for the creation and production of (im)material cultural goods. Simultaneously, adequate channels and conditions, that will allow those goods to circulate within the boundaries of society, must be created and managed (Fischerman, 2005; Neugovsen, 2006).

In order to do this, CMs have to accomplish specific managerial activities. They must establish effective communication with different groups. All kind of specialists have to work on a project while money has to flow. They organise activities and promote them. Specific management questions must be answered in order to bring the result of the creativity of the artist or creator to the (potentially) interested people.

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But, to think that the job of a CM is based mainly on “administrative” tasks, can lead to erroneous conclusions, which may influence the shape and contents of academic programs.

Modern management schools, with Henry Mintzberg as one of the most notorious thinkers, defy the old concept of the manager being just an administrator. He places him as a strategic partner, capable of taking strategic decisions. The critical view of Mintzberg on traditional management schools, states that in order to manage change, new skills and competencies are needed.

Thurow (Thurow, 1992) signals four basic skills that are relevant when designing academic programs for CM.

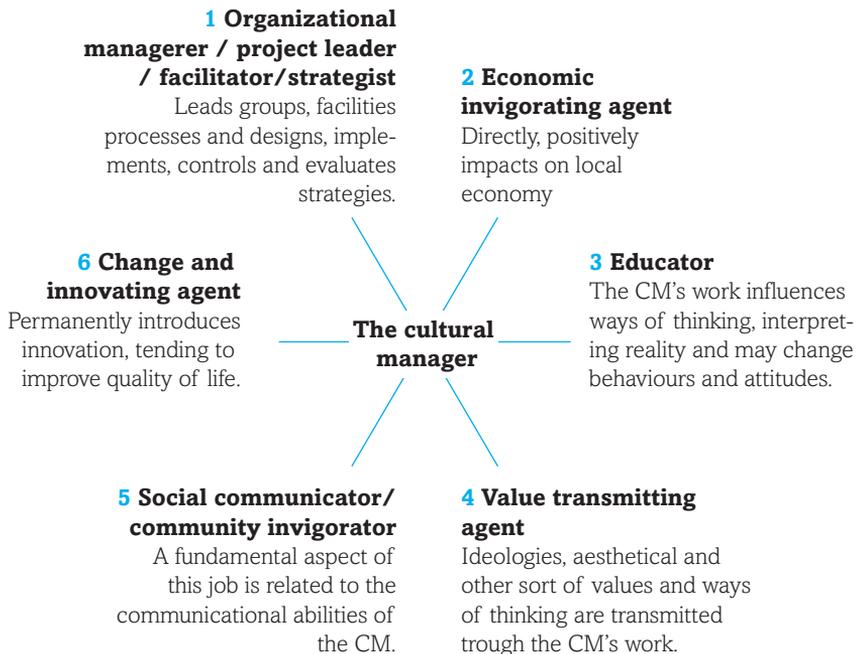
Those skills are:

- Abstract thinking.
- Systemic and strategic thinking, as a way of managing uncertainty.
- Trying new ideas and concepts, breaking patterns, exploring the unknown.
- Working in a team; leading the team in turbulent times.

#### 4. Other Dimensions of the Job

The following diagram lists a matrix of competencies identified by the author, which should undoubtedly be taken into account when designing CM courses. All these dimensions are mostly simultaneously active, conferring to this job a particular degree of complexity.

Figure 1:



# 2.3

### 5. Tensions between Creativity and Management

*“Rather than setting out to paint something I begin painting and as I paint, the picture begins to assert itself... The first state is free, unconscious... the second stage is carefully calculated.”*

(Joan Miro in Sweeney 1948, quoted by Bilton, 2007)

As difficult as it is to define the concept of creativity, we all agree that freedom, crossing borders, breaking with the old and giving shape to the new are attributes linked to it. Creativity does not fare well with fixed structures and Cartesian logic, where every effect is the logical and measurable consequence of a cause (Bilton, 2007).

On the other hand, management exists mainly to create certainty where uncertainty rules. Creativity and management represent two complementary forces, which are, as we will see later, permanently interacting. It is the task of the CM to transform this interaction into a productive dialogue.

As Chris Bilton points out in his book, *Management and Creativity*:

*“Creativity is not to be located in one state of mind, one room, one type of person, one individual. Rather it lies in the transition points between different ways of thinking (...) Creativity and businesses are not natural opponents – they have more in common than we may assume.”*

### 6. Cultural Management: Closing the Gap between Technical and Social Disciplines

*“The most fertile region [in the mind’s inner landscape] seems to be the marshy shore, the borderline between sleep and full awakening, where the matrices of disciplined thought are already operating but haven’t yet sufficiently hardened to obstruct the dreamlike fluidity of imagination.”*

(Koestler, 1976, quoted by Bilton, 2007)

#### How does a CM deal with these tensions while managing his/her organisation?

It helps to look more closely at what a CM is. As we have

seen, it is linked with technical, rational aspects, requiring specific mental process within clear legal frameworks. Culture management “can be considered as an instrument, a technology at the service of a culture”. (Besnard, 1992).

Mintzberg (Mintzberg, 1973), on the other hand, generally thinks that it is more “an instrument for cultural transformation through promoting social relationships, centered on interpersonal communications”.

The daily activity of the CM actually features the following two different ways of thinking:

#### Algorithmic approach

An algorithmic problem-solving procedure is implemented and a sequence of tasks is done, which, “if correctly followed in the appropriate circumstances, is bound to lead to the one correct solutions or outcome”.

(Romiszowski, 1999)

#### Heuristic approach

A heuristic problem-solving procedure is “less linear . . . Problem solving involves a lot of jumping forward, based on sudden insights, and feeding back to complete or alter earlier steps”.

(Romiszowski, 1999)

In order to define the contents of, for instance, next year’s programming, a heuristic approach is applied. Decisions are made based on subjective values. The CM acts guided by his/her particular perception of reality - an interpretation of the audience’s interests based on feelings, wishes, observations, comments, intuitions, the media and statistics.

This makes innovation possible and opens the gates for creativity to flow. The accent is on the cultural part of CM. But once decisions regarding content are taken, the accent is on the management part of cultural manage-

ment. Now a concrete product (a programme, book, film, etc) must be delivered, and that means switching to a logical, algorithmic way of thinking.

### 7. Learning on the Job

What are the most appropriate educative strategies in this context? An important clue lies in the way CMs learn their job outside academia. The sector has created its own learning strategies on the job. CMs actively develop knowledge instead of receiving it passively from the environment. Their “come to know” is a process of adaptation based on and constantly modified by a CM’s experience of the world (Von Glasersfeld, 1987).

These learning processes, as viewed by authors like Bruner (1998) and von Glasersfeld (1984), help to understand the way a CM learns:

- I** Knowing is an action, participated in by the learner.
- II** Learning is a process of comparing new experience with knowledge constructed from previous experience, resulting in the reinforcing or adaptation of that knowledge.
- III** Social interactions within the learning environment are an essential part of this experience and contribute fundamentally to individual knowledge construction.
- IV** Shared meanings develop through negotiation in the learning environment, leading to the development of common or ‘taken-as-shared’ knowledge.

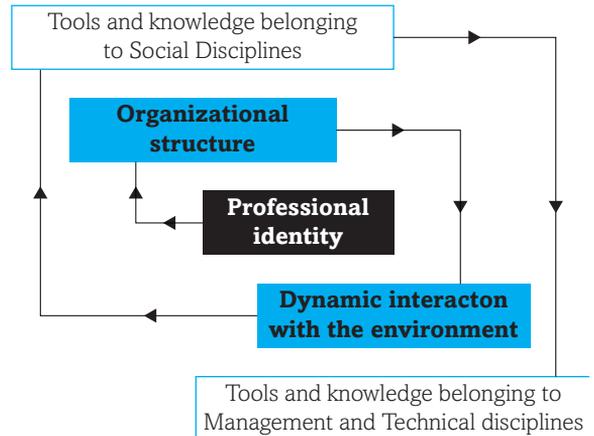
Education for this population needs to take these elements into consideration.

### 8. The Author’s Experience

CMs are essentially “doers” who, in order to deal with the new challenges, need to increase their theoretical background and to develop adequate competencies.

The following diagram gives a schematic idea of how to design content for academic courses. All the contents are linked in a spiral-shaped trajectory.

Figure 2:



Lessons are given applying a “collaborative approach” (Vigotsky, 1978). Each participant is stimulated to make significant contributions to the collective construction of knowledge, despite the possibly unequal level of knowledge regarding the studied subject. Often participants may have different and even opposite views of situations. The need for reconciliation, when these views are incompatible, brings the possibility of negotiation with it, looking for shared meanings.

Classrooms are viewed as laboratories where learning means exploring and discovering. This comes closer to the idea of “scaffolding” developed by Bruner (Bruner, 1985); learning processes happens in stages. The teacher’s role in this process is to empower the learner to work confidently. A CM begins his “career” by participating at activities of relatively low organizational complexity. As time goes on, he/she dares to take responsibility at events with increased levels of complexity. This implies a positive development at cognitive level.

# 2.3

The first stage focuses on the aspects related to the construction of a proactive self-image. Understanding the different sort of tensions inherent in this job is essential. Once this mental map is built up, the course moves up to the second core. It explores the CM's function within the context of an organization, and how it dynamically interacts with the environment. Fundamentals of strategic management are reviewed here under the illuminating light of the "cultural" function. A complete mind map of the organisation and context is built up and best approaches are identified.

Finally, tools and instruments of social and managerial disciplines are studied, according to the characteristics of the course.

### 9. CM Learning Competencies

To conclude, here are some of the basic elements of the learning competencies for CMs:

#### Modern strategic management theory and practice

- Develop abstract thinking capability;
- Implement systemic and strategic thinking, as a way of managing uncertainty;
- Try out new ideas and concepts, appealing to the capability of dealing with the unknown and being able to take distance from known patterns;
- Work in teams, leading them in high turbulent times.

#### Other dimensions inherent to the CM's profile

- The CM as educator, as invigorator factor of local economy and community, as value transmitting agent, as social communicator, as catalyst for change and innovator.

#### Transition process between "heuristic" and "algorithmic" thinking patterns.

- Capability to identify opportunities and possibilities in the outside world, as well as community's needs wishes or desires, explicit or latent (heuristic approach).
  - Capability to formulate adequate offers to the detected opportunities and needs, or to in an innovative way (heuristic approach).
  - Infrastructure and technology plays an essential role. To be able to determine the best and most adequate of both is part of their tasks (algorithmic approach).
  - Capability to design and to run adequate management systems in order to control, monitor, take decisions, communicate, implement, evaluate and plan the sensible aspects of the activities of the organization. The managerial work is done here. (algorithmic approach).
  - All the former falls under the framework of organisational policies that are previously defined and expressed at the organisation's mission and can be adapted to the circumstances (heuristic and algorithmic).
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## Learning patterns

- Knowing is an action, participated in by the learner.
- Learning is a process of comparing new experience with knowledge constructed from previous experience, resulting in the reinforcing or adaptation of that knowledge.
- Social interactions within the learning environment are an essential part of this experience and contribute fundamentally to individual knowledge construction.
- Shared meanings develop through negotiation in the learning environment, leading to the development of common or 'taken-as-shared' knowledge.

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# 2.4

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## EIGHT RECOMMENDATIONS FOR A MORE EFFECTIVE DESIGN EXPORT POLICY



Peter Kersten

### 1. Introduction

**“Good business acumen dictates that UK design should capitalise on its strong reputation abroad. What is stopping it here amongst us in the UK?”**

This is the beginning of an article in the British weekly magazine, *Design Week*, penned by Paul Stead, the general manager of a multi-disciplinary design agency, the Brewery, which has offices in London and New York. He describes the UK's fantastic reputation as the global leader when it comes to creative business services: *“Our people, our work and our companies are recognised as the best by buyers around the globe. Innovation is something that the UK has long been renowned for; UK businesses are well placed to sell design services at a premium to eager global buyers. ... Export or die.”*

Paul Stead is writing about the excellent opportunities for Brit-

ish design in the global arena, and the need to start capitalising on them immediately. If I examine his company (the Brewery) website, it strikes me how smart British design agencies (or should I say 'consultancies') are at positioning themselves:

*“At the Brewery, we believe that business understanding is at the heart of the creative process. We are not constrained by narrow design principles – we work across a broad mix of brand strategy, two-dimensional, three-dimensional, digital media and environmental design skills.”*

The British Design Council has calculated that the UK exports design expertise worth approximately €750 million a year. Another figure reveals that its exports account for approximately 22% of total British design turnover. How is it possible for the UK to perform so well in design exports, in spite of charging the highest hourly fees in the world? What lessons can other coun-

Peter Kersten chaired the Association of Dutch Designers (BNO) and remains associated with it as a 'BNO ambassador', advising on foreign policy and other issues.

tries learn from the UK, to help them develop an export policy that is as effective as possible? In order to answer these questions, this article first examines typical features of British design and export policy in section 2. Drawing on these features, and other experiences of the export of creative products such as design, section 3 then presents eight recommendations for a successful export policy. The discipline of design is taken as the starting point for the purposes of this article. Every discipline in the creative industry has its own characteristics and therefore requires a unique approach. Nevertheless, this article may be viewed as a source of inspiration and an incentive to develop wide-ranging export policy for the creative industry in many European countries.

## 2. British Strengths

The UK has maintained good relations with a large number of former colonies (through the British Commonwealth). A number of them have since evolved into powerful consumer economies, such as India, Malaysia, Singapore, Hong Kong, South Africa and, to a certain extent, Nigeria. A common language and a deeply rooted network of contacts offer the UK a sound foundation in this respect.

Apart from this, the British are good at merging business acumen and creativity. This typically British competency has existed in the UK for a long time. In this respect, consider also its successes in exporting music, musicals, film, and in recent times also the visual arts. Last year, the British Treasury added to this by declaring that it would be helping to establish a special design in business programme.

Presumably prompted by this British best practice and the 'discovery' by Brussels that the stimulus for innovation, which is so necessary for the European economy, could easily come from the creative industries, the governments of north-western Europe have spent two years reluctantly embracing the creative industries and cautiously promoting them as the accelerator for their innovation policy. After all, it is more difficult for East or West Asia to copy the Western European creative industries than its manufacturing sector. The idea is that their collective

and Confucian cultures are an obstacle to genuine original creativity as we know it in Europe.

The Scandinavian countries in particular are hard at work developing a comprehensive policy to promote design. In Finland, they are even busy developing a 'Finnish design brand', so as to make a concerted effort to export Finnish design as soon as possible, which is entirely in line with the tradition of a classic brand operation. In 2005, Sweden ended its year of Swedish design, in which the country's business sector had been closely involved. The Netherlands has kept its end up by encouraging creative and business interests to commit themselves to each other more readily, so as to produce a better infrastructure for innovation. In the past year, there has been a leap forward from the poor level of interaction prevailing between the creative and business sectors following the publication of a white paper entitled *Our Creative Potential*, issued by the Ministries of Economic Affairs and Education, Culture and Science. Amongst other things, it devotes attention to the further internationalisation of the cultural industries.

## 3. An Effective Design Export Policy

Whereas the British have an established tradition, many countries still need to begin. They will first need to develop and define a number of essential design export tools, before they reap any major successes. The following 'lessons learned' can be listed.

- I Establish whether there are enough national designers with business acumen who are willing to invest time and money to get involved in long-term export policy with general government support. Research reveals that the reasons for exporting often lie in a search for new ventures and curiosity. This is a splendid rationale, but the question is whether this motivation is enough to produce a major step forwards – say, to climb from 8% to 20%.
- II Reduce concepts such as 'British design', 'Swedish design' and 'Dutch design' to their ordinary meanings of British, Swedish and Dutch design respectively.

# 2.4

## Eight Recommendations for a More Effective Design Export Policy

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Let us take the Netherlands as a case study. 'Dutch design' has become synonymous with a concept of design in which the designer more of a creator than a person addressing specific requests from clients. Usually, this Dutch approach to design has avant-garde characteristics, such as an unusual combination of materials, a conceptual premise that sometimes features humour and is often simple and direct. In this case, the design features a type of 'handwriting' through which it is possible to recognise the designer. For some time now, this concept of design has become known to a select group of designers and commentators abroad as 'Dutch design' and has attracted a great deal of admiration. At first glance this seems to be good for the positive image enjoyed by Dutch design in other countries. In the case of commentators and designers in the Netherlands, 'Dutch design' does not simply refer to 'Dutch design' as a general designation, but has since become a generic name. It is precisely this which is confusing, because the vast majority of Dutch and foreign clients simply take 'Dutch design' to mean 'design produced by the Dutch'. They are barely aware of any of the specific or special features of 'Dutch design'. Even if they are aware of anything to do with 'Dutch design' they immediately draw a distinction between what they themselves feel about it – expressed in terms of 'nice', 'lovely', 'extraordinary', 'ugly' or 'original' – and the contribution it could make to their organisation or business. In the latter case 'Dutch design' is readily abandoned, because in this case the principles of design are required to accommodate the brand, marketing or organisational objectives of the relevant business or public body, and this conflicts with the notion of a design as the 'handwriting' of an individual. In this respect many Dutch clients balk, when they see typical examples of Dutch design. Even more annoying is the fact that some major foreign clients recoil from 'Dutch design', because its characteristics frequently do not coincide with the strategic principles (underlying the relevant brand) of the identity of a business (new or otherwise) or organisation, or with the capacity to produce a three-dimensional product. It is too radical or too avant-garde. In this case, 'Dutch design' could certainly be highlighted as a billboard and trendsetting mechanism for foreign commentators, although the focus should also simultaneously be directed towards the range, inventiveness and distinctive quality of Dutch design. Only the

optimum use of this depth and breadth of Dutch design will make a contribution towards the achievement of the specific objectives that organisations have set for themselves.

- III** Draw up a national design manifesto, a type of brand identification platform that can serve to promote the development of a more substantive coherence involving the various players. This manifesto could:
  - Serve as a source of inspiration or guide for designers to highlight strong, distinctive aspects of national design (at both the creative or aesthetic and the organisational levels).
  - Result in new business presentations for potential foreign clients.
  - Serve as a source of inspiration or guide for the creation of more 'institutional' presentations about national design (for example, for exhibitions and/or lectures that are still to be prepared).
  - Serve as a source of inspiration or guide for the economic and cultural departments of those embassies that wish to profile national design in their country, and for the producers and distributors of products designed by its citizens.
- IV** Appoint a design manager or establish a small design management department in the governmental information service. Their first task would be to present detailed proposals on design for action to be taken abroad based on the above-mentioned manifesto, and with the aid of a small group of top designers. In this respect, one might consider the furnishings of embassies, key design suggestions for national publications and websites that are first and foremost seen abroad.
- V** Draw up a table of countries listing design export opportunities, covering aspects such as the following:
  - The degree of quality of design in the relevant country (the aesthetic, organisational and educational infrastructure), in other words the extent of expected competition between the local design community and our own national providers.
  - The degree of interest in a specific national design discipline or competency (e.g. Japan: creators' design; Russia: retail design).
  - The extent of the development of a consumer economy.

- The degree to which the ability to act as a reliable client (design management or indications of it) has evolved. How serious are clients in a specific country in their willingness to pay normal national designer fees?
- The degree of cultural proximity (language, values, norms and style in relation to doing business, etc).
- The desirability of boosting an embassy's image (our creative business services are of a fantastic quality – have a look).
- The designation of a specific country as a priority one by the Ministry of Foreign Affairs or Finance.

**VI** Determine the best basic marketing approach for design consultancy exports. Cold matching of national designers and foreign clients seems to be the most obvious way to go, although it is frequently inefficient and ineffective.

**VII** Develop a national design promotion toolkit that is easy to use and is 'light' and flexible. In this respect, perhaps consider an audiovisual 'building-block' presentation that would serve as an anchor during a design promotion week or could run on its own in a relevant public area, such as a trade fair or museum for contemporary applied art. An ingeniously designed inflatable tent could create the requisite 'standalone' mood for this presentation. Our experience of the past two years shows that a carefully crafted travelling three-dimensional exhibition is usually too intensive in terms of supervision. The organisation required for its preparation, the manpower, transport costs and venue hire are actually too high in relation to the attendance figures. Also important is the development of a website directed at foreign clients and other stakeholders, which could be supplemented with an inspirational, educational booklet about the results achieved by using design.

**VIII** Closely involve design management in any new, comprehensive, coherent design export policy. Design management, or simply the art of the optimum management of a design agency, is relatively unknown in most potential design export countries. In the countries that I am familiar with, design management

courses, educational programmes or design management modules would be welcomed with open arms in business schools.

#### Why the eighth recommendation is possibly the most important

Apart from design-driven firms in the UK and Scandinavia, most clients in foreign countries are still unfamiliar with the management of a design project in many cases, let alone the engagement of the potential strategic innovation competencies of a design agency. If foreign clients have so little experience, it could be quite frustrating for design agencies to complete a project in a meaningful and inspirational manner. There are quite a number of excellent educational programmes in Europe, which are eminently capable of providing expertise to the relevant organisations in selected design export countries.

Secondly, experts in design education and management may well serve as the best ambassadors for the relevant country's own national design. The permanent presence of nationally oriented short or longer design management education programmes, or in-company courses, will undoubtedly have a positive lobbying effect which will benefit national design.

#### 4. The Export Policy

In the Netherlands, as well as a number of other countries, 2007 should mark the start of a genuinely coherent design export policy. Our motto should be: we are stronger together than alone. More than ever before, national governments and representatives of the design sector and the major cities will need to work together under tight supervision, each contributing its own strengths and without adopting a solo approach or blinkered vision. Of the numerous designers active in every country, there should be at least 100 who want to include a serious export policy in their business plan.

#### Literature

Where to start for Dutch entrepreneurs:

[www.internationaalondernemen.nl](http://www.internationaalondernemen.nl)

[www.evd.nl](http://www.evd.nl)

[www.sica.nl](http://www.sica.nl)

# 2.5

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## BEHIND THE FACADE

Sandy Fitzgerald

### 1. Introduction

**This article looks at the development of independent cultural centres in Europe (known as arts centres in the UK and Ireland) from the time they first emerged in the 1960s, investigating how and why these places exist and their importance for the communal, civic and creative life of the cities where they are based. Section 2 recounts their origins, while sections 3 and 4 follow their progress into the mainstream and their subsequent evolution into today's public/private partnership (PPP) – which is often based on an inadequate understanding of what culture is. In the conclusion (section 5), I argue that public authorities must take a more active role in ensuring that today's cultural centres really do serve community needs.**

As the 20th century progressed, many of the ideals, ideas and innovations that found expression in these centres impacted and informed the society around them. Unfortunately, this history is largely undocumented, but the individual stories behind these centres, if connected, makes for a rich tapestry of new creative thinking, innovation, and radicalism that traces the fundamental cultural changes we have all experienced over the past 50 years.

I remember one memorable occasion when I attended a meeting, along with 30 of my colleagues from around Europe (all members of the Trans Europe Halles network), in Metelkova, a centre in the Slovenian capital Ljubljana. This meeting, held in the dead of winter with no heating or light because the authorities had cut all services to the site as part of a campaign to drive the squatters out, was called to debate strategies for continuing the occupation of the surrounding buildings (which, not long before, had been a military barracks of the Yugoslav army), and how they might be converted into a cultural centre. Like some revolutionary gathering of an earlier time, we spent hours formulating plans by candlelight and reaching consensus through clouds of icy breath. The excitement and commitment present in that room, as a new future, an alternative to war, was made manifest, would put any European Parliament to shame. No one recorded the meeting and nothing was published afterwards, but it was important for the 100 or so people gathered there and for the thousands who have since benefited from Metelkova, which managed to survive against all odds.

The point is that centres such as Metelkova come into existence because they offer a space in which to dream - and what is culture if it is not dreaming the future into existence?

Sandy Fitzgerald has thirty years of experience as a manager, artist and activist in the cultural sector. Director of City Arts Centre, Dublin (1973 – 2000); Editor of the book 'Outburst of Frankness' (2004); commentator (Irish Times/Irish Examiner

etc); book for children 'Ilac and the Land of Sea' (2005) . Currently a partner in the international alternative arts consultancy group – CultureWorks.

## 2. A Short History

The original cultural centres were fashioned out of the counterculture of the 1960s. When the newly empowered young people of the day intuitively divined that all was not well with the world and that something fundamental had to change, they set about building an alternative society based on principles of equality, collectivism and freedom. However idealistic these aims might have been, the fact remains that things did change fundamentally after the 1960s, in particular the relationship between creativity, culture and the wider public. What was remarkable about the 1960s revolt was that it had art at the centre of its action. The leaders of this revolution were not politicians or soldiers: they were artists who played guitars and wrote poems.

As the context for making art was challenged in the 1960s, so were the forums for presenting and displaying work. The street, the park, the abandoned warehouse all became legitimate stages for performance, and as this new egalitarian tidal wave began to seek out more permanent spaces in which to make and display, a new phenomenon arose called the 'arts lab'.

The 'arts labs' of the 1960s were synonymous with alternative culture and 'labs' began to spring up all over the place as squatters moved into old abandoned industrial sites and artists like Andy Warhol set up their new art 'factories'.

The term 'arts lab' fell out of favour in the 1970s to be replaced by 'cultural centre' or 'arts centre,' but the principles remained the same, and many of these early initiatives are still with us today. For example: the Roundhouse, London (1966); The Blackie, Liverpool (1968); Melkweg, Amsterdam (1970); Les Halles de Schaerbeek, Brussels (1974); Ateneu Popular, Barcelona (1977); WUK, Vienna (1979); UFA Fabrik, Berlin (1979), to name but a few. And since that time, many more such centres have arrived and continue to do so, particularly within the new member states of the European Union.

By the mid-1980s, the economic and political landscape had changed irreversibly as both the public and the private sector recognised that the predominant manufacturing industries had gone for good. But new enterprises were emerging to take their place. The commercial world was beginning to go virtual through information technology, and sectors such as leisure and tourism were moving centre stage. Attracting people back into the urban centres, areas of decline since the Second World War, to live, work, and play answered the question for property owners of how to exploit all the redundant post-industrial land and, in this new climate, culture became the marketing tool of choice. As the 1990s dawned, so did the era of culture as a marketable commodity. The hippies and squatters had provided the template by showing that old buildings could revitalise an area and there was a certain cachet now around the alternative scene. Instead of resisting the idea of independent tribes and disaffected youth, the corporations branded the anger and angst and sold it back to a mass market. By the turn of the century, culture was marketing (and marketing was culture). The idea of the 'cultural cluster' or the landmark arts building became a flagship for urban developers.

As the number of cultural centres grew, cross-border alliances were formed and networks created. One of these, Trans Europe Halles (TEH), founded in 1983, made distinctions between centres as independent entities, and centres that were local authority or government-run. This reflected the historical context of the original centres as anti-establishment, but it also reflected the growing number of such houses of culture since the 1960s. For example, at TEH's first meeting in Brussels in 1983, only seven centres were represented. As of 2006, the network numbered 39 members, representing 24 countries. If you were to look at the total number of cultural centres in Europe, independent or not, then the number would run into tens of thousands.

No matter how a centre is administrated, the important issue is its purpose and the function it performs within its community. Here, some clear historical developments emerge.

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Between 1965 and 1975, cultural centres were treated with suspicion, if not outright hostility. After the Paris riots of 1968 (and similar protests in other cities around the world), cultural centres were imagined to harbour communists, anarchists and every other known threat to Western society. The word went out to close down these places at all costs. Although the might of the state was brought to bear on many of these fledgling centres, the job was not as easy as it might have seemed at first glance. The difficulty was that these rebels were often the sons and daughters of the ruling classes. Very soon the war had lapsed into negotiations.

Between 1975 and 1985, cultural centres began to receive recognition and support from the state in the form of tenancy agreements and grant aid, and from 1985 onwards the state agencies themselves began to fund and develop their own cultural centres alongside the independent sector, thereby recognising their civic importance. This was a trend that coincided with new thinking on urban planning and community development. It was no longer good enough just to build buildings, you also had to manage community development. This was the stark lesson learned from the social housing schemes embarked upon in the 1950s and 1960s.

### 3. In from the Margins

From the middle of the 1980s, culture was seen more and more as a tool within socio-economic development and as something that people could participate in and use, along with sport and entertainment, as a leisure pursuit. The problem with this thinking, from the point of view of the independent cultural sector, was the misunderstanding of what constitutes culture and its function in society.

This raises the question of the definition of culture. The sociologists will tell you that culture is how we live. It is the fabric of our lives, created by a rich weave of history, custom, ritual and human communication. It is how we behave, how we measure our past, present and – particularly - our future. Art arises from culture, sign-posting cultural directions and giving voice to our lives. There is often a misconception that many communities are cultureless and this is one of the mistakes that planners continually make. And this misconception arises because of a very circumspect evaluation of culture by the custodians of art (and high art at that). But if you look around you, the cultural signposts are everywhere, because creativity is intrinsic to the human experience.

However, if we accept the hierarchical view of culture this gives permission to developers and planners not to have to take into account existing cultural practices or activities, particularly among disadvantaged or marginalised groups (and much of the available urban land bank exists in working class areas simply because this land was not owned by the residents). That holy grail of development, the 'greenfield site', also extends to culture and the wish for a cultural 'greenfield site'. The existing culture is rarely even considered or acknowledged, except as a problem to be overcome or as a logo possibility. This, in turn, leads to communities being dismissed from the equation in favour of development concepts or architectural statements.

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As the 20th century neared its end, a third strand of cultural centre policy, which coincided with a more aggressive form of liberal economics, emerged – the cultural centre as development 'loss leader', a highly processed version of the organic cultural centre of the previous thirty years.

#### 4. Organic versus Processed

The 1960s push for a cultural revolution turned into the 'cultural industries' revolution of the 1990s. This placed culture on the agenda with other sectors, such as education, leisure and the service industries. The problem, again, was one of definition - because if you take culture to mean leisure, then you remove it from the central role it potentially has in personal and communal development. There is also a danger of making culture a commodifying entity and thus provides opportunities for the property development market and others to use culture in ways that can be undermining. Just as Victorian cultural institutions (the museums and galleries rejected by 1960s counterculturalism because they underwrote the commercial and political values of their time) played their part in the hierarchy of power, so today's cultural industries validate public/private partnerships by helping to justify the spending of taxpayers' money.

If we compare the organic or alternative model of 'cultural clustering' that originated in the 1960s to the later public/private partnership (PPP) model, very quickly it becomes apparent that the PPPs' took the earlier blueprint, drained away the radicalism of the original and opted for a façade of cultural chic. In fact, in many instances, the façade has become the project. The building has become more important than what it contains. Take, for example, the Guggenheim in Bilbao. This landmark edifice is more important to the profile of the Basque city than what it houses. Equally the Tate Modern in London is visited as much for its reputation as a building as for the many programmed events which take place throughout its halls, as is the Baltic in Gateshead, and so on throughout Europe. These are the new cathedrals of our time and if you want to put your city on the map you must have one. Architects are busy all over the world drawing up grand plans for these new 'palaces of culture' or 'cultural clusters'. London has several. Dublin has Temple Bar. Belfast is planning one (the Cathedral Quarter). Berlin has Potsdam Square. Aarhus in Denmark has a twinkle in its eye over its disused rail yards. Tallinn is planning one on the sea front (the abandoned dockland is a favourite). The momentum for the 'cultural cluster' now seems relentless.

In reality, such proposals are usually based on a very poor understanding of what culture is, and of how important it is to the development of communal and civic life. While the private investor of a site could be forgiven for having a very simple equation at the forefront of his or her mind (that is, a return on investment), unfortunately the public side of these partnerships seems to find it equally hard to move past the façade perspective.

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Careful analysis will show that an organic development, based on people's needs, will lead to a much more sustainable outcome. For instance, if we take just one example from the independent cultural sector, the possibilities when a more considered and integrated approach is taken become apparent. Since 1979, UFA Fabrik in Berlin has developed over quite a sizeable plot of land on what used to be part of the famous UFA film studios. The UFA vision of society is one that is mutually supportive and humanly structured. Based on these principles, the centre now houses a school, an urban farm, a bakery, a circus school, accommodation blocks for collective living, a venue, a cinema, many workshops, a café, a community centre, and much more besides. In addition, the whole complex is run off alternative energy, by means so efficient that they sell kilowatts back to the grid.

## 5. Conclusion

It is the responsibility of public authorities to actively work for a healthy society. In practice, this means facilitating citizenship and the valuing of civic space. The most common approach to urban development is to focus on ownership rather than on the protection and development of communal and cultural life. Property developers are allowed to lead civic renewal while they have no expertise in this arena (and usually, it is against their personal interest in the first place). There is a huge difference between building a community and developing a site, and unless a radical shift takes place in the understanding and formulation of cultural policy then 'cultural clusters' will be no more than a scenic backdrop to the emerging urban blight and empty civic spaces that are now common.

A good place to start would be a redefinition of culture in terms of its anthropological and sociological importance. In 1991, Franco Bianchini stated:

*"Three broad areas in which a change in perspectives would be beneficial are: the need for organic links between policies on culture and policies on training, education, research and development; the importance of adopting broader definitions of 'urban regeneration' and 'quality of life' as bases for policy-making; and, most*

*importantly, the adoption of a 'cultural planning' perspective, with significant implications for the training of policy makers and the corporate working of city governments."*  
(Cultural policy and urban regeneration, 1991: 200)

These issues are not new, just depressingly familiar. As long as culture is seen as a sugar to sweeten the pill of often invasive development, rather than the fundamental energy within civic life that it is, then the long-term social, economic and civic benefits of the cultural centre will remain illusive.

## Literature

Bordage, Fazzette. *Factories of the Imagination*. Trans Europe Halles. (ed) (2001)  
Fitzgerald, Sandy. *An Outburst of Frankness: Community Arts in Ireland – A Reader tasc at New Island*. (ed) (2004)  
Bianchini, Franco and Parkinson, Michael. *Cultural policy and urban regeneration* Manchester University Press. (eds) (1991)

For further information on independent cultural centres see Trans Europe Halles: [www.teh.net](http://www.teh.net) and Art Factories: [www.artfactories.net](http://www.artfactories.net)



# 2.6

Roy van Dalm (1955) is a freelance economic journalist, primarily for Het Financieele Dagblad. He specializes in creative cities and innovation. Roy is also a frequent speaker and guest lecturer on these subjects with several universities. He studied English and American Literature, worked long as a proppritic and taught at the Nijmegen School of Management.

## LODZ: RENAISSANCE OF THE PROMISED LAND

Roy van Dalm

### 1. Introduction

**‘The Polish Manchester’, it used to be known as. Like the British city, Lodz owed its size and fame to the 19th-century textile industries and the Industrial Revolution. In Andrzej Wajda’s classic movie of the same name, it was called ‘the Promised Land’. But those days have long gone, and so have all the jobs. Poland’s second largest city has remained strangely overlooked for more than a decade now. But the tide is turning. Lodz is on the threshold of an unexpected creative and economic renaissance, rising from its own textile ashes. At the heart of this phoenix act is the redevelopment of the city’s largest textile factory into a 27-hectare mega shopping, leisure, business and culture centre called Manufaktura.**

In the early 19th century, Lodz was no more than a quiet country town of a few thousand inhabitants on the banks of the lazy Lodka River. Then the Russian Czar pointed his finger at the map and proclaimed Lodz to be the perfect site for the development of the cotton industry. What happened next was nothing less than a gold rush for entrepreneurs seeking their fortune. Karl Scheibler, Traugott Gro-

hmann, Izrael Poznanski: they all came to the small town and set up textile factories. Within a few decades, Lodz had 500,000 inhabitants, a tolerant mix of Germans, Jews, Russians and Poles. It was the second fastest growing city in the world after Chicago. The industrialists built countless huge red brick factories and over 100 palaces and villas that still dominate the Lodz urban landscape. Next to their factories, they erected mansions fit for a king, from which they had a good view of the toiling sources of their newfound wealth. Further on down the road were the brick tenement houses, schools, hospitals and kindergartens they erected for the workers and their children.

Lodz is full of massive witnesses to its powerful industrial past. In fact, every other museum or academy in Lodz is accommodated in a priceless piece of industrial heritage. The most famous is the home of the museum of city history, located in Poznanski’s Palace. This eclectic mini-Versailles was home to Izrael Poznanski’s family. When the architect asked him, “Mr Poznanski, in what style shall I build your palace?” he replied, “Do it in all styles, I can afford them all.” There is a popular Lodz anecdote that, at the height of his

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wealth, Poznanski sent a tongue-in-cheek letter to the Czar asking his permission to pave the entire first floor of his palace with golden roubles bearing his Highness' image. The Czar replied that Poznanski was allowed to do so, under one condition: that all the roubles had to be put into the floor standing upright. No one walks over the Czar's face, not even the king of cotton.

But just like the Czar's empire, Poznanski's also came to an end. After the Second World War, the communist regime nationalised all the factories. They now produced cotton and textiles for the gigantic Soviet market. But when the Berlin wall collapsed, so did the Russian market for Polish textiles. The industry went into a rapid decline. Poltex, as it was then called, closed its impressive factory gates in June 1997, leaving the city with a staggering unemployment rate of 70%.

### 2. Manufaktura

So much for history. At the start of the new millennium, Lodz is a shrinking city of some 800,000 inhabitants, with over 100,000 students in 11 universities and academies who will mostly seek their postgraduate fortune elsewhere. This used to mean booming Warsaw, but now big IT and consultancy firms from Western Europe flock to the campuses in search of talent. The River Lodka disappeared underground long ago. For a time, it looked as though Lodz's new goal in life was to provide a well-filled pool of young, well-educated business, linguistic and cultural talent to satisfy the growing economic appetite of other cities. Salaries in Warsaw, for instance, are two to three times higher than in Lodz. So who can blame Lodz's human capital?

The City of Lodz officials complain that there is no money to do anything, but at the same time counter forces are working small to major miracles in Lodz. Behind the brick façade, the largest urban revitalization project in Central Europe was completed in May 2006. French developer Apsys, a retail and entertainment centre specialist, has transformed Poznanski's 27-hectare factory site into Manufaktura, a megacomplex for leisure, retail, business and culture.

All the historic buildings were painstakingly restored, and Apsys also invested in the surrounding infrastructure. The focus of Manufaktura is its three-hectare market square, bordered by stylish restaurants, hip lounge bars and posh coffeehouses. There is even a symbolic representation of the River Lodka running towards the huge central square, which has already been the site of many open-air concerts and is indeed the new heart of the city. Manufaktura has office space (85,000m<sup>2</sup> in old buildings and 90,000m<sup>2</sup> in new ones), a new two-level shopping gallery with 200 shops, a three star hotel with 200 rooms, and a 10,000m<sup>2</sup> home and garden centre. Main tenants of the 150,000m<sup>2</sup> service area will include the French Géant Hypermarket and French home and garden company Leroy Merlin. In the realm of leisure, Manufaktura has a family entertainment centre (roller skating, squash, climbing wall, paint ball, video games and a dance school), a bowling alley, discos and a pub serving over 200 beers. Moreover, the old fabric-finishing workshop has been converted into Cinema City Imax – a 15-screen movie complex with a 3D Imax Theatre.

Manufaktura represents a €200mn investment (the biggest in any European shopping centre), €120mn of private money and the other €80mn raised from tenants. The commercial functions of Manufaktura also serve as an income source for its cultural ambitions. Manufaktura has a Museum of Science and Technology for children, the first interactive science museum in Central/Eastern Europe, modelled after the successful Parisian La Villette museum.

### 3. City of Arts

The cultural highlight of Manufaktura, however, will be the new space for the Lodz Museum of Modern Art, in the 19th-century weaving mill. This museum has the second largest collection of post-war European art in the world after MOMA in New York, boasting paintings by Léger, Ernst, Vantongerloo, Van Doesburg, Picasso and others. It is literally a well-kept secret, as a considerable part of the collection had been stowed away in the basement of the present museum due to lack of exhibition space. The centerpiece is a collection of 1,000 works of art donated by Joseph

Beuys under the name of 'Polentransport'. Rumour has it that Beuys' generosity was a gesture of personal Wiedergutmachung, having been in a Luftwaffe-bomber that bombed Polish cities during the war.

The foundation of the museum was laid by the influential artist Władysław Strzemiński, a friend of Malevich and pioneer of the Constructionist movement, who later started the Unist art movement. Unism stresses the unity between the work of art and the place of its creation. Strzemiński extended his theory towards sculpture, architecture and typography, and had a profound influence on Polish poster design.

Lodz is teeming with young artists, graphic and fashion designers, and cameramen and movie makers from its acclaimed film academy, the Academy of Fine Arts and Higher School of Art and Design. Lodz is a classic case of the creative avant garde triggering a city's regeneration by living up to Jane Jacobs' historic quote that new ideas require old buildings. The Higher School of Art and Design is located in a stately 19th-century building that used to be a kindergarten for the children of the factory workers. It looks out across the vast brick Ksiezy Mlyn ('priest's mill') factory complex, which is a complete neighborhood in itself, with mills, workers' houses and villas that once belonged to Scheibler and Eduard Herbst.

Nearby the design school, the Lodz Art Centre (also located in a former factory) is the focal point of Lodz' modern art renaissance. The annual International Photo Festival already has a solid reputation, but the latest jewel in the art crown is the Lodz Biennale which was held for the second time in October 2006. American art critics have already called it the world's second best biennale for modern art after Venice. In 2007, the centre will hold the first Design Biennale, which will be co-organized by one of the city's best graphic designers, Jakub Stepień.

But the most striking aspect of Lodz culture is its remarkable film tradition. All famous Polish film directors have studied in Lodz, from Wajda and Kieslowski to Roman Polanski,

who incidentally has returned to his hometown. The town itself has been the backdrop for many foreign film productions requiring an ambiance of industrial desolation – location managers had only to call the city office for a long list of suitably abandoned factories that had become the sole habitat of pigeons and brambles. The main strength of the film academy is in its quality of cinematography, which has attracted none other than film director David Lynch. Together with two Polish friends, he has bought the inactive EC1 PowerStation near the Fabryczna Railway Station. Lynch wants to establish his post-production studios there, as well as an academy. Moreover, he appears to be one of the private investors of Manufaktura.

#### 4. Economic Renaissance

Luckily for Lodz, foreign companies have set up shop and brought thousands of new jobs to the city. Gillette and Indesit have large steel plants here, Philips has its European accountancy headquarters in the city, and Dell Computers is opening a new manufacturing facility in Lodz, creating 12,000 jobs. Ryan Air is now flying directly from London Stansted. Australian Opal Investments is rapidly building and selling lofts in Scheibler's old factory at Ksiezy Mlyn and seems to have acquired the whole neighbourhood from the city at a low price and without any redevelopment plan.

The latter development worries the creative change agents of Lodz of whom Krzysztof Candrowicz, the young director of the Lodz Art Center, and consultant Monika Dziegielewska are the central people. Dziegielewska is the first person to have introduced the ideas of Richard Florida and the concept of integrated revitalization to Lodz by almost single-handedly organizing a groundbreaking international urban regeneration conference called Vision Lodz 2023 in February 2006, and following it up with another landmark conference on Ksiezy Mlyn in september of the same year. Monika Dziegielewska is also bringing the tradition of jazz back to Lodz by staging jazz concerts in an inactive art deco power station near Ksiezy Mlyn. Jazz played an important role in the underground resistance to the communist regime when illegal jamming started in the basement of the film school.

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## Lodz: Renaissance of the Promised Land

Even though culture in Lodz is in some sense still marginalized, however much there is of it, the energy is entrepreneurial and true to the spirit of the city. "Lodz is a poor city," says designer Jakub Stepien. "That is why young people create their own culture here with art, music, galleries, fashion and theatre. Here there is no lack of ideas and young energy. In that sense we are pioneers in modern Poland. It is difficult, but on the other hand very exciting to be part of that."

### Recommended reading

Dalm van, Roy: *Creative steden: hip, hype of hoognodig?* PropertyNL, March 2005.

Dalm van, Roy: *The Coming Renaissance of Lodz*, PropertyEU, March 2006.

Dalm van, Roy: *Lodz Spotz*, Items, 2006.

Florida, Richard: *The Rise of the Creative Class*, New York, 2002.

Jacobs, Jane: *The Death and Life of Great American Cities*, 1961.

Jacobs, Jane: *The Economy of Cities*, 1969.

### Recommended viewing

*Promised Land (Ziemia Obiecana)*, film by Andrzej Wajda

Some facts and figures of Lodz:

### Lodz Students by field of studies (2003/2004)

Economics and administration	27,566
IT	14,534
Engineering & technical	14,455
Pedagogics	9,089
Arts	8,139
Medical	5,855
Social	3,145
Legal	3,105
Textile	1,594
Other	13,886
Total:	101,368



# 2.7

Anamaria Wills is the Chief Executive of the Creative Industries Development Agency (CIDA), which works with national, regional and local governments to help strengthen the contribution of the creative industries to economy.

## THE IMPORTANCE OF BEING NETWORKED

Anamaria Wills

### 1. Introduction

**Rita was hesitant. She had recently taken the risk of setting up her own dance company, hiring three superb contemporary dancers and creating the choreography herself. They had had a very successful first tour and now she was developing a new piece. The idea of going to a network evening, entering a room full of people she didn't know and having to make conversation with strangers, was deeply daunting – all she wanted to do was concentrate on making the new work.**

She struggled. Then her developing entrepreneurial instincts kicked in – no point in being the greatest new dance company on the block if no one knows about you, she thought. She put a brush through her hair, threw on her pashmina and went out to the car. As she drove, the butterflies in her stomach started to flutter. By the time she arrived at the venue, it felt as if they were multiplying. Taking a deep breath, she got out of the car and walked into the networking room.

Two hours and a glass of wine later, she walked out feeling elated. As she had feared, the room had been full of strangers. But the network organiser had introduced her immediately to a musician who worked with dancers and from there, the discussions and introductions just kept happening. It was exhilarating being with other creative practitioners, discovering that, even across artforms, they shared so many concerns and experiences. But best of all, she had met a young film maker called Gopal – they had got on so well that they had agreed to explore the idea of working together on her next piece.

This anecdote is a true story – not even the names have been changed. Rita and Gopal went on to work together, created a stunning new dance piece using film as part of the work, and succeeded in getting an international tour which was hugely successful. It illustrates one of the most important aspects of being a creative entrepreneur: the importance of being networked.

Ironically, networking – which, in a business context, seems to hold so many fears for so many people – is an absolutely

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## The Importance of Being Networked

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primeval human activity. The first hunters, gathering around the fires in front of their caves, were networking – sharing experiences, helping to problem solve, inspiring new ideas and developing collaborative approaches to catching their prey. All the old folk songs and stories that have been passed down over the ages have their basis in the need for human beings to meet, to talk and to share experiences. Generally speaking, people are interested in people, particularly when there are common experiences to discuss, dissect and develop.

In this paper, I look at the usefulness of networking in the creative context in section 2, and give some tips on successful networking in section 3. Finally, section 4 discusses how to introduce networking events, if they don't already feature in your area.

### 2. The Creative Context

In the creative context, there are special reasons for networking - both practical reasons, concerning the development of your creative practice, and personal reasons, concerning personal development. Above all, in order to make networking a rewarding exercise, it is worth taking the time to consider how to maximise its potential.

On the whole, (and I accept that this is a generalisation, but it is underpinned by national and international research), creative practitioners and entrepreneurs tend to be fairly isolated. They are inspired by, guided by, even obsessed by their own particular idea. Everything tends to be focused on that one idea – anything else is distraction. There is rarely, especially at first, enough money to employ more than one or two people at most, and even they get caught up in the idea, following the lead of the entrepreneur. They tend to work long hours, rarely mix with other creatives, don't really know what else is going on in their own sector, and don't have time for professional development. The inevitable result is that the wheel gets reinvented with monotonous regularity, creative opportunities are missed; and the stimulus of meeting different people and sharing ideas and experiences is lost.

As a creative entrepreneur, whether as an artist or a practitioner, your work is informed by the world around you. Knowing what is going on, what are the latest trends in your artform or business, what people are making or buying or creating, should be part of the lifeblood of your work. Of course, there are times when reclusive behaviour, providing opportunities to concentrate and explore, is an almost necessary part of the behaviours you need to bring to your work. But it's not the whole story - so don't allow yourself to neglect the external opportunities for stimulus and information that come through networking.

### 3. How it Works

So how can you make networks work for you? Given that walking into a room full of strangers fills the hearts of most people with dread, how can you get over that, and exploit the opportunities that arise?

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The first trick is to use the actor's technique: if you ever go backstage on a first night, you will often find the actors standing in the wings waiting for their entrance. Usually, no matter how apparently confident they may seem, you will observe that, just before making their first entry, they will go quiet. They start to focus on what is ahead: they take long, deep, slow breaths to steady themselves (and their nerves), straightening up their bodies and standing erect to let the air flow steadily through into their lungs; in their minds, they are making themselves go calmly through their first few lines in readiness for that first moment on stage. When the time comes to make that entry, they are ready, inspiring in themselves their own self-confidence which so quickly communicates itself to everyone else on stage and in the audience. You need to do the same thing!

The second trick involves remembering that even the most informal network is a business opportunity – a chance for you to meet someone whose knowledge, skills or contacts may be useful to you. It is worth doing some preparation. Try and find out who else will be there – some network organisers will distribute a list of expected attendees in advance, or on the night. If yours doesn't, suggest that they do so in future – it all helps make the network more enjoyable and rewarding.

Once you have the list of attendees, go through it and decide who you would particularly like to meet. There can be all sorts of reasons for wanting to meet someone: you admire their work, you think they may be interested in your own, you want to share a problem or a solution, you think they have contacts that might be useful to you, and so on. These are all legitimate reasons for going up to someone at a network to say hello – if he or she didn't want you to, he or she wouldn't have gone to the network in the first place. And do remember that even the most well known person in the room is likely to experience that first moment of dread that no-one will know them or talk to them.

The third tip is to do with your body language – and that starts with your mind and your attitude. Even if you are more comfortable being a recluse, the most effective thing you can do in a network is to tell yourself that you love people! Open your mind and your heart – however temporarily, give yourself a chance to be really interested in other people, in their stories, in their worries and their joys. Determine in your own mind that you will respond openly, letting your pleasure in their successes show in your eyes (this only works if you really think it – even if you are 'playacting', it doesn't matter as long as you do it wholeheartedly). Your eyes, whether you like it or not, will tell your listener more about you than any words, so keep your mind positive and your eyes on the speaker. Smile easily – keep your arms unfolded, and avoid the temptation to keep looking over the speaker's shoulder to see if there is anyone more interesting in the room. Above all, don't sit down when everyone else is standing and circulating – you might as well put a sign up saying, 'Don't talk to me.'

The fourth tip, and this is really essential, is to make sure you take your name card with you. In the UK, this little card is called a business card and that sometimes sits uncomfortably with

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creative people. In China and Singapore, where the exchange of these cards is a vital part of any first meeting, they are known as 'name cards' which seems somehow friendlier and, indeed, more appropriate. Creative people sometimes balk at exchanging these at what might otherwise seem like an informal meeting, but distributing these little cards can lead to some amazing opportunities. You don't know what circles others move in – but, if your new contact has your details, then he or she can refer people to you, recommend you for work, and generally act as an advocate or champion.

### 4. Do It Yourself

If there are no network meetings in your area, how about setting something up yourself? You would be amazed at how quickly people respond to the idea – but there are a few dos and don'ts worth taking into consideration before you start.

Generally, because it is often such an esoteric world, creatives love meeting other creatives. The opportunity to share ideas and to learn from other people's experiences is very appealing. But it has to be made easy. You need to think about what the best timing would be (start and finish); what day of the week; what frequency; what venue would work best, both in terms of accessibility and appeal; what refreshments to offer (and refreshments are essential) and how (do you provide food and a pay bar, or do you provide everything, or charge for everything).

You need to decide whether to limit your gathering to a specific artform or geographical area, or just leave it wide open. Some of the most successful networks across the globe are those that are deliberately diverse – creating opportunities to meet for people from different backgrounds. You can still maintain creative practice or creative business as the common link, but creativity can be found in many different places. Creative Tampa Bay, for example, is a thriving business network in Florida that brings together business people who value and practice creative thinking in their business, but who would never describe themselves as creatives. Yet the recent link up with the creative sector in Tampa has paid dividends

to all, increasing the commitment of the city authorities to supporting the development of creative industries there.

A database is essential for sending out invitations – if you haven't got one, use the age old formula of Danny Newman, US arts marketer par excellence: call ten of your best friends in the business, and get them to give you the contact details of ten people they are close to. Straight away, you'll have 100 names to email to invite to your first network meeting.

Once the invitations have been sent out, start preparing for the big night:

- Be clear about your own expectations of network meetings.
- Get an idea of who will be attending, and work out which people would be interested in meeting each other.
- Be ready to identify people with potential mutual interests and make the introductions.
- Provide a list of attendees with email addresses if possible (get permission to do this at the time of sending out the invitation).
- Make sure you have name badges that are clear, with the names large enough to be easily visible.
- Get people to sign in on arrival so you can track attendances and know where to put the emphasis in future marketing.
- If you are using keynote speakers, brief them properly as to your objectives for the network; the topic; the length of time to speak; and the composition of the audience.
- Make sure you have enough helpers to leave you free to rescue any guests left standing or sitting on their own.
- Encourage attendees to bring information about themselves (name cards, plus photographs or other small examples of work).
- As confidence in your network grows, encourage members to show and talk about their own work to the network – provide opportunities and safe space for critical review.

## 5. Diversity – A Quote

Finally, as Ivan Misner puts it in his article about diversity in networking:

*“If you wish to build a powerful network, branch out. Build a diverse network of professional contacts that includes people that don’t look like you, sound like you, speak like you or have your background, education or history. The only thing they should have in common with you and the other people in your network is that they should be really good at what they do. Create a network like that, and you’ll have a network that can help you succeed at anything.”*

Good luck!

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# 2.8

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## THE GAME BUSINESS

Alexander Fernandez and Daniëlle Arets

### 1. Press Start to Begin

**You are now entering a world that explores the game business and the adaptation of gaming applications into business organisation. Before starting the first level, read the instruction manual carefully: it gives you an overview of the wide scope and immense growth of the new market.**

### 2. Instruction Manual

The videogames industry is a global multi-billion-dollar industry that rivals the film and music industry as a key source of entertainment. In just 30 years, games have captured the hearts and minds of a generation and have changed the way we see the world. The numbers don't lie. From sources such as the Entertainment Software Organization (ESA) and ABI Research, here are a few quick facts:

- The average gamer is 33 years old.
- The industry is expected to double, from \$32.6 billion today to \$65.9 billion by 2009.
- World of Warcraft, the largest MMO (Massively Multiplayer Online game) in the world has reached 8 million users.
- This new business is still in its growth phase; expectations (not only from the players, but also from those wanting to make a living out of it) are rising everyday.

### 3. LEVEL 1: A Mature, Active Business

We have come a long way from the days of Pacman, and the industry is only beginning to mature. This new maturity can be seen most clearly in the transformation of computer games from an entertainment format into a mainstream medium. From simulation to education and training, digital games are everywhere and few people haven't felt their impact.

Unlike other mediums, games are not passive. They are a mixture of creativity, technology, and psychology that blend the boundaries of the virtual and real world. They are interactive and provide a tool in which action and consequence can be measured, recorded, and reviewed.

When the United States Army turned on its servers in 2002 for its free game America's Army, thousands of gamers downloaded the application. Since that time, more than 5.5 million players worldwide have downloaded and experienced the America's Army game. The aim of this product is clear in that it provides potential recruits a glimpse of what soldiering can be like in the US Army. Its tremendous success has given birth to tertiary companies that enlarge upon the AA game, expanding its platform for simulation and advance prototyping.

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#### 4. LEVEL 2: The Game Business and Your Business

It is not just the military that has gone into gaming. Several businesses have turned to games to train staff in the fundamentals of business administration and specialised skills. A game developed by Ranj in Rotterdam, the Netherlands, focuses on training project managers.

The Sharkworld game allows aspiring project managers to experiment and gain experience with all aspects of project management in a highly entertaining and motivating setting. The game creates a convincing virtual environment in which projects develop in real time, urging the management trainee to interfere when things go wrong, or preferably, before they do. Several suspense scenarios provide for the rules of the game. The game covers not only the economic aspects, but also social angles, including conflict management, and diplomatic skills. Interaction takes place in real life, through real-life means.

Sharkworld can be referred to as an 'alternative reality' game: a serious game in which the line between the game and reality is deliberately blurred to enhance the realistic feel. Sharkworld blends gaming with social constructivism. The game and characters from the game interact with the player in many different 'live' ways: through websites, both fictional and real (like online shops, corporate sites, newspapers), email, newspaper articles or classifieds, chat and MSN (either chat bots or real people); even telephone calls, SMSes, and written letters. Webcams witness the player's progress in the project. In-game assistants (such as a secretary or a construction foreman) carry out instructions and offer information to help the trainee decide on the best course of action. The full game offers several project challenges, each on a more complex difficulty level.

Although the game is developed for project managers in the technical field, Ranj expects that, in the near future, the game will be adapted for managers in a wide range of fields. Marcus Vlaar, founder of Ranj, expects a growing market for educational games in general. "Up until now," he says, "just a

few successful products have been developed - successful in the sense that educational aims and an attractive gameplay go hand-in-hand. In the majority of cases, already existing game engines are rebuilt/reconstructed for an educational game, at the expense of the content. Due to the fact that educational games are becoming more and more accepted, better products will be developed. However, it is crucial that the effect of serious games be scientifically proven and validated."

\* The client for Sharkworld is OTIB ([www.otib.nl](http://www.otib.nl)), with whom Ranj has already developed several successful games like Professionals - Operation Ibiza (2003), Professionals Pool Paradise (2005 - see [www.profs.nu](http://www.profs.nu) and [www.professionals-thegame.nl](http://www.professionals-thegame.nl)) or Red Fred! ([www.redfred.nl](http://www.redfred.nl)). These games aim to stimulate VMBO scholars (in the Dutch secondary education system) to choose a technical future education. The costs for developing these toolkits are approximately between € 200,000 and € 500,000.

#### 5. LEVEL 3: Real Estate Money

Cultural SMEs have their place in the expanding videogames industry: it is only a question of creative thinking to integrate them. For example, the MMO Second Life sells virtual real estate for real money. The Korean online game MU boasts 32 million players in China alone. The recent film Cyberkoolies, made by the Dutch journalist Floris Jan van Luyn, highlights the some 200,000 young Chinese kids who earn their money by testing and improving Western computer games. These games have created virtual economies in which making money is not only possible, but an actual reality.

Opportunities in the games industry are only beginning to emerge, and people from all walks of life are getting into the market. However, it is important to remember that no matter how much fun it is, starting a creative enterprise that produces game content of some kind is still a business, first and foremost. Success relies on a firm understanding of the business model and the challenges of not only software development, but also entertainment. It is just these issues that

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the creative company Streamline Studios faced head-on, the day it opened for business.

Streamline Studios was founded in 2001 as a digital content creator for the videogames industry. Its primary customers are publishers and developers who are understaffed, lack specific skills, or have overrun their deadlines. Streamline provides professional services that ensure games developments get completed.

Streamline was founded by four creatives with a passion for art. Early on, they identified that the development process was only going to grow in terms of manpower and specifically in content creation. The concept was unique and ahead of its time, placing its founders on a five-year journey in which the first three years were primarily focused on educating and evangelizing this new development method.

Supreme Allied Commander Eisenhower said, “In planning for war I found plans to be useless and planning to be indispensable.” Without planning or focus, building a business is nearly impossible and you can forget about being in the games industry. Spend some time thinking about where you’re going and write it down — you will save yourself a world of trouble.

If you are serious about entering the games industry or applying games into your business, it is important to realize that your limits will be tested financially, mentally, and physically. Realizing that your destiny is completely in your hands is the single most important thing to learn early on. With this knowledge in hand, you will be able to face critical moments decisively. Willpower, determination, and focus are only some of the intangibles you will need. But on the other hand, you will gain a lot in return.

It should be noted though that the tremendous opportunities in the games industry require flexibility. The industry’s fast-paced nature and emerging technology means that con-

crete data and information can be somewhat elusive. This is where national developer organisations such as BGIN can assist. BGIN’s *raison d’être* is to develop a strong and vibrant Benelux games industry. The organisation builds bridges between community, government, and business in order to fulfill its mission and is a great starting point for local and international resources. Getting in touch with organisations such as BGIN can help demystify certain aspects of the games industry.

## 6. LEVEL 4: Education and Games

Besides the growing interest for games in the business industry, educational institutes also see the value of adopting games into their organization. They realise that the creative class has emerged from the implementation of technology and choice. However, this class depends on a new way of thinking that challenges the norms of education, business and social development. This is what has facilitated the development of the videogames industry to begin with, and it will only continue to alter the way we interact with the world. However, it all starts with education—without it, there is little we can do.

The concept of new learning, which is tremendously popular in lower education, can be a bit of a misnomer. The ideas that the most effective way of learning is self-motivated, and that new knowledge sticks best if connected to already existing knowledge, are actually far from new. They go back to social constructivist thinkers of the beginning of the 20th century. Social constructivism emphasised the importance of culture and society in the way knowledge is gathered. Most notably, the theory of the Russian psychologist Lev Vygotsky (1896-1934), considered the intellectual father of the social constructivist movement, stated that biological and cultural development are very much intertwined. Vygotsky was of the opinion that learning is a lifelong process that depends very largely on social interaction. These ideas are being revived in the today’s new learning theory, and they fit perfectly into role-playing games. Children should learn

from interaction with other children, but also by interaction with grown-ups including teachers and parents. With regard to this, games offer endless possibilities.

According to the site pvponline ([www.pvponline.com/rants\\_dd.php3](http://www.pvponline.com/rants_dd.php3)) there are at least five reasons why kids should play the popular role-playing game, Dungeons and Dragons (D&D). Firstly, it encourages teamwork: players have to figure out how to combine the personality or their role character with the qualities of their team-mates. Secondly, D&D encourages reading. The game is complemented with a wide range of fantasy novels, that, according to pvponline, no single player can resist. Thirdly, multiplayer games encourage social interaction. The common misconception is that computer games are a solitary activity, but the most popular games need at least two players, and these multiplayer games rely on a wide variety of social interaction and communication skills. Moreover, games like D&D encourage creative expression. It should be mentioned here, that several staff members at Streamline Studios who play D&D, argue that these games increase their fantasy and creative skills. Finally, parents and kids can spend a great time together playing games. According to pvponline, “Parents will get to know their kids better and besides it will make them the coolest parents in the neighbourhood.”

Besides the five mentioned here, there are many other arguments in favour of games. For example, games are said to improve decision-making skills, encourage visualisation and multi-modal literacy, and sharpen hand-eye coordination, as well as enabling interpersonal relationships and competitive behaviour within a strategic context (Gee, 2003), enlarging pattern recognition and problem solving skills, etc. Prensky (2001) suggests that computer games can incorporate as many as 36 important learning principles. According to Prensky, it is crucial for learning that computer games can provide instant feedback. Over the last few years, many books on the pros and cons of games have appeared. Some refer to the risks, such as evidence that violent games increase violent behaviour, or that game environments lead children

to experience difficulty in distinguishing between reality and fiction. Other books outline the endless possibilities — like new learning or training methods — of the game market. While the subject provides interesting scope for debate, it should always be remembered that there is no way back anymore; games are part of our daily reality, and it makes sense to focus on how to profit from them.

## 7. LEVEL-UP

The European Union High-Level Seminar on Content for Competitiveness, organized by the Austrian Federal Chancellery and the European Commission in 2006, found computer games to be the fastest growing industry in Western Europe. This, compounded with a projected doubling of revenue by 2009, only reinforces the message that the games industry has emerged from an entertainment format into a full-blown medium. Its effects are undeniable and its potential is immense. You only need to press start.

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# 2.9

## INVESTING IN CREATIVE SMEs

Tom Fleming

### 1. Introduction

*“The creative industries have been identified by both national and regional agencies as key sectors of growth for the UK economy. Despite this focus, there remains a perception that financing options from public and private sector sources may not have adjusted to meet the specific needs of the creative businesses”*

(CFNW, 2004, p.3).

This article introduces ways forward for supporting, undertaking and leveraging investment for creative SMEs, focusing on start-up and early-stage businesses. It identifies the major challenges in investing in the sector, and highlights how government, business and investors can work more effectively together to ensure creative SMEs reach their growth potential.

The article shows that investment is part of a wider landscape of support for the creative industries – including specialist business advice, knowledge transfer initiatives and intellectual property rights (IPR) support. Too often, investment initiatives are piecemeal and isolated from the wider support landscape, which diminishes their effectiveness. The article shows how specialist investment for the creative industries can be developed as a central feature in growth-focused support for the sector. However, it will also show that investment is just part

of the landscape, and that the process of getting creative businesses ‘investment ready’ can be as important as the actual money. In section 2, I examine the reasons why a specialist approach to creative industries investment is necessary, and in section 3 I look briefly at some of the current investment intervention approaches in the UK and in Europe generally. Section 4 is a case study of a coherent, stage-by-stage approach to creative industries investment in Kulturo, in Turku, Finland, and in section 5 I sketch out a map of an effective creative industries investment landscape. In the conclusion, in section 6, I leave the reader with some essential pointers for successfully navigating that landscape as it stands now.

### 2. Why a Specialist Approach?

Our research highlights the many barriers to investment faced by creative businesses in an investment market that is structurally and culturally ill-equipped to provide appropriate services and investment to start-up and early-stage creative businesses. Research shows that:

- Early-stage and start-up Creative industries businesses struggle more than businesses from most other sectors to raise finance, which has a tangible impact on business growth: the creative industries are relatively ‘under-invested’. This is an issue of market failure: there is a recognised finance gap for

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include Creative Industries strategy, cluster development, mapping, cultural planning, and establishing targeted support mechanisms for the sector.

creative businesses.

- Additional reasons for this under-investment can be attributed to generic 'small business and start-up issues', plus very specific structural and cultural barriers that stand in the way of creative industries investment. These are built upon a combination of investee and investor factors, ranging from lack of knowledge of opportunities to the relative significance of people rather than products as the 'object of investment', to inappropriate provision of opportunities, to a perception by many investors that creative businesses depend too acutely on unpredictable movements of 'taste'. These factors can be reduced – in simple terms – to deficiencies in investment and investor readiness. Problems in supply and demand combine to exaggerate market failure.

- Variations in context and sub-sector mean that in many cases, improved investment and investor readiness are not sufficient to lever required investment. This is because current investment support and provision is often insufficiently flexible to respond to the distinctiveness of some types of creative business. Investment tools do not have the flexibility and intelligence resources to identify and extract the often very specific value of a creative business.

In addition to highlighting the widespread deficiencies in the business and management skills of creative entrepreneurs as key reasons for low investment levels, we have expressed concern at the lack of clarity and intelligence available for potential investees as they seek to make sense of a cluttered and confusing investment market of poorly presented investment opportunities championed by ill-informed intermediaries.

In response to these issues, a range of specialist interventions are being developed in the UK and across Europe. These are driven by an increasing awareness of:

- The need to establish dedicated creative industries 'investment readiness initiatives' to advance the capacity of creative businesses, assist them in identifying growth po-

tential, and ensure that their profiles are at least satisfactory for target investors. These include a focus on advancing business skills, developing management teams, identifying value, protecting this value as IPR, and preparing IPR for suitable markets that offer opportunities for marked business growth.

- The need for parallel 'investor readiness initiatives' – to demystify the creative industries, establish a working relationship between creatives, intermediaries and investors, and build in new metrics that suit the changing business profiles of creative businesses. This requires an attention to building indepth intelligence of different creative investment propositions, including detailed understanding of where each business is located in the value chain and thus where its 'value' lies – whether this be a service, product, project, or a range of features.

- The significant requirement of building strong networks of public and private sector intermediaries – such as business advisors, lawyers and accountants – to operate as 'gatekeepers', brokers and generators of ongoing partnership. Such actors can help to make the investment landscape navigable and demonstrate investment opportunities to each party.

- The need in some circumstances to introduce new dedicated funds to fill gaps in the market, operate as a lever to existing investment sources, and as a vehicle to build strong partnerships between investment communities, intermediaries and the creative industries sector, with the intention that they continue to work together beyond the lifespan of the fund.

- The need for a focus on a range of additional interventions and approaches – including reform to the tax system for creative investments, opportunities for more investment-focused spin out, cluster and incubation initiatives for the creative industries; and stronger intelligence provision and advocacy from major national and regional government representatives.

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## 3. Some Investment Interventions

In the UK, state-led responses to an increasing ‘creative industries investment agenda’, have focused predominantly on the need to establish dedicated creative industries investment readiness initiatives to advance the capacity of creative businesses, assist them in identifying growth potential, and ensure that their profiles are at least satisfactory for target investors. These include a focus on advancing business skills, developing management teams, identifying value, protecting this value as IPR, and preparing IPR for suitable markets that offer opportunities for marked business growth. Interventions include the support services offered by creative development agencies such as CIDS and CIDA, intensive programmes such as the Creative Seed Fund in Scotland, and IPR information and support programmes such as ‘Own It’ in London.

In some locations, there is a recognised need and related political and strategic will to move beyond encouraging and facilitating investment to introduce new dedicated funds. These are deemed necessary to fill gaps in the market, operate as a lever to existing investment sources, and as a vehicle to build strong partnerships between investment communities, intermediaries and the creative industries sector. These range from micro finance to venture capital. Most approaches operate at a regional level, managed through the resources of Regional Development Agencies or equivalents. They operate as strategic funds rather than total solutions because even if the state increased investment in the creative industries many times over, it would still occupy a tiny proportion of the overall investment market. The funds, therefore, operate as tools of facilitation, advocacy and brokerage, and they work most effectively as part of a broader landscape of support that includes a focus on investment and investor readiness.

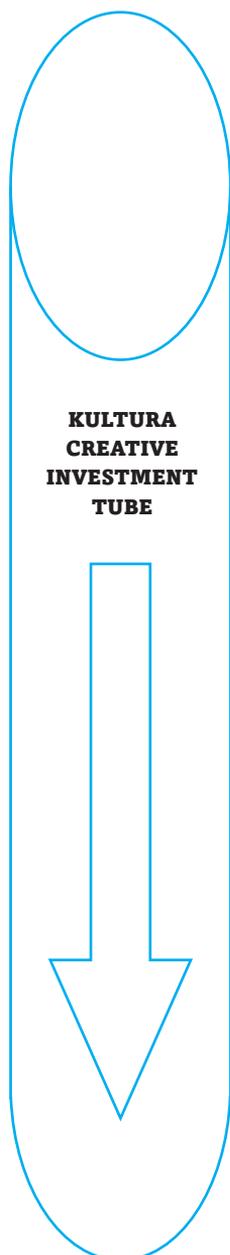
However, the range of investment interventions introduced above are too often under-connected to other investment and business support interventions, short-term in their delivery, and insufficiently explicit in their role and remit (e.g. do

they focus on high growth or supporting multiple small businesses to survive?). In many parts of Europe, the creative investment landscape is currently cluttered and replete with piecemeal state-sponsored interventions that vary in quality and impact. Until the state establishes a striking, intelligence-rich, appropriately connected creative investment landscape, further attempts to intervene might simply add to the clutter and disorientate investors and investees yet further.

## 4. Case study: Kulturo

An excellent example of a joined-up approach to creative industries investment is Kulturo, the creative industries incubation, investment readiness and investment vehicle of the Turku Science Park in South-West Finland. The science park offers over 200,000m<sup>2</sup> of space and specialist services for graduates from the three local universities – the University of Turku, Åbo Akademi University and Turku School of Economics and Business Administration. Creative graduates are signposted to Kulturo, which has been given ‘centre of expertise’ status by the Finnish government, which provides it with additional resources and, significantly, a type of ‘quality kite mark’. It operates as a not-for-profit limited company, with 96% owned by the city of Turku and 4% by the private sector. The Kulturo approach is to establish a comprehensive pre-investment to high-growth investment support and development service to creative businesses, combining specialist support, advice, investment and workspace. This is conceptualised in terms of an ‘investment tube’, cradling a start-up business until it has the capacity and commercial partners to ‘go it alone’.

The Kulturo Creative Investment Tube offers a coherent, dedicated, specialist approach to seed investment, investment readiness and the leverage of investment for high growth creative companies. Too often, state-led specialist approaches to creative industries investment focus on singular elements of the investment landscape – such as seed funding or investment readiness – and thus establish a piecemeal and disconnected approach to support.



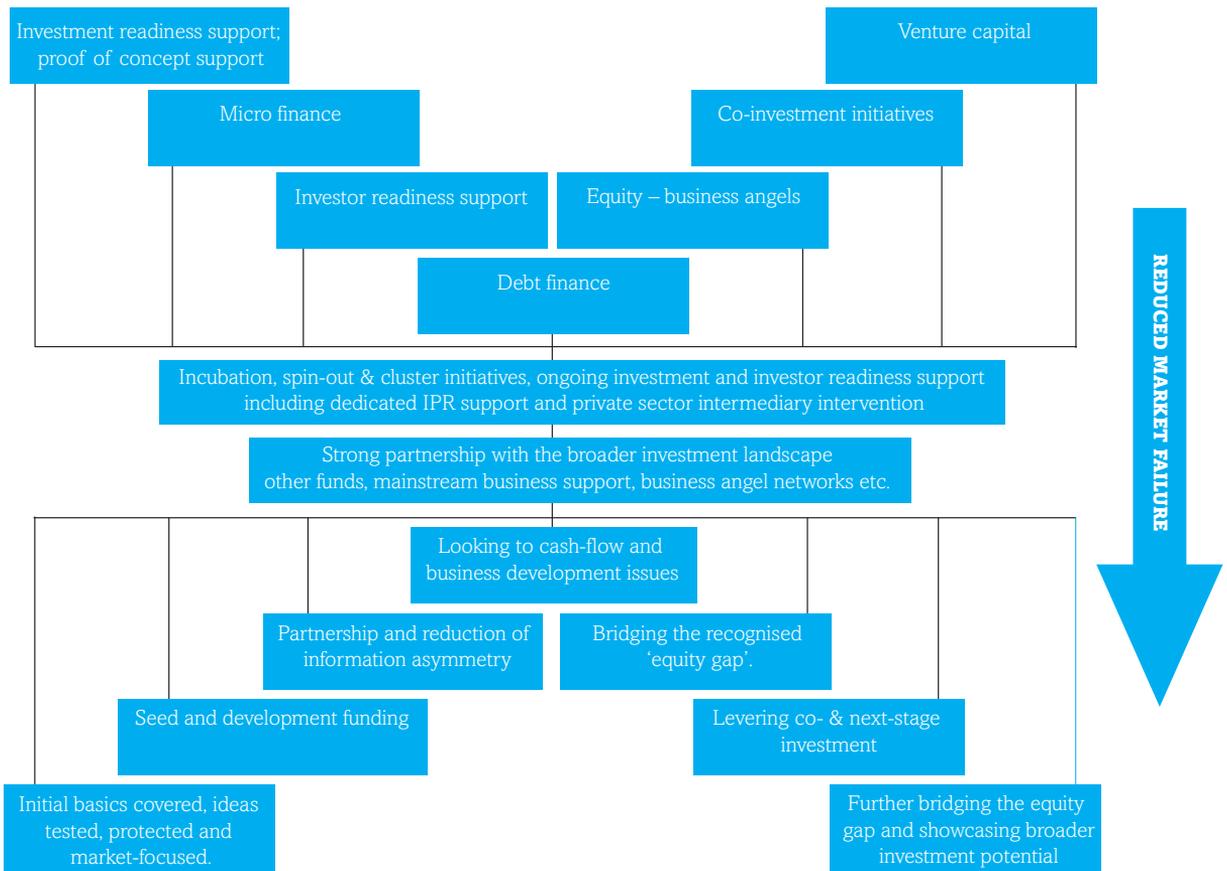
1. Pre-start-up specialised creative industries business advice, focusing on 40-60 businesses per year.
2. Funding is secured through Tekes – the main public funding organisation for research and development in Finland. A maximum of €10,000 per business can be used to undertake a business development diagnostic and formulate a provisional version of the business plan.
3. 'Liksa' funding is provided for next-stage business plan development (a maximum of €43,000 per business). This is provided by Sitra (Finnish National Fund for Research and Development), the main provider of public sector investment into independent creative companies in Finland, with Tekes. The main function of this business plan is to develop an approach that is likely to appear attractive to next stage equity investors. Support may be provided here by a 'DIILI' consultant – who provides support and advice through the form of sweat equity as a 'knowledge capital investment' (paid for by Sitra). This introduces an expanded team with significantly greater chance of attracting investment.  
  
By approving and receiving LIKSA funding, the recipient grants Sitra the right to engage in negotiations regarding an optional venture capital investment in a limited liability company utilising the business idea, entitling to a share of ownership subject to separate agreement. The crucial objective of LIKSA funding is to accelerate the enterprise's eligibility for capital financing in the start-up phase.
4. Incubation provision: facilities, ongoing consulting services and continued investment is levered-in by Kultura to a total of 45% business costs for Year 1 (to include salaries and expenses). Incubation facilities are offered for 3-4 years, taking businesses over the 'death valley' of years 1-2. Additional network support is provided (such as with co-locating businesses and locally-based technology companies, including Nokia). This incubation 'cradle' for creatives increases
5. Business accelerator services, with leverage of next-stage investment vital. Services such as the SITRA-managed 'Intro' are available here, offering a mix of brokerage and introductory services as a specialist approach to investment readiness. Intro also provides an investment screening process to ensure deal flow is rapid. Additional public sector investment is also available at this stage, including low interest loans from Finnerva, and project funding from Tekes.

# 2.9

## 5. Towards a coherent investment landscape

There are many examples of good practice schemes and interventions in creative industries investment – such as start-up funds, investment readiness programmes and venture capital initiatives. However, too many of these interventions do not have the anticipated and desired impact because they are under-connected to other initiatives or in some cases they stand alone as the ‘catch-all’ remedy for creative industries investment problems. Studies can be configured as contributing to an overall ‘best practice case study’ of a coherent creative investment landscape (minus generic investment and support). If barriers to creative industries investment are to be effectively overcome, it is critical that a joined-up approach to delivery be adopted, configured through a clearly navigable landscape of specialist and generic support.

The diagram below shows the essential components of an effective creative industries investment landscape.



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## 6. Conclusion

This article calls for the co-ordination of a range of approaches that flexibly respond to the distinctive business profiles of different types of creative businesses. This is based on an acceptance that growth (and therefore investment) opportunities necessarily vary from creative business to creative business, discipline to discipline, and market to market. Any new investment and support in the creative industries should be positioned to complement existing initiatives and join them together so that different types of creative business are faced with a coherent landscape of support and investment opportunities that flexibly respond to the distinctive development potential of a given business. In addition, there is a need for more and better intelligence on the business profiles and growth potential of creative businesses, so that private sector investors can make more informed assessments of risk.

Interventions which gain most private investor respect and positive creative business responses – those that are appropriately located in the creative investment landscape - are those that utilise intelligence to innovatively to ensure that they:

### Account for difference and specialism: understand the value chain.

The creative industries are internally diverse. Start-up and early-stage creative businesses vary by discipline, motivation and market; content, aspiration and suppliers. Each business has different investment needs and divergent potential to identify and protect 'investable assets' (which of course vary by investment type).

### Place IPR at the centre of investment considerations.

By viewing different creative businesses within this series of value-chain relationships, it is possible to begin plotting the growth potential and identifying where the value of the business may lie. Of course, many creative businesses simultaneously occupy multiple parts of the value chain. This introduces additional challenges in locating the 'investable value' – the IPR - of a business or groups of businesses according to the investment criteria of different types of finance.

### Use intermediaries.

Private-sector intermediaries –lawyers, accountants, PR specialists etc. – are under-used in state-led creative industries intervention. This is despite their undeniable power to locate the value in creative businesses, broker investor-investee relations, impart expertise, and make the investment work. Intermediaries such as these are the major catalysing feature of the creative investment landscape, with an impact that greatly surpasses any state-led business support provision.

### Develop complimentary cluster strategies.

Creative businesses like to cluster. They gain creatively and commercially through the en-

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# 2.9

counters and exchanges provided by proximity and networking. The state has responded to this by introducing an array of cluster strategies, workspace initiatives, network projects and – in partnership with the higher education sector – spin-out programmes, incubation facilities and knowledge-transfer interventions.

## Invest as a last resort.

Investment and investor readiness initiatives can advance the deal flow of investments in the creative industries, but in most cases, market failure will persist: the reach and influence of the initiative may not be sufficient to influence many investors; challenges in recognising, valuing and protecting IPR will persist; and investors from ‘across the market’ will continue to exhibit reticence when faced with a creative industries proposition. This is why new money – money as co-investment, money to prove the concept, money to afford appropriate intermediaries, money to subsidise the deal flow – is needed.

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## COPYRIGHT: AN INTRODUCTION

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Evert van Gelderen and Marieke Coumans

### 1. Introduction

**Imagine that you invented something original or created something new, only to see someone else running around and flaunting your work as their own. Naturally, you wouldn't like it – you'd expect to benefit from your own work yourself. If it were easy for people to run off with the inventions of others, we would all be less inclined (generally speaking) to create new works. Less innovation would result. Intellectual property rights (IPR) exist in order to ensure that you are able to decide for yourself on how your work is published, and to convert your efforts into cash.**

The term IPR is used to refer to a system of legislation and regulations whose purpose is to protect creations of the intellect. This is a broad description. As such, it protects something original that is invented or created. There are various types of IPR. For instance, we have patents (for inventions), trademarks and other marks, designs, copyright and neighbouring rights (for example, the rights of a singer or musician to his performances). In this article, we will focus on copyright and attempt to answer the most frequently asked questions about it.

### What is Copyright?

Copyright is the exclusive right enjoyed by the creator of a work to publish and reproduce it. This work must be of an 'original nature' and must bear the personal stamp of its creator.

The definition of copyright provided above contains a number of terms, such as 'creator', 'work', 'original nature' and 'personal stamp', which are wide-ranging. We will discuss these terms separately below and try to clarify them.

In section 2, we will discuss what copyright entails, the forms of commercial exploitation, publishing and reproduction, the limitations of copyright protection, how to acquire (section 3) it and what it takes to be deemed the creator of a work (section 4). Sections 5 and 6 will discuss complications such as employment and commissioned work, section 7 will introduce creative commons and finally section 8 will conclude.

## 2. What does Copyright Entail?

Copyright is the exclusive right of the creator of a work to publish and reproduce it, in short, to use it. It sounds nice, but what can you actually do with copyright?

The creator enjoys an 'exclusive right', that is to say the sole right to publish and reproduce the work concerned or to use this right for the purposes of commercial exploitation (for example, by means of a licence). The creator can oppose the publication and reproduction of his work by anyone else.

For example, as the creator of a piece of music, a book or a painting, you enjoy the exclusive right to publish and reproduce your work. You may prohibit someone from doing this without your permission.

### What does 'publish' mean?

'Publish' means that a work is placed at the disposal of the public in some way. It is a broad term and includes the publication of an article or the sale of a CD, but also lending or renting a work, or posting it on the Internet. The creator decides whether to publish the work or not.

### What does 'reproduce' mean?

The term, 'reproduce' has two meanings. On the one hand, it refers to the production of more copies of a work. For example, copying a book (or part of it) is reproduction; so too is copying a CD.

The second meaning of 'reproduce' is to translate, edit or otherwise change a work. For example, the translation of a book, the use of some other person's writing in another book, or the use of music in a medley.

### Exceptions

The protection afforded to the creator of a work is generous in scope. In principle, the creator may oppose any publication or reproduction, covering all types of commercial exploitation

of a work. However, a number of exceptions also apply. For instance, the creator may not oppose the creation of one or several copies of his work for personal purposes (for personal practise, study or use). However, such copies may not be given to anyone else. When it comes to copying music, there is an additional condition, namely, that you will need to create your own copy yourself.

N.B. Music may not be made available on the Internet without the permission of the creator of the work concerned. On the other hand, it is possible to download it. This is considered to be a private copy, even if the music was made available illegally. Copying software for your own use is also not covered by the exception. If you wish to copy software, you will require the permission of the creator of the work concerned.

### What is considered to be a work for the purposes of copyright?

A work of literature, science or art is considered to be a work for the purposes of copyright. Again, this is a very broad term - the packaging of a product or the design of a car can also be a work.

A work is only protected by copyright if it is original. This is easy to ensure. Case law stipulates – in more concrete terms – that a work must bear the personal stamp of its creator and must be of a unique nature, if it is to be deemed to be original. First of all, the work may not be derived from a previous one. In order to answer the question as to whether a work bears such a personal stamp, the rule of thumb is that it should not be self-evident that someone could have produced precisely the same work independently of you.

The creator's personal stamp must be evident in the work itself, and not any external circumstances. The requirement of a personal stamp entails that the work must be the result of human creation.

# 2.10

## 3. How do I Acquire Copyright?

You acquire copyright automatically, once you create a work. In legal terms, this is known as 'by operation of the law'. The creation of a work is enough to acquire copyright. No formalities are stipulated in Dutch and European law. It is therefore not necessary that the copyright notice, ©, be attached to the work concerned.

### Proof of copyright

You therefore need not register copyright. More to the point, it is impossible to do so. There is no register, as there is for trademarks.

The fact that copyright comes into being automatically has its benefits. The threshold for its acquisition is relatively low. You cannot register copyright and there is no need to incur any registration fees. But there are also disadvantages.

In the event of a conflict or, more importantly, if an infringement is discovered, the creator of the work may need to prove authorship. Without registration, this is not always easy to show.

Fortunately, in the Netherlands the Copyright Act helps to some extent. This is because this legislation stipulates that you are presumed to be the creator of a work, if you are listed as such on it.

In addition, the following tips may help:

**Tip 1:** First of all, you can have the date of your work verified. It is possible to do this by means of a deed executed before a civil-law notary, or a date stamped on it at the tax office. In addition, you can lodge an i-DEPOT envelope with the Benelux Office for Intellectual Property. N.B: A date stamp does not prove that you are the creator. However, it can help to prove that you had the work concerned on a specific date.

**Tip 2:** Keep all of your drafts and designs in a safe place. Also make proper back-ups of them. In this way you will be

able to show that you designed or created the relevant work and this can help you to prove that you are the creator.

## 4. Who is Deemed to be the Creator for the Purposes of Copyright?

The creator of a work holds the copyright to it. Who is the creator of a work? The creator is the person whose creativity is reflected in the work. For example, an architect is the creator of the design of a house, and not the contractor who built it.

There may be more than one creator, if various people are involved in the process of creation. In this case, the work may be jointly owned.

### Jointly owned work

In the case of a jointly owned work, the creators' creations are indivisible - as in this case, for example where this article has been written by two writers. The latter's creations are so interwoven, that they cannot be separated. Where there is a jointly owned work, it may only be published and reproduced by the two creators acting together. At such time as their copyright is infringed by a third party, either creator may take action on their own.

### Collections

Collections of creations include albums containing photographs by different photographers and anthologies of stories by various writers. The original collection is also protected by copyright. This does not mean that no copyright can apply to parts of this collection.

In this case, two copyrights apply: one to the collection as a whole, and one to its constituent works. Multiple rights holders are also involved: the editor of the collection, and the creators of its individual parts.

In the case of a collection, permission is required from all of the writers involved – hence from the editor of the collection and of the authors of the individual works – for publication.

The editor of the collection may act independently against any party who infringes copyright of part of the collection.

### 5. Complications: Employment

If a work is created during an employee's working hours, there may be confusion as to who holds the copyright: the employee or the employer.

In principle, an employer acquires copyright protection for any work that his employee creates. However, what is required for this purpose is that the creation of the relevant work was part of the employee's daily duties, or that the employer had issued specific instructions for the creation of the relevant work. The question that always needs to be asked is this: is the creation of a protected work part of my everyday work, or did my employer give me specific instructions for this purpose? If not, the employee can claim copyright to the work, although it was created during his working hours.

Suppose we write a novel together during our working hours. We are lawyers, so writing a novel is not part of our everyday duties. Neither has our employer given us specific instructions to write a novel. While it is true that we may have a dispute with our employer, because we have written a novel during our working hours, we hold the copyright to it.

There are possible exceptions to the main rule that the employer holds copyright in principle. It could be that an exception is made to this rule in an employment contract (for a group or otherwise), stipulating that copyright will be assigned to the employee.

N.B: The rule outlined here only applies under Dutch copyright and labour law. In the surrounding countries, such as Germany, France, Italy and Austria, the underlying premise is that the employee can claim copyright in principle.

### 6. Complications: Commissioned Work

Where a work is created as part of a commission and the commissionee is not an employee, the question arises as to

who is protected by copyright. Does copyright pass, once the fee has been paid for the relevant commission?

The answer is no: the person responsible for the creation is protected by copyright, not the client - even if the client pays (a great deal) for the work concerned. A person who commissions the creation of a work that is protected by copyright, only acquires a licence to use the copyright protected work for the purpose for which it is created. Other arrangements may be made in an agreement or as general terms and conditions (for example, an agreement that copyright will pass).

### 7. Creative Commons

#### What is Creative Commons?

Creative Commons is a non-profit organisation that aims to increase the amount of creative work available for working on or sharing.

#### How does Creative Commons work?

The Creative Commons system is a licensing one. A creator can licence a work to indicate whether it may be published or reproduced, and for what purpose this may occur.

Creative Commons offers free uniform licences. For instance, it offers creators the opportunity to make their work available, for example, on the Internet, while retaining their copyright to this work.

#### What Creative Commons licences are available?

So far the following six types of licences are available (in the Netherlands):

- attribution;
- attribution + no derivatives;
- attribution + no derivatives + non-commercial;
- attribution + non-commercial;
- attribution + non-commercial + share alike;
- attribution + share alike.

# 2.10

## Definitions

No derivatives	Licensee may not change the work provided under licence.
Share alike	Licensee is required to provide some other person with any work derived from the work made available under licence subject to the same terms and conditions.
Non-commercial use	Licensee may not exercise the licensed right to use the work in a manner which is primarily intended for or directed towards commercial or personal financial gain.

### How do I obtain a Creative Commons licence?

A Creative Commons licence can be obtained through the Creative Commons website at [www.creativecommons.nl](http://www.creativecommons.nl). The creator can choose the type of licence required and can then attach or append the Creative Commons logo to the work concerned. This shows that a Creative Commons licence applies in respect of the work and what it entails.

### What complications could occur if you use a Creative Commons licence?

The creator of a work may elect to assign its rights to a bulk reproduction rights organisation, for example, Buma-Stemra. It is not yet entirely clear what the relationship is between the assignment of rights to Buma-Stemra and the use of Creative Commons licences. In principle, once the creator assigns his rights to Buma-Stemra, he no longer enjoys full copyright protection. It is possible that in this case the creator would not be able to make his work available under a Creative Commons licence. Nevertheless, Creative Commons and Buma-Stemra are consulting with each other with a view to remedying this sticking point.

Another complication may occur, if copyright is fully or partially assigned to some other party, for example, a publisher. The latter may have obtained the right to publish a work from its creator, for example. In this case, the creator will need to be aware that he cannot provide a licence for rights that no longer apply.

## 8. Conclusion

Many creations can be copyright protected. It's free of charge, comes into existence automatically and allows creators to make their own decisions concerning commercial exploitation of their work. In short, copyright can be a valuable asset.

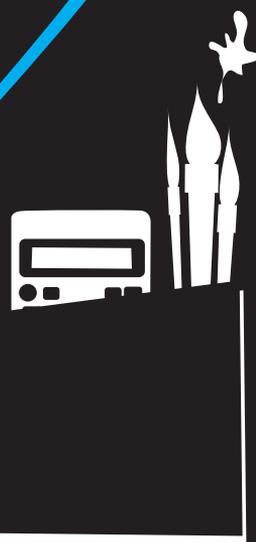
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# CREATIVE / CULTURAL ENTREPRENEURSHIP



# 3.1

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## MANAGING THE GROWTH CHALLENGE IN CREATIVE BUSINESSES

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Greg Pestrak

### 1. Introduction

Greg Orme, the CEO of the Centre for Creative Business in London, says that there are four main barriers to growth for creative businesses:

- **Lack of ambition - many do not desire to grow beyond their current scale for fear of damaging their creative integrity.**
- **Lack of awareness that creative businesses can grow.**
- **Lack of management skills to navigate a company through growth.**
- **The belief that creative businesses are not commercially viable businesses.**

Ambition is not something that can be taught – the founders and managers of creative businesses need to have their own ambition for growth. While many creative businesses lacked this ambition in the past, making a deliberate choice

to remain free of the constraints of commercial business, in today's increasingly competitive environment, this perspective is changing. Raising the level of awareness that creative businesses can grow (without compromising their creative integrity) will foster a greater ambition for growth. Increasing the management skills of creative business entrepreneurs and managers will enhance their ability to grow and sustain larger businesses. This will increase the awareness of the growth opportunities within the industry, have a knock-on effect on ambition and begin to shift the historical idea that creative businesses are not commercially viable. As this happens, investment will rise, further enhancing the cycle of growth. The challenge today is to increase the management skills of creative managers so that they are better able to navigate the transition from start-up to viable business, or 'going concern'.

This article is based on my Masters dissertation for the

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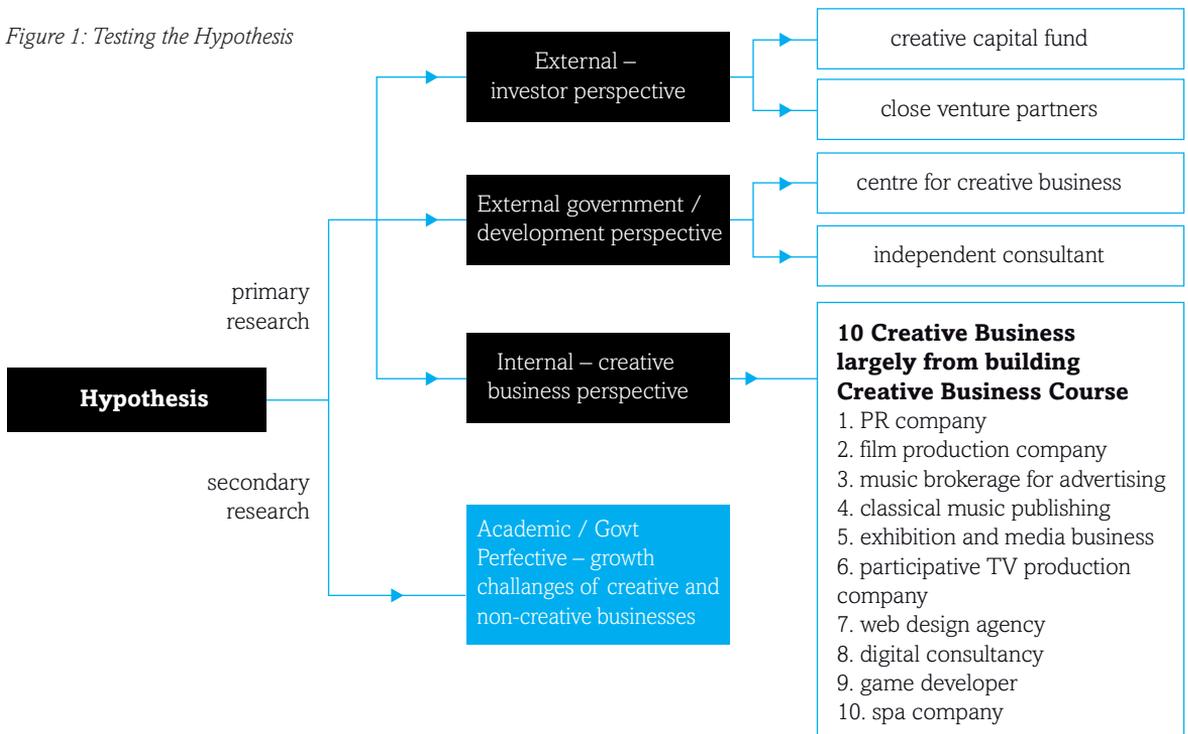
Consulting and in Finance at Fleming Asset Management and Rothschild Asset Management in the UK, Europe and Hong Kong. Gregory holds a Sloan Fellowship Masters from the London Business School.

Sloan Fellowship at London Business School. The aim of the thesis was to test the hypothesis outlined below, by analysing current issues creative businesses are experiencing as they grow, and, more importantly, to apply the lessons from this research by providing a practical framework that creative businesses can use to navigate the transition from start-up to going concern.

The hypothesis was formulated as follows: the main reason creative firms in the UK fail to make the transition from start-up to going concern is a failure by founders and managers to recognise the importance of professionalising their firm before it is too late. By implementing the appropriate financial, strategic, management and leadership disciplines early on in a creative firm's life, the creative professional will spend less time reacting to growth problems. This will allow the firm more time for strengthening its creative capital, which is critical to ensuring sustainable growth.

To test the hypothesis, I used the approach mapped out in this diagram:

Figure 1: Testing the Hypothesis



# 3.1

## Managing the Growth Challenge in Creative Businesses

In the rest of this article, I look at various perspectives on this challenge in section 2, summarise findings in section 3, while in section 4 I set out some steps towards navigating the challenges of growth in creative businesses. In conclusion, I outline the resulting opportunities.

### 2. Perspectives

#### The academic perspective

After reviewing a number of growth models, the Churchill and Lewis model was determined to be the best model to use when looking at creative businesses. The models reviewed included;

Ichak Adizes company growth cycle – ‘growth as ageing’.

Larry Greiner’s Five Phases of Growth – ‘periods of evolution and revolution’.

Eric G. Flamholtz and Yvonne Randle’s Growth Pyramid and Growing Pains – ‘growth is a series of transitions where the growth needs must be balanced with the organisational structure’.

Churchill and Lewis’ Five Stages of Growth (see below) – ‘although growth is not always a continuous process, small businesses tend to experience common problems’.

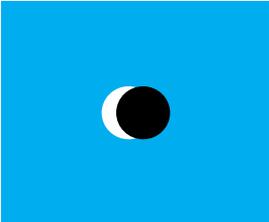
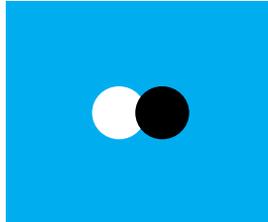
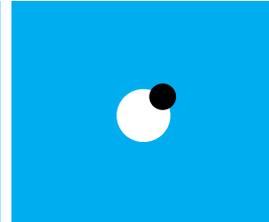
Figure 2: Five Stages of Growth

Category	Stage 1 Existence	Stage 2 Survival	Stage 3 Success - Disengagement
Management style	direct supervision	supervised supervision	functional
Organisational structure	2 levels	3 levels	expanded 3 levels
Extent of formal systems	minimal to non- existent	minimal	basic
Major strategy	existence	survival	maintaining profitable status quo
Business and owner relationship			

Source: Churchill and Lewis’ Five Stages of Growth

In the rest of this article, I look at various perspectives in section 2, and detail findings in section 3, while in section 4 I set out some steps towards navigating the challenges of growth in creative businesses. In conclusion, I outline the resulting opportunities for such businesses.

The rationale for this is that as this model deals with the earlier stages of a business' development and recognises the fluid nature of businesses at this stage in growth, it is more consistent with the growth experience of many creative businesses. Churchill and Lewis recognise that early stage businesses tend to move between different growth stages, falling back down the 'growth tree' if they are not able to manage their growth effectively. In a creative environment, where process and structures are considered to be counter-creative, this pattern of growth and contraction is more likely to occur.

	<b>Stage 3 Success - Growth</b>	<b>Stage 4 Take-off</b>	<b>Stage 5 Resource Maturity</b>
	functional	divisional	line and staff
	expanded 3 levels	expanded 3 levels	4 levels
	developing	maturing	extensive
	get resources for growth	growth	return on investmen
			

# 3.1

## Managing the Growth Challenge in Creative Businesses

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### The external perspective

Looking at the creative industry from an external perspective, the opinion of working groups and private investors is that the challenges facing businesses in the creative industries are not dissimilar to those facing businesses in other industries. External parties agree that in order for the creative industry in the UK to continue to thrive, businesses within the industry need to focus on improving their management capability.

According to government organisations and working groups, the key challenges include:

- A need for greater ambition on behalf of the creative businesses.
- An improvement in skills including:
  - Leadership (closing the creative management talent gap).
  - Financial planning and management.
  - Commercial awareness.
  - Strategy (corporate development).

According to investors, the key challenges include:

- An improvement in financial awareness and control.
- Greater strategic awareness (in particular, with an emphasis on customer knowledge).
- An improvement in leadership (management expertise and capability).
- Increased proficiency in implementing effective management systems.

The working group for Access to Finance and Business Support of the Creative Economy Programme in the UK says: “There is a need for stronger generic business skills in many existing low-growth businesses,” to help them make the growth transition. Creative businesses would be better to think of themselves as ‘mainstream’ businesses so that they begin to operate accordingly (Creative Economy Programme, 2006:14). In his book, *Creative Industries: Contracts between Art and Commerce*, Richard E Caves says that there is no such thing as a, “water-and-oil mixture of

creative talents with bureaucratic planners”. Creative businesses must have both skills in order for them to transcend Churchill and Lewis’ ‘success – growth stage’ to reach the ‘take-off stage’.

By applying the appropriate levels of professional skills at the appropriate stages, as Caves says, “in an entrepreneurial way”, advisors to the industry feel that creative businesses will be able to make a more successful transition from start-up to going concern. This will enable them to compete more effectively in the domestic and international marketplace whilst also contributing to the cultural fabric of the UK.

### The Internal Perspective

The creative businesses sampled in the research cited similar issues. Much like their external counterparts, they believe that in order to overcome their growth challenges, creative businesses need to:

- Maintain a focused and flexible strategy.
- Improve their financial control.
- Increase their leadership capability.
- Implement effective management systems.

They also recognised that those businesses that implement one or more of these elements early in their life cycle will have a better chance of capturing the value that they are creating to move to the ‘take-off stage’ of the Churchill and Lewis model.

### 3. The Findings

Jonathan Kestenbaum, of the National Endowment for Science and Technology (NESTA) in the UK, says that the “apparently widely-held assumption that creative and commercial excellence are unlikely to co-exist (or be mutually supportive) needs to be challenged.” The literature on generic growth businesses, comments in reports by the various support networks of creative businesses and the feedback from investors and creative businesses themselves all support the hypothesis that creative firms need to profes-

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sionalise their firms early enough in their growth cycle. Rather than stifle the creativity of the business and hence its growth, the application of professional management skills and techniques to businesses in creative industries before they enter the growth phase of their business' life cycle will help to ease the transition. As Flamholtz and Randle write, "while some people equate 'professional management' with bureaucracy, we believe that they are mistaken" (Growing Pains: Transitioning from an Entrepreneurship to a Professionally Managed Firm, 2006: 35). Part of the problem is that many creative founder/managers do not recognise the need for a more commercial approach until their businesses begin to reach a steady state. A film production business that was one of the businesses in the sample is a good example. Having successfully navigated the start-up phase of their business, it was not until they had experienced the frustration of feeling like they were at the mercy of outside forces, that they recognised the need to do something differently. For help, they were able to turn to the Building Creative Businesses course run by the Centre for Creative Business at London Business School. Other creative businesses are not so lucky.

The research shows that creative managers need to develop (or hire in) four main management skills to help ensure that they are able to achieve sustainable growth:

#### Strategy

The art of developing a good strategy is the ability to step back from the daily activities to gain clarity on where the business is currently headed, where it needs to go in the future and what needs to be done to get it there. Strategy is about using a variety of information to make choices about the direction an organisation should go.

#### Financial Control

The act of proactive planning will keep a business disciplined and focused on the critical drivers, enabling it to make better decisions. For example, the review of financial budget versus actual should occur at least monthly, giving the business sufficient time to take the requisite actions to get the business back on track.

#### Leadership

A good leader is able to organise a group of people to do something that they do not necessarily want to do. The leader needs to be able to define and implement the right structure for the organisation, manage the politics within the organisation effectively, create the appropriate culture and develop the organisation to ensure that it is able to reach its full potential during the different stages of growth.

#### Management Systems Implementation

Management systems are the backbone of any organisation and are defined as all of the operational elements of the organisation that enable it to make decisions in a timely manner. Important elements of a management system include: monthly/weekly manage-

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# 3.1

## Managing the Growth Challenge in Creative Businesses

ment reports which contain Key Performance Indicators (KPIs); regular meetings at all levels of the organisation where these reports are reviewed and actions are taken; a 'drumbeat' business planning cycle; clarity on roles and responsibility throughout the organisation; and the gathering of intelligence on the ever-changing market and competitor conditions.

### Application of these skills

There are a variety of tools that help managers apply these skills. While this list is by no means exhaustive, it identifies some of the tools that would be helpful as a business moves along the growth curve.

*Figure 3: See below*

*Figure 3: Management Skills and Tools to Apply Them*

Management Capability	Tools
<b>Leadership</b>	<ul style="list-style-type: none"> <li>• vision &amp; mission creation &amp; communication</li> <li>• organisational structure</li> <li>• roles and responsibilities</li> <li>• leadership frames and styles</li> <li>• understanding management vs leadership</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Porter's 5 forces</li> <li>• review of corporate aims / resources / opportunities</li> <li>• customer focus</li> <li>• directional policy matrices</li> <li>• resource mapping</li> <li>• the value chain</li> <li>• value proposition analyses</li> </ul>
<b>Financial control</b>	<ul style="list-style-type: none"> <li>• financial accounting</li> <li>• planning / budgeting</li> <li>• cost control vs differentiation</li> <li>• financial reporting</li> <li>• pricing models</li> </ul>
<b>Management control</b>	<ul style="list-style-type: none"> <li>• management reporting</li> <li>• KPIs</li> <li>• management effectiveness</li> </ul>

By applying these fundamental management skills today, creative businesses will be better able to reduce the impact of Richard E. Caves' Seven Characteristics of Creative Businesses, differentiating them from their peers and helping them to achieve more sustainable growth.

*Figure 4: See right page*

It is not surprising that these are the key management skills suggested by academics, thought leaders and investors alike, as they have been used in other industries for years. The challenge, particularly for those businesses in creative industries that have had less exposure to these management skills, is the recognition of when and how to apply them. Following completion of the Building Creative Businesses course at the Centre for Creative Businesses, the

Figure 4: Seven (Undesirable) Characteristics of Creative Businesses

7 Characteristics	The issue	Resolution
<b>“nobody knows”</b>	It is hard to know demand in advance	<ul style="list-style-type: none"> <li>• financial control; use of options to manage cost</li> <li>• financial management control; forecasting budgeting based on trends</li> <li>• strategy; increase customer focus (while still leading the market)</li> <li>• strategy; role of marketing in advertising to “buffs”</li> </ul>
<b>“art for art’s sake”</b>	Creatives are generally more focused on the product or process than the value captured	<ul style="list-style-type: none"> <li>• leadership; effective incentive structure</li> <li>• leadership; aspiration and alignment</li> <li>• strategy; clarity on what is being delivered and financial / operational implications</li> <li>• management systems; market trends / movement</li> </ul>
<b>“motley crew / weakest link”</b>	Production requires the cooperation of many creatives but is only as good as the weakest link	<ul style="list-style-type: none"> <li>• leadership; proper organisational structure and roles &amp; responsibilities</li> <li>• leadership; communication of shared vision</li> <li>• management systems; quality control/ budget control</li> </ul>
<b>“infinite variety”</b>	There are an infinite variety of creative products / services due to subjective nature of tastes	<ul style="list-style-type: none"> <li>• strategy; customer/ market focus</li> <li>• financial control; financial planning and control over fixed costs, use of options</li> <li>• strategy; clarity on what is being delivered and commercially viable</li> <li>• leadership; role of the expert in the organisation</li> </ul>
<b>“ a-list to b-list winner takes all / superstars”</b>	There is a packing order between the top and ‘also ran’ artists in terms of quality and value	<ul style="list-style-type: none"> <li>• strategy; do we need A-list artists or can we compete “off-Broadway”</li> <li>• strategy; high quality artists to drive sales</li> <li>• strategic innovation – value proposition – which dimension is “good enough” and in which dimension are you better than the competition ?</li> </ul>
<b>“time flies”</b>	Creative productions require resources to be available at the right time and therefore crisp coordination of activities	<ul style="list-style-type: none"> <li>• financial control; careful budgeting</li> <li>• management systems; rigorous management control to drive decisions and trade-offs</li> <li>• leadership; to prevent gaming in the system</li> <li>• strategy; trade-offs – deliver to budget or quality regardless of budget</li> </ul>
<b>“durable and replicable”</b>	Most creative products can be stored and replicated at low costs	<ul style="list-style-type: none"> <li>• strategy; focus on IP control or continually ride the innovation wave and move on when it is copied</li> <li>• strategy; multiple marketing and sales strategies to generate revenue for long as possible</li> <li>• financial control; tight costing and effective pricing policy to recover fixed costs</li> </ul>

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businesses interviewed spoke of a feeling of rebirth when they discovered that their businesses really were capable of growth, and that they were now equipped with some of the requisite management skills to make this growth happen. The area that concerned them the most was that they did not have the experience of when to apply these skills effectively.

### 4. Navigating Growth Challenges in Creative Industries:

The key to successfully navigating the growth path is to apply professional management skills earlier in the journey than immediately required. By following four steps, creative businesses will be more successful at making the transition from start-up to 'going concern'. These steps are as follows:

- I Decide whether the business is committed to growth or not.
- II Recognise that focusing on the commercial aspect of the business will not have a negative impact on the creative integrity of the business. Develop the management skills required to steer the business through future growth by:
  - a) Attending management programmes
  - b) Seeking support from regional development agencies/ NESTA
  - c) Seeking support from relevant business networks or mentors
  - d) Working with Venture Capital or Business Angels
  - e) Buying-in the required management expertise
- III Apply the management skills required to the growth challenge using a modified Churchill and Lewis Framework.

*See figure 5: Management Skills and The Growth Challenge on page 116/117*

It is important to note that this is a generic model. The reality is that the underlying fundamentals are different, and growth will occur differently if the business is a creative product business, a creative process business or a media business. Each scenario will require an individual analysis of the particular situation that the business faces. The NESTA report echoes this sentiment when it points out that, "there is no single route [to growth]". This model is meant to be a starting point, a general guide for creative industries as a whole to help them to navigate the stages of growth. While some businesses may miss out on some of the stages of growth, they will all likely pass through each stage on their journey. Churchill and Lewis point out that while applying techniques from later stages of growth can help to accelerate growth, businesses need to be careful about 'forced evolution', as it can result in them missing out on the benefits of the 'learning curve'

### 5. Conclusion: The Opportunity for Creative Businesses

While there are some structural challenges that are specific to creative industries, there is little evidence that these structural issues make growth more difficult for creative businesses than for businesses in other industries. Indeed, the management skills that people involved with creative industries see as critical for shoring up their ability to make the growth transition are similar to those required in other industries. While the creative process may need more flexibility than, say, a repetitive manufacturing process, there is no reason why creative businesses should not be run as professionally.

Creating a major change in any industry takes time and is never easy. The forces of familiarity weigh heavily on an organisation as it tries to transform the way that it operates. Sustainable change is often elusive. While this paper offers some thoughts around tools that can be used to support the critical management skills required and proposes a few ways of tailoring the Churchill and Lewis model to the creative industry as a whole, the reality is that all creative

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businesses are unique. Those creative businesses that have the aspiration for growth require not only an opportunity to gain the requisite level of professional management skills, but they also require support on the implementation of these skills from appropriately designed peer-to-peer networks, support agencies, experienced non-executive directors (who do not necessarily need to be from the creative industries), or investors who have recognised that the risk gap is closing and that there is a great amount of opportunity in the creative industries.

As Jonathan Kestenbaum of NESTA writes, “A growing market is out there to be won by businesses that are willing and able to innovate, and that do not see any inherent conflict between creative and commercial excellence. Some UK creative businesses are seizing these opportunities, but others need more help in order to do so.” The application of some of the ideas discussed in this paper will enable creative companies to manage their growth more effectively, helping them to build more sustainable businesses and giving them an opportunity to win a share of this growing market.

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Figure 5: Management Skills and The Growth Challenge

Key Mgmt skills	Churchill & Lewis categories	Stage 1 Existence	Stage 2 Survival
<b>Leadership</b>	<b>Management style</b>	<b>Direct Supervision</b> <ul style="list-style-type: none"> <li>active role of owner/founder</li> <li>vision/mission communicated</li> </ul>	<b>Supervised Supervision</b> <ul style="list-style-type: none"> <li>owner/founder still very active management role</li> <li>still inclusive leadership</li> </ul>
	<b>Organisational Structure</b>	<b>2 levels</b> <ul style="list-style-type: none"> <li>flat – everyone contributes to everything</li> </ul>	<b>3 levels</b> <ul style="list-style-type: none"> <li>layer of management to optimise leverage</li> <li>simple processes in place for repeat jobs</li> </ul>
<b>Management systems</b>	<b>Extent of formal systems</b>	<b>Minimal to non-existent</b> <ul style="list-style-type: none"> <li>simple management systems should be in place</li> </ul>	<b>Minimal</b> <ul style="list-style-type: none"> <li>management systems improved to account for new mgmt layer</li> </ul>
<b>Strategy</b>	<b>Major strategy</b>	<b>Existence</b> <ul style="list-style-type: none"> <li>Short-term strategy with big aspiration goals</li> </ul>	<b>Survival</b> <ul style="list-style-type: none"> <li>focus on retaining current customers</li> <li>begin to scan the market for new trends</li> </ul>
<b>Financial control</b>		<ul style="list-style-type: none"> <li>simple budget and financials in place (to cover bills)</li> <li>2-2 KPIs identified and tracked, but still managing by project</li> </ul>	<ul style="list-style-type: none"> <li>budget is now about earning profits to reinvest</li> <li>increased KPIs and accountability</li> </ul>
<b>Ownership</b>	<b>Business and owner relationship</b> <ul style="list-style-type: none"> <li>● Owner</li> <li>○ Manager</li> </ul>		

Source: Churchill and Lewis growth model amended modified by author for creative growth companies.

Stage 3 Success - Disengagement	Stage 3 Success - Growth	Stage 4 Take-off	Stage 5 Resource Maturity
<p><b>Functional</b></p> <ul style="list-style-type: none"> <li>owner takes back seat – perhaps focus on creative outputs</li> <li>look for sale</li> </ul>	<p><b>Functional</b></p> <ul style="list-style-type: none"> <li>active leadership – visionary motivator</li> <li>need to delegate responsibility</li> </ul>	<p><b>Divisional</b></p> <ul style="list-style-type: none"> <li>leadership vs. mgmt</li> <li>delegation – enable managers to make decisions</li> <li>manage by exception</li> </ul>	<p><b>Line and Staff</b></p>
<p><b>Expanded 3 levels</b></p> <ul style="list-style-type: none"> <li>more responsibility to mid-managers to keep business running</li> </ul>	<p><b>Expanded 3 levels</b></p> <ul style="list-style-type: none"> <li>more 'grinders' and mid-level mgrs to allow senior mgrs to sell</li> </ul>	<p><b>Expanded 3 levels</b></p> <ul style="list-style-type: none"> <li>owner out of running of business split day-to-day running with growth</li> </ul>	<p><b>4 levels</b></p>
<p><b>Basic</b></p> <ul style="list-style-type: none"> <li>systems are important – particularly with absent mgm</li> </ul>	<p><b>Developing</b></p> <ul style="list-style-type: none"> <li>very important while everyone is ramping up activity</li> <li>regular reporting reviews</li> </ul>	<p><b>Maturing</b></p> <ul style="list-style-type: none"> <li>very important to keep focus and retain values and culture</li> <li>formalise repeatable activities</li> </ul>	<p><b>Extensive</b></p>
<p><b>Maintaining profitable status quo</b></p> <ul style="list-style-type: none"> <li>focus in the quality of the design – ensuring it is cutting edge</li> <li>keep eye on horizon</li> </ul>	<p><b>Get resources for growth</b></p> <ul style="list-style-type: none"> <li>growth through winning new clients</li> <li>look to have diversified work – some cutting edge, some stable cash flow</li> </ul>	<p><b>Growth</b></p> <ul style="list-style-type: none"> <li>relationship to ensure growth is sustained</li> <li>think about acquisition to increase capability economies of scale</li> </ul>	<p><b>Return on investment</b></p>
<ul style="list-style-type: none"> <li>challenge is to sustain business asis</li> <li>need to hit budget, but is less stretching</li> <li>money is out of the business via dividends</li> </ul>	<ul style="list-style-type: none"> <li>professional finance mgr</li> <li>cash flow carefully managed to pay bills and reinvest in the business</li> <li>funds reinvested in resources and capacity for growth</li> <li>take on depth</li> </ul>	<ul style="list-style-type: none"> <li>finance team</li> <li>important, but opportunity to take some money out of the business</li> <li>increase dept – borrow equity</li> </ul>	
			

# 3.2

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## COMMERCIALISM'S ARTISTIC ASSIGNMENT

Giep Hagoort

“As the 400th anniversary of my birth is being celebrated, people are accusing me of having used my son, Titus, and my partner, Hendrickje Stoffels, as a shield against my insistent creditors towards the end of my life. The only question I have is this: ‘What else could I do?’ There are no more patrons around and the new church cannot provide lucrative commissions. How else could I find the peace and quiet I require in order to work and to sell my art? Everyone knows that nowadays the merchants and regents are only focused on two things: collecting art which bestows status and acquiring financial instruments. In spite of all of this, I have now managed to work without any creditors breathing down my neck.”

(E-mail message from Rembrandt to Joost van den Vondel)

Giep Hagoort (1948) is educated as a lawyer. He finished his PhD in 1998 on Interactive Strategic Management in de cultural sector. Giep Hagoort is professor art and economics at the Utrecht

School of the Arts and the University of Utrecht. His research and education is focused on cultural entrepreneurship. He is also dean of the Amsterdam School of Management.

## 1. Introduction

This paper discusses the cohesion between the dimension of artistry, and the dimension of commercialisation. Concepts of artistry and commercialism have never received the sort of systematic treatment that could provide a firm basis for everyday interactions between an artist, designer or cultural enterprise and the wider environment. In what follows, I set out a certain structure in order to illustrate the tension between the domains of artistry and commercialism, and situate it within an interactive perspective. For example, such a perspective could make it possible for lecturers at arts academies to provide an understanding of these exciting processes instead of misleading students with comments such as “thinking about commercialism will make it impossible for you to develop artistically”. While lecturers can still sometimes let slip comments like this, these days it is becoming possible for an artist to enter into a dialogue with his gallery proprietor or agent about the saleability of his works without resorting to stereotypes (commercial means ‘mass’, ‘bad’, ‘uninteresting’ and so forth).

This concept I have designated ‘strategic artistic calculation’ (SAC), because in my opinion it has everything to do with a new awareness among artists of how to market their work in a calculating fashion, in order to secure a reliable income in the longer term. This is occurring in contexts featuring the various public authorities, the business sector and the creative industry, which is still insufficiently oriented towards arts and culture, and which pathetically endeavours to explain all transactions with a reference to the all-embracing concept of ‘creativity’.

The structure of the paper is as follows. First, in section 2, I create a framework for analysing the dimensions on the level of context, process and content. In this part, I have formulated strategic propositions. Then, in section 3, I give some tips on how to put them into practice. Finally, in section 4, I speculate on some possible future developments of cultural policy.

## 2. Context, Process, Content

What is the methodology of strategic artistic calculation and how can it be used? First of all, let me say this. My method puts paid to the propensity for convenience, the non-committal air and the gutlessness that have been typical of the relationship between artistry and commercialism. No analysis is conducted, no thought is given to the classification of phenomena, and dimensions are not acknowledged, nor the fact that a conceptual framework is employed.

This is not the way to proceed. This is my conclusion, and I am embarking on a different course, one oriented more towards the business economics of culture. Employing a distinction taken from my thesis of 1998, I have first identified the most important areas based on dualities. After all, the latter is advisable, where an issue arises in unrefined form and a researcher wishes to help real-life practitioners and academic scholars on their way. In addition, it makes it possible to use this duality to situate practical cases or academic enquiry within an interactive perspective, so as then to be able to pose the question as to how the model may be employed in practice, in this case, how an artist, designer or organisation can utilise the tension between artistry and commercialism to produce new energy, so as to boost his own cultural entrepreneurship to a higher level.

In my thesis I drew a distinction between three dimensions (in relation to strategy), namely: context, process and content. If we employ these dimensions within the polarity of artistry and commercialism, this gives rise to the following overview and related propositions.

**I Context:** in what external arena do ‘artistry’ and ‘commercialism’ interact? Familiarity with this context is important, if phenomena are to be accorded any significance. The co-existence of artistry and commercialism within this dimension yields healthy prospects of reliable saleability.

**II Process:** how do developments proceed? Where do the artistic and commercial processes start and end? The partial (but not entire) co-existence of artistry and commercialism

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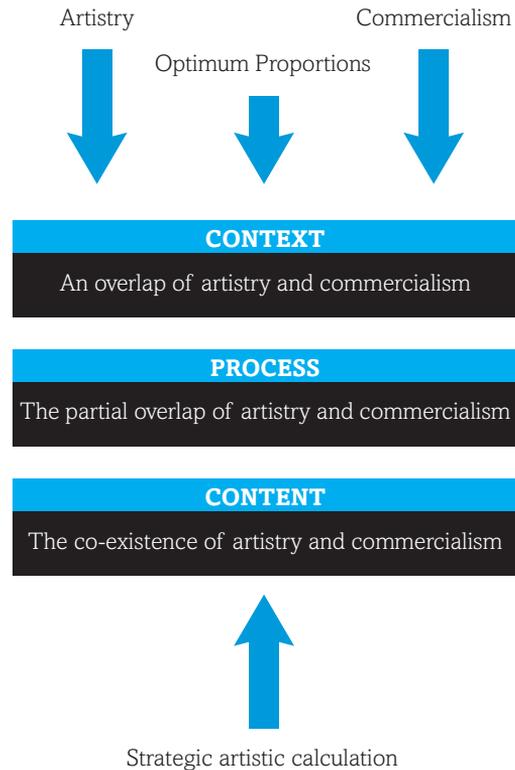
in this dimension yields the prospect of concrete earnings. **III Content** (product or service): what is the nature of the process and what revenues does it generate? On the one hand, there is an objet d'art and, on the other, a financial return. In this case the criterion for success is where product and yield coincide to produce income. If no earnings are generated, the preceding dimensions of context and process will need to be reconsidered.

It is through the agency of these dimensions that an artist or designer is able to set out in concrete terms, where his own norms and values lie, and he can determine for himself to what degree his artistry bears any relationship to commercialism, and the extent to which he wishes to proceed with strategic artistic calculation. No generally applicable norm can be cited in this respect, because every case needs to be considered in its own right. One may also come to understand that one should concern oneself with other contexts, processes or items that have not featured as a strategic option until then. In such a situation, an artist or organisation will need to scrutinise their own artistic practice thoroughly. The major benefit of this approach is that the artist or organisation retains control and that no one else performs the final assessment.

### Context

The context of artistry, of what it entails to be an artist, including the transformational and applied varieties, is determined by a number of values and propagators. Artistic integrity is the value that indicates the extent to which an artist cannot be bought, and does not change his or her own artistic convictions for beliefs that have nothing to do with artistry. In Klaus Mann's *Mefisto* we can see such a process of corruption unfold. It is not something that happens to an artist, designer or creator. The process is one that he partly determines and directs. Artistic freedom is another value. It is inherent in culture and design. The work, the commission or the performance is executed on the basis of independent artistic judgement. A third value can be found in historical awareness: one's own artistic endeavours occur as

part of a flow that originates in the past and is en route to the future via the present. Concepts such as innovation, engagement, diversity and interdisciplinary focus have roots and offer a firm basis, once we try to draw a distinction. The propagators are organisations that demand the expression of values in concrete terms: public authorities, committees, critics and academics. Such a demand is derailed if it turns into a 'stipulation' or 'imposition'. Here, the need to concretise matters amounts to an invitation to artists to express their views as to how their products and the genre they have evolved, relate to the rest of the arts sector.



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The commercial context is an equally complex affair. In this case, the values are determined by the degree to which it is possible to convert cultural expression into money. The latter domain, the economy, focuses on rationalisation with a view to satisfying demand efficiently. Should this rationalisation assume a dominant position, partly through the involvement of technology, it would be important to define the relevant values explicitly within the artistic context. Were this definition not to occur, commercialism would dominate artistry and artistic endeavour would be reduced to soulless craftsmanship. However, cultural economists have shown that the conversion of cultural expression into money is problematic in itself, because it is impossible to determine the value of the former using traditional market models (supply and demand in the marketplace), and the creative industry market is fundamentally disrupted for the mere reason that production occurs primarily on the basis of internal artistry and not external demand. The saleability of cultural expression is more readily based on a hybrid collection of factors: acknowledgement by trendsetters and agents, striking performances covered in the media, the eccentricity of its creators, capitalisation on trends, and so forth. It is general knowledge that in one instance an artist's public destruction of his own work (with film and television camera teams in the front row) as a form of artistic expression had the effect of raising the price paid for the work he subsequently produced.

### Process

The process side of things is very close to the bone: the artistic process is ultimately required to produce a result. This process does not occur in a vacuum, but is found in its own unique environment. The artistic process is a coalescence of the development of one's own work, of beginnings (whether they originate internally or externally), concentration, inspiration, perseverance and the struggle against uncertainty. All of these aspects of the artistic process have been described frequently, be it on the basis of the experience of prominent artists and designers

or not. Even where a commission is driven by powerful economic factors, its execution is an organic process of artistic creation. The latter – unlike work of an academic nature, for example – can be readily seen when the work is completed. Only the artist concerned, and no one else, determines when a work of art has been completed, Karel Appel has noted. Not even the client, in the case of such a typical example of applied art as the design of a logo, has the authority to judge when the work is complete. Understanding this artistic process is essential and enriches one's own artistry, as the poet, Sybren Polet, has shown in his essay, "De creatieve factor: kleine kritiek der creatieve (on)rede".

On the other hand, we can see the commercial process that seeks to effect a transaction between the artist and the public or the client through someone else's agency if necessary. This process is also referred to as 'marketing'. Essentially, it entails allowing marketing to affect the design of the work concerned. In its most extreme form, cultural expression and commercialism coincide and its creator is reduced to being the instrument of some other person. In such a case, artistry is absent from the process and artistic endeavour evaporates. Although Warhol as well as Corneille apparently allowed cultural expression and commercialism to coincide (the mass appeal of their work and its commercial subject matter), they firmly held the brush (their own artistry) in their own hands and their artistry did not evaporate (even though this has been alleged by critics in the absence of any convincing argument). It is within the duality of artistry and commercialism in relation to this process that the artist addresses the taste of his audience or client, without considering it to be decisive in artistic terms. This is expressed most profoundly in the case of applied art (design and fashion). If the presentation is not unique, professional, original and striking, the artistic and commercial processes coincide entirely and the designer loses his own artistry first in the eyes of others and ultimately in his own.

# 3.2

### Content

Let us consider the objet d'art (a product or service). In this case, commercialism is victorious over artistry, if the outcome of the relevant transaction no longer reveals the original handwriting. The brushstroke of the original master painter is often still evident even in the art of copying in Asian countries, although no genuine independent artistry may be involved. Art is entirely commercial, if artistry disappears from the creation of the relevant object. This applies to both the creative and applied arts. It is here that the dimensions of context and process need to help us obtain a clearer understanding of how artistic endeavour can evaporate. Has the artist ultimately forgotten his own artistic environment? Has marketing pulverised the entire artistic process? If there is absolutely no relationship between artistry and commercialism at the level of cultural expression itself, no earnings will be generated (in the end). In this case, symbolic capital will not produce economic capital. This dimension also makes it clear that artistry and commercialism coincide entirely in the case of a dead artist. See for example the prices paid for the works of Van Gogh. Here we are dealing with a genuine art market in which artistry has disappeared and the forces of supply and demand have free rein. It is for this reason that an art dealer specialising in 19th-century art operates, by definition, only commercially in spite of his passion for the art. There is no artist or designer around to compromise his own artistry.

### 3. Use and current situation

The use of this model is in the first instance a matter for artists, designers and other creative professionals. They and no one else will need to weigh up the value of internally oriented artistry and externally active commercialism for themselves. Having an understanding of the three dimensions of context, process and content will help them to determine the appropriate position and to ensure that they produce artistic calculations for the near future as accurately as possible.

What is involved here is not a non-committal exercise involving arbitrary considerations. More than ever before, the emphasis that is placed on the relationship between culture and economics is forcing artists to find a far more accurate balance between artistry and commercialism in the knowledge that the need for the latter (and to generate earnings for oneself) is becoming greater than ever before. Aversion to the addictive system of subsidisation by various public authorities and funds within the creation, production and distribution chain is playing a pronounced role and is creating a sense of urgency. With the onset of a Europe without borders, growing rivalry and more common hybrid forms within the above-mentioned links of creation, production and distribution, and digitisation on a global scale, creative professionals are also acquiring a sense of opportunity that has never existed before.

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#### 4. A future scenario

The significance of the role played by government in relation to strategic artistic calculation could change drastically at some stage within the context of the creative industry. Let me sketch a possible future scenario. Whereas up until now the Dutch public authorities have played a key role with regard to funding as part of their policy on culture, in the near future a radical move towards four decentralised regional funds could occur, while the national government could focus on the ongoing upgrade of the creative infrastructure (research, education, innovation, talent development, exports, diversity and Europe). The cultural disciplines like music, theatre and the visual arts would then no longer occupy the centre stage, but rather the interdisciplinary approach and crossovers that would occur on the basis of these disciplines. These developments are being encouraged, especially at the European level. The distinction between profit and non-profit would disappear and an utterly new youth culture would emerge based on extremely colourful cultural diversity, and we would be faced with nomadic art colonies of enormous size, which would trek through the global village.

Opening the debate about the fruitful coalescence of artistry and commercialism is already paving the way towards these exciting developments.

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# 3.3

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## CULTURAL BUSINESS MODELLING

Giep Hagoort and Gabriëlle Kuiper

### 1. Introduction

**Subsidies remain key factors in the financial management of non-profit cultural organisations. In most cases, the only supplement to them takes the form of ticket sales and sponsorship. Yet there are other sources that can be tapped, which offer ample potential gains to cultural institutions.**

Many researchers and commentators view government policy on the maintenance and development of cultural values as a gradual affair. During the Dutch Kunstenplanning [Arts Planning Round] for 2005-2008, once again most attention was devoted to the topic of economic cuts and the question of who would be eligible for a four-year subsidy. The realists assert that art policy is subsidy policy. Despite repeated statements that the cultural debate should focus on substance, in practice everything revolves around money. Yet here and there we are seeing a shift away from this.

It is not that subsidies are perceived as unimportant, but the focus is shifting towards a more hybrid form of funding involving the trio of state, market and culture. Cultural managers realise that the reduction of subsidies is an ob-

stacle to their organisation, and that new cultural aspirations demand additional funds. The situation becomes urgent, when organic increases in expenditure on employment benefits, ICT, marketing and accommodation, in particular lay claim to programme and production funds. Cultural entrepreneurship is increasingly being advanced as a means of responding to these developments.

Such a managerial concept has its origins in a more general need on the part of society for innovation and entrepreneurship. Since the mid-1990s, the importance of innovative entrepreneurship has been articulated not only in business, but also in the public sector. Entrepreneurship offers society the dynamism necessary to maintain a competitive position (also on the international stage). Yet the concept of cultural entrepreneurship is inevitably causing confusion. Does it refer to a method of promoting art and culture on one's own account and under one's own supervision? Is the market to be the guiding principle in this respect, and no longer a passion for culture? And how can such entrepreneurship be developed within a subsidised cultural context?

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## 2. The Essence of Cultural Entrepreneurship

The Dutch government situated cultural entrepreneurship at the core of its White Paper on Culture for 2001-2005. A more pronounced concern for marketing on the part of programmers and artists was paramount; it explicitly did not envisage a role for managers in this respect. Nor did it have the cultural enterprise of cultural institutions foremost in mind. This occasioned considerable confusion, the more so as in the field it provided support for research into cultural governance under the flag of cultural entrepreneurship. Similar confusion emerged in the debate about cultural entrepreneurship among professionals and academics. An all-time low (for the time being) occurred when the Dutch Council for Culture threatened drastic cuts for several cultural institutions on the grounds of 'sound entrepreneurship' in its recommendations for the 2005-2008 round.

To ensure a proper understanding of the concept, we would like to formulate the following definition of cultural entrepreneurship, which has been taken from everyday practice. Cultural entrepreneurship is an organisational approach which has as its starting point a cultural mission directed towards the public, and which sees opportunities in society for ensuring optimum funding for cultural business operations, ensuring that the organisation concerned becomes part of an open, accessible cultural infrastructure.

In addition, cultural entrepreneurship is not confined to the position of a business manager. Given that it is an organisational approach, it also encompasses the cultural aspects of an entrepreneurial organisational culture with interaction between supervisory and executive boards, and artistic director, corporate staff, artists and other employees. The practical advantage of our definition is that normative concepts such as 'commercialisation' and 'placement on a business footing' are excluded. What is at issue is whether the relevant cultural institution satisfies professional criteria in relation to the financial and cultural aspects of entrepreneurship.

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This approach does not conceal an agenda that seeks to find art subsidies irrelevant in their entirety. Situated within a dynamic infrastructure, we view subsidies as necessary, primary funding if specific cultural functions are to be guaranteed. A theatre cannot operate in the absence of such a foundation. This also applies to concert halls, cinemas, museums, theatre companies and musical ensembles, which have a duty to develop cultural diversity and perform for a wide-ranging audience.

## 3. Cultural Business Modelling: Preliminary Study

At an educational conference on alternative forms of funding, organised for 150 arts and culture managers by the student council, Zappa, in the Faculty of Art and Economics of the Utrecht School of the Arts (HKU), the need was articulated for tools to be developed at the institutional level to facilitate alternative funding within the context of cultural entrepreneurship. Existing literature on management was criticised, because it offered too little assistance for the special nature of financial management in cultural organisations. The outcome of the conference produced a preliminary study of cultural business modelling (CBM). The aim is to develop a tool to assist cultural entrepreneurs to adopt a more creative approach to financial management. The current methodology of CBM helps to facilitate dialogue within an organisation, thereby producing knowledge pertaining to a more creative version of financial management and creating support for new sources of income. The idea was that CBM would also ensure that the focus of a cultural business would no longer be directed towards its budgetary shortfalls, but towards the mobilisation of all potential sources of income. Essentially, CBM consists of a list of all sources of income that are to be found in the field.

Four cultural organisations, which varied in terms of size and discipline, were assessed on the basis of this CBM list as part of the preliminary study. These organisations were the theatre company, Het Vervolg, in Maastricht, Combattimento Consort Amsterdam (CCA) in Diemen,

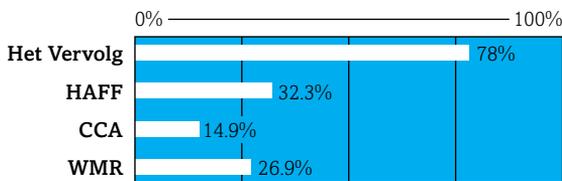
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the Holland Animatie Filmfestival (HAFF) and Wereldmuseum Rotterdam (WMR). The findings of this assessment are presented in diagrammatic form below. The assessment focused on 2002 in view of the fact that, when it was initiated in 2003, that was the last year for which all relevant documentation, such as annual reports and financial statements, was available. The findings were presented to the management of the relevant organisations. In one case (Het Vervolg) a special company meeting was held together with representatives of its sponsors, its executive board and management. In the case of this theatre company, 2002 was a transitional year following relocation and renovations that were rather demanding. During this meeting, it was possible to outline a more up-to-date overview of the type of control entrepreneurship which was practised. This CBM preliminary study revealed the existence of three categories of sources of income: internal, external and those serving the general interest.

### Internal sources of income

Internal sources of income are those a cultural organisation can generate itself. We can draw a distinction between the following three internal sources: product-market combinations, property and letting, and merchandising.

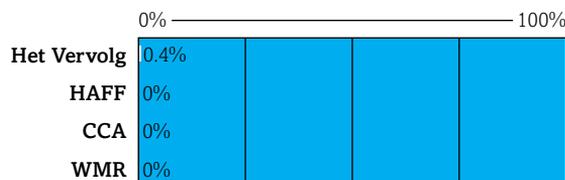
**Products-market combinations (PMCs):** this refers to income from other ticket sales, cultural services or items. In the case of CCA, there is a close relationship between explicit public-oriented marketing and relatively substantial income from PMCs. In addition, there are organisations that often provide services and advice to others free of charge, which may consider the possibility of making their services more income-oriented.



**Property and letting:** income from letting one's own premises and catering, among other things. The organisations that were examined have developed virtually no concrete policy on generating earnings through property and letting. Discussions held with their management reveal that this source of income is becoming more popular. With the exception of HAFF, all of the organisations are considering various ventures.

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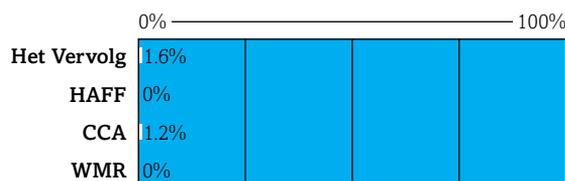


**Merchandising:** the sale of promotional items relating to the organisation or its products for a profit. Merchandising plays virtually no role in generating income for the organisations that were studied. Discussions revealed that these organisations are reluctant to proceed with the requisite investments. However, they do see an opportunity in merchandising for special target groups (the category being 'young people').

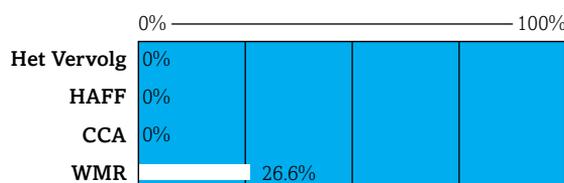
**External sources of income**

External sources refer to income an organisation generates externally, in return for which the relevant financier requires demonstrable counter-performance. A distinction may be drawn between the following four external sources: sponsoring, matching, co-funding and an organisation's establishment of its own fund.

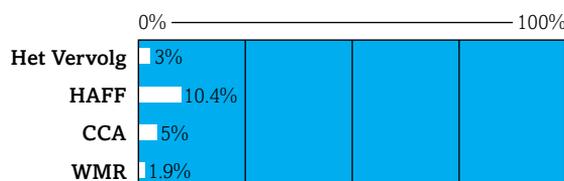
**Sponsoring:** a business transaction with a company, based on mutual marketing, communication and financial interests. All the organisations have a sponsoring policy and a wish to consolidate it. Sponsoring is increasingly tied to the sponsor's corporate policy, which makes it even more imperative to invest in personal networks. Small and medium-sized enterprises also seem an interesting source for the recruitment of potential sponsors, given existing personal networks.



**Matching:** combining amounts received from different funds in relation to core operations. The HAFF pursues a highly active matching policy. This means that its management succeeds in interesting various parties in funding its activities together. Two other organisations have also provided clear examples. The study notes that matching activities may produce successful PMCs.



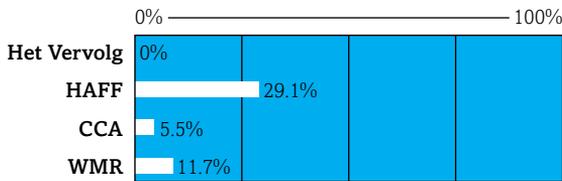
**Co-funding:** the establishment and performance of managerial duties involving production, distribution, staff and marketing together with other organisations (cultural or otherwise). Specific experience plays a major role in this respect and the distinction between 'large' and 'small' is relevant. In the past Het Vervolg, a large organisation, channelled considerable investments into co-funding but has still seen little in the way of a return, whereas CCA views co-funding as a tool for staging large-scale productions. However, developing cost-cutting marketing or staffing policy together with other organisations, for example, is still well beyond the horizon.



**Establishment of own fund:** an organisation's generation of income by establishing and developing its own

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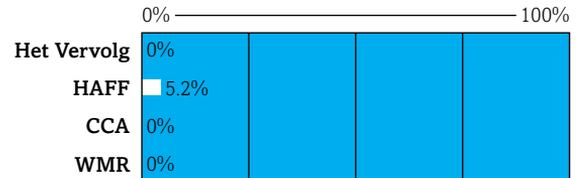
fund for the purposes of conducting specific business activities (utilising ‘friends-of’ tools if necessary). With the aid of its own fund, a cultural organisation can create its own additional funding potential. With the exception of Het Vervolg, the organisations have not resorted to the establishment of such a fund. The problem lies in the lack of relevant information about the manner in which such funds can be established, and how their management is to be coordinated with their parent organisation.



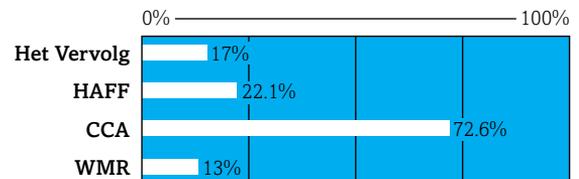
### Income serving the general interest

Income serving the general interest refers to earnings an organisation receives based on goals derived from the general interest, with no enforceable performance being demanded in return. These earnings are derived from patronage, public facilities and subsidies.

**Patronage:** income from private donations. Het Vervolg and the CCA have shown that it is important to devote attention to the rationale for patronage. At any rate, patronage means that people or businesses are closely involved in the cultural fortunes of a cultural organisation in the absence of any demands being made for counter-performance. If such a source is to be activated, having an ‘open’ business culture seems to be important, thereby readily facilitating contact between the organisation concerned and the public.

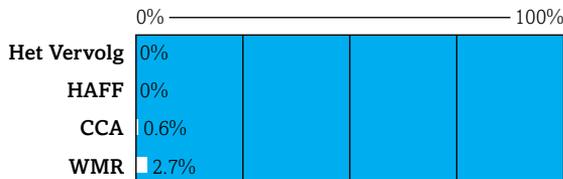


**Public facilities:** sources of income for activities serving the public authorities’ non-cultural policy objectives. The municipal Wereldmuseum Rotterdam (WMR) receives more than a quarter of its revenues from this source. However, taken together with the amount of subsidies this organisation receives (also more than a quarter), it is vulnerable. It will take a hard knock if public policy changes - for example, if subsidised labour is abolished. The others have not made any effort in relation to public facilities, such as taxation, education, EU contributions and so forth. (This source of income is still too much of a collective concept and needs to be broken down into greater detail.)



**Subsidies:** income for activities serving to further the public authorities’ cultural policy objectives. Subsidy revenues vary greatly in the case of the organisations we examined: from considerable in the case of Het Vervolg, to little in CCA’s. Het Vervolg wants to fine-tune its CBM by introducing a greater variety of income sources. CCA

will be consolidating its PMCs further. The findings reveal that a generic approach on the part of government (the 15% self-generated income rule, for example), is too unfocused.



#### 4. Which way forward?

All the organizations taking part in the preliminary study are positive about the CBM method. A structured breakdown of income opportunities and dialogue facilitating the method are both important in this respect. The company meeting appeared to be of great value for all the stakeholders concerned, including artistic directors, when it came to developing new forms of earnings. Developing the CBM into a comprehensive managerial tool for cultural businesses could constitute an important next step in the process of professionalization. Now organisations can already measure their financial policy creatively against the CBM yardstick, and formulate options for new sources of revenue.

The study also led to the insight that infrastructure facilities are required too; for example, a 'cultural liquidity bank' would usefully provide support in the event of temporary liquidity problems in those cases where advances or commercial solutions are not feasible. There is a need for follow-up research together with the relevant professional associations, especially for each discipline and type of organisation.

This research was partly funded by the Dutch Ministry of Education, Culture and Science. The complete study has been published under the title, *Niet het tekort maar de bron* [Not the Deficit but the Source] and is available online at [www.hku.nl](http://www.hku.nl) (Faculty of Culture and Economics). A soundboard committee chaired by Freek van Duijn guided the research. Special support was provided by David Kombrink (Erasmus University, Rotterdam, the Netherlands). Comments are welcome: [marijnvantheel@central.hku.nl](mailto:marijnvantheel@central.hku.nl).

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## PROJECT MANAGEMENT IN A CREATIVE SME

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Gabriëlle Kuiper

### 1. Introduction

SMEs have little time to invest in additional work, such as projects with partners across Europe, or even in their daily business, such as researching new markets. Project management can help to accommodate such additional work, by structuring a project as a series of activities, in order to realise it in an efficient and effective manner. Anything you want can be classified as a project, and managed in that way. As long as it is temporary, has a specific objective within certain specifications, and a funding limit (if applicable), and resources are used (Kerzner, 2001:2 / Roel Grit, 1997:18). Managing a project means the specific objective can be reached using as few resources as possible (resources being the investment of time, people and money that SMEs can usually ill afford to spare).

This article provides pointers as to how project management can help to instigate special projects or realise long held organisational goals. The basics of project management will be explained in six steps, using the realisation of a company website as a practical example. Any professional organisation needs a website as a communication portal. SMEs are no different, but lack the time for this extra activity. By taking it on as a project, an SME can schedule the workload between daily business activities. Anyone can manage a simple project. Learning by doing is the best, most effective approach.

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## 2. Why Project Management Helps

Project management is the planning, organising, directing, and controlling of company resources for a (relatively) short-term objective that has been established to complete specific goals. Time, cost, and performance are the constraints of a project. There can be a fourth constraint: if the project is undertaken for an external client, good customer relations are necessary as well (Kerzner, 2001:4-5). Within this definition, an SME can treat many activities as a project. Even guaranteeing the quality of the output of the organisation (an important goal in the creative sector), can be regarded as a separate project. In this article, the completion of a company website serves as a practical example of a project.

The structure of project management can provide an organisation with time to contemplate its successes, or its lessons learned, for future use. It makes it possible to pinpoint the beginning and ending of an activity. By formulating milestones, it helps an organisation to decide whether to abort an unsuccessful project before any serious damage or financial loss. The timeframe of the project helps to direct resources (efficiency) to an activity, and manage them (effectiveness). Proper project management therefore provides an organisation with smooth working processes.

Two types of projects can be found in creative SMEs: projects that consist of activities contributing to the main goal of the organisation (eg, in a web design company the design of a website for an external client); and projects that consist of new activities, such as the development of a new product with European partners. Both types of projects help an SME to grow. For an SME, there are six steps in carrying out a project.

## 3. Project Management in Six Steps

### STEP 1: Project idea

The personnel of the organisation can decide together, for instance during the Monday morning meeting, which activities will be marked as a project. Based on the company's strategy, the leader of the organisation might already have

a few proposals. Also, a company brainstorm can help to decide on possible new activities, projects and priorities.

The project then starts with the description of the idea, the objective (Verhaar, 2004). Why is the project organised and for whom? In the example of the design of a website the answer would be 'building a website that adds value to the organisation in order to inform and attract external stakeholders'. This 'problem' will focus all the decisions necessary during the organisation of the project.

### STEP 2: Project organisation

Each project needs to have one responsible person assigned to it, the project manager. With larger projects, team members can also be assigned. For a positive outcome, it is important that the project manager has decision-making possibilities. A good way of ensuring this is by formulating the goal, budget and limitations of resources in a written briefing at the outset of the project. Then the project manager will be free to allocate them (Kerzner, 2001:4).

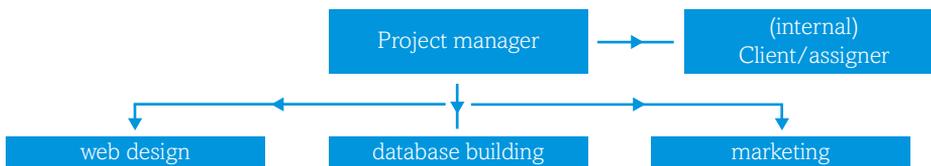
The project team usually includes various specialists necessary for the project outcome. The project manager is the over-all conductor. It is important to define each team member's role clearly, to reduce conflict when work pressure is increasing (Kerzner, 2001). Every specialist has individual activities and responsibilities. The project manager is the 'glue' between all the specialists, using everybody's knowledge to gain the biggest and best results. Young or inexperienced teams usually have a great deal of difficulty being flexible and adapting to a continuous changing environment. The project manager needs to be aware of this, and make sure there is enough time to spare for process and dialogue, so the personnel can adapt to a new situation.

The project itself has a strong vertical hierarchy (see outline 1). The project manager is something of a dictator, being the final decision maker. The project team will provide the information necessary for making the decisions at hand, based on their expertise in specialised fields. That is why a good

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project manager is a flexible generalist who understands human behaviour and the limitations of resources, and is socially and technically aware. The project someone who likes to think in terms of solutions, has a quick mind and is able to think outside the box. He or she must be both a leader and a team player (Kerzner, 2001). The project manager brings structure to the project and the team, builds the team actively, and maintains the communication lines within the team and with the team's stakeholders.

Outline 1. Project organisation



### STEP 3: Risk management

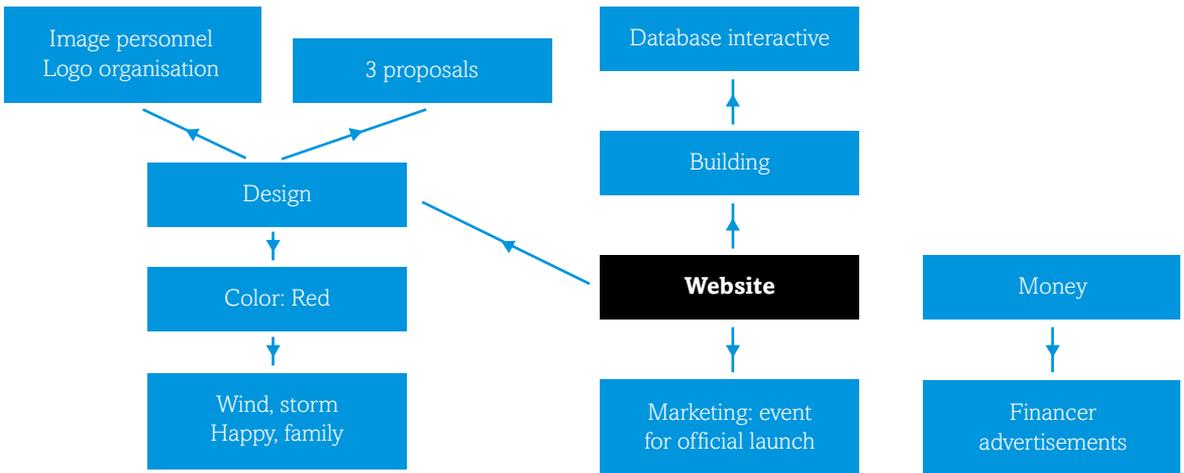
Project management is used for achieving a project outcome of the highest possible quality (Verhaar, 1997). The success and quality of a project is defined by the completion of the activities within the set constraints of time, cost, performance and customer acceptance, with a minimum of scope changes, and without disturbing the main workflow of the organisation (Kernzer, 2001:5-6). Therefore, after defining the project and the project organisation, the following step is to analyse the external and internal project environment in order to single out possible risks and failures.

The project team starts with making a SWOT analysis of the project (NIMA-A, 2000:25). The project's strengths, weaknesses, opportunities and threats are defined. This exercise helps the project team in two ways. First, all the possible risks and problems at hand are charted, which helps the team to be flexible by reacting quickly during the project if one of the foreseen problems arises. Secondly, by doing this exercise together, the team members gain the insight in the perspectives and expectations of each other. This is the first step in team building and establishing the internal communication culture. The team needs to formulate solutions for the weaknesses and threats, which will be treated as risks during the project. The team needs to agree on how to solve the possible problems if they occur.

After the SWOT analysis, the team will conduct a second exercise: mind mapping. A brainstorm will provide insight into all activities necessary to realise the project idea. The team mentions a word or an activity connected to the project idea, and it is written down. The word (for instance 'design' with the website) will have new words associated with it (such as 'colour' or 'images'), that will be linked with a little line. This technique makes the team aware of all decisions, ideas and activities linked to the project (Nijs and Peters, 2004). All the

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Outline 2. Mind map



words and associations found during the mind mapping help to describe the project more thoroughly (see outline 2). This can be referred to as the concept, which treats the colours, the flavour, and the associations of the idea. In the example of the website, the concept will answer several sub-questions leading from the main question of 'building a website for stakeholders'. It will also provide answers on questions such as how many pages, which target groups, how interactive and what information and feeling to communicate. Also, mind mapping gives insight into all the tasks necessary to realise the project. With the website example, this means the web design, development, and for instance an event to announce the launch.

**STEP 4: Checklist and milestones**

The practical outcome of the mind map is a checklist of all the tasks and activities the team members have spotted. Usually this list changes during the performance of the project, due to certain tasks being finished and new unforeseen tasks arising (especially when a project has a new, in-

novative outcome). After the necessary activities are charted in the checklist, they are prioritised. This helps the team to gain insight into the first roughly sketched planning, to see whether the stated deadline is at all possible, and which activities need to be done first and which last. Also, the activities and tasks can be divided between team members. Each team member's role will help with the decision on this, the final decision being made by the project manager. Based on the priorities, milestones are formulated. These are important moments in which the project moves into its next phase. For instance, the final web design, the testing of the website, maybe even its official launch. The milestones are planned as a timeline, and checked by the project manager with questions such as: 'Will we reach the milestone in the time as planned?', or, 'Have we reached the milestone as expected?' The answers to these questions influence which actions to take and whether to make a new project planning.

Some of the milestones are 'go/no-go' decision moments. A go/no-go decision moment has big consequences for the

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project outcome and even the project as a whole. Based on this decision, the project might be completely aborted, if parameters that were set in the beginning of the project have not been reached in a satisfactory manner. In the example of the creation of a company website, it might be that funding needs to be raised within a certain period of time. If the funding is raised before a certain date, the website will be designed and realised, if not there might be an alternative. The 'go/no-go' decision usually has several layers. If situation 1 (complete funding and a website of 20 pages) cannot be reached, maybe situation 2 (partial funding and a website of 2 pages) can be reached. Or in the worst case scenario, there is no funding and no website. The project will not go into the following phase unless a set goal (a certain amount of funding) is reached on a set date. The project team decides at the go/no-go moment what to do, and what alternate route might be chosen (NIMA-A, 2000:428).

### STEP 5: Managing resources

After the project idea is described more thoroughly, this concept is formulated into a checklist of activities. All activities are clustered, based on the mind map chart (see outline 3). The checklist will help to manage all resources necessary to accomplish the project: money, people, and time.

#### Outline 3. Checklist

##### **Checklist specific activities web design:**

- three proposals design by (person) at (date)
- agree upon proposal by (person) at (date)
- make first rough design by (person) at (date)
- *Activity/responsible team member or supplier/deadline*

##### **Checklist specific activities marketing website:**

- arrange high Google ranking by (person) at (date)
- think of event for launch website by (person) at (date)
- *Activity/responsible team member or supplier/deadline*

The resource money is managed by formulating the checklist as a financial breakdown. Each activity in the checklist is budgeted, based on offerings of possible suppliers or earlier experience. If the accumulation of costs of the breakdown exceeds the budget, the project team can decide what activities to downsize or drop. Also, it will help direct negotiations with suppliers for providing discounts or alternatives. During the project, the project manager always checks the actual costs against the budgeted costs. In the financial breakdown there is 5-10% unforeseen added, so there is a buffer to deal with unexpected costs. If the costs exceed the budget, the team has to find solutions or alternatives that have the same or comparable impact but are less expensive.

The resource people is managed by clear communications. People always have certain expectations and act according to them. Different expectations are the main reason of conflict. Clear communication helps to direct expectations. That's why the project manager provides each project stakeholder (team member, supplier, client, financier) with a brief that contains all the specific information necessary – such as the project idea, the activity this specific person delivers, the deadline and the budget. The project manager might ask for a written confirmation. Also, it is recommended to send a reminder to all parties before the definite deadline.

The resource time is managed by a day-to-day planning. All activities in the checklist have a deadline and a priority. Each deadline, milestone and go/no-go moment will be stated in the planning. The project manager checks daily or weekly if each responsible person has done his or her task. If not, the planning might be adapted. When you create a planning, it is recommended to do it backwards starting with the final delivery date. Usually one provides oneself with a week of lenience. So the week before the final delivery date nothing is scheduled. This week can be used for last-minute problem solving. In the week beforehand are all definite deadlines and so on.

**STEP 6: Evaluation phase**

After the project outcome is delivered, the project team and its stakeholders (for instance the suppliers or financiers), have an evaluation meeting. The meeting helps the team to contemplate on successes and failures. It helps the team to grow, and tackle possible mistakes and failures in an upcoming project. Also after care, such as thankyou notes, is important as a part of the management of the resource ‘people’, with an eye on future working conditions.

**4. Lessons Learned**

In six steps, anyone can do project management in order to reach a specific objective in an efficient and effective way, by describing the project idea clearly as an objective, and mapping all activities linked to reaching that objective. Structuring all these activities by clustering them, and labelling them with a responsible person, budget and time limit, gives a clear insight into the project progress and outcome. And by managing the information and communication, and making sure all roles and expectations are specifically defined, all processes can be efficient and effective with minimum conflict. Ending every project with an evaluation will help to gain bigger successes in following projects. Any objective can be reached by applying this technique. Therefore, it is a good and simple instrument for SMEs to help professionalise their organisation, or conduct a special project within a fixed deadline.

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Outline 4. Planning



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## EFFECTIVE TEAMWORK

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Dorian Maarse

### 1. Introduction

**So you're a cultural entrepreneur. Perhaps you spend most of your time working alone, but more likely than not you work as part of a team for at least some of the time, producing a festival, concert, exhibition, or some other event or product. Perhaps the team members you work with are all from different organisations, or maybe yours is a single-organisation team, focusing on policy development, quality assurance or research. You might all know each other well, having worked together for years already, or this could be the first and only time that you'll work with these people in this formation.**

So you're a team: a group of people working together in a formal setting. You have a goal and you have ideas about roles, tasks, budgets, and time. Responsibilities are shared and arrangements, however vague, are made as to how communication will proceed. This is the formal side of teamwork. It is described, for example, in project management theory.

This article deals with the other side of the story: a team's 'software', that is to say, what happens at an informal level when people work together, which is equally essential to ensure the collaboration in a team. In this article I shall explain – with the aid of the theory of group dynamics – the various influences on

groups and teams, illustrated by my own observations of teams I have encountered in recent years, as a supervisor or an assessor. In section 2, I examine the classic development stages within a team, and in section 3 I look at the different roles within groups. Section 4 focuses on the vital role of the team leader, while section 5 concludes with practical tips for leading a team.

### 2. Development Stages Within a Team

Any team experiences various stages of development that coincide with some basic needs that we all share: to be included; to exert control; and to give and receive affection (Oomkes, 2006).

#### Stage 1: Task

The theme of the first stage is inclusion: to belong or not. Will I fit into this group?

At the outset much is still unclear about the task, how to tackle it, and how to work as a team. During this stage, members of the team are uncertain and focused on the authority. They adopt a wait-and-see approach or mask their uncertainty by emphatically showing that they are present.

In formal teams, the question is not only whether you will be accepted as a person, but what role you will play as a representa-

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tural field, in topics related with organizational behavior such as: teamwork, conflict handling, negotiating, leadership and (intercultural) communication.

tive of a department, organisation or discipline. The members of the team endeavour to obtain an insight into the task facing them (Remmerswaal, 2006).

Not everyone experiences this stage in the same way, as we all differ regarding our social needs. Some people have a pronounced need to be included, while others keep their distance and wait to see which way the wind blows.

Many groups enthusiastically immerse themselves in a brainstorming session. This provides them with a footing and security, while binding them together. However, not all groups start out in such a united fashion. Teams sometimes start without any motivation, because some members had dealings with each other in the past, or the assignment is unrealistic, or it is too vague or unclear.

Inexperienced groups often get carried away by enthusiasm at the outset and continue brainstorming for a too long period of time. Not enough is done to determine precisely what the assignment entails, and how they will tackle it. Project management theory could help schedule and share tasks more efficiently.

Clarifying the nature of the task and the contributions to be made by the members of the team produces a common goal. Now the members of the team know what is expected of them and have the feeling that they are part of the group.

### Stage 2: Control

Following its initial orientation in relation to the structure of the task, the group now focuses more closely on its internal relations. Critical questions are posed about leadership within the group, as well as relations and etiquette (Remmerswaal, 2006). If the task remains unclear, anger may result. Frustration is usually directed towards those in charge but may extend to members of the team who do not seem to fit in completely.

The theme is control (power and influence). Some members of the group would like to have greater responsibility. Others will

avoid their responsibility, as will the entire group in some cases. Especially in groups without a leader, proposals can be ignored, not because they are bad, but because responding to a proposal gives the proposer a position of power (Oomkes,2006).

In a formal team members seek the amount of influence and power needed to fulfil their representative role.

Now the members of the group become more familiar with each other, feelings of affinity and aversion encourage the formation of cliques. This stage can be frustrating, as not only the assignment but also collaboration can be a source of tension. People may feel disappointed, angry, incompetent or helpless (Remmerswaal, 2006:107). This disquiet is repressed and is difficult to discuss. The group may engage in a fierce debate about themes like the allocation of duties, the frequency of meetings, working hours and making phone calls during meetings, etc. Certain members of the group may dominate the discussions. Although the body language of other quieter members shows that they are not happy with this situation, they usually do not bring it up to be discussed openly.

A defensive posture occurs, where members of a team are afraid of specific situations within their group and/or do not dare to reveal what they think. Such tension can be expressed in different ways. Leaders may be followed passively, while the members of the team do not feel any responsibility. Decisions are postponed or not carried out. The group may deny that there is any conflict. Sometimes tension is concealed behind a facade of exaggerated joviality, while negative feelings are not accepted. If anger and disappointment are repressed for too long, an extremely defensive group results. Communication is dominated by several members of the group and is typified by a detached, shrouded use of language.(van Lente, 1991,1997)

Not every group evolves to enter the next, more productive stage of development. A group may remain trapped in this impasse.

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## Stage 3: Affection

This stage is concerned with feelings of appreciation and affection for the person that you are and/or the role that you are playing.

It is possible to resolve conflict by discussing irritations and making better working arrangements, sometimes under the supervision of an internal or external leader. Sometimes relief can produce an excessively accommodating mood, with the result that negative feelings are not expressed. There is also a danger that the group may be overcome by conceit: it may become so satisfied with itself that it no longer examines its own conduct critically. It no longer doubts its own abilities and judgement. This can produce collective blind spots and illogical ways of thinking, so-called 'groupthink'.

Now that the various positions within the group have become clearer, it is capable of closer collaboration and is a more closely knit team. People listen better and they speak more frankly. Their attention shifts towards the relationships within the group. The theme focuses on interpersonal involvement, on affection, meaning a degree of trust and relating to each other personally. Sometimes this may be accompanied by feelings of animosity and jealousy.

## Stage 4: The Effective Team

If a group is capable of examining its own performance in a constructive but self-critical manner and is able to discuss differences frankly, it is able to become a capable, motivated team, which can work in a calm, balanced way. The members of the team have the same goals, and communicate openly.

Figure 1: See right

## 3. Group Roles

In a highly effective group either the leader or the members can perform functions which the group needs at that moment. In order to ensure that a team performs well, attention needs to be devoted to both its task and its functioning as a group (Likert, 1991).

Figure 1: Effective Work Teams

- Goals are clear and shared.
- All members participate and are listened to.
- Careful diagnosis before action.
- As needs for leadership arise, various members meet them.
- Consensus is sought and tested, disagreements are appropriated and used to improve the decision.
- Decisions, when made, are fully supported.
- Trust and respect. Members use the responses they get and can freely express negative reactions.
- Group is flexible and improves itself, individuals change and grow.
- Desired results are produced.
- Members freely express themselves and receive empathic responses.

Source: Gordon, 1991: 212

Figure 2: Group Task Roles and Group Building and Maintenance Roles

Group Task Roles	Group Building and Maintenance Roles
<ul style="list-style-type: none"> <li>• Initiating activity</li> <li>• Seeking information</li> <li>• Seeking opinion</li> <li>• Giving information</li> <li>• Giving opinion</li> <li>• Elaborating</li> <li>• Coordinating</li> <li>• Orienting</li> <li>• Evaluating</li> <li>• Energising</li> <li>• Assisting with procedure</li> <li>• Recording</li> </ul>	<ul style="list-style-type: none"> <li>• Encouraging</li> <li>• Harmonising</li> <li>• Compromising</li> <li>• Gate-keeping and expediting: keeping communication channels open</li> <li>• Following</li> <li>• Setting standards or ideals</li> <li>• Observing the group process</li> </ul>

Based on Likert, 1991

Figure 2: See left page

Task roles are concerned with the question “How are we going to tackle matters and how are we going to achieve results?” This includes: ensuring that there is proper consultation, that duties are shared and coordinated, that people take the initiative and look for information, that planning and progress are monitored, and so forth.

Group building and maintenance roles are concerned with the interaction between people, their emotions, needs, the mood, their unity, motivation, appreciation and so forth. It is important that attention be regularly devoted to addressing the feelings that occur within a group. A team may view such an investment as a waste of time, certainly when it is under pressure. However, in this case there is a danger that minor annoyances will lead to escalating conflict, which on the long run will demand even more time.

An interesting tool that can be used to examine whether a group is effective, is the list of team roles that Belbin considers to be necessary for a successful team. If no one takes up specific roles, the group may pay for this, for example, by continuing to drift around without any direction, to lack decisiveness and to waste a great deal of energy on repressed tension and frustration.

See figure 3: Usefull People to have in Teams on page 140

#### 4. The Leader's Role

If team members do not assume task or group building and maintenance roles automatically, a formal or informal leader can ensure that these are addressed. Informal leaders are especially good at sensing what a group requires at that point in time.

Figure 4: Characteristics of Natural Leaders

- Able to organise and maintain an overview.
- Able to relate well to people and respond to what concerns the group.
- Able to bind people to each other
- To captivate people and help bring them together.
- Flexible enough to adopt a different approach.

Source: Van Lente, 1997: 211

If an informal leader with natural leadership characteristics guides a group from the start, it will soon evolve into an effective team. It will tackle its task quickly and efficiently. One can observe that everyone listens very closely to each other and divergent opinions are easily expressed and accepted. People continue to make enquiries and test for consensus. Everyone is involved and decisions are taken quickly.

In many teams, no informal leader was readily available or the informal leader was too weak. Problems may also arise if the formal chosen or appointed leader has insufficient experience and leadership qualities. For example, a team leader may find it difficult to challenge people about their behaviour:

Figure 5: Leadership Qualities

- Reasonably stable
- Can accept criticism
- Can act convincingly
- Tends to take the initiative
- Is not averse to assuming a dominant position (could be because of a tendency towards directing matters, power, prestige or a sense of responsibility).

Source: Van Lente, 1991: 19

Teams that are starting out often cling to a democratic model, where no one is supposed to be ‘the boss’. The danger of this is that in the end no one feels responsible for monitoring quality and overall progress, and the team drifts around like a rudderless ship.

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Figure 3: Usefull People to have in Teams

Type	Symbol	Typical Features	Positive Qualities	Allowable Weakness
• Company Worker	• CW	• Conservative, dutifull predictable	• Organising ability, practical common sense, hard-working, self-dicipline	• Lack of flexibility, unresponsivness to proven ideas
• Chairman	• CH	• Calm, self-convident, controlled	• A capability for treating and welcoming all potential contributors an their merits and without prejudice. A strong sense of objectivities	• No more than ordinary in terms of intellect or creative ability
• Shaper	• SH	• Higly strung, outgoing, dynamic	• Drive and a readiness to challenge inertia, ineffective-ness, complacency or self-deception	• Proneness to provocation, irritation and impatience
• Plant	• PL	• Individualistic, serious-minded, unorthodox	• Genius, imagination, intellect, knowledge	• Up in the clouds, inclined to disregard practical details or protocol
• Resource Investigator	• RI	• Extroverted, enthousiastic, curious, communicative	• A capacity for contacting people andexploring anything new. An ability to respond to challenge	• Liable to loose interest once the initial fascination has passed
• Monitor/ Evaluator	• ME	• Sober, unemotional, prudent	• Judgement, discretion, hard-headedness	• Lacks inspiration or the ability to motivate others
• Team Worker	• TW	• Socially orientated, rather mild, sensitive	• An ability to respond to people and to situations, and to promote team spirit	• Indecisiveness at moments of crisis
• Completer/ Finisher	• CF	• Painstaking, orderly, concientious, anxious	• A capacity for follow-through, perfectionism	• A tendency to worry about small things. A reluctance to let go

Source: Belbin, 2004: 72

Figure 6: *Intervening in Relation to Substance, Procedure and Process*

Intervening in Relation to Substance	Intervening in Relation to Procedure	Intervening in Relation to Process
<ul style="list-style-type: none"> <li>• listening properly and summarising</li> <li>• specifying similarities and relationships</li> <li>• drawing conclusions and rounding off</li> <li>• providing or requesting information about goals, tasks, context, background and own experience</li> <li>• defining the subject</li> <li>• clarifying</li> <li>• expressing or requesting an opinion</li> <li>• presenting or calling for proposals</li> </ul>	<ul style="list-style-type: none"> <li>• ensuring an appropriate and pleasant venue, and aids</li> <li>• ensuring that everyone has an opportunity</li> <li>• appropriate frequency and duration of meetings</li> <li>• informing and preparing beforehand</li> <li>• precise programme and agenda</li> <li>• clearly defined rules of etiquette</li> <li>• assignment clearly explained</li> <li>• good timing and monitoring of</li> <li>• time taking care to comply with arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• scope for getting to know each other</li> <li>• thinking of ways in which it is easier for people to make a contribution</li> <li>• encouraging frank and direct communication within the group</li> <li>• devoting attention to underlying feelings</li> <li>• accepting criticism and resistance, and taking them seriously</li> <li>• scheduling time for evaluation</li> <li>• not suppressing conflict</li> <li>• ensuring a safe environment</li> <li>• preventing loss of face and ensuring acceptance and acknowledgement</li> <li>• giving feedback and encouraging this</li> </ul>

Based on Remmerswaal, 2006

### 5. Practical Tips for Team Leaders

Task related behavior in groups could be focused on content (the task) or procedure (how the group is working on the task).

What is confusing is that discussions within a team sometimes appear to be concerned with content or procedures, but are actually about themes dealing with the processes and emotions in the group. If you fail to recognise this, you can continue to discuss substance or procedures ad infinitum, without touching on the actual problem. A good leader has an eye for all three levels and is capable of boosting the group's performance on each one.

Figure 6: *Intervening in Relation to Substance, Procedure and Process*

I shall explain a number of them here:

- The actual work begins before a team gets going, by thinking clearly about the choice of members, the feasibility of the task, the method and frequency of communication, and so forth.
- When exploring the task, discuss what people expect and how they view their contribution. Ensure that the division of labour is in line with this.
- As far as possible ensure that everyone attends the relevant meetings. This starts with drawing up a schedule of appropriate dates. It also includes challenging people who fail to attend. Let them know that their presence is important.
- Help the group to develop a proper structure. If its structure

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is not good, feelings of frustration will put a brake on the group.

- Ensure that people are actually able to make a contribution by structuring meetings and decision-making in such a way that everyone is able to have an influence.
- Ensure that people understand each other by clarifying the communication and giving information about the relevant background and intentions. We are often quick to think that we know what other people mean, and we respond on the basis of these assumptions. Their underlying aims and interests remain undisclosed, and communication may soon break down and conflict occur.
- Evaluate progress regularly, not only to establish whether the goal is being appropriately achieved but also to determine if everyone is satisfied with the level of collaboration. A pitfall may occur in the form of a situation in which the members of a group know each other well and have already worked together quite extensively, with the result that they are less inclined to discuss and evaluate matters.
- Keep an eye out for what affects people: their dilemmas, problems relating to loyalty, frustration, doubts and so forth. Do not gloss over this in pursuit of an exaggeratedly businesslike approach. Instead, refer to it briefly and indicate how and when it may be addressed, if it is not convenient to do so now.

Finally, as the member of a team you are an example. Listen, and show respect and appreciation. Be enthusiastic, open and reliable. Practice what you preach!

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# 3.6

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## A PERSONAL TOOLKIT FOR CULTURAL ENTREPRENEURS

Eva van der Molen

### 1. Introduction

**In this article, I offer a conceptual framework for leadership and communication issues, and a practical model for personal leadership in cultural SMEs. Section 2 discusses some of the issues of personal leadership in such organizations; section 3 focusses on theoretical approaches (such as Covey's seven habits of highly effective people); and in section 4, the outcome of my research is presented as a toolkit for personal leadership.**

Start by imagining that you are in your twenties, live in a Western European city and have just graduated from university. The world is your oyster - especially because of the incredibly inspired idea you have for a really new kind of cultural SME. You've got the Big Idea, plus talented artist friends who want to make it work and a basic professional network. Above all, you've got talent, drive and courage. With your friends, you start a NGO that will fill a niche in the cultural market. You work around the clock to get it off the ground . . . but after a while, it's not as much fun as it was before. It's harder to get along with some of the people you work with; things that happened naturally and beautifully in the honeymoon period of your collaboration now demand more wheeling and dealing than you'd expected. You invest increasing amounts of energy, but with shrinking results. It's time to reflect on your skills as a leader.

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### 2. The Challenge of Leading a Cultural SME

Why is it that so many visionary and dedicated cultural entrepreneurs get stuck when it comes to their leadership competencies? All too often, it seems that talented people, with demonstrable artistic talent and entrepreneurial courage, are handicapped by shortcomings concerning the personal side of leadership. With some, their artistic *raison d'être* seems compromised by managerial concerns. In other cases, artistic expressiveness seems to go hand in hand with behaviour that is, in relation to others, not really emotionally intelligent. Think, for example, of a promising music ensemble, caught up in frustrations because of clashing personalities and ambitions; or a cultural entrepreneur with great vision, but also the unfortunate ability to turn any relationship into a minefield.

Here are the critical issues of personal leadership, in no particular order.

#### **BOX 1: Critical Personal Leadership Issues in Cultural SMEs**

- A sketchy balance between artistic and commercial aims
- Inability to choose the right level of ambition, matching personal values and capacity of the organisation
- A reliance on friendship among members as the stabilizing factor of the initiative that is, in the longer run, destructive
- Underdeveloped structures; lack of explicit task divisions
- Denial of the unequal motivation, commitment, and level of ambition among co-founders of an initiative
- Insufficient tools for handling conflict or giving feedback
- Weak time management, ruled by urgency rather than importance
- Imbalance between short-term production and long term investment in the organisation
- Lack of self-evaluation skills, impeding organisational development and professional growth
- Lack of time for personal renewal

So is personal leadership a hopeless case in the cultural sector? No, of course not. The sector is full of courageous, intelligent and creative professionals. They often show impressive velocity in picking up and using tools for self-evaluation and communication, once they see their relevance. Often, this needs a crisis (to provide a sense of urgency) and an eye-opener (to raise consciousness). This can be provided by a training course, or by reading materials.

Arts management educators arguably have a responsibility to save time for professionals in the field by scanning management literature in search of effective models to increase awareness of functional and dysfunctional organisational and leadership behaviour.

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### 3. Models of Personal Leadership

What does general leadership theory offer in this respect? Most contemporary theoreticians agree that, *“Leadership is about vision, ideas and giving direction; about inspiring people to act towards certain goals.”*

(Keuning & Eppink, 1996: 14.)

Consequently, ‘personal leadership’ (also called ‘personal mastery’) is leadership on a personal level, or ‘leadership of oneself’: developing a vision for one’s own future, as well as the future of the organisation; defining one’s own principles; and directing oneself towards certain goals. Personal leadership theory often includes issues of personal management, also called self-management, involving the personal ‘skill-side’ of leadership: how to live up to one’s vision and principles on a day-to-day basis; how to manage one’s time accordingly; and how to consciously improve personal and interpersonal effectiveness. This largely overlaps with much theory on communication.

Influential writers on leadership (Senge, 1990; Bennis, 1989; Covey, 1989) have researched denominators of success in individually outstanding leaders. Although their theoretical framework differs widely, their findings are largely similar. Success in a leader is regarded as being determined by a set of innate, but also acquirable, characteristics and habits (Van der Molen, 2004: 17).

#### **BOX 2: Leadership Characteristics found in Management Literature**

1. Vision
2. Drive
3. Proactivity
4. Responsibility
5. Capacity to think laterally/to change paradigms
6. Continuous learning

Clearly, these characteristics are relevant for many leaders of cultural SMEs. However, as this group is often driven by strong artistic motives, and reliant on strong personal ties, also important is the concept of ‘emotional intelligence’ (as originally defined by Salovey & Mayer in 1993, and more recently described by the authors in 2004). Emotional intelligence is defined as: “The ability to accurately perceive your own and others’ emotions; to understand the signals that emotions send about relationships; and to manage your own and others’ emotions” (John D. Mayer, 2004: p.28).

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## A Personal Toolkit for Cultural Entrepreneurs

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Through comparing theoretical models and issues like the above with the critical issues in the practice of leadership of cultural initiatives, a toolkit for leadership in SMEs emerges, consisting of concepts from existing theoreticians.

The sources are:

- Stephen Covey's Seven Habits of Highly Effective People
- The 'rose' of Timothy Leary
- Daniel Ofman's Core Qualities of the Enneagram
- The concept of the psychological contract (anonymous)

### Covey

Covey states that habits have a powerful role in shaping individual lives, both personally and professionally. Habits consist, according to Covey, of knowledge (knowing what to do), skill (the ability to do it), and desire (motivation).

The first three habits focus on self-mastery, that is, achieving the private victories required to move from dependence to independence. They are:

#### Habit 1: Be Proactive.

Change starts from within; improve your life through the things you can influence, rather than by simply reacting to external forces. Once one decides to be proactive, exactly where one focuses one's efforts becomes important. One can draw a circle that represents areas of concern, and a smaller circle within the first that represents areas of control – 'the circle of influence versus circle of concern.' Proactive people focus their efforts on the things over which they have influence.

#### Habit 2: Begin with the End in Mind.

Develop a principle-centred personal mission statement. Extend the mission statement into long-term goals based on personal principles. Define the main roles you fulfil in your life and base weekly planning on those roles.

#### Habit 3: Put First Things First.

Spend time doing what fits your personal mission, observ-

ing the proper balance between production and building production capacity ('the P/PC-balance'). Effectiveness is a function of both production and the capacity to produce. The need for balance between production and production capability applies to physical, financial, and human assets.

Habits 4, 5 and 6 address interdependence (the paradigm under which one cooperates to achieve something that cannot be achieved independently):

#### Habit 4: Think Win/Win.

Seek agreements and relationships that are mutually beneficial. In cases where a 'win/win' deal cannot be achieved, accept the fact that agreeing to make 'no deal' may be the best alternative.

#### Habit 5: Seek First to Understand, Then to Be Understood.

Effective listening is putting oneself in the position of the other person, listening empathically for both feeling and meaning.

#### Habit 6: Synergize

Through trustful communication, find ways to leverage individual differences to create a whole that is greater than the sum of its parts.

Finally, the seventh habit is about personal renewal:

#### Habit 7: Sharpen the Saw

Take time out from production to build production capacity through personal renewal of the physical, mental, social/emotional, and spiritual dimensions.

One of the practical instruments Covey offers is 'the second quadrant'. Covey identifies four 'quadrants' created by sorting things by a pair of characteristics. So, things are either important or not important; and they are either urgent or not urgent.

<b>BOX 3: Covey's Time Management Quadrants</b>		
	<b>Urgent</b>	<b>Not urgent</b>
<b>Important</b>	<p><b>QUADRANT 1</b></p> <ul style="list-style-type: none"> <li>Crises</li> <li>Urgent problems</li> <li>Projects with a deadline, meetings, preparations</li> </ul>	<p><b>QUADRANT 2</b></p> <ul style="list-style-type: none"> <li>Preparation</li> <li>Prevention</li> <li>Development</li> <li>Long-term planning</li> <li>Building up relationships</li> <li>Empowerment</li> <li>Relaxation</li> </ul>
<b>Not important</b>	<p><b>QUADRANT 3</b></p> <ul style="list-style-type: none"> <li>Interruptions</li> <li>Some phone calls</li> <li>Some emails</li> <li>Some messages</li> <li>Many quasi-urgent issues</li> <li>Many well-liked activities</li> </ul>	<p><b>QUADRANT 4</b></p> <ul style="list-style-type: none"> <li>Some phone calls</li> <li>Wasting time</li> <li>Irrelevant mail</li> <li>'Alibi' activities</li> </ul>

In managing our time, our natural tendency is to be driven by the urgency of things. Covey argues for prioritising according to the importance of things. The practical outcome of this conscious effort is to move the Quadrant II activities up ahead of the Quadrant III activities. As one gets more effective at managing Quadrant II, there are fewer things in Quadrant I to worry about.

#### [Leary \(1957\) and Ofman \(1993\)](#)

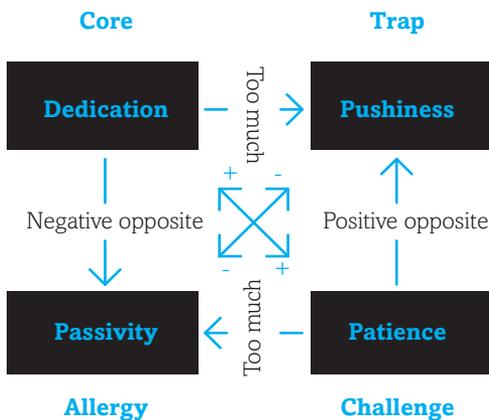
Leary's 'rose' and Ofman's 'core qualities' are non-judgmental tools to analyse important aspects of our own behaviour, as well as its impact on the behaviour of others, and vice versa. Where the rose explicitly helps focus on issues of authority, competition and cooperation, the core qualities enhance insight into personal strengths and weaknesses, as well as the essence of organisational culture, and help teams to validate differences in input and opinions among members of the team. Both models are conducive to self-reflection, evaluation and improved communication. Ofman's theory on core qualities is based on the concept of the core quadrant. This

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model provides insight into the connection between a person's core qualities, pitfalls, challenges and 'allergies'. The value of the core quadrant lies in discovering the connection between personal strengths and weaknesses, how 'good' and 'bad' are extensions of each other, and how our own qualities and 'allergies' determine our reaction to others. For instance, say you react emotionally to your colleague Ralf, who is responsible for maintaining your website. The model of the core quadrant helps to analyse how much of the emotion is due to Ralf's (real or supposed) laziness, and how much of your eruption is really about you. If you are an extremely dedicated individual, Ralf may be triggering your allergy, passivity. This in turn shows you (if you open to seeing it) that in bad times your dedication turns to fanaticism, and your challenge is therefore to develop patience. This doesn't automatically lead to the conclusion that Ralf should do whatever he feels like; however, when you recognize your own strengths and weaknesses on a deeper level, you approach the situation with greater objectivity and so can make more effective decisions.

Ofman offers a versatile instrument for increasing self-insight, as well as a tool for enhancing understanding of the motives and behaviour of other people. It can also be used to analyse organisational culture.

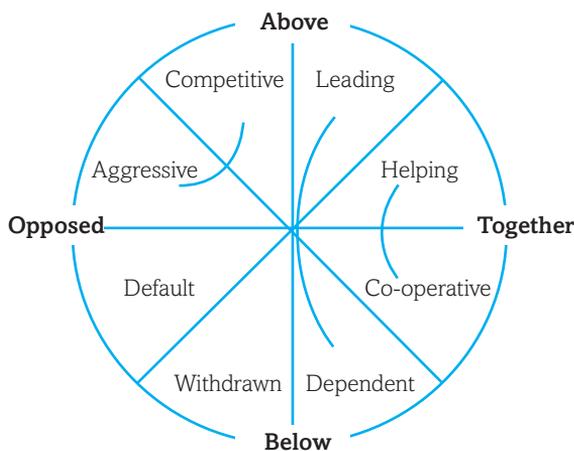
## BOX 4: Example of Ofman's Core Quadrants



Leary's social psychological model is designed to examine interpersonal interaction. It outlines two poles or dimensions in any kind of human communication: the dimension of collaboration versus opposition, and the dimension of superior versus subordinate behaviour. The 'rose' indicates that interaction focused on the horizontal pole (opposed versus

together) evokes the same behaviour from the other person, while interaction on the vertical pole (above–below or superior–inferior) generally provokes a contrary reaction. For example, if you approach Mrs Rich, a potential sponsor for your cultural event, with a very dependant, pleading attitude, it is likely that she will regard you condescendingly from a ‘high and mighty’ position. More effective behaviour would be to focus on what you each have to offer, what interests you both have in common, and in what ways both could benefit from a sponsorship arrangement. This model helps to increase awareness of behavioural patterns and to create the freedom to choose effective communication strategies.

**BOX 5: Leary’s Rose**



**Psychological Contract**

The notion of the ‘psychological contract’ has no formal ‘owner’ and dates from the early 1960s. It is: “The overall set of expectations held by an individual with respect to what he or she will contribute to the organisation and what the organisation will provide in return.”

(Griffin, 2002: 456.) It can be an addition to the more formal and general labour contract, but in pioneering cultural organisations, where there are not yet salaries to be paid, putting mutual expectations on paper is an essential basis for collaboration. When expectations are made explicit, the ‘fit’ between collaborator and organization can be improved, and possible causes for future conflict diminished.

**BOX 6: Psychological Contract**

The individual wants to give...	The organisation wants to get...
The organisation wants to give...	The individual wants to get...

So, how do the habits and tools discussed here fit together as an answer to the critical issues of personal leadership in cultural SMEs, as summarized at the outset of this article?

**4. A Toolkit for Personal leadership in cultural SMEs**

This proposed toolkit for personal leadership consists of ‘habits’ and ‘tools’. In this context, tools are like spectacles you can put on in order to get a different perspective on the reality you live in. They help you see situations (and especially bottlenecks) in a new light, and offer alternative, more effective positions and ways of behaving. The tools in this box address issues of communication and self-management.

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## A Personal Toolkit for Cultural Entrepreneurs

### BOX 7: The Toolkit

#### Habits

1. Be explicit in your ambitions and expectations
2. Set realistic goals based on artistic values
3. Focus on important issues, instead of urgent ones
4. Invest in the organisation
5. Listen well, to yourself and others; communicate clearly
6. Reflect and evaluate
7. Keep breathing art

#### Tools

- Personal mission statement psychological contract
- Circle of influence  
Personal mission statement
- Quadrant II
- P/PC-balance  
Psychological contra
- Rose of Leary  
Ofman's core qualities  
Personal mission statement
- Quadrant II  
Ofman's core qualities  
Rose of Leary
- Quadrant II

withdraw some of his energy from the competitive side of the rose, and focus more on collaboration, resulting in more effective work relations. If the music trio would sit down together to discuss psychological contracts and personal missions, they would probably find out that their differences in ambitions and expectations are too great to overcome; they could leave their frustrating bond and start new ventures with other musicians based on firmer shared values. Or, in another case, Ofman's core quadrants could help the musicians to recognise their different qualities and appreciate their differences, rather than denounce them.

Finally - what about you, the young, talented entrepreneur, starting out with your Big Idea? I hope you will remember that it is not only the golden eggs, but also the goose that lays them, that needs your care.

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The toolkit doesn't pretend to be complete. Within the short framework of this article, it aims at addressing certain recurrent weaknesses in personal leadership, and inspiring the reader to explore some accessible theoretical models for improvement.

For instance, the entrepreneur from section 2 would understand much more about the reactions he provokes in others by doing some exercises based on Leary's rose. Then he could

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David Parrish, a qualified and accredited business adviser and trainer specialising in the creative industries, is the author of *T-Shirts and Suits: A Guide to the Business of Creativity*.

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## MAKING A BUSINESS PLAN

David Parrish

### 1. Introduction: Creativity and Business

**Some people think creativity and business are like oil and water – they just don't mix. They think it's a question of choosing one or the other. I disagree.**

The challenge for creative people when planning a business is to combine skilfully the best ideas of both 't-shirts' and 'suits', in other words, to bring together creativity and best business ideas, so as to turn creative talent into income streams. Successful creative entrepreneurs embrace both creativity and business.

The art of business is to select from a palette of infinite choices to draw together specific products or services, with specific customers' needs, in a way that adds up financially. The resulting picture is a unique formula for a successful enterprise.

Naturally, creative businesses tend to have a high concentration of new ideas in their product or service. Successful organisations of all kinds combine all the essential business elements creatively. Successful creative enterprises need to have a creative product or service; they also need to invent a special and workable formula of all the essential ingredients of business.

Crucially, this is not a 'compromise' between creativity and business – it's a matter of getting the best of both worlds. In this article, I explore various ways of developing creative strategies for making business plans.

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## 2. Business Plans

First, let's make a distinction between planning for a successful creative business and 'writing a business plan'. The two are not necessarily the same. In my own experience, many people write business plans purely because they are a requirement of investors or funders. Such business plans tend to be written without conviction, and are quickly shelved once the third party investor has accepted (or rejected) them. A business plan should be primarily for the business itself, a 'route map for success', setting out the objectives and steps to be taken to achieve these objectives. Ideally, a good business plan should serve the business well as a working document – as well as to articulate to third parties the benefits of the business, return on capital invested, risk management, and other concerns of stakeholders and partners.

Yet the business plan is not a sacred document. A business plan does not automatically guarantee business success. Many business plans present the details, but fail to address the fundamentals. Any business plan must be based on the values and objectives of the entrepreneurs concerned, and at its heart must be a feasible business formula. Both of these are therefore worthy of further consideration.

## 3. Values and Objectives

When working with creative entrepreneurs as a business adviser and trainer, the first things I invite people to consider are the fundamental objectives of the enterprise. Everyone wants to be successful, yet we can have very different definitions of success. For some people success means wealth, for others recognition, or maybe social objectives are the *raison d'être*, as is the case with social enterprises. For many businesses it is a particular blend of these. It is not my job to define success for others – but as an adviser I do insist that entrepreneurs are clear about their own definition of success.

Business development is another fundamental issue to be addressed at an early stage – and as the business becomes

more mature. Is growth the objective, and if so, how is growth measured? It could be in terms of turnover, employees, market share or profitability. Many creative entrepreneurs do not want their business to grow large; instead they want to achieve a 'lifestyle business', based on their own talents, providing both a good standard of living and a good quality of life. For some businesses, success is measured by a 'triple bottom line', which takes into account not only profitability but also social benefits and environmental impact. It's not only a matter of what the business does, but how it does it: values are important too. I use the term values widely to embrace everything from business ethics to personal preferences (for example for autonomy) to the 'corporate culture' of the organisation ('the way we do things around here'). These are matters that are often neglected in many generic business planning processes but are essential issues to be addressed at an early stage and revisited often. If business development is not fully consistent with the shared values of the entrepreneurs driving it, then discord and disaster are likely to occur.

Business partners need to be sure that they are on the same wavelength in terms of their definition of success and their values. As a consultant, I have sometimes been asked to help solve problems in businesses only to find that the underlying cause – the real illness rather than the superficial symptoms – is in fact the absence of a shared vision. In other words, the stakeholders are working hard but towards different goals, and perhaps also with different attitudes. No wonder problems occur.

## 4. Creating Possibilities

One of the characteristics of creative people is their ability to generate lots of ideas, and indeed a wide range of products and services derived from their creativity. Yet people often approach me for advice with very narrow and fixed ideas of the particular product or service they want to develop commercially. One of my tasks as a business adviser is to encourage them to create a wide range of possibilities, in other words, to fully open their creative portfolio to

explore all the options available to them arising from their creative talents. Though it is necessary to generate lots of ideas, it is of course impossible to develop them all commercially, and this can be frustrating. We need therefore to select the best ones from all the possibilities. This requires imagination on the one hand, then analysis on the other. It requires both right-brain and left-brain thinking. Putting our brain into right-gear we should create hundreds of possibilities generously – then engage our brain in left-gear and select the best options ruthlessly. Of course few people are able to use both right-brain and left-brain with equal effect and that’s why some of the best entrepreneurial partnerships are a combination of a creative genius and a hard-nosed business person, or an effective balanced team of people.

The best businesses combine both creative talent and powerful business techniques – what I refer to as the ‘t-shirts and suits’ approach. And this approach applies whether there is literally a two-person partnership, or a combination of both elements within a one-person business or an entrepreneurial team.

## 5. Knowing Yourself

“If you know the enemy and know yourself, your victory will never stand in doubt,” wrote Sun Tzu in the classic Art of War. In terms of creative businesses, it’s important to have an objective understanding of the strengths and weaknesses of the people involved and of the business as a whole. A checklist that can be used to evaluate a range of aspects of the business – and the strengths and weaknesses in each area – is the PRIMEFACT checklist. This acronym stands for nine areas to be assessed: People, Reputation, Intellectual Property, Market Information, Ethos, Finances, Agility, Collaborators and Talents. It can be difficult to be objective about one’s own business, so the views of informed outsiders can be invaluable here. The information gathered can help to form a business strategy which plays to the strengths and avoids (as far as possible) the weaknesses of the enterprise.

## 6. Competitive Advantage

Having identified the strengths of the various aspects of the business, we need to take it a step further. This is to consider business strengths in relation to competitors. It’s one thing to be strong in a particular area, but if the competitors are strong too, or indeed even stronger, this does not give us a competitive advantage. We are looking for areas that make us stand head and shoulders above the crowd, since these strengths give us competitive advantage. In competitive terms, gaining competitive advantage means playing to the creative strengths where we can win in relation to competitors and ironically this may not be our favourite or even ‘best’ talent. Nevertheless, we may be able to use our creative competencies to solve particular customers’ problems better than anyone else.

## 7. Business Radar

Just as a ship on a voyage across the ocean needs to use radar to scan the horizon for approaching friends and foes, creative businesses need to be constantly on the lookout for opportunities and threats in the environment. PEST Analysis suggests we look in four directions for forces which could present opportunities or threats: the Political, Economic, Social and Technological arenas. A more comprehensive eight-point compass is ICEDRIPS Analysis, which suggests we need to look in the following directions: Innovation, Competitors, Economics, Demographics, Regulations, Infrastructure, Politics and Social Trends. Having listed all the current and imminent external forces that might present opportunities or threats to our enterprise, the next stage is to identify the key ones – and then plan accordingly, in order to seize opportunities and evade threats.

## 8. Barriers to Entry: IP is the Key

Many industries have barriers to entry. Setting up a mobile phone network or drilling for oil not only take huge amounts of capital, but are also regulated by government licences. In contrast, most creative industry sub-sectors are vulnerable to new entrants to the marketplace since barriers to entry tend to be weak. So how can a creative enterprise

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defend itself from new entrants taking market share? One of the most effective barriers to entry – and one that is at the heart of the creative industries – is intellectual property. By using copyright, design rights, trademarks and patents, creative enterprises can protect themselves from competitors – or profit from the interest of potential new entrants through licensing arrangements. Not only can intellectual property rights protect creative entrepreneurs from competitors, more positively those legal rights can generate sustainable income streams independently of continuous creative labour.

## 9. The Market Dimension

Creating possibilities needs to occur on a different dimension too. This is in the area of identifying potential markets, customer types and individual clients. Again, despite their abundant creativity in many respects, budding creative entrepreneurs often lack imagination when it comes to exploring possibilities in terms of potential customers. As in the case of creative products and services above, I encourage clients to use right-brain thinking to generate lots of ideas then engage left brain to analyse and select the best ones.

## 10. The Unique Business Formula

The objective of any successful creative business is not to reach an uncomfortable compromise between creativity and commerce. Being half-creative and half-commercial is just not good enough! On the contrary, the objective is to be fully creative and wholly successful. To achieve this, we must imaginatively combine particular aspects of our creativity with carefully selected market segments. Given the number of potential creative products and services on the one hand, and the number of potential customer types on the other, the number of possible combinations between the two is a very large number. Indeed it is the one multiplied by the other and this can be expressed graphically as a matrix with creative products/services on one axis, and customer types on the other. A successful business formula occurs when particular creative products and services are

matched with corresponding paying customers. There are different ways to find a winning combination. One option is (metaphorically) to pick numbered balls from two separate bags (in the manner of a soccer tournament draw) and try to match a randomly selected product with a randomly selected market segment. Eventually you will achieve a hit, but probably run out of energy, money and time long before that happens. Clearly this is an extremely unintelligent approach! Yet the approach taken by some creative people, when trying to make a business from their artistry, is not dissimilar. It is by mismatching products and services with customer types that frustration occurs; selling out seems to be the only option to join together incompatible combinations. The intelligent approach is to set out all the possibilities and carefully select the best possible combinations, using common sense, market testing and pilot projects to home in on a successful business formula – and thus quickly eliminate the majority of possible combinations from the picture.

## 11. Targeting Key Customers

Creative marketing involves selecting markets carefully for particular products and services – rather than using clever creativity to persuade people to buy products they don't actually need or want. Whereas many businesses use a scattergun approach to publicity – and then wait to see who turns up - the most successful creative enterprises focus on particular clients and then make an active approach tailored to the target customers.

## 12. Working with Others

As mentioned above, the most successful creative businesses take a 't-shirts and suits' approach to business development, combining creative talents with best business practice. Very often this is achieved by a partnership or larger team. Very soon, therefore, the question arises about the ownership and control of the enterprise as more people become involved. Company structures can offer various possibilities for ownership and control through the issuing of shares to stockholders and the appointment of com-

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pany directors. Though company law differs from country to country, there are usually a range of structures that can be created within the framework of a 'limited company', including 'not for profit' (more accurately 'non-profit-distributing') options and constitutions suitable for co-operatives and social enterprises.

### 13. Strategic Planning

Having established the vision and values of the enterprise, and then carefully devised a unique business formula, the next stage in the planning process is to identify the key steps to be taken along the road to success. Put simply, strategic planning is a matter of setting out the crucial several steps that need to be taken to get us from where we are now to where we want to be. I encourage clients to envisage the future and see themselves having achieved the success they strive for – and then to look back from that future position along the road they have travelled, spelling out the crucial moves they made along the way. In this way, the steps (five or six, perhaps) can be more clearly seen. Returning to the present, those same steps are now in front of us and form the basis of our strategic business plan.

### 14. Conclusion: a Unique Business Formula for Your Creative Enterprise

At the heart of business planning is the creation of a unique business formula for a successful creative enterprise. This involves exploring all the options in terms of creative goods and services on the one hand, and examining all possible market segments on the other. The resulting two-dimensional matrix offers a perplexing array of possible combinations. The art is in selecting the few best matches from all the feasible combinations of goods/services and customer types. A successful creative business will be built upon producing goods and services at which we excel, matched with carefully selected customers. In this way, creative entrepreneurs can unleash their creativity without compromise and achieve commercial success at the same time. This unique business formula is the key. Get this wrong, and compromise or failure will result. Get it right, and your creative

enterprise will have a great chance of both creative and commercial success.

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## INNOVATION IN CULTURAL AND CREATIVE SMEs

Andrew Bullen

### 1. Introduction

**This article examines the role of cultural and creative SMEs in the context of the innovation process within the knowledge economy. From this perspective, opportunities are elaborated. In addition, one particular initiative to create the optimum conditions for the realisation of the innovation potential of creative SMEs in the ICT/multimedia sector – and consequently ensure their financial well-being – is explained in more detail.**

Section 2 outlines the knowledge society context and the role of ICT within this, while section 3 introduces the Media Guild (a new initiative financed by the Dutch government) as an example of meeting the innovation challenge. Section 4 looks at methodologies for multidisciplinary collaboration, and section 5 briefly addresses the marketplace and networks before the conclusion, which stresses that great opportunities exist - for the brave.

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bourg and T-Online, Darmstadt. He has worked for several EU media programs and has many publications in journalism, media and fiction.

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## 2. The Knowledge Society

Knowledge drives the modern economy:

*“For countries in the vanguard of the world economy, the balance between knowledge and resources has shifted so far towards the former that knowledge has become perhaps the most important factor determining the standard of living - more than land, than tools, than labour. Today’s most technologically advanced economies are truly knowledge-based.”* (World Development Report, 1999)

The vision of the Lisbon Agenda towards healthy economic growth, and a more inclusive society, rests upon the conviction that, “the realisation of a knowledge society, based on human capital, education, research and innovation policies is key to boost our growth potential and prepare for the future” (Commission of the European Communities, Integrated Guidelines for Growth and Jobs, 2005-2008). The new paradigm for economic and social dynamism and prosperity demands above all “the support of knowledge and innovation in Europe” (Common Actions for Growth and Employment: The Community Lisbon Programme, 2005). Success in the knowledge economy demands permanent and groundbreaking innovation, and the constant creation and development of new ideas for the application of new knowledge to all aspects of work, services and society (Amsterdam Creative Capital Conference, 2005).

At the same time, digital media and ICT are essential drivers within the knowledge economy, representing a new and ubiquitous social texture, which cuts across cultural, artistic, scientific and economic boundaries. ICT and digital media are not only the all-pervasive “carriers” of information, but also the “enablers” of cross-boundary knowledge innovation and value creation.

Within this vision of the media/ICT driven knowledge economy, cultural and creative SMEs play a key role. It is precisely such organizations which have the flexibility, dynamism and “street cred” to move between the other players

in the Media Creative Industries – research establishments, knowledge institutes and the corporate media industries – in order to weave the fruits of research and long-scale development into innovative social and cultural applications. The key point here is that creative SMEs should reach out to use such partnerships – whether with research, knowledge, business organisations or with other disciplines – to create innovative cultural, social or commercial value, and thus stake their claim for financial support or reward.

## 3. The Innovation Challenge

Indeed, cross-boundary and multi-disciplinary links play a key role in achieving innovation in the knowledge economy, as witnessed by the aims of the Bologna Accord to promote flexibility, mobility, inter-institutional cooperation and ability to work across physical and virtual boundaries in education and research in order to achieve a Europe of “knowledge.”

It is precisely within this context, demanding flexibility and creativity in developing innovative solutions across multi-disciplinary boundaries, that cultural and creative SMEs should see their immediate future.

Such a statement is easy to make and fits well into the current economic climate. But the reality of such demands poses a considerable challenge for the traditional cultural SME. Working with and across multi-disciplines is not a self-evident process; on the contrary it demands a reassessment of values, relationships, and practices. It also often requires small cultural SMEs to tackle new and daunting organisational and business realities with regard to such factors as intellectual property rights (IPR) in an interdisciplinary, partnership-based working environment.

The Media Guild in Amsterdam was established in order to address this very challenge. This vision of the Media Guild comprises the creation of a physical and virtual focal and meeting point, an inter-and multi-disciplinary knowledge incubator which enables talented starters, young en-

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trepreneurs, and artists, either as individuals or from creative SMEs, to work together with business and research and knowledge-driven institutes to create, develop, share, and benefit to an optimum extent from knowledge innovation and application. Particularly in the ICT and new media area, there are a plethora of knowledge-driven organisations, including leading educational and research institutes, large media enterprises and a vast creative community of small and flexible companies and foundations, bound together by a high-powered digital network. In other words, there is tremendous potential for crossover innovation.

The Media Guild therefore provides a creative multi-disciplinary environment. However, as mentioned above, a space for multidisciplinary practice alone is usually not sufficient to ensure multidisciplinary creativity and innovation. On the contrary, key aspects within this process must be learnt and practiced. For this purpose, the Media Guild has developed a programme; the key factors in the Media Guild programme to help participants, particularly SMEs, develop multi-disciplinary collaboration expertise are methodology, tools and practice.

### 4. Methodologies for Collaboration

The methodologies for multidisciplinary collaboration were developed by organisational specialist Robert van Boeschoten, to enable professionals working in multidisciplinary teams to address ethical, cultural, aesthetical and social issues related to the projects at hand. This approach centres on the development of a creative, network ecology through individual and group exercises and involves such thematic areas as:

- Organisational culture, machines/technology and organisational thinking, relationship between technology and humanity.
- Sociocultural encounters, multidisciplinary teams, cooperation and management, complexity theory.
- Copyright and value creation, exchange values in a network society, creating a focused and committed multi

disciplinary team in a rapidly changing environment.

- Power and knowledge, accountability, discourse and the individual, gender issues.
- The networking creative, the cultural and creative industries and participation in the debate around aesthetic values within a networked society, aesthetic values imbedded in the production process or in the product itself.
- The identification of the other, dealing with different identities in the group process, the authoritative voice and leadership, shared values, the inspiration for cooperation.

Teams also need new creative tools to deal with the new multidisciplinary environment, and these have been developed by philosopher Huib Schwab. Here, reflective tools and collective brainstorming form the basis for creative group dynamics. In order to be innovative, both individuals and teams need to assess their presumptions, values, prejudices, and hybrid possibilities. The main tools used within this process are:

- Appreciative enquiry to identify and gather the positive experience of the team members.
- Socratic Dialogue as a means of defining and using the collective intelligence with non-critical thinking.
- Future scenario in order to identify and share future goals, strategies, hybrid techniques and products.

### 5. Networks

The present-day creative or cultural SME must also learn to develop and pitch cross-disciplinary products and solutions to a new and demanding user-centred marketplace. After all, particularly in the area of media and ICT, end-users are increasingly demanding, and will generate a significant percentage of the content themselves with the progression of web 2.0. For this reason, particularly within intensive innovation labs, the Media Guild focuses on the practice of user-centred design, strong user-centred scenarios, and focused pitching of a concept or products which have been

devised, examined and developed with multiple perspectives in mind.

Not least, within increasingly global and multi-cultural networks, the present day cultural/creative SME must embrace multiple cultures, seeking out the opportunity to value and integrate varying cultural values and experience.

Indeed, a central task of the Media Guild is to facilitate and build a hub of local, regional and national networks. Knowledge is not merely know-how or know-what, but also knowing people who can come together to create new value. Knowing key people is sometimes more important to innovation than knowing scientific principles (What is the Knowledge Economy? Ernst & Young, 1999).

## 6. Conclusion

The methodologies and tools described above and implemented at the Media Guild cannot, of course, be seen isolation, but must be viewed as a complement to intensive, multidisciplinary practice. Just as small, selected creative teams work together on creative projects in the multidisciplinary “seeding” environment of the Media Guild, in the same way creative and cultural SMEs should seek out cross-disciplinary collaboration beyond their traditional SME network.

The advent of the knowledge economy is also time when the “creative” or “artist” is no longer a peripheral social actor, but rather a central player in the social and economic value chain. In addition to numerous financial incentives from the Dutch Ministry of Economic Affairs (EZ) and Ministry of Culture (OCW) intended to foster innovation among creative and cultural SMEs, there are a plethora of organisations and activities which offer both financial and strategic incentives, from the innovation labs of the Media Guild to the Digital Pioneers academy, and even to MTV’s sponsorship awards.

In identifying and describing opportunities for creative SMEs, it is perhaps self-evident to state that a rapidly changing socio-economic environment – multi-disciplinary teams working across powerful real and virtual networks, a global and multi-cultural market-place, end-users who increasingly usurp the role of the traditional SME with the creation of their own digital content – demands a change in working methodology and practice in order to ensure survival and prosperity. As so often, however, many of the old structures and practices remain in place, from schools to vertical professional associations. Now is the time for cultural and creative SMEs to learn and practice new multidisciplinary competences, domains of knowledge, and collaborations to create new innovative value. Support and finance are often available. The time is ripe for those who dare.

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## THE NEW MARKETING

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Menno Heling and Pieter de Nijs

### 1. Introduction

**Marketing in the cultural sector has long been a sensitive topic. Cultural organisations and administrators used to be reluctant to even use the word, afraid of being accused of ‘selling out’. Currently, marketing in the cultural sector is commonly accepted as a legitimate means of increasing product offering in order to promote arts and entertainment, and improving the satisfaction of audiences, both current and new.**

But the ‘art of marketing’ has changed rapidly over the years. This is mainly due to the introduction of increasingly sophisticated electronic or digital media, enabling easy gathering, storing and sorting of all sorts of information. Internet, e-mail, mobile phones and other devices have made it easier to communicate with other people, too.

Those involved in marketing must take note of this rapid digital development; ignoring the possibilities of e-marketing will undoubtedly mean losing touch with audiences.

Recent developments, like Web 2.0, point to a future characterised by a far more individual approach to (potential) customers, and essentially two-way communications. In the years to come, consumers will become prosumers: they will (want to) contribute to the products they are being offered, or at least claim some influence on the content and presentation. They will tend to make more individual choices, based on shifting wants and needs, and they will expect to be treated as individuals by organisations.

So, the basic rule for everybody in marketing is: the audience is in control. They will decide what they want to see, hear and otherwise enjoy, at their chosen time and place, as they feel fit. The rest of this article looks at how art marketers can rise to this challenge in the years to come. Section 2 addresses the need for good marketing, while section 3 focuses on the advantages of e-marketing. In section 4, we discuss Web 2.0 in more detail, looking in section 5 at how it may benefit the cultural sector. Finally, we end by encouraging cultural entrepreneurs to try the new marketing.

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Pieter de Nijs studied modern art and literature in Amsterdam. He is editor of MMNieuws, a professional journal for marketers and managers in the arts and leisure industry.

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## 2. Why Marketing Matters

Although promotion is an important element of marketing, its most important aspect is recognising the needs and desires of the consumer. Marketing focuses on obtaining information about these needs and desires, in order to identify the market segments most likely to react in a positive way to the products and services of an organisation, and the most effective ways to reach them.

Although the importance of marketing has been recognised by cultural organisations, many of them still tend to spend much less time and money on marketing than on other activities. There are a number of reasons why this is a mistake. First, although governments still acknowledge the need to support culture and the art world financially, they tend to emphasize the necessity for art organisations to find new financial resources besides public funds. The same goes for sponsors and private funds. Over the last few decades, the number of organisations seeking sponsorship has increased enormously. As a consequence, cultural organisations will find sponsors increasingly difficult to attract.

All of this means that, in the future, art organisations will have to rely on several different sources of income. They will have to become more active in terms of product differentiation, but most of all and in terms of searching for new audiences, while keeping their traditional audiences happy.

Secondly, competition on the leisure market has grown considerably. Nowadays, people have a wide variety of choices when deciding what to do in their spare time. Art has to compete with all sorts of leisure activities, from popular music, cinema and sports to shopping and travelling. Cultural institutes also have to take into account the fact that, for the public, the traditional boundaries between high and low culture have disappeared. Traditionally, cultural organisations found their audiences mainly among the highly educated. These audiences have disappeared, or have at least lost their cohesion: those who visit a classical concert or an art exhibition today, can easily be found going to a pop concert or football match tomorrow.

Meanwhile, there is an obvious shift in the way people react to the offer art and leisure organisations make them. For instance, younger audiences tend to react differently to long-term programming than elderly audiences. They are not liable to plan way ahead when it comes to visiting museums or theatres, or even pop or dance festivals. They make their decisions on the spur of the moment, based on information they get from media spreading hot news items. Instead of reading a newspaper, flyer or yearly programme, they rely increasingly on Internet-based information, from blogs to RSS feeds, or podcasts and the like. Moreover, in deciding to visit a play, concert or exhibition, they tend to disregard the 'authority' of critics or media reviews, and instead rely on peergroup review – the opinion of other youngsters.

As a consequence, art organisations in the future will have to cater for a wide variety of segmented audiences, using a large number of different media and information channels. Finally, the attitude of audiences will change dramatically in the years to come. Instead of waiting to see what's on offer, they will make their desires known. Cultural organisations that don't take this into account will steadily lose contact with their (future) audiences.

## 3. The Advantages of E-marketing

Market research can help a lot when it comes to segmenting a market. One of the newest means of collecting and interpreting information about consumer behaviour is digital media. Marketing based on this form of information gathering is called e-marketing. In the near future, e-marketing will become even more important. The Internet, e-mail, mobile phones and other digital means of communication have enhanced the traditional ways of communicating with audiences dramatically, and will continue to do so.

E-marketing offers a wide variety of advantages, compared to more traditional forms of marketing. It enables a marketer to get into direct contact with the audience, based on an individual approach, making it easy to gather, interpret, select and use relevant and highly personalised informa-

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tion. E-mail and SMS messaging, for instance, are cheap and easy means of communication. Content and style are easily changed, depending on target groups or individuals, and research has shown that these kinds of messages have a considerably higher response rate than other mailings. With e-marketing, it is easy to establish a structural, lasting relationship with audiences. E-marketing messages offers the customer ample opportunities to send a message back, enabling the marketer to react to individual questions and remarks, meanwhile collecting valuable details about individual desires and needs. Finally, with the steady growth of (broadband) wireless connections, notebooks, mobile phones and other forms of mobile information sources, virtually every audience comes within reach.

## 4. Developments that Cultural Entrepreneurs Should Watch

In the last few years, the rise and use of new technologies such as blogs, wikis, podcasts, RSS feeds and other kinds of 'social software' and online web services have promoted a significant change in web usage. These changes have led to the idea of a new kind of World Wide Web, called Web 2.0. Advocates of this concept argue that, contrary to the World Wide Web, Web 2.0 is much more than a collection of static (loose) websites, requiring search engines and 'surfing'. Web 2.0 is supposedly a dynamic and interactive network that promotes and facilitates the sharing of knowledge and information. It serves free web applications to users, featuring open communications, the decentralisation of authority, freedom to share, and abundant re-use of worldwide linked information.

A Web 2.0 site works as a true platform, making available all sorts of applications that would ordinarily be installed on individual PC (word processing and database programs, photo and video programs); a platform with users owning and controlling the data they make available on the site; and a platform where they are being encouraged to contribute to the content of a site or application with their specific expertise or knowledge.

Whether Web 2.0 actually is a new version of the World Wide Web, or simply an extension of the traditional www-technology, is not certain. Actually, [www.flickr.com/photos/36521959321@N01/44349798](http://www.flickr.com/photos/36521959321@N01/44349798) \t “\_blank” Web 2.0 has less to do with a new technique or infrastructure and more to do with the new and interactive forms of social interaction that are being implemented and promoted through its techniques and applications. Social networking and collective intelligence are two of the words that jump to mind. Decisively important is the idea that people are being stimulated to share their information and knowledge with other people. Web 2.0 sites enable the sharing of information in an intuitive and attractive way. For instance, Wikipedia, the online encyclopaedia, relies for its content on its users, making it an example of so-called 'open source software'. Research has shown that Wikipedia-information is often as reliable as much older and more respected collection. Sites like del.icio.us en Flickr are based on a concept called 'folksonomy': a kind of common categorising of sites based on tags chosen by users themselves, in a way that has much in common with the way the human brain relies on association in the process of naming and remembering facts.

## 5. How Web 2.0 Works for Cultural Organisations

First of all, cultural organisations can profit from the principle of user-contributed value or user generated content: users contributing substantially to the common value of a service or product. Secondly, they could profit from 'the effect of the web': the idea that, for users of the web, its value increases with the addition of new users (eBay). Cultural organisations should of course take into account the principles Web 2.0 users favour. These are decentralisation: users apply their own rules and reject the idea of (one) central authority; co-creation: users contribute to the creation and production of the primary value of a service (Wikipedia); remixability: the sharing of experiences and taking into account the wants of the users, falling back on the several possibilities and integration of several services (RSS); and finally, emergent systems: users value a service especially because other users contribute something (Flickr, del.icio.us, MySpace).

Services like Flickr, Google Maps en Wikipedia make use of these principles in a new way in order to generate new value. In what way these principles will touch upon the art world is uncertain. What is certain however is that these principles will change the traditional attitude of the media and caterers of cultural and leisure activities. Web 2.0 offers audiences huge possibilities in participating in the production and reception of (cultural) products. These audiences are liable to go and assemble their own selection from the total of cultural and leisure activities and choose their own moment to 'enjoy' it.

Of course, cultural organisations should make use of the possibilities Web 2.0 services offer in a way that complies with their goals and image. Let's mention two basic points of interest: 'being there' and 'participation and control'. Of course, everything relies on being present and active on the Internet. But the way in which your organisation is perceived depends on the way you dare to make your presence felt. A simple website with the usual information, some pictures and the occasional moving image or sound track is the basic thing, but it will never get you the new audiences you want. A growing number of pop artists use free services like MySpace or YouTube to promote their music. Pop podia follow their lead, checking out the music they are planning to programme simply by using a link, provided to them by artists or bands. Some of them have even started broadcasting their own shows, offering their audiences the chance of viewing and sometimes downloading pre-recorded music and concerts.

The next step is giving the audience a chance to participate or even direct. Let's use an illustrative example. On Second Life, the increasingly popular MMORPG (Massive Multi-player Online Role Playing Game), big companies like Reebok, Sony or Toyota are creating their own virtual shops or surroundings. Visitors can virtually check out a new car, design their own shoes, sell products and visit a bar or concert while chatting with other visitors. The commercial players on Second Life all acknowledge the limited value of their

virtual activities, but they do underline the importance of their presence on comparable platforms, because of the publicity it generates and the experience it offers to get to know the tools of 'virtual communication'. Second Life gives everybody the chance to get to know new audiences, fashions and styles in a very informal way.

### 6. Try it!

Cultural organisations are an essential part of the creative industries. They, most of all, should enthusiastically embrace the possibilities offered by new devices and technologies. They should be able to employ the talents of young creative people to find new ways to develop, promote and sell their products. Instead of relying on the traditional means of communication and promotion – flyers, yearly programmes, catalogues, press releases, TV reports – they should be able to grasp new chances to set up a really interactive relationship with their customers.

So why continue to design, print and distribute a full-colour flyer, when you can send your information directly to the group of customers who have proved their interest by visiting a similar show or exhibition before? Why wait for a press release, when you can send an instant message to the exact group of people you know are likely to come, because your database shows they enjoyed your last event? Why not organise your own broadcast, instead of relying on the editor of a friendly radio or TV show to gain attention? Exploring Web 2.0 means finding new, effective ways of communication and promotion.

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## MEETINGS IN THE LION'S DEN

Remy Harrewijn

### 1. Introduction

In this paper, I discuss the whys and wherefores of exports for a cultural SME. I also indicate the role of intermediaries in what we might call the real world of international exchange. In section 2, I provide a portrait of a band as an example of how to grow in international ambition. In section 3, I build on this with the outline of a development model that begins with a creative goal and ends with achieving international ambitions. Finally, in section 4, I formulate some tips for taking cultural businesses abroad.

### 2. Welcome to the real world

Do consumers mind if a product or service is based on an idea from overseas, or has been manufactured in another country, which he or she has never visited? Does the fact that your mobile telephone has its intellectual roots in Japan, is made in China and distributed from Scandinavia or the USA make you feel that you are the owner of a special, unique product? The answer is no, and most of the time the consumer doesn't care either – as long the product works and performs the way it is expected to perform. However, some products are marketed differently. They use that extra dimension that gives an individual a special profile in society, and to which modern consumers are highly sensitive. In January 2007, newspapers around the world reported extensively on Apple's introduction of the iPhone: technical innovation, usability, design and the story behind the product were named and reproduced through its 'fans'. Apple not only introduced a new product, but also proved to be creanovative in the sense that the American brand could pinpoint a specific type of customer more strongly than ever before. To be one of the first to be seen with an iPhone provides one a certain social status.

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The iPhone is smartly developed on the border of creativity and economics, while the normal telephone is a far more functional piece of equipment. On the other side of this balance, we meet the 'real' creators of artistic innovation. These are the cultural entrepreneurs, or as I prefer to say: creative entrepreneurs, including the artist, the designer, the inventor and the researcher. Let me give you an example of how a creative business develops: a Dutch youngster is part of the underground hip-hop scene from Utrecht. A small scene determined by a few (young) musicians and physically concentrated around a place like a bar or any other social meeting point. Our youngster is part of a group of people that find each other in certain lifestyles that match the music, the language and the clothing. The music and other trappings survive by the presence of this group. On a national scale, there are more of these scenes situated in cities. Between these scenes there exists a sort of friendly competition mainly fought out by the bands in festivals or talent competitions. On an international scale, there is already interaction between the Dutch scene and an equivalent foreign scene, often manifested as a festival, club or interactive website. Now two things can happen: the (international) scene remains internally focused and aiming at a specific, highly selective type of audience – no growth is forthcoming – or the scene is externally focused and adapts easily to new conditions and people – the scene expands and becomes professionally equipped. In this last picture, the bands, clothing manufacturers, graffiti artists and all services and products belonging to this music youth culture, grow a new, broader target group and transform from a sort of counter-culture movement into a trend.

So let's have a closer look at that band. They decide to give it a chance and go all the way – four minds, one goal: becoming a professional and acknowledged music group. Most of the other bands from the scene have dissolved. The strategy for the band now is to believe totally in their own cultural mission, to gain social-cultural profit and, less importantly, though necessary for growth, economic profit. The first step is to take the scene out of its desolation. Playing in café's, cultural centres, festivals, and concert halls as much as possible and so earning some money results in recording and promoting a first album. One step further are the shootings of a professional video clip, free publicity in magazines, radio shows and the video clip broadcasted by MTV, and slowly but surely the brand of the group becomes more defined and visible in the Dutch music scene. The more this is done successfully, the more partners are willing to invest in the brand: marketers, distributors, managers, representatives and national promoters for the Dutch music scene. But also a highly informal network of photographers, film producers, graphic designers, web designers and so on, grow along with the music group, helping each other out, each profiting the synergetic effect. Two things that become more and more important during the evolution of the band's brand are the level of quality and the level of uniqueness, which is also for an important part influenced by its informal network. Eventually this results in a new, independent scene.

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Now the band is entering the 'real world', where competition is harsh due to an overflow of supply. As the Netherlands has a music scene dominated by international artists, from now on the audience and the industry compare the product and the brand internationally. The most important influencers are the music press, major festivals and the audience itself. Once accepted by the national music scene, providing music to a clear niche audience, the Netherlands becomes too small to accomplish the band's financial and cultural desires. It's not that the group can't grow anymore on a national scale, but they need the international reputation to enter the next national level. They need to face the level of creative competition – to be acknowledged by the scene where it is biggest, and from where it is influencing the world scene at its most. The target is clear now; small steps have to be made first. In the mini-van towards France, Belgium, Germany or Denmark, the band realizes that they have to start over again in each country once more. Their dream is to make their debut in the USA soon.

## 3. Export factors

*Figure 1: Subsectors and main categories SMEs in the Netherlands*

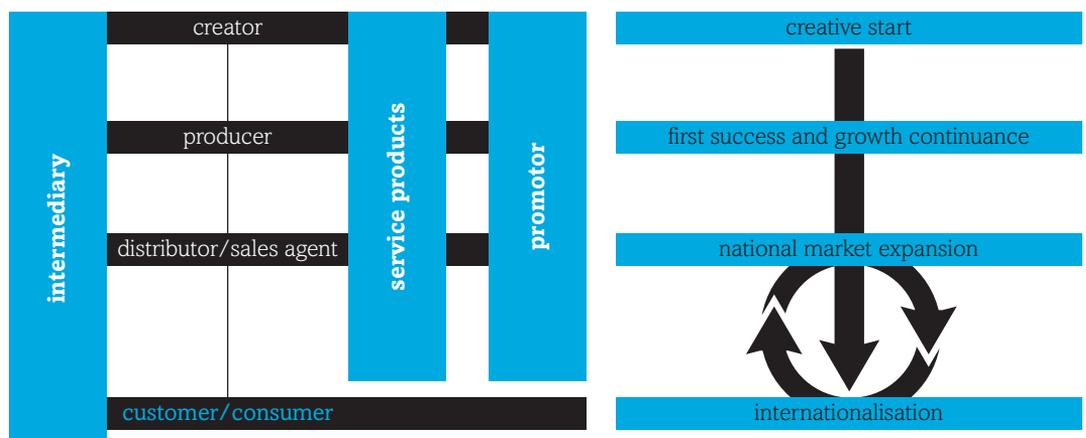


Source: CMKBU 2005 – Altered by Festina Lente 2007

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The story outlined above is what has been happening for the last five years and is still happening now to the Utrecht band C-mon and Kypski. Probably every creative entrepreneur who read the introduction will now think: “Maybe C-mon and Kypski do it like that, but this has nothing to do with my type of business.” One of the research findings on the export possibilities of the Utrecht creative industries is that no subsector (see figure 1) can be compared when related to export. Although the creative industries is typically an industry that functions in an international framework, every subsector knows its own unique international path, which can be roughly traced using the creative production chain (see figure 2), which is mainly based on the characteristics of the sector as described by Caves in 2000. A common habit of the creative industries is the small, dynamic organisation and the schizophrenic actor-roles often taken by one entity. Another interesting characteristic of the industry related to export is the moment of going abroad. In contrast to the ‘normal’ industries, creative businesses go abroad in a quite early stage, often before they even have conquered the domestic market (Harrewijn, 2007).

Figure 2: The creative production chain; growth cycle of the creative enterprise



Source: Harrewijn 2007; TNO 2005 – adapted by Harrewijn 2007

Reviewing the introduction, we see C-mon and Kypski as the creator /producer; Penoze Records as producer and Bertus Distribution as distributor of the music, a quite conservative picture of the music industry. Though, if we zoom out just a bit, we see several partners floating between the roles of producer and distributor taking their parts in innovatively marketing the brand and product. Jamm brand and entertainment produces the brand, Het Monumentale does the promotion and public relations (brand distribution), bookings are

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done by The Alternative (distributing live-performances as services so to say), and commercials /publishing is done by Sony BMG. The consumer is not to be taken for granted but needs to be persuaded to buy a piece of the experience of the brand C-mon and Kypski. Though positioned by the producer, the persuading is eventually done by the intermediary. The intermediary is a recognisable quality-brand that makes the consumer decide what to buy and what not, often operating in a network of equal (international) organisations. The intermediary in this example can be the record shop, the festival, the music magazine, the television broadcaster or the radio station (see figure 3) – producing nothing by itself, though able to consciously accelerate the reputation of a creative product. The intermediary is not the only quality brand for the creator's work, within the subsector the different associates that position the actor-seats of the chain also determine the creator's success to a great extent. Government funded promoters like Conamus and the National Pop Institute can do the same, in their role as national representatives for the sector. They use subsidies, exchange programmes, knowledge and networks as tools, and being under their wing can accelerate the growth process substantially. Intermediaries and promoters perform a catalytic function regarding the relation between, respectively, the four main actors in the creative production chain, and the first three.

Every subsector of the creative industries appears to know its own actors, intermediaries and promoters. Strategic usage of the creative production chain can positively influence the export rate. There are two main reasons for the creative entrepreneur to go international: economic growth and artistic growth. Artistic motivation is strong at a relatively early stage of importance in the international career of the creative entrepreneur. Interviewing 13 entrepreneurs from Utrecht, this seems to count most for the creators. For producers, it works differently, given that they do not directly produce themselves and therefore have to deal more with boundaries like language, foreign cultures, and so on. The producer seems to need a stronger national creative track record than the creator to survive abroad, which is a sort of portfolio that guarantees knowledge, experience and quality. This corresponds with Ansoff's [1968], and later Porter's [1990] theories about the importance of a strong national position before going international - although these theories are more based on the idea of price-competition, which is only sometimes the case in the creative industries. Distributors and sales agents in the creative industry mainly work within a framework of international networks.

*Figure 3: Example list of intermediaries/distributors*

- Festival
- Museum
- Concert / theatre hall
- (Video) Library
- Cinema
- Gallery
- Internet (YouTube / MySpace)
- Store / shop
- Event (party / congress / fair / market)
- Restaurant / café
- Radio / television / magazines / new media (as media)

A region can be export stimulating or not. From Porter [1990], via Jacobs [1970; 1984], the theory about the creative city [Landry, 2000] entered strategic policies. The creative city concept assumes that creativity, as a part of the knowledge economy, can boost a city's economy and wealth. With the introduction of Florida's creative class, the statement that the creative industries go beyond country borders is underlined [2002]. The interaction of creative workers across borders seems to be crucial to the internal innovation-regeneration of the industry. In a way, the conclusion can be made that internationalisation is a matter of import and export, and here intermediaries determine the market. They determine which products or services are able to travel, and which don't. Over all subsectors, the decisions of intermediaries are important for the growth of a creative company, especially in the culture and media categories. A region with (internationally) acknowledged intermediaries will have a higher export rate than regions that don't.

#### 4. Conclusion

The most common reason for the creative industries to go abroad is to work internationally, to prove intellectual and creative ability, and to demonstrate ambition and drive - meeting competitors in the lion's den. This results not only in an internationally competitive work frame, but also an interculturally competitive one. Cultural roots help to position a creative work. For larger creative companies, and given the increasingly global economy, these roots can even become a unique selling point. Strategic use of a unique position and creative context, utilising the creative production chain, can help strategically when entering an international market. With these factors in mind, there are three levels of consciousness that should be taken into account:

##### Ambitions

You have to find a reason to go international. This can easily be adventure, but more often it's a desire to be tested with the best. What's important is to first formulate your international ambitions, and then create a unique and clear profile that matches those ambitions.

##### Possibilities

Your company should be well equipped: it must be able to tackle the language barrier, and the whole organisation and its finances should be healthy. The product or service should be able to travel and be distinguished enough to profile itself. You should be aware of the position you take in the creative production chain, who your important intermediaries are, and who your promoter is. There are signs from abroad that you are welcome (international specialist journals are already writing about your brand; international prizes are likely to be won or are already won; there has been some market research and sales agents are interested to do business with you; fairs/festivals are interested in cooperating with you). Your creative track record looks professional, and an international post would be a logical next step. If you feel too insecure about your organisational weight, cooperation with a relevant partner could be an interesting alternative. Make use of the services that the local chamber of commerce offers.

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## No other way

In any case, you have no choice. Diversification in your own country offers too few chances. The risk of being active only in the domestic market becomes too great; growth is only realisable entering a new international market; cost-efficiency can be realised only by taking a part of the production process overseas; competitors are going abroad and strategic positioning is therefore necessary; your national customers are going abroad, so you must too; your company seems to offer something that is actively requested by other countries; knowledge, expertise, or maybe even inspiration can not longer be found within your national borders. To ensure your company's survival, international activities are inevitable.

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## INTERCULTURAL COMPETENCIES IN THE CREATIVE CITY

Nelly van der Geest

### 1. Introduction

An experiment is currently unfolding in Europe's major cities, to determine how people from totally different backgrounds can relate to each other and make a contribution to the socially responsible, sustainable development of those cities. For this reason, it is essential that consideration be given to the incorporation of cultural diversity as part of the evolution of the creative city. I have summarised this in the form of a formula: **creative city + diversity = diverse city**. The latter is a creative city in which the diversity of the cultural sector acts as its engine (Van der Geest, 2005).

Lambooy refers to the ability of a city, its inhabitants and organisations to adapt to new circumstances and to create opportunities from them as its 'competence base' (Lambooy, 2005: 54). Given the questions currently arising in European cities, an intercultural domain may also be defined within this competence base. Klaić views intercultural competencies as a basic feature of culture: "Culture... is a dimension of community and personal life, a source of expression, freedom, creativity, values, lifestyles, social cohesion and intercultural competencies" (Klaić, 2005: 50). The extrapolation of this concept of intercultural competencies is the essence of this article.

In what follows, I look at the range of commentary on intercultural competencies in section 2, including a study conducted by two aspiring cultural managers, Olga Klöne and Lisa Donia. They have identified what the cultural field itself considers to be intercultural competencies, and how education might respond to this. In section 3, I briefly consider educational programmes for entrepreneurs, and in section 4, I provide a checklist for an inclusive strategy.

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### 2. Commentary on Intercultural Competencies

Dragan Klaic and Ria Lavrijsen are prominent commentators featuring in the literature concerning intercultural competencies. Klaic cites the following typical aspects:

*“Respect for other cultures, for the plurality of surrounding cultures, curiosity to get acquainted with other cultures, to explore and seek intercultural engagements in sustained series of creative processes and acts, and the expectation to be enriched through this exploration.”* (Klaic, 2001)

Lavrijsen draws a distinction between five areas in which intercultural competencies ought to be assigned a place: entrepreneurship, customer and target group focus, responsibility for achievements, focus on collaboration, and relational sensitivity.

*“Interculturalisation’ requires that taboos be overthrown and demands an approach which is aimed at the exploration of the adventurous and unpredictable. What is necessary is that people develop an ability to imagine what could be but which does not yet exist. People need to be willing to examine matters with which they are not yet familiar. This demands considerable, profound commitment. The latter presupposes ‘selection’ and this in turn assumes that you know what you want. Committing yourself to something means that you can show what you have decided in favour of, and are able to expose yourself, to reveal your personality and to assume responsibility.”* (Lavrijsen, 2003)

#### Clóne and Donia’s Study

Olga Klóne and Lisa Donia spoke to 11 artists and cultural entrepreneurs active in the Netherlands as part of their study: five men and six women representing five indigenous people, and six immigrants, two of whom are Western and four who are not. The youngest was born in 1981 and the oldest in 1951. All cultural disciplines were represented. Their most striking conclusions were that all of the interviewees felt that it was important that their outlook reflected their society, although only one-third expressed this in concrete terms through acquisition policy. These 11 people also had their own personal definition of what the most relevant intercultural competencies are in their profession. Self-awareness and respect for other cultures were frequently cited.

A striking feature of their responses was a failure to translate intercultural competencies into professional skills or expertise. Aspects of attitude were almost exclusively mentioned. Many of the respondents felt that, to acquire such an attitude, it was essential to experience the position of a minority or an outsider. Examples of their learning curve were growing up as the only Catholic in a Mormon community, or emigrating from the British countryside to the Randstad conurbation in the Netherlands. Acquiring the language and codes of your new environment and being able to compare them to your origins, helps to develop self-awareness and respect for other cultures. None of the respondents felt that having an ethnic background in itself produced an intercultural attitude. Experience had to be combined with self-reflection.

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### Round table discussion

In the course of the round table discussion held in response to the study, the translation of an intercultural attitude into professional expertise and skills was felt to be the real challenge facing cultural education. Understanding the translation process between different languages and cultures was felt to be an indispensable aspect of this:

*“Language is an important component. Being able to translate between different situations requires that you as a student have mastered a number of languages and codes, if you are to be aware of what is at stake in such a process of translation. Here language is used in the narrow sense of a national language and in the metaphorical sense of a different pictographic language. A second aspect took the form of ‘possessing knowledge of the different perspectives from which people think about the role of art in their life and society’. This knowledge also covers your own perspective: the ‘ability to name your own underlying premises and what they are based on’.” (Report of Round Table Discussion, 14 February 2006)*

Where it concerned the creation of inclusive knowledge, the round table discussion participants placed the emphasis predominantly on the translation process and on comparative strategies, but not on the transfer of knowledge itself.

When it comes to professional skills, an intercultural attitude should produce diversity in organisational structures, in your mission and strategic policy, in the markets and in the quality of the relevant products. With regard to the latter, the study conducted by Klöne and Donia, the managing director of a games company has this to say:

*“I deliberately work with a varied team. This gives rise to ideas which are understood and accepted around the entire world. It is possible to build bridges between the various cultures.”*

The round table discussion participants ascribe intercultural competencies to individuals, as well as organisations. They envisage a permanent learning and reflective capacity on the part of creative professionals and organisations. This capacity for learning is fed by aspects of attitude, as well as a clearly defined view of diversity and knowledge of the role played by art and works of art from non-Western cultures, and the ability to express this view in action.

### 3. Educational Programmes for Cultural Entrepreneurs

At the HKU, the curricula for educational programmes for cultural entrepreneurs (thoroughly revised in 2005) utilise general competency designations without the multi-cultural context being raised explicitly. Six ‘Ps’ constitute the backbone of the curricula, which focus on competencies: methodical action involving products; the ability to use the language and codes of your field of operation (profession); focussing on self-development (person); the ability to com-

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municate (presentation); the ability to network (personal networking); and the ability to work (process).

None of the detailed explanations mention aspects that play a role in a global, culturally diverse community. The aspect of knowledge, already noted as raw material for an intercultural attitude in the round table discussion, has not yet been implemented in the training programmes for cultural entrepreneur. Although the concept of 'language and codes' is used, the question remains: whose professional language will we be speaking, and whose codes do we need to be familiar with as a cultural entrepreneur?

Nevertheless, the department is seeking to extend the intercultural aspect as part of the educational programmes. The latter is being pursued by bringing students into contact with clients who themselves have a dual cultural background, or who wish to reach diverse target groups.

### 4. A Checklist for Working Inclusively

Research reveals that the cultural field feels intercultural competencies are interesting, but there appears to be a disparity between theory and action. The cultural sector largely assumes that intercultural competency is an aspect of attitude. Educators also believe that a number of basic conditions are required in terms of skills and expertise. The ability to become intimately acquainted with an array of meanings for a 'translation process' constitutes the key aspect.

Remarkably, educational programmes covering the arts appear to be hesitant about explicitly advancing intercultural competencies in their outcomes. Jans refers to artists who turn to art via non-Western routes through life as 'invisible others' (Jans, 2006: 175). These invisible others are only marginally revealed in cultural educational programmes. Few are trained, and graduates from cultural educational programmes are only equipped for diversity to a limited extent. Revealing the wealth of a variety of talented people will enlarge the competence base and hence the opportunities for developing a creative city.

Like many cultural institutions, most educational programmes view themselves as organisations of learning, that is to say, that they reflect on their practical knowledge in order to produce new knowledge. The input of skills and expertise in the field of cultural diversity may cause practical knowledge to grow in this area. I have drawn up a list of 13 points requiring attention, which encourage diversity in the work of the cultural sector. These points are as follows.

#### Diversity of the products

##### I Programming and Team Formation 1: Showing One's Colours

If you present people with a platform to use for the purposes of saying something about their views or work, examine the type of speakers and presenters that you have. Are all of them from an ethnic background? Are they all men? Are they all in their fifties? Do they all represent a specific point of view? By default, allocate different types of roles to different types of people, also the less obvious ones.

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## **II Programming and Team Formation 2: Subconscious Discolouration**

Is there an established link between specific subjects and your speakers' backgrounds, for example, a theoretical framework in the case of men, stories about experience in the case of people with a dual cultural background, a light-hearted moment in your programme in the case of youth and sharing in the case of people over 50 years of age? What do you confirm by means of established links between person and substance? Is this what you want?

## **III Programming and Team Formation 3: No Exemplary Role for a Team**

Avoid a situation in which members of a team are forced to assume an exemplary role of the social group to which they belong. Be aware of the majority-minority rule. Only if 30% of your team consists of 'others', will the remaining 70% see any differences between these various other people and treat them more as individuals than as symbols (Moss Kanter, 1977).

## **Collaboration and process**

### **IV Organisation 1: Do What You Believe in**

Ensure that your project team is as diverse as the image portrayed by your programme.

### **V Organisation 2: You Will Get the Audience That You Attract**

Ensure that your programme holds interest for the diversity of the audience that you are seeking to reach. In this respect remember that you may move the boundaries.

### **VI Organisation 3: Growth**

Provide a number of newcomers who reflect the diversity that you are seeking to achieve, with the opportunity to boost their professionalism within your organisation and supervise this process.

## **Focus on surroundings**

### **VII Audience Reach 1: Create New Opportunities for Meeting People**

Do not think of your audience as a homogenous mass. Examine what type of audience you have. Do you feel it is varied enough? A more diverse audience could produce added value for the dynamism of your programme. Your audience will often find it pleasant to meet people with whom they do not readily come into contact on a daily basis. Create such opportunities to meet.

### **VIII Audience Reach 2: Go beyond Your Own Network**

If you do not have a varied audience but you would like one, contact a number of people in your team whom you would like to involve in this, and ask them whether they find your facilities appealing (change them if it makes sense to do so) and whether they would like to bring a number of people who are part of their own network with them.

### **IX Audience Reach 3: Learn from the Mood Prevailing Elsewhere**

People from culturally diverse networks greatly appreciate having verbal contact immediately. Inform them directly or through scouts. Look for them in those places where they are in the majority. Look around and examine how you feel there, and use this as information for the mood that you will be developing in your own programme, scheme or organisation.

### **X Audience Reach 4: Aim for 30%**

Ensure that people who are part of a minority account for at least 30% of your audience.

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## Intercultural Competences in the Creative City

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### XI Audience Reach 5: Maintain Direct Contact

If you invite a number of people who are part of a minority and they do not arrive, call them and ask them why they did not do so. This will yield a great deal of information about the accessibility of your facilities: the time, the mood, and the obstacles.

### XII Audience Reach 6: Maintain Direct Contact

Maintain contact with the people who come.

### Learning organisation and reflection

#### XIII Learning Organisation 1: Ask for Advice

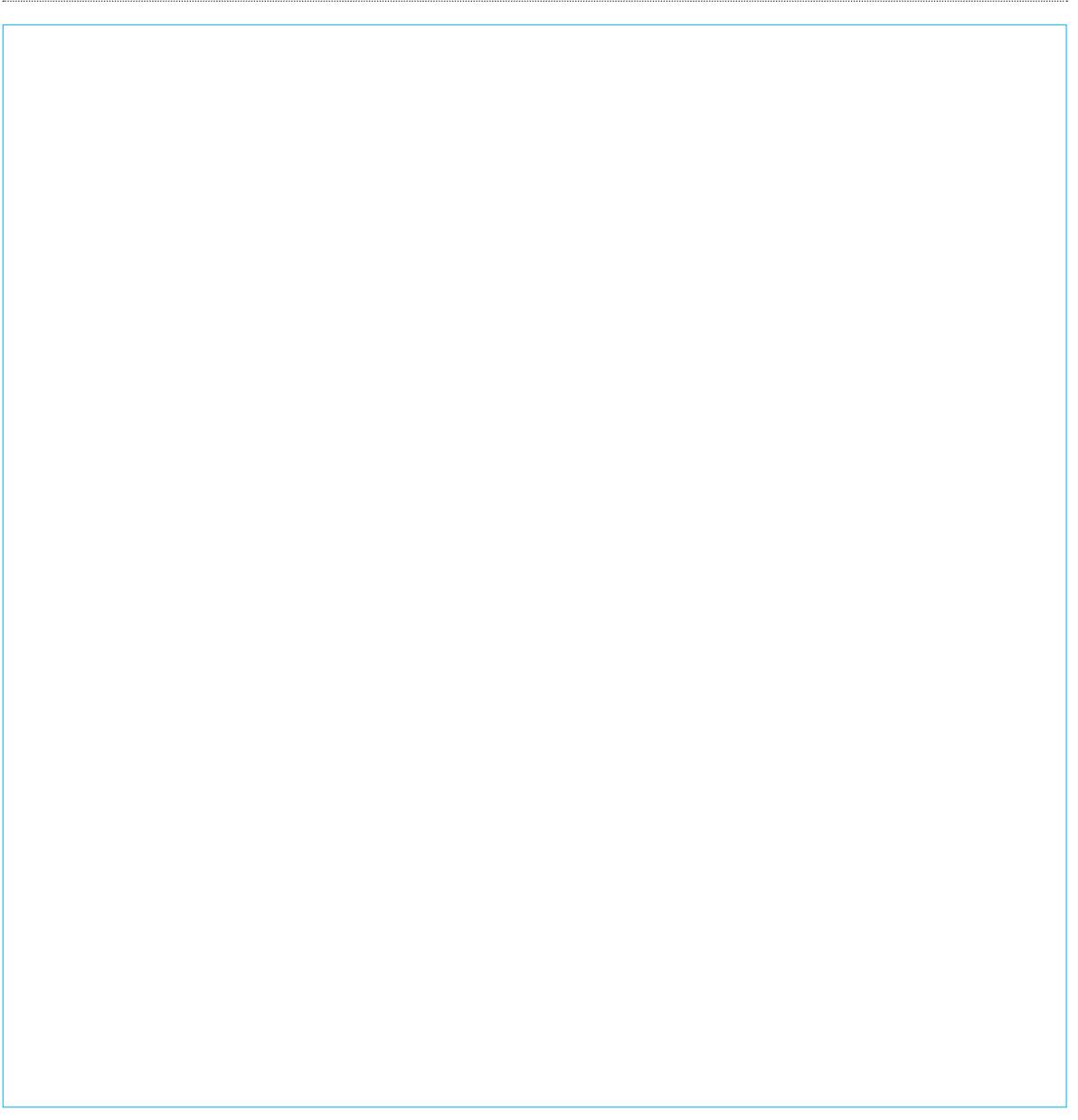
Interpret the creation of diversity as a process. Learn from your mistakes. Seek contact with networks of people who are part of a minority in your organisation or ask these people for advice.

### Literature

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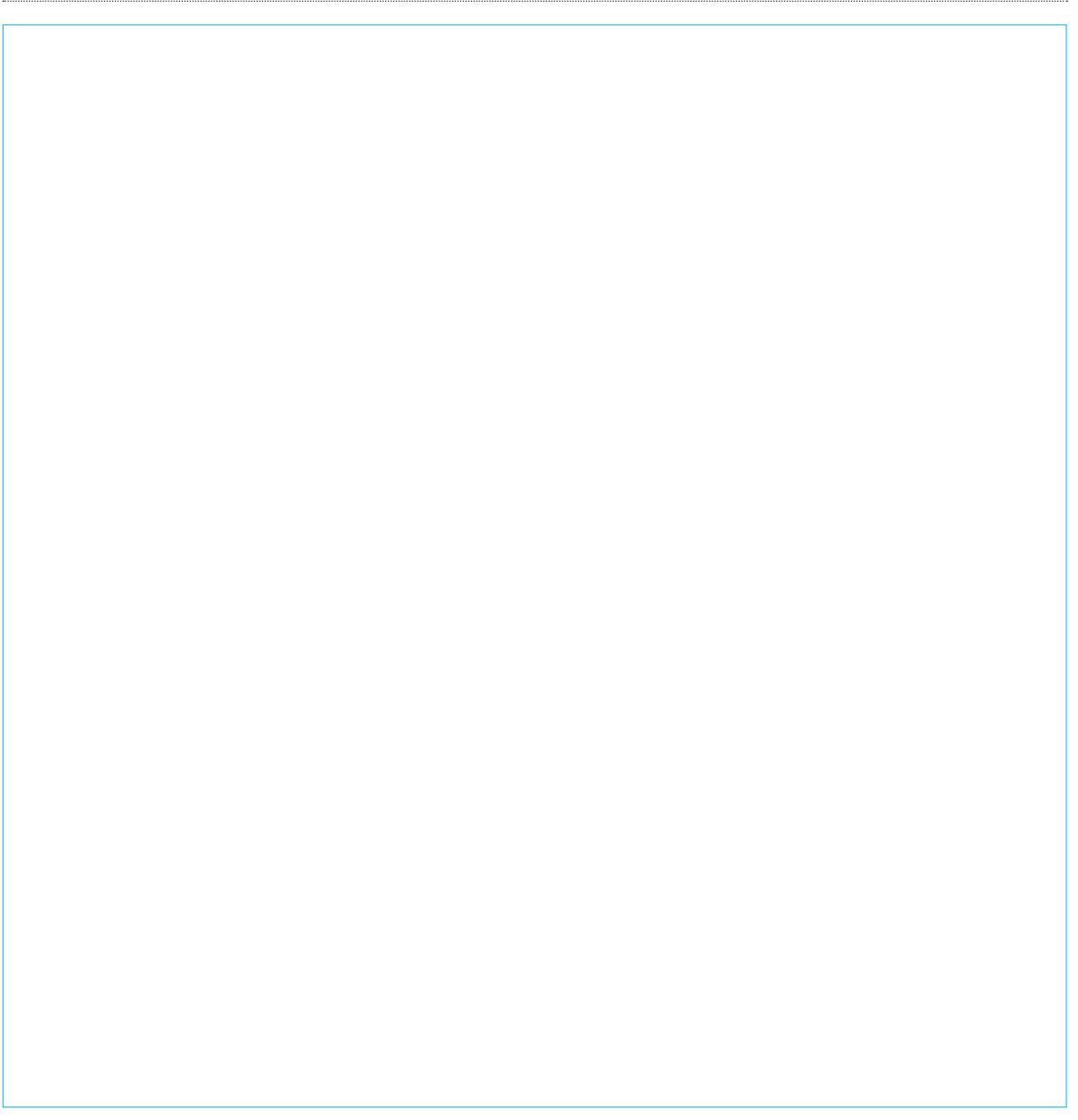




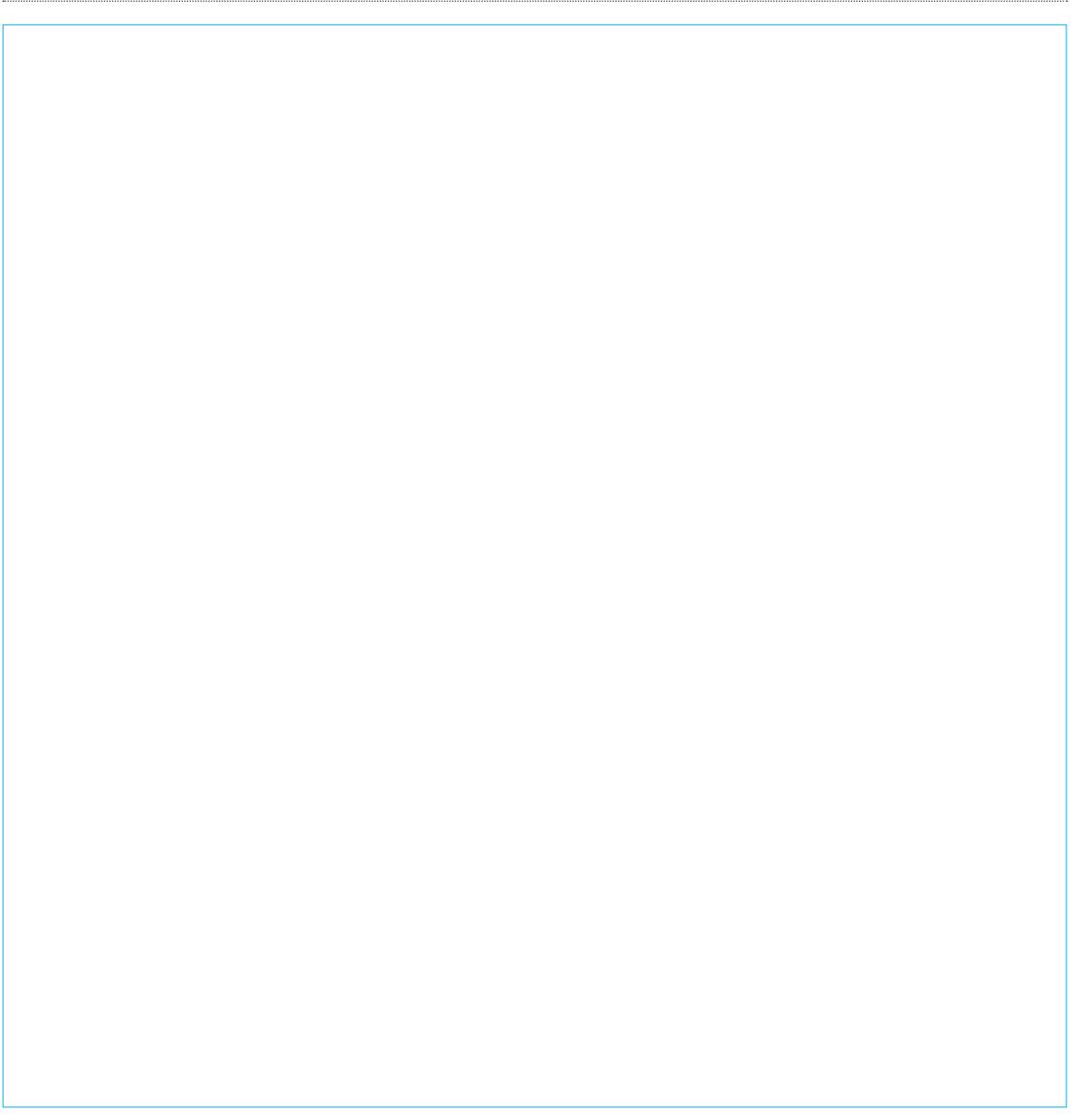
# NOTES

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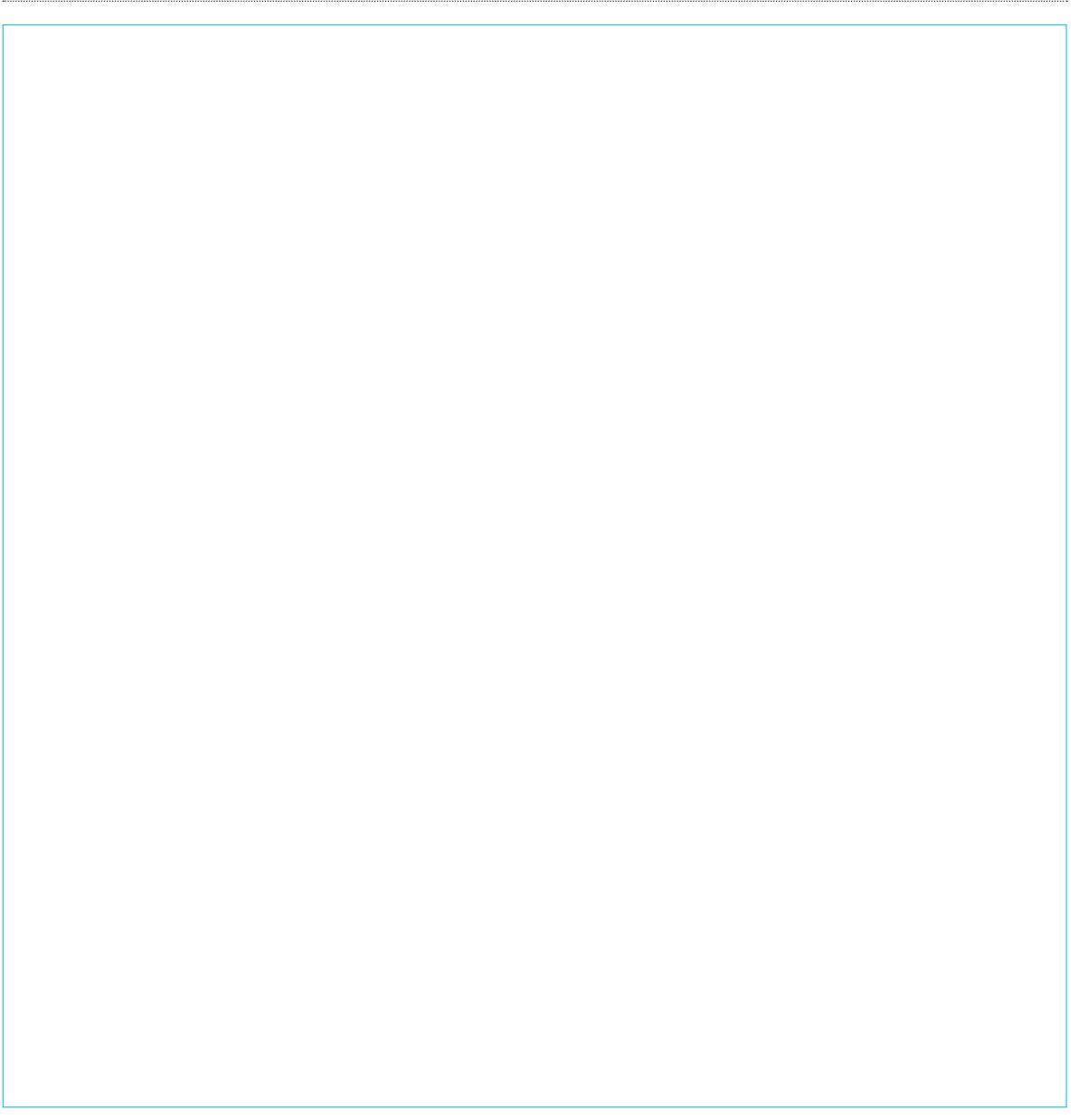




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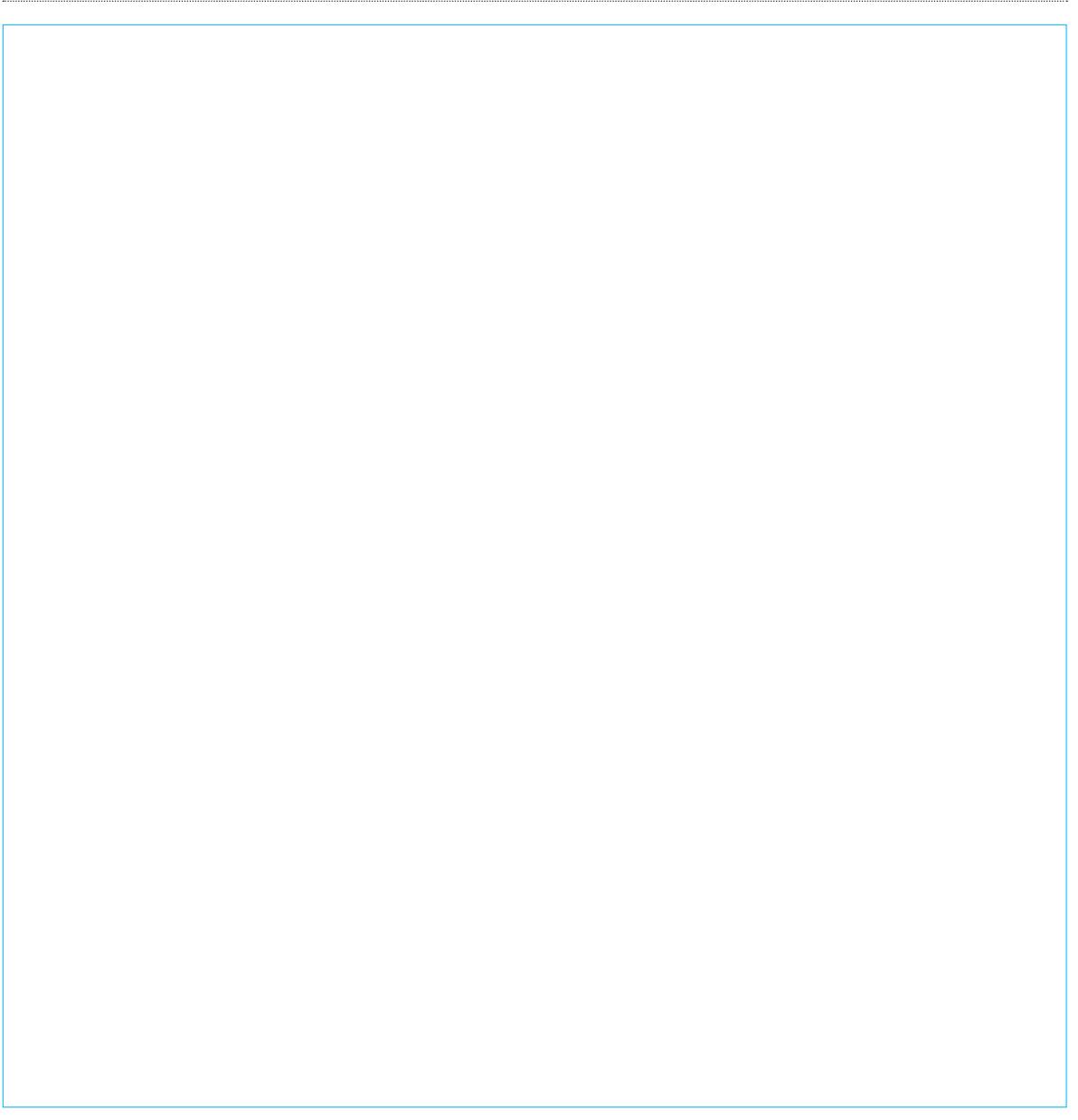
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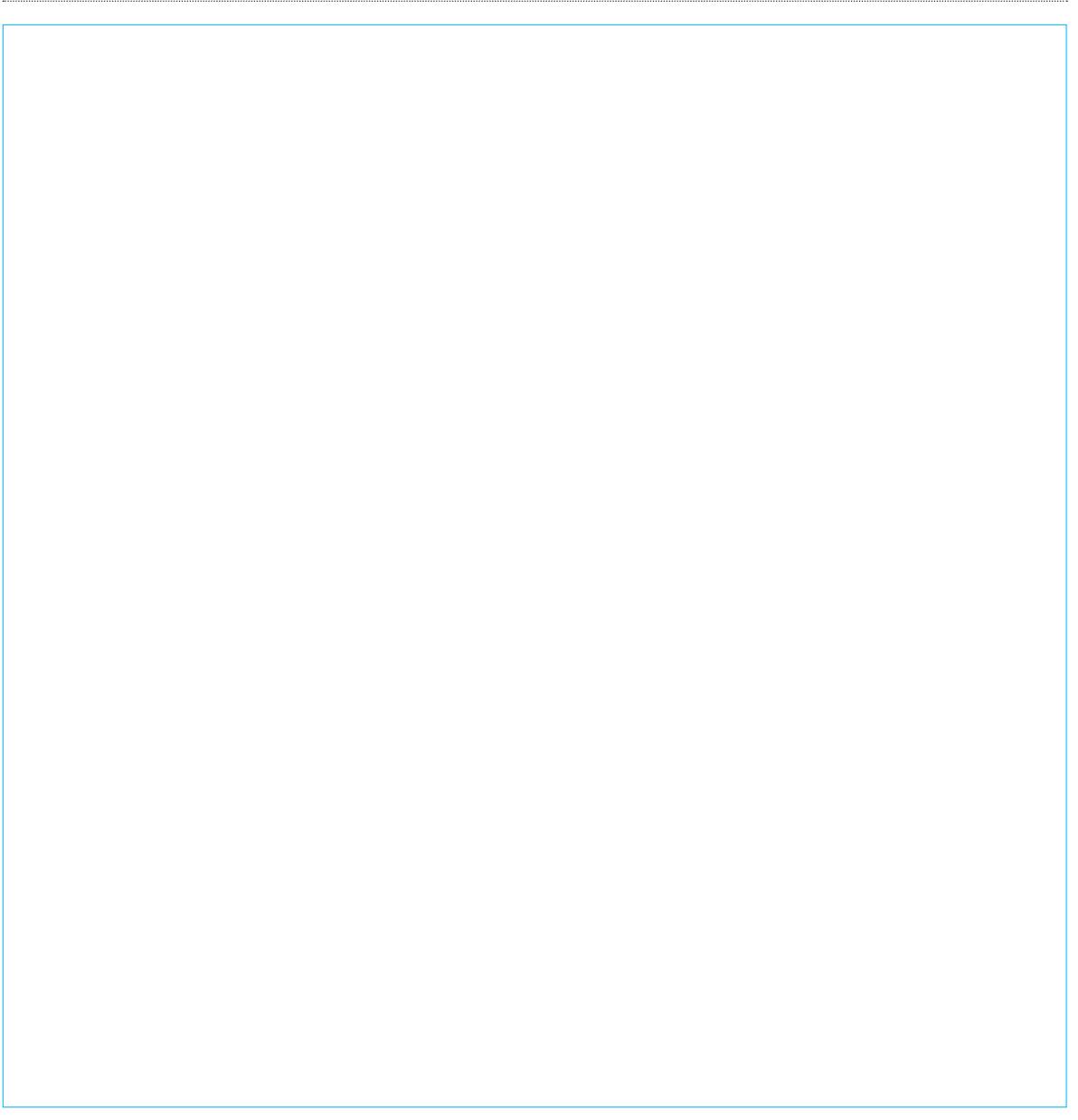
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# NOTES

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