

the **entrepreneurial** dimension
of the cultural and creative industries



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Prepared by Utrecht School of the Arts (HKU), with K2M Ltd and Eurokleis S.r.l., for the Education & Culture DG of the European Commission



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Colophon

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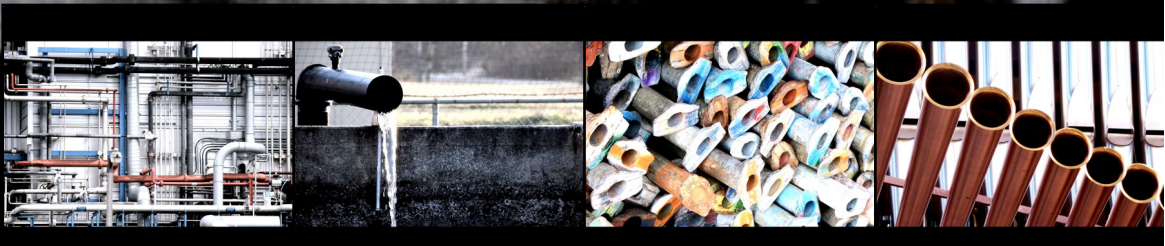
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executive summary

Context

1.0 The impact of culture and creativity or '*culture-based creativity*' has attracted much attention in the debate on fostering and unlocking the potential of a European '*creative economy*' thriving on its innovative potential. This study, commissioned by the European Commission, responds to the growing importance of the creative economy, and more specifically of the role of the Cultural and Creative Industries (CCIs), as tools to tackle Europe's current and future challenges. Indeed, innovation is now acknowledged as encompassing more than just technological and scientific changes. The cultural and creative industries offer the opportunity to bring essential change in non-technological innovation for products and processes, contributing to a more inventive Europe.

1.1 The aim of this study is to provide a better understanding of the operations and needs of companies in the CCIs, especially small and medium-sized enterprises (SMEs). The intention is not to provide a comprehensive overview but rather to describe some of the problems and provide recommendations. The study highlights transversal problems common to all these cultural and creative industries. It indicates specific challenges that could hamper entrepreneurship and prevent cultural and creative industries from benefiting from the internal market and the digital shift.

1.2 The study describes the main characteristics of the cultural and creative industries and considers national environmental factors that influence the development of these enterprises. The study provides an understanding of the key determinants for strengthening entrepreneurship for cultural and creative industries, such as access to finance; market barriers; intellectual property rights; education and training; innovation; and collaborative processes. From these key challenges, the study suggests general approaches for developing a conducive environment as well as specific recommendations to provide support for each determinant, highlighting best practices and considering sectoral differences, the different levels of policy as well as the different development phases in which the enterprises find themselves.

Creative Entrepreneurship & Characteristics of the CCIs

2.0 There is a no general agreement on how to define entrepreneurship, whether as risk-bearing, enterprise creation or stimulation of innovation, and even less agreement on how this can be defined within the cultural and creative sector. However, given the strong economic contribution made by the cultural and creative industries to GDP in EU Member States, defining the entrepreneurial dimension of this sector is clearly important. 2.1 With this focus on entrepreneurship, the question arises under what circumstances entrepreneurs can flourish or are hindered in their operations. The OECD/EUROSTAT Entrepreneurship Indicator Project has identified six themes that describe the determinants affecting entrepreneurial performance. In other words, *six major areas that determine the landscape of entrepreneurship*: access to capital, technology and R&D, entrepreneurial capabilities, market conditions, regulatory framework and an entrepreneurial culture.

2.2 At the same time CCI enterprises, in particular SMEs, have specific characteristics that may separate them from 'regular' entrepreneurship. They frequently operate in specific market conditions, produce goods that are 'cultural' by nature, work with people who are often more content-driven than commercially oriented and usually create very small enterprises (micro-SMEs) that may exist on the basis of permanent networks.

2.3 A *cultural and creative entrepreneur* can be understood as someone who creates or brings to market a cultural or creative product or service and who uses entrepreneurial principles to organise and manage this creative activity in a commercial manner. However, achieving a balance between creativity and entrepreneurship is not straightforward and entrepreneurs differ according to their motivations and the sectors in which they operate. The term thus refers to the fact that these enterprises have certain characteristics that will affect the management of their entrepreneurial activity.

2.4 The term is not always well accepted in the cultural sector as it is still overly associated with a financial dimension while not sufficiently recognising the cultural and social values behind this. On the other hand, the cliché of the artist who cannot manage a business and lacks financial skills is still commonly held among economic policy-makers and influences the ongoing division between entrepreneurship policies and cultural policies.

2.5 Just as artists are often reluctant to describe their individual expressive processes, so too are entrepreneurs often reluctant to divulge their individual paths to innovation. If we accept that all of these processes are important, there is a clear need for them to be considered explicitly in order to forge more creative paths to growth. The term cultural and creative entrepreneurship thus attempts to draw these worlds together: recognising the latent entrepreneurial spirit of an artist, the latent creative spirit of the entrepreneur.

2.6 The tension between the creator of a cultural work and the entrepreneur, typical of many cultural and creative enterprises, is often seen in the desire to prioritise the cultural value of the creation with little motivation for generating economic value (creation-oriented), while the entrepreneur will prioritise the economic exploitation over its cultural value (growth-oriented).

2.7 The diversity of cultural and creative industries is reflected in its range of businesses. This includes every type of enterprise from multi-national corporations to sectors characterised by a high proportion of SMEs (for example, architecture, fashion, crafts) and others that include a broader spread of large and small businesses (notably software, publishing and media).

2.8 However, the majority of the cultural and creative industries consist of very small enterprises. Around 80% of enterprises in the CCIs are SMEs with many sole traders or micro-SMEs employing only a handful of people. In fact, CCI workers are more than twice as likely to be self-employed than the average for the whole economy. Although the vast majority of cultural and creative industries businesses are micro-enterprises (smaller than 10 people), they are responsible for only a modest percentage of the total turnover of the CCIs (18 %). Within this majority of 'micro-enterprises' almost sixty percent consist of very small micro-businesses with only 1 to 3 employees.

2.9 The number of large-scale enterprises is marginal at less than one percent, but they are responsible for more than 40 % of the annual turnover. These statistics confirm an important basic characteristic of the cultural and creative industries: namely that while the vast majority of enterprises are SMEs and micro-enterprises, the larger enterprises (with more than 50 employees) contribute a substantial part of the overall revenues. Not surprisingly this characteristic has important implications for policy-makers.

2.10 This characteristic linked to size and the composition of cultural and creative industries is often called the 'missing middle': medium sized enterprises seem to be almost absent. In view of the statistical observations and the interviews conducted, there is substantial difficulty for small enterprises to grow from small initiatives into medium-sized firms. The gap between the 'bigger players' and the micro-SMEs renders the growth of micro-SMEs difficult and increases the difficulty in accessing markets for the 'smaller players'. A very small number of large-scale enterprises have

long-established infrastructures for research and development activities while, on the other hand, micro-SMEs do not have access to similar paths to sustainability and growth.

2.11 The use of different strategies by these micro-SMEs is necessarily small-scale, highly dynamic and requires risk-taking in order to compete with more established enterprises that do not require such flexibility. The structural characteristics of these micro-SMEs impose a requirement for dynamic entrepreneurial skills but do not seem to provide clear paths to enterprise growth. Smaller enterprises tend to adopt a more flexible and dynamic attitude when responding to market opportunities. This may involve outsourcing, taking up of multiple projects or clustering with different organisations in order to benefit from a larger collective structure.

2.12 In addition to facing uncertainty and high competition, digital convergence has also modified the distribution process of cultural and creative products and services. The 'digital shift' is changing the pattern of distribution and disturbing traditional production value chains. The increase in the speed of communication channels and technological improvements have opened up many opportunities to reach a wider audience and a much broader range of culturally diverse products and services can be offered. The traditional value chain of creation and consumption is being actively reshaped by these changes and in many instances it is SMEs in the cultural and creative industries that are at the forefront of these changes.

2.13 The traditional concept of the production chain is now in question, given the possibility to bypass intermediaries. Taking its distance from the uni-linear production process implied in the concept of a value chain, the term '*value creating ecologies*' encompasses the idea of a 'constellation of firms that are dynamic, with value flow being multi-directional and working through clusters of networks'. Often the cultural and creative entrepreneurs have to create direct user-producer interaction. They have to interact closely with their target audience so that they can monitor trends or initial reactions by early consumers of their own products.

2.14 Considering the specific characteristics of the cultural and creative industries, with regard to size, composition and product creation, the cultural and creative industries have many complex challenges to face. They are also working in an environment that is not always prone to rewarding risk taking behaviour, but which puts further complications on their paths to sustainability and growth.

Main Thematic Outcomes

3.0 In view of the characteristics of the CCIs, a framework was developed to elicit pointers for blending new models of collaborative and competitive advantage for CCIs in order best to support them and embed CCI support within Innovation, SME, Entrepreneurship and Cultural Policies.

3.1 From the interviews conducted across Europe for this study, one of the general findings that quickly emerged was the overriding need to gather more consistent data regarding cultural and creative industries. National statistics are not homogeneous and this means that any comparison is flawed.

Access to Finance

3.2 Perhaps the greatest obstacle faced by entrepreneurs and enterprises in the cultural and creative industries is how to locate the funds to finance their endeavours. The perceived lack of finance for the cultural and creative industries was further exacerbated by the effect of the recent financial crisis.

3.3 Most of the cultural and creative industries consulted have a short-term span of financial planning. The online questionnaire revealed that 22% of the cultural and creative industries had no financial and economic planning, while 53% had a one-year forecast. Only 4% had a financial forecast of up to 5 years. Moreover, considering the necessity to combine administrative tasks with the creative process, the online survey showed that 75% of these companies elaborated their forecasts themselves, as opposed to 20% that used a professional consultancy service.

3.4 One characteristic that sets the cultural and creative industries apart and, in many ways, impedes their access to finance, is the dependency on intangible assets. The creative entrepreneur combines traditionally tangible information with intangible information products; cultural qualities and 'media content'. However, intangible assets such as novelty, soft innovation, copyright and creativity are often not reflected in accounts. Financial institutions such as banks often fail to sufficiently recognise their economic value.

3.5 While many similar types of support are offered throughout Europe, the level at which they are offered and the sectors to which they are made available may differ considerably. Findings from the study's online questionnaire reveal that the most important financing source is undoubtedly self-financing. Public and private grants have a residual role, while the other sources are secondary. Bank loans remain one of the most important ways to finance SMEs.

3.6 However, due to the financial recession, many banks have become more risk-averse and, as a result, are increasingly less likely to support businesses in the cultural and creative industries due to their perceived high-risk characteristics. Investment in the cultural and creative industries often needs to be longer-term than other venture capital investments. For the micro, small and even medium sized enterprise, it is exceptionally difficult to attract strategic investment. Similarly, many cultural and creative entrepreneurs are generally nervous about partnerships with investors, fearing loss of control of their company, and are reluctant to share profits in return.

3.7 While subsidies from the public sector may assist in the start-up and funding of SMEs, they are often more accessible to the core cultural sectors than to the cultural and creative industries as a whole. In addition, responses from experts suggest that public initiatives seem unable to meet the expectations and needs of entrepreneurs in the cultural and creative industries because they are complicated to understand, often detached from the territory in which the company operates and are not necessarily long term financial support.

3.8 Many experts suggested the use of tax credits and fiscal exemptions. Tax exemptions and bank loan guarantees were, overall, the most favoured means to provide financial support. Other sources such as business angels, venture capital and innovation vouchers were also put forward as providing effective financial support. Greater understanding of the particular needs of cultural and creative industries was crucial when providing the correct funding mechanisms, such as the need to recognise the value of intangible assets in funding programmes. For this reason, the region, as an intermediary level provider of financial support, is often 'not sufficiently developed'. Regional instruments were reportedly a better option to adequately implement funding.

Market Access

3.9 Being able to access a market is necessary for the build up of the activity and is essential for the growth and the sustainability of the cultural and creative enterprise. The markets for cultural and creative products and services are often characterised by unpredictable demand conditions. Entrepreneurs have to take heterogeneous, changing tastes into account. This means that at virtually no stage in the production sequence can the project's final outcome be predicted with any degree of certainty: sleepers inexplicably turn into smash hits, and sure-fire successes flop.

3.10 The position of the micro-SME entrepreneur has to be taken into account in this context. The main barriers to entering the market are in great part due to the exclusive agreements with key distributors and access to knowledge on market opportunities. The presence of large and multiple competitors was also a complementary impeding factor. Micro-SMEs main concerns relate to knowledge about new external market opportunities and the competitive environment typical of the cultural and creative industries sector. The importance of access to knowledge about market opportunities is key to enabling micro enterprises to flourish.

3.11 The prevalence of SMEs in the cultural and creative sector highlights the need for policy-makers to address size-related constraints in the market. The absence of medium-sized enterprises increases the impact of the gap between the micro-SMEs and the big majors in certain sectors. The asymmetry in the market position between the two extremes is striking. Enabling access to the market for start-up SMEs and, at the same time, working on potential paths to growth in the market for 'growth oriented' cultural and creative enterprises, can thus ensure a cultural diversity.

3.12 The key challenge is also to find appropriate new business models. The overall consequences of ICT for culture are ambivalent. On the one hand technology opens up new opportunities for creators to produce and distribute their works to a wider public, independently of physical and geographical constraints. On the other hand ICT disrupts traditional content. While new models struggle to emerge, the risk is that cultural content may be considered as any other commodity traded in the virtual world and may be devalued.

IPR instruments

3.13 From the online survey, a majority of SMEs did not receive any IPR advice before the start of their entrepreneurial activity. It was also reported that one third of the CCI SMEs did not use any specific instrument for protection. Informal IPR, namely confidentiality agreements, were used by one fifth of CCI SMEs.

3.14 Future policies to support the development of cultural and creative industries will have to take into account the changing IP environment and changing business models, while keeping in mind the importance of IPR as an incentive for cultural and creative entrepreneurs and the reward for their creation. Moreover, as many cultural and creative SMEs do not presently make use of IPR, the question of how to best make use of IPR in their entrepreneurial activity comes to the fore.

3.15 The relatively low use of protection measures can demonstrate the need to increase awareness on the use of IPR regime and to facilitate its access by CCI SMEs for which such systems are still complex. The issue of IP management for the cultural and creative industries is a central determinant to their entrepreneurial drive as it gives the cultural and creative industries entrepreneur the opportunity to be rewarded and can act as an enabler for their activity. The availability of IPR advice to cultural and creative entrepreneurs is critical and the moment when it is given is important.

Entrepreneurship education, skills and training

3.16 There is a general lack of entrepreneurial skills within all sectors of the CCIs. Despite the dramatic increase in entrepreneurship and education programmes in recent years, there is relatively little data and evaluation on the outcomes of these programmes. The narrow model of entrepreneurship focused solely on commercial success does not seem to correspond to the cultural and creative industries for whom critical creative and cultural achievements are often more important. However, stimulating the development of entrepreneurial skills is needed for enterprise growth, market orientation, return on creativity, communication skills, networking, and team-building within the entrepreneurial lifecycle.

3.17 A specific skill set ranging from basic business planning skills to presentation (i.e. pitching an idea) and management skills are critical for the cultural and creative entrepreneurs. From the expert questionnaires, it appears that market entry, as well as other determining barriers to success, is directly inhibited by knowledge-obstructing factors such as the lack of business skills and lack of knowledge about market opportunities.

3.18 The difference between formal and informal entrepreneurship education is a recurrent discussion in the cultural and creative industries. For some of the interviewees, there is a lack of integration of entrepreneurship education in national curricula and arts education. According to some of the respondents, support to develop entrepreneurial skills should come as early as possible, and the question of the desirability of becoming an entrepreneur should be addressed very early. For some of the respondents, classes in financial or administrative management should be incorporated within the educational curriculum to address the lack of entrepreneurial skills.

3.19 Conversely, some experts claim that competence building and skills in entrepreneurship are irrelevant. Against the lack of evaluation of educational programmes, there are suggestions to redirect the present educational micro efforts aimed at stimulating entrepreneurship (both governmental and non governmental programmes) to instead develop macro policies that are deemed more effective in the long run to support entrepreneurship for SMEs. According to such arguments, macro measures such as taxation and state regulations are what influence levels of entrepreneurship.

3.20 This tension between the micro and the macro 'interventionist' initiatives is reflected in cultural and creative industries' support programmes, tilting the balance towards intermediary and complementary solutions that combine 'learning by doing' and 'peer to peer' coaching. Indeed, rather than focusing on education curricula, a complementary alternative to support sustainability and growth could be to bolster the connections between the cultural and creative entrepreneurs and individuals experienced in business. Multidisciplinary projects between businesses and educational institutions could be helpful in increasing the interaction between the 'business' and the 'creative' worlds.

3.21 From simple to complex financial support, the cultural and creative entrepreneurs are responsible for their own business model and financial resources: bank loans, guaranteed loans by governmental or non-profit agencies, crowd-sourcing, grants and subsidies. Business models are focused mainly on components of value propositions, relationships with visitors and clients, cost structures and value chains. Due to the involvement of cultural values, business modelling based on cultural and creative industries is an essential competence. Formal education systems do not provide the proper entrepreneurial and business tools. Early integration of creativity and entrepreneurship in the educational system curriculum is important. Thereafter Life Long Learning programmes can provide valuable on-demand support.

Access to innovation

3.22 The acknowledgment of innovation, incorporating hidden innovation, soft innovation, or design processes as a driver of user-centred innovation are signs of the potential role that the cultural and creative industries could have in enabling innovation in Europe. Open innovation methods that include collaboration between different sectors can be enablers in promoting cultural and creative industries to engage in innovation. Triangulation of methods and knowledge between academia, cultural and creative industries SMEs, and businesses, as well as engaging with other sectors can be another prompt for cultural and creative industries to access innovation.

3.23 Design is increasingly seen as a particular strength for Europe and a source of competitive advantage. The Commission staff working document on Design as a driver of user-centred innovation showed that non-technology R&D was as competitive as technology R&D and could be seen as a solution for low technology SMEs to increase their competitiveness. This was confirmed in the results of the open consultation on design which led user-centred innovation to be integrated in the future innovation policy. However, one of the greatest barriers is the lack of awareness of policy makers and CCI SMEs themselves of the economic and innovative potential of design.

3.24 Many cultural and creative enterprises deploy user-oriented strategies. Despite often being associated with a specific sector linked to 'product aesthetics', the EC recognises design as a potential instrument for innovative solutions and products. The changing dynamic between audience and content creator, especially with the rise of digital content, is strongly influencing the distribution and business models of creative industries. Enabling such exploratory environments to emerge is vital for unlocking the potential of cultural and creative industries to innovate and consequently spread their innovation to other sectors.

3.25 Access to external knowledge is also a key factor for a firm's competitiveness. There is a need to promote knowledge sharing and stimulate new skills and cross-sector collaboration in order to promote open innovation processes and develop new brands, products and services. As the differences between sectors become blurred, cross-sector knowledge transfer can take place more easily. The exchange of knowledge between various actors such as academia, business and creative industries can enhance the potential of innovation. At a national level, the use of alternative options such as innovation vouchers could be promoted by regional and national governments. Regions are encouraged to work with intermediaries in order to link CCIs, in particular CCI SMEs, with other businesses so as to foster innovative platforms and processes to emerge.

3.26 Fostering a culture of innovation through non-technological drivers such as entrepreneurship requires more attention to the skills gap and the relationship between the Applied Research sector and SMEs. In order to enable SMEs to locate sustainable paths to growth, they must be able to tap into specific skills more-or-less as they are required, or on-demand. SMEs are themselves often unaware of their applied research needs and are unable coherently to express them. A mediating intermediary level is clearly required to negotiate between the educational and training perspective and the economic perspective. Such a layer could be provided on a regional basis to support small scale, practice-oriented business innovation.

Clusters and collaboration

3.27 In order to increase the capacity to experiment, to innovate, to grow as successful cultural and creative entrepreneurs with the right skills and sources of finance, there is a need to foster conducive environments where cultural and creative industries will prosper with a certain security and with access to the right information and knowledge. In this regard, collaboration and networking is a key enabler to strengthen all of the issues mentioned above.

3.28 Collaboration and networks can allow cultural and creative industries SMEs to enter a pool of information. Networking can allow a greater exchange of information and is key in enabling innovative processes, but working in a collaborative manner also implies exchanging practical information that might serve the company, especially the start ups that need guidance in administrative, financial and innovation measures. Placing cultural and creative industries SMEs together can enable them to not only benefit from each other's resources, but also pool their efforts for working space, for accounting services and other required support for entrepreneurship.

3.29 There is now a conflation of producer and consumer and different sectors are adapting their processes to integrate these changes through applied research. However, the sectoral concerns and processes of adaptation are more difficult to explain and to map across academic approaches and disciplines. Knowledge can lead to experience but in the case of creative processes, experience also leads to new knowledge, which may not be efficiently captured.

3.30 The use of collaborative processes found in multi-disciplinary environments where cultural and creative industries, academia and private sectors work within a dynamic framework, where products and processes can be constantly evaluated and can benefit from support (research as well as financial), is clearly to be encouraged. This can enable the cultural and creative entrepreneur to benefit from training and learning processes as part of the interaction with the other stakeholders. Cultural and creative industries are highly dynamic in merging the creation of experience, as well as knowledge, in terms of new processes and products by designing, developing and producing efficient new instruments. Associating venture capital strategies with such collaborative processes can secure a return on investment for the funders as well as securing funds for the cultural and creative industries SMEs and entrepreneurs.

3.31 From the statistics of the study, it can be seen that in the beginning of the entrepreneurial activity the cultural and creative entrepreneur will mostly rely on informal and personal networks and collaboration while in the later stages of its activity, such as in the build up and build-out phase, the cultural and creative SMEs make greater use of cluster initiatives. This suggests that personal, on demand support such as matching and coaching, might be more useful in the beginning; while more formal collaborative schemes such as clusters may be more suited to the cultural and creative industries that are looking to grow to a broader market and benefit from the initiatives of the surrounding partners.

Main Recommendations

4.0 On the basis of the work undertaken a number of general and specific recommendations were made. These recommendations cover the general European context, the wider innovation agenda and the need to stimulate entrepreneurship as a non-technological driver of innovation.

4.1 In order to correctly target the needs of cultural and creative industries, more data and statistics are needed for the cultural and creative industries, and especially for each individual sector.

4.2 Targeted support needs to be matched with the characteristics of cultural and creative industries and most importantly with their structure. Targeted measures for SMEs and micro-SMEs that will be developed through the various flagship initiatives of the Europe 2020 Strategy should take into account the specific needs of micro-SMEs in the formulation for SMEs.

4.3 As seen from countries that have advanced support mechanisms for cultural and creative industries and strong innovation results, the co-ordination of several Ministries to formulate policy for cultural and creative industries support mechanisms can serve to target the efforts and enable better coherence. As the cultural and creative industries are cross disciplinary and address both cultural and economic factors, the collaboration between Ministries, especially Culture and Economic ministries, should be encouraged and co-ordination and coherence of multi layered policies should be reinforced to achieve efficient supporting schemes.

4.4 Stimulation policies are needed, on regional, national and European levels, in order to fully address the specific characteristics of the CCIs. All levels of policy governance should acknowledge the contribution of CCIs to the new economy and help ensure a level playing field for the CCIs. National bodies shape the regulatory framework in which CCIs work. Tax exemptions for CCI

products or services could encourage the production and distribution of CCI products and services and stimulate growth across many sectors. Similarly, the mobility of artists could be encouraged by facilitating the regulatory procedures for cross border initiatives. As CCIs prefer to have close interaction and support on demand, regions could act as intermediaries between the CCIs and other policy levels such as the national or the European. Regions could encourage regional clusters and sectoral networks to be platforms of innovation, encouraging CCI SMEs to be integrated within clusters.

4.5 The EU should encourage existing and future framework programmes for Research and Technological Development such as FP7 and FP8 or the Competitiveness and Innovation Programme (CIP) as well as the Cohesion Policy to be more targeted towards CCIs inter alia by including non technological innovation projects and incorporating CCI SMEs (not only in the ICT sector). It should also increase the visibility of ongoing activities at regional and national levels and encourage their networking.

Recommendations on accessing finance

4.6 Lack of finance is a recurrent issue for CCIs and especially for micro-SMEs. Provision of finance should respond to the different phases of the entrepreneurial life cycle according to the needs of the CCI SMEs. The use of regions to channel the funds and the use of financial intermediaries that are aware of the characteristics of CCI SMEs is essential in targeting support for the CCIs.

4.7 The large funding schemes for supporting innovation are too complex for CCIs. At the EU level, the funding schemes should be made less complex so as to allow CCI SMEs to apply more easily. Existing programmes (FP7, CIP) should be strongly targeted at CCI SMEs. The MEDIA programme gives specific support to a particular sector in the different stages of the 'value chain'. Similar support opportunities should be developed for other sectors of the CCIs at crucial points of their respective value chains.

4.8 At the EU level, the EIB and EIF funds, that also promote innovation, could be used to fund CCIs debt financing or venture capital for development of non technological innovation. They could also back national or regional initiatives aimed at developing guarantee schemes. In this regard, due attention should be paid to the example of the guarantee fund for the audiovisual sector soon to be introduced in the MEDIA programme for digitalisation of cinema. In co-ordination with the Member States, it is recommended that the EU consider the creation or strengthening of lower VAT rate and other tax incentives for both online and off-line labour intensive creative services and products.

4.9 National States are encouraged to consider tax shelter measures for other sectors and support the development of Venture Capital Funds (such as public venture capital funds), the investment of Business Angels in CCIs and micro credits to fund CCIs. Similarly, the national level could stimulate financial support structures through specific measures such as bank guarantees. The investment of the European Structural Funds in CCIs should be encouraged, with special support for regional networking initiatives and platforms for CCIs.

Recommendations on accessing the market

4.10 The EU should promote the opportunities for CCIs to access the market by using public procurement measures that hold untapped potential to support innovation. Public procurement requests could be targeted at innovative non-technological processes, products and services to which CCIs, and especially micro-SMES, could apply.

4.11 The Lead Market Initiative (LMI) launched by the EU in 2008 was set up to identify new needs and new markets for innovative products or services. This can help target future demand and thus

offer an experimental playing field for innovators. In order to target societal needs, the EU should consider opening up LMI to non-technological innovation and innovation in services to tap into CCI's innovative potential.

4.12 Accessing the market remains difficult for CCI SMEs, especially where a few large companies dominate the market. The EU should consider adapting competition policy to CCI's characteristics to avoid excessive market concentration. This could ensure that all cultural players have a minimum access to all distribution channels, including on the online market to offer real cultural diversity and choice for consumers.

4.13 CCIs and especially micro-SMEs do not have sufficient information on market opportunities both in their region but also more specifically across regions and for cross-border markets. Regions should promote the dissemination of information about cross-sectoral and cross-border market opportunities to CCIs through a regional network. Regions can act as a platform for exchange of best practices on both technological and non-technological issues. Regions could encourage a minimum access to the market by setting up platforms where CCI SMEs could showcase their products/services and as such promote the visibility of the CCIs in the region.

Recommendations on bridging the entrepreneurial skills gap

4.14 There is a general lack of entrepreneurial skills within all sectors of the CCIs. Despite the importance of the topic, there is still little integration of entrepreneurship education in general curricula, and particularly in arts education. With a budget of € 7 billion for 2007-2013, the Life Long Learning Programme is the EU's main funding programme for education and training projects and activities. It is suggested that the programme prioritise the development of creativity and support for entrepreneurship training including in the creative sector.

4.15 European Social Funds could be used to help strengthen employment in CCIs by, for example, channelling the funds into creative apprenticeships in order to ease the transition from education to employment by promoting 'on the job' learning. ICT skills training should be included or strengthened in the curriculum of arts institutions in order to foster the innovative potential of CCIs and help them further exploit the opportunities offered by the digital shift.

4.16 CCIs are also producers of knowledge through applied research processes. Linking collaborative work between knowledge institutions and local SMEs could act as a complementary catalyst to innovative capacities in the region. Universities of Applied Science (UAS) could play a valuable role in linking regional activities to other European regions and networks of CCIs. Further linking CCI entities and applied research institutions would also contribute to the professional skills-upgrading of SMEs in the region regarding professionally oriented innovation, entrepreneurship, creativity and research competencies.

Recommendations on developing entrepreneurship as non-technological driver of innovation

4.17 In order to stimulate the innovation potential of CCIs, and develop entrepreneurship as a non-technological driver of innovation, consideration should be given to the widening of the definition of innovation in the up-coming review of innovation and research policy to encompass all forms of innovation, both from the public and private sector, including processes of soft and hidden innovation and recognise R&D in some of the processes typical of the CCIs, such as design processes or talent scouting.

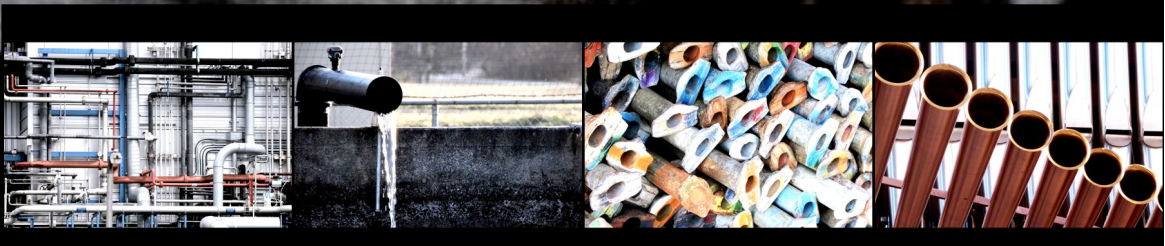
Recommendations on supporting the use of copyright

4.18 The EU should improve SMEs' access to copyright instruments and facilitate easier use of IP instruments for SMEs. The digital environment has brought some challenges in terms of IPR in the digital world. Creative solutions that reward the rights-holders but ensure flexibility and easier applicability should be sought at the European level.

4.19 CCI face new opportunities as well as challenges with the 'digital shift' and they need to be adequately supported to take advantage of them. Special funds should be allocated to CCIs, especially SMEs, to ensure greater media literacy and take-up of digital tools within their enterprises.

4.20 One of the key outcomes of this study is the realisation that cultural and creative entrepreneurs rely heavily on the use of networks within highly innovative and risk-oriented environments. This shapes the need for CCI SMEs to look for collaborative solutions in terms of organisation, business support or production. Developing an entrepreneurial activity in this context requires a certain degree of flexibility, risk oriented solutions and cross-disciplinary skills that can also provide a non-technological innovation driver for the rest of the economy. In order to support the CCIs, collaboration and networks need to be supported.

La dimension **entrepreneuriale**
des industries culturelles et créatives



résumé exécutif

Le contexte

1.0 Ces dernières années, il a été beaucoup question de l'impact de la culture et de la créativité – ou de la « créativité générée par la culture » – dans le débat sur le renforcement ou le déploiement d'une « économie créative » en Europe, qui s'appuierait sur sa capacité à innover. La présente étude, commandée par la Commission européenne, répond à l'importance croissante de l'économie créative et – plus spécifiquement – du rôle des industries culturelles et créatives (ICC) en tant qu'instruments de nature à contribuer à relever les défis actuels et futurs de l'Europe. En effet, l'innovation n'est plus entendue comme se limitant à des changements technologiques ou scientifiques. Les ICC permettent d'apporter des innovations non technologiques à des produits et processus, contribuant ainsi à une Europe plus inventive.

1.1 L'objectif de la présente étude est d'offrir une meilleure compréhension du fonctionnement et des besoins des entreprises du secteur culturel et créatif, en particulier les PME. L'intention n'est pas d'offrir un panorama complet mais de décrire certains problèmes et de formuler des recommandations. L'étude souligne les problèmes transversaux qui sont communs à toutes les ICC. Elle identifie aussi quelques défis spécifiques susceptibles d'entraver l'entrepreneuriat au sein des ICC et d'empêcher ces dernières de tirer parti du marché intérieur et de la révolution numérique.

1.2 L'étude décrit les grandes caractéristiques des ICC et considère les facteurs environnementaux nationaux qui influencent leur développement. Elle cherche à mieux comprendre les déterminants clés qui sont de nature à renforcer la dimension entrepreneuriale des ICC, à savoir l'accès au financement; l'accès au marché; les droits de propriété intellectuelle; l'enseignement et la formation; l'innovation; et les processus collaboratifs. L'étude suggère des approches générales visant à développer un environnement favorable ainsi que des recommandations spécifiques pour chacun de ces déterminants, en mettant en lumière des « bonnes pratiques » et en tenant compte des différences sectorielles, des différents niveaux de gouvernance politique et des différentes phases de développement dans lesquelles se trouvent les entreprises.

L'entrepreneuriat créatif et les caractéristiques des ICC

2.0 Le sens à donner au concept d'entrepreneuriat ne fait pas consensus; faut-il l'associer à la prise de risque, à la création d'entreprise ou à la stimulation de l'innovation? La façon dont ce concept s'articule au secteur culturel et créatif fait encore moins consensus. Cependant, vu la forte contribution des ICC au PIB des Etats membres de l'UE, il est à l'évidence important de saisir la dimension entrepreneuriale de ce secteur.

2.1 A cet égard, la question est de mieux comprendre les conditions qui favorisent ou – au contraire – entravent les activités des entrepreneurs. Le programme d'indicateurs de l'entrepreneuriat OCDE/Eurostat a permis d'identifier six déterminants qui affectent la performance entrepreneuriale. En d'autres termes, six facteurs clés qui déterminent le paysage entrepreneurial, à savoir: l'accès au capital, la technologie et la R&D, les capacités entrepreneuriales, les conditions de marché, le cadre réglementaire et l'esprit d'entreprise.

2.2 Dans le même temps, les entreprises culturelles et créatives, et notamment les PME, présentent des caractéristiques spécifiques, qui pourraient appeler un type d'entrepreneuriat

particulier. Elles opèrent fréquemment dans des conditions de marché qui leur sont propres, produisent des biens qui sont « culturels » par nature et travaillent avec des personnes dont la motivation est plus liée au contenu qu'à l'envie de gagner de l'argent et qui créent le plus souvent de très petites structures (micro-entreprises) s'appuyant sur des réseaux permanents.

2.3 Un entrepreneur culturel et créatif peut s'entendre comme une personne qui crée ou commercialise un produit ou service culturel ou créatif et qui utilise des principes entrepreneuriaux pour organiser et gérer son activité créative d'une manière commerciale. Cependant, il n'est pas facile de trouver le bon équilibre entre créativité et entrepreneuriat, et les entrepreneurs diffèrent les uns des autres en fonction de leur motivation ou du secteur dans lequel ils travaillent. En conséquence, l'expression souligne le fait que les entreprises de ces secteurs ont certaines caractéristiques qui sont de nature à affecter la gestion de l'activité entrepreneuriale.

2.4 Le terme n'est pas toujours bien accepté dans le secteur culturel dans la mesure où il continue d'être trop largement associé à une dimension financière occultant les valeurs culturelles et sociales sous-jacentes. Quant au cliché de l'artiste mauvais gestionnaire dépourvu de la compétence financière nécessaire, il a encore trop largement cours dans les milieux économiques, ce qui favorise la scission entre politiques de soutien à l'entrepreneuriat et politiques culturelles.

2.5 De même que les artistes sont souvent réticents à décrire leurs processus d'expression créative, de même les entrepreneurs sont généralement peu enclins à expliquer leur cheminement vers l'innovation. Toutefois, si nous reconnaissons l'importance de tous ces processus, il devient nécessaire de les identifier explicitement de sorte à créer davantage de chemins créatifs vers la croissance. Le concept d'« entrepreneuriat culturel et créatif » cherche à rapprocher ces deux mondes en reconnaissant l'esprit entrepreneurial latent de tout artiste et l'esprit créatif latent de tout entrepreneur.

2.6 La tension qui existe entre le créateur d'un produit culturel et l'entrepreneur, si typique de bien des entreprises culturelles et créatives, se donne à voir dans le choix de donner la priorité à la valeur culturelle de la création au détriment de la valeur économique (orientation « création ») ou – au contraire – à l'exploitation économique par rapport à la valeur culturelle (orientation « croissance »).

2.7 La diversité des ICC se reflète aussi dans les types très variés d'entreprises qui s'y côtoient: des multinationales aux secteurs qui se caractérisent par une forte proportion de PME (comme l'architecture, la mode ou l'artisanat) à ceux qui combinent grandes et petites entreprises (comme le secteur des logiciels, de l'édition et des médias).

2.8 Cependant, la majorité des ICC se caractérisent par un nombre élevé de très petites structures. Environ 80% des entreprises culturelles et créatives sont des PME et il existe énormément d'entrepreneurs individuels ou de micro-entreprises employant une poignée de salariés. En fait, les personnes qui travaillent au sein des ICC sont deux fois plus susceptibles d'être à leur compte que la moyenne de l'économie. Bien que la majeure partie des entreprises de ces secteurs soient des micro-entreprises (moins de 10 personnes), ces dernières ne représentent qu'un faible pourcentage du chiffre d'affaires total des ICC (18%). Parmi ces « micro-entreprises », près de 60% sont de très petites structures comprenant de 1 à 3 employés.

2.9 Si les grandes entreprises sont très peu nombreuses (moins de 1%), elles réalisent toutefois plus de 40% du chiffre d'affaires annuel généré par ces secteurs. Ces statistiques corroborent une caractéristique fondamentale des ICC: alors que la très grande majorité des entreprises sont des (micro) PME, les grandes entreprises (plus de 50 employés) sont redevables d'une part substantielle des revenus totaux. Il va sans dire que cette caractéristique a des implications

importantes pour les décideurs politiques.

2.10 Cette caractéristique liée à la taille et à la composition des ICC est souvent connue sous l'appellation « milieu manquant » : les entreprises de taille moyenne semblent quasiment absentes du paysage. Il ressort des observations statistiques et des entretiens réalisés dans le cadre de l'étude qu'il est très difficile pour les petites structures d'acquérir une taille moyenne. L'écart entre les plus grands et les plus petits entrave la croissance de ces derniers et leur rend l'accès au marché malaisé. Les très grandes entreprises disposent de solides infrastructures de recherche et de développement tandis que les micro-entreprises n'ont pas accès aux mêmes moyens pour asseoir leur pérennité et leur croissance.

2.11 Ces micro-entreprises doivent donc recourir à diverses stratégies à petite échelle, faire preuve d'un grand dynamisme et être prêtes à prendre des risques pour concurrencer des entreprises mieux établies n'ayant pas besoin de faire preuve de la même flexibilité. Ces caractéristiques structurelles font que les micro-entreprises ont besoin de compétences entrepreneuriales dynamiques et ne disposent pas de chemins de croissance évidents. Les plus petites structures tendent à adopter des comportements plus flexibles et dynamiques pour répondre aux opportunités du marché, comme l'externalisation, la poursuite de projets multiples ou la participation à des grappes d'entreprises afin de bénéficier d'une structure collective plus large.

2.12 S'ajoutant à l'incertitude et à la forte concurrence qui caractérisent le secteur, la convergence numérique a modifié les processus de distribution des produits et services culturels et créatifs. Le passage au numérique bouleverse le modèle de distribution et perturbe les chaînes de valeur traditionnelles. La rapidité croissante des canaux de communication et les progrès techniques permettent d'atteindre un public plus large et d'offrir une gamme de produits et services beaucoup plus étendue. Les modes de création et de consommation traditionnels sont remodelés et ce sont bien souvent les PME culturelles et créatives qui se retrouvent à l'avant-plan de ces changements.

2.13 Le concept traditionnel de la chaîne de production est aujourd'hui remis en question du fait qu'il devient possible de faire l'économie des intermédiaires. S'écartant du processus de production unilinéaire qu'implique le concept de « chaîne de valeur », la notion d' « écologies créatrices de valeur » renvoie à l'idée d'une constellation d'entreprises qui sont dynamiques, subissent des flux multidirectionnels et travaillent en grappes de réseaux. Les entrepreneurs culturels et créatifs doivent souvent créer des interactions directes « utilisateur-producteur ». Ils doivent interagir étroitement avec leurs clients cibles afin de mieux saisir les tendances ainsi que les premières réactions des consommateurs de leurs produits.

2.14 Compte tenu de leurs caractéristiques spécifiques en termes de taille, de composition et de processus de création, les ICC font face à des défis nombreux et complexes. Elles évoluent également dans un environnement qui n'est pas toujours prêt à récompenser la prise de risque, ce qui rend encore plus compliqué leur cheminement vers la pérennité et la croissance.

Les principaux résultats thématiques

3.0 Compte tenu des caractéristiques des ICC, un cadre a été développé afin de mieux comprendre les nouveaux modèles de collaboration et d'avantages concurrentiels des ICC dans le but de mieux les soutenir et d'intégrer ce soutien dans les politiques relatives à l'innovation, aux PME, à l'entrepreneuriat et à la culture.

3.1 L'une des conclusions générales qui a rapidement émergé des entretiens réalisés à travers l'Europe est le besoin de recueillir des données plus cohérentes sur ces industries. Les statistiques nationales ne sont pas homogènes, ce qui fausse toute comparaison.

L'accès au financement

3.2 La plus grande difficulté pour les entrepreneurs et les entreprises des ICC est sans doute de trouver les ressources dont ils ont besoin pour financer leurs activités. Cette difficulté a encore été exacerbée par la récente crise financière.

3.3 La plupart des entreprises consultées ont une planification financière à court-terme. Il est ressorti du questionnaire en ligne que 22% d'entre elles n'avaient pas de planification financière et économique tandis que 53% avaient une planification à un an. Seulement 4% de ces entreprises ont une planification financière à 5 ans. De plus, compte tenu de la nécessité de combiner tâches administrative et processus créatif, l'enquête a montré que 75% des entreprises élaboraient leur planification elles-mêmes, alors que 20% avaient recours aux services d'un consultant professionnel.

3.4 Les ICC se caractérisent aussi par leur forte dépendance vis-à-vis des actifs immatériels, ce qui – à bien des égards – rend encore plus difficile leur accès aux financements. L'entrepreneur créatif combine traditionnellement contenu tangible et contenu intangible à dimension culturelle. Cependant, les actifs immatériels comme la nouveauté, l'innovation dite « soft », le droit d'auteur ou la créativité ne sont pas repris dans les comptes. Les institutions financières comme les banques ne reconnaissent souvent pas leur valeur économique.

3.5 S'il existe de nombreux mécanismes de soutien similaires à travers l'Europe, le niveau auquel ils sont offerts et les secteurs susceptibles d'en bénéficier peuvent varier considérablement. Il ressort du questionnaire en ligne de l'étude que la principale source de financement reste à l'évidence l'autofinancement. Les aides publiques ou privées n'ont qu'un rôle résiduel, tandis que les autres sources sont secondaires. Les prêts bancaires constituent pour les PME l'un des moyens les plus importants de financer leurs activités.

3.6 Cependant, en raison de la récession économique, beaucoup de banques hésitent encore plus que dans le passé à prendre des risques et donc à soutenir les entreprises culturelles et créatives, auxquelles elles associent un niveau de risque élevé. L'investissement en capital risque dans les ICC doit souvent se faire à plus long –terme que dans les autres secteurs d'activités. Pour les micros, petites et même moyennes entreprises, il est extrêmement difficile d'attirer des investissements stratégiques. De même, de nombreux entrepreneurs culturels et créatifs redoutent de nouer des partenariats avec des investisseurs, par crainte de perdre le contrôle de leur compagnie et d'avoir à partager les bénéfices en échange.

3.7 Si les subventions publiques peuvent contribuer à la création et au financement des PME, elles sont le plus souvent surtout accessibles – au sein des ICC – aux secteurs qui sont purement culturels. En outre, selon les experts interviewés, les mesures du secteur public ne semblent pas en mesure de répondre aux attentes et aux besoins des entreprises culturelles et créatives du fait qu'elles sont compliquées à comprendre, qu'elles sont détachées du territoire dans lequel les entreprises évoluent et qu'elles n'offrent pas toujours de soutien à long terme.

3.8 De nombreux experts préconisent l'utilisation du crédit d'impôt et des exonérations fiscales. De façon générale, les exonérations fiscales et les garanties de prêts sont les mécanismes de soutien financier jugés les plus appropriés. D'autres sources de financement comme les investisseurs providentiels, le capital risque et les bons à l'innovation ont également été citées. Il est aussi crucial de mieux comprendre les besoins spécifiques des ICC pour offrir des mécanismes de soutien appropriés, de même qu'il est nécessaire de reconnaître la valeur des actifs immatériels dans les programmes de financement. Aussi est-il regrettable que la région, en tant que pourvoyeuse intermédiaire de soutien financier, ne soit pas suffisamment mise à contribution. De l'avis général,

ce sont en effet les instruments régionaux qui sont les plus à même de répondre aux besoins de financement.

L'accès au marché

3.9 Pour les entreprises culturelles et créatives, il est essentiel de pouvoir accéder au marché afin de consolider leur activité et d'asseoir leur croissance et leur pérennité. Les marchés des produits et services culturels et créatifs sont souvent caractérisés par une demande volatile. Les entrepreneurs doivent tenir compte de goûts hétérogènes et changeants. A quasiment aucun moment de la chaîne de production il n'est possible de prévoir avec certitude l'accueil qui sera réservé à un projet: des projets auxquels personne ne croyait se transforment sans explication en triomphes tandis que des « succès garantis » sont des échecs retentissants.

3.10 C'est dans ce contexte qu'il faut considérer la position du micro-entrepreneur. Les principaux obstacles pour accéder au marché sont en grande partie liés aux arrangements exclusifs imposés par les grands distributeurs, mais aussi à la difficulté d'avoir de l'information sur les opportunités commerciales. La présence de grands et nombreux concurrents est aussi un facteur entravant. Pour les micro-entreprises, le principal défi consiste à obtenir de l'information sur les opportunités commerciales à l'extérieur et d'affronter la concurrence si typique du secteur culturel et créatif. La connaissance de ces opportunités est cruciale pour permettre aux micro-entreprises de se développer.

3.11 La prévalence des PME dans le secteur culturel et créatif met en évidence le besoin pour les responsables politiques de lever les entraves à l'entrée sur le marché qui sont liées à la taille. L'absence d'entreprises de taille moyenne augmente l'impact du fossé qui existe entre les micro-entreprises et les grands acteurs dans certains secteurs. L'asymétrie de position sur le marché entre ces deux extrêmes est flagrante. C'est en permettant aux PME nouvellement créées d'avoir accès au marché et, dans le même temps, en élaborant des chemins de croissance potentiels pour les entreprises qui cherchent à croître qu'on pourra garantir la diversité culturelle.

3.12 Le grand défi est aussi de trouver de nouveaux modèles d'affaires appropriés. Les retombées globales des TIC pour la culture sont ambivalentes. D'un côté, la technologie offre de nouvelles opportunités pour les créateurs, qui peuvent produire et distribuer leurs œuvres à un public plus large, indépendamment des contraintes physiques et géographiques. D'un autre côté, les TIC perturbent les contenus traditionnels. Tandis que de nouveaux modèles peinent à émerger, le risque est que les contenus culturels soient considérés comme n'importe quel autre produit commercialisé dans le monde virtuel et soit ainsi dévalorisé.

Les outils de propriété intellectuelle

3.13 Il ressort de l'enquête en ligne qu'une majorité de PME n'ont pas reçu de conseil en matière de droit de propriété intellectuelle (DPI) avant de commencer leur activité entrepreneuriale. Il apparaît aussi qu'un tiers des PME culturelles et créatives n'ont pas utilisé d'outil de protection spécifique. Les outils de protection informels comme les accords de confidentialité ne sont utilisés par une PME du secteur sur cinq.

3.14 Toute politique future de soutien au développement des ICC devra tenir compte des évolutions qui affectent les DPI et les modèles d'affaires, sans cependant oublier que ces droits restent pour l'entrepreneur culturel et créatif une source importante de motivation en ce qu'ils permettent de récompenser sa création. En outre, dans la mesure où beaucoup de PME culturelles et créatives n'utilisent actuellement pas d'outils de protection, la question se pose de savoir comment les encourager à faire un meilleur usage des DPI dans leur activité entrepreneuriale.

3.15 L'utilisation relativement faible qui est faite des instruments de protection laisse à penser qu'il serait nécessaire de mieux les faire connaître et d'en faciliter l'accès pour les PME culturelles et créatives, pour lesquelles ces systèmes restent encore complexes. La question de la gestion des DPI est pour les ICC une question centrale qui conditionne dans une large mesure leur dynamisme entrepreneurial car ces droits rémunèrent leur activité et la rendent ainsi possible. Il est donc important de fournir un conseil aux entrepreneurs culturels et créatifs, et que ce conseil arrive au bon moment.

L'éducation à l'entrepreneuriat, les compétences et la formation

3.16 On constate un manque général de compétences entrepreneuriales dans tous les secteurs des ICC. En dépit d'une forte augmentation des programmes de formation à l'entrepreneuriat ces dernières années, il existe relativement peu de données ou d'évaluation sur leur impact. Le modèle d'entrepreneuriat étroit traditionnel, qui s'intéresse uniquement au succès commercial, ne semble pas adapté aux ICC, pour qui la réussite sur le plan créatif ou culturel revêt souvent plus d'importance. Cependant, soutenir le développement de compétences entrepreneuriales est nécessaire pour permettre la croissance de l'entreprise, son orientation « marché », le retour sur l'investissement créatif, la communication, la mise en réseau ou encore le travail en équipe tout au long du cycle de vie de l'entreprise.

3.17 Les entrepreneurs culturels et créatifs ont besoin d'un ensemble de compétences spécifiques qui va des compétences de base en matière de planification entrepreneuriale aux compétences de présentation (comment vendre une idée) et de gestion. Il ressort des questionnaires envoyés aux experts que l'accès au marché – de même que d'autres facteurs de succès – est directement entravé par des facteurs qui limitent la connaissance à la disposition de l'entreprise comme le manque de compétences entrepreneuriales ou encore le manque d'information sur les opportunités commerciales.

3.18 La différence entre la formation formelle et informelle à l'entrepreneuriat est un thème de discussion récurrent au sein des ICC. Pour certains experts interrogés dans le cadre de l'étude, la formation à l'entrepreneuriat n'est pas suffisamment présente dans les cursus nationaux et dans l'enseignement artistique. Selon certains, le soutien au développement de compétences entrepreneuriales doit intervenir le plus tôt possible et il faut encourager dès le plus jeune âge les vocations à devenir chef d'entreprise. Des cours de gestion financière ou administrative devraient être incorporés dans les cursus afin de pallier le manque de compétences entrepreneuriales.

3.19 Inversement, d'autres experts affirment qu'il ne sert à rien de chercher à développer les compétences entrepreneuriales. En l'absence d'évaluation des programmes en question, ils suggèrent de remplacer les efforts déployés pour stimuler l'entrepreneuriat (que ceux-ci soient à mettre sur le compte des gouvernements ou non) par le développement de politiques macroéconomiques, qu'ils considèrent plus efficaces à long-terme pour renforcer la performance entrepreneuriale des PME. Selon ces experts, des mesures macroéconomiques telles que la taxation ou les dispositions réglementaires sont plus à même de déterminer le niveau d'entrepreneuriat.

3.20 Cette tension entre initiatives microéconomiques et interventions macroéconomiques se reflète dans les programmes de soutien aux ICC, faisant pencher la balance en faveur de solutions intermédiaires et complémentaires qui combinent l'apprentissage sur le terrain et la formation par les pairs. En effet, plutôt que de se focaliser sur les cursus de formation, une autre solution permettant de renforcer pérennité et croissance serait de favoriser les connections entre les entrepreneurs culturels et créatifs et les personnes ayant l'expérience des affaires. Des projets multidisciplinaires entre entreprises et institutions d'enseignement pourraient contribuer à

accroître les interactions entre le monde des affaires et le monde de la création.

3.21 Recourant à des formes plus ou moins complexes de soutien financier – prêts bancaires, prêts garantis par des agences gouvernementales ou à but non lucratif, crowd-sourcing, aides et subventions – les entrepreneurs culturels et créatifs sont responsables de leurs modèles d'affaires et de leurs ressources financières. Les modèles d'affaires se concentrent principalement sur les éléments liés à la production de valeur, les relations avec les visiteurs et les clients, les structures de coûts et les chaînes de valeur. Du fait de la dimension culturelle, il est essentiel d'avoir la compétence permettant de développer un modèle d'affaires qui soit adapté aux besoins des ICC. L'éducation formelle n'offre pas les outils adéquats en la matière. Il est important d'intégrer très tôt l'entrepreneuriat et la créativité dans l'enseignement. Les programmes d'éducation tout au long de la vie peuvent ensuite prendre le relais et offrir un soutien à la demande.

L'accès à l'innovation

3.22 La reconnaissance de l'innovation cachée, de l'innovation dite « soft » ou des procédés liés au design comme des moteurs d'une innovation centrée sur les utilisateurs donne à penser que les ICC pourraient avoir un rôle à jouer dans le renforcement du potentiel d'innovation de l'Europe. Des méthodes d'innovation ouverte qui incluent la collaboration entre différents secteurs peuvent inciter les ICC à s'engager dans des processus d'innovation. La triangulation des méthodes et des connaissances entre le monde académique, les PME culturelles et créatives et le monde des affaires ainsi que la formation de liens avec d'autres secteurs peuvent aussi aider les industries culturelles et créatives à accéder à l'innovation.

3.23 Le design est de plus en plus perçu comme une force particulière et une source d'avantage concurrentiel pour l'Europe. Le document de travail des services de la Commission sur le « Design en tant que moteur d'une innovation axée sur l'utilisateur » a montré que la R&D non technologique était – au même titre que la R&D technologique – un facteur concurrentiel, auquel les PME à faible technologie pouvaient recourir pour augmenter leur compétitivité. Cette constatation a été confirmée par les résultats de la consultation lancée par ce document de travail, qui a abouti à l'intégration de l'innovation axée sur l'utilisateur dans la future politique de l'innovation. Toutefois, l'un des obstacles les plus importants réside dans le fait que les responsables politiques et les PME culturelles et créatives elles-mêmes n'ont pas suffisamment conscience du potentiel du design sur le plan économique et de l'innovation.

3.24 De nombreuses entreprises culturelles et créatives déploient des stratégies axées sur l'utilisateur. Bien qu'il ait longtemps été vu comme un secteur spécifique chargé d'améliorer l'esthétique des produits, le design est maintenant considéré par la Commission européenne comme un instrument qui peut contribuer au développement de solutions et de produits innovants. La nouvelle dynamique qui s'instaure entre consommateurs et producteurs de contenus, en particulier avec le numérique, a une influence considérable sur les modèles de distribution et les modèles d'affaires des ICC. Il est vital de permettre à de tels environnements exploratoires d'émerger afin de débloquer le potentiel des ICC, en les incitant à innover puis à étendre leurs innovations à d'autres secteurs.

3.25 La compétitivité d'une entreprise dépend crucialement de sa capacité à accéder à un savoir extérieur. Il est donc nécessaire de promouvoir le partage des connaissances et de stimuler l'acquisition de nouvelles compétences ainsi que les collaborations intersectorielles afin de promouvoir des procédés d'innovation ouverte et développer des marques, produits et services nouveaux. Alors que les différences entre les secteurs tendent à s'estomper, le transfert intersectoriel de connaissances s'en trouve facilité. Ces transferts entre différents acteurs, tels que le monde académique, le monde des affaires et les industries culturelles et créatives peut

améliorer le potentiel d'innovation. Au niveau national, le recours à des solutions alternatives comme les bons à l'innovation pourrait être encouragé par les autorités nationales et régionales. Les régions sont encouragées à travailler avec des intermédiaires de sorte à connecter les ICC, et particulièrement les PME, à d'autres secteurs en vue de favoriser l'émergence de plateformes et procédés innovants.

3.26 Soutenir une culture de l'innovation via des facteurs non technologiques comme l'entrepreneuriat nécessite qu'une plus grande attention soit accordée aux déficits de compétences et à la relation entre le secteur de la recherche appliquée et les PME. Afin de permettre aux PME d'identifier des chemins de croissance durables, celles-ci doivent pouvoir faire appel à des compétences spécifiques plus ou moins au moment où les besoins surgissent, c'est-à-dire à la demande. Les PME sont elles-mêmes souvent inconscientes de leurs besoins en recherche appliquée et incapables de les exprimer de façon cohérente. Un niveau intermédiaire de médiation est à l'évidence nécessaire pour concilier la perspective de l'éducation et de la formation et la perspective économique. Cela pourrait se faire sur base régionale, avec un soutien pour l'innovation commerciale à orientation pratique et à petite échelle.

Les grappes d'entreprises et la collaboration

3.27 Afin de permettre aux entreprises culturelles et créatives de réussir à expérimenter, innover et croître tout en disposant des compétences et sources de financement appropriées, il est nécessaire de favoriser un environnement qui leur donne un certain niveau de stabilité ainsi que l'accès aux informations et connaissances dont elles ont besoin. A cet égard, la collaboration et la mise en réseau sont des outils clés.

3.28 Collaboration et réseaux permettent aux PME culturelles et créatives de bénéficier d'un gisement d'informations. En facilitant l'échange d'informations, ils contribuent de façon essentielle à l'émergence de procédés innovants, mais l'échange porte aussi sur des questions pratiques qui sont utiles aux entreprises, en particulier aux jeunes entreprises qui ont besoin de conseils sur des aspects administratifs, financiers ou liés à l'innovation. Concentrer des PME culturelles et créatives dans un même endroit peut leur permettre non seulement de bénéficier de leurs ressources réciproques mais aussi de partager leur espace de travail, des services de comptabilité et d'autres types de soutien à l'entrepreneuriat.

3.29 Il existe aujourd'hui une convergence entre les producteurs et les consommateurs, et différents secteurs adaptent leurs procédés afin d'intégrer ces changements par la recherche appliquée. Cependant, les enjeux et les processus d'adaptation de ces secteurs sont plus difficiles à expliquer et à identifier par des approches académiques. La connaissance peut mener à l'expérience, mais – dans le cas des processus créatifs – l'expérience aboutit aussi à de nouvelles connaissances, qu'il pourrait être sinon difficile d'appréhender de façon satisfaisante.

3.30 Il convient clairement d'encourager le recours aux processus collaboratifs si typiques des environnements multidisciplinaires où les ICC, le monde académique et le secteur privé travaillent dans un cadre dynamique et où les produits et les processus peuvent être constamment évalués et peuvent bénéficier d'un soutien (que ce soit sur le plan financier ou de la recherche). Dans ses interactions avec les autres, l'entrepreneur culturel et créatif est en effet susceptible de bénéficier d'un processus de formation et d'apprentissage. Une grande force des ICC est de parvenir à transformer des connaissances et des expériences nouvelles en nouveaux procédés et produits. Associer des stratégies de capital risque à de tels processus collaboratifs peut entraîner un retour sur investissement et fournir des ressources financières aux PME et entrepreneurs des ICC.

3.31 Il ressort des statistiques de l'étude que c'est au début de son activité entrepreneuriale que les

collaborations et réseaux formels et personnels seront les plus utiles à l'entrepreneur culturel et créatif, tandis que dans les phases suivantes, comme les phases de consolidation et d'expansion, les PME culturelles et créatives seront plus intéressées par les grappes d'entreprises. Cela semble suggérer que les formes de soutien personnel et à la demande du type « matching » ou « coaching » sont surtout valables les premiers temps tandis que des formes collaboratives plus formelles comme l'appartenance à une grappe d'entreprises sont plus appropriées aux entreprises culturelles et créatives qui cherchent à conquérir de nouveaux marchés ou à bénéficier des initiatives des partenaires qui les entourent.

Les principales recommandations

4.0 Sur la base du travail qui a été mené, un certain nombre de recommandations générales et spécifiques est proposé. Ces recommandations portent sur le contexte général européen, la politique de l'innovation ainsi que le besoin de stimuler l'entrepreneuriat en tant que moteur non technologique de l'innovation.

4.1 Afin de répondre adéquatement aux besoins des ICC, il est nécessaire de disposer de davantage de données statistiques sur ces industries en général et sur chacun des secteurs qui les composent.

4.2 Tout soutien ciblé doit correspondre aux caractéristiques des ICC et, plus encore, à leur structure. Toutes les mesures visant les PME qui seront proposées dans le cadre des initiatives phares de la Stratégie Europe 2020 devraient tenir compte des besoins spécifiques des micro-entreprises.

4.3 Comme le montre l'exemple des pays qui ont développé des mécanismes de soutien perfectionnés pour les ICC et enregistrent de bons résultats en matière d'innovation, le fait pour plusieurs ministères de coordonner leur action en faveur de ces industries permet un meilleur ciblage et une plus grande cohérence. Etant donné que les ICC ont souvent une dimension interdisciplinaire et qu'elles relèvent à la fois du champ culturel et du champ économique, il conviendrait d'encourager la collaboration entre ministères, notamment entre ministères de la culture et ministères de l'économie, ainsi que de renforcer la coordination et la cohérence des politiques menées aux différents niveaux de gouvernance politique dans le souci d'une plus grande efficacité.

4.4 Des politiques de stimulation sont nécessaires aux niveaux tant européen, national que régional afin de pleinement répondre aux besoins spécifiques des ICC. Tous les niveaux de gouvernance politique devraient reconnaître la contribution des ICC à la nouvelle économie et œuvrer à l'émergence d'une situation d'égalité de concurrence pour ces industries. Le niveau national dessine l'environnement réglementaire dans lequel les ICC évoluent. La production et la distribution de produits et services culturels et créatifs seraient encouragées si ceux-ci bénéficiaient d'exonérations d'impôts, ce qui stimulerait la croissance dans de nombreux secteurs. De même, la mobilité transfrontalière des artistes pourrait être accrue en facilitant les procédures réglementaires y relatives. Dans la mesure où les ICC plébiscitent les interactions étroites et le soutien à la demande, les régions pourraient devenir les intermédiaires entre ces industries et les niveaux de gouvernance européen et national. Elles pourraient encourager les grappes d'entreprises et les réseaux sectoriels de leur territoire à se transformer en plateformes d'innovation et les PME culturelles et créatives à s'intégrer dans ces grappes.

4.5 L'UE devrait davantage tenir compte des besoins des ICC dans ses programmes cadres actuels et futurs en faveur de la recherche et du développement technologique (PCRDT 7 et PCRDT 8) ou de la compétitivité et de l'innovation, ainsi que dans sa politique de cohésion, notamment en les ouvrant aux projets d'innovation non technologique et aux PME culturelles et créatives (et pas uniquement

aux PME du secteur des TIC). L'UE devrait également augmenter la visibilité des activités qui sont menées dans les pays et les régions en favorisant leur mise en réseau.

Les recommandations relatives à l'accès au financement

4.6 Le manque de financement est un problème récurrent pour les ICC et tout spécialement pour les micro-entreprises. L'octroi de financement devrait se faire en adéquation avec les différentes phases du cycle de vie entrepreneuriale et correspondre aux besoins des PME. Afin d'assurer un soutien bien ciblé, il est essentiel de recourir aux régions pour canaliser les fonds ainsi qu'à des intermédiaires financiers connaissant les caractéristiques des PME culturelles et créatives.

4.7 Les grands dispositifs de financement en faveur de l'innovation sont trop complexes pour les ICC. Au niveau de l'UE, il conviendrait de simplifier les mécanismes de financement afin de permettre que les PME culturelles et créatives y aient plus facilement accès. Les programmes existants (PCRD7, CIP) devraient cibler les PME culturelles et créatives. Le programme MEDIA offre un soutien spécifique à un secteur particulier dans les différentes phases de la chaîne de valeur. Des possibilités de soutien similaires devraient être développées pour d'autres secteurs des ICC et porter sur certains moments cruciaux de leur chaîne de valeur respective.

4.8 Au niveau de l'UE, les fonds de la BEI et du FEI, qui promeuvent aussi l'innovation, pourraient servir à financer des prêts ou être investis en capital risque pour le bénéfice des ICC afin de renforcer l'innovation non technologique. Ils pourraient également soutenir des initiatives nationales ou régionales destinées à développer des systèmes de garanties bancaires. Sur ce point, une attention particulière devrait être portée à l'exemple du fonds de garantie bancaire en faveur du secteur audio-visuel qui sera bientôt introduit dans le programme MEDIA pour la numérisation du cinéma. En coordination avec les États membres, il est recommandé à l'UE d'envisager la fixation de taux de TVA réduits ou leur renforcement ou encore l'instauration d'autres mécanismes fiscaux incitatifs en faveur des services et produits créatifs à forte intensité de travail que ce soit en ligne ou non.

4.9 Les États membres pourraient envisager des mesures du type «abri fiscal » pour d'autres secteurs et soutenir le développement de fonds (par exemple publics) de capital risque, les investisseurs providentiels ainsi que le microcrédit. De même, des mécanismes d'ingénierie financière comme les garanties bancaires pourraient être encouragés au niveau national. Enfin, il conviendrait d'encourager l'investissement des Fonds structurels européens dans les ICC, en particulier en faveur des plateformes et des initiatives de mise en réseau régionales.

Les recommandations relatives à l'accès au marché

4.10 L'UE devrait faciliter l'accès au marché des entreprises culturelles et créatives par le biais des marchés publics, qui sont encore insuffisamment exploités pour soutenir l'innovation. Les marchés publics concerneraient des procédés, produits ou services d'innovation non technologique, et les ICC, et tout spécialement les micro-entreprises, pourraient se porter candidates.

4.11 L'initiative en faveur des marchés porteurs (« Lead Market Initiative ») lancée par l'UE en 2008 visait à identifier de nouveaux besoins et de nouveaux marchés pour les produits et services innovants. L'objectif est de mieux cibler la demande future et d'offrir un terrain de jeu expérimental pour les investisseurs. Afin de mieux couvrir les besoins sociétaux, l'UE devrait envisager d'ouvrir cette initiative à l'innovation non technologique et à l'innovation dans les services en vue d'exploiter le potentiel innovant des ICC.

4.12 L'accès au marché reste difficile pour les PME culturelles et créatives, en particulier dans les secteurs où un petit nombre d'entreprises ont une position dominante. L'UE devrait envisager

d'adapter les règles de concurrence aux caractéristiques des ICC afin d'éviter toute concentration excessive. Cela pourrait permettre à tous les acteurs culturels d'avoir un accès minimal à l'ensemble des canaux de distribution, y compris en ligne, et d'offrir aux consommateurs une véritable diversité culturelle ainsi qu'une vraie liberté de choix.

4.13 Les ICC et particulièrement les micro-entreprises ne disposent pas d'une information suffisante sur les opportunités commerciales dans leur région mais aussi au-delà de celle-ci et des frontières nationales. Les régions devraient promouvoir la dissémination de ces informations au moyen de réseaux régionaux. Les régions peuvent servir de plateformes pour l'échange de bonnes pratiques sur des questions d'ordre technologique et non technologique. Elles pourraient encourager un accès minimal au marché en mettant en place des plateformes où les PME culturelles et créatives pourraient exposer leurs produits et services et promouvoir ainsi la visibilité des ICC régionales.

Les recommandations relatives au développement de compétences entrepreneuriales

4.14 Il y a un déficit généralisé de compétences entrepreneuriales au sein de tous les secteurs des ICC. En dépit de l'importance de la question, on constate toujours un manque d'intégration de la formation à l'entrepreneuriat dans les cursus d'enseignement, et particulièrement dans l'enseignement artistique. Doté d'un budget de €7 milliards pour la période 2007-2013, le programme pour l'éducation tout au long de la vie est le principal instrument de l'UE dans le domaine de la formation et de l'éducation. Il est suggéré que ce programme fasse du développement de la créativité l'une de ses priorités et soutienne la formation à l'entrepreneuriat, y compris dans le secteur créatif.

4.15 Le Fonds social européen pourrait servir à renforcer l'emploi dans les ICC, par exemple en canalisant des fonds pour les apprentissages créatifs dans le but de faciliter le passage à la vie active par la promotion de l'apprentissage sur le lieu de travail. La formation aux TIC devrait être incluse ou renforcée dans les cursus des établissements artistiques afin d'encourager le potentiel d'innovation des ICC et de les aider à mieux exploiter les opportunités offertes par la révolution numérique.

4.16 Les ICC sont aussi des producteurs de savoir par le biais de processus de recherche appliquée. Lier le travail collaboratif entre institutions de la connaissance et les PME locales pourrait dynamiser les capacités d'innovation des régions. Les universités de science appliquée pourraient jouer un rôle précieux en connectant les activités d'une région donnée à celles d'autres régions et réseaux d'industries culturelles et créatives en Europe. Mieux lier les entreprises des ICC et les institutions de recherche appliquée contribuerait aussi à mettre à jour les compétences professionnelles des PME de la région en ce qui concerne l'innovation professionnelle, l'entrepreneuriat, la créativité ou encore la recherche.

Les recommandations relatives au développement de l'entrepreneuriat comme facteur d'innovation non technologique

4.17 Afin de stimuler le potentiel innovant des ICC et de développer l'entrepreneuriat comme moteur d'innovation non technologique, il conviendrait d'élargir la définition de l'innovation dans le cadre de la prochaine révision de la politique de recherche et d'innovation afin d'y englober toutes les formes d'innovation, tant du secteur public que du secteur privé, y compris l'innovation dite « soft » ou cachée, et de reconnaître le statut de R&D à certains procédés typiques des ICC, comme le design ou la recherche de nouveaux talents.

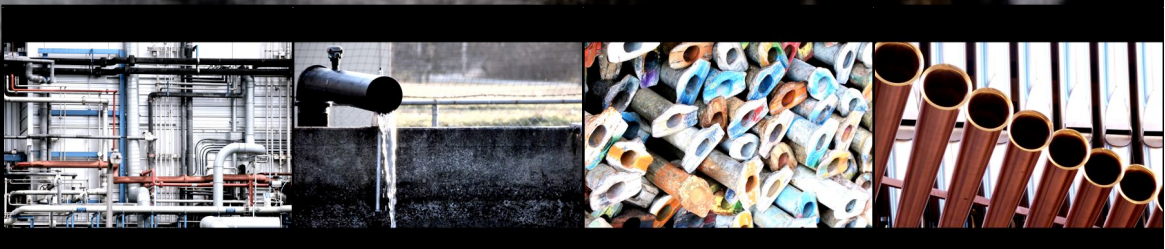
Les recommandations relatives au soutien aux instruments de la propriété intellectuelle

4.18 L'UE devrait améliorer l'accès des PME aux instruments de la propriété intellectuelle ainsi que leur utilisation. L'environnement numérique s'est traduit par de nouveaux défis sur le plan de la protection du droit de propriété intellectuelle. Il conviendrait de rechercher au niveau européen des solutions créatives permettant de récompenser les propriétaires de droits tout en garantissant une certaine flexibilité et une applicabilité aisée.

4.19 La révolution numérique s'accompagne pour les ICC d'opportunités et de défis nouveaux et il est nécessaire de leur apporter un soutien approprié pour les aider à en tirer profit. Des fonds spécifiques devraient être alloués aux ICC, en particulier aux PME, afin de renforcer l'éducation aux médias et l'utilisation des outils numériques au sein des entreprises.

4.20 L'une des grandes conclusions de cette étude est la constatation que les entrepreneurs créatifs et culturels dépendent fortement de l'utilisation de réseaux dans des environnements très innovants caractérisés par un niveau de risque élevé. Les PME de ces industries ont donc besoin de nouer des formes de collaboration sur le plan de l'organisation, du support de leurs opérations ou de la production. Développer une activité entrepreneuriale dans un tel contexte nécessite une certaine flexibilité, le recours à des solutions à risque ainsi que des compétences interdisciplinaires qui peuvent aussi être un moteur d'innovation non technologique susceptible de profiter au reste de l'économie. Afin de soutenir les ICC, il convient donc de favoriser les collaborations et les réseaux.

Die **unternehmerische** Dimension der
kulturellen und kreativen Industrien



zusammenfassung

Zusammenhang

1.0 Die Bedeutung der Kultur und der Kreativität, oder besser die der „kultur-basierten Kreativität“, hat sehr viel Aufmerksamkeit hinsichtlich der Stärkung und sich bietenden Möglichkeiten einer Europäischen „kreativen Wirtschaft“ gewonnen. Diese Studie, beauftragt von der Europäischen Kommission, enthüllt die wachsende Bedeutung der kreativen Wirtschaft, insbesondere die der Rolle der kulturellen und kreativen Industrien (KKI), welche dazu beitragen können, Europas derzeitige und zukünftige Probleme zu lösen. So wird Innovation heutzutage nicht mehr nur als technologischer oder wissenschaftlicher Wandel verstanden, sondern in einem viel größeren Zusammenhang: Die kulturellen und kreativen Industrien ermöglichen einen beachtlichen Fortschritt, um auch nicht-technologische Innovationen für Produkte und Prozesse miteinzubeziehen, was zu einer Verbesserung der Erfindungskraft in Europa führt.

1.1 Das Ziel dieser Studie ist es, eine verbesserte Wahrnehmung und ein Verständnis für die Aufgaben und Bedürfnisse von Unternehmen innerhalb der KKI, speziell die der kleinen und mittelständischen Unternehmen (KMU), zu schaffen. Es ist nicht beabsichtigt, eine zusammenfassende Übersicht zu bieten, sondern es gilt Problemstellungen offenzulegen und Lösungsvorschläge zu erbringen. Hierfür werden unterschiedliche allgegenwärtige Problembereiche der kreativen und kulturellen Industrie Beispiele dargestellt. So werden spezielle Herausforderungen identifiziert, welche die Unternehmen in der KKI davon abhalten könnten, von den Vorteilen des europäischen Binnenmarktes und dem allgemeinen Trend zur Digitalisierung zu profitieren.

1.2 Diese Studie beschreibt die Hauptkriterien der kulturellen und kreativen Industrien und berücksichtigt nationale Faktoren, welche die Entwicklungen dieser Betriebe beeinflussen. Außerdem vermittelt diese Studie ein Verständnis der maßgeblichen Faktoren, die die Stärkung des Unternehmertums der Kultur- und Kreativwirtschaft beeinflussen, wie z.B. der Zugang zu Finanzierungsmöglichkeiten, Markteintrittsbarrieren Rechte an geistigem Eigentum, allgemeine und berufliche Bildung, Innovation oder kollaborative Prozesse. Ausgehend von diesen Herausforderungen wird diese Studie sowohl generelle Herangehensweisen für ein förderliches Umfeld als auch spezifische Empfehlungen für jeden individuellen Faktor erarbeiten. Dies garantiert die bestmögliche Unterstützung für Unternehmen in den KKI, da dieser Ansatz die fachspezifischen Unterschiede, die unterschiedlichen Ebenen der Führungspolitik sowie der unternehmerischen Entwicklungsphasen der jeweiligen Unternehmen berücksichtigt

Das kreative Unternehmertum

2.0 Bis jetzt existiert noch keine allgemeingültige Definition von Unternehmertum. Man kann es als risikotragfähig, unternehmungsgründungsfähig oder auch als Stimulation der Innovation beschreiben und noch weniger ist man sich einig, inwieweit diese Definition im Bezug auf den kulturellen und kreativen Wirtschaftszweig zutrifft. Egal wie, wenn man den enormen Beitrag des

kulturellen und kreativen Wirtschaftszweiges in Bezug auf das BIPs in den Teilnehmerstaaten in Betracht zieht, offenbart sich dessen Bedeutung und Wichtigkeit.

2.1 In diesem Zusammenhang stellt sich die Frage, welche Faktoren diesen Wirtschaftszweig in seiner Ausübung unterstützen oder behindern. Das OECD/EUROSTAT Unternehmertum Indikationsprojekt hat sechs Bereiche identifiziert, welche ausschlaggebend für die Erfolgsquote sind. Diese sind: Zugang zu Kapital, Technologie, Forschung und Entwicklung, unternehmerische Fähigkeiten, Marktbedingungen/Konjunkturlage, rechtliche Rahmenbedingungen und die unternehmerische Kultur.

2.2 KKI Unternehmen, speziell KMU, haben spezifische Eigenschaften, welche diese vom „gemeinen“ Unternehmertum unterscheidet. So arbeiten diese regelmäßig unter speziellen Marktbedingungen, sie produzieren Güter, die schon vom Ursprung her „kulturell“ sind, sie arbeiten mit Personen, die eher inhaltsbezogen als marktorientiert vorgehen und im Allgemeinen in sehr kleinen KMU (mikro-KMU) auf der Basis von permanenten Netzwerken agieren.

2.3 Ein kultureller und kreativer Unternehmer kann als jemand verstanden werden, der kreative oder innovative Produkte oder Dienste entwickelt und gleichzeitig unternehmerische Prinzipien nutzt, um diese kreativen Aktivitäten in einer kommerziellen Art und Weise zu organisieren und auszuüben. Allerdings ist es nicht einfach, die Balance zwischen der kreativitätsbezogenen Ausübung und der kommerziellen Ausrichtung zu halten, da sich Unternehmer stark in ihren Motivationen und Branchen, in welchen sie tätig sind, unterscheiden.

2.4 Der Begriff „Unternehmer“ wird in der kulturellen Branche nur zögerlich akzeptiert, da dieser übermäßig mit dem finanziellen Aspekt assoziiert wird, anstelle von kulturellen und sozialen Werten. Andererseits ist das Klischee des Künstlers, der nicht in der Lage ist, sein Unternehmen zu managen, weil ihm die nötigen finanziellen Fachkenntnisse fehlen, bei wirtschaftspolitischen Entscheidungsträgern immer noch weit verbreitet. Dies beeinflusst somit die Unterscheidung und Unterteilung zwischen der herkömmlichen Unternehmerpolitik und kulturellen Unternehmerpolitiken.

2.5 Genau wie Künstler häufig zögern, ihren individuellen Ausdrucksprozess zu beschreiben, so geben auch Unternehmer nur widerwillig ihren individuellen Weg der Innovationsgewinnung bekannt. Indem man beide Prozesse als gleichwertig ansieht, erkennt man, dass man beides kombinieren muss um das kreative Potential voll ausschöpfen zu können. Der Begriff kulturelle und kreative Unternehmen versucht, diese beiden Welten zu vereinen: die Berücksichtigung des in einem Künstler schlummernden unternehmerische Geistes, sowie das kreative Potential eines Unternehmers.

2.6 Spannungen zwischen kreativ Tätigen und Unternehmern ist typisch für viele kulturelle und kreative Unternehmen. Sie ergeben sich oft durch den Wunsch des Künstlers, den kulturellen Wert in den Vordergrund zu rücken, wohingegen der Unternehmer den wirtschaftlichen Aspekt über den kulturellen Wert stellt.

Eigenschaften

2.7 Die Vielfältigkeit der kulturellen und kreativen Industrie spiegelt sich in der breiten Angebotspalette der verschiedenen Unternehmen wieder. Dabei handelt es sich um alle möglichen Arten von Unternehmen - von multi-nationalen Zusammenschlüssen bis hin zu Branchen, die durch

einen hohen Anteil von KMU (z.B. Architektur, Mode, Kunsthandwerk) gekennzeichnet sind. Andere wiederum repräsentieren eine breite Streuung von großen und kleineren Unternehmen, insbesondere in der Softwarebranche, bei den Verlagen und Medienanbietern.

2.8 Die Mehrheit der KKI-Unternehmen gehört allerdings zu der Kategorie der sehr kleinen Unternehmen. Ungefähr 80% der Unternehmen der KKI sind KMU mit mehreren Einzelunternehmern oder Mikro-KMU, welche nur über eine geringe Anzahl von Beschäftigten verfügen. Tatsächlich gibt es innerhalb der KKI mehr als doppelt so viele Selbstständige, wie in anderen Wirtschaftszweigen. Auch, wenn die überwiegende Mehrheit der KKI Unternehmen Mikro-Unternehmen sind (mit einem Personal von weniger als 10 Beschäftigten), sind sie nur für einen bescheidenen Prozentsatz des Gesamtumsatzes der KKI repräsentativ (18%). Die meisten Mikro-KMU haben sogar nur einen bis drei Angestellte.

2.9 Die Anzahl der Großbetriebe ist geringer als 1%, aber sie machen mehr als 40% des Jahresumsatzes aus. Diese Statistiken bestätigen eine wichtige Erkenntnis der KKI: Dadurch, dass die meisten Unternehmen KMU und Mikro-Unternehmen sind, aber die größeren Betriebe (mit mehr als 50 Beschäftigten) einen deutlich höheren Anteil der Gesamteinnahmen beisteuern, ist es nicht verwunderlich, dass dies auch Auswirkungen auf die Politik hat.

2.10 Diese Eigenschaft, die Verbindung von Größe und Zusammensetzung der Kultur- und Kreativwirtschaft, wird häufig die „fehlende Mitte“ genannt: Mittelgroße Unternehmen scheinen fast gar nicht zu existieren. Unter Berücksichtigung der statistischen Beobachtungen und der durchgeführten Befragung, existiert ein wesentliches Problem für kleinere Unternehmen, aus der ersten Initiative zu einem mittleren Unternehmen zu wachsen. Das „Loch“ zwischen den „big players“ und den Mikro-Unternehmen macht den Wachstum für Mikro-Unternehmen schwierig und erhöht gleichzeitig die Problematik, einen höheren Marktanteil der „small players“ zu gewinnen. Eine geringe Anzahl von Großbetrieben verfügt über die Infrastruktur, die die Weiterentwicklung durch Forschung und Entwicklung ermöglicht. Dies fehlt den Mikro-Unternehmen, was wiederum das nachhaltige Wachstum behindert.

2.11 Mikro-Unternehmen müssen Strategien anwenden, die an ihre geringe Größe angepasst, hoch dynamisch und risikobereit sind, um mit den existierenden Unternehmen konkurrieren zu können, die weniger auf Flexibilität angewiesen sind. Die strukturellen Anforderungen eines Mikro-Unternehmen setzen dynamische Fachkenntnisse voraus, scheinen allerdings keine direkte Wachstumsperspektive für ein Unternehmen zu bieten. Kleinere Unternehmen neigen dazu, eine flexiblere und dynamischere Haltung bei der Reaktion auf Marktchancen einzunehmen. So werden Ressourcen ausgelagert, vielen Projekte angenommen oder der Zusammenschluss von unterschiedlichen Organisationen genutzt, um von der konzentrierten Fachkompetenz profitieren zu können.

2.12 Zusätzlich zu der Unsicherheit und der großen Konkurrenz hat der technische Fortschritt und die Digitalisierung auch den Verteilungsprozess von kulturellen und kreativen Produkten und Dienstleistungen verändert. Der „digitale Wandel“ beeinflusst die Struktur der Verteilung und die traditionellen Produktwertschöpfungsketten. Die zunehmend schnelleren Kommunikationskanäle und technologischen Verbesserungen bieten neue Möglichkeiten, um ein größeres und weit entferntes Publikum zu erreichen, sowie auch eine größere Produktpalette und Dienste anzubieten. Die traditionelle Wertschöpfungskette der Erstellung und des Verbrauchs wird im Rahmen dieser Veränderungen aktiv neu gestaltet und in vielen Fällen sind es die KMU der kulturellen und kreativen Industrie, die dabei an vorderster Front stehen. .

2.13 Das traditionelle Konzept der Produktionskette wird mit der Umgehung der Zwischenhändler in Frage gestellt. Dadurch wird von dem uni-linearen Produktionsprozess Abstand genommen und vielmehr die Idee von „mehrwertschaffenden Ökosystemen“ verfolgt. Dabei handelt es sich um das Zusammenspiel von flexiblen Firmen, zwischen denen ein gegenseitiger Austausch von Werten besteht und die hauptsächlich in Netzwerk-Clustern arbeiten. Häufig stehen kulturelle und kreative Unternehmen im direkten Kontakt mit Verbrauchern i. So müssen sie eng mit der Zielgruppe zusammenarbeiten, um Trends wahrzunehmen oder frühzeitig auf Reaktionen von Käufern ihrer eigenen Produkte reagieren zu können.

2.14 In Anbetracht der spezifischen Eigenschaften der kulturellen und kreativen Industrie, unter Berücksichtigung der Größe, Zusammensetzung und Produktherstellung, müssen sich die KKI vielen Herausforderungen stellen. Außerdem bewegen sie sich in einem Bereich, in dem mit Risiken behaftete Handlungsweisen nicht immer gefragt sind, der dafür aber weitere Komplikationen auf den Weg zur Nachhaltigkeit und Wachstum bietet.

Die wichtigsten Ergebnisse

3.0 Unter Berücksichtigung der speziellen Eigenschaften der KKI, wurde ein Rahmenmodell erschaffen, welches neue Modelle der Zusammenarbeit und Wettbewerbsvorteile für KKI bietet, so dass diese bestmöglich unterstützt werden. Dieses Modell umfasst auch die Bereiche der Innovation, Unternehmertum und der Kulturpolitik.

3.1 Anhand der für diese Studie ausgeführten Befragungen innerhalb Europas deutete sich schnell ein grundsätzliches Problem hinsichtlich der konsistenten Datengewinnung im Bezug auf die KKI an. So konnten keine nationalen Statistiken zu Vergleichszwecken genutzt werden, da diese kein einheitliches Datenmodell verwenden, was wiederum bedeutet, dass eigene Daten gesammelt werden mussten.

Die Finanzierungsmöglichkeiten

3.2. Das vielleicht größte Hindernis für Unternehmern und Unternehmen der KKI ist, Förderungsmöglichkeiten für Ihre Vorhaben zu finden. Diese fehlende finanzielle Unterstützung der kulturellen und kreativen Industrie wurde durch die jüngste Finanzkrise weiter verschärft.

3.3 Die meisten befragten KKI haben einen Finanzplan, der sich nur über eine kurze Zeitspanne erstreckt. Der online Fragebogen offenbarte, dass 22% der KKI über gar keinen Finanz- oder Wirtschaftsplan verfügen, wohingegen 53% immerhin eine Jahresprognose erstellt haben. Nur 4% haben einen Finanzplan für die kommenden 5 Jahre. Dazu kommt, unter Berücksichtigung der Notwendigkeit, administrative Aufgaben mit der kreativen Arbeit verbinden zu können, dass 75% der befragten Unternehmen diese Pläne selbst aufgestellt und nur 20% eine professionelle Beratung genutzt haben.

3.4 Eine Eigenschaft, die mehr oder weniger auf alle KKI zutrifft, ist der erschwerte Zugang zu Finanzierungsmitteln, da man sich in der Branche oft auf immaterielle Werte beruft. Der kreative Unternehmer kombiniert konkrete Informationen mit immateriellen Produkten; kulturellen Inhalten oder Medieninhalten. Allerdings können immaterielle Vermögenswerte wie Neuheit, Innovation, Urheberrecht und Kreativität oft nicht in Berichten dargestellt bzw. angeführt werden: Finanzielle Institutionen wie Banken erkennen diese oft nicht als Wirtschaftsgüter an.

3.5 Obwohl es viele ,Unterstützungsmechanismen dieser Art in Europa gibt, richten sich diese Angebote hauptsächlich an andere Zielgruppen und sind für die KMU weitestgehend ungeeignet. Laut Umfrage ist Eigenfinanzierung nach wie vor die gängigste Methode, die nötigen finanziellen Mittel zu sichern.. Öffentliche und private Zuschüsse haben eine ergänzende Funktion, wohingegen andere Quellen kaum ins Gewicht fallen. Darlehen bleiben die wichtigsten Form der KMU Finanzierung.

3.6 Auf Grund der Finanzkrise unterstützen allerdings immer weniger Banken risikobehaftete Vorhaben, wie die der KKI. Investitionen in die kulturelle und kreative Industrie lohnen sich häufig erst auf lange Sicht und tragen ein höheres Risiko als Investitionen in herkömmliche Projekte. Für die mikro-, klein und sogar für die mittelgroßen Unternehmen ist es deshalb grundsätzlich schwierig, Zugang zu strategischen Investitionen zu bekommen. Außerdem sehen viele kulturelle und kreative Unternehmer Partnerschaften mit Investoren mit Skepsis, da die Gefahr droht, die Kontrolle über die Firma zu verlieren oder bei der Gewinnausschüttung später benachteiligt zu werden.

3.7 Auch wenn öffentliche Zuschüsse die Gründung von neuen KMU und deren Arbeit in der Anfangsphase unterstützen, sind diese trotzdem eher für die traditionellen Kernunternehmen in der kulturellen Branche ausgelegt, als für die der KKI im Allgemeinen. Außerdem deuten Experten an, dass öffentliche Ausschreibungen nicht den Bedürfnissen von Unternehmern der kulturellen und kreativen Industrie angepasst sind. Sie sind oft zu kompliziert, nicht auf den Bereich eines Unternehmens zugeschnitten und es fehlt die Langzeitperspektive.

3.8 Viele Experten schlugen die Verwendung von Steuergutschriften, Steuerbefreiungen und Steuerermäßigungen vor, wobei Bankdarlehen insgesamt das beliebteste Mittel zur finanziellen Unterstützung war. Andere Mittel, wie individuelle Investoren, Risikokapital und Innovationsgutscheine wurden auch als effektive Finanzierungsunterstützung genannt. Größere Verständnisprobleme tauchten bei konkreten Förderungsmechanismen auf, wenn es um die Anerkennung der immateriellen Werte ging. Dies resultiert daraus, dass die Region als Vermittler finanzieller Unterstützung selbst häufig nicht weit genug entwickelt ist. Regionale Instrumente hingegen wurden allerdings als eine bessere Variante der Förderungen eingestuft.

Marktzugang

3.9 Der direkte Zugang zum Markt ist eine Notwendigkeit um ein Unternehmen zu gründen und eine wesentliche Voraussetzung für Wachstum und Nachhaltigkeit der kreativen Unternehmen. Die Märkte der kulturellen und kreativen Produkte und Dienste zeichnen sich häufig durch eine unbeständige und unvorhersehbare Nachfragesituation aus. Unternehmen müssen unbeständige und oft wechselnde Präferenzen berücksichtigen. Dies bedeutet, das zu keinem Zeitpunkt innerhalb einer Produktions- bzw. Entwicklungsphasen der eigentliche Wert des Endproduktes eines Projektes mit Sicherheit berechnet werden kann: Problemfälle können unerwarteter Weise zu Hits werden und todsichere Erfolgsgaranten zu Flops.

3.10 In diesem Kontext muss die Position des Mikro-KMU Unternehmers berücksichtigt werden. Die wesentlichen Hürden im Markteintrittsprozess begründen sich größtenteils auf die exklusiven Abkommen mit den Hauptverteilern und den begrenzten Zugang zu marktrelevantem Wissen. Die Präsenz von zahlreichen und oft ungleich großen Konkurrenten ist ein weiterer Hinderungsfaktor. Die größte Sorge von Mikro- KMU bezieht sich allerdings auf das Wissen über neue externe Vermarktungsmöglichkeiten und dem wettbewerbsorientiertem Umfeld, welches typisch für den

kulturellen und kreativen Markt ist. Das Wissen über Marktmöglichkeiten ist also der Schlüssel zu einem florierenden Mikro-Unternehmen.

3.11 Die hohe Anzahl der KMU in der kreativen Branche verdeutlicht die Notwendigkeit, die Größe von Unternehmen mit in die Politik bezüglich der Marktbedingungen einzubeziehen. Das gänzliche Fehlen von mittelgroßen Unternehmen vergrößert die Lücke zwischen den Mikro-Unternehmen und „den Großen“ in diversen Branchen. Die Asymmetrie in der Marktposition zwischen den beiden Extremen ist unverkennbar. Diese Ungleichheit kann durch Unterstützung der Markterschließung für start-up KMUs und deren Wachstums, abhängig von der Größe eines Unternehmens, behoben werden. Auf diese Weise wird auch die kulturelle Vielfalt in der Branche garantiert.

3.12 Einige aktuelle Wettbewerbspolitiken behindern den Markt für einzelne Künstler. Die wesentliche Herausforderung liegt also darin, passende neue Geschäftsmodelle zu finden. Dabei ergibt sich für die IKT (Informations- und Kommunikationstechnologie) eine zwiespältige Situation: Auf der einen Seite ermöglichen Technologien neue Möglichkeiten für Kreative, einen größeren Absatzmarkt unabhängig von technischen oder geographischen Faktoren für ihre Arbeiten zu finden. Auf der anderen Seite spaltet die IKT traditionelle Inhalte. Die Gefahr besteht, dass kulturelle Inhalte in der virtuellen Welt wie gewöhnliche Güter angesehen und gehandelt werden, wodurch sie ihren eigentlichen Wert verlieren.

Die IPR (Intellectual Property Rights – Recht am Geistigen Eigentum) Werkzeuge

3.13 Eine Vielzahl der befragten KMU erhielten keine Beratung bezüglich der IPRs vor der Gründung ihres Unternehmens. Außerdem nutzen ein Drittel der KMU keinerlei Mechanismen zum Schutz der IPRs. Informelle IPRs, in der Form von vertraulichen Übereinkommen wurden nur von einem Fünftel genutzt.

3.14 Zukünftige Maßnahmen zur Förderung der Entwicklung der Kultur- und Kreativwirtschaft müssen das wechselnden IP-Umfeld und die sich verändernden Geschäftsmodelle berücksichtigen, genau wie die Bedeutung des geistigen Eigentums als ein Anreiz für kulturelle und kreative Unternehmer sowie die Belohnung für deren Erzeugnis. Außerdem sollte geklärt werden, wie sie diese Möglichkeit am besten für ihr Unternehmen nutzen können, da viele kulturelle und kreative KMU heutzutage keine IPRs besitzen.

3.15 Die relativ geringe Nutzung von Schutzmechanismen verdeutlicht die Notwendigkeit, auf die Nutzung von IPRs aufmerksam zu machen und den Zugang zu diesen für kulturelle und kreative KMU zu erleichtern, da diese immer noch komplex sind. Das Management von geistigem Eigentum für kulturelle und kreative Industrien ist ein ausschlaggebender Faktor für deren Unternehmensgründung, da es die Möglichkeit bietet, für die Inhalte ausgezeichnet zu werden und als der Erschaffer für diese Aktivität ausgewiesen zu werden. Die Möglichkeit einer IPR Beratung für kulturelle und kreative Unternehmen ist wichtig und der Moment, indem diese gegeben wird, entscheidend.

Die Weiterbildung und das Training für Unternehmer

3.16 Es besteht ein allgemeiner Mangel an unternehmerischen Fähigkeiten in allen Bereichen der KKI. Abgesehen von der deutlichen Zunahme von Unternehmensgründungs- und Lernprogrammen in den vergangenen Jahren, existieren relativ wenige Angaben und Auswertungen über die Erfolge dieser Programme. Das begrenzte Modell des traditionellen Unternehmertums ist häufig auf den

kommerziellen Erfolg ausgerichtet und passt demnach nicht zu der kulturellen und kreativen Industrie, für die diese Art von Erfolg oft weniger wichtig ist als die Ergebnisse auf der kreativen und kulturellen Ebene. Allerdings muss man die unternehmerischen Fertigkeiten schulen, um Wachstum, Marktorientierung, Rückgewinnung von Kreativität, Kommunikationsfähigkeiten, Vernetzung und Teambildung innerhalb des unternehmerischen Lebenszyklus zu erreichen.

3.17 Bestimmte Fähigkeiten, von der grundlegenden Unternehmensplanung über Präsentationskompetenzen bis hin zu Managementfähigkeiten sind ausschlaggebend für den Erfolg der kulturellen und kreativen Unternehmen. Der Experten-Fragebogen hat ergeben, dass der erschwerte Markteintritt genau wie andere Hürden auf dem Weg zum kommerziellen Erfolg in direktem Zusammenhang zum fehlenden Know-How bezüglich der Unternehmerischen Fähigkeiten steht.

3.18 Die Unterscheidung zwischen der formalen und informalen Ebene in der Weiterbildung des unternehmerischen Know-Hows ist bei den KKI eine immer wiederkehrende Debatte. Für einige Befragte mangelt es an der Integration des wirtschaftlichen Aspekts der künstlerischen Ausbildung in nationalen Lehrplänen. So wünschen sich einige, dass der Erwerb von unternehmerischen Kompetenzen so früh wie möglich im Verlauf der Ausbildung unterstützt werden sollte, genau so wie die Klärung der Frage ob der Wunsch nach einer Unternehmensgründung besteht oder nicht.. Weitere fordern, dass die Fächer Finanzwirtschaft und Verwaltungsmanagement mit in die Lehrpläne einbezogen werden sollen, um dieses Defizit ausgleichen zu können.

3.19 Im Gegensatz dazu behaupten einige Experten, dass diese individuellen unternehmerischen Kompetenzen in dem Zusammenhang irrelevant sind. Um das Defizit zu beheben schlagen sie vor, die vorhandenen (sowohl die staatlichen als auch privaten) Förderungen für Mikro-Unternehmen in Förderungen für Langzeitvorhaben für KMU umzustrukturieren. Sie berufen sich vor allem darauf, dass gerade makroökonomische Maßnahmen wie Besteuerung und staatliche Reglementierung das Unternehmertum beeinflussen.

3.20 Diese Spannung zwischen der Mikro- und der Makroökonomischen Dimension der „interventionistischen“ Initiative zeigt sich auch in den Unterstützungsprogrammen für die KKI. Diese konzentrieren sich eher auf mittelfristige und unterstützende Maßnahmen wie z.B. „learning by doing“ und „peer to peer“. In der Tat könnte dies, anstatt sich auf Lehrpläne zu fokussieren, eine Nachhaltigkeit und Wachstums- unterstützende Alternative sein, um die Verbindungen zwischen den kulturellen und kreativen Unternehmern und Privatpersonen mit Erfahrung stützen. Multidisziplinäre Projekte zwischen marktorientierten und Ausbildungsunternehmen könnten hilfreich für die Kommunikation zwischen der „business-“ und „kreativen“ Welt sein.

3.21 Der kulturelle und kreative Unternehmer ist selbst für seine eigenen Geschäftsmodelle und Finanzierungsmethoden wie Bankdarlehen, garantierte Kredite von staatlichen oder gemeinnützigen Organisationen, Crowdsourcing, Stipendien oder Subventionen verantwortlich. Die Geschäftsmodelle sind hauptsächlich auf die Entwicklung von nachhaltigem Mehrwert, Beziehungen zu Kunden und Besuchern, Kostenstrukturen und die Wertschöpfungsketten konzentriert. Die Einbeziehung von kulturellen Werten ist ein wesentliches Element der Geschäftsmodelle. Formale Bildungssysteme stellen hierfür keine geeigneten Möglichkeiten bereit. Deswegen ist eine frühzeitige Integration des kreativen Unternehmertums in die Aus- und Weiterbildungsprogramme wichtig. Im Anschluss daran können Programme des lebenslangen Lernens entsprechende Unterstützung bieten.

Der Zugang zu Innovation

3.22 Die Anerkennung des Potentials für die Integration von "versteckter" oder "weicher" Innovation sowie Design- oder Prozessbildung als Triebkraft für nutzerorientierte Innovation ist ein Indikator für den möglichen Einfluss, den die KKI auf die Förderung von Innovation in Europa haben könnte. Innovation ermöglicht in dem Sinne auch das neue Zusammenspiel unterschiedlicher Markt-Branchen. So können neue Methoden und Wissen zwischen akademischen, kulturellen und kreativen KMU verbreitet werden und dazu führen, weitere Businessbereiche zu integrieren.

3.23 Design wird immer stärker als ein wesentliches Element des europäischen Wettbewerbsvorteils angesehen. Das Arbeitsdokument der Europäischen Kommission zum Thema "Design als Motor für nutzerorientierter Innovation" zeigte, dass nicht-technologiebasierte Forschung und Entwicklung genauso erfolgreich war wie die Technologie-basierte Forschung und Entwicklung. Dies zeigt auch, dass das Design als eine Lösung für weniger Technologie-basierte KMU im Marktwettbewerb sein kann. Bestätigt wurde dies durch die offene Konsultation über "Design als benutzerorientierte Innovation", welche zukünftig in die Innovationspolitik integriert wird. Wie auch immer, die größte Hürde ergibt sich dadurch, dass Entscheidungsträger, sowie auch die KKI selbst, das eigentliche wirtschaftliche und innovative Potential von Design noch nicht erkannt haben.

3.24 Viele kulturelle und kreative Unternehmen verfolgen nutzungsorientierte Strategien. Abgesehen davon, dass die KKI häufig mit „Produktästhetik“ in Verbindung gebracht werden, sieht die Europäische Kommission das Potential von Design als ein mögliches Instrument für innovative Lösungen und Produkte an. Die sich verändernde Dynamik zwischen dem Publikum und den Schöpfern, speziell durch die verstärkte Zunahme von digitalen Inhalten, impliziert weitreichende Auswirkungen für die Vertriebs- und Geschäftsmodelle der KKI. Diese neuen Möglichkeiten stellen für die KKI weitere Möglichkeiten dar, ihre Innovationen auf weitere Branchen ausweiten zu können.

3.25 Der Zugang zu externem Wissen ist ein ebenfalls nicht zu verachtender Faktor der die Wettbewerbsfähigkeit eines Unternehmens ausmacht. Es besteht deswegen ein Bedarf, Wissensvermittlung, Weiterbildungsmaßnahmen und Branchenübergreifende Zusammenarbeitsmöglichkeiten zu unterstützen, um weitere Marken, Produkte und Dienste anbieten zu können. Dies setzt allerdings voraus, dass ein branchenübergreifender Wissenstransfer erleichtert wird. Der Wissensaustausch zwischen unterschiedlichen Bereichen wie Wissenschaft, Wirtschaft und Kreativwirtschaft kann das Innovationspotential deutlich steigern. Auf nationaler Ebene hingegen sollten alternative Maßnahmen wie z.B. Innovationsgutscheine von der regionalen oder nationalen Regierung ergriffen werden. Länder sollten als Vermittler für Zusammenarbeiten innerhalb der KKI fungieren und hierfür die nötigen Strukturen aufbauen.

3.26 Die Stärkung der Innovationskultur durch Nichttechnologiebetreiber wie Unternehmer benötigt weitere Unterstützung. Dies muss allerdings unter Berücksichtigung der Qualifikationslücke und der Beziehung zwischen der angewandten Forschung und den KMU geschehen. Damit KMU den bestmöglichen, Wachstumskurs einschlagen können, müssen diesen speziellen Fähigkeiten verfügbar gemacht werden. Dabei ergibt sich die Problematik, dass KMU sich dieser Sache oft nicht bewusst sind bzw. sie können die Bedürfnisse nicht zusammenhängend ausdrücken. Es fehlt also eine Überbrückungsebene, um die Möglichkeiten der Aus- und Weiterbildung sowie der wirtschaftlichen Perspektive zu vermitteln. Solch eine Hilfsform könnte auf

regionaler Ebene eingesetzt werden, um praxisorientierte Wirtschafts-Innovationen im kleinen Rahmen zu ermöglichen.

Cluster und Zusammenarbeit

3.27 Um kulturelle und kreative Unternehmer mit dem notwendigen Wissen und den Finanzierungsmöglichkeiten versorgen, so dass für diese weitere Experimentier-, Wachstum- und Innovationsmöglichkeiten entstehen, muss man ein tragfähiges Umfeld schaffen, in dem kulturelle und kreative Industrien mit einer gewissen Sicherheit den Zugang zu Informationen und Wissen aufbauen können. Um all diese Bereiche abdecken zu können, bieten sich Kooperationsmaßnahmen und die Vernetzung mit anderen Partnern an.

3.28 Zusammenarbeiten und Netzwerke ermöglichen kulturellen und kreativen KMU, Zugang zu einem „Wissenspool“ zu bekommen und Vernetzung erleichtert einen verstärkten Wissensaustausch, welcher ein grundlegender Bestandteil von innovativen Prozessen ist. Allerdings ermöglicht die Zusammenarbeit auch den Austausch von praktischen Informationen, speziell mit neuen Unternehmen, die administrative, finanzielle und innovative Beratungsmaßnahmen benötigen. Wenn sich KMU der KKI zusammenschließen, ermöglicht dies nicht nur, von den gemeinsamen Ressourcen zu profitieren, sondern es werden auch benötigte Arbeiten, Beratungsabläufe und Buchhaltungsaufwände gebündelt.

3.29 Heutzutage verschmelzen Erzeuger und Verbraucher immer mehr aufgrund der angewandten Forschung. Allerdings ist es merklich schwieriger, die bereichsbezogenen Anliegen und Prozesse an die wissenschaftlichen Ansätze anzupassen. Wissen kann zu Erfahrung heranreifen, allerdings kann für die kulturellen und kreativen Prozesse Erfahrung auch zu neuem Wissen führen, was sich allerdings nur schwer effizient gestalten lässt.

3.30 Die Zusammenarbeit von multi-disziplinären Umfeldern der KKI, Wissenschaft und dem privaten Sektor in einem dynamischen Framework, bei dem Produkte und Prozesse konstant evaluiert und von weiterer Unterstützung (bezüglich der Forschung wie auch der Finanzierung) profitieren, sollte unbedingt gefördert werden. Dies hilft Unternehmern der KKI, von anderen Partnern zu lernen. Die KKI sind hoch dynamisch wenn es darum geht, den Kreationprozess, das Wissen und die Erfahrung bezüglich neuer Prozesse und Produkte zu vereinigen. Dies geschieht durch die Gestaltung, Entwicklung und Ausarbeitung neuer, effizienter Methoden und Instrumente. Wenn man Risikokapital mit dieser Art der Zusammenarbeit verbindet, können sowohl eine Kapitalrendite für die Investoren, als auch eine sichere Finanzierung für die Unternehmen und KMU der KKI geboten werden.

3.31 Die Statistik der Befragung zeigt, dass der kulturelle und kreative Unternehmer am Anfang einer unternehmerischen Aktivität meistens von den informellen und persönlichen Netzwerken und Zusammenarbeiten abhängt, wohingegen zu einem späteren Zeitpunkt, wie der Auf- und Ausbauphase, die KMU der KKI eine stärkere Nutzung von Cluster-Initiativen nutzen. Dies lässt darauf schließen, dass persönliche, auf Vereinbarung basierende Unterstützung, wie die Hilfe bei der Zusammenfindung, in der Anfangsphase nötig ist. Formale Zusammenschlüsse sind dann in einer späteren Phase wichtiger, wenn es darum geht, den allgemeinen Markt vergrößern zu wollen und von den Initiativen der anderen Partnern zu profitieren.

Generelle Empfehlungen

4.0 Auf der Basis dieser Studie sind einige generelle aber auch spezifische Empfehlungen entstanden. Diese beziehen sich sowohl auf den europäischen Raum als auch auf generelle Ansichten, um Unternehmen als einen nicht-technologischen Antreiber für Innovation zu sehen.

4.1 Um die kulturellen und kreativen Industrien noch besser einschätzen zu können, sind weitere Datenerhebungen und Auswertungen nötig, speziell für jede einzelne Branche.

4.2 Gezielte Unterstützung muss auf die einzelnen Eigenschaften der KKI abgestimmt werden, speziell auch auf ihre individuellen Strukturen. Um KMU und Mikro-KMU innerhalb der Globalisierungspolitik Europa 2020 gezielt fördern zu können, müssen die Maßnahmen direkt auf die KMU und Mikro-KMU ausgelegt werden.

4.3 Vorreiterländer, die fortgeschrittene Unterstützungsmechanismen für die KKI besitzen und starke Innovationsresultate aufweisen, zeigen, dass durch die Koordination von verschiedenen Ministerien, welche für die Ausarbeitungen der KKI Unterstützungsmaßnahmen zuständig sind, tatsächlich die anvisierten Ziele erreicht werden.

4.4 Unterstützungsmaßnahmen sind auf regionaler, nationaler und europäischer Ebene notwendig, um die spezifischen Bedürfnisse der KKI anzusprechen. Dafür müssen alle politischen Entscheidungsgremien die KKI als eine neue Wirtschaftsform anerkennen und ihnen einen gewissen Spielraum zugestehen. Nationale Ämter bilden dabei den rechtlichen Rahmen, in denen sich die KKI bewegen. Steuerbefreiungen für die Produkte und Dienste der KKI können deren Produktion und den Vertrieb fördern und somit das Wachstum über verschiedene Branchen ermöglichen. Ähnliche Maßnahmen für grenzüberschreitende Initiativen können Künstler fördern. Da die KKI direkte Ansprechpartner benötigen, können hierbei die Gemeinden/Länder als Vermittler zwischen der KKI und den nationalen und europäischen Entscheidungsträgern helfen. Auch können diese regionale Cluster und sektorübergreifende Netzwerke durch Vernetzungsplattformen unterstützen.

4.5 Die EU sollte Ihre zukünftigen Unterstützungsprogramme wie das FP7, FP8, das „Competitiveness and Innovation Programm“ (CIP) sowie die Kohäsionspolitik mehr auf die KKI ausrichten, indem unter anderem nichttechnologische Innovationsprojekte miteinbezogen und dadurch die kulturellen und kreativen KMU besser integriert werden. Auch sollte diese die regionalen und nationalen Aktivitäten unterstützen und die Vernetzung fördern.

Empfehlungen zur Finanzierung

4.6 Probleme mit der Finanzierung ist ein wiederkehrendes Problem der KKI, speziell bei den Mikro-KMUs. Deswegen sollten in den unterschiedlichen Entwicklungsphasen Finanzmittel für ein Unternehmen bereitstehen. Hierfür sollten die Länder eingesetzt werden, um Unterstützungsgelder unter Berücksichtigung der Bedürfnisse der KMU der KKI zu verteilen.

4.7 Die großen Förderprogramme, die bereits existieren, sind zu komplex für die KKI: Auf europäischer Ebene sollten diese weniger komplex und demnach für die KMU leichter zugänglich gemacht werden. Die existierenden Programme (FP7, CIP) sollten direkt auf die KMU der KKI ausgelegt werden. Das MEDIA Programm ermöglicht Unterstützungsoptionen innerhalb der unterschiedlichen Entwicklungsphasen. Ähnliche Möglichkeiten sollten für weitere Entwicklungsphasen, die für die KKI entscheidend sind, bereitgestellt werden.

4.8 Auf europäischer Ebene sollten die EIB und EIF Gelder, die ebenfalls Innovation fördern, für nichttechnologische Innovationen als Fremdfinanzierung oder Risikokapital bereitgestellt werden. Diese könnten auch die Entwicklung auf nationaler oder regionaler Ebene garantieren. Ein Vorreiter hierfür wird die garantierte Förderung von audiovisueller Digitalisierung für das Kino innerhalb des MEDIA Programms sein. In Absprache mit den Mitgliedsländern sollte die EU Mehrwertsteuersenkungen oder steuerliche Vergünstigungen sowohl für intensive online als auch offline Arbeiten der kreativen Dienste und Produkte ermöglichen.

4.9 Mitgliedsstaaten sollten Steuervergünstigungen für weitere Bereiche wie (öffentliches) Risikokapital, Privatinvestoren und kleine Kredite für die KKI ermöglichen. Auch sollten auf nationaler Ebene garantierte Bankdarlehen bereitgestellt werden. Europäische Strukturfonds sollten ermöglichen, dass regionale Unterstützung sowie Netzwerkiniciativen und Plattformen für die KKI erstellt werden können.

Empfehlungen zum Markteintritt

4.10 Die EU sollte den Markteintritt durch die Vergabe von öffentliche Auftragsverfahren aktiv unterstützen und somit ungenutztes Potential zur Förderung von Innovation freisetzen. Öffentlich Aufträge sollten speziell an innovative und nichttechnologische Prozesse, Produkte und Dienste an die KKI, speziell die Mikro-KMU, vergeben werden.

4.11 Die „Lead Market Initiative“ (LMI) wurde 2008 von der EU ins Leben berufen, um neue Bedürfnisse und neue Märkte für innovative Produkte und Dienste zu ermitteln. Dies kann als experimentelles „Spielfeld“ für Innovatoren angesehen werden. Um gesellschaftliche Bedürfnisse anzusprechen, sollte die EU die LMI für nichttechnologische Innovationen und innovative Dienste erweitern, um neue Möglichkeiten verfügbar zu machen.

4.12 Die Markt-Eintrittsphase gestaltet sich für die KMU der KKI als schwierig, speziell wenn dieser von einigen wenigen großen Firmen beherrscht wird. Die EU sollte ihre Wettbewerbspolitik an die Bedürfnisse der KKI anpassen, um eine zu hohe Marktkonzentration zu vermeiden. Dies soll ermöglichen, dass die kulturellen Akteure zumindest minimalen Zugang zu allen Vertriebswegen, d. h. auch dem online Markt, besitzen, um kulturelle Vielfalt zu ermöglichen und den Kunden eine größere Auswahlmöglichkeit zu bieten.

4.13 Die KKI und speziell deren Mikro-KMU besitzen keine ausreichenden Informationen über Marktmöglichkeiten weder auf regionaler, noch auf grenzüberschreitender Ebene. Die Regionen sollten deswegen Bereichs- und grenzübergreifende Marktmöglichkeiten über ein regionales Netzwerk verbreiten. Somit können die Regionen auch als eine Austauschplattform für bewährte Methoden fungieren. Auch könnten Regionen wenigstens einen minimalen Marktzugang ermöglichen, indem sie die Produkte und Dienste der KKI auf einer speziellen Plattform präsentieren und somit auf regionaler Ebene anpreisen.

Empfehlungen, um die Qualifikationslücke im unternehmerischen Bereich zu schließen

4.14 Es gibt einen grundsätzlichen Mangel an unternehmerischen Fähigkeiten in allen Bereichen der KKI, welcher sich aus der fehlenden Einbindung in die Ausbildung –speziell bei Künstlern- ergibt. Mit einem Budget von €7 Milliarden für die Jahre 2007 – 2013 ist das Life Long Learning Programm eines der Hauptprogramme der EU für Ausbildungs- und Trainingsprojekte. In diesem

sollte der Schwerpunkt auf die Entwicklung und Unterstützung von kreativen Produkten und Diensten, sowie die kaufmännische Weiterbildung für den kreativen Sektor angeboten werden.

4.15 Europäische Sozialfonds können das Arbeitsverhältnis unterstützen in dem z.B. kreative Lehrstellen angeboten werden, die den Übergang von der Ausbildung in die Arbeitswelt erleichtern und somit das Lernen am Arbeitsplatz fördern. IKT Qualifizierungen sollten in den Lehrpläne bei Instituten angeboten werden, so dass das innovative Potential der KKI gestärkt wird und weitere Chancen im Rahmen des digitalen Wandels eröffnet.

4.16 KKI sind durch angewandte Forschungsprozesse auch Wissensproduzenten. Durch die Zusammenarbeit von Wissensinstitutionen und lokalen KMU, kann das innovative Leistungsvermögen einer Region gestärkt werden. Fachhochschulen können eine entscheidende Rolle bei dem Zusammenspiel von regionalen Aktivitäten mit anderen europäischen Regionen sowie in der Vernetzung von KKI spielen. Durch deren Vernetzung würden ebenfalls die professionellen Fähigkeiten der regionalen KMU erweitert werden.

4.17 Um das innovative Potential der KKI zu verbessern, sollte man die Definition des Begriffes Innovation in den folgenden innovations- und forschungspolitischen Entscheidungen auf alle Formen der Innovation, d.h. die des öffentlichen und privaten Sektors, der weichen und versteckten Innovation, erweitern und Design Prozesse sowie Talentsuchen der KKI miteinbeziehen.

4.18 Die EU sollte den Zugang zu Instrumenten des Urheberrechts erleichtern, da der digitale Wandel neue Herausforderungen an das IPR stellt. Kreative Lösungen, die die Urheber auszeichnen aber gleichzeitig Flexibilität und leichtere Anwendung ermöglichen, sollten auf europäischer Ebene angestrebt werden.

4.19 KKI müssen sich durch den digitalen Wandel den neuen Möglichkeiten und Herausforderungen stellen, wofür sie angemessene Unterstützung benötigen, um daraus Vorteile ziehen zu können. Deswegen sollten spezielle Fonds eingerichtet werden, die die KKI und gerade deren KMU im Bereich Medienkompetenz unterstützen und die Weiterentwicklung digitalen Werkzeuge in Unternehmen ermöglichen.

4.20 Eine der wesentlichen Erkenntnisse der Befragung ist, dass kulturelle und kreative Unternehmer in einer innovativen und risikoreichen Umgebung stark von der Vernetzung abhängen. Dies spiegelt sich in der Nachfrage der KMU der KKI wieder, die nach möglichen Kooperationsmöglichkeiten in Form von Organisationen, Unterstützung des Unternehmens oder der Produktion suchen. Eine unternehmerische Aktivität erfordert in diesem Zusammenhang ein gewisses Maß an Flexibilität, Risikobereitschaft und branchenübergreifende Qualifikationen, was letztendlich in einer Innovationsförderung für die restliche Wirtschaft resultieren kann. Um die KKI zu unterstützen, müssen Zusammenarbeits- und Vernetzungsmöglichkeiten aufgebaut bzw. erweitert werden.

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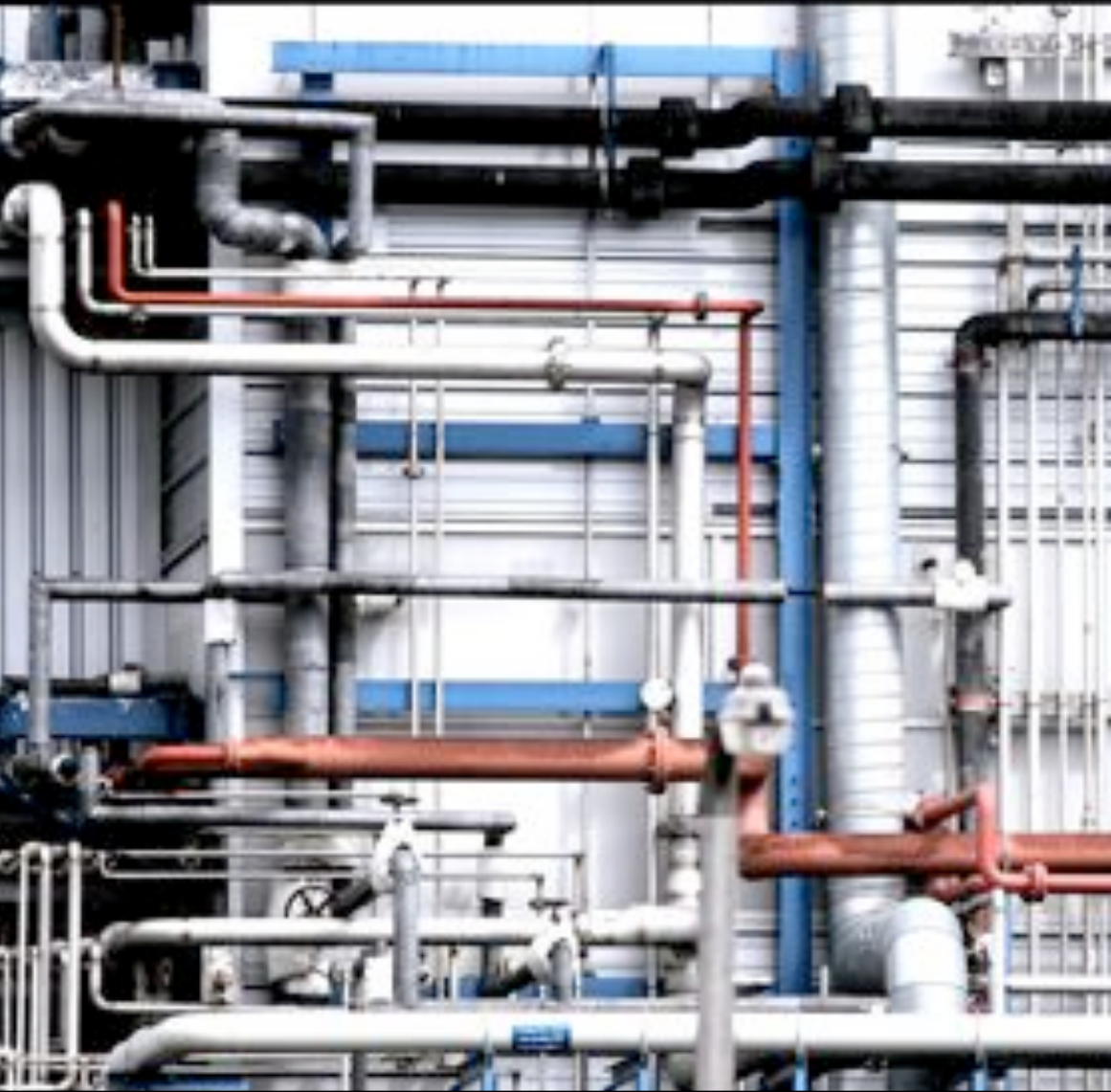
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chapter one: introduction



chapter one: introduction

1.1. Overview, objectives and structure of the study

Europe is widely recognised as having a rich diversity in its cultural heritage and cultural expressions. However, in recent years Europe has been confronted with several macro-economic challenges, such as the financial crisis and a stronger global competition, as well as internal socio-economic challenges. The Europe 2020 Strategy highlighted the need for our continent to take an innovative path to respond to these challenges by building upon one of Europe's key strengths; its talented and diverse creative population:¹

*“Smart growth means strengthening knowledge and innovation as drivers of our future growth. This requires improving the quality of our education, strengthening our research performance, promoting innovation and knowledge transfer throughout the Union, making full use of information and communication technologies and ensuring that innovative ideas can be turned into new products and services that create growth, quality jobs and help address European and global societal challenges. But, to succeed, this must be combined with entrepreneurship, finance, and a focus on user needs and market opportunities”.*²

The impact of culture and creativity or ‘culture-based creativity’³ has attracted much attention in fostering and unlocking the potential of a European ‘creative economy’. The increasing focus on the cultural and the creative sector has resulted in many studies, such as the UN Report on Creative Economy in 2008, which was collectively published by five international organisations (UNCTAD, UNDP, UNESCO, WIPO and ITC):

*“The interface among creativity, culture, economics and technology, as expressed in the ability to create and circulate intellectual capital, has the potential to generate income, jobs and export earnings while at the same time promoting social inclusion, cultural diversity and human development. This is what the emerging creative economy has already begun to do as a leading component of economic growth, employment, trade, innovation and social cohesion in most advanced economies”.*⁴

In recent years, the EU Council also followed the move to recognise the potential of the cultural and creative industries in contributing to the Lisbon objectives⁵ acting as catalysers of Europe's innovative potential. Similarly, in the Maastricht Treaty (the EU Lisbon process for strengthening the economic growth in Europe), as well as in the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (hereafter named UNESCO Convention)⁶ the role

¹ EC Communication, (March 2010b), Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth, COM (2010) 2020, p. 7.

² Ibid., p. 10.

³ KEA, (2009), The impact of culture on creativity, KEA European Affairs: Brussels

⁴ UNCTAD, (2008), The Creative Economy, UNCTAD/DITC/2008/2, p. iii

⁵ EU Council Conclusions, (2007), Contribution of the Cultural and Creative Sectors to the Achievement of the Lisbon Objectives - Adoption of the Council conclusions, 9021/07, DGI-2A, Doc 8635/2/07 CULT 25 REV 2

⁶ The European Community is party to this Convention.

of the cultural and creative industries has gained greater attention.⁷ In parallel, several European initiatives have been undertaken to promote the idea of the creative economy; for example, 2009 was designated the European Year of Creativity and Innovation and the recent Green Paper on 'Unlocking the potential of the cultural and creative industries' (hereafter referred to as the CCIs) solidified this recognition.⁸

The abundance of studies on the CCIs, such as those undertaken by KEA,⁹ NESTA,¹⁰ the European Cluster Observatory, the work on 'Design as a driver of user-centred innovation',¹¹ the reports produced recently by the European Platform, and the Expert Working Group on CCIs¹² (set up as part of the European Agenda for Culture), have highlighted the critical impact of CCIs on growth and employment,¹³ and acknowledged their great economic, social, cultural and innovative potential. CCI activities act as important drivers of 'economic and social innovation' within the sector but also outside the CCI sector,¹⁴ contributing to Europe's strengths in times of challenges and, as such, are in line with the EU 2020 Strategy. With imaginative solutions such as the integration of user-centred approaches, the development and use of ICT, the design of new services for increased social inclusion, CCIs contribute to drive dynamic change in the economy as well as contributing to broader cultural diversity.

With new processes, products and services, CCIs may provide innovative input for other sectors of the economy.¹⁵ As innovation is now acknowledged as encompassing more than just technological and scientific changes,¹⁶ the CCIs offer the opportunity to bring essential change in non-technological innovation for products, services and processes, contributing to a more inventive Europe. External factors such as globalisation and the 'digital shift' have opened opportunities and enabled greater cultural diversity and are drivers of further development for the CCIs.¹⁷ Additional factors have to be taken into consideration to examine conducive environments for unlocking the entrepreneurial dimension of CCIs. Fostering entrepreneurship in the CCIs means strengthening Europe's cultural and creative diversity by reinforcing the ability of cultural and creative entrepreneurs to efficiently carry out their activities and propose new products and services, and this can act as a *non-technological driver of innovation*.

This study responds to the growing importance of the creative economy and more specifically to the role of the CCIs as a means to tackle future challenges in the context of a globalised economy.¹⁸

⁷ Fesel B., Söndermann, M., (2007), Culture and Creative Industries in Germany, UNESCO Bonn

⁸ EC Green Paper, (April 2010), Unlocking the Potential of Cultural and Creative Industries, COM (2010) 183

⁹ KEA (2006), The Economy of Culture in Europe, Brussels: KEA European Affairs; KEA, (2009), The Impact of Culture on Creativity, Brussels: KEA European Affairs

¹⁰ See <http://www.nesta.org.uk/publications>

¹¹ EC Staff Working Document, (2009a), Design as a driver of user-centred innovation, SEC (2009) 501

¹² *European Platform on the Potential of the Cultural and Creative Industries and the Open Method of Coordination Expert Working Group on Maximising the Potential of Cultural and Creative Industries*, in particular that of SMEs. Reports available at http://ec.europa.eu/culture/our-policy-development/doc2240_en.htm.

¹³ European Cluster Observatory, (March 2010), Priority Sector Report: Cultural and Creative Industries, Stockholm: European Cluster Observatory, p. 13.

¹⁴ EC Green Paper, (April 2010), op. cit., p. 3.

¹⁵ ECCE Innovation, (July 2009), Mapping Innovation Opportunities Stemming From Collaboration between Creative Industries and Other Industries, Stuttgart: ECCE Innovation, p.11.

¹⁶ EC Communication "Europe 2020 Flagship Initiative Innovation Union", (October 2010), COM (2010) 546 final

¹⁷ EC Green Paper, (April 2010), op. cit., p. 3.

¹⁸ EC Communication, (March 2010b), op. cit., p. 2.

The focus on knowledge-intensive products and services and the need to create a level playing field for entrepreneurs in CCI was put forward in the recent Green Paper through a focus on creativity and innovation.¹⁹

The study aims to provide a better understanding of the operations and specific needs of the CCIs, especially small and medium-sized enterprises (hereafter referred to as SMEs). It will highlight the transversal problems common to all these cultural and creative industries, and indicate specific challenges that could hamper innovation and prevent CCIs from benefiting from the internal market and new technologies. This report provides an overview of the main characteristics of the CCIs and considers national environmental factors that influence the development of these enterprises. After this overview, the study surveys the key determinants to strengthening entrepreneurship for CCIs such as access to finance; access to market; intellectual property rights; education and training; access to innovation; and collaborative processes.

Deriving from these key challenges, the study suggests general approaches for developing a conducive environment for CCIs as well as specific recommendations to provide support for each determinant, highlighting best practices and taking into consideration sector differences; the different levels of authority; and the different lifecycle development phases in which the CCIs find themselves.

Chapter 2 provides some understanding of the common features of all sectors of the CCIs and the differences in specific sectors, as well as describing the general environment in which they operate. It firstly defines the concept of cultural and creative entrepreneurship as a distinct feature from the general idea of entrepreneurship. This builds upon the discussion of the common characteristics and problems of CCIs compared to other industrial sectors. In order to address the common issues, the determinants of entrepreneurship are considered. Moreover, as CCIs do not operate in a vacuum, the study provides an overview of the clusters of countries according to the general regulatory framework that shapes the context in which the CCIs operate. In order to discuss support for developing entrepreneurship in the CCIs, a framework of analysis based on the entrepreneurial lifecycle was developed to examine the different layers of support offered by local, regional, national and European authorities.

Chapter 3 looks at the six core factors for determining entrepreneurship in the CCIs, namely; access to finance; access to market; intellectual property rights (IPR); education and training; access to innovation; and collaboration, networks and clusters. Specific attention is given to the effect of digital convergence and its influence on innovation and the CCIs.

The study aims to provide a package of recommendations to take into consideration when looking at the complex requirements of CCIs, with a focus on micro-SMEs. This is not intended to be a comprehensive overview but rather to offer a snapshot of the current situation; to shed some light on the area of creative entrepreneurship that remains relatively unexplored; and in Chapter 4 to provide some policy suggestions.

Throughout this report, around 40 Best Cases illustrate key approaches and initiatives. Similarly, anonymised comments from the many experts interviewed during the study are presented where appropriate. A bibliography of sources can be found at the end of the report.

¹⁹ EC Green Paper, (April 2010), op. cit., p. 3.

1.2. Approach and methodology

The general approach of this study has been to apply a blend of methods, linking secondary source analysis with primary qualitative and quantitative fieldwork. Different methods of data collection have been used: bibliographical research, comprehensive policy scans, quantitative statistical analyses of CCIs, expert online questionnaires, expert interviews, online surveys, case studies and validation seminars.

In terms of the statistical analysis of the CCI characteristics, the database upon which our analyses were conducted is based on data from national Chambers of Commerce in the EU-27 for 2007. Statistics for 2008 were not available at the time of the statistical analyses in 2009. The whole database of the European Union contains 13 million registered companies in Europe. From this, companies registered as active and residing in one EU country and under the real economy (not financial) were selected, which left a database of 7.117.559 enterprises. From this companies for which the primary activity (primary code) is one of the NACE codes appointed for the CCIs were approached. The NACE code based on the classification from the KEA study in 2006²⁰ was used but with some adjustments.

In the first phase (during October and November 2009), one online questionnaire targeted the sectoral associations as well as experts from academia, cultural organisations and research institutes. This online expert questionnaire (referred to as expert questionnaire) gathered responses from approximately 70 Experts from the different countries of the EU.²¹

In the second phase, another online questionnaire (referred to as online survey) was conducted and was open from mid-February until mid-April 2010. This questionnaire targeted CCIs themselves. 670 respondents partially completed the questionnaire and 310 fully completed the questionnaire.

In order to receive more extensive opinions on specific themes, expert opinions were also gathered through semi-structured interviews (referred to as expert interviews) with respondents coming mostly from Ministries of Culture and Finance, as well as sectoral experts from many different countries and regions. These expert interviews took place during the second phase (February and March 2010) to gain a deeper understanding of the issues and several anonymised quotes are used throughout this document. These quotes are referenced according to the type of organisation of the interviewee as well as the country clustering in which the organisation operates.

Two validation workshops took place during the research process. The first was held at the end of the first phase of the research (January 2010), after gathering the CCI statistical characteristics and examining the environmental factors. The second was held after the overall field research was completed (March 2010) in order to receive feedback from the stakeholders on the initial recommendations. Parallel to the expert interviews, throughout the study contextual policy scans of national and European reports and literature were undertaken.

In terms of scope, the performing and visual arts were included as part of the CCIs in this study. Although inclusion of these two sectors within the CCIs varies from country to country and they are

²⁰ KEA, (2006), op. cit., p. 56, p. 64, p. 308.

²¹ In this report, we have included both figures from the online expert questionnaire (sectoral and diverse experts) and the online survey (CCIs). The figures referring to the former are sourced as "Eurokleis 2009", while the figures from the online survey results are sourced as "Eurokleis 2010".

often regarded as part of the core arts sector but not the creative industries,²² this study incorporates the performing and visual arts, as they were included within the scope of the recent Green Paper.²³

1.3. The Creative Economy

Globalisation processes, faster communication channels, rapidly changing technologies and global connectivity have radically changed our environment and the way we produce and consume cultural products and services.²⁴ This convergence between technological, social, economic and cultural aspects has forged changes that affect our daily environment. Creativity is now acknowledged as fostering cultural, social as well as economic gains.²⁵ In this context, the concept of the 'creative economy' is now broadly accepted and understood. The initial embryonic stage of translating the underlying concepts into high-level policy is now almost complete.

Different models exist to explain the creative economy,²⁶ but most are based upon the recognition of the importance of services and the dynamic effects of the CCIs. Each model has a particular rationale, depending on underlying assumptions about the purpose and mode of operation of the CCIs. Perhaps the first usage of the term 'creative industries' can be found in the UK's Department of Culture, Media and Sport (DCMS), which began developing its cultural and creative industries strategy as far back as 1997. In the UK approach, the creative industries are those requiring *"...creativity and talent, with potential for wealth and job creation through exploitation of their intellectual property."*²⁷

The report 'Creative Economy', published in 2008 by UNCTAD, UNESCO, the World Intellectual Property Organisation (WIPO), the United Nations Development Programme (UNDP) and the International Trade Centre (ITC), was also a cornerstone in entrenching the concept.²⁸ In this report, four different models for the creative economy were considered, highlighting different classification systems.

UNCTAD makes a distinction between 'upstream activities' (traditional cultural activities such as performing arts or visual arts) and 'downstream activities' (those closer to the market, such as advertising, publishing or media related activities) and argues that the second group derives its commercial value from low reproduction costs and easy transfer to other economic domains. Other approaches have defined the CCIs in many ways, including the 'core' arts or even culinary arts, as part of the creative or experience economy.²⁹

²² Some of the definitions, such as the one from the Department of Culture, Media and Sport in the UK, included performing arts within the core arts or cultural organisation, but not as part of the creative industries.

²³ EC Green Paper, (April 2010), op. cit., p. 5.

²⁴ UNCTAD, (2008), The Creative Economy, UNCTAD/DITC/2008/2, p. iii

²⁵ KEA, (2009), op. cit., p. 33. p. 44.

²⁶ See the WIPO model, the UK Classification, the *"concentric circles model"* and the different national approaches to tackle the Creative Economy, such as; Santagata, W., (2009), White paper on Creativity : Towards an Italian model of development, Milan: Bocconi University Ed; DCMS (2008), Creative Britain- New Talents for the New Economy, London: DCMS; Netherlands Ministry of Culture and Ministry of Economics (2009), Creative Value- Culture and Economy Policy Paper, The Hague: Netherlands Ministry of Culture and Ministry of Economics

²⁷ DCMS, (2001), Creative Industries Mapping Document 2001 (2 ed.), London: Department of Culture, Media and Sport

²⁸ UNCTAD, (2008), op. cit., pp. 12-15.

²⁹ Santagata, W., (2009), op. cit., p. 30.

The study 'The Economy of Culture in Europe', commissioned by the European Commission in 2006, was the starting point for a political reevaluation of the CCI in Europe and its member states.³⁰ It makes a distinction between 'culture' and 'economy' and argues that although the EU was formed on the basis of economic and market forces, culture and European cultural diversity is an important factor for the EU's political, economic and social strength. It makes a distinction between the cultural sector, subdivided into an industrial and non-industrial sector; and the creative sector. Notwithstanding the diversity of these models of the creative economy, it is remarkable that the various definitions lead to broadly the same collection of industries making up the creative sector.

In this study, 'Cultural industries' are defined as those industries producing and distributing goods or services which at the time they are developed are considered as a specific attribute, use or purpose, which embody or convey cultural expressions, irrespective of the commercial value they may have.³¹ These include the core arts such as performing arts, visual arts, as well as film, DVD and video, TV and radio, games, new media, music, books and press. 'Creative industries' are those industries which use culture as an input but whose outputs are mainly functional. This classification includes design, fashion, advertising and architecture.

The CCIs have developed considerably over the past years, contributing to around 2.6% of the EU GDP in 2008 and creating substantial employment. Moreover, CCIs maintain and develop Europe's cultural diversity, which is also important in terms of social inclusion. Looking at the place of CCIs in Member States' national policies, they play an ever-increasing role in terms of providing content as well as services and innovative spillovers.³²

The use of this creativity to foster "...creative, entrepreneurial and intercultural skills that will help better respond to new economic and social challenges"³³ requires us to reach a deeper understanding of the complexity of CCIs and the way they are influenced and altered by their environment. For these reasons, this study seeks to provide a clear picture of the main characteristics of CCIs and the principal requirements for supporting entrepreneurship.

30 KEA, (2006), op. cit., p. 35.

31 EC Green Paper, (April 2010), op. cit., p. 5.

32 By way of illustration, the role of CCIs is clearly recognised in national policies in the UK, Netherlands, Denmark, Sweden, Finland, France and Germany but also in Italy, Portugal, Lithuania, Czech Republic, Bulgaria, Estonia and Ireland.

33 EC Green Paper, (April 2010), op. cit., p. 18.

chapter two: creative entrepreneurship



chapter two: creative entrepreneurship

In this chapter the dimensions of entrepreneurship in the CCIs are considered. To this end, it is necessary to briefly discuss the concept of entrepreneurship, its determinants and the necessity for a specific term such as 'cultural and creative entrepreneurship'. This involves examining the characteristics of the CCIs in general and thereafter the specific features of CCI sectors. In addition, the way in which environmental factors influence creative entrepreneurship and determinants of entrepreneurship is considered. Bearing in mind the challenging context of the CCIs, the general entrepreneurial lifecycle framework used for this study is described for analytical purposes.

2.1. Defining entrepreneurship in the cultural and creative industries

“Entrepreneurship in these sectors means to have creative ideas and to pursue them in a commercial way, with the purpose to make a profit. However, the profit alone is not the driver; it is the creativity and the possibility to build something, the self-fulfilment or being able to pursue your own creative interests. There is a mix between the entrepreneurial side and the creative side”.

(Sectoral Organisation, Structurally Strong Traditional Economy)

Although there is a no general agreement on how to define entrepreneurship, whether as risk-bearing, enterprise creation or stimulation of innovation, there is even less agreement on how this can be defined within the cultural and creative sector.^{34,35} However, given the strong economic contribution made by the CCI sector to GDP in Member States,³⁶ defining the entrepreneurial dimension of this sector is clearly important. This is needed in order to consider how best these aspects can be supported and to examine the various factors bearing upon the cultural and creative entrepreneur.

With the complex changes that the EU is experiencing as a result of the ongoing economic crisis and the digital shift and its consequences for emerging innovation policies, there is a need to examine how cultural and creative entrepreneurship can better be designed to support more creative European innovation and contribute to Europe's future growth.³⁷

2.1.1. Creativity and entrepreneurship

The concept of 'cultural entrepreneurship' has gained recognition during the last decade.³⁸ Different models have been put forward as a means of providing a systematic understanding of the structural characteristics of the CCIs and in so doing trying to form a common definition of cultural and creative entrepreneurship. This is a difficult task as it combines terms that are seemingly divergent and poses the challenge of crossing cultural and economic discourse to define a distinct term by taking components from both worlds and understanding the specific support that this entails.

³⁴ Hagoort, G., (2007), Cultural Entrepreneurship. On the Freedom to Create Art and the Freedom of Enterprise, Inaugural Lecture June 6, Utrecht 2007

³⁵ Kooyman, R., (ed), (2009), Preliminary Literature Review, HKU

³⁶ UK Technology Strategy Board, (2009), op. cit., p. 12.

³⁷ EC Communication, (March 2010b), op. cit., p. 9-10.

³⁸ Klammer, A., (2006), Cultural Entrepreneurship, Rotterdam: Erasmus University, Academia Vitae

Even though the image of artists creating solely for 'art's sake' is changing, there is still a strong divide between cultural and creative aspects on one side and the entrepreneurial aspects on the other. The motivations of the cultural and creative entrepreneur will likely differ according to the individual and to the CCI sector in which they are operating. The tension between the creator of a cultural work and the entrepreneur, typical of many CCI enterprises, is often reflected in the desire to prioritise the cultural value of the creation with little motivation for generating economic value (creation-oriented), while the entrepreneur will prioritise the economic exploitation over its cultural value (growth-oriented). These tensions suggest that different kinds of support need to be elaborated depending on the nature of the organisation and the sub-sector in which they operate.

2.1.2. Entrepreneurship

In common parlance, being an entrepreneur is associated with starting a business, but this is a very loose application of a term that has a rich history and a much more significant meaning. The term '*entrepreneur*' originated in French economics as early as the 17th century to mean someone who 'undertakes' a significant project or activity. More specifically, it came to be used to identify the ventures of some individuals who stimulated economic progress by finding new and better ways of doing things. The French economist most commonly credited with giving the term this particular meaning is Jean-Baptiste Say. Writing around the turn of the 19th century, Say put it this way, "*The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield*".³⁹ In other words, entrepreneurs create value.

In the 20th century, the economist most closely associated with the term was Joseph Schumpeter.⁴⁰ He described entrepreneurs as the innovators who drive the 'creative-destructive' process of economic societies. In his words, "*The function of entrepreneurs is to reform or revolutionise the pattern of production*". They can do this in many ways:

"...by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganising an industry and so on".

Schumpeter's entrepreneurs are the change agents in the economy. By serving new markets or creating new ways of doing things by creatively innovating, they create value and move the economy forward. Entrepreneurship is increasingly recognised as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism: the birth and death of firms and their growth or downsizing.

According to Schumpeter, a number of factors embody entrepreneurial behaviour:

- Developing new and innovative products
- Proposing new forms of organisation
- Exploring new markets
- Introducing new production methods
- Searching for new sources of supplies and materials

³⁹ Say, J.-B., (1803), *Traité d'économie politique, ou simple exposition de la manière dont se forment, se distribuent, et se composent les richesses*, Paris

⁴⁰ Schumpeter, J.A. (1975). *Capitalism, Socialism, and Democracy*, New York: Harper

Seen from an occupational perspective, cultural and creative entrepreneurs own and manage their business enterprise like a 'general' entrepreneur. They can be categorised as 'business owners'; they create value. In essence, the creative entrepreneur is a creator of economical value.⁴¹

They share with the general entrepreneur the willingness to assume risks in the face of uncertainty. For example, risks such as a possible loss of business capital or personal financial security, or risks associated with the uncertain outcome of an entrepreneurial undertaking.⁴²

They also share the alertness of opportunity; the focus on the detection of entrepreneurial opportunities either for financial profit, or for sake of new content. This alertness allows the entrepreneur to exploit market opportunities that have been overlooked or gone undiscovered by others.⁴³ Like other entrepreneurs they share the change perspective. *'Entrepreneurs see change as the norm and as healthy'*.⁴⁴

Entrepreneurs are involved in networks of multiple and changing clients, competitors, colleagues, etc. *'What differentiates entrepreneurs from non-entrepreneurs is that entrepreneurs create organisations, while non-entrepreneurs do not'*.⁴⁵

Based upon an extensive literature review, the OECD established the following series of definitions on the 'general' entrepreneur:⁴⁶

- Entrepreneurs are those persons (business owners) who seek to generate value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurial activity is enterprising human action in pursuit of the generation of value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurship is the phenomenon associated with entrepreneurial activity.

When analysing the influences that determine the performance of an enterprise, in addition to the nature of entrepreneurial activities, three topics arise:

- Organising resources, which includes access to: (i) physical capital such as property or plant and equipment, (ii) financial capital such as debt finance or equity, and (iii) intangible resources such as intellectual property or technology. These resources can typically be bought and sold by firms or individuals. Changes in these resources can have dramatic implications for firm performance, typically resulting from (i) creative inventions or discovery, or (ii) unusual and unique combinations of these resources.
- Entrepreneurial capabilities, which includes the human and social expertise required to leverage a firm's resources and bring them to market. In an entrepreneurial context,

⁴¹ Sternberg, R. and Wennekers, S., (2005), "Determinants and effects of new business creation using global entrepreneurship monitor data", Small Business Economics, Volume 24, Number 3, pp. 193-220.

⁴² Knight, F. H., (1921), Risk, Uncertainty, and Profit, Boston: Hart, Schaffner & Marx

⁴³ Kirzner, I. M., (1973), Competition and Entrepreneurship, Chicago, IL: University of Chicago Press

⁴⁴ Drucker, P. F., (1985), Innovation & Entrepreneurship, New York: Harper and Row

⁴⁵ Gartner, W.B., (1988), "Who is an entrepreneur?" is the wrong question", American Journal of Small Business, Volume 12, Number 4, pp. 11-32.

⁴⁶ Ahmad, N., and Seymour, R., (2008), Defining Entrepreneurial Activity: Defining Supporting Frameworks for Data Collection, Paris: OECD Statistics Working Paper

these innovative capabilities include the perception and recognition of a match between creative resources and market opportunities. This may include novel and skilled capabilities as well as unique or unusual social networks and connections.

- Markets and market conditions, which include the perception and discovery of market opportunities as one of the most important abilities of successful entrepreneurs, market entry and market distortions.⁴⁷

There are a number of ‘determinants of entrepreneurship’ that can help or hinder entrepreneurs in their operations,⁴⁸ and determine the landscape of entrepreneurship.⁴⁹ However, the differences between various studies on these are often largely semantic; most agree for example that entrepreneurs and entrepreneurship are created by a combination of three factors: opportunities, skilled people and resources (capital being the most critical).⁵⁰ These three factors are all affected by two important contexts: the surrounding regulatory framework and culture.

The OECD/EUROSTAT Entrepreneurship Indicator Project identified six themes (Fig. 1.) that describe the determinants affecting entrepreneurial performance in order to encourage countries to use the same definitions, methodologies and classifications when discussing entrepreneurial activities.⁵¹

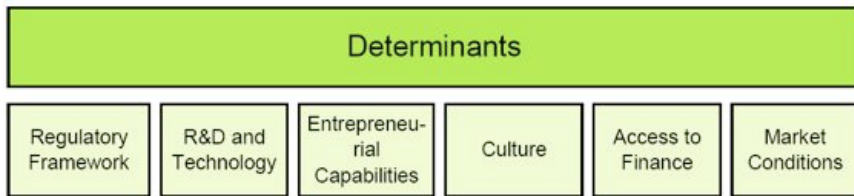


Figure 1: The OECD/EUROSTAT Framework for Determinants of Entrepreneurship
(Source: OECD/EUROSTAT, 2008)

The main characteristics of these themes can be described as follows:

- Capital and Access to finance: Covers all phases of business life, from access to early seed funds to access to the stock markets.
- Technology and Research & Development: R&D and technology creates new inventions that the entrepreneur and entrepreneurial businesses can turn into new products or processes. The R&D in this context should be understood as a resource that can be created or purchased, whether directly or in an embodied or diffused form.
- Entrepreneurial capabilities: The entrepreneurial capabilities include the human and social capital of the entrepreneurs.

⁴⁷ Ardichvili, A., Cardozo, R. & Sourav, R., (2003), "A Theory of Entrepreneurial Opportunity Identification and Development", Journal of Business Venturing, Volume 18, pp. 105-23.

⁴⁸ Kooyman, R., (ed), (2009), Determinants of Entrepreneurship in the CCI, HKU

⁴⁹ Schramm, C., (2006), The Entrepreneurial Imperative, New York: HarperCollins Publishers

⁵⁰ European Commission Green Paper, (2003), Entrepreneurship in Europe, COM (2003) 27 final, available at: http://ec.europa.eu/enterprise/entrepreneurship/green_paper/green_paper_final_en.pdf

⁵¹ OECD/EUROSTAT, (2008), Measuring Entrepreneurship. A digest of indicators, Geneva/Paris: Eurostat/OECD

- Market conditions: Opportunities are created by the market conditions in the country. These market conditions include public involvement in markets, competition in the markets, access to foreign markets, procurement regulation, and standardisation.
- Regulatory framework: Entrepreneurship happens within a regulatory framework, which affects performance. A combination of opportunity, capabilities and resources does not necessarily lead to entrepreneurship if opportunity costs (e.g. forgone salary and loss of health insurance) and start-up costs outweigh the potential benefits. In this framework, the regulatory framework is defined very broadly and includes all taxes, regulations and other public rules and institutions affecting entrepreneurship.
- Culture: affects all parts of the model and is included as the final factor in the framework. Culture influences an entrepreneur's behaviour, attitudes, and overall effectiveness and, moreover, is often unnoticed by the entrepreneur since it is the conducive environment. In this framework, culture comprises each individual's assumptions, adaptations, perceptions and learning.⁵²

Each of these themes is considered in Chapter 3 and adapted to the specific context of the CCIs. Returning to Schumpeter's definition, whereas the 'general' entrepreneur combines innovation and creativity, the creative aim of the cultural and creative entrepreneur may have a different focus. Howkins (2001)⁵³ combined Say's definition with the Creative Economy:

"Entrepreneurs in the creative economy...operate like Say's original model entrepreneur but with an important difference...they use creativity to unlock the wealth that lies within themselves. Like true capitalists, they believe that this creative wealth, if managed right, will engender more wealth".

This type of creativity is what KEA named 'culture-based creativity' in its recent report on the Impact of Culture on Creativity,⁵⁴ which entails a nuance from general entrepreneurial creativity. With this basic understanding of entrepreneurship, the term cultural and creative entrepreneur may diverge from the general term due to the type of creativity being used and how it relates to entrepreneurial drive. The use of 'culture-based creativity' can be linked to the cultural and creative entrepreneur, allowing for the combination of cultural and creative drives alongside the entrepreneurial ones.

2.1.3. Cultural and creative entrepreneurship

Cultural and creative entrepreneurs have specific characteristics: they operate in difficult market conditions; produce goods that are 'cultural' by nature; work with people that are often more content-driven than commercially oriented; and usually create very small enterprises that exist on the basis of more permanent networks.

Arising from the arts management arena, the examination of cultural entrepreneurship as a distinct approach for deriving economic and societal value has some considerable merit. Cultural entrepreneurship can be defined as:

⁵² Ivancevich, J. M., Konopaske, R., and Matteson, M. T., (1996), *Organizational behaviour and management*. Chicago: University of Houston

⁵³ Howkins, J., (2001), *The Creative Economy: How People Make Money From Ideas*, New York: Penguin, p. 129.

⁵⁴ KEA, (June 2009), *op. cit.*, p. 31.

"...the process of integrating two freedoms: artistic freedom as immaterial content oriented value, and entrepreneurial freedom as material value, supportive to immaterial (cultural) values".⁵⁵

With this foundation in mind, and according to the general societal responsibility of entrepreneurs, cultural entrepreneurship can be described as the concept of running a cultural or creative organisation; driven by an explicit strategic cultural mission; taking risks in balancing creative and management values; and contributing to a vital infrastructure in its direct environment.

For most of the experts interviewed for this study, the characteristics of cultural and creative enterprises such as product differentiation, the labour market, market conditions, the need for co-operation and networking, and the differences in production and distribution, justified the need for this distinctive term. There is certainly a need to acknowledge the different environment in which the CCIs operate:

"Markets are totally different. This is the whole purpose of some specific policies, that are adapted to the creative industries, to the characteristics of the enterprises, of the market, of business models, and labs...it can be useful to have adapted policies linked to the term".

(Innovation Cluster, Structurally Strong Traditional Economy)

Most respondents felt that such a distinction was needed to provide specific supportive schemes adapted for the CCI sector, though not everyone agreed:

"'Creative entrepreneurship' is a redundant dimensioning. In the term of Schumpeter, entrepreneurship is always creative. In the CCIs, when we talk about creativity, we speak about the content".

(Regional CC SME Support centre, Structurally Strong Traditional Economy)

In the interviews conducted across Europe for this study, two main opinions emerged when attempting to define the term. The majority strongly supported the usefulness of the distinct concept of cultural and creative entrepreneurship while on the other side, some preferred to blend the term within other existing definitions of entrepreneurship. There was, however, general agreement that the term usefully highlights the potency of the combination between creative and economic impulses:

"Creative entrepreneur is a useful [term], I would add the term cultural. Cultural and creative, because the entrepreneurs in the cultural sector are people that are focusing on the cultural value of their products and the cultural sectors have a lot of specificities that are different with the other sectors... because there are cultural products, because of what they can spread .I think the term is important to have. Creative, a lot of people could have this, but cultural and creative, ...that is important".

(European Sectoral Organisation)

Disagreements about the term were mostly due to the fact that it was a generalisation and did not differentiate the various sectors within CCIs, implying a lack of differentiation between the diverging motives of cultural and creative enterprises. The term is often not well accepted in the cultural sectors as it is still overly associated with a financial dimension while not sufficiently recognising, or prioritising, the cultural and social values behind this. On the other hand, the cliché

⁵⁵ Hagoort, G., (2007), op. cit.

of the artist who cannot manage a business and lacks financial skills is still commonly held among economic policy-makers and influences the ongoing distinction between entrepreneurship policies and cultural policies.

Regardless of these different perspectives, there is a need for a specific distinction, a specific term to recognise the cultural basis of creativity and of this type of entrepreneurship. Although it encompassed a diverse range of sectors, most respondents recognised the need, at this time, to make a case in general for cultural and creative entrepreneurship as the value of cultural and creative industries has not yet been sufficiently recognised and translated in the policy arena, despite new initiatives, such as the recent Europe 2020 Strategy:⁵⁶

“That’s a big discussion: whether or not there should be a common definition for the CCIs. Maybe now it is useful to distinguish [the CCIs from the other industries]. In the future, when we have probably evolved toward a more creative economy and creative society, this distinction won’t be useful anymore. Now it is useful to be able to understand the thinking, the process and how to succeed. It is also useful in order to have it on the political agenda”.

(Regional Culture Ministry, Structurally Strong Traditional Economy)

In essence, a cultural and creative entrepreneur can be understood as someone who creates or innovates a cultural or creative product or service and who uses entrepreneurial principles to organise and manage his/her creative activity in a commercial manner. However, achieving a balance between ‘culture-based creativity’ and entrepreneurship is not straightforward and as noted entrepreneurs differ according to their motivations and the sectors in which they operate. The term thus refers to the fact that these enterprises have certain characteristics (see section 2.2 below) which will affect the management of their entrepreneurial activity.

The term cultural and creative entrepreneurship thus attempts to draw these worlds together: recognising the latent entrepreneurial spirit of an artist, the latent creative spirit of the entrepreneur and the particular environments in which cultural and creative enterprises operate. Having framed the distinct term in comparison to the general term, the entrepreneurial dimension of CCIs can be better understood using the determinants of entrepreneurship adapted to the characteristics of CCIs (see Chapter 3 below).

2.1.4. Combining creativity and entrepreneurship for innovation

The concept of ‘culture-based creativity’ recognises that the combination of personal abilities, culture, creativity, technical skills and social environments can have a substantial impact on stimulating research, optimising human resources and inspiring people.⁵⁷ The economic value of this ‘culture-based creativity’ has been increasingly recognised,⁵⁸ as seen below in Table 1. which illustrates the total turnover of CCIs in several larger countries. According to the KEA report of 2006, the creative economy generated around 2.6% of the European GDP in 2003 and employed over 5 million people.⁵⁹ The latest research by Terraconsult estimated that in 2008 it generated 4.5% of the total European GDP. In the same study, they estimated that in France, the core activities of the

⁵⁶ European Commission Communication, (March 2010b), op. cit.

⁵⁷ KEA, (June 2009), op. cit., p. 80.

⁵⁸ Ibid., p. 42.

⁵⁹ KEA, (2006), op.cit., p. 6, and European Commission Green Paper (2010), op.cit., p. 2.

CCIs (not including the support enterprises such as lawyers) generated 4.9% of the GDP, in Germany 4.2% , 3.8% in Italy , and 3.6% in Spain.⁶⁰

	UK		FRANCE		GERMANY		ITALY		SPAIN	
Creative Industries	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs	VA	Jobs
Core	6.2%	5.4%	4.9%	3.7%	4.2%	4.1%	3.8%	3.6%	3.6%	3.5%
Interdependant & support	3.4%	3.8%	2.6%	2.6%	2.3%	2.8%	2.1%	2.5%	2.0%	2.4%
TOTAL creative industries	9.6%	9.2%	7.5%	6.2%	6.5%	6.9%	5.9%	6.1%	5.6%	5.9%
Creative GDP (billion €)	175		142		162		93		62	
Creative employment (million)		2.7		1.7		2.7		1.4		1.2

Table 1: Percentage of economic turnover of the CCI per country in several European countries⁶¹
(Source: Terraconsult 2010)

The interviews for this study showed that cultural and creative entrepreneurs are an essential part of a post-industrial economy which is increasingly demand-driven, user-centred and which is more focused on the experience taken out of products and services.⁶² One of the key arguments is the need to focus on incentives for culture and ‘culture-based creativity’ as resource for creativity, entrepreneurship and innovation, rather than solely focusing on technological innovation.

Tapping into the potential of cultural and creative entrepreneurs, and recognising their ‘culture-based creativity’ alongside their entrepreneurial drive, can allow enterprises to unleash innovative solutions that are not necessarily technology-based. Entrepreneurship in the CCIs can thus be linked to advances in non-technological innovation. Recognising the link between ‘culture-based creativity’, the determinants of entrepreneurship and new forms of innovation is thus crucial for unlocking CCIs’ potential.

However, since most of the EU based financial support for innovation remains largely focused on functional and technological innovation, the KEA report underlined that EU efforts have not been sufficiently targeted to culture and to non-technological and non-scientific innovation.⁶³ Arts and culture are thus seen as essential in developing and fostering a creative environment offering a rich cultural diversity, as well as providing innovative processes essential for a changing economic and social environment by developing experience.⁶⁴ The recent policy changes at EU level are acknowledging this need with the plans to review innovation policy in a changing economy that is increasingly defined by experience, non-technological innovation and quality of life concerns.

⁶⁰ Teraconsultant, (March 2010), Building a Digital Economy: The Importance of Saving Jobs in the EU’s Creative Industries, p. 17, see [http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/BuildingaDigitalEconomy-TERA\(1\).pdf](http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/BuildingaDigitalEconomy-TERA(1).pdf)

⁶¹ Independent & Support include activities related to facilitating broadcast, communication, sales of work. They include a fraction of general wholesale and retailing, general transportation, telephony and the Internet.

⁶² Ibid., p. 40.

⁶³ Ibid., p. 125.

⁶⁴ European Council Conclusions, (May 2009), Conclusions for “Culture as a Catalyst for Creativity”, 2941st Education, Youth and Culture Council meeting

In this respect, CCI's have a specific role to play in innovation by fostering creativity and producing outputs that can serve as input to the innovation process.⁶⁵ There is a need for greater focus on the process of innovation as an experience to which the CCI's can meaningfully contribute.

However, in practical terms, the tension between the process of creation and the necessity of dealing with the administration and management of an entrepreneurial activity is particularly difficult for the CCI entrepreneur. The artist or creator may not have all the skills and knowledge to deal with the complexity of a business. Certain organisations, such as Flanders District of Creativity (see Best Case 1), have catalysed the need to match the cultural and creative entrepreneur with a professional manager to mitigate their limited entrepreneurial skills.

Creative individuals will increasingly require enhanced abilities and skills to blend disciplines, methods and instruments in order to generate and exploit these highly dynamic markets. The cultural and creative entrepreneur has to be able to draw upon expert knowledge from several areas and disciplines and to move efficiently between them in order to deal with both the artistic creation and the requirements linked with an entrepreneurial activity. For example, Arteconomy brings together the artistic and business worlds by stimulating collaboration (see Best Case 2). Supporting cultural and creative entrepreneurship means not only developing a conducive environment for a general entrepreneur but also supporting an environment that recognises 'culture-based creativity', encompassing both aspects of the cultural and creative entrepreneur.

Flanders DC

Flanders DC is a Flemish governmental organisation that promotes entrepreneurial creativity in the region in order to boost Flanders creativity and innovation. They offer patronage services for the fashion sector and matching with business managers.

(See Best Case 1)

Arteconomy

Arteconomy connects art and the economy through various forms of collaboration such as long term projects with artists in companies, workshops for artists and entrepreneurs and ateliers where artists and entrepreneurs can meet. Arteconomy wants to stimulate a broad range of people to think about the convergence between art and the economy.

(See Best Case 2)

A more favourable creative climate will, in turn, result in more ideas, and greater creativity is assumed to increase R&D and innovative activities, and contribute to fostering innovative solutions. Ultimately, creativity can be found in our cultures, in our surrounding territory, in the quality of our everyday life and our products. It is not an end in itself, but a process, an extraordinary means to producing new ideas.⁶⁶

In this sense, creativity and culture are the pillars of social quality, seen in the context of a free, economically developed, fair and culturally lively communities enjoying a high quality of life.

⁶⁵ Potts, J., (2009a), "Creative Industries and Innovation Policy" in *Innovation: Management, Policy and Practice*, Volume 11, No 2, pp. 138-147.

⁶⁶ Santagata, W., (2009), op. cit., p. 17.

Creativity and culture are inextricably bound. They are a successful combination, which can strengthen European innovation at a time of strategic transition in the international process of globalisation.

2.2. Characteristics of the cultural and creative industries

The CCIs have a particular character that is markedly different from other industries. When considering these characteristics several issues were considered⁶⁷ including:

- Size of CCI enterprises
- Characteristics of the CCI labour market
- Characteristics of CCI enterprise processes
- Market conditions and shifting business models

Regarding the selection of the NACE codes,⁶⁸ several limitations have to be clarified. Given the impossibility of accurately estimating the companies related to CCIs within the 17 NACE codes (in terms of the total number of firms, employees and turnover), certain sectoral biases are included in the statistical analyses.

2.2.1. The size of CCI enterprises

The diversity of CCIs is reflected in its range of businesses. This includes every type of enterprise from multi-national corporations to sectors characterised by a high proportion of SMEs (for example, architecture, fashion, crafts); and others that include a broader spectrum of large and small businesses (notably software, publishing and television).⁶⁹

However, the majority of CCIs are very small enterprises.⁷⁰ Around 80% of enterprises in the CCIs consist of SMEs with many sole traders or micro-SMEs employing only a handful of people. In fact, CCI workers are more than twice as likely to be self-employed as the whole economy average.⁷¹ However, although the vast majority of CCI businesses are micro-enterprises (employing fewer than 10 people), they are responsible for only a modest percentage of the total turnover of the CCIs (18 %).

As seen in Table 2. below, within this majority of 'micro-enterprises', almost 60% are very small businesses with only 1 to 3 employees.⁷² The statistical analysis undertaken during this study confirms that the overwhelming majority of CCI enterprises are very small micro-SMEs. The

⁶⁷ Kooyman, R., (ed), (2009), Environmental factors in the CCIs, HKU

⁶⁸ From the French 'Nomenclature statistique des Activites economiques dans la Communauté Europeenne'-Statistical classification of economic activities in the European Community

⁶⁹ Proportion of employment accounted for by UK-owned SMEs: Designer fashion 96%, Architecture 92%, Software and computer games 57%, TV and radio 28%, Publishing 28%. DCMS, (Aug 2007b), Creative Industry Performance: A Statistical Analysis for DCMS, Frontier Economics, London: Department of Culture, Media and Sport

⁷⁰ Reidl S., Steyer, F. (2006), Zwischen Unabhängigkeit und Zukunftsangst Quantitative Ergebnisse zur Arbeit in den Wiener Creative Industries, Vienna: Forba

⁷¹ See: DCMS, (Aug 2007a), An Assessment of Productivity Indicators for the Creative Industries London: Department of Culture, Media and Sport; and Sondermann, M. (Feb 2009), Culture and Creative Industries in Germany, Berlin: BMWI

⁷² Eichmann H. and Reidl, S., (2006), Erwerbstätigkeit in der Architektur – ein hartes Pflaster, Baukultur Report 2006. Retrieved 25 August 2009: <http://www.baukulturreport.at/index.php?idcat=48>

number of large-scale enterprises is marginal, at less than one percent, but they are responsible for more than 40 % of the annual turnover.

Class of enterprise (# of employees)					
Sector	1 - 3	4 - 9	10 - 49	50 - 249	250 +
Advertising	60.74 %	24.28 %	13.60 %	1.19 %	0.19 %
Architecture	62.71 %	22.86 %	12.59 %	1.63 %	0.22 %
Book & Press	58.74 %	23.95 %	14.37 %	2.38 %	0.56 %
Design	45.17 %	29.49 %	21.50 %	3.36 %	0.47 %
Fashion	51.59 %	25.30 %	18.95 %	3.57 %	0.58 %
Film & Video	59.73 %	25.69 %	12.75 %	1.60 %	0.24 %
Music	69.18 %	18.35 %	10.20 %	1.83 %	0.44 %
Performing Arts	63.01 %	21.93 %	12.52 %	2.25 %	0.30 %
Radio & Television	47.40 %	26.86 %	20.94 %	3.96 %	0.84 %
Software Pub.	62.34 %	20.60 %	13.91 %	2.64 %	0.51 %
Visual Arts	61.62 %	21.97 %	12.86 %	2.96 %	0.59 %
Average	58.38 %	23.75 %	14.93 %	2.49 %	0.45 %

Table 2: Distribution of Enterprise among Industries per size class
(Source: Eurokleis 2009)

These statistics confirm an important basic characteristic of the CCI: namely that while the vast majority of enterprises are SMEs and micro-enterprises, the larger enterprises (with more than 50 employees) contribute a substantial part of the overall revenues. Not surprisingly, this characteristic has important implications for policy-makers. Fig. 2. below illustrates the size of enterprises across the CCIs by sector.

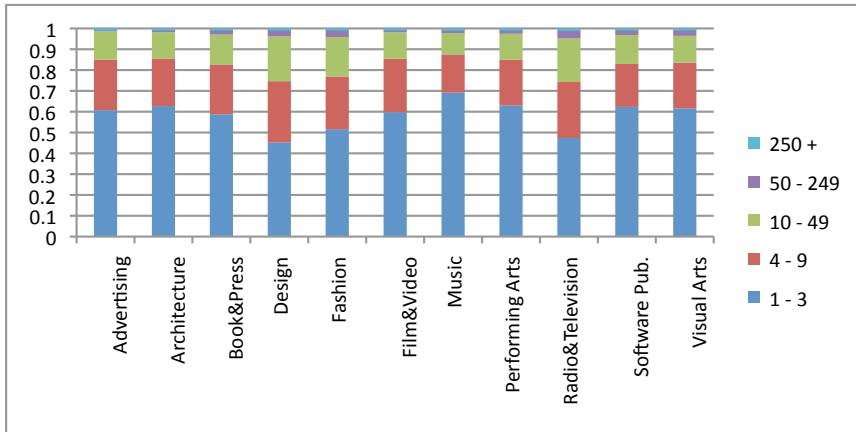


Figure 2: Size of enterprises by sector across CCI

(Source: Eurokleis 2009)⁷³

This characteristic of CCI is often called the 'missing middle': medium sized enterprises seem to be almost absent. In view of the statistical observations and the interviewees conducted, there is a substantial difficulty for small enterprises to grow into medium-sized firms. The gap between the 'bigger players' and the micro-SMEs renders the growth of micro-SMEs difficult and increases the difficulty in accessing markets for the 'smaller players'. As can be seen in Fig. 3. and Fig. 4. below, there are extreme differences in turnover and asset distribution.

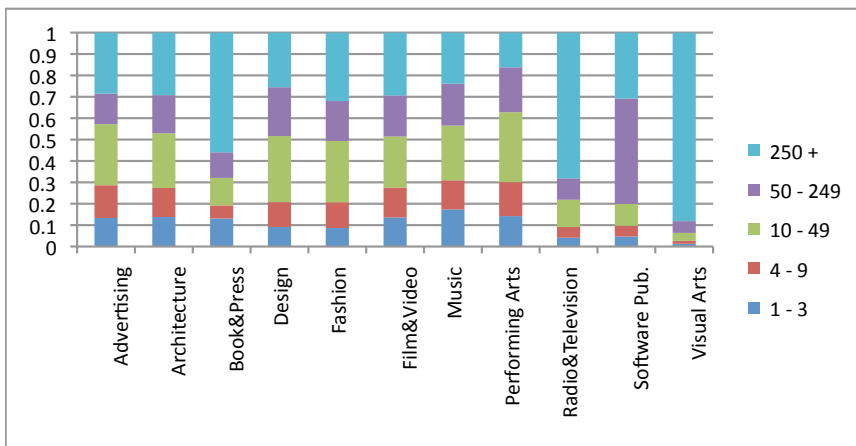


Figure 3: Distribution of Total Turnover among Industries per size class of enterprise

(Source: Eurokleis 2009)

⁷³ At the time of the statistical analysis, the definition of new media was not specific and the category 'software publishers' in this case combines both new media and video games.

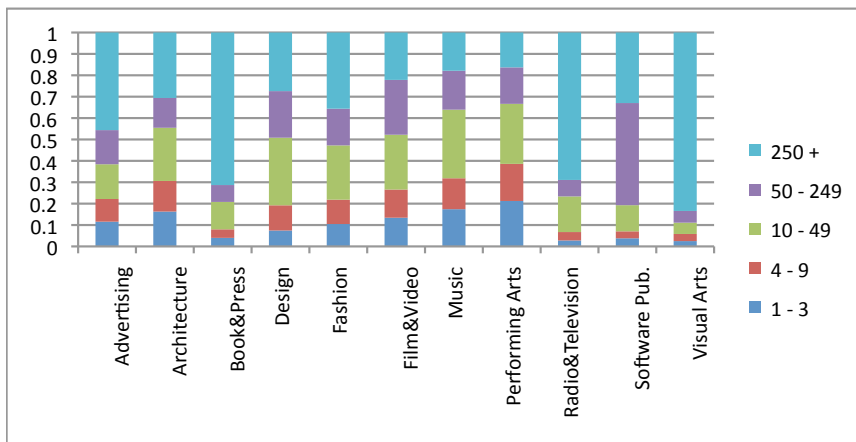


Figure 4: Distribution of total Assets among Industries per size of enterprise
(Source: Eurokleis 2009)

A very small number of large scale enterprises dominate the sectoral markets and have

long-established infrastructures for research and development activities while, on the other hand, micro-SMEs do not have access to similar paths to growth as they do not have the same infrastructures and are therefore forced to adopt

a highly flexible attitude and find *ad hoc* solutions to specific problems in order to sustain their existence. Nonetheless, there are some examples of good initiatives, such as that of AIE in Italy (see Best Case 3) who actively seek to enhance and support independent SMEs.

AIE: Italian Publishers Association

AIE is a sectoral organisation supporting the publishing industry. AIE has actively established a number of core activities which are especially focused on supporting SMEs in the Italian publishing industry. The book fair *Più liberi* is an independent publishers book fair aiming at increasing the visibility of independent SMEs.

(See Best Case 3)

The strategies used by these micro-SMEs are necessarily small-scale, highly dynamic and require risk-taking to compete with more established enterprises that do not require such flexibility. The structural characteristics of these micro-SMEs impose a requirement to maintain a high level of dynamic entrepreneurial skills to remain competitive. However, these skills are usually learnt 'on the spot' and do not seem to be sufficient to provide clear paths to enterprise growth for CCI SMEs.

2.2.2. Characteristics of the CCI labour market

As mentioned above, many CCI enterprises have to integrate both artistic freedom as an immaterial value and entrepreneurial freedom as a material value, supportive to immaterial (cultural) values. In many ways they are a combination of Homo Economicus and Homo Ludens.⁷⁴

⁷⁴ Mokre M., (2006), My Creativity: Convention on International Creative Industries Research, Amsterdam. Retrieved 25 August 2009 <http://transform.eipcp.net/correspondence/1166104888>

Some entrepreneurs will be more 'growth oriented' while others will be more driven by the cultural and artistic value of their products or services; that is, more 'creation-oriented'. Specific patterns of employment will be maintained by certain CCI in order to combine the flexible approach of CCI SMEs. This inherent tension between the two 'types' of entrepreneur is often reflected in organisational structures.

2.2.2.1. SMEs and freelancers

Cultural and creative entrepreneurs are far more likely to hold non-conventional forms of employment, such as part-time work, temporary contracts and freelancing, than the workforce in general.⁷⁵ In most CCI sectors, full-time workers receiving regular pay are in the minority.⁷⁶ Multiple job-holding is a common formula as the cultural workers need a minimum income for survival and some degree of financial security. Most CCI sectors show the specific dynamics of frequent job changes and working on short term contracts is normal.⁷⁷ Due to the low recognition of their intangible creations, some cultural and creative entrepreneurs will combine both their freelancing activities with other professions that offer sufficient financial stability to sustain these creative activities. This leads to a situation in which the distinction between 'employed' or 'unemployed' is obscured, blurred and problematic:

*"The cultural sector is characterised by a high share of freelancers and very small companies. A new type of employer is emerging in the form of the 'entrepreneurial individual' or 'entrepreneurial cultural worker', who no longer fits into previously typical patterns of full-time professions".*⁷⁸

Many of the performing artists, writers, directors, visual artists, craftspeople, composers, designers and others can be considered self-employed freelancers. On average, creators accept below average pecuniary earnings. This can be partially explained either by risk-seeking behaviour,⁷⁹ or a preference for creative work over other types of employment.⁸⁰

It emerged from the online survey that 54% of the CCI enterprises had less than ten full time employees in their company (see Fig. 5. below). As noted above, this fragmentation of CCIs into small enterprises has consequences for their structures. To compete with larger companies with structural advantages in terms of administration and research, the smaller enterprises tend to adopt a more flexible and dynamic attitude when responding to market opportunities. This may involve outsourcing, taking up multiple projects or clustering with different organisations to benefit from a larger collective structure. To mitigate against this lack of guarantee of success, CCIs often

⁷⁵ Benhamou, F. (2003), *L'Economie de la culture*, Paris: La Découverte, 4th ed.

⁷⁶ Throsby, D., (2001), op. cit., pp. 126-28.

⁷⁷ Towse, R., (2004), op. cit., p. 8.

⁷⁸ MKW Wirtschaftsforschung GmbH, (2001), *Exploitation and development of the job potential in the cultural sector in the age of digitalization*, Paper commissioned for European Commission, DG Employment and Social Affairs, Munich

⁷⁹ Towse, R., (2004), "Towards an economy of creativity?" in FOKUS, (2004), *Creative Industries: A measure for urban development?* Vienna: FOKUS p. 8.

⁸⁰ Throsby, D., (2001), op. cit., and Caves, R., (2000), *Creative Industries: Contracts Between Art and Commerce*, Cambridge: Harvard Univ. Press

work on multiple projects to spread the risk⁸¹ and often focus on project-based investment rather than company finance.⁸²

Question: How many full-time employees did your enterprise have on 31st December 2008?

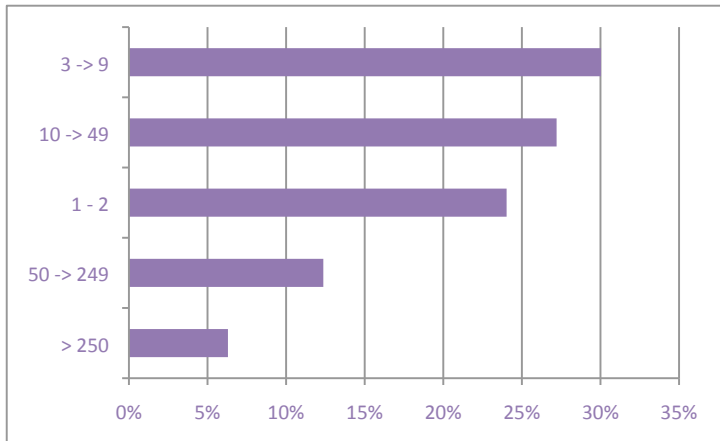


Figure 5: Percentage of full time employees per size class enterprise in Dec. 2008

(Source: Eurokleis 2009- Online Survey)

Moreover, CCIs require skilled employees and are consequently manual labour intensive. The creative products and services related to these industries usually require not only strictly creative employees but many general or commercial employees that contribute to the overall production and supply chain. Traditionally, cultural and creative entrepreneurs are interested mainly in the development of their products and services rather than focused on their distribution: in other words, *'R&D is the main activity, while production is secondary'*.⁸³ The company will generally retain a small core of full time employees while calling on additional employees as required, according to the company's needs.⁸⁴

2.2.2.2 Diversity in skills acquisition

Due to the abundance of practitioners with very diverse backgrounds (certification by degree, acquiring experience through internship, vocational degree, etc.), there are often difficulties when recognising or certifying the quality and reputation of cultural and creative entrepreneurs. This makes the position of the potential employer in the Arts (as compared to other labour markets) especially difficult because of a lack of information and quality criteria.⁸⁵

⁸¹ UK Technology Strategy Board, (2009), op. cit., p. 17.

⁸² KEA, (May 2010), Promoting Investment in the Cultural and Creative Sector: Financing Needs, Trends and Opportunities, Report prepared for ECCE Innovation- Nantes Metropole, p. 24.

⁸³ Lash, S. and Urry, J., (1994), *Economies of Signs and Space*, London: Sage Publications, as cited in: Handke C., (2006), *Surveying innovation in the Creative industries*, Berlin/Rotterdam 2006

⁸⁴ UK Technology Strategy Board, (2009), op. cit., p. 18.

⁸⁵ Towse, R., (ed) (2003) *A Handbook of Cultural Economics*, Cheltenham, Edward Elgar.

Awards can act as intermediate standards on the quality of the cultural and creative entrepreneur.⁸⁶ Commissioners in the Arts place little reliance on certification based on formal schooling and often use their own screening devices (art competitions, referees, peer-reviews, etc.). Learning ‘on the fly’ is common for cultural and creative entrepreneurs. In our online questionnaire, 78% of the respondents valued their on the job training as much as their professional training.

On one hand, the majority of enterprises achieve very low rewards, significantly below workforces in other industries with similar human capital attributes. On the other hand, there are a relatively small number of ‘stars’ with very high turnover.⁸⁷

2.2.2.3. CCI employment by sectors

From the aggregated data in the statistical analysis, the largest industries per number of workers employed are: Fashion (31.41%, of total employees), Design (20.12%), Architecture (10.74%) and Book & Press (9.89%). The inclusion of the retail sector within the fashion sector may explain the unexpectedly high number of workers in this sector (See Fig. 6.).

These numbers cover the total number of employees in different sectors of the CCIs. As noted above, cultural and creative entrepreneurs are also employed in many other sectors of the economy, contributing to the development of the ‘creative capacity’ of non CCI companies. For example, the UK Technology Strategy Board estimates that from the 1.1 million people directly employed in the creative industries in the UK, there are another 800,000 individuals working outside the cultural and creative sector.⁸⁸

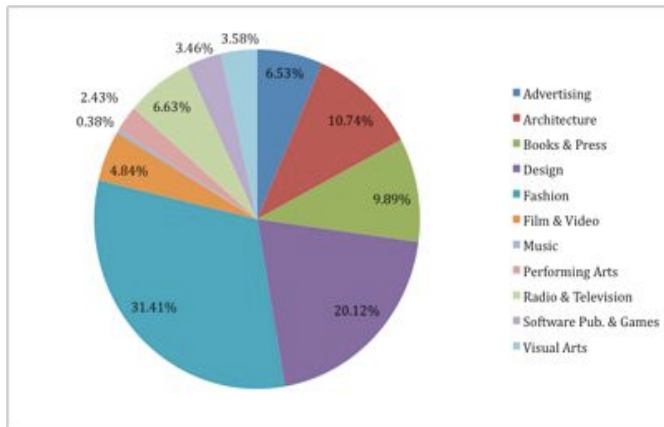


Figure 6: Percentage of Employees per Sector
(Source: Eurokleis 2009)⁸⁹

⁸⁶ See Wijnberg (2003) for a discussion of the role of awards in the arts. Wijnberg, N. (2003) ‘Awards’ in: Towse, R. (ed) A Handbook of Cultural Economics, Cheltenham, Edward Elgar: pp. 81-84.

⁸⁷ UNCTAD et al (2008), The Creative Economy, UNCTAD/DITC/2008/2, Geneva

⁸⁸ UK Technology Strategy Board, (2009), op. cit., p. 12.

⁸⁹ The statistical analysis on firm characteristics was taken from the Chambers of Commerce as explained in section 1.2

In another example, the recent EC Working Paper on 'Design as a driver of user-led innovation' confirmed this trend in the design sector, demonstrating that many designers worked in non-design industries as in-house designers.⁹⁰ This suggests that the cultural and creative entrepreneur and the CCI have a greater impact on the economy as a whole than accounted for in the statistics.

2.2.3. Characteristics of CCI enterprise processes and outputs

In addition to the specific characteristics of CCIs both in terms of structure and labour, the processes of product and service creation in which the CCIs engage are highly distinctive, especially due to their small size. CCI SMEs often engage in network based processes. Some of these value and knowledge creation processes are often not recognised as traditional research approaches and CCI SMEs may therefore be unable to access research funding resources.

CCIs often supply content that requires 'culture-based creativity' as knowledge-based and labour-intensive input that is hard to measure in terms of economic value. This complicates the provision of financial support to CCIs, as they cannot always demonstrate the economic viability of their products and services. Cultural and creative products and services often have specific economic characteristics: for example, they can be produced 'on the spot' and cannot be consumed in any other context (theatre performances, dance, live concerts). These products/services are an extreme example of product differentiation.⁹¹

The fact that many products and services are intangible assets, subjective in value and often project-based,⁹² distinguishes them from other manufactured products. Due to the high degree of uncertainty surrounding the success of these intangible assets, the content-based industries in particular will tend to work on several projects at the same time in order to balance the risk associated with less successful products or services. However, this also implies that the cultural and creative entrepreneurs may receive only partial financial advances for certain products or services that will not be successful and this may lead to significant financial limitations for the entrepreneurs.

Naturally, intangible innovation is hard to quantify and is not easily recognised by those outside the CCIs. Currently, the soft innovators are not labelled as contributing to R&D and cannot receive funding or equal recognition from either scientific or applied research initiatives. Scientific research institutes still receive most of the R&D funding as opposed to applied research institutes or other emerging communities. In a recent study on innovation in Swedish service companies, it was shown that 50% of the innovation came directly from customers, 35% from employees and only 3% from external R&D.⁹³

2.2.3.1 Production processes

Production takes place either in small-scale direct contact between producer and consumer, or with reproducible, mass media products, in networks of intermediaries. These intermediaries such as

⁹⁰ EC Staff Working Document, (2009a), op. cit., p. 27.

⁹¹ The UNESCO considers local cultural industries relevant to counterbalance the standardisation of culture as a result of the ongoing process of globalisation in the information society (UNESCO, 2001: 13; UNESCO, 19/11/2001: 1-3; UNESCO, 21-22/09/2000; UNESCO, 14-15/06/1999).

⁹² Especially sectors such as film, TV, music, games. UK Technology Strategy Board (2009), op. cit., p. 18.

⁹³ ALMEGA (2008), Survey on innovation in Swedish service companies, taken from Koefoed Quinn, M, The EU perspective on ICT and Creative Industry, CReATE International Conference, Turin November 2009, http://www.lets-create.eu/fileadmin/_create/downloads/presentation_conference/02_20091104_CReATE_-_Mette_K_Quinn.pdf

publishers, film production companies or record companies, bring cultural products and services and an audience together. They exploit economies of scale and scope that apply in particular to capital-intensive aspects of production and promotion rather than in the labour and knowledge-intensive process of creation. However, the increasing digitisation of content and services has opened new production and distribution possibilities.⁹⁴

The importance of digital content for the CClIs has led to the development of new applications and the integration and re-aggregation of existing media. Crossover Labs is an example of an organisation that supports integration in the production process (see Best Case 4). Much like Crossover Labs, the GATE project integrates different actors to apply new technology for the game sector (see Best Case 5). The creative content industry is growing in importance and is well developed throughout the value chain. The Internet and changing consumer preferences are adding to the complexity of the flow of funds between the different players in these value chains. Consumer spending is the single most important source of funds. Physical media still represent a substantial part of the market, but this is most exposed to online substitution.⁹⁵

Crossover Labs

Crossover Labs in the UK organises workshops with multi-disciplinary participants aimed at exchanging information in order to create innovative projects with the use of new media tools.

(See Best Case 4)

GATE

Game Research for Training and Entertainment (GATE) in the Netherlands is a sectoral project for games aiming at improving learning systems and advancing new technology to SMEs in order to advance the sector and developing knowledge from applied research with SMEs.

(See Best Case 5)

The traditional idea of the production chain is now evolving, and in many cases intermediaries can be bypassed.⁹⁶ Taking its distance from the linear production process implied in the concept of a value chain, the term 'value creating ecologies' encompasses the idea of a 'constellation of firms that are dynamic, with value flow being multi-directional and working through clusters of networks'.⁹⁷

This idea can better represent the shift experienced by many CClIs, from consumers to co-creators of value, from product to network value⁹⁸ and from simple competition to complex co-

⁹⁴ UK Technology Strategy Board, (2009), op. cit., p. 18.

⁹⁵ Analysis Mason, (May 2009), *Fostering creative ambition in the UK Digital Economy*, London: Analysis Mason, London

⁹⁶ Hearn, G. N. and Roodhouse, S. C. and Blackey, J. M. (2007), "From value chain to value creating ecology: Implications for creative industries development policy", *International Journal of Cultural Policy*, Volume 13, Number 4, pp. 419-436.

⁹⁷ *Ibid.*, p. 6.

⁹⁸ *Ibid.*, p. 10. Network value is thus created and extracted in a network of relationships and value can best be understood holistically as a function of the entire network.

competition.⁹⁹ The cultural and creative entrepreneur often has to create direct user-producer interaction. They have to interact closely with their target audience so that they can monitor trends or initial reactions by early consumers of their own products.

Technological advances, such as multi-platform capabilities, make it possible to have greater connectivity with the user and can provide a feedback in the loop to production, allowing a user to interact directly and allowing the producer to adapt to changing demand. The increasing inclusion of the user/consumer as co-producer coupled with efficient communication channels, has led to a convergence between the consumption and the production stages.

The increase in the number of knowledge sources and knowledge information sharing also has the indirect consequence of blurring the boundaries between the sectors¹⁰⁰ and leads to a rise in multidisciplinary teams. For example, b.TWEEN is a platform that aims to increase the exchange of ideas using digital media methods in order to increase the creation of original ideas (see Best Case 6).



b.TWEEN
b.TWEEN is a cross platform development lab in the UK that fosters the exchange of ideas between different disciplines as well as offering advice and methods for blending digital media methods within the CCI enterprise.
(See Best Case 6)

The activities that directly contribute to the creation of an original cultural product/service are embedded in a landscape of administrative, organisational or manufacturing activities. These networks of lawyers, business-managers or accountants contribute to the specification of contractual arrangements in the CCIs and are an integral part of the industries' structure.

2.2.3.2 Outsourcing

Many CCIs are 'creation-oriented' and many of them choose to remain small in order to keep this flexibility and adaptability that larger CCI enterprises do not necessarily possess. As noted above, larger companies have a structural advantage in terms of research, development, administrative management and design activities to which the micro-SMEs have little access. Equally, the reproduction, distribution and promotion of creative products and the administration of rights are complex procedures where larger companies have an advantage compared to the smaller ones.

However, the larger enterprises do not take the same risks as micro-SMEs.¹⁰¹ Micro-SMEs often adopt a flexible attitude with new dynamic and small-scale tools and processes to provide solutions to specific problems in order for them to compete with larger organisations that are not capable of being as versatile. This allows the CCI SME entrepreneur to maintain a risk-taking attitude. This attitude is not necessarily easy to sustain in a larger company, as expressed by one interviewee:

"The creative industries can be a model for how the knowledge economy in general is developing. So smaller companies are flexible, they have more collaboration, more free-lancers, and therefore they can be a test bed for trying

⁹⁹ Ibid., p. 7. : The combination of competitive and cooperative processes is termed co-competition. In a value creating ecology, the CCIs models follow the ideas of simultaneous co-operation and competition between members of an eco-system, Ibid, p. 14

¹⁰⁰ UK Technology Strategy Board, (2009) , op. cit., p. 11.

¹⁰¹ EC Green Paper, (2010), op. cit., p. 7.

out new support mechanisms that can eventually be rolled out to the wider economy”.

(European Think Tank)

The structure of the CCI SME enterprise is more adaptive, preferring outsourcing solutions for *ad hoc* services while maintaining a small core team of employees. The solution favoured by many organisations in the CCIs is to vary the degree of integration and control over various aspects of production and to outsource this to smaller, risk-taking, dynamic enterprises.

Even the largest intermediary enterprises regularly organise the production of new media content in relatively small, semi-autonomous teams. Outsourcing also results in the need for micro-SMEs to be able to combine both the creation as well as the administration linked to their freelance activities. As noted by a regional institute:

“The big companies in the CCIs have reduced their employees in the past 50 years...they outsource. The degree of outsourcing is very high. This also means that people don't do what they are good at (they need to acquire the job, have to make their own taxes, have to do everything, marketing)... And in the past this was dealt with through the division of labour. So creative people lose a lot of time doing things they are not good at and that shouldn't be their job!”.

(Regional Institute for CCI, Structurally Strong Traditional Economy)

The fact that CCIs have consequent disparities in size and growth strengthens the tendency to outsource, especially in sectors in which automation of production enables outsourcing, such as the retail work in the fashion sector or in certain computer games. Further, to deal with the monopolistic tendencies of some CCIs, a high percentage of freelancers and micro-SMEs rely on networks and personal contacts in order to act as a group.

2.2.3.3. Characteristics of CCI output

International bodies, such as UNESCO with its Convention on the Protection of Cultural Diversity,¹⁰² note that cultural goods have to be set apart from standardised mass consumption or even excluded from international trade agreements and competition regulations.¹⁰³ Cultural products are not ‘simply merchandise’, but express cultural uniqueness and foster cultural diversity.¹⁰⁴

¹⁰² In October 2005, 148 countries supported the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Contents and Artistic Expressions; expressing the position, that mechanisms to maintain and develop domestic production are necessary because the diverse goods produced around the world are not simply merchandise, but expressions of rich individual uniqueness and cultural identities.

¹⁰³ UN/UNESCO Gatts Agreement, Unesco’s Global Alliance on Cultural Diversity, EU exceptions on competition law, exemptions on state aid and the state aid procedure. State aid is usually considered as incompatible with the common market when it distorts competition by favouring certain undertakings or the production of certain goods. Financial support to SME’s in the sector of the cultural and creative industries can be justified when it is (1) promoting economic development of areas with an abnormally standard of living of serious underemployment, (2) it is facilitating the development of certain economic activities of certain economic areas, (3) it is promoting culture and heritage conservation. Retrieved at 14 Dec. 2009 from: <http://www.europa.eu.int.scadplus/leg>

¹⁰⁴ For a discussion on the tensions between commercialisation on the one hand and cultural merit on the other, see: Stedman G., (2006), “From Gentlemanly Publishing to Conglomerates: The Contemporary Literary Field in the UK” In Eisenberg, C., Gerlach, R. and Handke, C., (eds.), (2006), Cultural Industries: The British Experience in International Perspective, Berlin: Humboldt University

Their utility and quality for any individual cannot often be determined with any certainty prior to consumption and sometimes taste changes as a result of repeated consumption. In general, demand will increase with exposure, in a process of 'rationale addiction'.¹⁰⁵

Cultural and creative products and services are also experience goods.¹⁰⁶ Cultural products and services stage an experience that is directly related to the user. In order to stage this experience, the user's demands will be taken into consideration in the design of the products and services continuously, through 'feedback loops'. These processes of interaction form indirect outputs of the products/services.

These feedback loops improve the design of the product or the service offered by the CCI enterprise and users are actively taking part in the remoulding of the product. The end result of these feedback loops may provide insight into design processes that can be re-used in the future. As such, the CCI enterprise output is not merely a product or a service but also includes a design process. The benefits of being able to replicate these design processes are obvious in a commercial sense. An additional benefit is also available for the designer, who can examine and reflect upon his own workflows and this may lead to new outputs in terms of improved products or paths that appear to lead in a promising direction.

However, the design process of forming a product or a service is not always explicit. Those working in the cross-media sector are familiar with the artefacts from particular creative domains but are rarely able to access the design processes that created these artefacts. By providing an intuitive level of access to these design processes, SMEs working in the creative industries (such as advertising, mash-up, curators etc.) are far better able to imagine, explore, analyse and predict the most favourable directions in which their assets can then be deployed.

Creating an experience is, however, highly subjective and the economic value cannot be precisely determined in advance and this subjective component means that the cultural and creative entrepreneur is constantly taking risks. In view of the size characteristics of the majority of CCIs and the high competition, the CCI entrepreneur is constantly looking for innovative solutions, new trends, products and services that are more in line with user and consumer demand.¹⁰⁷ As one interviewee noted:

"Something that people need is to look at what they can disrupt, they need to go back to disruption. Can they disrupt realisation? Can they disrupt distribution? Can they disrupt the way they create ideas?"

(Research Institute for CCI, Knowledge Economy)

Culture has not exclusively been seen from the traditional point of view of conserving cultural heritage but more as a means to pursuing a qualitatively higher level of development. This flexible concept has had the merit of linking the idea of culture to a series of activities – from fashion, to design and the engineering of computer games – previously considered outside the sphere of cultural policies.

¹⁰⁵ Throsby, D., (2001), op. cit., p. 115.

¹⁰⁶ KEA (2009), op. cit., p. 39.

¹⁰⁷ EC Green Paper, (2010), op. cit., p. 7.

2.2.4. Uncertain value and changing business models

As noted above, the market for cultural goods is both volatile and unpredictable, promoting business strategies that are 'emergent', provisional, highly responsive to user-demand and based on 'intuitive' and 'emotional' knowledge as much as standard market research.

Consumers are often not aware of their tastes in cultural markets. Rather they discover them through repeated experiences in a sequential process of largely unsystematic 'learning by consuming'. As there is an infinite variety of creative offerings, this discovery process may be never-ending. To the extent that individuals are unsure of their preferences, it is not surprising that producers of goods of expressive value struggle to anticipate market value.¹⁰⁸

Moreover, in addition to facing uncertainty, high competition and extreme imbalances between the micro and larger enterprises, digital convergence has also modified the distribution process of CCI products and services. The broadening usage of the internet and content interface platforms has significantly changed the value chain and distribution process, enabling a 'democratisation' of access to distribution and a higher participation of producers and content originators.¹⁰⁹ Consequently, this shapes new market strategies and new business models to which CCIs must adapt. As noted above, the interaction with the user and consumer is more direct than in the physical world and much more dynamic and self-feeding:

"The purely linear business model is giving way to a much more inter-woven environment, where cross-fertilisation of stimulus and response, data-driven supply and demand, and speed of communication enable a much more rapid evolution of product development and consumption".¹¹⁰

This shift has also triggered an exchange of content and services and facilitated peer to peer sharing, endangering legal protection surrounding the content/services. Creative processes are therefore much less linear and with the increase in file-sharing within networks, the ability of producers or distributors to control and charge for content has become a major concern. That the rights holders and the creators are not being rewarded with this broadened access to content is a real challenge to commercial success. There are presently important tensions between different philosophies as a result of the 'democratisation' of content and this is addressed in section 3.3 below. What is important is the manner in which this has affected the business models of the companies that have to adapt to this changing environment and at the same time be sufficiently flexible to remain updated about the newest changes and opportunities.

Considering the specific characteristics of the CCIs with regard to their size and composition; their product creation processes; their intangible assets and hidden innovation; the shifting output consumption; the changing value chain ecologies; the shifting digital environment and the impact it has on business models and interaction with user; it is clear that the CCIs have many complex challenges to face. They are also working in an environment that is not always prone to rewarding risk taking behaviour and this puts further complications on their paths to sustainability and growth.

¹⁰⁸ Garbousa L L., Montmarquette, C., (1996), 'A micro econometric study of theatre demand', Journal of Cultural Economics, Vol. 20, Number 1

¹⁰⁹ UK Technology Strategy Board, (2009), op. cit., p. 18.

¹¹⁰ Ibid., p. 19.

2.3. Features of the CCI sectors

Despite all the similarities between the different sectors of the CCIs, it is helpful to look at each specific sector of the CCIs in order to highlight the different processes that might influence the support of entrepreneurship. One of the most common issues observed during this study was the division between the subsidised sectors and the non-subsidised ones. This division is also a reflection of the philosophies of each Member State when addressing the cultural sectors and opening up the creative economy:

“In my opinion there is a difference between the creative and the classical part. The creative industries are more entrepreneurial than the more classical part. This also has to do with the whole subsidy system, where the more classical part of the industry is better able to receive funding from the government”.

(National Ministry of Culture, Knowledge Economy)

Discussion about the efficiency of different subsidy systems is beyond the scope of this study. However, when talking about supporting the entrepreneurial dimension of CCIs, there was a growing realisation that subsidy systems have shaped the existing entrepreneurial dimension of certain sectors. According to the interviewees, heavily subsidised sectors tend to be less driven by the commercial side of undertaking an entrepreneurial activity. These sectors are primarily seen as willing to create and experience, rather than commercialise, their products and services:

“The artist’s model rarely works with the attitude or opinion that commercialisation strengthens the creative output. Most fine artists and choreographers are engaged in the process rather than the outcome. Once the opening night has started they’ve almost lost interest in it. I think you need to find people who are interested in the process and look beyond the opening night”.

(Higher Education Institute for CCI, Knowledge Economy)

Moreover, receiving public funding can also imply a certain degree of political influence on the product or services. Overall, most respondents agreed that subsidies were necessary to enable the experimentation and the development of certain sectors. However, the system was considered inefficient for enabling sustainable growth. Parallel to the blurring of frontiers between the different sectors, this sectoral differentiation may gradually disappear.

Moving beyond this duality, the UK Technology Strategy Board elaborated a model of the CCIs based on how commercial value was created.¹¹¹ The model is not intended to differentiate in a way that discriminates in favour of a particular segment or group of sectors. Instead it is aimed at shaping policy to direct changes and enhance the development of CCIs by targeting advice, support and investment tailored to the patterns of activity and their potential for growth and development. The boundaries between the clusters are not fixed and some of the sectors may be in more than one cluster or cross over between several sectors (for example music and games).

The UK Technology Strategy Board model structures the CCIs along three groups, based on the physical versus digital input, as well as manual versus technology-aided output:

- Creative service providers – traditionally non subsidised
- Creative content providers – mostly non subsidised
- Creative experiences/original providers - mostly subsidised

¹¹¹ UK Technology Strategy Board, (2009), op. cit., p. 21.

For this study, the creative experience and original providers have been merged into one cluster as they represent mostly the core arts (performing arts and visual arts).

Type of Cluster	Sectors	Main Characteristics
Creative service providers	Design, architecture, new media, advertising	<ul style="list-style-type: none"> - Direct interaction with user's demand - Exchange of time for IP products - Highly influenced by technology and digitisation - Mostly project-based - Mostly private or self-financing
Creative content providers	Tv and Radio, Fashion, Games, Music, Film, Books	<ul style="list-style-type: none"> - Producers of IP product - Highly influenced by digitisation, mostly for "creation" and user-interaction - Mostly project-based - Mix of self-financed and subsidised sectors (audiovisual and games, books) - Experience threats of piracy from digital market and peer to peer exchange
Creative experience providers Creative original providers	Performing arts, visual arts, (music, games)	<ul style="list-style-type: none"> - No initial ownership of work and usually pay for other's copyright - Mostly subsidised and concerned by the cultural value of their work - Arts are mostly on contract basis - Digitisation is mostly for dissemination and as communication tools - Usually one off products and services

Table 3: Clusters in the CCIs

(Source: Based on the classification of the UK Technology Strategy Board)

The use of such clustering was largely agreed upon by the participants of the workshops held during the study to validate the methodology and the results. This clustering enables us to see general trends in terms of value chains, financial schemes and subsidisation.

Before detailing the features of each sector, it is interesting to look at the overall turnover of each sector as illustrated in Fig. 7. below which shows that the sectors that generated most turnover were mainly the service providers and content providers.

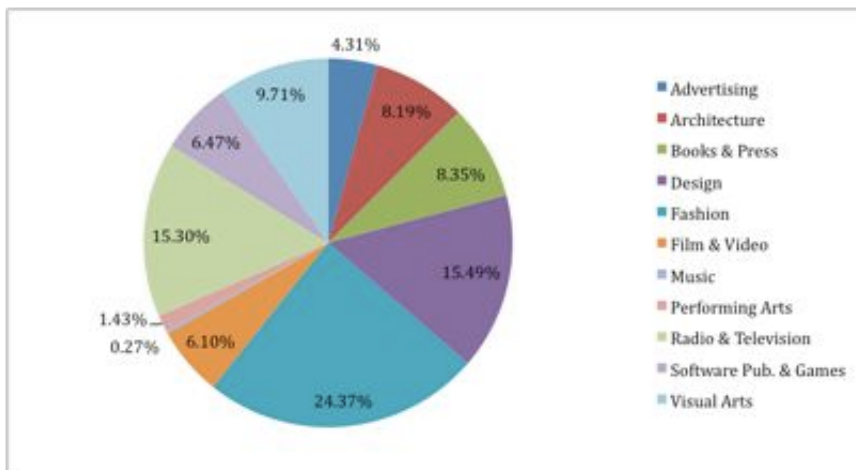


Figure 7: Total Turnover per Industry
(Source: Eurokleis 2009, statistical analysis)

The largest total turnovers per industry are: Fashion (247.189.494 TH €), Design (157.115.932 TH €) and Radio & Television (155.192.531 TH €). These industries, mostly the content providers and creative service providers, have benefited from the rise of the digitisation of society and the ensuing digital market.

Industries that require greater competition and investment in technology and/or economies of scale (i.e. Radio & Television, Software Pub. & Games, Design, Book & Press and Visual Arts) show more employees in 'large companies' (i.e. more than 250 workers) as seen in Table 2. above.

As can be seen in Fig. 6., the industries that employ more workers are: Fashion (2.230.534), Design (1.428.645), Architecture (762.714) and Book & Press (702.365). Clarifying the division between the entrepreneur and the enterprise, the industries that had the largest number of enterprises in Europe were Fashion (142.212), Design (101.255), Architecture (76.236) and Advertising (37.244).

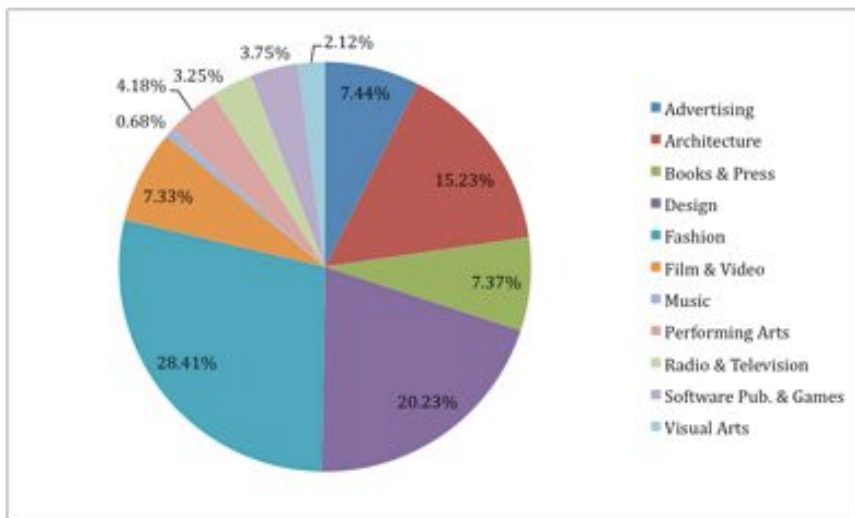


Figure 8: Percentage of Enterprises per Sector
(Source: Eurokleis 2009, statistical analysis)

Overall, there is a predominance of the sectors that require greater investment in technology, with the exception of fashion (which is due to the inclusion of the retail industry in the fashion statistics). From the study's statistics, for the industries using most technology (largely content and service providers), the total turnover is generated predominantly by the large companies while in the other industries the SMEs play a larger role.

2.3.1. Creative service providers

This cluster consists of Design, Architecture, Advertising and New Media. Creative service enterprises are based around earning revenues in exchange for devoting their time and intellectual property (IP) to other businesses and organisations. The creative activities are embedded in a landscape of administrative, organisational or manufacturing activities that form an integral part of the industries' structure.

The creative service providers are usually self-financed and consist mostly of micro-SMEs. The creative process is heavily supported by technology as the creative process is highly involved in user-interaction, increasingly so with the use of web-based platforms.

2.3.1.1. Architecture

Architecture is more than an art or a representation of a cultural heritage but forms an essential part of our lives by shaping our environment and by providing services involving direct interaction with our daily lives. In Europe, architecture contributes to the third highest number of employees per sector in the CCIs, employing 762.714 workers in 2007, or 10,7 % of the total employment of CCIs in Europe.¹¹² The total turnover of the sector amounts to 8.19% of the total turnover of the

¹¹² All statistical data, unless otherwise indicated, come from the statistical study undertaken by Eurokleis.

CCIs. The sector's overall composition in Europe consisted in 2007 of 62% micro-SMEs (1-3 employees) and 23% of small SMEs (4-9 employees). This means that 85% of the architecture enterprises consist of companies with fewer than 10 people.

In terms of finance, the sector typically operates with private financing without specific governmental schemes. Public procurement and prizes are often seen as more appropriate for the sector than subsidies. The general profession is governed by the general regulations of the internal market of the EU (freedom of establishment, freedom of movement, public contracts). In the EU Council Resolution of January 2007, the EU amended its directive to support the architectural sector to encourage mobility through the mutual recognition of qualifications in architecture across Europe.¹¹³ In the past, the EU has also supported the sector by promoting the co-operation and the networking between institutions dedicated to cultural heritage and architecture.¹¹⁴

In addition to supporting collaboration and a greater freedom of movement, the access to the market is indirectly supported through legislative means. Indeed, in countries where it is not mandatory to hire architects, architecture is promoted by pointing to the cultural significance of architectural design and programmes for subsidised consultation by architects. In the other

countries, support is inherent where architectural designs are mandatory for the construction of buildings. Some organisations, such as Architectuur Lokaal, seek to involve users to ensure quality of services (see Best Case 7).

ICT tools are widely used in the sector for design, visualisation, information exchange about processes, and ICT is widely used to increase efficiency in assembling and reassembling, as well as bringing the various branches of the disciplines together.¹¹⁵ With such ICT tools, the production phase has shortened, but the sector is still very labour intensive.

2.3.1.2. Advertising

The European Association of Communication Agencies names 6 sectors where advertising is widely used, namely: Television, Newspapers, Magazines, Outdoor, Radio and Cinema.¹¹⁶ In the most recent figures provided (2007), the healthcare industry spent €1.3 billion on advertisement, the non-alcoholic drinks industries € 1.5 billion, the alcoholic drinks industries €1.5 billion, the food



¹¹³ European Parliament Directive 2006/100/EC, Regulations by the EC No 1137/2008

¹¹⁴ See for example "Architecture Normande, Une Aventure Européenne" in 2000

¹¹⁵ Sariyildiz, S., Ozsariyildiz, S., (1998) "The Future of Architectural Design Practice within ICT Developments", unpublished, <http://repository.tudelft.nl>

¹¹⁶ For the use of advertising in the Cinema and Radio sector, advertisement sales figures are being given only in a part of the EU (Belgium, France, Germany, Italy, Netherlands, Spain, Sweden, and the UK).

industries €6 billion and the automotive industries €6 billion.¹¹⁷

In the study's statistics, advertising is responsible for 4.31% of the total revenue of the CCI in 2007, and employs 6.53% of the total CCI employees. In terms of its composition, 61% of the sector consists of 1-3 people enterprises, while 24% of the CCI have between 4-9 employees. Combined, the companies under 10 employees are responsible for 28% of the total turnover for the sector.

The rise of ICT has led EASA (European Advertising Standard Agency – see Best Case 8) members to reach a consensus on including digital marketing communications in the remit of advertising self-regulatory organisations. Online advertising spending per user has risen dramatically in the last four years, with UK leading the way. The online advertising market in the UK went from GBP 122 per user in 2006 to GBP 217 in 2010. France's online advertising is now reaching \$135 per user, from \$89 per user four years ago. As the study by the UK Technology Strategy Board confirms, 70% of the value and growth potential comes from content and advertising space.¹¹⁸ The eMarketer estimates that advertisers will spend \$7.5 billion to reach all Western Europeans, an increase of 25% from last year.¹¹⁹

2.3.1.3. Design

*“Design is still about innovating within the same parameters and driven by the same ambition, but applied to a much broader spectre of challenges, where the designer is part of a value chain where innovation – that reaches far beyond material outcomes – is addressed by multi-disciplinary teams – in the word's most inclusive sense. Design can be applied to an artefact or a specific solution to a specific challenge, but it can also be applied to a context – be it a physical space or environment or a configuration”.*¹²⁰

Gradually distancing itself from the earlier association with aesthetics, design includes, not exclusively, service design, environmental design, design for all, design for profit, user-design, and experience design. The sector is now understood as an important driver of **innovation**.¹²¹ Within the working document *‘Design as a driver of user-centred innovation’*, the EU highlights design as a potential strategy for innovative solution and product that seeks to understand user needs, aspirations and abilities at a lower cost than traditional R&D research activities.¹²² Design is increasingly recognised as a sector that can have many crossovers and uses with strong spin off effects on other sectors and companies of the economy.¹²³ This was also seen in the number of designers working outside the design sector,¹²⁴ suggesting the external added value of design for other industries.

¹¹⁷ European Association of Communication Agencies, www.eaca.be, viewed March 2010

¹¹⁸ UK Technology Strategy Board, (2009), op. cit., p. 8.

¹¹⁹ See http://www.emarketer.com/Reports/All/Em_euro_ad_jan07.aspx

¹²⁰ Danish Designer, (2010), “The role of design in the 21st Century: Danish Designers’ Manifesto”, Copenhagen: Danish Designer, <http://www.danishdesigners.com/media/678.pdf>, p. 5.

¹²¹ European Commission Staff Working Document, (2009a), op. cit., p. 14 .

¹²² *Ibid.*, pp. 15-16.

¹²³ Pro Inno Grips Global Review of Innovation Intelligence and Policy Audiences, (2005), Design as a tool for innovation, Mini-study prepared for the European Commission (DG Enterprise and Industry)

¹²⁴ European Commission Staff Working Document, (2009a), op. cit., p. 27, and also in UK Department of Industry and Trade (DTI) (2005), Creativity, Design and Business Performance, Economics Paper No 15, London: DTI

However, design processes are not yet fully understood as R&D and are usually considered from a soft innovation perspective. Organisations such as Disseny Hub seek to stimulate this understanding within non-CCI sectors (see Best Case 9).

Disseny Hub

Disseny Hub Barcelona provides a network of designers as well as targets an audience from diverse sector, stimulating collaboration between businesses and CCIs. It also serves as a research and reference point and educational centre.

(See Best Case 9)

It emerged from the statistical analysis that design represents 15.49% of the total revenue of the CCIs. It is the second most important amongst the sectors.

In terms of the sector's composition, as in the other sectors, the bulk of the companies consist of micro-SMEs: approximately 75% of the design companies have fewer than 10 workers (45% having under 4 employees, 30% between 4-9 employees). Companies under 10 employees (75%) are generating 20% of the total revenue while 10 – 49 employees companies (20% of the sector) are generating 31% of the total revenue of the sector. Clearly, discrepancies in size and turnover can be observed.

Design is highly structured in cross-disciplinary teams and cross- sectoral collaborations.¹²⁵ It works heavily in networks with multidisciplinary teams for greater integration of multiple interests, facilitating ecologies for open innovation.¹²⁶

The design sector is usually self financed, however certain countries, notably the Scandinavian countries but also Spain, France, the UK and the Netherlands have established governmental support to increase the use of design by companies.¹²⁷ Design is highly influenced by recent developments in ICT for the creation processes but ICT also facilitates the networking and interaction with users.

2.3.1.4. New (Cross) Media

New Media is the newest subgroup among the creative industries. It has emerged as a result of rapid advances in ICT aimed at developing the global information infrastructure, giving rise to the so-called Information Society.¹²⁸

New media is both a product (software, cartoon, game etc.) as well as a service; a communication tool for marketing and distributing other products. The sector covers a broad range of activities dealing with digital design, but more specifically service design: it deals with processes linked to services between people and their environment. This definition makes the activities in this sector inherently cross-sectoral. The supporting organisations give support in this field in the form of innovation and R&D projects. In terms of ICT use, according to the study's sectoral expert

¹²⁵ Danish Designer, (2010), op. cit., p. 4, <http://www.danishdesigners.com/media/678.pdf>, p.4; EC Staff Working Document (2009a), op. cit., p. 18.

¹²⁶ Open Innovation was defined as the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively. Chesbrough, H.W., (2003), Open Innovation: The new imperative for creating and profiting from technology, Boston: Harvard Business School Press

¹²⁷ EC Staff Working Document, (2009a), op. cit., p. 31.

¹²⁸ UNCTAD,(2008), op. cit., p. 132.

questionnaires, the most important use of ICT technologies for CCI SMEs are communication tools (91%) and knowledge/goods production tools (76%).

The sector has 61% of companies with fewer than 4 employees, but it is responsible for 20.12% of the employment in the CCIs. The turnover is, however, mostly generated by the bigger enterprises (80% of the total revenue is generated by companies with 50+ employees out of which 48% is generated from enterprises with 50-249 employees consisting of 3.14% of the sector). ICT accounts for half of the rise in EU productivity¹²⁹ and is essential to businesses, public services and to making a modern economy work and a crucial component of the EU recovery plan. Such economic effects can be seen in several Member States.¹³⁰

In terms of financial support, the sector is not subsidised but external support exists, although the paths to obtain it are often far too complex for individual SMEs. In terms of growth potential, the companies have facilities to start up due to the short time-spans of R&D and product lifecycles but the companies have difficulty in growing. The issue of market fragmentation is notable for this sector. Europe is very fragmented in terms of language and regulations about IPR, information access, etc. This system discourages the companies from growing across national borders as it usually creates only locally operating SMEs, although the market is global.¹³¹ The New Media and ICT technologies have also the potential to affect the overall environment for CCIs due to the increasing importance of digitisation.

In terms of innovation potential, new media introduces new forms of expression and platforms, such as user-generated content. It changes the background as smaller companies can compete affordably in bigger markets and advertise their products online although the

EDIMA

EDIMA is the EU network that aims at creating an open and legal framework for new digital products throughout the EU so as to avoid the legal barriers blocking a single European digital market.

(See Best Case 10)

competition is fierce. The EDiMA White Paper on ICT standardisation demonstrates the willingness to pay increasing attention to new technologies as a driver of innovation (see Best Case 10).

2.3.2. Creative content producers

This cluster includes film, TV, fashion, games, music, books and publishing. Creative content enterprises produce IP, usually making use of technical protection measures. These enterprises earn revenues through a variety of related business models such as online and off line sales, advertising or subscription. These enterprises invest capital upfront in order to develop creative projects prior to any revenues. Depending on the sector, this upfront investment can be substantial, and as a result the investment often takes place on a project-by-project basis rather than in the context of an ongoing and sustainable business. Within this group, a loose but important distinction can be made between those enterprises that focus on the next individual creative project and

¹²⁹ European Digital Media Association (EDiMA), (2009), White Paper on Policy Strategy for the Development of New Media Services 2009-2014, see http://ec.europa.eu/information_society/eeurope/i2010/docs/post_i2010/additional_contributions/edima.pdf

¹³⁰ In UK, the digital market and digital content is responsible for approx. 70% of the turnover of the creative industries in the UK: see UK Technology Strategy Board, (2009), op. cit., p. 12.

¹³¹ European Digital Media Association (EDiMA), (2009), op. cit., p. 2.

those that are structured to develop a sustainable 'production line' of creative products and an increasing body of IP for renewed exploitation.

In terms of the creative process, the cluster is highly influenced by digital convergence: the processes are usually highly technologically aided, having an important user-interaction component within the creative process, and the products and services are also increasingly digital, with the e-book being an illustration of this. Piracy and peer-to-peer exchange are threatening the loss of value of some of the content product and services. The creative content producers have significant crossovers with other sectors of the economy outside the CCIs, such as mobile phone network operators, handset manufacturers for music distribution, which have considerable influence on the business models deployed.¹³²

European Advertising Standard Alliance

European Advertising Standard Alliance is the single voice on advertising self regulation issues and advises the sector on such issues and others such as digital marketing communications.

(See Best Case 8)

2.3.2.1. Film

Film is the sector that receives, generally speaking, strong support from the state across European countries through various measures (tax shelter, subsidies etc). Tax shelters of varying types in Hungary, Netherlands, Ireland, the UK, Luxembourg, France, Spain and Belgium are meant to encourage investments and considerably enhance the funding opportunities for film production. The sector is also highly subsidised in other European countries, though the recent financial crisis means that this subsidy is likely to decrease.

The special programme for the audiovisual sector at the European level, MEDIA,¹³³ also tackles the needs of the sector. MEDIA co-finances training initiatives for audiovisual industry professionals, the development of production projects, training of professionals, and generally

MEDIA

MEDIA is the EU support programme for the audiovisual sector. It co-finances projects, promotes, trains film professional and support the sector to face the digital shift.

(See Best Case 11)

distributes and promotes films and audiovisual output (see Best Case 11). On top of this, the EU Media programme will launch at the end of 2010 a Media Production Guarantee Fund that will be aimed at supporting and facilitating the access of public audiovisual companies to bank credits.¹³⁴

In terms of the sector's composition, the sector is highly fragmented. 60% of the companies have

¹³² UK Technology Strategy Board, (2009), op. cit., p. 22.

¹³³ See http://ec.europa.eu/information_society/media/index_en.htm

¹³⁴ See http://ec.europa.eu/culture/media/programme/overview/funding/index_en.htm

under 4 employees (see Fig. 2) but these companies produce only 12% of the sectoral turnover. The companies that have 4-9 employees represent 26% of the sector's enterprises and they generate 16% of the total revenue of the sector (see Fig. 3.). Companies that have more than 50 employees represent a bit less than 2% of the total of enterprises in the sector but generate 49% of the total revenue. The total turnover of the sector is 6.10% of the CCI's turnover and it holds 4.84% of the employees of the total CCI's. The market reached a total spending value of USD39 billion in 2009.

The digital market has also been changing the perspective for this sector. There is a growing emergence of online rental subscription services and a consequent rapid uptake of VOD and pay-per-view (PPV). The VOD market just started in 2004 but was expected to grow more than tenfold from USD 165 million in 2004 to USD 1.7 billion in 2009.¹³⁵

	2003	2004	2005	2006	2007	2008
Digital Screens	30	55	204	527	897	1529
Digital sites	27	45	148	358	550	815

Table 4: Digital Cinema sites and screen in Europe (2003-2008)

(Source: Media Sales)¹³⁶

An inability to sustain growth is one of the main issues for the film sector. Linked to the difficulty to enter the market, the film sector suffers from the inaccessibility of growth finance after the initial company set-up. Indeed, the report on the evaluation of the MEDIA programme indicated that EU audiovisual sector suffered from structural weaknesses such as market fragmentation and the low circulation of European works outside their country of origin.¹³⁷ In terms of value chain processes, the production time is generally long, although the product can be multiplied and distributed.

2.3.2.2. Books and Publishing

Publishing and print media constitute an important subgroup of the creative industries from both the cultural and the economic point of view. Technologically, however, the publishing and media industries are facing new challenges due to the growing trend towards electronic publishing.

According to the Federation of European Publishers (see Best Case 12), the total annual sales

Federation of European Publishers
 FEP is European sectoral support organisation for book publishers association in the EU. It mainly deals with legislative support at the EU level and advises on copyright issues.
 (See Best Case 12)

¹³⁵ KEA, (2006), op. cit., p. 114.

¹³⁶ European Audiovisual Observatory, (2009a), Press Release, Embargo Digital Screen Base grows 70% in 2008, Strasbourg/Milan: see http://www.obs.coe.int/about/oea/pr/digital_cinema2008.html

¹³⁷ EUREVAL Media Consulting group, (November 2007), Final report of MEDIA programme Plus and Media Formation, http://ec.europa.eu/culture/media/programme/docs/overview/evaluation/reports/media%20plus/executive_sum_en.pdf

revenue of book publishers of the EU and the EEA in 2008 was approximately € 23.75 billion.¹³⁸ The sector comprises mostly of enterprises with 1-3 employees (59%) generating 12% of the total turnover of the sector, while most revenue (72%) is generated by companies with 50+ employees (2.38% of the sector).

Competition in both the physical and the digital market influences the structure of the sector but initiatives such as VAT reduction greatly support the growth of the sector. In 25 of the 27 Member States of the European Union, printed books benefit from reduced rates of VAT. Ireland, Poland and the United Kingdom provide for a zero VAT rate for books, while five more countries have extended reduced rates to books on all physical support: France, Spain, Slovenia, Norway and the Netherlands. Sweden and Iceland allow reduced VAT for audio books.¹³⁹ A reduced rate of VAT for all kinds of electronic books could assist the sector to support the development of a digital market.

The principle of cross-subsidisation is a fundamental and distinctive characteristic of the publishing sector,¹⁴⁰ and as such contributes greatly to cultural diversity in the sector. Funds from one market can support entrants in new markets and as such can support SMEs in their sector. This can act as a support for the access to the market.

Growth rates projected for the publishing sector are significantly lower than for other cultural industries and this is mainly due to the fact that publishing is considered as a mature market (especially book publishing) and a market where the impact of ICT developments may be less significant than for other industry sectors. However, the influence of ICT and digitisation is greatly affecting the sector: spending on electronic books was expected to grow exponentially from USD 42 million in 2004 to USD 1.7 billion in 2009 (110% CAGR), when e-books will represent 3.2% of total book spending in Europe.

As a consequence, companies have to combine both the printed publishing format as well as the digital one: one publishing SME can be in an advanced state in terms of printed publishing but at an early stage in terms of e-publishing. The entry of the iPad, the eBook and the increasing digital market with players such as Google or Amazon are only signs of the potential of the digital market as well as the threats to the micro-SMEs that do not possess similar access to this digital market. Fig. 9. below demonstrates the increase in the wholesale of electronic book sales in the last eight years in the United States. The US figures were used in this report as an indication as what the future trends for data for the European market could be as it is too early to draw figures.

¹³⁸ See <http://www.fep-fee.eu>

¹³⁹ See <http://www.fep-fee.eu/2.3.html>

¹⁴⁰ Comments from European Sectoral Organisation

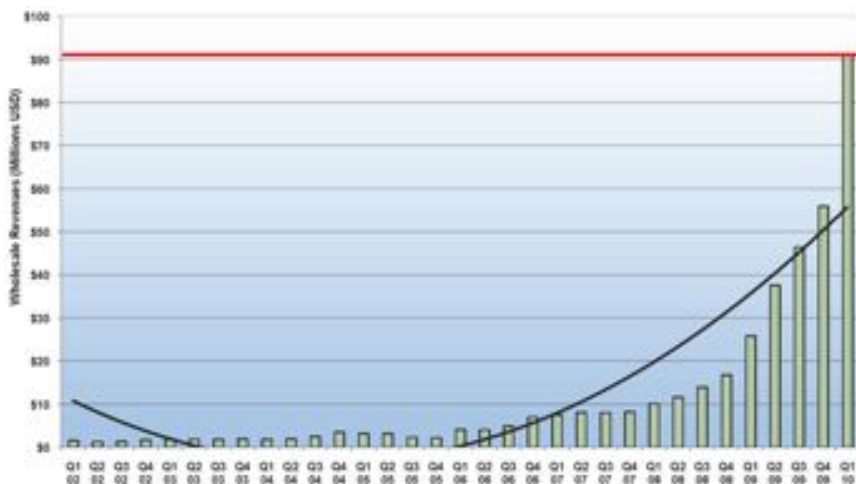


Figure 9: US Trade Wholesale Electronic Book Sales, 2002-2010 (1st quadrimestre)

(Source: www.idpf.org)¹⁴¹

Another consequence of the rise of the digital market and the subsequent rise of piracy is that of copyright regulations. As they are one of the main rewards to the sector, IPR regulations are important and they contribute to the sustainability of the cultural diversity. Copyright is crucial in allowing the publishing sector to flourish; it is the legal framework that enables business models in this sector.

Many SMEs not only lack technological training, but also sector specific training (management skills, publishing skills, etc.). Currently, sectoral associations provide basic training that predominantly focuses on production. The sector works heavily in cross-sectoral networks, for example with audiovisual and music.¹⁴²

2.3.2.3. Games

In addition to open design games, interactive environments, smart movie games and serious games are increasingly acknowledged as suitable for a broader use within society and economics. Pedagogical games that simulate surgery; open space interactive environments used for city planning; or games developed for people with disabilities are all examples of the rise of multi-functionality in this sector.

However, on a higher level, the sector is not sufficiently recognised and is not separated from software in most statistics. The sector is also only partially recognised as an innovative new media in the creative content sector¹⁴³. In terms of total revenue, the game sector is responsible for 6.47% of the total revenue generated by the CCI.

¹⁴¹ See <http://www.idpf.org>

¹⁴² Interview with National Sectoral Organisation

¹⁴³ European Games Developer Federation, (2009), Comments from the European Games Developer Federation on "Creative Content in a European Digital Single Market: Challenges for the Future A Reflection Document" from the DG INFSO and DG MARKT, Available online at: http://ec.europa.eu/internal_market/consultations/docs/2009/content_online/reflection_paper%20web_en.pdf

Large disparities exist between the few numbers of large companies (0.51% of companies have over 250 employees) that are responsible for 31% of the total revenue, and the micro-SMEs (1-3 employees) consisting in 62% of the enterprises and that generate 5% of the total turnover. Arising from this imbalance in the market position, accessing the market is difficult for small businesses due to the monopolisation of large game platforms owners.¹⁴⁴ The sector's access to market is also influenced by the external legislative factors such as the rating system.

There are important differences in the estimations for the different segments of the video games market:

- Console games: they are heavily dependent on the next generation of consoles and the prices will follow the launch of new hardware. Overall, the compound annual growth should increase at a moderate rate of 6.4%.
- Online games: they will boom as a consequence of the increasing speed of broadband connections. The average spending on online games increased from USD 505 million in 2004 to USD 4.2 billion in 2009 (53% CAGR). Online games will represent 30% of total video games spending in 2009 (up from 7.6% in 2004).
- Wireless games: they will also expand following the growth of 3G mobile penetration. Wireless games subscribers were expected to increase from 8.3 million in 2004 to 96 million in 2009 (63.2% CAGR). The spending on wireless games raised up to USD 3.7 billion in 2009 (52% CAGR).
- PC games: they will continue declining, as migration to other platforms will consolidate. Decrease is estimated at a compound annual rate of 3.2% in the years leading up to 2009.

Another consequence of the rise in ICT is that value chains are shortened, and this enables enterprises to skip middle-men and increases the involvement of users in the production of a game. However, the sector suffers from piracy and gameplay is not yet protected from plagiarism in copyright legislation.¹⁴⁵

In terms of funding, as most of the companies are micro-SMEs, their time is mostly geared towards creating value and maintaining their networks, leaving very little time to concentrate on looking for funding opportunities. They are usually self financed but they might receive governmental support, as seen in France through the tax shelter or through a tax relief for game developers in the UK.¹⁴⁶

Networks are an important source of support in order to share the knowledge, in particular about the rapid changes in the environment in terms of technologies (see for example Imaginov in France, Best Case 13). The increasing integration of multiple actors such as mobile



Imaginov
Imaginov is the game cluster in France which is specifically supported by the region of Rhone Alpes. It has attracted several businesses and has stimulated multi-disciplinary projects as well to boost commerce in the region.
(See Best Case 13)

¹⁴⁴ European Games Developer Federation, (2009), op. cit., p. 2.

¹⁴⁵ European Games Developer Federation, (2009), op. cit., p. 11.

¹⁴⁶ See http://biznewz.co.uk/business_news/2010/391/uk-budget-2010-measures-for-supporting-business-and-growth

operators, internet providers, social networks, online shops, online rights aggregators and broadband technology companies, raises the risk of oligopolies developing.

Despite the highly collaborative process, the sector has difficulty organising itself mainly due to its size, novelty, and diversity. As a result, the capacity for self-reflection on entrepreneurial habits is limited, often leading to difficulties in organising the sector in representative organisations.

2.3.2.4. Broadcasting (TV and Radio)

According to the European Audiovisual Observatory, the European audiovisual market was evaluated at approximately € 120 billion in 2009. Due to the rise of the Internet, the change in the sector will further increase the market and offer many possibilities as well as challenges for the sector. The biggest companies have a market position that allows them to control some parts of the market, but the smaller ones also need to have access to platforms or to develop VOD platforms and access them. In some countries, such as with the Dutch Media Hub, this need for interoperability is being addressed (see Best Case 14).

Dutch Media Hub

Dutch Media Hub gathers multiple partners such as local and regional authorities as well as CCIs in the sector and provides support for content production, distribution or service development. It also participates in legislative lobbying for standardisation or interoperability.

(See Best Case 14)

According to Strategy Analytics, the global rise of VOD is expected to go from \$11,5 billion in 2010 to \$17 billion in 2012.¹⁴⁷ Under such circumstances, Europe will

experience growth in multi-channel television, spurred by digital terrestrial TV (DTT) rollout. DTT has already been launched in several EU countries and migration to digital is expected to be complete across all of Europe by 2010- 2012.¹⁴⁸ Satellite subscriptions have been growing fast in recent years but in the future their growth rate will slow down, challenged by the emergence of DTT and new digital platforms such as TV over DSL (IP-TV). Looking at the potential evolution of the sector in the electronic market, one of the pre-conditions is access to high speed Internet as the growth of VOD is typically dependent on Internet providers.¹⁴⁹

As in other sectors, the broadcasting sector is shaped by fierce competition. In terms of the sector's contribution, 49% of the companies consist of less than 4 employees, while 33% of the companies are between 4 - 9 employees. The micro and small SMEs together form the bulk of the sector. However, similar to other sectors, this later branch is responsible for a small share (9%) of the total revenue. The study statistics show that the sector as a whole is responsible for 15.30% of the total turnover of the CCI in Europe, coming in third after fashion and design.

2.3.2.5. Music

"Music is a talent-based creation and one of the central creative industries, with

¹⁴⁷ Strategy Analytics, (2008) quoted in European Audiovisual Observatory, (2009c), Video on demand and Catch up TV in Europe, Stockholm: EAO, http://www.obs.coe.int/online_publication/reports/vod_2009.pdf

¹⁴⁸ European Audiovisual Observatory Press release, (2010), Growth of the number of television channels and multi-channel platforms in Europe continues despite the crisis, http://www.obs.coe.int/about/oea/pr/mavise_end2009.html

¹⁴⁹ European Audiovisual Observatory, (2009b), The Public Service remit and the New Media, Stockholm: EAO, see http://www.obs.coe.int/oea_publ/iris/iris_plus/iplus6_2009.pdf.en

*great cultural and economic value in all societies”.*¹⁵⁰

The music sector is a visible European cultural product and like other sectors it carries great importance in terms of sustaining European cultural diversity. Many bands or artists are start-ups but cannot easily reach an international market.

The sector has a very large base of micro initiatives with 88% of the CCI's being under 10 people (70% being micro-SMEs with less than 4 employees) confronted to a few major companies controlling most part of the market¹⁵¹. 88% of the companies generate 30% of the music total revenue, while companies of 50+ employees, forming 2.27% of the sector, generate approximately 40%.

In terms of innovation potential, the independents and small companies are the innovators and early adopters, discovering new talent and producing nearly 80% of all new releases.¹⁵² Organisations such as Bandpool support these activities (see Best Case 15).

Like broadcasting, film, design, new media or architecture, digitisation is greatly affecting the market of the music sector. Europe generates over half the world's music publishing revenues and one third of global recording sales, but only 17% of the world's digital market. Due to an expanding digital market, opportunities arise for SMEs to reach a wider public but the problem of accessing the market is even more problematic in the digital marketplace. Large companies such as Google and Apple control most of the digital music libraries and are consequently hindering the entrance to the market of smaller independent labels.¹⁵³ Moreover, barriers to market entry are also complemented by the fragmentation of the copyright and IPR rules in Europe.¹⁵⁴

The study on “Building a Digital Economy: The Importance of Saving Jobs in the EU's Creative Industries” determined that in 2008 some of the European Union's creative industries (film, TV series, recorded music and software) experienced retail revenue losses of €10 billion and losses of more than 185,000 jobs due to piracy, largely digital piracy.¹⁵⁵ Based on current projections and assuming no significant policy changes, the EU's creative industries could expect to see cumulative retail revenue losses of as much as €240 billion by 2015, resulting in 1.2 million jobs lost by 2015.

In terms of growth potential, the music sector has some difficulty setting up financial flow models and mechanisms that aid in the sustainability and growth of activities. Support for growth finance is essential for allowing the development of the middle-sized music companies.

Bandpool

Bandpool is operated by the Pop Academy in Germany acts as a coaching tool for bands, giving workshops as well as networking opportunities to artists. It also stimulates cross overs with businesses as well as with the political scene to increase the awareness of the sector.

(See Best Case 15)

¹⁵⁰ UNCTAD,(2008), op. cit., p. 119.

¹⁵¹ Interview with European Sectoral Organisation

¹⁵² See http://www.impalamusic.org/info_03_indfact.php, retrieved April 2010

¹⁵³ Interview with European Sectoral Organisation

¹⁵⁴ Reding, V., (October 2009), Speech on the Digital Single Market: a key to unlock the potential of the knowledge base economy, Available at <http://www.iccwbo.org/bascap/id35360/index.html>

¹⁵⁵ Available at <http://www.iccwbo.org/bascap/id35360/index.html>

In terms of finance, throughout the EU, classical music is heavily supported by subsidies from central, regional and local governments and by private sponsorship. In most countries, there is also further financial support given by music industry organisations (such as authors societies). Under their rules, authors societies are permitted to spend up to 10% of their revenues for "social and cultural purposes".¹⁵⁶

2.3.2.6. Fashion

Recognised throughout the world, European fashion goes further than its glittering image. According to the study statistics, fashion, including fashion retail, is responsible for the biggest share on the total revenue of CCI: 247.189.494 TH € or 24% of the total revenue. The sector has the highest total percentage of employees in the CCI (the fashion sector employs 31% as opposed to the publishing employing 9.84% of the total employment force in the CCIs.)

As seen in Table 2, Figs. 2. and 3., the composition of the sector is similar to other CC sector. 51% of the companies consist of less than 4 employees, and they are responsible for 9% of the total revenue. 27% of the companies are between 4- 10 employees. Companies over 50 -249 employees (3%) are responsible for 50% of the total revenue of the sector.

Large companies often control access to market. However this number has to be treated carefully from the way the statistics and NACE codes were used and with the inclusion of figures for fashion retail.

Generally speaking, the fashion sector is not *per se* a subsidised sector. However, some countries may have certain facilities from the government and some encouragement.

In terms of innovation, there are attempts to modernise the sector in order to transform it into a demand-driven, knowledge-based and high-tech industry.¹⁵⁷ One example is the UPTEX cluster which promotes innovation (see Best Case 16). The rise of user-oriented strategies common to all CCI sectors has

UPTEX

UPTEX is an innovation cluster that aims at innovating textile and fashion sector by involving research institutes, higher education labs, fashion CCIs and Chamber of Commerce. It provides funding and legal services and information exchange.

(See Best Case 16)

had an effect on the innovative drive of the sector. Advanced textiles, perception of materials through the senses and their wider application for different sectors is becoming more important and allowing for diverse cross-overs with other sectors such as transport (aerospace), health, sport, construction etc. The value chain is composed of the following steps: materials production and processing, product design, manufacture of made-up articles, trading in apparel, footwear and textile items, servicing of apparel, footwear and textile items.¹⁵⁸

¹⁵⁶ Laing, D., (1999), "The Economic Importance of music in the European Union", Soundscapes, Vol.2, Chap.7, http://www.icce.rug.nl/~soundscapes/DATABASES/MIE/Part1_chapter07.shtml#Noteref51

¹⁵⁷ See <http://www.aedt.org/projects.html>

¹⁵⁸ See <http://www.skillset.org>

2.3.3. Creative experience /original providers

This cluster includes Performing Arts and the Visual Arts as well as live music organisers and promoters. Clearly there may be a relationship here between experience providers and content producers. For example, a musician may be involved in producing a recording, and then perform parts of this recording in front of an audience. Main issues for this sector relate to participation and consumer access, the adaptation to technological advances, the mobility or territoriality regulations¹⁵⁹ found both in the physical as well as the digital world and the protection of rights-holders, as well as the change in consumers and the shift in funding mechanisms.

These creative experience providers are typically subsidised and they have important not-for profit objectives, including broadening access to culture for social purpose and other multiple objectives.¹⁶⁰ The value of the creation takes its meaning from the audience and their value is “realised as a social process”.¹⁶¹ Fig. 10. is NESTA’s illustration of the present value chain for cultural organisations.

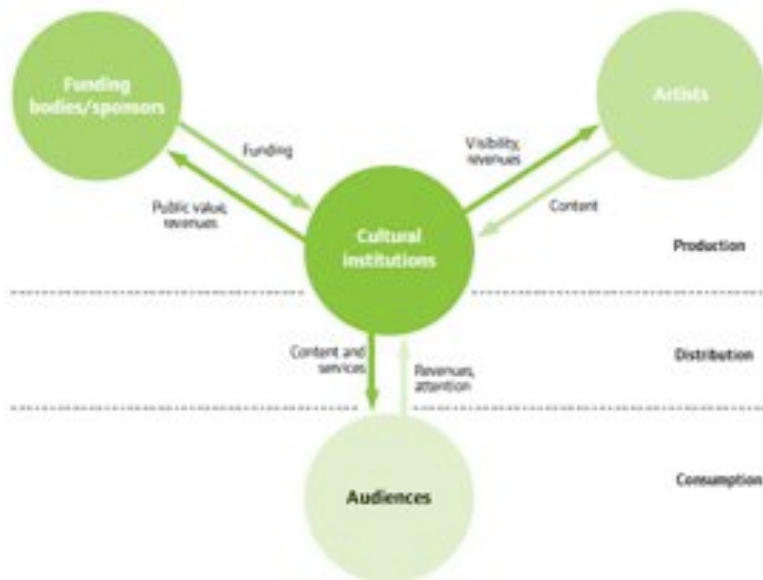


Figure 10: The Value chain for cultural institutions

(Source: NESTA June 2010)¹⁶²

¹⁵⁹ Regulations based on the territory, such as labour regulations or fiscal regulations, have a direct effect for artists’ mobility as they have to face the complexities of multiple regulatory frames.

¹⁶⁰ Bakhshi, H. Throsby, D. (June 2010), Culture of Innovation: An economic analysis of innovation in arts and cultural organisations, London: NESTA, p. 12.

¹⁶¹ Ibid., p. 13.

¹⁶² Ibid., p. 12.

The creative experience providers and the original producers have a number of aspects in common. Many of the performing artists (writers, directors, composers etc) as well as visual artists (craftspeople, designers and others) can be considered self-employed freelancers. In the performing and visual arts there are extreme differences in income distributions and creators often accept below average pecuniary earnings. This is explained either by risk-seeking or a preference for creative work over other types of work.

2.3.3.1. Performing Arts

According to a European sectoral organisation, this sector deals far more with creative persons than with enterprises, and the concept of entrepreneurship is fairly new in this field.

The composition of the sector is as follows: 63% of the performing arts sectors companies consist of companies under 4 people, and 22% have between 4 and 10 people. In total, companies under 10 employees form 85% of the sector and are responsible for 39% of the revenue generation of the sector. Companies with 10-49 employees represent 12.5% of the companies in the sector and is responsible for 31%. The total revenue of the sector amounts to 1.31% of the total revenue generated by the CCIs.

Typically, the sector is highly subsidised and there is usually minimal private funding due to the difficulty in valuing the intangible assets by the financial intermediaries as well as due to problem of access to mixed finance. The subsidies system has been criticised by some as hindering the access to certain private funding such as sponsorship, funds or other stimuli.¹⁶³ However this system may ensure the diversity of cultural products/services that would not otherwise be supported by banks or other private intermediaries. With the financial crisis, governmental funds are under tightened budgeting which forces the creative experience providers to look for private funds and other revenue sources.¹⁶⁴

The sector works through cross-sectoral networking having close collaboration with film and the music sector. In terms of market access, micro-SMEs in performing arts have difficulties in reaching a greater market and to turn ideas and creative initiatives into production. The product lifecycle is peculiar to the sector with long development stages (2-3 years) and a short delivery of the product (such as one-off stage performances).¹⁶⁵

Growth is linked to sustainability and is linked to long-term development. Growth is perceived as a slow process where markets adapt and recognise creative persons (more or less over 10 years). Training in entrepreneurial skills is mostly absent in the performing arts (business skills management, market situation) although it is seen as essential for a sector that works historically through public support.

The technology of creative content online is of growing importance in the live performance sector. It helps develop new forms of performance and it facilitates their dissemination, thereby reaching larger groups of audiences and consumers than ever before.¹⁶⁶ The major use of technology for this sector lies in the advantage it gives to the dissemination of productions, as new communication tools with the audience and as possibilities for the development of new business models.

¹⁶³ European Sectoral Organisation

¹⁶⁴ Bakhshi, H. Throsby, D. (June 2010), op. cit., p. 13.

¹⁶⁵ European Sectoral Organisation Interview

¹⁶⁶ Pearle, (January 2010), Creative Content in a European Digital Single Market: reflections document of DG INFSO and DG MARKT, p. 2.

In terms of IPR, the live performance sector primarily pays for others' copyright but has no initial ownership to a right on its productions, whereas other cultural industries such as publishing, recording companies, even broadcasters, have an initial ownership on copyright or neighboring rights.¹⁶⁷ The recognition of the existence of creativity and talent in other ways than copyright and in using appropriate cultural and artistic criteria is essential for the sector's recognition of its cultural and creative added value.¹⁶⁸ This relates to the need for recognition of talent as soft innovation as in other sectors such as music. IPR is also challenged with the increased use of online content and experience that the sector provides.

Another impeding regulatory factor, both in the online and off-line world, is that the sector of performing arts is highly dependent on legislation on mobility and on territorial agreements concerning the mobility of artists (with issues such as double taxation). This hampers the mobility of artists and productions, and makes web-streaming of performances across borders difficult, highly limiting the sector's ability to enter new market opportunities.

2.3.3.2. Visual Arts

As with other sectors, the visual arts are highly fragmented. 60% of the sector consists of 1-3 people enterprises and 21% of the companies have between 4-9 employees. 81% of the companies are thus under 10 employees and they are responsible for 5% of the total turnover, while companies of 50+ employees are responsible for 89% of the total sector's revenue and represent approximately 1% of the sector. Overall, the sector contributes to 9.71% of the total turnover of the CCIs.

The main characteristic of the market for visual arts is the focus on the exclusivity and originality of an artwork.¹⁶⁹ In this sense, the rights to the artwork are essential for the artists to be rewarded. More specifically, the resale right or *droit de suite* is the most important copyright for authors of fine art. Visual and fine arts artists depend primarily on the sale of their original work and thus, on the resale right. Without the latter, the artist will not benefit from ensuing increase of value of their works. Unlike writers and composers who have a regular income from royalties that are due whenever their works are performed or published, artists depend on the original work and the ensuing value gained over time.

Even though visual arts are usually represented as the least technologically aided and requiring less digital input, the sector is increasingly influenced by technological advances and digitisation. The importance of photography, and more specifically digital photography, is a good example. Private digital copying is also threatening the rights holders. For secondary uses of the artwork, there is no

Online Art

Online Art is the One-stop-shop for worldwide licenses on works of fine art for use on the World Wide Web - be it commercial or non-commercial. Online Art ensures that authors are rewarded when their works are exploited by others. It is a collecting society created by visual artists or non-for-profit organisations.

(See Best Case 17)

¹⁶⁷Pearle, (January 2010), op. cit., p. 3.

¹⁶⁸Towse, R., (2004), op. cit., p. 15.

¹⁶⁹UNCTAD, (2008), op. cit., p. 122.

monitoring and tracking system at the moment to control and reward the use of the artwork. Remuneration schemes are not applied to the same extent as Digital Rights Management.¹⁷⁰ Initiatives such as Online Art seek to close this gap (see Best Case 17).

Having looked at each sector in turn, one can clearly see the striking similarities in the high fragmentation between the micro-SMEs and the larger enterprises, as well as the increasing impact of digitisation.

2.4. Cross country analysis of regulatory frameworks

European Member States have very different socio-economic and cultural backgrounds and cultural expressions. Some will have specific programmes and measures for certain sectors of the CCIs, while other Member States will consider CCIs just as any other economic sector. In the expert questionnaire, it emerged that IPR and tax regulations were the most important regulatory measures (see Table 5. below) for CCIs.

Question: "Select the three most important regulatory measures that CCI SMEs face":

Regulatory Measure	Percent %
Intellectual Property Regulation	73.91%
Tax Regulation	60.87%
Business Start up Regulation	56.52%
Labour regulations	47.83%
Social Welfare Regulation	30.43%
Antitrust Laws	8.70%
Bankruptcy Laws	4.35%
Other	17.4%

Table 5: Most important regulatory measures faced by CCIs

(Source: Eurokleis 2009, Pan European Expert Questionnaire)

To examine the regulatory climate surrounding CCIs in Europe, an inventory of the environmental factors was prepared, in particular on the regulatory issues which influence the development of SMEs. These included fiscal measures, labour status, social security, direct measures such as governmental CCI programmes, the way creativity and CCI are valued as well as innovation and cultural policies. The analysis of the environmental factors for CCIs was not exhaustive but provides a framework to understand the different approaches towards CCIs. Following this, a country by country analysis on the different cultural policies, SME and innovation policies, a clustering of countries was proposed. On the basis of the research on environmental factors, some considerations can be made. The first set of considerations relates to the way culture and creativity is valued as a driver of innovation, and how Member States are responding to EU Council's recommendations towards recognising the status of creativity and culture as sectors of the economy, in particular by implementing measures in support of CC entrepreneurship and SMEs.

¹⁷⁰ European Visual Artists, see <http://www.evartists.org>

Having considered the Member States' cultural and innovation policies, it emerged that the specific country's approaches to CCIs followed that country's innovation readiness and economic performance. In other words, those countries that are already performing well in innovation and have solid economic capabilities show a readiness to organise and invest in specific policies for CCIs and CCI SMEs in particular. It is important to underline that those countries that have systematic measures for CCIs are only a subset of the best innovation performers. Positive signs towards specific recognition of CCIs as drivers of innovation are also coming from countries that are still lagging behind in terms of innovation performance, mostly the new member States. This is possibly due to fact that they are still engaged in a process of promoting growth that is substantially based on favourable fiscal policies for enterprises. Culture, economic structure, innovation readiness and demographic factors define the level and profile of entrepreneurial activity for each country and therefore the profile of CC industry.

On the basis of the research and based on the Europe Innovation scoreboard of 2008, there is not a homogeneous, but rather a hybrid European model of innovation. This is a model that combines stewardship and entrepreneurship; experience and innovation; social cohesion and rewards for risk-taking. Though all these traits are present, they are not equally distributed across the continent. Each country, or macro region, presents itself with specific characteristics that respond to the traditional geo-economic profile.

The second set of considerations relates to the fact that different innovation performances and CCIs' recognition are not only due to different innovation policies framework, but also due to different approaches to enforcing innovation. Certain approaches respond to the necessity either to maintain (and possibly to improve) competitiveness, while others aim at providing the national economy with competitive technological and organisational infrastructures. Therefore, innovation policies in certain countries are more oriented towards addressing human factors and engage in recognising creativity as driver of innovation (usually in the richer and more innovative countries). In other countries innovation policies and measures are focused on technology and production, an approach more common in the 'catching up' nations.

The third aspect of the considerations, which derives directly from the above observations, reflects how countries have organised themselves to respond to both the challenges and opportunities shaped by the CCIs. Here, the set of countries that are proposing a combined approach, that is a programme shaped through a collaboration between several Ministries acknowledging the social, economic and cultural aspect of CCIs, represent a small subset of the countries.

To establish a national clustering that is significant with cross national common patterns of practice, each individual national profile was considered and classified according to the level of evolution with regards to global economic paradigms. Such a classification allows us to frame CCIs within the broad picture of national economic and social performance and match it against its actual capacity to disclose its potential within the dynamics of global competition. Overall, it seems that there are only a few countries that have fully engaged in recognising CCIs as drivers of growth and innovation in Europe. Although the recommendations made by the EU Council conclusion¹⁷¹ highlight the need to channel national and European financial resources towards new aims that are more attuned to fostering artistic talents, and recognise the particular role of cultural and creative SMEs as drivers of growth and innovation in Europe, the number of countries following these recommendations is not

¹⁷¹ European Council, (May 2009), Conclusions for "Culture as a Catalyst for Creativity", 2941st Education, Youth and Culture, Council meeting

excessive¹⁷². Overall, the most general approach to supporting Creative and Cultural entrepreneurship is tax deduction and favourable fiscal policies. In Europe, CCI SMEs are largely treated like all other SMEs and therefore subject to the priorities and strategies set by innovation policies as outlined above.

2.4.1. Country clustering

In Table 6 below, three broad clusters of countries are identified, which present some traits suggestive of specific economic patterns.

Cluster		Characteristics
Knowledge Economy		<ul style="list-style-type: none"> - Reliant on knowledge based products and services - Sound enforcement of IPR - Support entrepreneurship and innovation - CCI specific programmes - Innovative
	<i>Structurally strong</i>	<ul style="list-style-type: none"> - Sound and strong use of knowledge based products and services but no significant reward for cultural and creative entrepreneurship and risk taking - State aid still significantly present - Government support on strategic sector CCI are appreciated
Traditional Economy	<i>Structurally Weak</i>	<ul style="list-style-type: none"> - Strengths in traditional sectors and SME clusters - Below average innovation measures and strategies - CCI acknowledged but no coordinated strategies
	<i>Virtuous</i>	<ul style="list-style-type: none"> - Good innovation performance and sometimes incentive phase for coordinated action for CCI - Lack of robust investment in R&D and infrastructure
Emerging Economies	<i>Lagging Behind</i>	<ul style="list-style-type: none"> - Started catching up process to be competitive - Recognition of CCI but no strategies implemented

Table 6: Clustering by country characteristics
(Source: K2M 2010)

¹⁷² Austria, Finland, Denmark, Belgium, Estonia, Latvia, France, the Netherlands, Spain and the UK are countries that implement specific measures in support to Creative and Cultural industries

2.4.1.1. Knowledge economies

These are economies, which can already be considered structurally reliant on knowledge-based products and services. All aspects of the system (education, production and regulations) have already made the transition from traditional economy to knowledge-based economy. All these countries rely on sound enforcement of IPR, a good balance between flexibility and social protection, good infrastructures and support for entrepreneurship and innovation. Governments have already put in place co-ordinated and synergistic measures to support the economy in general and CCI's in particular. These economies are also predisposed to accept a certain level of uncertainty and new models of production and consumption.

Those countries that already have a consolidated innovation potential tend to invest in those sectors and processes that will enable them to maintain competitive edge and further shift towards a full realisation of a knowledge economy. In particular they tend to invest in education and human resources, but also to promote knowledge transfer between academic institutions and commercial organisations, especially SMEs. A relevant role is played by incubators and university spin-offs, which are supported by policies aimed at networking and synergistic collaborations as well as administrative simplification.

By way of illustration, Finland adopted a combined governmental strategy between the Ministry of Education and the Ministry of Economics. The measures developed in the Strategy for entrepreneurship in the Creative Industries sector for 2015¹⁷³ are summarised in 15 measures in 4 areas¹⁷⁴ and is co-ordinated by the Academy for Creative Industries. The Ministry of Education produced the Strategy for Cultural Policy 2020 with the action plan of 2007-2013 (publication of Ministry of Education 2009:12).¹⁷⁵ This document highlights the importance of culture and creativity in the Finnish society as well as underlines the contribution in the economy. The following items will be on the agenda for 2010:

- Sector specific documents such as new programmes include a museum policy programme, a copyright policy document, and an architecture and cultural environment programme to be prepared in co-operation with the Ministry of the Environment
- Reframe the framework act on the development of culture to clarify the legislation
- Consolidate the funding and financing system by also integrating ways in which the private funding and sponsorship could be encouraged
- Consolidate the knowledge economy, by monitoring and implementing integrated policies, sector specific calling for a better interaction between Ministries and local actors

Apart from certain fiscal leverages and reductions on CCI's fees and income and tax deductions for companies investing in CCI's, the Finnish government introduced specific programmes (for sectors such as Theatre, Music, Visual Arts, Audiovisual and Tourism) providing advice for marketing, service development as well as it offers mentoring support. The Government also emphasised education and training for CCI's as one of the priority through the programme "Creative Finland".

¹⁷³ Finland Ministry of Trade and Industry, (2007), Development Strategy for entrepreneurship in the Creative industries sector for 2015, http://ec.europa.eu/culture/our-policy-development/doc/fi_devpmt_strategy_entrepr_crea_industries2015.pdf

¹⁷⁴ Development of operating environment; Growth and internationalization; Product development (including the fund for demos and prototypes); and Reinforcement of expertise (including a degree in entrepreneurship).

¹⁷⁵ See <http://www.minedu.fi/export/sites/default/OPM/Julkaisut/2009/liitteet/opm45.pdf?lang=en>

Similar combined approaches can be found in Denmark. Since 2007, the country established the Centre for Culture and Experience Economy that is funded both by the Ministry of Culture and the Ministry of Trade and Business Affairs. The centre acts as a link between the cultural and the business sectors in order to build a more competitive economy. The centre does not aim at directly supporting CCI but rather at making the connections between the CCI sector and the other sectors of the economy, and in so doing supporting the growth of the creative economy.

2.4.1.2. Traditional economies

These are economies that are still heavily reliant on traditional productive, economic and social paradigms. They either have not completed the transition to the knowledge economy, or are still in the process of completing such a transition. Traditional Economies can be further classified as:

Structurally Strong: These nations rely on solid structural fundamentals across all observed factors, but cannot be considered knowledge economies as they fail to reward cultural and creative entrepreneurship and risk-taking attitudes. Educational systems are felt as inadequate to prepare to embrace entrepreneurship and face global competition. In these countries, the financial support to CCIs appears to be mostly state aids and grants rather than private investments. The social security system privileges security over flexibility and this is also reflected on production and consumption patterns. Governments tend to support the established strategic sectors such as automobile, as a way to maintain traditional competitive advantage. CCIs are appreciated and cultural and creative entrepreneurs can benefit from some specific measures, but these are not necessarily seen in a combined approach between Ministries.

For example, in Austria there is a wide array of policy instruments supporting start-ups at both national and regional levels, ranging from funding to consultancy, with a focus that has shifted from supporting single enterprises to establishing networks and using synergies between public institutions, enterprises and education. Noteworthy

are the initiatives aimed at providing comprehensive support to entrepreneurship. One example is Departure which promotes knowledge exchange (see Best Case 18) The impulse programme 'Creative economy' is an initiative that offers training, education, financial support and awareness programmes. Thematically, the programme is split up into design, multimedia and music.

Intellectual property rights are strongly enforced in Austria. Comparing Austria's EIS score to the EU average, shows that the country performs well at knowledge creation and intellectual property, which reflects the rather high R&D expenditures as well as the use of the legal system to protect innovation.

Departure

Departure is a municipal organisation that aims at financially supporting CCIs interested in growing by emphasising knowledge exchange and co-operation between CCIs and businesses and providing an extensive network as well as research resources.

(See Best Case 18)

In France, the government has long recognised the importance of CCIs and the role of CCI SMEs. On top of the subsidies provided by regional and local authorities for the development of CCIs, the Ministry of Culture and the Ministry of Economy and Finance created the IFCIC (See Best Case 19), a financial instrument to facilitate access to finance for CCIs. In terms of social security, CC entrepreneurs have the right to pension support but not to unemployment benefit in the first year. This means that the start-up conditions are low. However, after having done a certain amount of work, CC entrepreneurs have the right to social security benefits. For freelancers, the unemployment benefits are available from the second year. There are specific pension schemes for the artists as well. France subsidises cultural organisations and offers grants and scholarships for cultural projects and direct support to the artists. In Spain, ICO provides a good example of how support can be given for SMEs to internationalise (see Best Case 20).

IFCIC

IFCIC is a state-supported institution aimed at facilitating bank financing for the CCIs. It guarantees the bank loan invested in CCIs as well as acting as a market analyst and CC consultant to the banks.

(See Best Case 19)

ICO

ICO is a public credit institution that finances CCIs serving financial needs that the private sector does not cover. It also supports the internationalisation of Spanish companies.

(See Best Case 20)

Another successful example of support to CCIs in the structurally strong traditional economies can be found in Belgium's sector specific tax shelter for the film sector¹⁷⁶. The mechanism allows a company providing financial backing for audiovisual productions to benefit from exemption of any retained taxable profits worth up to 150% of the sums actually paid. The upper limit on investment is 50% of a company's retained profits, up to a ceiling of €500,000. This way, the legislator ensures limited financial risks for the investors while supporting a specific sector of the CCIs. The Belgium Ministry of Finance estimates that from 2003 to 2008 the system channelled over €220 million into films and other audiovisual works, providing more than €60 million in 2008 alone.

Structurally Weak: These countries present some strength in traditional sectors and SME clusters, but show average or below average performance in enforcing structural innovation measures and strategies. CCIs, even when acknowledged, appear not to be addressed coherently and systematically without specific co-ordinated actions between national, local and academic authorities. CC entrepreneurs can rely on the already established measures targeting SMEs, but can also suffer from the inefficiencies of economic and social systems.

For example, in Spain, CCIs are now getting recognition in the national statistics and are incorporated in the plan for the Government (2008-2012) through the creation of a Directorate General for Cultural Industries and Policies which introduces several measures such as:

¹⁷⁶ See <http://www.locationflanders.be>

- The launch of a new line of credit for the cultural industries, in collaboration with the Official Credit Institute (ICO – See Best Case 20), with subsidised rates to support the creation of new businesses
- A combined approach to be designed by the Ministry of Culture, Ministry of Foreign Affairs and Ministry of Economy and Finance
- Aids to subsidise the cost of guarantees that CCIs need in order to access external funding
- Capital grants to promote the modernisation, innovation and technological adaptation of CCIs and
- Reimbursable aids to finance the improvement of managerial capacities through training and internationalisation of cultural companies

As part of the social security system, the CCI and freelancers do not have specific provisions and have the same rights and obligations of SMEs in general, although there are specific benefits for low-income artists. In terms of pension schemes, there is a specific early retirement for dancers. In addition to this, copyright societies have to set up a welfare and support service system for authors, performing artists and cultural workers. This system has to be funded by 20% from the IPR revenues.

2.4.1.3. Emerging economies

These economies have undertaken substantial efforts to become knowledge-based economies. They are almost entirely focused on providing themselves with efficient infrastructures and catching up in terms of innovation and R&D. By and large, they all perform well in terms of education, flexibility and favourable taxation regimes for entrepreneurs. Emerging Economies can also be further classified as:

Virtuous: Some of these countries perform as well, if not better than some of the traditional economies in terms of innovation performances and measures. The most virtuous have already specific measures for CCIs and co-ordinated actions between institutions, but these efforts remain more theoretical than practical, as the lack of robust R&D exploitation and infrastructure for innovation is hindering development.

By way of example, **Estonia** is the country with the highest rate of improvement in innovation of any country in Europe as a result of strong improvements in business R&D expenditures and Non-R&D innovation expenditures¹⁷⁷. In Estonia, the word “cultural and creative industries” came to the forefront in 2004, and in 2006, the Ministry of Culture set up a new Department of Development. The State offers some Social Security provisions for CCIs: the Estonian Government introduced unemployment for artists with difficulties in earning their income, although there are no specific pension supplement for artists in the cultural and creative sector.

Lagging Behind: These countries have just started the catching up process of generating the conditions whereby they can be competitive.

These national clusters must not be seen as walled gardens. There are continental traits that are present in all countries and each country presents a combination of all these characteristics. Points

¹⁷⁷ European Innovation Scoreboard, (Jan 2009), European Innovation Scoreboard 2008: Comparative analysis of innovation performance, Pro Inno Metrics

of excellence can be identified in each country, and the outlined profiles cannot unequivocally identify each country of the cluster, but should rather be intended as a sum of the traits and trends expressed by each individual country. The presented clustering should allow for considerations to emerge and open new perspectives for further research. Moreover, these clusters do not integrate the different regional and municipal initiatives that sometimes do not correspond to the bigger national programmes. Table 7. below gives an overview on the most important regions for cultural and creative employment clusters which do not necessarily match the clustering.

Region	CCI Rank	Employment	LQ
Île de France (Paris), FR	1	301,895	1.53
Inner London, UK	2	235,327	2.19
Lombardia (Milan), IT	3	195,848	1.28
West-Nederland (Amsterdam), NL	4	195,648	1.56
Madrid, ES	5	172,800	1.58
Cataluña (Barcelona), ES	6	153,202	1.30
Danmark, DK	7	124,352	1.28
Lazio (Rome), IT	8	118,047	1.51
Oberbayern (München), DE	9	97,050	1.59
Stockholm, SE	10	86,239	2.16
Közép-Magyarország (Budapest), HU	11	82,429	1.73
Outer London, UK	12	80,845	1.28
Berks, Bucks and Oxon (Oxford), UK	13	80,628	1.82
Athiki (Athens), GR	14	78,920	1.26
Oost-Nederland (Nijmegen), NL	15	74,064	1.39
Andalucía (Sevilla), ES	16	71,843	0.74
Ireland, IE	17	70,602	1.18
Zuid-Nederland (Maastricht), NL	18	70,543	1.28
Darmstadt (Frankfurt am Main), DE	19	68,236	1.23
Piemonte (Turin), IT	20	66,291	1.04
Köln, DE	21	65,341	1.28
Etelä-Suomi (Helsinki), FI	22	64,500	1.43
Veneto (Venice), IT	23	63,024	0.89
Stuttgart, DE	24	61,626	1.17
Berlin, DE	25	60,736	1.53

Table 7: Europe's top regions for CCI employment clusters.¹⁷⁸
(Source: European Cluster Observatory)¹⁷⁹

¹⁷⁸ LQ is an indicator of CCI employment relative to the total employment of the region, where LQ>1 indicates an over-representation of CCI employment

¹⁷⁹ European Cluster Observatory, (March 2010), Priority Sector Report: Cultural and Creative Industries, Stockholm: European Cluster Observatory, p. 5.

Moreover, the range of employment does not equal an even growth rate on the regional basis, as some of the regions experiencing the highest growth in the CCIs do not equate to big regions but more small and middle-sized regions. A regional perspective on CCIs and CCI policy is thus needed, as “regionalised patterns of growth and change seem to be a strong feature of the cultural and creative industries.”¹⁸⁰ This is also reflected in the different regional concentration of CCI by sector.

2.5. Supporting cultural and creative entrepreneurship

2.5.1. Entrepreneurial lifecycle framework

In order to best support the CCIs, a simple lifecycle framework (Fig. 11.) was developed for this study aiming at providing pointers for blending new models of collaborative and competitive advantage for CCI SMEs. In view of the characteristics noted earlier and the difficulty in finding paths to growth, the framework sought to determine the points where different types of support might be most effectively employed at the different levels and phases of the entrepreneurial activity, and in this way, to examine how the most effective paths to growth for CCI SMEs can be embedded within Innovation, SME, Entrepreneurship and Cultural Policies.

The framework introduced a separation between supporting the entrepreneur and supporting the enterprise. Often, both entities are confused in policy and literature and this leads to an underestimation of the complex different interactions entailed in each one. The entrepreneur is a person with certain motivations and needs, while an enterprise is not. A distinction between the two means that support for both the individual and the enterprise can be designed and implemented with appropriate policy initiatives. How can we best support the person so that they can develop their creative talent that can in turn be a driver for their entrepreneurial development and for the development of their economic activity?

¹⁸⁰ European Cluster Observatory, (March 2010), op. cit., p. 12.

Supporting the Entrepreneurial Lifecycle				
Phase 1 Preparing the ground	Phase 2 Start-Up	Phase 3 Build-Up	Phase 4 Build-Out	Phase 5 Connecting
Entrepreneur support				
	Enterprise support			
Municipal support				
Regional support				
	National support			
	Sectoral support			
				European support

Figure 11: Simple lifecycle framework for supporting the CC entrepreneur and enterprise

This separation between the enterprise and the entrepreneur was considered useful for most of the respondents as the path to becoming an entrepreneur is blended with the growth of the enterprise, while they are two distinct units that both need support. This separation was also useful for policy makers as it made explicit the possible ways to bridge between the creative persons and the business and enterprise, and clarified between the advantages and disadvantages in the types of support.

In view of supporting entrepreneurship in the cultural and creative sectors, most of the respondents agreed that the support to the entrepreneur was mostly needed in the first phases of the lifecycle; while from phase 3 onto phase 5, the enterprise was the main target for the support. The respondents agreed that there could be some overlap and inter-combination of support in some of the lifecycle for the entrepreneur and the enterprise.

2.5.2. Phases

One can identify five phases within the entrepreneurial lifecycle:

Phase One: Preparing the ground

In this phase, the initial understanding of learning and preparing for the entrepreneurial practice takes place. Often this is done during the professional and education training, when creative people prepare for a professional existence after graduation.

Phase Two: Start Up

In this phase, the first integration of practical experience and integration of learning and entrepreneurial practice takes place. There is a combination of novel experiences and adaptable behaviour needed in order to get the enterprise started.

Phase Three: Build Up

In the build-up phase, the initial enterprise moves to its first level of stable, sustainable existence. The novelty of the beginning is changed into adaptable behaviour, based on practical criteria and usability. Extra strengthening of competencies to transform 'discovery' into 'exploitation' is crucial in this phase.

Phase Four: Build Out

In this phase, the enterprise is maturing into a more stable, structural existence. It is deepening its structural sustainability and improving its market position.

Phase Five: Connecting networks

The last phase identified is dealing with mature growth within a strongly networked environment. Sustainable paths to a continuous enterprise growth have been identified and implemented.

This simple framework was intended to provide indications, rather than static recommendations, for supporting growth of CCIs through an increased understanding of the multiple components at stake by dividing the processes and the layers of existing levels of support, and making a difference between the person and the organisation. The apprentice entrepreneurs will mostly need support as individuals in order to be able to try out their entrepreneurial activity in an organised way. The distinction also implicitly allows one to integrate the different motivations of the entrepreneur: what type of entrepreneur or enterprise they want to develop, as the support is not solely oriented towards growing the organisation.

2.5.2.1. Linearity, motivation and growth

The linearity and the top-down approach adopted in this framework, although indicative of a process, does not of course correspond to the dynamism and reality of the cultural and creative sector. Being highly heterogeneous, several paths for successful CCI growth or sustainable existence can be imagined, representing for example a concentric framework. However, for the purpose of clarity, the different components were placed in a linear framework, although the ideal shape would be a three dimensional form with overlapping layers which might also include design phases (novelty, adaptability, usability, replicability and scalability) and technology implementation phases (create, catalyse, connect). Indeed, the term 'entrepreneurial lifecycle' can only partially reflect the ways in which CCI SMEs are constantly adapting to their environment and emerging demands:

"In the creative industries you have developments typically running in parallel. While a company is starting up and growing, it not only learns internally or expands its horizon or sees new things by experience internally, but also externally. At the same time they're on a steep learning curve as far as their professional entrepreneurial life is concerned and they grow in size and business typically. You have a number of things going parallel".

(CC National Support, Structurally strong traditional economies)

Looking at the linearity of this approach, one criticism of the framework was the underlying assumption of the CCI entrepreneur's desire to grow. However, as explained earlier, a CCI entrepreneur often combines both the cultural-creative drive and the economic-entrepreneurial drive. According to Hubert et al, by combining both a cultural/creative and an entrepreneurial

positioning, one can find four different approaches in the personal orientation of the CC entrepreneur¹⁸¹ as illustrated in Table 8. below.

Cultural and creative entrepreneurs position themselves in four different sets of ideals: entrepreneurial success, professional achievement, art creation and pursuing a professional career. These four personal preferential motivations can be identified, based upon five dimensions: personal aspirations, identification focus, the division between work and personal life, type of occupation (employer, manager, freelancer), the different industries, and additional typical characteristics.

Main motivation:	Entrepreneurial success	Professional achievement	Art creation	Professional career
Dominating occupational aspiration	<i>Success first, than autonomy</i>	<i>Balance between success, autonomy and security</i>	<i>Autonomy and Artistic Recognition, Aesthetic Criteria</i>	<i>Security. Reciprocity. Affiliation of autonomy and success</i>
Dominating identification focus	<i>Personal enterprise</i>	<i>Professional Status more important than occupation status</i>	<i>Art Communities, the Art Scene</i>	<i>Employee</i>
Work and live	<i>Professional activities in the centre; private activities marginal</i>	<i>Professional activities more important than private life, but depending on actual topics</i>	<i>Professional activities as part of personal choices. Refusal to make distinction between professional and private life</i>	<i>Professional activities and private life equally important. Separation of Professional and Private activities</i>
Type of occupation	<i>Employer, manager</i>	<i>Freelancer, Employee, Rarely Employer</i>	<i>Freelancer. Rarely employee or employer</i>	<i>Employee or Freelancer</i>
Industries and profession	<i>All sectors, in the Creative Economy absent</i>	<i>Technical professions, Architecture, Sound technician, Camera man, etc</i>	<i>Art professions. Design, Film, Architecture, Visual Arts</i>	<i>IT, Advertising, Sales Professions</i>
Additional typical characteristics	<i>Predominantly men</i>	<i>Mostly persons with long professional experience</i>	<i>Separation of 'bread-earning activities' and artistic drive</i>	<i>Majority of young people</i>

Table 8: Personal motivation in entrepreneurship

(Source: Eichmann, H et al, 2007)¹⁸²

¹⁸¹ Ibid.

¹⁸² Eichmann H., Flecker, J. Reidl, S., (2007), Es ist ja eine freies Gewerbe.' Arbeiten in der Wiener Kreativwirtschaft, Vienna: FORBA – Forschungs- und Beratungsstelle Arbeitswelt

Depending on the CCI entrepreneur's personal motivations, any support will have to be adapted so that, for example, local support will be available for a CC entrepreneur who is more driven by the cultural/creative content of its products/services, while the EU and regional levels could be more supportive of CCIs wishing to internationalise their market.

Many respondents highlighted the need to differentiate between the subsidised and non-subsidised sectors of the CCIs. The different sector characteristics have been elaborated above in section 2.3. The framework deals with CCIs in general, though the characteristics previously stated should be taken into account according to the general structure of the sector.

2.5.3. Approaches to supporting entrepreneurship in CCI

The horizontal layers of the framework represent the different levels of support as the multiple policies for each level may not necessarily be known or visible to one another. There is indeed often a lack of clarity between the different layers of support, making the support more complex for each target group. The type of support provided may, for example, be a combination of municipal tax breaks and funds as well as larger EC funded projects or national sectoral funds. This is often very difficult for the CCI entrepreneur to understand.

Moreover, there is a misunderstanding on both sides: financial intermediaries and funding agencies usually have rigid and risk-free procedures that are almost incompatible with CCIs that are, as noted, based on the reward of their intangible assets. On the other hand, CCIs may have a certain mistrust towards those programmes for fear of being overtaken by commercial interests and they may not necessarily look for the funding and support, either out of stubbornness or lack of information or competencies to deal with the procedures. Due to the combined requirement of entrepreneurial activity and the cultural/creative one, the CCI entrepreneur may lack the time, and may be unwilling to look for information amongst the multitude of support provided. There is thus a mismatch between the real needs of the CC entrepreneur and the support provided.

The necessity to bring both sides closer by making the support more targeted to the needs of the CC entrepreneur is essential. There is a debate between the need to target the support to CCIs or to mainstream CCIs within existing schemes. The question of including the specificities of CCIs (intangible assets, size, production processes) within existing definitions may help to broaden the type of support that the CCIs can get. For example, opening the definition of innovation to soft innovation, to intangible assets, bringing talent scouting as part of R&D, may increase the possibilities of support and funding in these areas.

However, looking at the existing support in the Chamber of Commerce or in similar unit, the CCIs do not take advantage of the support available, compared to when there is a specific targeted support. For example in Belgium, CultuurInvest is a investment fund for CCIs and they are more well known than the other programmes reaching all SMEs. The CCIs do not know or do not deal with these overall structures such as Business SMEs Centres for lack of knowledge, stubbornness, distrust and lack of time.

"We have large array of support programme for the SMEs in general, but many of the CCIs don't apply for these programmes, or don't have access to or don't find the access to those programmes that are for all SMEs. These supports are for the moment the least effective. And you can see a difference between the use by CCIs of the "general SMEs" support and the ones that are tailor made to the needs of the CCIs".

(Regional Cultural Ministry, Structurally Strong Traditional Economy)

This pushes for the elaboration of targeted policies for the CCIs, in order to overcome such disparity in support provision. More demand-led programmes and programmes that fit the specificities of the CCIs need to be elaborated. The different layers of support provision will be further elaborated in the following chapters according to the varied issues faced by CCI enterprises.

2.6. Concluding remarks

Having considered the characteristics of the CCIs, the sectoral characteristics and the factors that shape the context surrounding the CCIs (determinants and environmental factors), this chapter has described the general framework used in order to better understand the targeted issues that need further attention for policy makers to develop supporting schemes for entrepreneurship that fit the needs of CCIs. In addition to the factors already outlined in this chapter, it is worth reiterating the core competencies needed within the entrepreneurial lifecycle:

1. Vision development

To operate in a complex, high turbulence environment in the creative economy, and to realise a strategic position for the long run, it is necessary that cultural and creative entrepreneurs are able to develop a vision on their own creative firm. Most of the entrepreneurs have a one-year scope on their cultural and creative business. For a sustainable growth and development reasons it would be advisable to create a more longitudinal perspective.

2. Market positioning

Within each phase, market positions are crucial for the existence of cultural and creative firms. In the beginning one can start off by a positioning based on one product or service, and in the period after the pioneering phase there will come a differentiation with a variety of product-market combinations in the maturing stage. This core-competence – scanning one's market position – is needed in all phases of the entrepreneurial development.

3. Return on creativity competencies

Access to finance and the skills to deal with the financial side of CCI SMEs is a generic problem.¹⁸³ From simple to complex financial support, the cultural and creative entrepreneur is responsible for his or her own business model and the financial sources: bank loans, guaranteed loans by governmental or non-profit agencies, crowd-sourcing, grants and subsidies. Business models are focused mainly on components of value propositions, relationships with visitors and clients, the cost structure and income/profit.¹⁸⁴ Due to the involvement of cultural values, business modelling based on CCIs is an essential part of the competencies.

4. Communication skills

Cultural and creative entrepreneurs communicate with colleagues, visitors, clients, experts, financiers, governmental representatives, grant officers and trainers. To optimise the quality of their communication within a strong normative field – of crucial importance

¹⁸³ Hagoort, G & Kuiper G: Return on Creativity: in search for a formula. In: Hagoort G & Kooyman, R (Ed): Creative Industries; Colourful Fabric in multiple dimensions. Utrecht 2009

¹⁸⁴ Osterwalder, Alexander: On Business Model Innovation. As retrieved 12 April 2010 from <http://alexosterwalder.com>

within the CCIs - these entrepreneurs have to have good communication skills, both oral and written, applicable within a context of diversity.

5. Networking and teamwork

Networking is almost a 'second nature' within the CCIs. For many creative people networking begins during their education and takes on a more professional structure in the workplace. Networking (on a personal, functional and multi-layered interaction levels) is a quality that forms the *raison-d'etre* of a creative firm. Teamwork is a quality that is strongly connected with the CCIs. Core issues in the cultural existence are the role of the leadership-figure, team development within projects and project responsibilities.¹⁸⁵

The next chapter looks at the 'determinants of cultural and creative entrepreneurship', based on the six themes of determinants of entrepreneurship elaborated above but adapted to encompass the needs of the CCIs. These themes are access to finance, access to market, regulatory measures focusing on IPR, entrepreneurship training and education, access to innovation (R&D) and collaboration and clusters.

¹⁸⁵ Maarse, D., (2009), "Project Based Learning: the temperature of our bathwater" in Hagoort G. and Kooyman, R., (Ed.), (2009), *Creative Industries, Colourful Fabric in Multiple Dimensions*, Utrecht: Hogeschool voor de Kunsten Utrecht

chapter three: main thematic outcomes



chapter three: main thematic outcomes

It is clear that CCIIs have specific characteristics that need to be taken into account when looking at cultural and creative entrepreneurship. Moreover, CCIIs do not work in closed environments; rather they are strongly influenced by their regional and national environments, as well as the changes due to digital convergence. Having looked at the determinants of entrepreneurship, this section examines the key themes that directly influence the development of entrepreneurship in CCIIs in Europe. These key thematic outcomes from the study provide an analysis and overview of the area and form the basis for the recommendations in Chapter 4.

From the interviews conducted for this study across Europe, one of the general findings that quickly emerged was the overriding need to gather more consistent data regarding CCIIs on a European level. National statistics are not homogenised and this means that any comparison is flawed. At European level, Eurostat, the statistical office of the European Union, is currently working with a group of Member States on an update of the framework for cultural statistics set up in 2000 as well as on defining the scope of CCIIs. At a more modest level, the Creative Growth project is a good example of an effort to rebalance this but it remains limited to certain cities.¹⁸⁶

This chapter will look at the main themes that emerged from the research undertaken corresponding to the determinants of entrepreneurship, namely: access to finance, access to market, IPR, education and training, innovation and connective collaboration and clustering.

3.1 Access to finance

“The key issue is not the availability of finance or business development services; rather it is the access and use made of this funding and support by creative businesses. Specifically, it is the low propensity and ability of many creative businesses to make full use of the available finance, advice and expertise that inhibits increased productivity and growth in the creative industries.”¹⁸⁷

Perhaps the greatest obstacle faced by entrepreneurs and enterprises in the CCIIs is how to locate the funds to finance their endeavours. In the study’s online survey, access to finance was deemed by 33.8% of the respondents to be the most important business-related challenge when starting a company. This observation was confirmed by the sectoral experts who, when asked about the most important transversal issues faced in their own sectors, prioritised access to finance (37.9%). Indeed, many studies on entrepreneurship highlight capital as one of the most critical factors for success.¹⁸⁸ The perceived lack of finance for the CCIIs was further exacerbated by the effect of the recent financial crisis, from which 39% of the CCIIs expected a decrease from 5 to 10% in their turnover, as opposed to 18% believing in a stable turnover (- or + 2.5%) as can be seen in Fig. 12. below.

A recent survey by SICA confirmed this trend as also affecting public funds for cultural activities. For example, Portugal’s cultural sector is heavily under pressure as the Ministry of Culture is even considering cutting funds on international representation and the many projects funded from bank

¹⁸⁶ See <http://www.creative-growth.eu>

¹⁸⁷ DCMS/Creative Economy Programme (2006), Business Support and Access to Finance Group, London: Department of Culture, Media and Sport

¹⁸⁸ EC Green Paper, (2003), op. cit., p.18.

loans are no longer available. Latvia is the country that has experienced the most cuts in its national government budget with a decrease of 67% in the film sector’s budget and 40% in the arts and literature sector. ‘Precursors’ in the creative economy are not spared either, with Sweden shifting its funding to regional government, leading to a disparity between smaller and bigger cities. The UK has witnessed severe cuts for the Arts Council (20 million Euros) that will be maintained since funds for culture are mostly reserved for the Olympics in 2012.¹⁸⁹

Question: What was the effect of the recent crisis on your turnover for 2009?

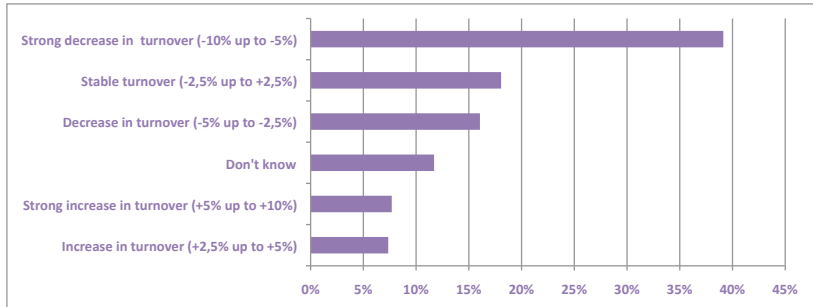


Figure 12: Effect of the recent financial crisis on 2009 turnover

(Source: Eurokleis 2010, online survey)

Capital and access to finance play an important role during all phases of the entrepreneurial lifecycle and can directly affect how well a business performs. Indeed, in the study’s online survey, 52.2% of the CCIs highlighted the starting up phase as the most important phase for financial support. From the online survey (Fig. 13.), 56% of the CCIs (78% of which consisted of profit organisations) relied on self-finance as their main financial source, as opposed to 20% which were mainly supported through public grants.

¹⁸⁹ SICA, Dutch Center for International Cultural Activities, (June 2010), *The Economic Crisis and the Prospects for Arts and Culture in Europe*, p. 4.

Question: In the last financial year (2008), which was the most important financing source?

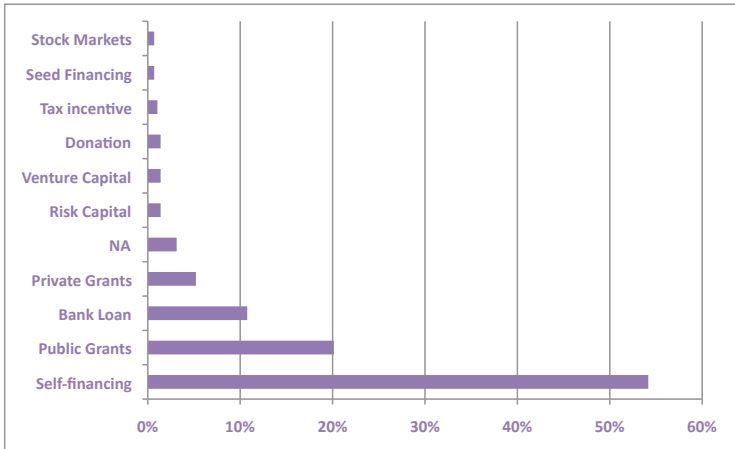


Figure 13: Most important finance source 2007-2008
(Source: Eurokleis 2010 online survey)

It is also clear that CCI SMEs have a short term span for financial planning. The online questionnaire revealed that 22% of the CCIs had no financial and economic planning while 53% had a one year forecast, as can be seen in Fig. 14. Only 4% had a financial forecast of up to 5 years.

Moreover, coming back to the characteristics of outsourcing mechanisms and the necessity to combine the administrative tasks with the creative process, the online survey showed that 75% of these companies elaborated the forecast themselves as opposed to 20% that used a professional consultancy service.

Question: Does your organisation make any financial and economic planning (budget and updated business plan)?

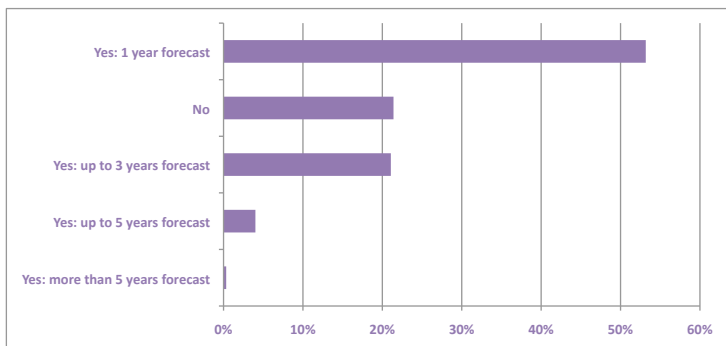


Figure 14: Financial and Economic planning (Budget and business plan) for CCIs
(Source: Eurokleis 2010, online survey)

3.1.1. Size related constraints for finance

In view of the EU Small Business Act of 2008, small and medium sized enterprises and freelancers play a central role in the European economy, especially in their role as innovators.¹⁹⁰ However, the existence of an equity gap – the inability of small firms to access the finance they need to grow – has been a long-term challenge for governments and is a major consideration in Europe’s strategy for its innovative future.¹⁹¹ Successive administrations have acknowledged the importance of the venture capital industry and implemented various initiatives in support of early-stage venture capital investment, including seed and start-up funding, to support SMEs, and especially CCI SMEs.¹⁹²

One characteristic that sets apart the CCIs and, in many ways impedes their access to finance, is the dependency on intangible assets. The creative entrepreneur traditionally combines tangible information and communication technology with intangible information products: cultural qualities and ‘media content’. However, intangible assets such as novelty, soft innovation, copyright and creativity are often not reflected in accounts, although this is slowly changing.¹⁹³ Financial institutions such as banks often fail to sufficiently recognise their economic value.¹⁹⁴ Fig. 15. below illustrates the main obstacles for CCIs to access finance, where the share of risk aversion from financial institutions and the difficulty in getting grants accounts for approximately 30% of the responses.

For this reason, a loan supporting CCI activities is considered risky and is not always endorsed. While guarantee funds such as those elaborated in the Netherlands (Kunst en Zaken) or in Flanders (CultuurInvest), facilitate the attraction of such funds, there remains a strong need for greater knowledge exchange between the financial sector and stakeholders in the CCIs, as sectoral experts have indicated.

¹⁹⁰ European Council Conclusions, (December 2008), Think Small First- A Small Business Act for Europe, doc 16788/08

¹⁹¹ European Council Conclusions, (May 2010), Conclusions on Creating an Innovative Europe, 3016th Competitiveness Council Meeting, 26th May 2010

¹⁹² Higgs, P. and Cunningham, S., (2007) Australia’s Creative Economy: Mapping Methodologies. Technical Report.’ Brisbane: Centre of Excellence in Creative Industries and Innovation.

¹⁹³ OECD is developing an innovation strategy to provide policy makers with tools to improve their own innovation strategies based on new innovation measurements which would take into consideration soft innovation and is also expected to integrate the value of user-innovation. See National Endowment for Science, Technology and the Arts, (April 2010a), Measuring user innovation in the UK- The importance of product creation by users, London: NESTA

¹⁹⁴ European Commission Green Paper, (2003), op. cit., p. 12.

Question: What is the main obstacle for your organisation to access finance?

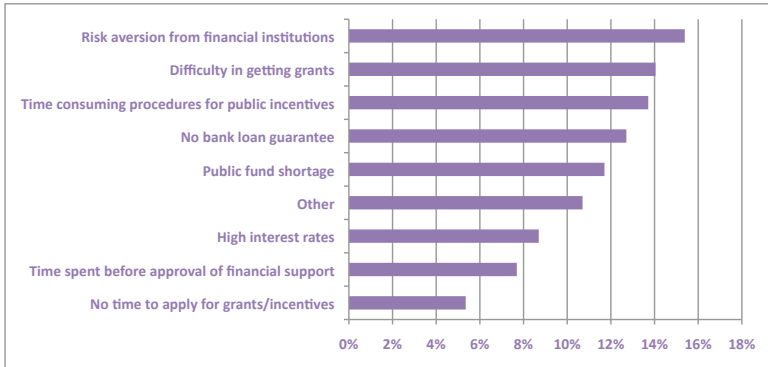


Figure 15: Main obstacles for CCI to access finance

(Source: Eurokleis 2010, online survey)

3.1.2. Subsidy versus market companies

As seen already, the CCI can be broadly divided into two categories: those that are more commercially oriented and those that are publicly funded. While this distinction is identified, the reality is often not as explicit because “The public and the private sectors are integrated via the CCI through sponsorship and donations, as well as effective cross-subsidies”.¹⁹⁵ In any case, the main differences illustrate the ways in which businesses are financially supported. While commercial businesses within the CCIs are subject to variations in consumer demand, SMEs that are publicly funded, conversely, will often be steered by the constantly shifting priorities of public resources.

The types of financial support made available to CCI SMEs correspond to the division made between the cultural and the creative sectors. Many cultural services, as part of the CCIs, are also public services and are supported as such. Taxation measures, in particular, play an important role for these activities. Though policy makers increasingly turn their attention to new methods of funding, such as public-private partnerships, cultural services continue to be primarily funded by the State.¹⁹⁶ These services, such as activities in the performing arts and the audiovisual sectors are more readily granted funding from national governments while the creative industries, such as design and gaming, are expected to be more commercial in nature, receiving funding through entrepreneurial activities and private equity finance rather than subsidies. This contrast was strongly confirmed by respondents from the Ministries of Culture in structurally strong and traditional economies in the study research.

An additional distinction should be made between different European countries. In most traditional and knowledge economies, the performing arts benefit from government grants or subsidies. In emerging or structurally weak economies, however, the funds available are, by comparison, very limited as they are hampered by a product development focus as experts have indicated. While subsidies from the public sector may assist in the start-up and funding of SMEs, they are often more accessible to the cultural sectors (e.g. the performing arts) than to the CCIs as a whole. In

¹⁹⁵ Pratt, A. C., (2009), “The creative and cultural economy and the recession”, *Geoforum*, Volume 40, pp. 495–496.

¹⁹⁶ KEA, (2009), *op. cit.*, p. 6.

addition, responses from experts suggest that public initiatives seem unable to meet the expectations and needs of CC entrepreneurs because they are complicated to understand and often detached from the territory in which the company operates.

Experts frequently expressed caution at relying on subsidies systems and brought up issues such as SME sustainability, financial self-sufficiency as well as political influence on cultural products and services. Nonetheless, most members of the CCIs have in some way been helped to develop their franchise through public support and investment.

Among respondents, support from public grants is strongly expected. Bearing in mind the short-term, project-based characteristics of many CCIs, grants can be strategically organised to maximise their creative and cultural impact, and encourage strong spillover effects and connectivity between the core, the creative industries and the wider economy. Indeed, though many entrepreneurs rely on private funds, the majority of respondents considered public grants to be the best tool to increase financial opportunities.

The need for more public funding from EU funding programmes or national Ministries of Finance was highlighted (e.g. for workspaces). Alternatively, a new European fund specific to CCI SMEs was suggested as another type of financial support.

3.1.3. Types of financial support

While many similar types of support are offered throughout Europe, the level at which they are offered and the sectors to which they are made available may differ considerably. As discussed above, the most important financing source is undoubtedly self-financing. Public grants, bank loans and private grants have a residual role, while the others sources are marginal.

3.1.3.1. Access to debt financing

The supply of debt capital via more traditional credit markets is vital to all entrepreneurial activity. Without a large and efficient credit market to supply firms with efficient debt capital, some entrepreneurs will face a financial barrier making it impossible to seize opportunities. In general, debt financing covers bank loan schemes and insurance schemes. They are, in principle, easier to secure because these financial sources are available to all entrepreneurs.

However, the regular financial institutions offer little development assistance or expertise with regards to the CCIs.¹⁹⁷ In addition, the nature of CCIs makes it harder to access finance: businesses' assets are often intangible with copyright difficult to protect for new products and designs; returns are uncertain; and product innovation does not easily translate into formal business structures. In order to develop their company, a mid to long term loan can provide secured investment which is more adapted to the usual long investment cycle that characterises the CCIs.¹⁹⁸

Furthermore, due to the financial recession, many banks have become more risk-averse and, as a result, are increasingly less likely to support businesses in the CCIs due to their high-risk qualities. In Fig. 16., the three most important instruments to increase financial opportunities were seen as public grants, an increase in self-financing and bank loans.

¹⁹⁷ Karra, N., (2008), *The UK Designer Fashion Economy*, London: NESTA

¹⁹⁸ KEA, (May 2010), *op.cit.*, p. 30.

The return on investment is considered low and risky for investors. Accordingly, findings from the online survey indicate that the greatest obstacle for organisations to access finance was risk aversion from financial institutions, followed by difficulty in obtaining grants (see Fig. 15. above).

Cultuur Invest

Cultuur Invest is an independent investment fund co-financed by the region of Flanders along with seven strategic partners. The fund is aimed at entrepreneurs in the cultural industries, who have products or services with a cultural content, creation and marketing . It is primarily short term loans.

(See Best Case 21)

Thus, a bank loan guarantee for innovative SMEs and CCIs could help in providing more targeted support. As bank guarantees do not sufficiently target CCIs, specialised financial intermediaries for CCIs could mediate between them and the banks. The examples of CultuurInvest, Kunst en Zaken and IFCIC (see Best Cases) are highly regarded in this case.

Question: What is the most adequate tool to increase financial opportunities for your company?

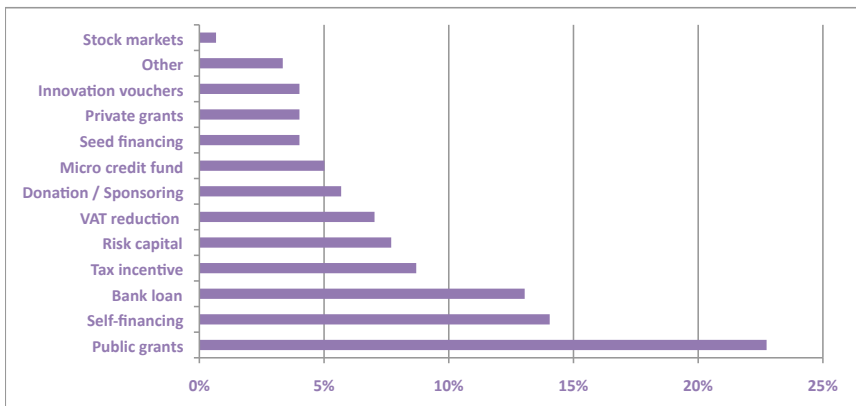


Figure 16: Most adequate tool to increase financial opportunities for CCIs

(Source: Eurokleis 2010, online survey)

3.1.3.2. Access to Venture Capital

Venture capital is an important source of funding for potential high-growth ventures that require significant capital for development, growth and expansion. The Europe 2020 Strategy recognises their benefit for start-up companies and innovative companies.¹⁹⁹

In a recent study by KEA on the financial opportunities to fund CCIs, it was found that even though there are few venture capital funds compared to the US, there are still 62 specific equity finance schemes across Europe which are partly dedicated to CCIs, most of them (approximately half) are

¹⁹⁹ European Commission Communication, (March 2010b), op. cit., p. 20.

dedicated to audiovisual businesses sectors linked to the ICT sector.²⁰⁰

Investment in the CCI often needs to be longer-term than other venture capital investments. Typically investors want a return on their investment in as little as three years. Despite its high profile, investment in the CCIs can take much longer to become profitable. For the micro, small and even medium sized businesses it is exceptionally difficult to attract strategic investment. However, there are examples of successful equity funds such as Wallimage, a Belgian investment fund to the audiovisual sector that co-financed film projects for € 30 million and generated about €100 million revenue in Wallonian and Brussels regions.²⁰¹

On the other hand, many creative entrepreneurs are generally nervous about partnerships with investors, fearing loss of control of their company, and are reluctant to share profits in return.

In order to enlarge the domestic supply of venture capital, governments can either take initiatives to develop national venture funds or improve venture market regulation to grow existing venture markets. The former includes direct investments and the latter includes relaxing legislation, making it more attractive (or simply possible) for entities, such as pension and insurance funds, to make venture investments.

3.1.3.3. Intermediary bodies

Intermediary bodies (such as Kunst en Zaken in the Netherlands, or CultuurInvest (Best Cases 27 and 21)), provide alternative sources of financial support through venture capital, micro-credit schemes for start-up SMEs and cultural and creative entrepreneurs, and by facilitating loan guarantees that minimise risk. The IFCIC (Best Case 19) is a credit institute in France that makes it easier for companies within the CCIs to obtain bank financing. The IFCIC provides loan guarantees to SMEs that cover most of their needs at all stages of their development.

3.1.3.4. Business Angels

Business angels are typically wealthy individuals who make direct equity investments in the seed stage of companies, and they tend to provide more managerial and business advice through their greater personal involvement than institutional investors. The motives for business angels to invest in new, risky ideas and projects are varied: from expectations of big profits, a sense of social responsibility, helping young entrepreneurs to set up their companies, to investment simply for the reasons of fun and pleasure.²⁰²

Governments in many countries try to cultivate business angels by organising networks and giving special investment tax incentives. Several countries have also tried to improve information flows between angels and potential entrepreneurs that otherwise tend to be informal.²⁰³ For example, the Dutch government planned in its recent policy programme to extend the Business Angels Programme to include CCIs,²⁰⁴ as CCIs still make relatively little use of such Business Angel systems.

²⁰⁰ KEA, (May 2010b), Promoting Investment in the Cultural and Creative Sector: Financing Needs, Trends and Opportunities, Report prepared for ECCE Innovation- Nantes Metropole, p. 37.

²⁰¹ "Tapis Rouge Cannois pour les systemes belges d'aides au cinéma", L'Echo, 11 May 2010

²⁰²Ramadani, V., (2008), Business Angels; who they really are, South East European University of Tetovo, Macedonia

²⁰³KEA, (May 2010b), op. cit., p. 43.

²⁰⁴ Netherlands Ministry of Culture and Ministry of Economics (2009), Creative Value- Culture and Economy policy Paper, The Hague: Ministry of Culture and Ministry Economics, p. 46.

3.1.3.5. Taxation incentives

Apart from Austria, Finland, the Netherlands, Spain and the UK, which implement specific measures to support CCIs (although definitions are not always homogeneous for different policy frameworks), the most general approaches to supporting cultural and creative entrepreneurship are tax deduction and favourable fiscal policies.

Tax incentives can either enhance or impair competitiveness and the creation of a prosperous entrepreneurial environment, depending on the level and type of incentive. The overall tax burden, which consists of all taxes, direct and indirect, and compulsory social contributions, can be used as an instrument for the CCIs.²⁰⁵ Experts at different levels frequently brought up the issue of tax credits and fiscal exemptions. Together with bank loan guarantees, tax exemptions were considered by European experts to be the best way to provide financial support.

When asked about the most relevant way to access finance for CCI SMEs, tax exemptions for CCIs were selected as the most important initiatives by sectoral experts (38%), followed by a CCI SME friendly growth loan (27%), as illustrated in Fig. 17. Most of the 'other' alternatives (7.4%) suggested the implementation of a multi-layered approach encompassing friendly growth loans, tax exemption, guarantee facilities, risk capital, and VAT reduction. Some only underlined the need to have a loan or bank guarantee. On the other hand, for general European experts, seed financing was considered the most relevant way to support CCI SMEs (22%) as well as an increase in public grants.

One of the most frequently used instruments to stimulate the CCIs is the creation of specific tax regimes for cultural and creative entrepreneurs. The EC recently considered the implementation of a low VAT rate to labour intensive creative services and products, including art heritage, music, press online, works of art, admission to shows, theatres, circuses, concerts, museums, etc.²⁰⁶ The argument is simple: demand can be boosted for any product by lowering VAT rates. The motivation can be to make cultural goods more widely available for low-income households or to stimulate the consumption of goods with positive incentives. Examples of the former would be books, music and cultural events.

²⁰⁵ The EC has considered the implementation of a low Vat Rate to creative services and products, including all artists and the royalties due to them. European Commission, (2008), Consultation Paper of Review of Existing legislation on VAT Reduced rates, http://ec.europa.eu/taxation_customs/resources/documents/common/consultations/tax/vat_rates_public_consultation_document_en.pdf

²⁰⁶ EC Consultation Paper of Review of Existing legislation on VAT Reduced rates, (2008), see http://ec.europa.eu/taxation_customs/resources/documents/common/consultations/tax/vat_rates_public_consultation_document_en.pdf

Question: Select the most relevant initiative to access finance for CCI SMEs

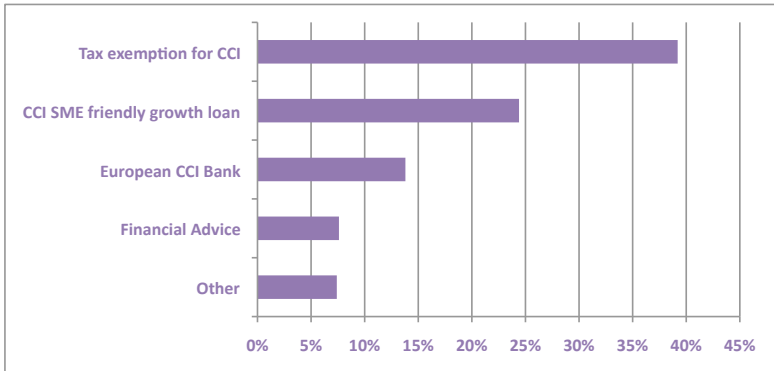


Figure 17: Most relevant initiative to access finance for CCI SMEs
(Source: Eurokleis 2010, Sectoral expert questionnaire)

Fig. 18. below shows the most important kinds of financial initiatives that could best be used for assisting CCI SMEs.

Question: Select the three most important sources of external capital in your sector

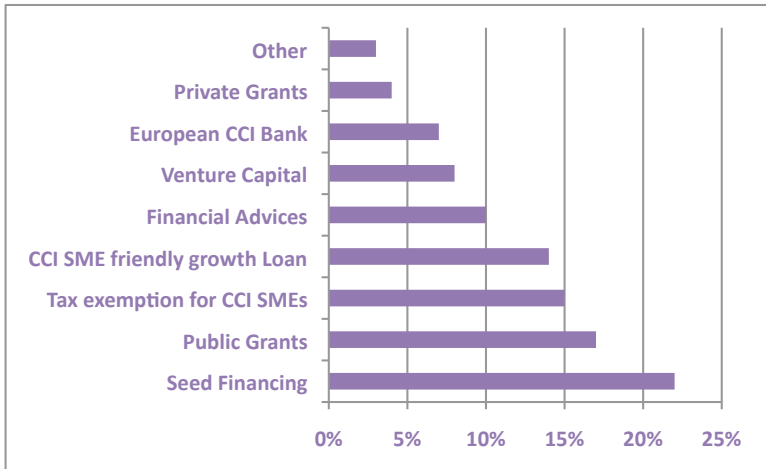


Figure 18: Most important kind of financial initiatives best assisting CCI SMEs
(Source: Eurokleis 2009, Sectoral Expert questionnaire)

3.1.3.6. Public-Private Partnerships

The diverse and dynamic nature of CCI SMEs means that the question of access to finance depends on numerous factors. Multiple and blended forms of financial support are needed depending on the given sector and phase of a specific project at which an SME finds itself.

The Council Conclusions of May 2010 on *Creating an Innovative Europe* stressed the need to include public private partnerships to finance more effective banking lines for Research, Development and Innovation involving actors such as the European Investment Bank.²⁰⁷ The expert interviewees of this study similarly stressed the potential of these actors to tap into the CCI's.

3.1.2. Phases

The importance of access to finance varies greatly between SMEs and may be of greater need during the beginning or later stages of growth. According to respondents (Fig. 19.) an overwhelming majority, both from the survey and qualitative interviews, indicate the significance of financial support particularly in phases two and three of the lifecycle model. The amount and type of funding, however, differs between phases. For instance, start up costs (e.g. registrations costs) will be greatest in phase two. Therefore, lowering the start up and registration costs, thereby diminishing the financial thresholds to start, will positively influence the number of starters in the sector. Similarly, providing innovation funds during phase three, when they are of greater use and value, can better target innovation.

The division between supporting the entrepreneur and the enterprise becomes apparent when regarding financial support. The transition from a one-person enterprise to a multi-person enterprise greatly affects the type and amount of finances required, particularly if additional workers are employed. Similarly, the efficiency of public funds changes between these two levels, with direct subsidies being very efficient at the beginning to support the entrepreneur, but less so at the enterprise level.

Question: At what stage of the entrepreneurial lifecycle is financial support most needed?

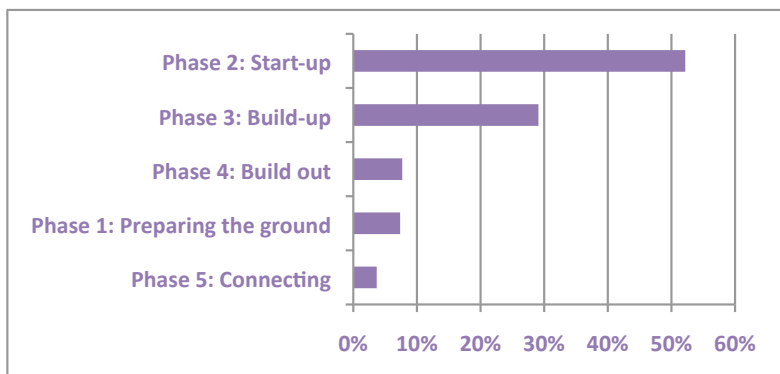


Figure 19: Most important phase for financial support

(Source: Eurokleis 2010, online survey)

Since access to finance is important during the early phases of the entrepreneurial lifecycle, knowledge and information on the types of financial support available is of corresponding significance. There are many types of existing financial support available, such as multi-sectoral support schemes. However, CCI's generally do not access them due to their lack of knowledge about

²⁰⁷ European Council Conclusions, (May 2010), op. cit., p.3.

funds that are not specifically targeted at CCI's.²⁰⁸ Cultural and creative entrepreneurs need to be aware of, and comfortable with, financial options. On the other hand, too much funding during the early phases can also inhibit growth. As several experts expressed, too much funding can make entrepreneurs risk-averse and stop them bringing their ideas to the market.

During the later stages of the cycle, namely during phase four and five, there are additional obstacles to overcome. For growth-oriented SMEs particularly, specific structural finance and working capital are needed in order to expand growth and access to the market (build out). Financial support must be accessible during all phases of the entrepreneurial life cycle, but the types of support must concur with the evolving needs of each phase.

3.1.3. Levels

Financial support provided at local, regional and national levels were clearly emphasised by the survey's respondents as most adequate for supporting CCI's. As seen in Fig. 20. below, 32% of respondents considered the regional level of authority as most suitable for supporting access to finance, followed by the national level (29%) and the local/city level (22%). The EU level was deemed to be less adequate for direct support to the CCI's mainly due to the bureaucracy and complexity involved in the procedures.

Question: What level of authority is most suitable for supporting access to finance for your organisation?

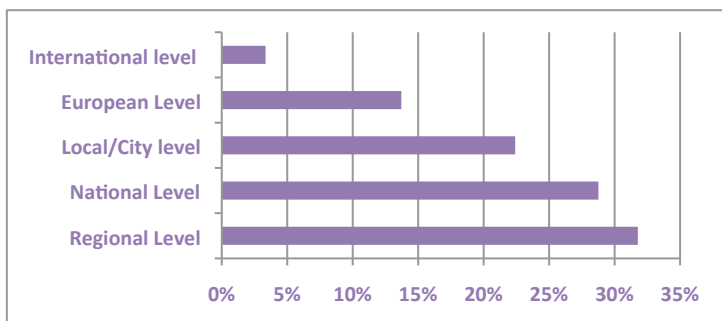


Figure 20: Most Suitable Authority to support access to finance

(Source: Eurokleis 2010, online survey)

A firm understanding of the particular characteristics and needs of the CCI's was considered crucial to providing the correct funding mechanisms. For this reason, the region, as an intermediary level provider of financial support, is often preferred, according to respondents. Regional instruments were reportedly a better option to adequately implement funding. As such, they act as a filter to focus support. Hence, the regional level is preferred due to its potential to bridge the gap between the local and national level. Additionally, finances offered and invested at the regional level allow for the development of a cultural identity within the region.

²⁰⁸ KEA, (2010), op.cit., p. 26.

At regional and local levels, and often in collaboration with the national government, capital injection is attainable through investment funds. One such fund is Advantage Creative Fund (see Best Case 22) in the United Kingdom, dedicated to investing in the CClIs.

Advantage Creative Fund

**Advantage Creative Fund is an example of a venture capital dedicated to CClIs aimed at financing CClIs throughout the West Midlands region in the UK.
(See Best Case 22)**

Study findings indicate that the national level is considered most adequate regarding the creation of a conducive fiscal environment. Also important at this level is the approved definition of CClIs, which will directly affect which financial instruments are made available and to whom.

At EU and national levels, initiatives are mainly targeted at innovation and promoting investment in innovation. At the EU level, the Seventh Framework Programme (FP7)²⁰⁹ was put in place to strengthen the scientific and technological competence of European industry and thus increase competitiveness. It aims to increase co-operation, notably through 15% of the budget targeted at the reinforcement of SMEs participation in research projects, as well as supporting the development of a knowledge economy. Despite this focus on SMEs, the projects still largely address technological and scientific performance, not putting forward more space for the innovative roles of the CClIs through non-technological innovation and service innovation. The need for funds for innovation and research for CClIs were clearly expressed in the online survey, with 84.6% of respondents agreeing that there was a need for stronger support in research and innovation for the CClIs.

Additional initiatives targeting the early stage financing of SMEs include the Cohesion Fund and JEREMIE (structural funds allocated for SMEs, 2007-2013). While the importance of SMEs for the European economy has been recognised in the Small Business Act, CClIs remain under-represented in EU initiatives.

Although at the EU level funds have been developed through, for example, the EU Investment Bank, such investments are commissioned to specific intermediaries at the national level, such as banks and investment companies that may not have expertise in the CClIs and therefore may not provide them with loans. Additionally, the bureaucracy involved in obtaining EU funding was considered a barrier, both in terms of time and money: many CClI SMEs simply do not have the resources to apply for this type of funding.

In any case, access to finance can be stimulated at the EU level. As CClI SMEs are often considered too risky for bank loans, the European Commission and the European Investment Bank have joined forces to set up the Risk Sharing Finance Facility to provide risk capital and venture capital for innovative risk takers.²¹⁰

EU Cohesion and Structural Funds could function as part of the resources allocated to CClIs at a European level if individual Member States create specific support programmes within the Structural Funds, as can already be observed in certain countries.

It is important to remember that funding mechanisms are not always limited to one level, but may

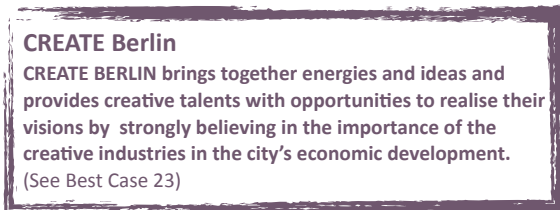
²⁰⁹ See <http://cordis.europa.eu/fp7/>

²¹⁰ See <http://www.eib.org/products/loans/special/rsff/index.htm>

overlap between levels. For instance, funds that are offered locally may in fact be managed at the national level or come from EU Structural Funds. The source and extent of funding depends greatly on the targets and scale of a project, idea, or business.

While the funds themselves are required, experts also raised the issue of on-demand support through mentorship and coaching in the area of finances. Entrepreneurs may often be unaware of their financial options and the sources of financial support that they could approach, whether through public funds, venture capital or bank loans.²¹¹ The lack of information on available financial sources, and the time and effort needed to acquire the information, is an additional cost required of SMEs in the CCI in order to succeed.

As the need for finances cannot always be anticipated, financial support available on demand can be stimulated through regional and local levels. Cultural and creative entrepreneurs will then have the possibility of procuring funds from viable and approachable sources within their network. A good illustration is the work of Create Berlin (see Best Case 23).



3.2. Access to market

According to sectoral experts, the most important knowledge factors influencing an organisation's growth were linked to information about market opportunities. The respondents noted that difficulty in identifying new markets (19%) and the lack of knowledge of external markets (15%)²¹² were two of the most important knowledge factors obstructing an organisation's growth (Fig. 21.).

²¹¹ Expert interviews and best cases

²¹² Expert Questionnaire

Question: select the three most important knowledge factors obstructing an organisation's growth



Figure 21: Most important knowledge factor impeding CCIs
(Source: Eurokleis 2009, Sectoral experts)

The markets for cultural and creative products and services are often characterised by unpredictable demand conditions. Entrepreneurs have to take heterogeneous, changing tastes into account. In addition, creative products serve functions that often escape 'objective', quantitative measurement. As noted above, the uncertainty of demand is further strengthened by the intangible nature of the products and services as well as the fact that they are often project-based. This property means that at virtually no stage in the production sequence can the project's outcome be predicted with any degree of assurance: sleepers inexplicably turn into smash hits, and sure-fire successes flop.

The position of the CC entrepreneur has to be taken into account in this general context. For micro-SMEs, the questionnaire revealed that the main barriers to enter the market are in great part due to the exclusive agreements with key distributors (37%) and access to knowledge on market opportunities. The presence of large and multiple competitors was also a complementary impeding factor.

Linking this observation with the fact that many countries and the EU are promoting micro-SMEs as contributors for the revitalisation of the economy²¹³ one can only stress the importance of access to market and knowledge as key to enabling micro enterprises to flourish and encourage innovation.

The lack of knowledge about market opportunities can impede the CCIs to benefit from these opportunities. According to NESTA, knowledge sourcing, especially international sources as well as having a network, is essential to understand the global market.²¹⁴

²¹³ See for example, European Council Conclusions, (December 2008), Think Small First- A Small Business Act for Europe, doc 16788/08; Raffo et al. (2000), "Teaching and learning entrepreneurship for micro and small businesses in the cultural industries sector", Education and Training, Vol. 42, No 6, p. 356.

²¹⁴ NESTA, (May 2010c), Sourcing Knowledge for innovation: the international dimension, London: NESTA, p. 6.

Governments could encourage and provide SMEs with appropriate support to enable them to access knowledge in order for them to better access opportunities on the market. With existing support in incubators and other support such as seed finance, starting up a CCI SMEs is not the hardest part: building up and gaining a market position is more difficult.

The decrease of trade barriers and the integration of world markets have made it possible for all types of companies, including new ones, to exploit global opportunities. The globalisation processes encourage an externalisation strategy in the same way as it confronts two opposite extremes: the micro-SMEs and the large corporation. The high competition, the hold on the market by a few large corporations and the limited knowledge about external opportunities form the environment that confronts the CC entrepreneur at the start of their activity and throughout the entrepreneurial lifecycle.

3.2.1. The 'Missing Middle': Asymmetry and Size-Related Constraints in the Market

As noted earlier (2.2.4), the main characteristic of the creative economy is, in organisational terms, its 'missing middle'. This refers to the fact that there is a predominance of a small number of very large firms working internationally, counterbalanced by a very large number of essentially local, micro enterprises. There is very little classical vertical integration of the kind most commonly associated with trans-national firms in other sectors. Instead, there is a strong horizontal and vertical integration of parts of the creative economy. This does not extend to the micro enterprises and individual creative entrepreneurs.²¹⁵

The prevalence of SMEs in the creative sector highlights the need for policy-makers to address size-related constraints in the market.²¹⁶ The absence of medium sized enterprises increases the impact of the market gap between the micro-SMEs and the big majors in certain sectors. Generally speaking, the bigger enterprises own the organisational and knowledge skills needed to deal with regulatory factors; they make a stronger use of the support for IPR; and they have long-established infrastructures for undertaking research, design and development activities which ease their entry and position on the market. On the other hand, micro-SMEs tend not to have access to these advantages and have limited knowledge about market opportunities.

The asymmetry in the market position between the two extremes is striking. Enabling access to the market for starting CCIs and, at the same time, working on potential paths to growth and sustainability for CCIs is a precondition for cultural diversity in Europe. This can enable greater competition between fast growing CCIs, although not all of the CCIs want to grow and extend their market.

Alternative support mechanisms such as a 'solidarity scheme' were advanced by IMPALA, which, using the analogy of transfer fees from football, aimed at reducing the imbalances between the share of the market between big and smaller companies. This scheme proposed that small companies, such as small music productions that had signed artists who later on made a break through and contracted out with larger production companies, receive a financial compensation reward from these bigger companies.²¹⁷

Most respondents during the expert interviews, as well as by the European Platform and the OMC Expert Working Group on CCIs, highlighted the general importance of mapping out the landscape of

²¹⁵ UNCTAD, (2008), op. cit., p. 62.

²¹⁶ European Commission Green Paper, (April 2010), op. cit., p. 7.

²¹⁷ Impala (www.impala.be) and interview with sectoral organisation

each CCI sector in each country.²¹⁸ Certain countries such as Sweden, Austria, the United Kingdom, Germany, Finland and the Netherlands, have started examining and mapping the sectors to obtain raw data to establish areas where the industry is in need of support to quantify the current and future economic benefits of the CCIs.

3.2.2. The Digital Market

The move towards digital convergence has drastically expanded the means of producing, circulating, distributing and exchanging cultural expression in all domains. In turn, the range of human, material and technical resources in each of the artistic fields is increasing, contributing significantly to income and employment²¹⁹. The transition from traditional means to new media is not the only challenge for CCIs, as the structure of the market has altered significantly. New developments represent new market opportunities for producers of content, and generate important growth prospects for the cultural and creative sector. Noticing an increase in the participation of people in the arts through electronic and digital media demonstrates the potential that digital media can offer in terms of new market opportunities²²⁰.

New technology multiplies and diversifies the channels through which cultural works reach the public. At first there is an incremental effect, followed by episodes of 'cannibalisation' between old and new channels. Yet at the end, there is a greater choice for the consumer amongst the different ways of accessing culture, which results in increased cultural consumption.

In this radically changing environment, a key challenge is to find appropriate new business models. The overall consequences of ICT on culture are indeed ambivalent. On the one hand, and as highlighted above, technology opens up new opportunities for creators to produce and distribute their works to a wider public, independently of physical and geographical constraints, potentially increasing choice and accessibility for all. On the other hand ICT disrupts traditional content. While new models struggle to emerge, the risk is that cultural content may be considered as any other commodity traded in the virtual world and may be devalued.

Digital media can potentially enable SMEs to affordably compete in bigger markets by allowing for example, smaller companies to advertise their products online, by increasing their competitiveness through a greater usage of user-generated content or by accessing international networks. The seeming democratisation of market opportunities on the Internet and the enhanced role of the user in shaping the products and services has fundamentally altered business models in certain sectors, such as in the media industry.

However, Europe is currently failing to take full advantage of the digital market and new technologies. The digital market remains fragmented and regulations hinder the full development of a Single Digital Market in Europe. Recent initiatives are important signs of changing opportunities.²²¹ The Agenda for a Digital Europe, a flagship initiative in the Europe 2020 strategy,

²¹⁸ Platform on the Potential of Creative and Cultural Industries, (2009), Final Recommendations of the Platform on the Potential of Creative and Cultural Industries

²¹⁹ UK Technology Strategy Board, (2009), op. cit., p. 12.

²²⁰ US National Endowment for the Arts, (2010), Audience 20: How Technology Influences Arts Participation, Washington: US National Endowment for the Arts, p. 10. This report found that 53% US adults participate in the arts through electronic and digital media through TV, radio, cv/dvd, computer and internet to view art performance, art works, museums. A third of the US adults participate in 'benchmark' arts activities such as jazz, classical music, opera and all forms of dance, through electronic media. For every type of arts performance, adults were more likely to view or listen through electronic media than attend live performances.

²²¹ EC Communication, (2010b), op. cit., p. 3.

aims at correcting these imbalances and is trying to adapt to these changes to develop a Single Digital Market²²², increasing the interoperability and the convergence of standards, as well as increasing the support for networks.

The EU funded EDiMA project (European Digital Media Association) is an alliance of new media companies that aims at creating an open and legal framework for Pan-European E-commerce and enabling greater consumer choice in diversity and enhanced competitiveness throughout the EU. It addresses legal barriers blocking a single European Digital Market. For example, EDiMA aims at increasing the co-ordination of policy formation by establishing a new European Parliament group on the new media sector to ensure a better fit with regards to the copyright licensing regime for the digital age.²²³ Moreover, it provides new media platforms in order to improve consumer confidence and provides online services to improve the use of media and E-commerce in Europe. The ex-Commissioner for Information Society and Media, Viviane Reding, acknowledged similar needs in completing a Single Digital Market²²⁴, seeing the potential that the digital world has to offer.

3.2.3. Types of support to market access

Conscious of the innovative potential of CCI SMEs, the EU Council conclusions of May 2010 acknowledge the need to support 'culture-based creativity' SMEs in their access to market as a way to encourage innovation.²²⁵ Public procurement, Lead Market Initiative, standardisation, although highly promising, remain untapped resources for innovation and for the encouragement to access the market.²²⁶

The European platform on the potential of cultural and creative industries has emphasised the importance of creating an environment that fosters the creation and development of cultural SMEs. They state that these should be granted specific support and benefit from positive discrimination measures. The Platform noted that:

*"Market access must be ensured for all cultural and creative actors regardless of their size to guarantee pluralism and a real economy of diversity and the international promotion and exchange should be developed (...) the presence of artists and cultural professionals in key international markets must be maintained through the establishment of specific schemes and the facilitation of exchange with third countries."*²²⁷

In terms of support for CCI SMEs to benefit from the European digital single market, most respondents pointed at the need for financial support to face the digital shift (34%) and secondly, the need for the harmonisation of access conditions (31%) (Table 9. below). The 'other' types of SME support to enter the European single digital market were targeting the capacity building on access possibilities and knowledge support.

²²² EC Communication, (May 2010a), Digital Agenda for Europe, COM (2010) 245

²²³ European Digital Media Association (EDiMA), (2009), op. cit.

²²⁴ Reding, V., (October 2009), Speech on the Digital Single Market: a key to unlock the potential of the knowledge base economy, Available at <http://www.iccwbo.org/bascap/id35360/index.html>

²²⁵ European Council, (May 2010), op. cit., p. 2.

²²⁶ European Council, (May 2010), op. cit., p. 2.

²²⁷ Platform on the Potential of Creative and Cultural Industries, (2009), Final Recommendations of the Platform on the Potential of Creative and Cultural Industries, op. cit., p. 4.; and OMC Expert Working Group on maximising the potential of cultural and creative industries, in particular that of SMEs, (2010), Final Report, op. cit., pp. 6-11.

Question: How do you think CCI SMEs should be supported to benefit from the European Digital Single Market?

Item	Percent %
No specific support	3.45%
Harmonization of access conditions	31.03%
Legal Support	20.69%
Financial Support	34.48%
Other	10.35%
Capacity building on access possibilities	3.45%
Don't know	3.45%
Knowledge support	3.45%

Table 9: CCI SMEs support for the digital market
(Source: Eurokleis 2009, Sectoral experts)

Although direct measures for supporting access to market for CCIs are not yet in place at the EU level, the EU has certain existing projects that show signs of possible extension of support to CCIs. For example, the Lead Market Initiative launched by the EU in 2008 was set to identify the new needs and new market for innovative products or services. For now, this initiative is targeted towards 6 LMIs²²⁸ which are neither service nor non-technological innovation oriented. However, extending a LMI to CC product and services and targeting CCI SMEs, could be a way to support access to market for CCIs. Similarly, in the communication Assessing Community Innovation Policies in the period 2005-2009, the EU suggested that public procurement be part of innovation policy as it can help foster the market uptake of innovative products.²²⁹ Public Procurement procedures could be used to increase the demand for specific innovative products and services coming from CCIs and in so doing can encourage the access to market for innovative CCI SMEs. The EU Council recommended in its Conclusions in May 2010 that the public procurement budget is increased and devoted to innovative products, processes and services²³⁰. This shows the potential to extend existing initiatives to support CCIs in their access to market.

Standardisation also stimulates the market for innovative products by setting up a playing field for innovators, accompanying the emergence of new markets and facilitating the spread of technology. However, in its communication in 2008, the EU acknowledged the limited number of standards for services (mainly due to the heterogeneous nature of services).

²²⁸ EC Working Document, (September 2009c), Lead Market Initiatives for Europe: Mid Term progress report, SEC (2009) 1198: bio-based products, eHealth, sustainable construction, protective textiles, recycling and renewable energy

²²⁹ US National Endowment for the Arts, (2010), Assessing Community Innovation Policies in the period 2005-2009, SEC (2009) 1194

²³⁰ European Council Conclusions, (26th May 2010), op. cit., p. 4.

The example of Quebec’s positive measures to ensure market access to CCI is illustrative of the success that specific measures for CCI SMEs can have to access the market and promote the CCI.²³¹

3.2.3.1. Phases of market access

With regards to the entrepreneurial life cycle, a majority of experts interviewed stated that access to market is paramount in phase 2 and 3 of the lifecycle, as Fig. 22. demonstrates. Indeed, 45% of the respondents found that support to access the market was most needed in the start-up phase of the life cycle.

In the build-up and build-out phases of the entrepreneurial life cycle, entrepreneurs need to do several things simultaneously: create structural sustainability by building strong networks; develop a methodological way of staying creative to succeed; have a future-oriented growth plan to export into new markets and branding for growth; be scalable and replicable.

Question: In which phase of the life cycle do you see the most need to support access to market?

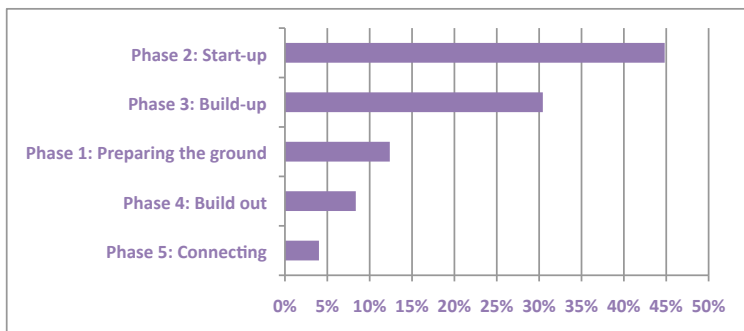


Figure 22: Preferred phase in the life cycle for support to access the market
(Source: Eurokleis 2010, online survey)

Some respondents highlighted the need to focus on the latter stages of the life cycle for market support in parallel to accessing international markets. However, with the globalisation of markets, such strategies are now more focused on the earlier stages. CCI firms are confronted from phase one with strong international competition. Europe’s regulatory environment is in this case not helpful.

²³¹ Platform on the Potential of Creative and Cultural Industries, (2009), Final Recommendations of the Platform on the Potential of Creative and Cultural Industries

With regard to foreign markets, respondents found that the support to access cross-border markets was most needed in the build-up and build-out phases of the lifecycle, once the CCI have acquired some regular clients and can look at other opportunities. (see Fig. 23.).

The best case example of Finpro is a useful illustration of this (See Best Case 24).

FINPRO
 Finpro deals with Finnish companies at different stages of internationalisation and aims at guaranteeing that Finnish companies and especially CCI SMEs access an international market. It also gives opportunities to network.
 (See Best Case 24)

Question: In which phase of the life cycle do you see the most need to support for cross-border growth and cross-border markets?

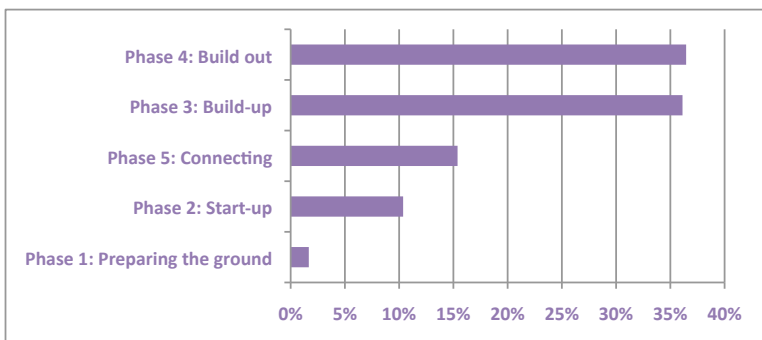


Figure 23: Most appropriate phase for cross border market support

(Source: Eurokleis 2010, online survey)

3.2.3.2. Levels of support

National and regional levels were clearly emphasised in the online survey for supporting access to the market (see Fig. 24. below). 31.5% of the respondents indicated that the national level was most suited to respond to the needs of the CCI SMEs in terms of the market while 26% found that the regional level was most appropriate.

Results from qualitative interviews suggested that specific and tailor-made information on a regional level is essential for enhancing the mobility of artists.

The role of the national government can be to provide significant encouragement for the CCI to export their product and services, as seen in the Quebec example, or by agreeing on double taxation schemes.

The European level was also emphasised by the interviewees for facilitating access to both physical and digital markets and ensuring pan-European access. Experts emphasised that a holistic approach for the creation of policy was necessary.

Question: At what level should this support for new market opportunities for your organisation be provided?

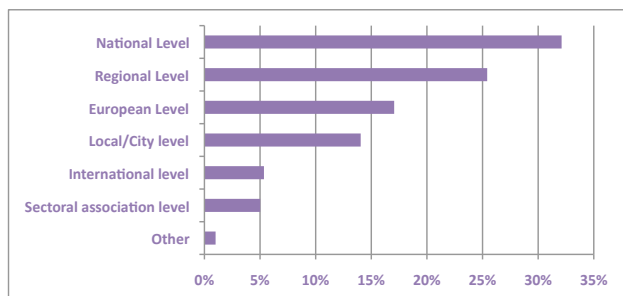


Figure 24: Most appropriate level for supporting access to market
(Source: Eurokleis 2010, online survey)

3.3. IPR instruments and CCI SMEs

CCI SMEs often have limited knowledge of the use of intellectual property (IP) and rights management.²³² However, these formal and informal rights constitute an important source for creative companies, and are a fair rewarding for creativity.

From our online survey, 52% of SMEs did not receive IPR advice before the start of their entrepreneurial activity, as opposed to 40% who did. Of those that did receive advice, this was mostly at a national level (38.5%) or from their sectoral organisation (20.5%) and 11% at the European level.

In the expert questionnaire, the importance of IPR regulations was seen as the second most important regulatory issue (21%) after tax regulation (29%) as can be seen in the Fig. 25. below.

Question: Select the three most important regulatory issues faced by SMEs in your sector

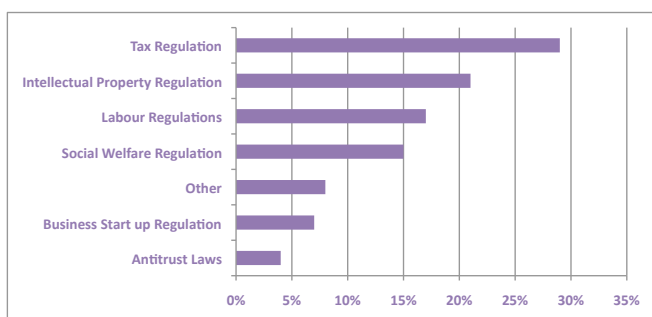


Figure 25: Most important regulatory issues faced by CCI SMEs
(Source: Eurokleis 2009, Sectoral expert questionnaire)

²³² KEA, (February 2010a), Business Innovation Support Services for Creative Industries, Short study prepared for the European Commission (DG Enterprise and Industry), <http://www.keanet.eu/report/BISScreativeindustries.pdf>. March 5, 2010, p. 7.

Some of the CCIs have placed certain hopes on technologies to regulate and protect content with technological protection measures such as digital rights management (DRMs). However, such technologies have so far not prevented peer-to-peer piracy and remain controversial for consumer-friendliness.²³³ There remains a tension between access and exploitation.

3.3.1. Access versus Exploitation

Existing tensions over content protection and open access philosophies are often seen in terms of access versus exploitation. While the first approach will highlight the importance of Intellectual Property Rights as a tool that can reward intangible assets and ensure control of content and how IP is used, the other approach will favour free access to content to use for the development of new services or products.

With the digital market, the exploitation of content has become harder to control and piracy and peer-to-peer exchange have fed the development of a 'get-it-for-free' culture which may prevent creators from exploiting their creation.²³⁴ The illegal distribution of copies erodes the possibility of producers to benefit and thus reduces the incentive to invest in the creation of new works. Rights holders highlight the need to legally circumvent this development through laws and services in order to curb the illegitimate reuse of somebody else's work. DRMs represent a technology that can prevent the free access of some of the content online and enable CCI SMEs to be rewarded for their creation. However, such technology has not reduced piracy as illegal file sharing may be responsible for approximately 96% of audiovisual downloads available on streaming or bit torrent networks.²³⁵

On the other side, some have highlighted the need to ease the protection of creative content and are pushing to allow greater accessibility to copyrighted content in order to be able to share and access freely existing content as a way to unlock the potential advantages that this can offer. The rights of the consumers to share online content are thus promoted by this strand of thought. However, the two strands of thought are not so clearly distinct and dichotomous. Copyright protects investment in the artists' work and allows new creation, and therefore allows access to the work, although it does not allow free and illegitimate reuse of the work.

This debate revolves around how to combine legal exceptions and exclusive rights, the rights and interests of consumers, as well as the reward of creators. Moreover, as seen in Chapter 2, increasing digitisation modifies the shape of the creative 'value chain' to that of a cycle of creation that bypasses middlemen. The link between rights holders and the consumers shortens, increasing the contact between consumers and creators, increasing the potential of platforms for free exchange. The example of YouTube is an illustration of the increasing accessibility of online content and the evolving issue of IP in digital environments.

The discussion and future policies to support the development of CCIs will have to take into account the changing IP environment and changing business models, while keeping in mind the importance of IPR as an incentive for CC entrepreneurs and as a reward for their output. Moreover, as many CCI SMEs do not presently make use of IPR, the question arises of how best to encourage CC entrepreneurs to realise and make use of IPR as tools in their entrepreneurial activity. Indeed, the issue of IP management for the CCIs is a central determinant to their entrepreneurial drive as it

²³³ Cabrera Blazquez, F.J, (2007), "Digital Rights Managements' systems (DRMs): Recent developments in Europe", European Audiovisual Observatory, see http://www.obs.coe.int/oea_publ/iris/iris_plus/iplus1_2007.pdf

²³⁴ *Ibid.*, p.2

²³⁵ UK Technology Strategy Board, (2009), *op. cit.*, p. 23.

gives the CCI entrepreneur the opportunity to be rewarded and can act as an enabler for their activity.

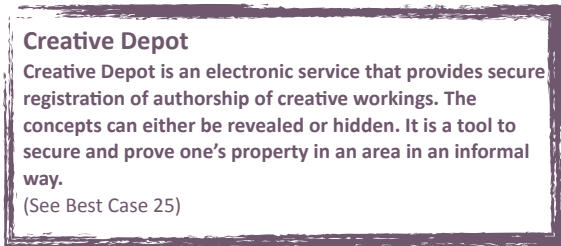
3.3.2. Forms of IPR and different use

In line with the debate on access and exploitation, the types of IPR must be differentiated to understand their use by CCI SMEs. Formal IPR mechanisms include the following: design protection,²³⁶ trademarks, patents, utility models and copyright.

Informal IPR varies in its nature and purpose but are also important for SMEs.²³⁷

The most important informal protection methods are: secrecy, restricted access to information, database and network protection, confidentiality, technical protection, division of duties and subcontracting, circulation of staff between

tasks, loyalty building among personnel, client relationship management, membership of professional organisations, and publishing.²³⁸ The Creative Depot is a good example of tackling issues related to informal IPR (see Best Case 25).



In the online questionnaire, a high percentage of respondents (33%) did not use any specific instrument of protection. As shown in Fig. 26. below, for those respondents protecting their creative input, copyright is by far (89.66 %) the most commonly used instrument. Informal IPR in the form of confidentiality agreements were used by 62% of respondents resorting to protecting measures, as against 21% for patenting. Creative commons and open access systems counted for 38% of the instruments to protect creative outputs while trademarks were used by 35%.

These findings coincide with the results of a NESTA survey on the user innovation in the UK. In the study on soft innovation and on the role of user innovation,²³⁹ they observed that in the UK, 59% of the user innovator CCIs did not protect their innovation and shared them freely with other companies with only 20% receiving royalties as compensation.

²³⁶ A new registered Community Design Right has been recently introduced.

²³⁷ Pro INNO Europe, (2007), A Memorandum on Removing Barriers for a better use of IPR by SMEs, Report for the European Commission, (DG for Enterprises and Industry) and IPR Expert Group

²³⁸ Ibid., pp. 17-23.

²³⁹ National Endowment for Science, Technology and the Arts, (April 2010a), Measuring user innovation in the UK- The importance of product creation by users, London: NESTA

Question: What is the most commonly used instrument for the protection of creative outputs (IPR) for your organisation?

Items	Percentage
Patent	20.69%
Registration of Design	34.48%
Trademarks	34.48%
Copyright	89.66%
Confidentiality	62.07%
Open Access Licensing (eg: Creative Common)	37.93%
Other	20.7%

Figure 26: Most commonly used instruments for the protection of creative outputs in CCI

(Source: Eurokleis 2009, Sectoral Questionnaire)

The relatively low use of protection measures demonstrates the need to increase awareness on the use of IPR regimes and facilitates access to IPR for CCI SMEs.

Knowledge intensive businesses have adopted a variety of formal and informal methods to decrease the misuse or loss of IP. Both methods can be seen as complementary instead of competitive ways to manage and protect IP. This reiterates the need to understand the systematic use of both informal and formal methods.²⁴⁰

3.3.3. Existing European Initiatives

In the European context, national territorial laws tend to predominate. In terms of protection, most attention has been paid to patents for technological advancement while many companies are based on non-technological innovation that is perceived as increasingly important for Europe²⁴¹. The need to reduce the cost of patents and to move towards a single EU patent system was made clear by industry itself to encourage innovation.²⁴²

In view of the *Communication on Assessing Community Innovation Policies in the Period 2005-2009*,²⁴³ the EU also acknowledged the misfit in current IPR regulations for soft innovation. The decrease in the cost of the EU wide trademark (40% lower), which is one of the most used

²⁴⁰ Pro INNO Europe, (2007), op. cit., p. 24.

²⁴¹ Arge Creativwirtschaft Austria, (2010), Executive Summary of the Third Austrian Report on Creative Industries in Innovation, Vienna: Arge Creativwirtschaft, Austria, http://www.creativwirtschaft.at/document/KWB_Kurzfassung_EN_web.pdf

²⁴² IPREG, (2007), Memorandum on Removing Barriers for a better use of IPR by SMEs, Report for the DG for enterprises and industry and IPR Expert Group

²⁴³ EC Communication, (April 2009a), op. cit., p. 11.

formal tools to protect CCI creative outputs after copyright,²⁴⁴ was intended to provide incentives for non-technological innovation.²⁴⁵

Apart from trying to have a Community patent, other initiatives were suggested at the EU level as a way to help protect content. A 'Protected Designation of Origin', similar to the ones seen in collective property rights, was suggested as a way to help reduce the number of unauthorised copies.

The recent EU Digital Agenda²⁴⁶ also highlights the need to homogenise the rights management systems that SMEs have to implement in order to protect their creations in different countries.²⁴⁷ This document noted *"Consumers can buy CDs in every shop but are often unable to buy music from online platforms across the EU because rights are licensed on a national basis."* The ex-Commissioner for Information Society and Media, Vivianne Reding, suggested a European-wide, consumer-friendly licensing system to overcome the fragmentation of the system and to come up with new IPR models and some of this work is currently undertaken by the Office for the Harmonisation of the Internal Market and the European Patent Organisation.

In its latest communication, the EC suggested the need for improved processes of governance and transparency of collective rights management in order to enable a fair access to content, balancing between the interests of rights holders and the general access to content and knowledge.²⁴⁸

3.3.4. Levels and Phases of support for IPR

The way in which IP services are provided to the CCIs can have a huge impact on the outcome and the use of such services by the CCIs²⁴⁹. In a Pro Inno Study on IPR, the key success factors for IP usage were issues such as the availability of sufficiently qualified staff in the company, the level of integration of IP services, and the level of networking with other services.²⁵⁰ Receiving wrong or inappropriate advice on IPR for SMEs, for example patenting when it is not advisable could also be detrimental to them. In this regard, the availability of IPR advice to cultural and creative entrepreneurs is critical and the moment when it is given is important. A business model that integrates IP as part of the enterprise life cycle was seen as important.²⁵¹

In this regard, the number of overlapping innovation support schemes at both national and European levels complicate the picture as presented to SMEs. As recently noted, "Not only do Member States often have several funding schemes and a variety of competing sources of advice, the EU provides its own schemes and sources (Relay Centres, IPR Helpdesk) and several funding regimes."²⁵²

The results from the online questionnaire showed that in most cases, the first phases of the life cycle were most crucial for advice on IPR for CCI SMEs (see Fig. 27.).

²⁴⁴ EC Communication, (September 2009c), Reviewing Community Innovation Policy in a Changing World, COM (2009) 442

²⁴⁵ *Ibid.*, p. 11.

²⁴⁶ EC Communication, (May 2010a), *op. cit.*, p. 8.

²⁴⁷ *Ibid.*, p. 15.

²⁴⁸ *Ibid.*, p. 8.

²⁴⁹ *Ibid.*, p. 34.

²⁵⁰ *Ibid.*, p. 30-33.

²⁵¹ *Ibid.*, p. 14.

²⁵² Foord, J. (2008), "Strategies for creative industries: an international review", *Creative Industries Journal*, Volume 1, Number 2., p. 96.

Question: In which phase of the life cycle do you see a need for IPR advice?

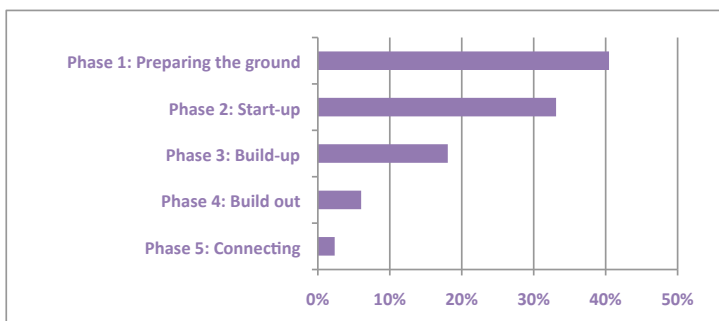


Figure 27: Best phase for the provision of IPR advice

(Source: Eurokleis 2010, online survey)

The national (39%) and the sectoral (20.5%) levels were considered most suitable for providing IPR advice for the respondents. Only 20% in total used local and regional institutions for similar advice. Despite the fact that most of the expert interviewees highlighted the vital role that Europe could play in shaping a harmonised legal context for IPR, very few respondents (7%) received direct advice at a European level.

In order to increase the number of innovative platforms, and to be able to compete with countries with much lower cost of patents such as Japan and the US,²⁵³ the Digital Agenda²⁵⁴ highlighted the availability of a wide and attractive online legal offer for shaping the regulatory environment.²⁵⁵

Overall, the interviewees noted that clear advice and qualified staff be available to cater for the needs of CCIs to effectively use IPR as an enabler for their entrepreneurial activity. Both the regulatory and the human resource environment should be improved to make IPR advice more transparent and

OWN IT

Own It is a UK free intellectual property advice for creative businesses. It aims to provide creative entrepreneurs with accessible, specialised knowledge IP systems as well as it offers workshop, networking and coaching and one to one advises.

(See Best Case 26)

less time consuming. Own It in the UK is an example of a free IPR advice centre for SMEs specialised in the CCIs (see Best Case 26). Support on demand for IPR advice in order to better respond to the changing needs of the CCIs throughout their life cycle was cited as a essential to promote their use as an enabler for entrepreneurial and creative activities.

²⁵³ Pro INNO Europe, (2007), op. cit., p. 33

²⁵⁴ EC Communication, (May 2010a), Digital Agenda for Europe, COM (2010) 245

²⁵⁵ Ibid., p. 8

3.4. Entrepreneurship education, skills and training

It is clear from the study that there is a general lack of entrepreneurial skills within all sectors of the CCIs. Limited business skills were cited as the second most important business-related challenge after lack of finance when starting a company (see Fig. 28. below).

Question: Which was the most important business-related challenge when starting your company?

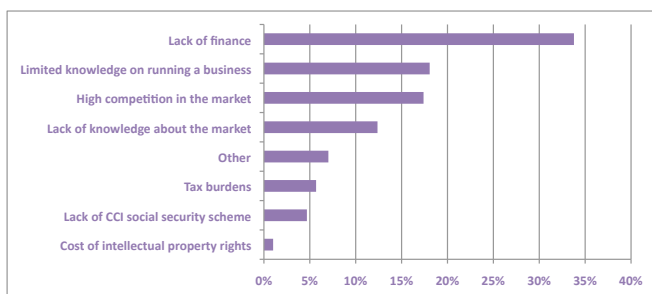


Figure 28: Most important business related challenge when starting a company
(Source: Eurokleis 2010, online survey)

In the OECD's entrepreneurship framework, the 'culture of entrepreneurship' is included as a determinant of entrepreneurship, being influential in developing a conducive environment for fostering entrepreneurial activity.²⁵⁶ Despite its importance, there is still insufficient integration of entrepreneurship education in general curricula and in arts education.²⁵⁷

There is still relatively little data on the outcomes and impact of the recent increase in general entrepreneurship and education programmes.²⁵⁸ Fostering the take up of entrepreneurial skills by cultural and creative entrepreneurs may also require non-traditional educational programmes. The narrow model of entrepreneurship focusing solely on commercial success does not seem to correspond to the CCIs, for whom critical creative and cultural achievements are often more important.²⁵⁹ However, stimulating the development and implementation of entrepreneurial skills is needed in terms of entrepreneurial development, market orientation, return on creativity, communication skills, network development, and team building within the entrepreneurial life cycle.

A specific skill set ranging from basic business planning skills to presentation (e.g. pitching an idea) and management skills are crucial for the cultural and creative entrepreneurs to advertise their products and services. From the expert questionnaires, market entry is directly inhibited by knowledge-obstructing factors such as the lack of business skills (as discussed above in section 3.2.). Experts also highlighted the lack of business skills as the most important entry barrier. Indeed, for freelancers, the expert respondents cited, first, the lack of entrepreneurial skills (41%) and then

²⁵⁶ OECD (2009), Evaluation of Programmes Concerning Education for Entrepreneurship, report by the OECD Working Party on SMEs and Entrepreneurship, Paris: OECD p. 9.

²⁵⁷ DCMS (2006), Developing Entrepreneurship for the Creative Industries- The Role of Higher and Further Education London: Department of Culture, Media and Sport

²⁵⁸ OECD (2009), op. cit., p. 9.

²⁵⁹ The Higher Education Academy Art Design Media Subject Centre and NESTA, (2007), op. cit., pp. 13-14.

the lack of knowledge (22.7%). On the other hand, for pan European experts, lack of business advice and of networks (60%) account for the most important knowledge factors obstructing CCI SMEs growth.²⁶⁰

Regarding the integration of entrepreneurship within the educational system (see Fig. 29. below), 69% of the respondents in the online questionnaire disagreed with the statement that entrepreneurship was sufficiently addressed in the educational system, while 26% agreed.²⁶¹

Question: Education and training is often the preferred instrument to foster a culture of entrepreneurship. Do you agree that entrepreneurship is sufficiently addressed in the educational system?

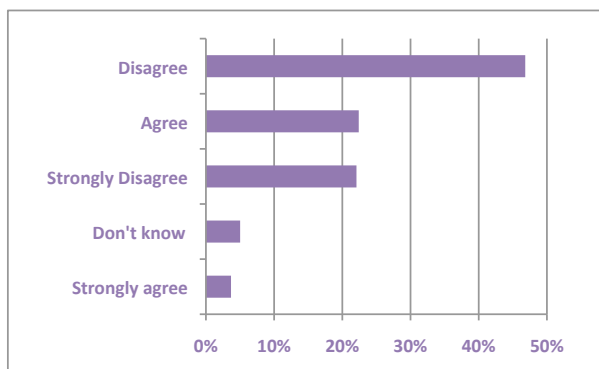


Figure 29: Agreement on sufficient integration of entrepreneurship in educational system

(Source: Eurokleis 2010, online survey)

This suggests a lack of entrepreneurial educational programmes fitting the needs of the CCI sector. Parallel to the possible tensions between the ‘entrepreneurial’ and the ‘creative’ side of a CC entrepreneur, the combination of entrepreneurial skills with artistic and creative education is not yet well integrated. Several types of educational schemes are trying to bring the two aspects together to foster entrepreneurial skills.

3.4.1. Problems in current educational and training systems

The management of cultural and creative enterprises requires specific skills from both the entrepreneurial and the artistic or cultural perspectives. The CC entrepreneurs are responsible for their own business models and financial resources. The CC entrepreneur has to understand business models that are focused mainly on components of value propositions, relationships with visitors and clients, cost structures and value chains.

Professional institutes of higher education, art schools, theatre schools, conservatories, cultural and media studies often do not address the entrepreneurial aspects of the CCIs.

²⁶⁰ Expert Questionnaire

²⁶¹ Online survey

On the other hand, professional and intermediate entrepreneurial support institutions often lack the cultural affinity and professional knowledge that is needed to support CC entrepreneurs, although good examples such as Kunst en Zaken do exist (see Best Case 27). Despite recent initiatives aimed at enhancing entrepreneurship education for art, design and media students, including projects that promote collaboration with the cultural and creative industries, there is little indication on whether these have been effective.²⁶²

Additionally, receiving a professional degree in the Arts does not provide automatic access to employment. Fine art, music, drama and design courses are heavily oversubscribed, standards are demanding and, with most courses requiring a huge amount of time in rehearsal or studio, the workload is huge. It is unsurprising that entrepreneurial skills are not acquired during this period of education as the majority of time is devoted to developing other, more specific, professional skills.

Kunst en Zaken

Kunst en Zaken provides support in order to make the transition from art-student to creative worker more effective. They also aim to enhance the palette of possibilities for the creative workers by trying to find different models in which they can trade their intellectual value to regular businesses.

(See Best Case 27)

Nonetheless, results from the online questionnaire indicate that most entrepreneurs consider themselves sufficiently skilled at the moment of business start-up. However, these skills are not necessarily derived from the formal education system. As seen in Table 10 below, 36% of CC entrepreneurs gain their entrepreneurial and business skills at the graduate/post graduate level while 61% gain these skills through on-site experience and internships.

In other words, formal education systems do not necessarily provide the proper entrepreneurial and business tools for individuals in the CCI. Integrating creativity and entrepreneurship within existing educational curricula is an important way to support CCI SMEs²⁶³ and not sufficiently recognised at the moment.

3.4.2. Informal versus formal education and training

The difference between formal and informal entrepreneurship education is a recurring discussion for CCIs. According to some of the respondents, support to develop entrepreneurial skills should come as early as possible, in phase one of the entrepreneurial lifecycle, and even earlier in the education system in order to address the desirability of being an entrepreneur.

Following the start-up of an SME, it is interesting to note that 76% of financial and economic planning is done by the CCI entrepreneur themselves. While some may have the experience to deal with financial budgeting and planning, many may simply be avoiding additional costs. It is, therefore, important that at the individual level, CC entrepreneurs are comfortable and capable of managing their finances, as this will directly affect their business growth and potential.

²⁶² The Higher Education Academy Art Design Media Subject Centre and NESTA, (2007), op. cit., p. 56.

²⁶³ Expert Questionnaire

Question: How do/did you gain entrepreneurship skills?

Item	%
Through personal networks	62.1
Through internships or hands on learning or learning by doing	61.2
Through graduate and post graduate education in entrepreneurial and business skills	36.6
Through lifelong learning initiative and training courses	30.2
Through basic training in project coordination, team building and peer-to-peer networking	15.9
Through vocational training in product and service development	15.1
Through advance training in management	12.5
Through private business courses	12.1
Through basic training in financial and business modeling	9.5
Through centers that support SMEs and entrepreneurship	7.8
Through entrepreneurship training programs at the regional level	4.7
Through entrepreneurship training programs at the national level	3.9
Through entrepreneurship training programs at the local/municipal level	2.6

Table 10: Ways of acquiring entrepreneurial skills
(Eurokleis 2010, online survey)

In fact, the two most relevant determinants to acquire entrepreneurial skills are practical experiences and the CC entrepreneur's personal relationships. Graduate and postgraduate education takes third place (36.6%) while public training courses were almost irrelevant (at national (4,7%), regional (3.9%) and local levels (2.6%)).

For CCI SMEs, business skills are needed to successfully make a living, attract investors and potentially expand their business. Many SMEs, simply put, ‘...lack the skills needed to develop a business proposal to a stage where it is ready to attract external investors’.²⁶⁴ Creative graduates need to gain awareness of the transferability of their skills (i.e. to other sectors) if they

have an interest in business entrepreneurship,²⁶⁵ possibly through initiatives such as Demola in Finland (see Best Case 28). The recent EC Green Paper on the potential of CCIs stresses the need to better match the skills needs of CCIs by allowing for continuous training initiatives as well promoting the mobility of artists.²⁶⁶ Life Long Learning mechanisms can be provided for such continuous learning schemes and could be deployed on demand by the entrepreneur.

As the acquisition of such skills occurs through both formal and informal means, the need to increase the networks and interconnection between businesses, SMEs, education and vocational institutions is recognised as particularly relevant.²⁶⁷ As a way of example, the UK’s Higher Education Innovation Fund (HEIF) has been used as

a tool to guide higher education institutions towards forming greater links with industry and the wider community. The Helsinki School of Creative Entrepreneurship in Finland (now part of Aalto University) is a collaborative initiative that aims at stimulating entrepreneurial education through its network of stakeholders (see Best Case 29).

However, while such programmes would appear to be a positive step in encouraging greater numbers of entrepreneurs, the reality is that they only attract and benefit those for whom entrepreneurship is already an interest.²⁶⁸ Conversely, some experts claim that competence building and skills in entrepreneurship are irrelevant. Against the lack of evaluation of educational

DEMOLA

Demola project is part of a project in Creative Tampere, the City of Tampere’s business development policy programme,(2006-2011), which aims to facilitate new business, services, innovativeness and creativity by linking education and business. It makes the co-operation between companies and universities closer. It teams up student of different backgrounds: technical, economical, art or design to make them work together.

(See Best Case 28)

Helsinki SCE (Aalto)

Helsinki School of Creative Entrepreneurship is a collaborative initiative that stimulates the entrepreneurship of its students by integrating three schools (art-design, business and technology) to one programme, stimulating cross-disciplinary projects to enhance their active learning from each other.

(See Best Case 29)

²⁶⁴ Hutton, W. (2007), *Staying ahead: the economic performance of the UK’s creative industries*, London: DCMS, p. 157.

²⁶⁵ KEA, (2009), *op. cit.*, p. 112.

²⁶⁶ European Commission Green Paper, (April 2010), *op. cit.*, p. 10.

²⁶⁷ The Higher Education Academy Art Design Media Subject Centre and NESTA, (2007), *op. cit.*, p. 102 ; European Commission Green Paper, (2010), *op. cit.*, p. 11.

²⁶⁸ The Higher Education Academy Art Design Media Subject Centre and NESTA, (2007), *op. cit.*, p. 42.

entrepreneurship programmes,²⁶⁹ some suggest redirecting the present educational micro efforts - such as as courses in business skills²⁷⁰- aimed at stimulating entrepreneurship, to prioritise reforms in regulatory measures, such as competition policy, tax and benefits regimes.²⁷¹ Instead of focusing on training future entrepreneurs or giving them courses in business management, the advocates of this approach argue that it is more effective in the long run to support entrepreneurship for SMEs through macro economic measures.

This tension between the micro and the macro ‘interventionist’ initiatives is presently reflected in CCI support programmes which tilt the balance towards intermediary and complementary solutions that combine ‘learning by doing’ and ‘peer to peer’ coaching. Indeed, rather than focusing on education curricula, a complementary alternative to support sustainability and growth (which could also dissipate the tension between the ‘growth-oriented CC entrepreneur’ and the ‘creation-oriented CC entrepreneur’), could be to bolster the connections between the CC entrepreneurs and individuals experienced in business.²⁷²

3.4.3. Entrepreneurship education in a changing digital environment

Increasing digitisation has led to new challenges for CCIs such as dealing with shifting ways of learning and working and understanding the differences in how CCIs and educational institutions react to this fast changing climate. With the rapid growth in information consumption complexity, there exists a need to bridge the gap between generations of consumers of digital information. Younger generations are growing up with far greater understanding of information complexity without always requiring a link from these digital objects to existing, real-world counterparts. For the younger generation, the digital objects themselves are the real-world counterparts. For the older generation, however, the explicit link between physical objects and the digital repositories of objects remains vital. For the older generations, the physical objects remain the metaphors applied to build an understanding of the meaning of that particular object. This is not necessarily the case for those who are ‘born digital’.

Many educational institutions are already unable to respond adequately to these changing student profiles. Young people are developing new forms of literacy. They frequently co-operate, function well in networks, quickly pick up social codes, participate in gaming (and learn and adhere to the accompanying rules) and are very (socially) involved. They are extremely capable of digesting discontinuous information flows and have a pro-active way of learning. Problems therefore occur with the more linear transfer of knowledge found in many existing learning and training environments.

One useful approach to overcoming such tensions can be found in the idea of “T-shaped persons”²⁷³ These are people who, by nature, end up taking a position between different disciplines and who see the merger of these two or more disciplines as a whole and not as individual, separate and unrelated entities. These T-shaped persons automatically come to fulfil the role of mediator between the various disciplines. They experience the assignment from the various

²⁶⁹ OECD (2009), op. cit., p. 9.

²⁷⁰ In this context, micro policies consist of programmes such as workshops in business skills or courses in business for creative entrepreneurs. Macro policies in this context are understood as measures on fiscal regulations (e.g. start up registration costs and social security).

²⁷¹ Storey, D.J., (2008), “ Entrepreneurship and SME Policy”, World Entrepreneurship Forum 2008

²⁷² Expert interviews and Best Cases

²⁷³ Kelley, T. and Littman, J., (2005), The ten faces of innovation: IDEO's Strategies for Defeating the Devil's Advocate and Driving Creativity Throughout your Organisation, New York: Double Day

disciplines but they are people who engage with the disciplines as an academically schooled mediator might. Therefore the T-shaped person will be able to enter into a (working) relationship with these disciplines with a degree of intimacy and, based on this, they can intuitively come up with research and design solutions.

T-shaped persons specify systems on the basis of connections (bridges) between entities instead of based on separate entities. They therefore have a much broader perception and a much more “fluid” way of thinking. They enable companies and institutions to establish connections based on natural commonalities. Because of the intimate bond they can forge with both individual disciplines and the bigger whole, they can couple the inner world of these disciplines to their outer world transparently. Through this transparent connection the various disciplines can communicate more informally and an understanding emerges of how this connection is working and can keep on working.

In this way, creativity cannot only be examined by observing how people deal with limitations. Creativity can also be examined by observing how people deal with informal openness. T-shaped persons are able to operate in different settings and they will be able to transform their work environment from one type into the other: from limitation to (controllable) openness. These are likely to be the cultural and creative entrepreneurs of the future. In view of providing support to CCI’s entrepreneurial skills acquisition, it is important to have in mind the considerations of this changing climate and the changing needs of born digital people.

3.4.4. Matching versus training

Matching the supply of skills and the demands of the labour market is a valuable complement, or even alternative, to education and skills acquisition for the CCIs. Support can be given by matching individuals with a business background with creative individuals, thus achieving multidisciplinary crossovers. The emphasis, then, is on bridging the gap between the creative and business sector by raising awareness, communication and setting up matchmaking programmes. Co-operation between formal education institutions in the arts and existing businesses is critical in order to achieve this. Innovation centres within a university or creative business incubators, often linked to art schools or universities, have proved successful in closing the gap by enabling students in a supportive environment.²⁷⁴

Facilitating the exchange of knowledge within the CCIs between experienced and inexperienced CCIs is another type of matching worth consideration. Peer to peer exchange within a network may provide crucial information on the resources available and necessary to transition from one phase to another. While peer to peer exchange or ‘peer coaching’²⁷⁵ applies particularly to the early stages of the SME lifecycle, it is also applicable throughout the growth of a business as information and technology constantly undergoes change.

3.4.5. Support on demand: mentorship programmers, advice centres and learning loops

Regarding the acquisition of entrepreneurial education and skills, it is clear that one size clearly does not fit all. Rather than trying to produce a formula for a fairly complicated and dynamic

²⁷⁴ KEA, (February 2010a), Business Innovation Support Services for Creative Industries, Short study prepared for the European Commission, (DG Enterprise and Industry), <http://www.keanet.eu/report/BISScreativeindustries.pdf>. March 5, 2010.

²⁷⁵ EC Green Paper, (2010), op. cit.: *In the document, peer coaching is the up-grading of skills and processes through the exchange between peers facing the same challenges, as a way to learn from others’ mistakes or successes, fine-tune one’s projects thanks to experienced tutors, explore new technologies or expand one’s contact base.*

process, support should be offered on demand, specific to the phase of development and the expressed needs of the CCI SME in question.

In order to provide support on demand, respondents highlighted a combination of strategies. While well-defined and needs-specific training and lifelong learning programmes are extremely valuable, they can be combined with mentoring, tailor-made to the CCI SMEs.

Advice centres were also identified as essential assets to a developing business in the CCIs. The Competitiveness and Innovation Programme, an EU financial framework put in place to increase access to finance and business advice for innovative SMEs, is one such initiative.²⁷⁶ However, despite being targeted at SMEs and trying to put the focus on entrepreneurship, the lack of specific tailored advice centres for CCI SMEs is generally lacking in EU initiatives. Most of the respondents agreed on the need for a central point where they could get specific advice for CCIs, alongside tailored advice on sector specific policies.

Different best practices in CCI SME entrepreneurship support were suggested, especially involving initiatives focusing on customised interaction: one-to-one coaching and consulting, micro-credit, bottom-up methods for developing locations used solely by end users,²⁷⁷ peer to peer consultations and flexible business incubators.

In order to improve professional training, respondents mentioned firstly the development of regional centres for CCI SMEs for applied research and exchange of practices (82.5%) and then the setting up of mentoring schemes and European mobility grants (both 61%).

FIRSTPORT

Firstport serves new and emerging social entrepreneurs through face-to-face support and advice as well as sets the cultural and creative entrepreneur with a strong network and training sessions.
(See Best Case 30)

One best case practice implementing many of the above listed characteristics is Firstport, an organisation serving CCI SMEs and other entrepreneurs (see Best Case 30).

3.4.6. Phases

As the acquisition of entrepreneurial and business skills is said to be best introduced in the educational system, before the CCI entrepreneur creates a business and as early as secondary school, some of the interviewees suggested that there was a need to introduce another phase in the entrepreneurial life cycle: phase zero. Several respondents expressed the importance of this period, which occurs prior to the creation and pursuit of an idea. Naturally the transition from 'professional training into professional practice' also proves to be a challenging stage.²⁷⁸

²⁷⁶ See <http://ec.europa.eu/cip/>

²⁷⁷ Looking at the importance of feed back loops in the design process and production of a product and service, different secured locations, such as restricted online platforms, can be developed to enable greater interaction

²⁷⁸ EC Green Paper, (2010), op. cit.

The development of apprenticeships in CCI SMEs is currently used in some countries but apprenticeship is easier in traditional industries as hiring someone can also be a considerably heavy load for micro-SMEs already under time and resources constraints. To address this

Creative Apprenticeship

Creative Apprenticeship is a UK programme that aims at bridging the lack of skills from students in the CCI sectors by offering the opportunity to learn on-the-job and giving young people a start in the CCI sectors.

(See Best Case 31)

problem, programmes such as the Nordic Creative Knowledge Exchange Programme or the UK Creative Apprenticeship Programme (see Best Case 31), link industries, education and business clusters together by providing a vital network of information and opportunities.²⁷⁹

In the first phase, the most adequate support for acquiring entrepreneurial practices was deemed to be on site experience or internship for 33% of the respondents (see Fig. 30. below).

Question: What type of support in acquiring entrepreneurial practices is most useful during the first phase?

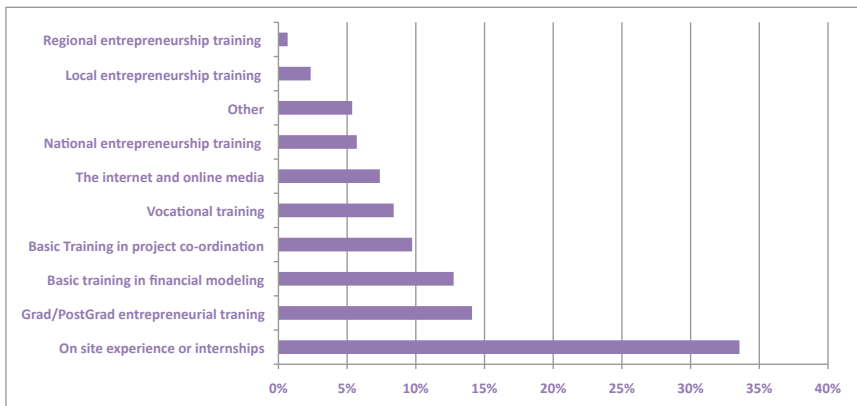


Figure 30: Most useful support for acquiring entrepreneurial practices in the start up phase

(Source: Eurokleis 2010, online survey)

It is in this phase that academia and entrepreneurship are best combined. At the local level, Chambers of Commerce tackle aspects of educational support and provide courses for starting businesses and capacity building for young entrepreneurs who are in phases one and two. At a national level the focus lies mainly on how to prepare educational institutions to meet the needs of cultural and creative entrepreneurs and future SMEs.

During phase two, support needs to be very flexible and easily accessible. CC entrepreneurs have to become familiar with terms and regulations that may help them in their business. They have to feel comfortable with debt finance and with IPR management. They must develop competencies and redefine their business towards growth with the aim of easing the transition into the next phase.

²⁷⁹ See <http://www.ccskills.org.uk/Apprenticeships/CreativeApprenticeships/tabid/82/Default.aspx>

Additionally, elements related to training were also mentioned during this phase of the entrepreneurial life cycle. The nascent entrepreneur experiences a very steep learning curve, especially if phase one has been too short or bypassed. Phase two is a period of trial and error, during which cultural and creative entrepreneurs must rely on mentors and additional training or coaching that might be available. According to respondents of the questionnaire, a specific programme for improving financial and technological skills is needed (49% of the respondents agreed that it was needed and 37% agreed that it was very much needed). This type of programme was particularly needed during phases 1 and 2 (see Fig. 31.).

*Question: In which phases of the life cycle would this programme be most useful?
(you can choose more than one phase)*

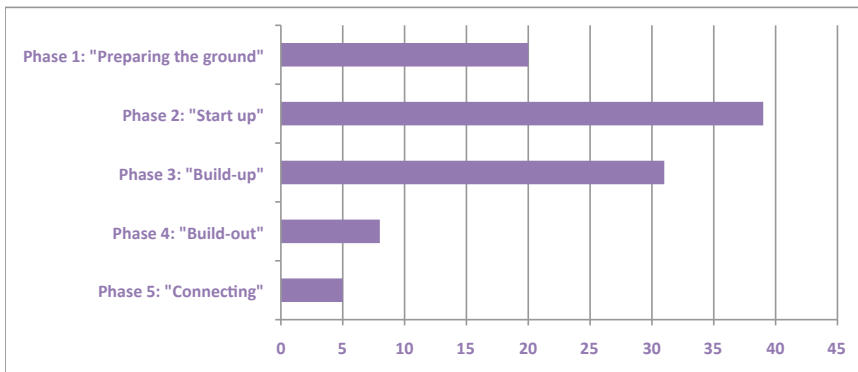


Figure 31: Most appropriate phase for specific training in technology and financial skills
(Source: Eurokleis 2010, online survey)

Similarly, Lifelong learning (LLL) programmes, that support starting and growing companies by providing personal and management skills, as well as risk management, also occur at the entrepreneur or enterprise level and are usually preferred in the start-up or the build-up phase. (see Fig. 32.)

Question: Life Long Learning (LLL) programmes providing personal and management skills, as well as risk management, can support starting and growing companies. In which phase of the life cycle are these programmes most useful?

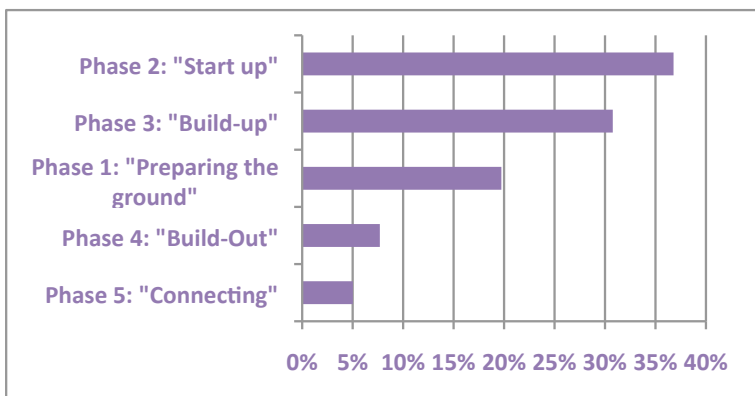


Figure 32: Preferred phase for LLL in life cycle
(Source: (Eurokleis 2010, online survey)

From phase three, issues such as the scalability and growth of a business come into play. It is during this phase that SMEs must consider whether or not they want to be scalable, which may lead to differing paths to growth. The sustainability of the SME thus becomes an important component in this phase and the phases to follow. More focused support in business skills are cited as important skills at this stage. On-demand support such as coaching is explicitly mentioned from this point.

In phases four and five, financing and market-related issues become more important and the support should focus on organising the creative process, and managing people and resources.

Additional emphasis is given to the importance of networks and peer-to-peer knowledge exchange. In these two last phases, flexibility gives way to a necessary rigidity (e.g. distinct organisational roles, many projects, project management, resource management) and this can be difficult for CCIs if the shift in scale and change of focus and structures coincides with a lack of support and guidance. From this point on, SMEs continue to require support; however, the type and amount of support needed differs and on-demand advice and coaching needs to be specific and advanced.

3.4.7. Levels

Skills, education and training can be provided at different levels. Due to the fast changing environment in which they work, regular training in developing sector-specific skills is important. 84% of the respondents thought that the development of advice and support centres specifically for CCIs is needed or very much needed, as illustrated in Fig. 33. below. Regional centres for CCI SMEs were also suggested for improving professional training (see Fig. 34).

Question: Do you see a need for the development of advice and support centres specifically for the creative and cultural industries?

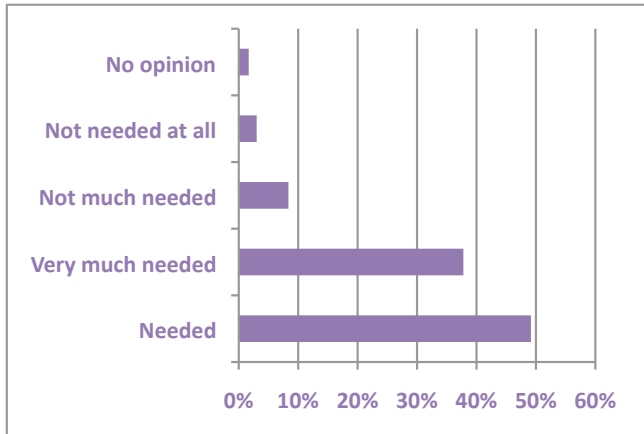


Figure 33: Need for development of advice and support centres for CCI
(Source: Eurokleis 2010, online survey)

Question: At which level would these support centres be best placed?

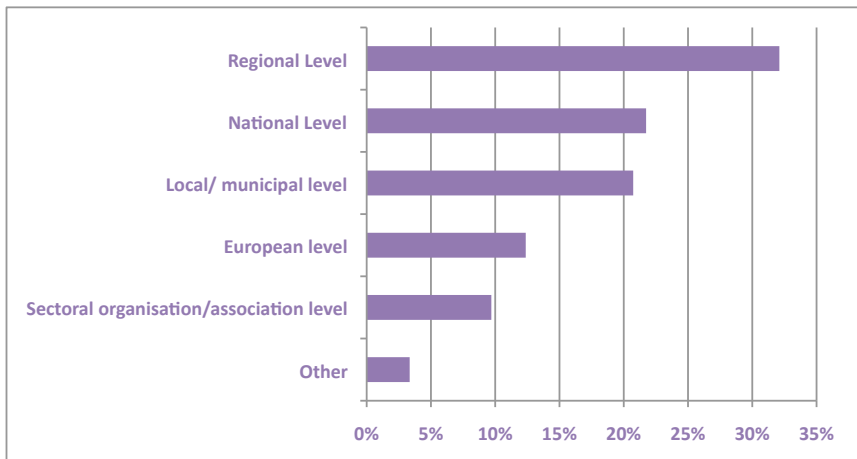


Figure 34: Preferred level for developing advice and support centres for CCI
(Source: Eurokleis 2010, online survey)

At the entrepreneur level, skills and knowledge are gained in various ways, as seen in Table 11. above. Even during the educational phases, personal initiatives and participation in extra-curricular

activities and experiences beyond those acquired through formal programmes have proven to play a major role in the development of students' and graduates' entrepreneurial capacity.²⁸⁰

During this phase, the competencies of the individual must continue to develop, such as in the areas of innovation and R&D, but also in the organisation and management of an enterprise. The process remains very much at an individual level, in part due to the large numbers of micro-SMEs. At this level, the training, skills and advice that were described for the entrepreneur level will also apply.

The continuity in learning and skills development, or 'lifelong learning' (LLL), is deemed essential to sustain Europe's innovation as research shows the influence LLL has on the creative and innovative potential of individuals, groups, organisations and countries.²⁸¹ Therefore, LLL has become a cornerstone of the EU's learning strategy, although the potential of LLL has yet to be fully embraced.²⁸² The European, regional and national levels may each play an important role in executing LLL programmes, though the majority of respondents believe that the responsibility should lie at the European level (29%),²⁸³ as in Fig. 35. below.

Question: At what level do you see this type of LLL programme most useful for your company?

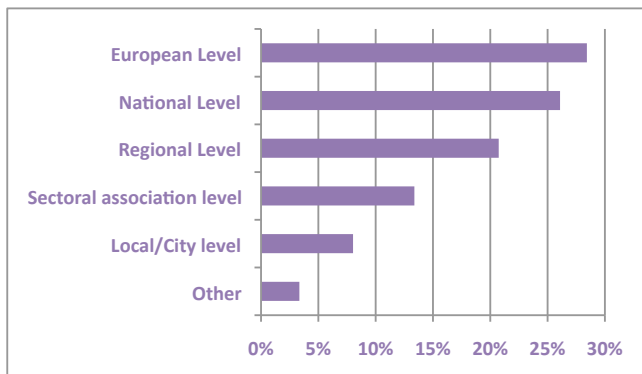


Figure 35: Preferred level for LLL strategies
(Source: Eurokleis 2010, online survey)

At the local level, the municipality may provide entrepreneurial training to entrepreneurs. However, according to respondents, training and advice is often not tailored to the CCI and is therefore not suitable. Local policy may have a narrow view of entrepreneurship, tending to focus on commercial entrepreneurship measured through levels of business start-up.²⁸⁴ This is due to a lack of understanding of the CCI by local governments or by local general SMEs support centres that may not possess information on the CCI sector. However, training at this level is beneficial in that the CC

²⁸⁰ The Higher Education Academy Art Design Media Subject Centre and NESTA, (2007), op. cit., pp. 94-101.

²⁸¹ Dohmen, M. (2009), The future of continuing education in Europe, Bonn: German Federal Ministry of Education and Research, Bonn, Germany

²⁸² KEA, (2009), op. cit., p. 119.

²⁸³ Online survey

²⁸⁴ The Higher Education Academy Art Design Media Subject Centre and NESTA, (2007) op. cit., p. 25.

entrepreneurs that participate can directly contribute to their local environment. Thus, there may be greater impact in less time through local training and advice centres.

The role of the regional level was strongly highlighted by the interviewees regarding the competencies of entrepreneurs in the CCIs, one good example being Arge CreativWirtschaft (See Best Case 32). Regions are often close to developments in the CCIs, and offer training, coaching, LLL programmes, and the organisation of

Arge CreativWirtschaft

Arge CreativWirtschaft is a competence centre for creative entrepreneurs and individuals. It acts in entrepreneurial skills (training and support in networking), representation of interests and information and awareness raising. It acts as a knowledge hub for the interests of the creative industries.

(See Best Case 32)

‘learning loops’ and this can be efficiently supported at the regional level alongside other services such as consulting, advising and business modelling. 32% of respondents believe that advice support centres should be placed at the regional level, while 22% chose the national level (see Fig. 35. above). In addition to the services listed above, the region plays an important intermediary support role, linking the local level with the national level. Overall, a system for advice and support oriented to the CCIs is strongly required in particular at regional and local levels.

According to respondents, the national level also has an important role to play in terms of education and skills for the CCIs. It is seen as useful to establish collaborative platforms, advice centres and to foster links between CCIs and research and development. Additionally, support can intervene in formal education curricula development as it is usually a national competence and not regional one. For instance, in the Netherlands, the requirements to become a professional architect are established at a national level. On the other hand, at the national level, the local context may be overlooked and the needs of CC entrepreneurs and micro-SMEs are not always properly identified or addressed. Therefore, the national and regional levels need to be linked so that the regional level can be an ambassador for policies made at the national level, and the national level in turn can benefit from the understanding that the regions have on the needs of individuals in the CCIs.

The EU level is primarily responsible for the structural measures required by the CCIs regarding the regulatory environment. These include enforcing and correctly evaluating IPR, and proactively offering direct support in the field of training and formal networking. Facilitating increased exchange between groups of professionals, such as policy makers, innovation support experts, and creative cluster managers would improve the wealth of expertise on working practices and programmes in the CCIs.²⁸⁵ The EU level is not the level of authority best suited for delivering services. Rather, at this level, cultural exchange and the flow of ideas between Member States on entrepreneurial educational programmes can be more effective.

The difficulties of CC entrepreneurs and micro-SMEs may also vary greatly depending on the sector within the CCIs. For instance, contrary to the gaming sector, where the difficulties within the sector lie in the area of knowledge sharing, entrepreneurial skills and communication with supporting organisations; the music sector finds its difficulties setting up financial flow models and mechanisms that aid in the sustainability and growth of the activities carried out by SMEs.

²⁸⁵ KEA, (2010a), op. cit.

However, while the needs may vary greatly between sectors of the CCIs, essential general training on entrepreneurial skills, alongside sector-specific training, is crucial. Essential training, from writing business plans to relating product ideas to a market situation, is required to remain informed and to reflect on new developments. This is particularly true for those SMEs that not only lack technological training, but also sector-specific training. Currently, the sectoral associations may only provide some basic training though more specialised knowledge is necessary. Sectoral support for CCIs' entrepreneurial skills was mostly perceived to be through exchange of best practices (97%) and consultations (76%) to gather for example, information on CCI policies and effectiveness.

3.5. Access to innovation

The Europe 2020 Strategy highlights the need to strengthen the role of knowledge and innovation as drivers of growth for Europe's future challenges.²⁸⁶ The Innovation Union, one of the flagship initiatives announced in Europe 2020, recognises the role of creativity in the innovation process, and underlines that "*the creativity and diversity of our people and the strength of European creative industries offer huge potential for new growth and jobs through innovation, especially for SMEs*".²⁸⁷ These priorities placed the spotlight on CCIs, acknowledging the role of the creative talent workforce and entrepreneurship as essential for tackling these challenges.²⁸⁸ Innovation now also encompasses not only scientific innovation but also hidden innovation, such as innovative processes hidden from classical innovation measures;²⁸⁹ soft innovation;²⁹⁰ or design processes as drivers of user-centred innovation.²⁹¹ This is an indication of the willingness to unlock the potential role that the CCIs could have in further enabling innovation in Europe.

The Third Austrian Report on Cultural and Creative Industries suggested that the CCIs are more innovative than the average sector in the economy. In 2008, a survey undertaken with more than two thousand Austrian CCI enterprises showed that 46 % of organisations in the cultural and creative industries supported customers outside of their sector in generating innovation.²⁹²

However, in order to fully tap into the innovative potential of the CCIs and increase their (indirect) impact on other sectors of the economy, it is essential to facilitate their access to innovative processes and tools. Strengthening the links between academia, knowledge institutes, CCIs and businesses in other sectors can be one prompting factor that support CCIs' access to innovative trajectories. If they are to prosper from this, the CCIs must have the strategic ability to understand the impact of new technology and the practical ability to exploit it.²⁹³

At the same time, rapid communication and digital convergence represent a fundamental opportunity for innovation for CCIs. The opportunities for resorting to user-driven creation through interactive networks, including feedback loops in the production processes as well as using the internet for innovative methods to approach audiences, are keys to enabling greater innovation

²⁸⁶ EC Communication, (March 2010b), op. cit., p. 9.

²⁸⁷ EC Communication, (October 2010), op. cit., p. 7.

²⁸⁸ *Ibid.*, p. 9.

²⁸⁹ Miles, I. and Green, L. (2008), *Hidden Innovation in the Creative Industries*, London: NESTA

²⁹⁰ Stoneman, P. (2009), *Soft Innovation: Towards a more complete picture of innovative change*, London: NESTA.

²⁹¹ EC Staff Working document, (2009a), op. cit.,

²⁹² Arge Kreativwirtschaft Austria, (2010), op. cit., p. 11.

²⁹³ DCMS (Department for Culture, Media and Sport), (2008), *Creative Britain- New Talents for the New Economy*, London: Department of Culture, Media and Sport

within the CCIs. Innovation policies must therefore address these key drivers, both technological and non-technological, and allow for flexible approaches that correspond to the needs of CCIs.

Thus, the positioning of the CCIs is twofold. CCIs can themselves be drivers of creativity and innovation and recognised as an essential part of creativity in social and technological innovation processes,²⁹⁴ while support for innovation is needed to further the creative potential of the CCIs and is essential in maintaining their competitiveness.

The importance of innovation was also recognised in the online questionnaire as 74% of the respondents highlighted the need for investment in innovation for CCI SMEs while the need for stronger support in R&D was also perceived as necessary by 85% of the respondents.

3.5.1. Dynamic innovation landscape

Innovation is traditionally viewed and measured from the technological and scientific perspective. This makes it difficult to include the more intangible and creative nature of innovation the CCIs have to offer. Even though innovation is now accepted as encompassing more than just technology,²⁹⁵ it is still hard to predict whether these innovative processes will succeed in the market.

The concept of soft innovation, reflecting changes of a largely aesthetic nature,²⁹⁶ can be both non-functional (aesthetics) as well as functional. According to NESTA, soft innovation is largely found in the creative sector, even though the non-creative sector holds also some soft innovation potential.²⁹⁷ The actual lack of measuring indices that take into account soft innovation alongside technical and scientific innovation accounts for one of the major difficulties in terms of recognition for the CCIs.²⁹⁸

New measures, such as those being researched by NESTA²⁹⁹ or by the European Innovation Scoreboard,³⁰⁰ attempt to bridge this gap. The Netherlands and Canada have also started to do so by incorporating user-innovation within innovation measurement.³⁰¹ Apart from aesthetic changes, innovative processes, new organisational models or new business models have also begun to be recognised as innovation under the name *hidden innovation*.³⁰² The latter is difficult to disentangle from routine work of 'problem solving' by an organisation and is not necessarily recorded in the organisation's innovation practices and thus is not flagged as innovation. This makes it hard to back up with appropriate policy. Soft innovation and the subsequent processes of hidden innovation are, however, essential when dealing with service innovation.

²⁹⁴ Open Method of Coordination for the Cultural and Creative Industries in Europe, (2009) Preliminary report, p. 18.

²⁹⁵ EC Communication, (September 2009c), op. cit., p. 8.

²⁹⁶ Stoneham, P, (2008), op. cit., p. 18.

²⁹⁷ Stoneham, P, (2008), op. cit., p. 18.

²⁹⁸ Interview European Sectoral Organisation

²⁹⁹ See http://www.nesta.org.uk/innovation_index

³⁰⁰ See <http://www.proinno-europe.eu/index.cfm?fuseaction=page.display&topicID=275&parentID=51#>

³⁰¹ NESTA, (April 2010a), op. cit., p. 11.

³⁰² Green, L, (Dec 2008), Hidden Innovation in Creative Industries, NESTA- Video game innovation workshop, Manchester Business School

The influence that such innovative processes can have on an organisation's efficiency, management procedures or the interaction with the customers can be considerable. The EU EPISIS INNO-Net³⁰³ and the EU Knowledge Intensive Service Innovation Platform are policies and instruments to support service innovation and are illustrative of the recognition of such innovative processes at the decision-making level.

Moreover, the concept of open innovation, defined as 'the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation',³⁰⁴ blends the multiple innovation processes of organisations to advance new methods to achieve a common goal. This can be illustrative of the impact that CCIs can offer to other organisations as an indirect spin-off effect of creativity as a driver of innovation in other organisations. One example among many is 'The Walk'. This was a collaboration between a visual artist producing a human sculpture with a textile enterprise and was aimed at stimulating the flexibility of the enterprise employees. It aimed to teach them to think in a more future-oriented way in order to anticipate the ever-changing market with a view to modifying organisational processes.³⁰⁵

However, the appreciation of soft innovation or other types of non-technological innovation is not fully homogenised across government or is not yet translated into policy actions. Countries have different ways of tackling innovation that affects the general context for CCIs. A country in the knowledge economies cluster recognises the benefit of soft innovation for business and will have specific programmes aimed at supporting CCIs. The UK for example encourages the uptake of innovation vouchers that could 'nudge' firms towards an increasing use of innovation services.³⁰⁶ Other initiatives such as the Knowledge Transfer Network (see Best Case 33) from the UK Technology Strategy Board are also illustrative of the support they give to enhance innovation in the CCIs.

However, not only do CCIs need to be recognised as drivers of innovation, in all the senses mentioned above, but they also need to be appropriately supported in innovative processes to tap into their full innovative potential. The EU has invested 147 billion Euros (2007-2013) to stimulate R&D and ICT, but such innovation policy largely ignores the value of culture-based creativity. It is estimated that the EU will spend less than 3 billion Euros (2007-2013) on culture-based creativity.³⁰⁷

Open source and collaborative platform developments that have arisen from digital and technological development open up opportunities for the CCIs to respond to new demands. This allows for low-cost creative experimentation that can be tested and reshaped by the prosumer, allowing for a more level playing field for innovation try-outs.³⁰⁸ Allowing such creative try-outs is essential in triggering innovation. A study by NESTA found that 25% of user innovator firms have shared their process with equipment suppliers (20% did receive royalties as compensation for their sharing).³⁰⁹

³⁰³ See <http://www.proinno-europe.eu/episis>

³⁰⁴ Chesbrough, H.W. ((2003), op. cit.

³⁰⁵ See <http://www.arteconomy.be/htm/getpageEN.asp?i=3>

³⁰⁶ Potts, J., Morrison, K., (April 2009b), *Nudging Innovation*, London: NESTA

³⁰⁷ KEA, (2006), op. cit., p. 139.

³⁰⁸ UK Technology Strategy Board, (2009), op. cit., p. 26.

³⁰⁹ National Endowment for Science, Technology and the Arts, (April 2010a), *Measuring user innovation in the UK - The importance of product creation by users*, London: NESTA, p. 8.

CCIs, and especially the design sector, use user-oriented strategies.³¹⁰ Design can act as a potential instrument for innovative solutions and products that seek to understand user needs, aspirations and abilities at a lower cost than traditional R&D activities.³¹¹ The role of CCI SMEs in maintaining closer interaction with the user and consumer is influential in their capacity to innovate new processes and services. This changing dynamic between audience and content creator, especially with the rise of digital content, allows for the personalisation and co-creation of services and products. This also allows for greater knowledge exchange and can have a considerable effect on the business models of cultural and creative industries. “User-innovators are firms or individual consumers that expect to benefit from using a novel product or a service they develop”.³¹² Cultural and creative entrepreneurs are well aware of this potential.

Enabling such exploratory environments to emerge is therefore vital for unlocking the potential of CCIs to innovate and foster a spin off effect on the other sectors. In this context, interoperability is important as it can also ensure greater access to new platforms for CCI SMEs and as such can increase the level of cross-sectoral and multi-disciplinary collaboration that can enhance open innovation at a lower cost across borders.

CCIs are constantly innovating in their products or services and in the study’s online questionnaire, it emerged that the most important reasons to innovate are usually improvement oriented (35%) or user-oriented (29%) (see Fig. 36. below).

Question: What is the aim of your organisation when innovating?

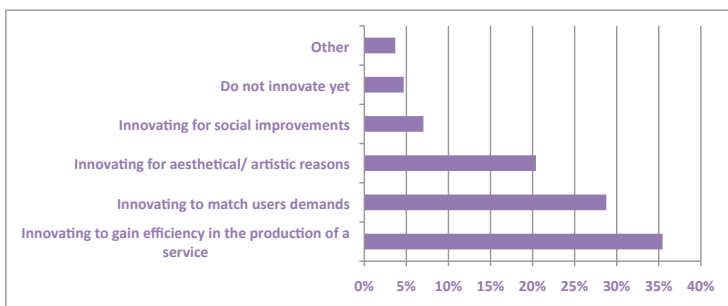


Figure 36: Aim of CCIs when innovating
(Source: Eurokleis 2010, online survey)

In this regard, design is increasingly seen as a particular strength for Europe and a source of competitive advantage. The EU Communication on Design as a driver of user-centred innovation showed that non-technology R&D was as competitive as technology R&D and could be seen as a solution for low technology SMEs to increase their competitiveness.³¹³ This was confirmed in the results of the open consultation on design as user-centred innovation to be integrated in the future

³¹⁰ EC Working document, (April 2009a), op. cit., p. 17.

³¹¹ Ibid., p. 12.

³¹² National Endowment for Science, Technology and the Arts, (April 2010a), Measuring user innovation in the UK - The importance of product creation by users, London: NESTA, p. 9.

³¹³ EC Staff Working Paper, (April 2009), op. cit., p. 12.

innovation policy.³¹⁴ However, one of the greatest barriers is the lack of awareness of policy makers and SMEs themselves of the economic and innovative potential of design.³¹⁵

On top of lacking awareness of the innovative potential of design, CCI also face innovation constraints and challenges in understanding new emerging lifestyles and managing the role of the user/consumer (see Fig. 37. below). Greater interaction with the customer through, for example, digital interactive platforms could support CC entrepreneurs. According to the research institute Creativwirtschaft, certain other constraints, such as lack of time (20%), lack of funding sources (18%) and missing customer approval (14%) are also innovation constraints.³¹⁶

Question: Please, select the three most important challenges in innovation that your sector faces

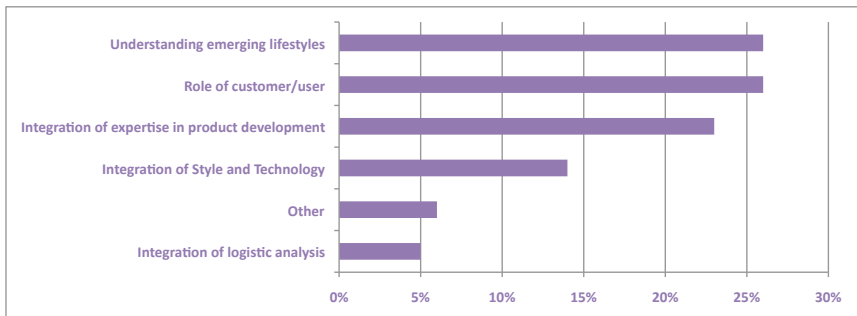


Figure 37: Most important challenges in terms of innovation
(Source: (Eurokleis 2009, sectoral expert questionnaire)

3.5.2. Promoting innovation for CCIs: targeted or blended support for innovation

There is a recognised need to support innovation and access to innovation for the CCIs in order to enhance their existing innovative processes and increase their efficiency as well as spill-overs to other sectors of the economy.

3.5.2.1. Broadening innovation definitions

In order to support innovation take up by CCIs, first of all, the innovative potential of CCIs have to be recognised. Opening up the definition of innovation to include CCI outputs and processes contributes to supporting CCI innovative practices. Recognising, for example, talent based research (such as talent scouting) or user-innovation as part of CCIs innovation can also enable access to funding from existing innovation funds.

Two main ideas emerged from the expert interviews. Firstly, there is a need to recognise creativity and soft innovation as part of innovation. In so doing, the opportunity for CCIs to apply for

³¹⁴ EC Staff Working Paper, (April 2009), op. cit., Cunningham, P.N, (2008), National and Regional Policies for Design, Creativity and User-driven Innovation, Thematic report, European Trend Chart on Innovation Policy

³¹⁵ EC, (October 2009), Results of the open consultation on design as a driver of user-centered innovation, http://ec.europa.eu/enterprise/policies/innovation/files/results_design_consultation_en.pdf

³¹⁶ See <http://www.creativwirtschaft.at>

innovation funding can be opened, although specific targeted support for innovation might be necessary and complementary in order to increase the use of these programmes by CCIs. The respondents from the expert questionnaire agreed or fully agreed (70%) on the fact that innovation policy needed a sector-specific approach, perhaps as a first step. Secondly, innovation funds usually go to the most institutionalised sector and innovation policies are mostly directed at R&D and scientific sectors. Recognising the potential of CCIs as producers of knowledge and soft innovators can unlock some of these funds.

3.5.2.2. Access to knowledge

Knowledge, competence and related intangibles have emerged as key drivers of competitive advantage in developed countries. One of the priorities noted by the UK Technology Strategy Board's report on Creative Industries to foster innovation, is developing the skills, knowledge sharing and the cross-exchange of experience and knowledge between the different sectors of the CCIs.³¹⁷ CCIs rely on knowledge to break through innovative services or products or to keep updated about new practices, markets and technologies. Knowledge exchange can act as a catalyser for the CCIs' to reach bigger opportunities and closer interaction with users. In a study by NESTA, it was shown that innovation was closely associated with accessing knowledge (53%), especially international sources of knowledge.³¹⁸

Accessing external knowledge is a key factor for a firm's competitiveness.³¹⁹ Looking at the important use of multi-platforms for innovation, the UK Strategy Technological Board underlined the need to promote knowledge sharing and stimulate new skills and cross media collaboration in order to promote open innovation processes and develop new brands, products, services.³²⁰ As the differences between sectors become more blurred, this means that cross-media knowledge transfer can take place in an easier manner.

The existing initiative funded by the UK Technology Board **Creative Industries, Knowledge Transfer Network Beacons**, demonstrates the importance accorded to transfer of knowledge and illustrates the type of support to innovation by increasing knowledge flow and exchange (see Best Case 33).³²¹ In this case, knowledge sharing

across borders and different uses of IP in order to enable SMEs to take advantage of the flow of information were strong suggestions from the expert questionnaire.

Knowledge Transfer Network

Knowledge Transfer Network for CCI is the UK national networks in CCI which brings together people from businesses, universities, research, finance and technology organisations to stimulate innovation through knowledge transfer.

(See Best Case 33)

³¹⁷ UK Technology Strategy Board, (2009), op. cit.

³¹⁸ NESTA, (2010c), op. cit., p. 3.

³¹⁹ NESTA, (May 2010), op. cit., p. 7.

³²⁰ UK Technology Strategy Board, (2009), op. cit., p. 11.

³²¹ Prospect for CIKTN, "Unlocking Knowledge Transfer: Report 1/3 Baselines", CIKTN Beacon Project, see <http://creativeindustriesktn.org/beacons>

Fig. 38. below demonstrates that CCI SMEs found information and knowledge through peer-to-peer exchange of knowledge (24%), co-operation with other sectoral organisation (19%) or open information sources (18%) most relevant. Programmes that foster the exchange of practices between CCIs and peer-to-peer learning have been seen as having great potential to foster knowledge exchange and innovative practices.

Question: Select the three most relevant sources of knowledge for CCI SMEs

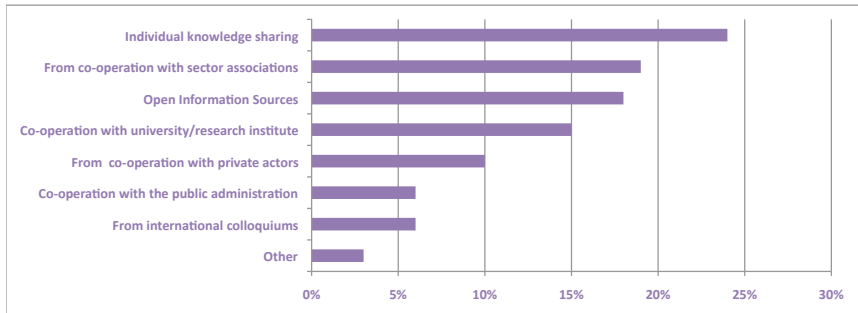


Figure 38: Most relevant sources of knowledge for CCI SMES

(Source: Eurokleis 2009, Sectoral Expert questionnaire)

Although most knowledge about research and innovation initiatives mostly comes from the internet, the importance of networks, both professional and personal, is far from insignificant (see Fig. 39. below). The internet can also be the medium for online platforms of exchange and accounts for an important source of knowledge. Social media tools and open source software are all elements that encourage innovative practices through the exchange of information or through collaborative content creation processes.³²² The need to increase digital literacy to make use of digital opportunities is essential to promote innovation, through methods such as user

SEE

SEE – Sharing Experience Europe – Policy, Innovation & Design is a network of eleven organisations sharing knowledge and experience in order to develop new thinking, disseminate good practices and influence local, regional and national policies for design and innovation in their countries.

(See Best Case 34)

IBBT

IBBT is an independent research institute created by the Flemish government to motivate ICT innovation by integrating demand-driven approaches. It places great emphasis on engaging in multi-disciplinary research studies and is specially focused on new media.

(See Best Case 35)

³²² UK Technology Strategy Board, (2009), op. cit., p. 24.

participation. Different State initiatives have been established with the aim of increasing the take up of innovation with the use of the digital media. The examples of SEE in the UK and IBBT in Flanders, Belgium, are illustrative (see Best Cases 34 and 35).

The place of customers and employees as a source of knowledge for research and innovation initiatives is not yet fully exploited as can be seen from Fig. 39. Increasing digital literacy can improve the take up of the potential that the digital world has to offer.

Question: How do you acquire knowledge about research and innovation initiatives and programmes related to your business?

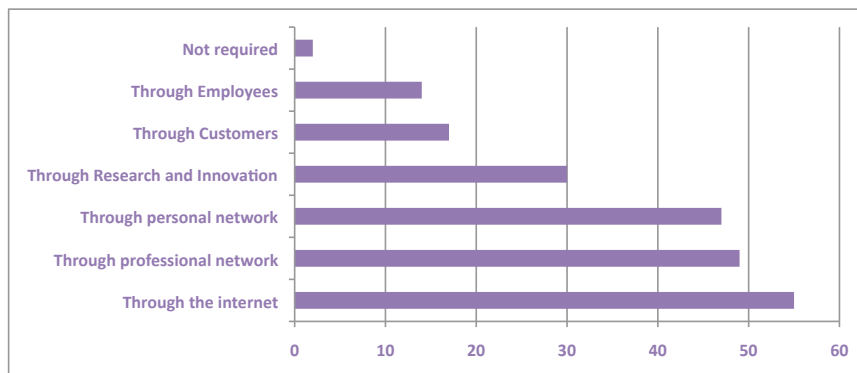


Figure 39: Ways to acquire knowledge about research and innovation initiatives
(Source: Eurokleis 2010, online survey)

3.5.2.3. Access to networks

As noted earlier, networks can serve as a source of innovation through the exchange of best practices. The cross-exchange of knowledge, ideas, practices between various actors such as academia, business and CCIs can enhance innovation potential.³²³

Moreover, networks can serve as reliable source of information. The need to access knowledge is closely linked to accessing specific information out of the vast amount of information available. However, the amount of information available is disproportionate to the time CCI SMEs have to acquire this knowledge. Filtering the information through networks, and especially through informal events such as ‘peers and beers’ is essential for CCI SMEs to exchange valuable knowledge and information,³²⁴ as can be seen in Fig. 39. above. (Networking and collaboration are explored in greater detail in section 3.6 below).

3.5.2.4. Recognising CCI SMEs as producers of knowledge

CCI SMEs are not sufficiently appreciated in producing new knowledge and adapting specific knowledge transfer processes. On the other hand, given their inherent stability, larger companies

³²³ EC Green Paper, (April 2010), op. cit., p. 11.

³²⁴ CIKTN, (2010) Prospect for CIKTN, “Unlocking Knowledge Transfer: report 1/3 baselines”, CIKTN Beacon Project #9, see <http://creativeindustriesktn.org/beacons>, p. 9.

and universities tend to have well-established links with research support and funding opportunities and are recognised as producers of knowledge. Given their larger premises, professional staff, technical resources and breadth of skills (including dedicated legal, HR and financial experts), they tend to set the research agenda while CCI SMEs have little say and receive little recognition of the research outcomes of their own processes.

However, for most CCI SMEs, the role of universities is somewhat limited in providing knowledge, though good examples like Tuli in Finland do exist (see Best Case 36). On the other hand, communities of practice – professional associations and more informal groups – are

considered an extremely important source of new ideas. Fostering a culture of innovation through non-technological drivers such as entrepreneurship development requires more attention being paid to the skills gap present between large organisations and CCI SMEs. More recognition for the role of the Applied Research sector in helping to assess CCI SMEs output in terms of knowledge production should be considered.

To enable SMEs to locate sustainable paths to growth, they must be able to tap into specific skills more-or-less as they are required, or on-demand. While several EC programmes have sought to better address the needs of SMEs and include SMEs in research programmes, these SMEs are themselves often unaware of their applied research needs and are unable coherently to express them. A mediating intermediary level is clearly required to negotiate between the educational and training perspective and the economic perspective.

Such a layer could be provided on a regional basis to support small scale, practice-oriented business innovation. In this respect, the Regional Attention and Action for Knowledge Circulation (RAAK) programme in the Netherlands offers some pointers. RAAK brings together Universities of Applied Science and SMEs on a regional basis and a recent evaluation has shown that a large number of SMEs participate in RAAK are not automatically involved in innovation processes.³²⁵ For SMEs in the CCIs, such an approach would have the added advantage of strengthening the applied research backbone of creative clusters and in so doing increase knowledge exchange.

TULI

Tuli is Finnish nation-wide program that turns research results into business innovations. They fund risky ideas into product or services as well as provides information on patent, legal aspects and market analyses for CCIs.

(See Best Case 36)

³²⁵ Stichting Innovatie Alliantie, (2008), RAAK Beleidsvaluatie 2005-2008. See <http://www.innovatie-alliantie.nl/?id=579>

Within the CCIs, innovative funding approaches, which engage more directly with innovative, bottom-up, small-scale creative networks, are likely to be critical to fostering future transformational research in the CCIs. Combined with trends in digital convergence, these innovative funding approaches look likely to supersede traditional approaches (see 3.6 below

Digi Demo

Digi Demo is a Finnish governmental project that has as the main goal to support the development of culturally relevant digital creative content, which enables companies to allocate resources to development work. DigiDemo subsidies have been important for preproduction phase development projects, for which very little other funding is available.

(See Best Case 37)

and Digi Demo, Best Case 37)). Producing knowledge is not the sole competence of academia or research institutes but can also be found within CCI SMEs processes and networks. Recognising this enables policy makers to open up broader collaborative schemes for the exchange of innovative practices.

3.5.2.5. Investing in innovation

From the expert questionnaire, public-private partnership was the most relevant measures to foster innovation projects. Indeed, 26% of the respondents agreed with this statement (see Fig. 40. below).

Private investments in innovative CCIs, such as a venture capital or business angel frameworks, are regarded as beneficial for fostering CCI innovation. Private investments can provide a certain flexibility and allow for experimentation that is vital for CCI innovative processes.

Question: Select the three most important measures for the promotion of innovation

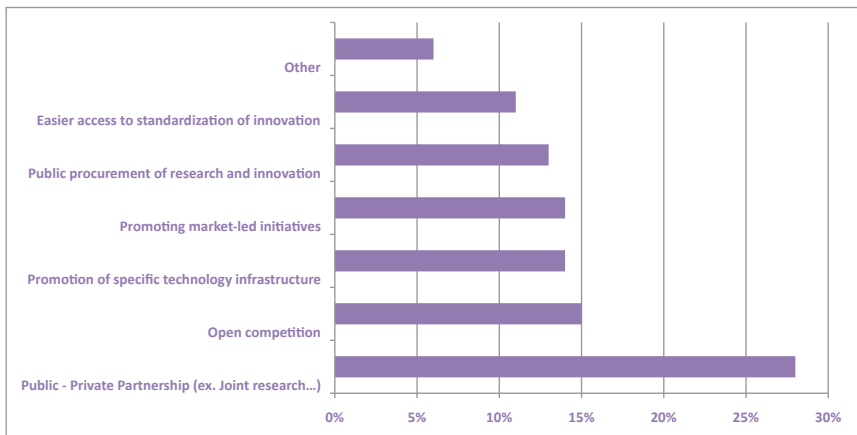


Figure 40: Most important measures for the promotion of innovation

(Source: Eurokleis 2009, Pan European expert questionnaire)

In terms of public initiatives, public procurement is regarded as an untapped mechanisms to foster innovation³²⁶ and market access to CCI, as described in section 3.1 above

Innovation vouchers are also seen as another public or semi-public funding scheme that could foster innovation. NESTA and KEA are currently undertaking longitudinal research to quantify the success of this current approach used in their pilot project in Manchester.³²⁷ These vouchers are used to encourage businesses to hire creatives to trigger innovative mechanisms in their business as ‘soft’ innovation may not yet be available in their value chain. This can help increase the innovation capacity of the non-creative businesses and the cross-sectoral dimension.³²⁸ Innovation vouchers can also be provided for CCI as a way to increase their investment on innovation.

3.5.3. Phases of support

CCIs are constantly innovating and adapting their products and services, increasing the diversity of the products and services available, as well as adapting to the environment and to demands of the user/consumers. However, in terms of business strategy, it emerged from the online survey (see Fig. 41. below) that innovation support is considered most important during the build-up phase of the CCIs. Having acquired an initial first level of stable, sustainable existence, the novelty of the beginning is changed into adaptable behaviour, based on practical criteria and usability. Innovation support can strengthen the CCIs to transform ‘discovery’ into ‘exploitation’.

Question: In which phase of the life cycle is innovation support most important for your company?

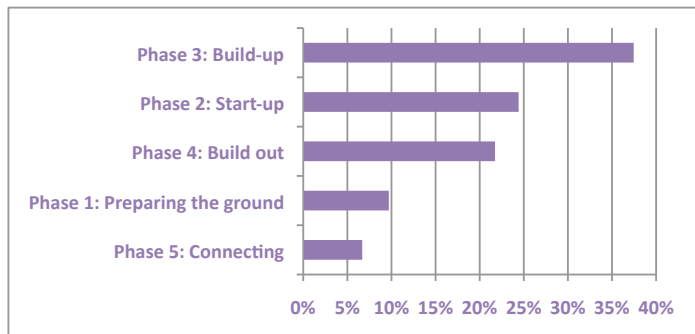


Figure 41: Most important phase for innovation support for CCI SMEs
(Source: Eurokleis 2010, online survey)

According to some respondents, this phase corresponds to the moment when CCI SMEs are faced with the choice of growing and/or sustaining themselves at the same level. Innovating in services, products or strategic development at this stage can enable the CCI to remain competitive and novel, as well as enabling it to discover new opportunities for growth potential.

³²⁶ National Endowment for Science, Technology and the Arts, (May 2010b), Research Report: Opportunities for innovation through local government procurement- A case study of Greater Manchester, London: NESTA, p. 16.

³²⁷ Interview NESTA

³²⁸ Interview with European Think Tank

3.5.4. Levels of support

In terms of levels of support, respondents from the online survey indicated a slight preference for innovation support coming from the national level, with regional and European level following closely behind (see Fig. 42. below).

Question: At what levels do you see a need for further stimulation in innovation for CCI SMEs?

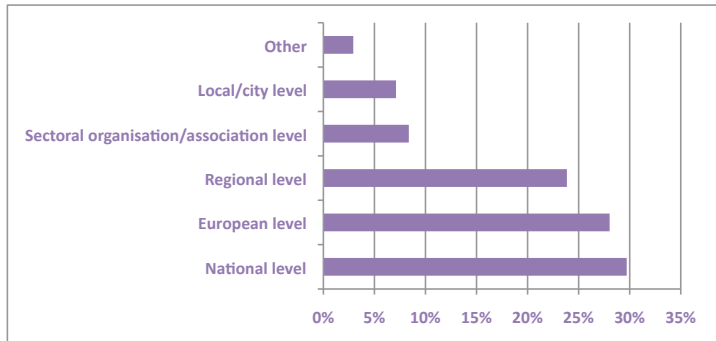


Figure 42: Preferred Levels for innovation investments for CCI SMEs

(Source: Eurokleis 2010, online survey)

National services for innovation such as innovation vouchers or advice centres and knowledge networks, can provide important opportunities for other sectors to engage with CCI SMEs or can foster CCI SMEs to engage in innovation, increasing the innovative potential outputs of CCI SMEs.

Regional support can represent the intermediate level, linking knowledge networks, CCI SMEs, applied research centres and other businesses. As CCI SMEs are not necessarily aware of their own needs in terms of applied research or innovation, the regional level can offer small-scale and practice-oriented clusters that offer a great opportunity to exchange knowledge and at the same time increase learning processes for SMEs. CCI SMEs must be able to require innovation support more or less on-demand. As far as the regions are concerned, structural funds can be used to fund innovative, small-scale creative networks that will have significant impact on innovative outputs from CCI SMEs and on other sectors.

Triangulation and increasing the level of exchange between research institutes academic and CCI SMEs is thus crucial for enabling greater collaboration and fostering new ideas and innovative processes. In the online survey, it emerged that national and regional levels were seen as most adequate levels to stimulate partnerships. (see Fig. 43. below).

Question: At which level do you see a need in stimulating partnership between private business, public institutions and CCI SMEs?

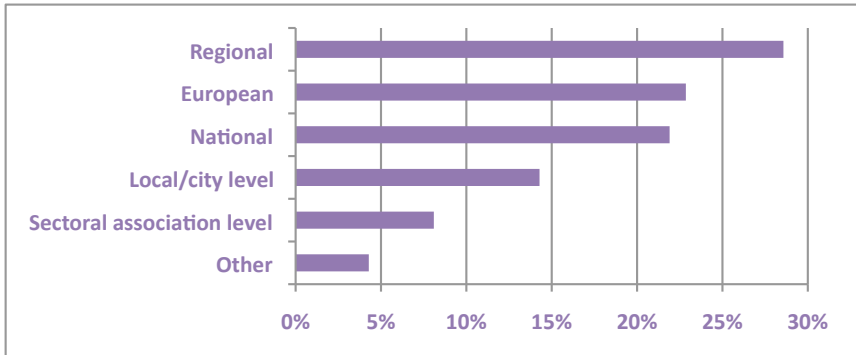


Figure 43: Preferred level to stimulate partnership between private business, public institutions and CCI SMEs
(Source: Eurokleis 2010, online survey)

Despite the number of current innovation programmes at the European level, the complexity of the procedures involved means they are not necessarily adequate for small enterprises such as CCI SMES that may have limited resources in time, money and knowledge. However, as noted earlier, opening up the definition of innovation can open up opportunities for innovation funding for the CCIs.

3.6. Clusters and collaboration

In order to increase the capacity to experiment, to innovate, to grow as successful CC entrepreneurs with the right skills and sources of finance, there is a need to foster conducive environments where CCIs will prosper with a certain security, freedom to experiment and with access to the right information and knowledge. In this regard, collaboration and networking is a key enabler to strengthen CCIs.

3.6.1. Collaboration and networks

As seen in the previous section, networking was seen as an essential aspect for CCIs to access and exchange best practices, exchange knowledge or to have a supporting scheme for collective initiatives: networks are thus seen as enablers of innovation. In the expert questionnaire, 52% of the respondents noted that networking opportunities were most relevant for supporting the growth of CCI SMEs.

As noted, CCI SMEs have to combine multiple tasks such as producing creative output, administrative tasks and gathering important information in order to keep updated and so to stay competitive. This requires a considerable amount of time. As a NESTA study demonstrated, small firms tend to be disadvantaged in terms of sourcing knowledge and they use networks to overcome “imperfections in the market of knowledge” as the configuration of a network in a firm at an early

stage will influence the company's performance.³²⁹ According to NESTA, 47% of their study's respondents found that this was significantly helpful for their innovation potential.³³⁰

Collaboration and networks are thus essential for CCI SMEs to survive. In the study's online questionnaire, it was seen that half of the respondents sometimes collaborated with other enterprises in the same sector, and similar results were found for collaboration with other sectors (see Fig. 44. and Fig. 45. below).

Question: Does your enterprise co-operate with other enterprises in the same sector?

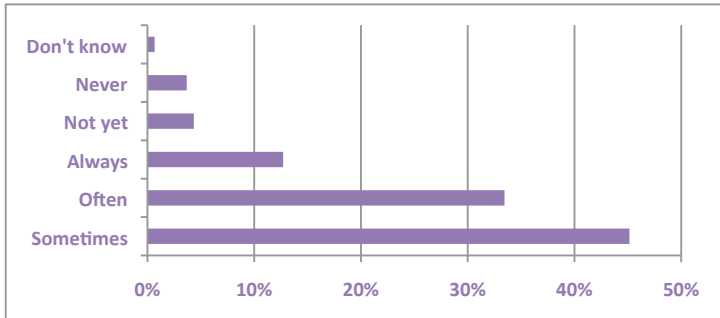


Figure 44: Co-operation with other enterprises in the same sector

(Source: Eurokleis 2010, online survey)

Question: Does your enterprise co-operate with other enterprises in different sectors?

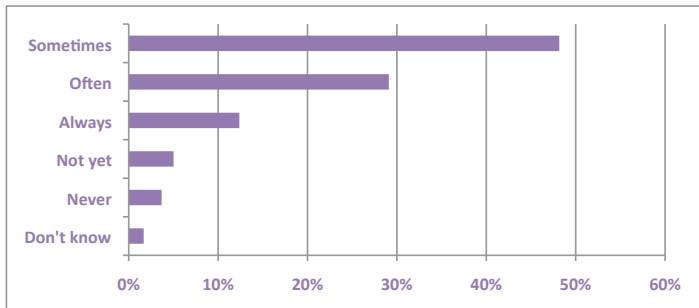


Figure 45: Co-operation with enterprises in a different sector

(Source: Eurokleis 2010, online survey)

These networks are mostly informal (53%) although formal collaboration is also important (40%) according to the online survey.

³²⁹ NESTA, (May 2010c), op. cit., p. 8.

³³⁰ NESTA, (May 2010c), op. cit., p. 10.

3.6.1.1. Network types

Research has indicated that clusters are supportive to CCI. For example, the Third Austrian Report on Creative Industries has, among other things, examined research on network formations in the CCI (Fig. 46.). They found that creative industries are dynamic, yet not enough embedded in networks. In Austria, 60 % of the creative entrepreneurs either had no networks (singles), or had short relationships that were project-driven, hierarchical, and highly innovative with a high risk of burnout (spot markets).³³¹

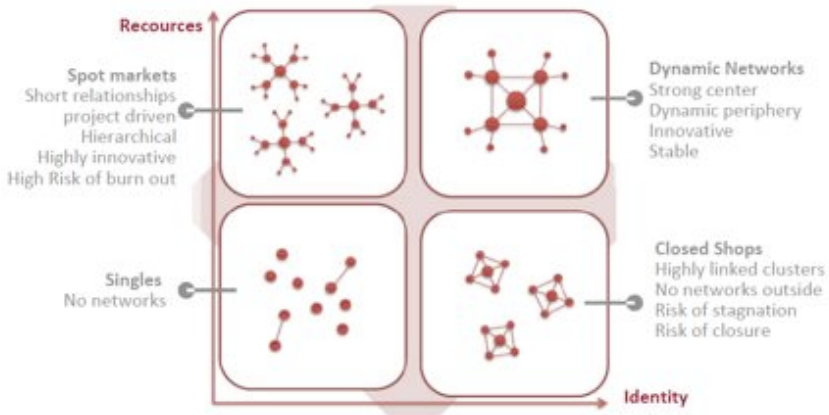


Figure 46: Type of network

(Source: *Networks in the Creative Industries FAS 2010* retrieved from *Creativwirtschaft*³³²)

The Austrian study recommends four different areas where one could build networks in the CCI in order to integrate resources best. These are:

- within creative industries themselves but also in other sub-sectors
- within the value chain but outside creative industries
- outside the value chain and outside the creative industries
- internationally via export

³³¹ Arge Creativwirtschaft Austria, (2010), op. cit., p.33

³³² Arge Creativwirtschaft Austria, (2010), op. cit., p. 3.

Collaboration and networks can enable CCI SMEs to enter a pool of information flows that allow the company to take advantage of such interaction. Not only can networking allow a greater exchange of information and is key in enabling innovative processes, but working in a collaborative manner also

implies exchanging practical information that might serve the company, especially the start-up that needs guidance in administrative, financial and innovation measures. Placing CCI SMEs together can enable them to not only benefit from each other's resources, but also pool their efforts for working space, for accounting services and other required support for entrepreneurship.³³³

Cross-sectoral networks (between CCIs and outside the CCI sector) can also enable innovative practices, as was discussed earlier in the framework of open innovation (section 3.5.1), as well providing visibility of the CCI sector to other sectors, as illustrated in the example of Inserralves (see Best Case 38).

Inserralves

Inserralves Incubator is a regional Portuguese project supporting entrepreneurial initiatives in the creative industries. This incubator aims at bridging the well known gaps between creative people and artists, and the business world, by providing adequate environment and conditions. (See Best Case 38)

3.6.1.2. Recreating growth through collaborative processes and using social media

Social media can be used effectively to increase collaboration between CCIs, nationally and internationally, within similar sectors and across sectors as seen in the previous section. The use of the Internet has been increasingly beneficial in terms of connecting people and engaging entrepreneurs to showcase their products and find a place where information is accurate, up-to-date and readily available. The digital shift is responsible for emergent innovative processes in the CCIs and as such has fostered the emergence of cultural and creative entrepreneurs by giving the opportunity to access valuable information and networking opportunities. The example of the site Mashable³³⁴ in the UK gives concrete information for CCIs to collect and exchange information on social and digital media, giving a boost to their entrepreneurial activities at the same time.

There is now a conflation of producer and consumer. As seen in the previous section, the sectors are adapting their processes to integrate these changes. However, CCIs' concerns are not necessarily understood by academia and other disciplines as their processes, such as creative design processes, are sometimes not explicit and are based on applied methods. There has been a blending of traditional concerns between academia and CCIs where the latter are now also producing knowledge and experience. Knowledge can lead to experience but in the case of creative processes, experience also leads to new knowledge.

CCIs are highly dynamic in adapting to the changes due to the multiplicity of knowledge resources. Through their adaptation to this changing environment, CCIs merge the creation of 'experience' with the act of producing knowledge. By adapting their working processes, designing new services and products in adaptation to the environment, CCIs develop and produce instruments, such as creative design tools, that can be intuitively used by designers while at the same time can provide

³³³ Arge Kreativwirtschaft Austria, (2010), op. cit., p. 3.

³³⁴ See <http://mashable.com>

for well-structured data for observers. The use of collaborative processes found in multi-disciplinary environments where CCIs, academia and private sectors work within a dynamic framework where products and processes can be constantly evaluated and can benefit from support (research as well as financial) from the entities part of the framework, is clearly to be encouraged. This can enable the CCI entrepreneur to benefit from training and learning processes as part of the interaction with the other stakeholders, as well as from external knowledge that is crucial for innovation.³³⁵

Associating venture capital strategies with such collaborative processes can secure a return on investment for the funders as well as securing funds for the CCI SMEs and entrepreneurs. The idea of clusters and incubators is to provide emergent locations to allow for such convergence between different stakeholders allowing the creative processes as well as strengthening entrepreneurial opportunities. A good illustration is the Dutch game Garden (see Best Case 39).

Dutch Game Garden

Dutch Game Garden has the vision of inspiring, innovating, stimulating and connecting the Dutch game Industry in the Netherlands and, if possible, internationally. Their approach to networking aims at maintaining formal relationships in informal way and their methods are highly cross-sectoral.

(See Best Case 39)

3.6.1.3. Clustering Strategies

Incubators and clusters are ways to facilitate the networking and collaboration of several businesses. As stated in the Green Paper, the interaction between private sector, CCI SMEs and higher educational institutions must be encouraged to allow for cross-over learning processes and experimentation.³³⁶

Most of the interviewees agreed that collaborative clusters need to be encouraged as they enable people with different sets of skills to work together and create new ideas. Regarding growth, CCI SMEs need to expand their networks within their sector and across sectors; especially if such networks can be more helpful than training programmes. The importance of learning processes in such collaborative environments is especially appealing for CCI SMEs.

In the EC Communication 'Towards World-Class Clusters in the European Union: Implementing a Broad-Based innovation Strategy', the place of SMEs in clusters was encouraged for the flexible and innovative potential as well as being beneficial for the internationalisation of the SMEs and encouraging entrepreneurship by providing better framework conditions.³³⁷

The EU has been placing serious efforts in promoting clusters in Europe as a way to support innovation and entrepreneurship. The new State aid Framework for Research, Development and Innovation should help Member States to target their existing support budget to promote innovative clusters, highlighting the need to form a functioning internal market for enhancing co-operation.³³⁸ The European INNOVA initiative under the CIP (Competition and Innovation

³³⁵ NESTA, (May 2010), op. cit., p. 8.

³³⁶ EC Green Paper, (April 2010), op. cit., p. 9.

³³⁷ European Commission Communication, (November 2008), op. cit., p. 4.

³³⁸ Ibid., p. 3.

Programme) focuses on the use of joint development programmes that link clusters by giving them business support services.³³⁹

Europe could also stimulate clusters to work together and to place considerable visibility on the European Clusters so that they can gain an international reputation.

The forthcoming initiative of the European Creative Industries Alliance (ECIA) promoted by the European Commission and which was announced in the Amsterdam Declaration in February 2010³⁴⁰ goes along the same line of focusing on taking better advantage of the innovative potential of the creative industries with other industries with a view to facilitating broader creativity and innovation.

However, there was an overall agreement that networks should occur organically and from the bottom up rather than being imposed on the different CCI sectors. This is also in line with the concept of "smart specialisation" as developed in the recent EC Communication "Regional Policy contributing to smart growth in Europe 2020".³⁴¹ One can artificially create clusters via investing in infrastructure and targeting a region geographically. The proliferation of designated creative places in recent years is testimony to policy practitioners' belief that regardless of local conditions they can also mobilise creativity and transform their economies and communities (such as Creative Toronto, Creative Sheffield, Creative New York and Create Berlin).³⁴²

A good example is the CITIES network (see Best Case 40). This is an EU led initiative encouraging municipal networks to foster policies in support of CCIs. However, the model in one city may not work elsewhere, and the regional efforts to revive a city may be counteracted.

CITIES

Cities is a Pan European network that aims to improve regional and local policies through interregional co-operation, addressing the promotion and support of creative and cultural industries. It provides network throughout Europe and stimulates the exchange of practice (See Best Case 40)

The adoption of a cluster approach aims at easing the interaction between existing and potential enterprises, possible cultural consumption and increases the potential of triangulation as stated in the Green Paper. An example of where these elements have been successful can be seen in places where higher education is present in creative business incubators. Higher education can be seen in the form of university, vocational and technical training hubs, education and training facilities, R&D, incubation/start-up companies, and consumer education in tastes and trends. Innovation was closely related to R&D higher education industry hubs. The case of the Baden-Württemberg Film

³³⁹ See <http://www.europe-innova.eu/web/guest;jsessionid=776648982F47989589C95603D715A0DF>

³⁴⁰ Amsterdam Declaration, (March 2010), see <http://85.92.129.90/~workshop/>

³⁴¹ EC Communication "Regional Policy contributing to smart growth in Europe 2020", (October 2010), - COM(2010) 553

³⁴² Foord, J., (2008), op. cit.

Academy in Germany is telling of how the location of a higher institution can attract business (such as media business, visual effects, digital post-production businesses) around a sectoral cluster and attract world visibility.³⁴³ The students then take the opportunity to take first steps in supportive environment.³⁴⁴ In France, Cap Digital provides such another approach for Paris (see Best Case 41).

CAP DIGITAL

Cap Digital is a French business cluster for digital content and services in the Parisian region. Cap Digital provides members with essential information, networks, and resources. These include ongoing competitive intelligence, training, partnerships, funding solutions, and project reviews.

(See Best Case 41)

This approach is not yet visible in all of Europe. Although some virtuous emerging economy countries have been able to successfully establish creative incubators, some other countries' system is still based on highly centralised systems which may impede the establishment of regional clusters³⁴⁵. The expert questionnaire cited the weak public financial support (85%) as the main barriers for the emergence of a world class cluster in Europe, as well as a difficult access to private funding (77.8%). Some cited an excess of official regulations and the lack of an international showcase as being barriers for the emergence of a global cluster in Europe.

As a solution to this, most respondents cited the need to create conditions for growth of SMEs and freelancers (70%) in order to promote the emergence of world renown clusters in Europe as well as create conditions for self-organising innovation (60%) and increase the cohesion between the different level of authorities in the EU (47%). Collaborative clusters operate well at a project level, but they need to be able to represent themselves at a political level as well, in the long term, in order to be able to voice their concerns.

3.6.2. Phases for supporting networks and clusters towards entrepreneurship

The use of networks is one of the pre-requisites when starting a cultural and creative entrepreneurial activity. Creative clusters have social as well as enterprise objectives - goals of inclusion, cultural development, as well as enterprise growth.

³⁴³ Interview with European Sectoral Expert, <http://www.filmakademie.de>

³⁴⁴ KEA, (Feb 2010a), op. cit., p. 11.

³⁴⁵ Interview with National Ministry of Culture and Education in lagging behind emerging economy

Question: Where did you get advice and support when starting your company in the cultural and creative sector?

Item	%
Through personal networks	68.1
Through my sectoral organisation/association	17.7
At the regional level	17.2
At the municipal level	14.7
At the national level	11.2
At the European level	4.7

Table 11: Ways to get advice and support when starting a CCI company

(Source: Eurokleis 2010, online survey)

The entrepreneur needs to be well surrounded and the idea of an incubator, offering access to knowledge, finance and research as well as to the market from the network, can be supportive from the very beginning. Targeting networking activities in the beginning of the activity can contribute to the entrepreneur’s learning process. As most of the information and support are given within personal networks, promoting specific advice for cultural and creative entrepreneurs and matching them with other businesses can contribute to strengthening their position. In the online questionnaire, such types of advice centres specific to CCIs were regarded as highly needed (85%) (see Fig. 47. below).

Question: Do you see a need for the development of advice and support centres specifically for the creative and cultural industries?

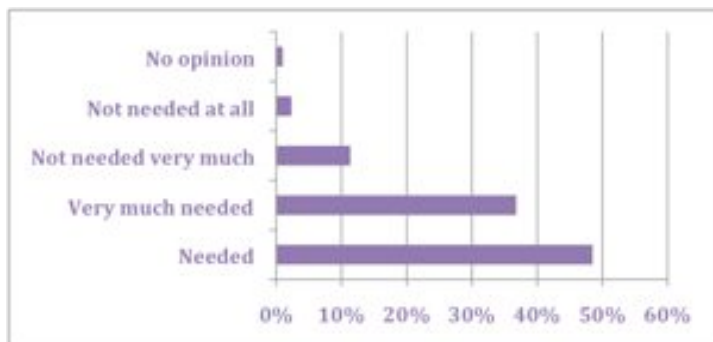


Figure 47: Need for development of advice and support centre specific for CCI *(Source: Eurokleis 2010, online survey)*

In terms of clusters, one striking result was that they remain largely unknown to the CCIs. Indeed, 20% do not know of these initiatives while a quarter of the online survey respondents work in a creative cluster initiative/incubator. 47% of the respondents saw a need to develop such collaborative business environment initiatives (see Fig. 48.).

Question: Does your enterprise work within a collaborative business environment such as a creative cluster initiative or an incubator?

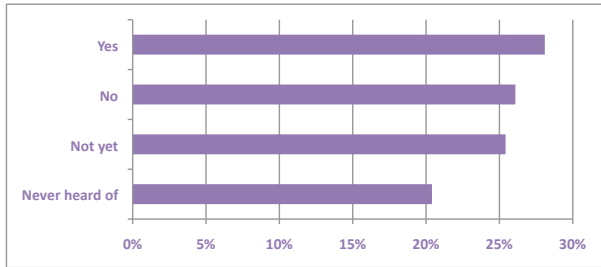


Figure 48: Use of collaborative business environment (cluster or incubator) within CCIs

(Source: Eurokleis 2010, online survey)

Although CCI entrepreneurs need an existing network of relation to start up their company, it emerged from the study that CCIs saw collaborative business environment such as a cluster as most useful in the later stage of the life cycle (see Fig. 49). From the interviews, the phases of the entrepreneurial cycle that needed most attention were both the starting-up as well as in the build-up and build-out phases where the CCI enterprise is starting to pick up clients and where the cluster can serve as a facilitation to access a broader market.

Question: In which phase of the life cycle is this collaborative business environment most useful?

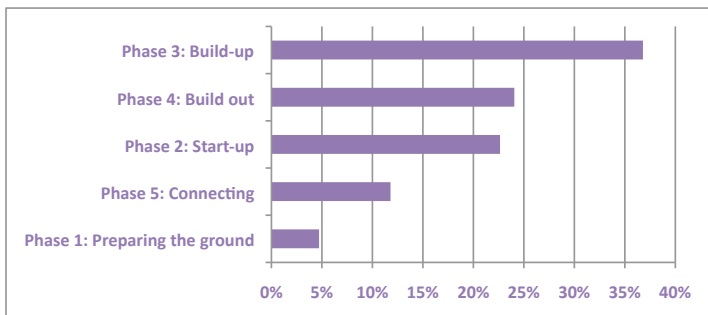


Figure 49: Preferred phase for collaborative business environment

(Source: Eurokleis 2010, online survey)

As noted, clusters and networks can foster pooling of resources of the different companies and can also support small sized CCI SMEs to benefit from these resources that could not necessarily have been available in a non-collaborative environment. In this case, clustering CCI SMEs with other larger organisations can serve as a win-win solution, for CCI SMES can act as risk takers while also

benefiting from the support of larger organisations to enter the market. The EC Communication ‘Towards World- Class Clusters in the European Union: Implementing a Broad-Based innovation Strategy’ described the recent progress made in this area as the EU recognised the importance of SMEs and encouraged the facilitation of SMEs in cross-sectoral clusters.³⁴⁶ The use of cross-sectoral platforms between CClIs and other sectors of the economy was largely supported by the online survey’s respondents (see Fig. 50. below).

Question: Do you see the need for increased opportunities for cross-sectoral SME co-operation?

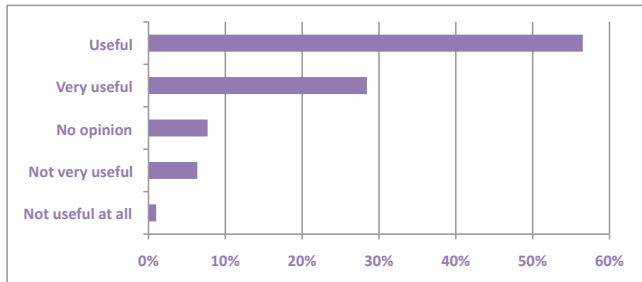


Figure 50: Need for cross-sectoral SME co-operation
(Source: Eurokleis 2010, online survey)

3.6.3. Levels of support

Different levels of support exist in terms of developing a conducive environment as well as advancing personal and professional networks that can boost the entrepreneurial activity. Several cities have advertised themselves as creative in order to attract more CClIs. They make the environment more attractive to other employers and can attract substantial tourism as well as new cultural initiatives.³⁴⁷

However, in terms of providing the most appropriate type of support for collaborative processes, most of the respondents in the online survey highlighted the regional level as well as the European and national ones as most appropriate (see Fig. 51. below).

³⁴⁶ EC Communication, (November 2008), Towards World- Class Clusters in the European Union: Implementing a Broad-Based innovation Strategy, SEC (2008) 2637

³⁴⁷ Interview conducted with a Ministry of Culture from a Knowledge Economy

Question: At what level would you see the development of collaborative business environment initiative happening?

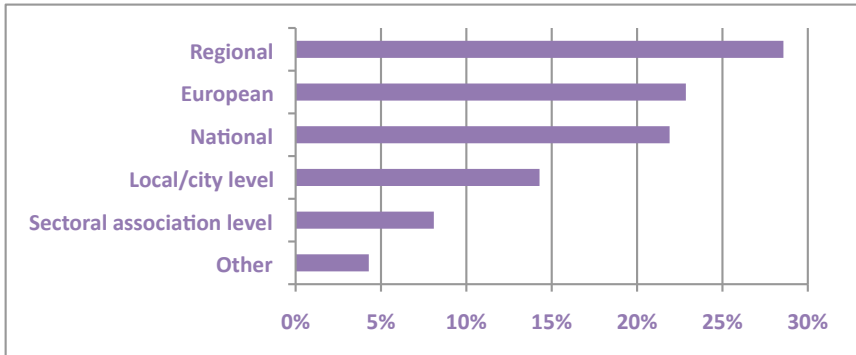


Figure 51: Preferred level for developing collaborative business environment initiatives

(Source: Eurokleis 2010, online survey)

The regional level can act as an intermediary between the national and the European level fostering matching CCI with other businesses as well as facilitating clustering at a regional level.

Certain respondents highlighted the role of clusters within the region as a sufficient way to support CCI. This emphasis on the role of the regions was also supported by the Amsterdam declaration that 'invited the regions to promote a favourable eco-system' for the CCI SMEs.³⁴⁸

Similarly, the region is also seen as a tool to reach out to other regions in order to increase cross-regional initiatives of linking up networks. 84% of the online survey's respondents agreed for an increase in cross-regional co-operation as a way to support the growth of CCI SMEs (see Fig. 52).

Question: Do you see the need for increased opportunities for cross-regional co-operation to help the growth of CCI SMEs?

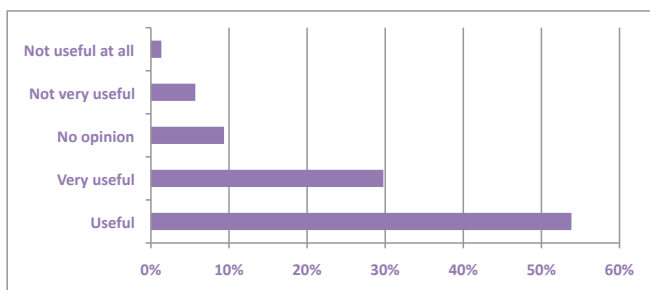


Figure 52: Need for an increase in cross-regional co-operation to improve growth of CCI SMEs

(Source: Eurokleis 2010, online survey)

³⁴⁸ Amsterdam Declaration,(2010), see <http://85.92.129.90/~workshop/>

The Structural Funds are in this way a source of funding that can be specifically used to support CCIs through the setting up of networks or collaborative platforms. However, the general framework can be initiated by the national government or at the European level.

The national support can take advantage of its more distant positioning from CCIs to steer and coordinate different business clusters. The expert questionnaires revealed that 70% of the respondents cited the need to create conditions for the growth of SMEs and freelancers in order to promote the emergence of world class clusters and in so doing, to increase the conditions for self-organising innovation and to promote entrepreneurship. As the national level is usually competent in terms of regulatory measures, the national level can act as the indirect support to cluster development.

Supporting networks and clusters at the EU level was also underlined. The importance of a EU collaborative level has already been mentioned (see section 3.6.1 importance of clusters and collaboration). The wish of the respondents in the interviews was clearly stating that the European level could help as a general facilitator and as an overall link to all regional clusters/networks, enabling a European integration of the CC support also in view of strengthening the European creative economy.

The importance of bottom-up approaches, based on a more local level, is not undermined when underlining the added usefulness of a European vision but rather complements it. The European level can facilitate dialogue and open networks to bigger markets of local initiatives. In this regard, the European vision acts as a facilitator for CCI and CC cluster to grow.

In terms of sectoral support, there are many who find a sectoral approach useful in terms of tailor-made support systems and information which can be different for those working for example in the arts versus more commercial sectors such as film or design.

3.7. Concluding remarks

In this chapter the six 'determinants of entrepreneurship' specific to CCIs and which encompass the overall surrounding environment for the entrepreneurial activity of the cultural and creative industries were considered. These issues were examined from the perspective of the entrepreneurial lifecycle to assess the best ways to enable more conducive environments that can provide a sustainable existence or realistic path to growth for CCI enterprises, especially SMEs.

More than just separate issues, these six determinants are to be seen in systems that are inherent to national contexts and which already have specific cultural traditions that will shape the direction of the support, acknowledging the value of CCIs and supporting their needs.

Moreover, the issues have to be considered in their totality; action on a single point will advance the needs of CCIs but the overall conducive environment will only be created through the integration of a multi-layered approach. The following chapter offers some recommendations on how this might be achieved.

chapter four: recommendations



chapter four: recommendations

4.1. Transversal recommendations

The recent Europe 2020 Strategy report from the European Commission laid down the priorities for enabling a competitive and innovative Europe and placed considerable importance on the need to use Europe's creativity and innovation to tackle tomorrow's challenges. The contribution of cultural and creative industries (CCIs) to this Strategy has been reiterated by the Green Paper "Unlocking the potential of CCIs" and by numerous studies.³⁴⁹ The flagship initiatives announced in this Strategy, especially those concerning the Innovation Union, a Digital Agenda and an Industrial Policy for the Globalisation Era and SMEs, are of particular relevance for CCIs. The recent Communication "Regional Policy contributing to smart growth" highlights the potential of CCIs for regional and local development. The efforts that have been underway in individual Member States also illustrate these attempts to catalyse support for CCIs.

Cultural and creative entrepreneurs are central to Europe's creative potential for driving innovative processes into reality. 'Culture-based creativity' has the potential to have positive cross-over effects in the wider economy and society in general. This creativity can act as a driver of non-technological innovation if the right enablers are put in place to develop a conducive environment for the entrepreneurial activity of the CCIs. Creating suitable environments in which individuals can make use of their creative potential by supporting their entrepreneurial skills can foster non-technological innovation, as well as enrich European cultural diversity. Recognising the entrepreneurial dimension of CCIs as a driver of non-technological innovation and recognising the value of their intangible assets are first steps to shape this environment.

Several general recommendations can be drawn:

1. In order better to target the requirements of CCIs, **more data and statistics are needed for the cultural and creative industries, and especially for each individual sector.** Based on the current multiple data gathering processes on the CCIs, this could be co-ordinated at **the European level and data concerning CCIs centralised and disseminated at different policy levels to help construct a matrix of policy options that can be considered in line with the priorities of policy makers in Member States.**
2. As seen from countries that have advanced support mechanisms for CCIs and deliver strong innovation results, **the co-ordination of several Ministries for the policy formulation of CCI support mechanisms can serve to target the efforts and enable greater coherence.** Since the CCIs are cross-disciplinary and address both cultural and economic factors, **the collaboration between Ministries, especially the Ministry of Culture and the Ministry of Economic Affairs, should be encouraged and co-ordination and coherence of multi layered policies should be reinforced to achieve efficient supporting schemes.** Similarly, support provided by financial (and non-financial) intermediaries should be better co-ordinated for an increased efficiency in support provision.

³⁴⁹ See in particular, KEA (2006), The Economy of Culture in Europe, KEA European Affairs, Brussels and KEA (2009), KEA, (2009), The Impact of Culture on Creativity, KEA European Affairs, Brussels; UK Technology Strategy Board, (2009), Driving Innovation: Creative Industries Technology Strategy 2009-2012, London: UK Technology Strategy

CCI SMEs have different needs at different times and operate in a context that requires several levels of decision making. Supporting these enterprises requires a multi-layered approach where innovation support can in turn be complemented with financial and market support. Greater recognition of the characteristics of CCI in different policies and at different levels can support such multi-layered approaches. This requires policy-makers to consider the different stages of the entrepreneurial lifecycle and the associated needs of the CCI, particularly micro-SMEs. As these micro-SMEs have few resources to look through multiple sources of information, they need to be able to have specific support when required. **Support on demand should therefore be preferred to general approaches.**

3. Stimulation policies are needed, at regional, national and European levels, in order fully to address the specific requirements of the CCI. **All levels of policy governance should play a role in acknowledging the contribution of CCI to the new economy** and in ensuring a level playing field for the CCI. In general:

3a) **National bodies shape the regulatory framework** in which CCI work. Taxation remains one of the most important regulatory factors for CCI - especially micro-SMEs - to encourage their entry into the market. **Tax exemptions for CCI products or services** could encourage the production and distribution of CCI products and services and stimulate growth across many sectors. Similarly, the mobility of artists could be encouraged by **facilitating the regulatory procedures for cross border initiatives**. Agreement on issues such as double taxation between countries can help cultural and creative entrepreneurs and promote their mobility.

3b) Regions are closer to CCI needs and can respond to their needs rather quickly. **As CCI prefer to have close interaction and support on demand, regions could act as intermediaries between the CCI and other policy levels such as the national or the European. Regions can encourage regional clusters and sectoral networks to be platforms of innovation**, encouraging CCI SMEs to be integrated within clusters. **Regions can use existing Structural Funds to target CCI funding.**

3c) The EU should encourage existing and future framework programmes for Research and Technological Development (FP7, FP8) or the Competitiveness and Innovation Programme (CIP), as well as the Cohesion Policy, **to be more targeted towards CCI inter alia by including non technological innovation projects and incorporating CCI SMES (and not only those in the ICT sector)**. It should also increase the visibility of ongoing activities at regional and national levels and encourage greater networking.

In order to support the CCI **more concretely**, several recommendations can be made in view of the thematic outcomes from the study, such as supporting CCI by locating finance, accessing the market, supporting entrepreneurship training in the CCI, supporting the innovative potential of CCI and enabling a conducive environment for CCI to flourish.

4.2. Accessing finance

Lack of finance is a recurrent issue for CCI and especially for micro-SMEs. Provision of finance should **respond to the different phases of the entrepreneurial life cycle according to the needs of the CCI SMEs**, providing for financial possibilities in the start up phase; providing risk (debt) financing in order to trigger experimentation and innovation; offering growth finance through bank loan guarantees in order to promote corporate funding rather than funding on a project-basis; and

providing venture capital funds to enable growth. In this respect, existing programmes can be targeted at CClS. The **use of regions** to channel the funds and the use of financial intermediaries that **are aware of the characteristics of CCl SMEs** are essential issues in targeting support for the CClS.

At the **European** level:

4. The large funding schemes for supporting innovation are too complex (too bureaucratic, too costly and time consuming) for CClS. **At the EU level, the funding schemes** should be made less complex so as to allow **CCl SMEs** to apply more easily. Existing programmes (FP7, CIP) should be strongly targeted at CCl SMEs.

5. The MEDIA programme gives specific support to a particular sector in the different stages of the 'value chain'. **Similar support opportunities should be developed for other sectors of the CClS at crucial points in their respective value chains.**

6. **At the EU level, the EIB and EIF funds, that also promote innovation, could be used to fund CClS debt financing or venture capital for development of non-technological innovation. They could also back national or regional initiatives aimed at developing guarantees schemes.** In this regard, due attention should be paid to the example of the guarantee fund for the audiovisual sector soon to be introduced in the MEDIA programme for digitalisation of cinema.

7. **In co-ordination with the Member States,** it is recommended that the EU consider the creation or strengthening of **lower VAT rate** and other **tax incentives** for both online and off-line labour intensive creative services and products.

At the **national** level:

8. The regulatory framework is important in boosting the entrepreneurial activity of CClS. **Granting fiscal reductions or incentives to investors in the CClS can enable greater investment. Tax shelters** such as the ones found in the audiovisual sector in some countries or in the videogame industry in others, can substantially help unlock funds and investment for the sector.

9. **National States are encouraged to consider tax shelter measures for other sectors and support the development of Venture Capital Funds (such as public venture capital funds), the investment of Business Angels in CClS and micro credits to fund CClS.** Similarly, specific measures such as **guaranteed bank loans** could stimulate financial support structures.

At the **regional** level:

10. The investment of the **European Structural Funds in CClS** should be encouraged, with special support to regional networking initiatives and platforms for CClS.

4.3. Accessing the market

The markets for cultural and creative products and services are often characterised by unpredictable demand conditions. Entrepreneurs have to take heterogeneous, changing tastes into account. In addition, creative products serve functions that often escape 'objective', quantitative measurement.

At the **European** level:

11. The EU should promote the opportunities for CCI SMEs to access the market **by using public procurement measures that hold untapped potential to support innovation. Public procurement requests could be targeted at innovative non-technological processes, products and services for which CCIs, and especially micro-SMEs, could apply.**

12. The **Lead Market Initiative (LMI)** launched by the EU in 2008 was set to identify new needs and new markets for innovative products or services. This can help target future demand and thus offer an experimental playing field for innovators. In order to target societal needs, the **EU should consider opening up LMI to non-technological innovation and innovation in services to tap into CCIs' innovative potential.**

13. **Accessing the market** remains difficult for CCI SMEs, especially where a few large companies dominate the market. The **EU should consider adapting competition policy to CCIs' characteristics in order to avoid excessive market concentration.** This could ensure that all cultural players have a **minimum access to all distribution channels, including on the online market,** in order to offer real cultural diversity and choice for consumers.

At the **national** level:

14. **National policy-makers and financial intermediaries** should be trained to **understand the innovative entrepreneurial potential** of the CCIs and should be encouraged to use **public procurement for CCIs to promote** non-technological innovation.

15. The National and Regional levels should **promote CCIs' visibility at a national and international level in order to encourage their access to new geographical markets.**

At the **regional** level:

16. CCIs and especially **micro-SMEs often do not have sufficient information on market opportunities** in their region and more specifically across regions and in cross-border markets. **Regions should promote the dissemination of information about cross-sectoral and cross-border market opportunities to CCIs through a regional network.** Regions can act as platform for the exchange of best practices on both technological and non-technological issues.

17. Regions could encourage a minimum access to the market by **setting up platforms where CCI SMEs could showcase their products/services** and as such promote the visibility of the CCIs in their region.

4.4. Bridging the entrepreneurial skills gap

There is a general lack of entrepreneurial skills within all sectors of the CCIs. Despite the importance of the topic, there is still a lack of integration of entrepreneurship education in curricula in education, and particularly in arts education.

At the **European** level:

18. With a budget of € 7 billion for 2007-2013, the **Life Long Learning Programme** is the **EU's main funding programme for education and training projects** and activities. It is suggested that **the programme prioritise the development of creativity and support for entrepreneurship training including in the creative sector.** Special focus on **increasing training in digital skills could enable CCIs to keep updated about the latest changes in technology,** thereby improving the potential for innovation. There should also be an

increased effort to promote soft skills such as creative or intercultural skills through stronger partnerships between education institutions and CCIs.

19. The EU could help to **better understand and map the current and future skills' needs of CCIs** through the various initiatives carried out in this regard at national level.

At the **national** level:

20. Students' skills and qualifications often do not match the needs of the CCIs. In order to match the educational system with the demands of industry, programmes of apprenticeship for CCIs should be promoted **at the national level. European Social Funds could be used to help strengthen employment in CCIs** by, for example, channelling the funds into **creative apprenticeships** in order to ease the transition from education to employment by promoting 'on the job' learning. **ICT skills training should be included or strengthened in the curriculum of arts institutions** in order to foster the innovative potential of CCIs and help them further exploit the opportunities offered by the digital shift.

21. **The link between education, public institutions and private business** is needed to bridge the gaps between the three so as to support a real triangulation and communication between the needs and the opportunities for the CCIs. Findings showed that most of the CCI SMEs acquire entrepreneurial skills through networks and informal 'on the go' experiences. **It is recommended that the national level encourage cross-overs and multidisciplinary projects between business people and creative people through education institutions and cross-disciplinary clusters.**

At the **regional** level:

22. **Universities of Applied Science (UAS) could play a valuable role in linking regional activities to other European regions and networks of CCIs.** CCIs are also producers of knowledge through applied research processes. Linking collaborative work between knowledge institutions and local SMEs could act as a complementary catalyst to innovative capacities in the region. Further linking CCI entities and applied research institutions would also contribute to the **professional skills-upgrading of SMEs** in the region regarding professionally oriented innovation, entrepreneurship, creativity and research competencies.

23. **Matching creative entrepreneurs and business individuals can facilitate entrepreneurship and the professional upgrading of skills through mutual learning.** These coaching systems can enable better integration of entrepreneurial skills within CCIs. It is recommended that **peer to peer networks be encouraged at the regional level** to increase peer learning and cross-disciplinary support networks.

4.5. Developing entrepreneurship as non-technological driver of innovation

In order to stimulate the innovation potential of CCIs, and develop entrepreneurship as a non-technological driver of innovation, the following specific recommendations are made.

At the **European** level:

24. **Consideration should be given to the widening of the definition of innovation in the up-coming review of innovation and research policy** to encompass all forms of innovation, both from the public and private sector, including processes of soft and hidden

innovation and **recognise R&D** in some of the processes typical of the CCI, such as **design processes or talent scouting**. This should foster more multi-disciplinary and multi-sectoral initiatives for CCIs.

25. The EU should **improve SMEs' access to copyright instruments and facilitate easier use of IP instruments for SMEs**. The digital environment has brought some challenges in terms of IPR in the digital world. **Creative solutions that reward the rights-holders but ensure flexibility and easier applicability should be sought at the European level.**

At the **national** level:

26. The use of alternative options such as **innovation vouchers** could be promoted by **regional and national governments**. **Innovation vouchers** should encourage other business to collaborate with cultural and creative entrepreneurs. They could also be aimed at fostering innovation within CCIs.

At the **regional** level:

27. To encourage **regions to increase cross-collaboration and knowledge transfer between the CCIs, research institutes and private sector** in order to research solutions that increase innovation in CCIs but also to positively influence the wider economy and society.

28. To encourage **regions to work with intermediaries** in order to link CCIs, in particular CCI SMEs, with other businesses so as to foster innovative platforms and processes to emerge. Supporting clusters linking both CCIs and other businesses could support innovative practices as well as the integration of CCI SME.

4.6. Supporting use of digitalisation

CCIs face new opportunities as well as challenges with the **'digital shift'** and they need to be adequately supported to take advantage of them. In order to enable the CCIs to take full advantage, the following recommendations are made:

At the **European** level:

29. **Unlocking special funds to promote the use of digital technologies in the CCIs**, such as undertaken through the MEDIA programme for the audiovisual sector.

At the **national** level:

30. Special funds should be allocated to CCIs, especially SMEs, **to ensure greater media literacy and take-up of digital tools within their enterprises**. Member States' individual funding initiatives aimed at promoting the use of digital technologies should be promoted.

31. Supporting CCIs and in particular SMEs to adapt to the **digital shift** by proposing **new online services promoting author's rights and neighbouring rights**.

One of the key outcomes of this study is the realisation that cultural and creative entrepreneurs **rely heavily on the use of networks within highly innovative and risk-oriented environments**. However, the lack of access to finance, to market and the lack of knowledge of specific skills can hinder their development, making it difficult for cultural and creative entrepreneurs to fully embrace the opportunities offered by the digital shift and forcing them into complex procedures when they are already under pressure due to their small size.

This shapes the need for CCI SMEs to **look for collaborative solutions** in terms of organisation, business support or production. Developing an entrepreneurial activity in this context requires a certain degree of flexibility, risk oriented solutions and cross disciplinary skills that can also provide a non-technological innovation driver for the rest of the economy. In order to support the CCIs, **collaboration and networks need to be supported.**

These recommendations should be taken into consideration in the context of the follow-up of the Green Paper *'Unlocking the potential of CCIs'* in order to implement some of these recommendations when developing the future policy in support of the cultural and creative sector in Europe.

best cases



best cases

Best Case 1: Flanders DC

Creativity for innovation and matching services for fashion

Flanders DC Belgium

Flanders District of Creativity is a Flemish governmental organisation that promotes entrepreneurial creativity in the region in order to boost Flanders creativity and innovation.

It provides activities to foster creativity and innovation processes in enterprises through open innovation methods, providing specific innovation management and creativity techniques training, by providing a network, international traineeship opportunities, prize contest as well as it acts on promoting the desirability to become an entrepreneur schools. It also aims at bridging the business and managers closer to the creative economy and vice versa and to provide with research and information.

"Those are the actual projects that we are doing on the border between "creative entrepreneurship" and "entrepreneurial creativity".

Apart from these activities, Flanders DC also provide online tools to help the entrepreneur.

They aim at enhancing the entrepreneurship of the creative sectors. In fashion, in partnership with Flanders Fashion Institute, Flanders DC does patronage project, where they match 15 designers with 2 people who are patrons. There are fixed themes open for discussion between the designers and the patrons. This enables cross-fertilization and acts as sorts of creative sessions. The patronage, is at the moment, sector by sector but will be extended to mix all of sectors, mixing more the traditional sectors with the creative sector in order to foster coaching sessions.

These sessions aim at enhancing the entrepreneurial skills but they could be about very basic stuff such as accounting or how to position one's company against competitors. Those are the cross fertilisation that we want to do.

www.flandersdc.be

Best Case 2: ArteEconomy

Mutual benefits with open innovation methods by matching the artists and entrepreneurs

Arteconomy Belgium

Faithful to its name, Arteconomy connects art and the economy through various forms of collaboration with artists and entrepreneurs. Art economy endorses long-term projects and aims to stimulate a broad range of people to think about art and the economy and the ways these two can intersect. Arteconomy help to create an environment of exchange and co-operation between the world of creativity and the world of business. Arteconomy provides facilities, projects and resources essential to increase the understanding of the creative industries and their economic value and workshops.

Arteconomy aims to create added value for companies and organizations by enabling direct contact between artists and the entrepreneurs in order to, for instance, confront matters of company culture, to share common values, and to develop hidden talent. Added value is also achieved through further research and development as new concepts and products/services are developed through knowledge exchange. Start up companies are just one of the outcomes of these interactions.

Arteconomy strives to remain a neutral intermediary and to facilitate the processes between art and the economy through coaching and advice. As part of this undertaking, Arteconomy makes a distinction between relational aspects of a project and project contents during collaboration. Both are valued, but they are differentiated. Likewise, there is no result commitment in projects facilitated by Arteconomy. The engagement during a project lies more in the development of a prototype rather than in obtaining a market-ready result or product.

What does this look like in practical terms? An initiative can come from a company, an organizer and an artist. These approach Arteconomy, who then find a suitable partner. To do so, Arteconomy must find a partner open and interested in engaging. Financial matters are negotiated and agreed upon from the beginning of the project and from there the project and relationships may go in many directions, often lasting for a long term or, otherwise, a short term, depending on what the intentions and agreement are behind the project.

<http://www.arteeconomy.be>

Best Case 3: AIE: Italian Publishers Association
Sectoral support for SME base

Italian Publishers Association
Italy

AIE is a sectoral organisation supporting the publishing industry. AIE has actively established a number of core activities which are especially focused on supporting SMEs in the Italian publishing industry. The book fair Più liberi is an independent publishers book fair aiming at increasing the visibility of independent SMEs.

The event has been organised since 2002 with the aim of providing visibility and market opportunities to the small and medium Italian independent publishers. Independent publishers are often very innovative, work on the creation of catalogues focused in specialised narrow niches and are followed by very loyal customers, but in many cases have more difficulties than the bigger ones to approach a wider market and to reach their readers.

Più libri is nowadays one of the most well known and appreciated book fairs in the world both by visitors and publishers. The fair has been created and promoted by the small and medium publishers' group within the Association and its enormous success is a strong demonstration that the AIE's will to protect and to support the

independent publishers was right. It is a very good example on how creativity and entrepreneurship may be foreseen within trade associations as well, when there are clear goals and strong commitment from the stakeholders.

Aside the program for the public there is a specific Professional program for book industry professionals, where the most up to date and interesting topics in the book market are discussed, from the role of independent bookstores and book chains to the relationship between book and movie industry, from production processes to the emerging ebook market.

In the recent years Più libri focused on the impact of technologies in the publishing industry with specific seminars.

A special track named The Più libri Fellowship Program is reserved to foreign publishers. It is a trade networking initiative reserved for a limited number of carefully selected international publishers and literary agents who will be given the opportunity to visit publishing houses in the city of Rome during the days leading up to the Fair and to meet during the Fair in a dedicated area the most important Italian sales manager.

www.piulibri.it
www.aie.it/

Best Case 4: Cross Over Labs

Crossover Labs United Kingdom

Crossover Innovations Lab is a creative lab in the sense that it encourages experimentation with different forms of media and the creation of new combinations and methods. Based in London, it is an international program designed to explore the creative and commercial challenges of new media tools and developing content through these. To achieve this, Crossover organizes five-day events with up to twenty-five, individually chosen participants and a team of expert mentors.

Unlike other models of lab, Crossover does not work with pre-conceived proposals. However, it comprises a set of robust methodologies that have been refined over time to test, enhance and develop ideas for converging services and programs. Crossover aims at exploring a practical and dynamic range of techniques for developing multi-platform projects and provides a framework for the development of concrete projects, which result in the building of pitches and early stage concept prototypes.

The main aim of this phase is to exchange knowledge.

In the second phase, cross platform idea generation, participants create

original ideas for cross-platform products and services. Various exchange methods are used while participants work in constantly changing interdisciplinary teams. In the final two phases, selections, evaluation and development, and presentation, expertise is further converged while teams select an idea to develop further. During the final twenty-four hours in the lab, teams focus on developing a pitch for a single project. This pitch is presented on the final day of the lab period.

Crossover Labs engages professionals in a way that they may lack in their day-to-day work life. It challenges them to take up tools they are unfamiliar with and gain expertise in areas they previously may have had little to no knowledge about. The result is a regular output of well connected, inspired and innovative individuals from a wide spectrum of sectors, spurred to engage in cross-disciplinary exchanges for the betterment of their own professional careers and the industry as a whole. It is a unique, realistic and personal approach to this common and reoccurring problem of the creative and cultural industries and Crossover, in it of itself, solves this problem in an innovative and interactive way.

<http://www.crossoverlabs.org>

Best Case 5: GATE: Game Research for Training & Entertainment
Knowledge development through Game SME integration in research processes and through the medium of new technology service provision

Game Research for Training and Entertainment (GATE)
The Netherlands

The Game Research for Training and Entertainment (GATE) aims to develop an international competitive knowledge base with respect to game technology, and to train the talent required to enhance the productivity and competitive edge of small and medium-sized creative industrial companies. The project is also aimed at improving substantially the competitiveness of companies producing (tools for) games and simulations by providing direct access to new technology and by technology transfer projects. The goal of the research is to substantially advance the state-of-the-art in gaming, simulation and virtual reality to creating highly effective entertainment products and experience learning systems.

It is hoped that results obtained from this project will lead to the creation of larger companies, encourage the founding of new companies, and attract companies from other countries to the Netherlands. The project is also

hoped will make people aware of the possibilities of gaming in public sectors such as education, health, and safety by performing pilots in these areas. As a result gaming and simulation will become more commonly applied in these sectors, leading to quality improvements and cost reductions.

This project does not provide direct support to SME's in the cultural and creative industries however because GATE is not only about academic research into games and Game-technology this project has been geared towards developing knowledge further as practical solutions. Through Knowledge Transfer Projects, Game Research constantly collaborate with small and medium sized enterprises and other research partners. Knowledge questions provided by companies are developed into practical solutions that make research results fit-for-use for industry. Thus through SME's, the results obtained from research are translated into practical solutions.

<http://gate.gameresearch.nl/index.php>

Best Case 6: b.TWEEN

Fostering exchange of ideas and platform as well as introduction of digital media as a future medium for CCI activities

**b.TWEEN- Cross Platform
Development Lab
United Kingdom**

London based b.TWEEN was founded six years ago to provide a dynamic environment where members would feel safe to create and share ideas, and meet people who can help to turn good ideas into good products. In the UK, b.TWEEN has been acclaimed as “the designers of the future of digital business”.

Among its activities, b.TWEEN organizes festivals where creatives, influencers and visionaries with a commercial edge are encouraged to attend and exchange. Workshops on subjects such as location-based narratives and other trends within the media world are also offered to participants

Apart from the festival, b.TWEEN offers many ways for interested parties to get involved such as the Branding Talent competition in 2009. In this competition, small creative companies and freelancers from across the digital media industries were invited to enter

“seed ideas” to provide new ways for Shop Direct, a home shopping organization, to connect with their customers. The idea was developed over a month’s period before being pitched to Shop Direct.

A recent project organized by b.TWEEN in the North West b.TWEEN TV Platforms where delegates are invited to develop innovative social enterprise ideas. The aim of this project is to attract social innovators to create an enterprise using connected technology to answer social and environmental challenges.

b.TWEEN offers a cutting-edge portal into the world of digital media. It offers interested students and professionals activities to boost and hone their skills through competitions, discussion and network connections. In doing so, b.TWEEN nurtures an enabling environment and stimulates the creative technological industries of today.

<http://www.btween.co.uk>

Best Case 7: Architectuur Lokaal
Sectoral support with a user focus

Architectuur Lokaal
The Netherlands

The main purpose of Architectuur Lokaal is to strengthen architectural policy “infrastructure” by stimulating clients to devote more attention to the cultural aspects of building development. By doing so, the organization is simultaneously reinforcing the position of architecture and professionals of the sector by providing the latter with clients interested in their work.

Architectuur Lokaal, operates in large part at the local level. However, they target municipal authorities and private-sector parties at both the local and regional levels. They also engage internationally, extending their network and sharing expertise. One recurring project involving Architectuur Lokaal is Panorama Europe, a gathering of experts on commissioning development and challenges facing spatial planning policy. This occurs between two countries and, in previous years, has involved Germany, Belgium and the United Kingdom (Scotland).

Architectuur Lokaal acts as a central bridge-builder between stakeholders involved in the building process. It offers consultations on matters relating to architectural policy, spatial

quality policy and business commissioning. It also provides clients with programs to further develop their expertise in these areas, particularly in matters of policy. By way of these activities, the economic and cultural values of architecture are also transmitted to the client, who is encouraged to identify the added value of incorporating architecture to their building projects.

One of the most appealing services run by Architectuur Lokaal is to advise public and private clients on the selection of designers and property developers. Simply put, the client’s investment into the design and quality of their projects during the construction phase will notably pay off in the long run, when the value of their building is based on its aesthetic and cultural value in addition to its structurally sound construction.

Through their activities of actively engaging and advising potential builders, and with their expertise, the organization stimulates the sector of architecture and thus the creative and cultural industries as a whole, in the Netherlands, primarily, but also in other areas of Europe.

<http://www.arch-lokaal.nl>

Best Case 8: ESA: European Advertising Standard

Digital marketing communication and sectoral advises on self regulation

European Advertising Standard Alliance

EU

EASA is the single authoritative voice on advertising self-regulation issues and promotes high ethical standards in commercial communications by means of effective self-regulation, **while being mindful of national differences of culture, legal and commercial practice.**

As a non-profit organisation based in Brussels, it brings together national advertising self-regulatory organisations (SROs) and organisations representing the advertising industry in Europe. EASA promotes responsible advertising by providing detailed guidance on how to go about advertising self-regulation across the Single Market for the benefit of consumers and businesses. It

strengthens existing self-regulation. In 2004, the advertising industry signed the EASA advertising Self-Regulation Charter which meant setting up systems in some of the new countries, which did not yet have a self-regulatory system, and strengthening the already existing systems.

One of the ways that EASA strengthens and consolidates self-regulation is by providing self-regulatory organisations (SROs) with Best Practice Recommendations. EASA currently has Best Practice Recommendations in areas such as digital marketing communications, confidentiality, complaints handling or funding, and many more.

EASA also provides research and information on the advertisement monitoring on controversial areas.

www.easa-alliance.org

Best Case 9: Disseny Hub Barcelona

Sectoral network serving as research centre as well as stimulating collaboration between designers and businesses and CCIs

Disseny Hub Barcelona

Spain

The primary aim of DHUB is to promote greater understanding and promotion of the design world. DHUB is part of the Instituto de Cultura de Barcelona, and through this institute promotes the advancement of all facets of the design discipline. This is achieved by operating in both a virtual and physical environment and by organizing diverse activities year round. In addition, DHUB provides an accessible network of design curators, creators and consumers and strives to achieve a forum for professional dialogue and appraisal, disseminating knowledge to the public, and strengthening the economy through the creative and cultural industries.

To achieve its goals, DHUB boasts activities such as exhibitions, study galleries, symposiums, conferences and educational program addressed either for secondary school students or adults. Exhibitions and study galleries, from their part, encourage the investigation and appreciation of existing work.

In addition to these activities, DHUB is active in research and reference resources. A reference center, to be opened this year, will cover the four areas of operation of DHUB, these being architecture and interior design, visual communication design, product design, and fashion design.

DHUB, simply through its website, also provides and extensive digital resource reference center.

By targeting a diverse audience and participants from various sector within the design industry, including design professionals, students and the general public, DHUB stimulates collaboration within and between the business, economically-oriented, world, and the creative industries in Spain and in Europe as a whole.

<http://www.dhub-bcn.cat/en>

Best Case 10: EDIMA

European Project to open the legal framework for new digital products to create a single European digital market

EDIMA European Union

EDiMA (European Digital Media Association) project of the EU aims at creating an open and legal framework for new digital products throughout the EU so as to avoid the legal barriers blocking a single European digital market.

It aims at improving consumer confidence, increase the coordination of policy formation by establishing a new EP inter(national) group on the new media sector, have a better implementation of laws, and ensure a better fit with regards to the copyright licensing regime for the digital age. The European commissioner Viviane Reding acknowledged similar needs in completing a single digital market.

A single digital market would ensure a better and easier coordination of procedures for new media services across the EU. Copyright issues could be coordinated. A European trust-mark could be created and facilitate the digitalization of books and orphan works, building on the existing projects such as ARROW¹²⁰ (Accessible Registries of Rights Information and Orphan Works) and Europeana¹²¹.

[http://
www.europeandigitalmedia.org/](http://www.europeandigitalmedia.org/)

Best Case 11: MEDIA

European Support to Audiovisual Sector- Finance, Access to Market, Training and shortly loan guarantee

MEDIA

European Union

MEDIA is the EU support programme for the European audiovisual industry.

MEDIA co-finances training initiatives for audiovisual industry professionals, the development of production projects (feature films, television drama, documentaries, animation and new media), as well as the promotion of European audiovisual works... [more](#)

The [MEDIA 2007 - 2013](#) Programme comprises a series of support measures for the European audiovisual industry focusing on:

- [training](#) professionals
- [developing](#) production projects
- [distributing](#) films and audiovisual programmes
- [promoting](#) films and audiovisual programmes
- [supporting](#) film festivals

This programme was highlighted as an example of best support to a sector as it took under consideration the different parts of the creative process. A new focus on supporting the sector to face the digital shift through innovative action in the field of digitisation and through a better access to credit.

http://ec.europa.eu/culture/media/index_en.htm

Best Case 12: FEP: Federation of European Publishers

Sectoral support at the EU level as well as nationally in network building, assistance to face the digital shift and provision of advices and training

Federation of European Publishers European Union

FEP is an independent, non-commercial umbrella association of book publishers associations in the European Union. FEP represents 26 national associations of book publishers of the European Union and of the European Economic Area.

It mainly deals with European legislation and advises publishers' associations on copyright and other legislative issues. In 2010, its activities included contributing to the digital strategy of DG Information Society and media, several contributions regarding copyrights and collective management or its participation to European Cultural Platforms as well as maintaining the network of European publishers together.

This provides the publishing entrepreneur with ad hoc sector specific training as well as consultancy services.

www.fep-fee.eu

Best Case 13: IMAGINOV

IMAGINOV Game Cluster in France supported by the region and stimulating multi-disciplinary projects promoting sectoral for market opportunity

IMAGINOV

France

IMAGINOV is a Lyon based regional cluster which was born out of the cluster/pole of competitiveness "Digital Leisure" focused on video games companies. The pole was acknowledged by the French government in 2007.

The members of the organisation (around 210) represent 1,13 billion € of revenues and represent 12 700 of employments. The cluster has attracted many enterprises to Lyon. Serious games companies have an exponentially turnover and have received specific support from the cluster through workshops and acting as market intermediaries as well as through subsidies for R&D.

The region of Rhone Alpes has specifically provided preferential regulatory environment by giving a tax credit for video games industry (20%), access to

subsidies for R&D through the pole of competitiveness funds.

The Region Rhone Alpes has also encouraged innovation and new business models through several contests such as "Imaginov Commercial" and "Imaginov International". 100 companies have been rewarded in three years.

With the help of the region, the cluster has been a major player in terms of sectoral specificities. It has helped attract companies in the region.

www.imaginove.fr

Best Case 14: Dutch Media Hub

Sector cluster providing services in content production, distribution, development as well as acts as a network with municipal, regional and national authorities

Dutch Media Hub The Netherlands

The Dutch Media Hub aims to bundle the rich variety of Dutch creative, media and facility companies. This way becoming the Digital Gateway to Europe. The Dutch Media Hub tries to achieve this by stimulating the corporation amongst partners and by organizing promotional activities.

The Dutch Media Hub bundles the companies involved by providing support services for content production (such as Internet facilities), content distribution (from streaming to Digital Rights management advise), services development (such as prototype or project management). It also provides content storage support (format management, media asset management for example) as well as it also contributes to the companies with translation services, conversion, transcoding or localisation.

The participants in the Hub also participate on standardisation procedures, interoperability issues, anti-piracy issues or international marketing.

The Hub gathers media companies as well as municipal, regional and national authorities as well as Chamber of Commerce.

www.dutchmediahub.com

Best Case 15: Bandpool

Supporting sector through coaching and networking opportunities

Bandpool Germany

The Bandpool project is operated by Pop Academy Baden-Wuerttemberg - University of Popular Music and Music Business. The Pop Academy Baden-Wuerttemberg is an academy that distinguishes itself from others throughout outstanding reputations for all aspects of the music business. This is supported by numerous projects ranging from European partnerships to the regional development and economic support for media businesses in the region of Baden-Wuerttemberg.

This project was initiated as a coaching tool for bands and single artists, who intend to take the decisive step towards a serious career as professionals. This projects supports bands and single artists in the Music Industry by, within a period of 18 months, offering them one-to-one coaching, intensive workshops, objective analysis, giving them the opportunity to make contacts and as well as many other outcomes. This is done with the support of experts from the music industry.

The results of this project are evident: many Bandpool acts have already signed with renowned labels and there are several chart entries and nominations for music awards.

To promote improved networking between the music and media scenes as well as between politics and the economy events are also organized to serve as meeting points for people from music and media industries. These meetings increases general awareness of the music business as an innovative and creative sector of economy.

www.popakademie.de

Best Case 16: UPTEX

Sectoral innovation cluster involving multi-disciplinary participants and advises on legal, funding expertise as well as acts as a collaborative platform

UPTEX

France

Involving research institutes, higher education labs, fashion enterprises and chamber of commerce, UPTEX is an innovation cluster that aims at innovating the textile and fashion sector to integrate new performances. Aiming at reaching new textiles, new poly-sensorial techniques and integrating design and mass customisation, UPTEX integrates user-demand processes in order to develop customised textile.

Not only is the cluster innovating in terms of technological, scientific and industrial techniques but it is also integrating soft innovation processes such as managerial and organisational processes in order to better be able to respond to consumer's demand.

UPTEX offers its members legal services, economic expertise and funding opportunities as well as it provides for a collaborative platform to promote information exchange within the cluster as well as matching services for specific

scientific and industrial partners for the designers.

Moreover, as the sector is inherently international, the cluster aims at supporting the internationalisation of its members by developing the international level of enterprises and encourage inter-cluster collaboration. It also provides market research information for the members to support their access in the market.

www.up-tex.fr

Best Case 17: OnlineArt

Collecting societies by and for visual artists enabling access as well as reward

OnlineArt Belgium

The collecting societies for visual artists have build up an international network to license Internet uses for world-wide licensing of primary rights. It represents over 30 000 authors and estates of art.

OnLineArt is the One-stop-shop for worldwide licenses on works of fine art for uses on the World Wide Web - be it commercial or non-commercial.

OnLineArt is the interface connecting market demands for easy access to world wide rights and the authors and their estates interests' represented by their visual arts collective management societies. New technologies offer new opportunities for broad dissemination of works to a large interested public.

OnLineArt recognises the strong market demand for easy legal access to content and offers a market solution based on best practice and know-how. At the same time OnLineArt ensures that authors' interests are protected and that they are rewarded when their works are exploited by others.

Thus, users can go ahead with web site projects in legal certainty and artists find themselves in an environment where the value they add to the culture scene and growth of economy is equitably rewarded. The members of OnLineArt are all not-for-profit organisations; they act for authors as their trustees. They are part of the cultural landscape in the language and culture area they are located. They have long standing contractual contacts with museums, educational institutions, libraries, broadcasters and art publishers. With their services they contribute significantly to the maintenance and further development of cultural diversity.

OnLineArt also gives legal advices and puts in place a broad database that can serve as informative future market directions informing the authors about legal uses around the world. It applies a common tariffs so that user are treated equally and received standardised and simple licencing service.

www.onlineart.info

Best Case 18: Departure

Financially supporting CCIs by providing a link between the economy and the CCIs and promoting a strong network in local, regional, national and international frontiers

Departure

Austria

Departure, a funding institution based in Vienna, Austria, endorses creative professionals who consider themselves part of the economy and who strive to reveal their products or skills to the city of Vienna, thereby contributing to the prosperity of the metropolis. Many of those whom Departure supports are already entrepreneurs or company founders active in the creative industries, and thus aware of the international and cultural flair they can bring to Vienna. However, many are also individuals interested in turning a creative idea into a business opportunity. Departure strives to identify and financially support outstanding and visionary projects in the creative industries.

The main objectives of Departure are to develop an economically sustainable basis for local creative professionals with the effects of promoting economic growth through, for instance, the creation of new companies and jobs. To do so, Departure emphasizes knowledge exchange and co-operation between the creative industries and the economy.

Departure is very active in the area of funding through four programs that support individual and creative top

performances. Of these, one program addresses young and creative talents and aids them in starting an enterprise, with up to €15,000 at their disposal. 30% of the funding has to be used for expert coaching, thereby providing an opportunity for business skills acquisition. Another funding program through Departure targets existing classic companies by providing these with coaching on ways to reorient their business to new markets. A total of 13.3 million Euros have been used to finance 182 projects (2009), which subsequently led to 52.9 million Euros worth of private investment and created over 943 jobs.

Departure explicitly states its role as a support structure towards the integration of cultural and creative output into economic life, rather than an art funding institution. It's economic orientation and the goal of contributing to the prosperity of Vienna, has greatly improved communication and co-operation between the creative industry representatives and the city administration. Finally, it has achieved this while still providing essential resources and platforms for creative professionals and progress for the industry as a whole.

<http://departure.at>

Best Case 19: IFCIC

Bank Loan Guarantee system for financing CCI's

IFCIC France

The Ministry of Culture and Communication and the French Ministry of Finance established IFCIC with the aim to contribute to the development of the cultural industry in France by making it easier for companies within the sector to obtain bank financing. IFCIC is a neutral and independent institution and is a limited private-sector company entrusted with a service of general interest. Its capital is owned by French banks, large public financial institutions, and the French State.

The loans guaranteed by IFCIC cover most of the needs of companies, at all stages of their development. Since it was seen that CCI's did not only concern creators but also publishers, producers., IFCIC was established to guarantee the risks that CCI's have due to the uncertainty of being a SME complemented with the risk taken with their cultural product/service.

IFCIC does not give subsidies but rather guarantees the loans taken by CCI in the banks. The banks that work with IFCIC are not only given financial guarantees in the event that companies should fail, but also risk analyses that are specific to the cultural industries. IFCIC also helps entrepreneurial companies to get financial backing for projects from

their banks (IFCIC typically guarantees 50% of the loans obtained); and also offers its own financial expertise.

IFCIC has equity of about € 16 million and, more importantly, two active guarantee funds with a total gross value exceeding € 75 million : the *Fonds de garantie Cinéma et Audiovisuel*, which is funded by the Centre National de la Cinématographie (CNC) and the *Fonds Industries Culturelles*, funded in large part by the Ministry of Culture,.

These funds enable IFCIC to guarantee up to € 273 million (IFCIC share), corresponding to total loans of the order of € 565 million, and still have sufficient capacity to take on new risk. Risk ratios are regularly verified. IFCIC guarantees loans to film and audiovisual producers and/or distributors whose activities make them eligible for CNC backing, for the production or distribution of European works susceptible of attracting film investment or funding from the audiovisual production support fund. IFCIC guarantees close to two-thirds of the independent films produced each year. Apart from the audiovisual, All companies registered in the EU and active in the culture industry are eligible for IFCIC guarantees.

<http://www.ifcic.fr/english-version.html>

Best Case 20: ICO

Public credit institutions financing CCI's

ICO Spain

The Official Credit Institute is a public economic entity under the Ministry of Finance and Economy. The Institute has the legal status of a credit institution, with autonomy in its monetary matters and management to achieve their aims.

ICO promotes economic activities that are relevant for society in cultural, innovative or/and ecological terms. They support investment projects of Spanish companies, seeking to obtain a more competitive market and thus contributing to the economic progress of Spain. Their investment in companies aims to boost sectors like the film industry, transport, technological innovation projects, renewable energies and the strengthening of Spanish companies abroad. Furthermore, ICO gets involved in economic policy programmes in crisis

situations, natural disasters or as an instrument to support Spanish exports.

The ICO's functions can be organised in two branches: First, it is a specialised credit institution, meaning that firms in Spain or Spanish companies that are established abroad are funded both in the medium and long-term. Regarding this aspect the ICO acts in two ways: one being as a line of mediation (the appropriations are requested in banks and thrifts), and second through direct operations (companies applying for funding directly to the ICO). Second, the ICO works as the State Financial Agency, managing funds that the government has expressly asked to go to those affected by situations of serious economic crises, natural disasters or similar situations.

www.ico.es

Best Case 21: CultuurInvest

Financial intermediary investing short and long term loans in the CCIs

Cultuur Invest Belgium

Cultuur Invest is an independent investment fund managed by the Participatie Maatschappij Vlaanderen (PMV). The fund is aimed at entrepreneurs in the cultural industries, who have products or services with a cultural content, creation and marketing. With the support of CultuurInvest, these entrepreneurs seek independence and economic growth through a balanced business model.

Since 2006, Flanders has invested in funding for cultural activities and businesses. Given the lack of private investment in cultural industries, Cultuur Invest was created. It is important to make clear that they do invest, as opposed to being a grant providing body, and therefore expect a financial return. The investments are made in the sectors of: new media and computer games; audiovisual and digital design; the music industry; fashion design; printed media and graphic design; publishers and booksellers; musical and performing arts; distribution in the visual arts.

The investment body currently holds a capital of €21.5 million. This was half funded by PMV, with the other half being provided by seven strategic

private partners. With an assumed rate of return of 3.5 million euro per year, after twelve years the fund is expected to have an impact on the market of €100 million. This objective can only be achieved if Cultuur Invest operates as a rolling fund, meaning that the funds that are invested make a profit. The basis for Cultuur Invest to invest is therefore first and foremost a well-founded business plan and a competent team of entrepreneurs, with cultural criteria taking on an important but secondary role.

They invest primarily in projects of companies through short term loans, but also work with loans for longer periods. These loans are always granted to the enterprise, and not the individuals. Besides loans, CultuurInvest can also participate in the capital of the companies, but does this only by raising the existing capital. Both are financial instruments designed to give a boost to the cultural entrepreneurs and thus open them to greater opportunities. Furthermore, CultuurInvest also collates data and information from a range of organisations with services available that are specifically geared towards the creative and cultural industries.

www.cultuurinvest.be/

Best Case 22: Advantage Creative Fund
Venture Capital for CCI's

Advantage Creative Fund
United Kingdom

The investment fund is operated by Advantage Creative Fund (ACF) and was setup in 2003 as the first venture capital fund dedicated to investing in the creative industries.

The fund was set up when it was discovered that the creative industries have traditionally been disadvantaged when it comes to sources of investment support due to their intangible products and dynamic nature. The fund operates by making investments from

£10,000 and up to a sum of £250,000 in creative companies based in the West Midlands and in return these take a small equity stake. The interesting part of this project is that it is open to proposals from all kinds of

creative businesses including start-up enterprises and established companies. There is an amount of €280 000 on equity investment.

The project however pays special attention to businesses that demonstrate: a sound understanding of their market of operation, a desire to make money and also a willingness to take risks. Unlike most venture capital funds, this project even though it is publicly funded, aims at strengthening and developing the creative industry sector throughout the West Midlands.

The project is financed by the EU Regional and Development FUnD of the EU Cohesion Policy.

www.advantagecreativefund.co.uk

Best Case 23: Create Berlin

Designer platforms linking designers, political and economic decision makers

CREATE BERLIN

Germany

CREATE BERLIN is an initiative by and for Berlin Designers. CREATE BERLIN was founded in 2006 by 15 established Berlin-based creative businesses. Now it is a network with over 60 members representing the creative diversity of the Berlin design scene. CREATE BERLIN brings together energies and ideas and provides creative talents with opportunities to realise their visions by strongly believing in the importance of the creative industries in the city's economic development. CREATE BERLIN also aims to connect and bring together Berlin's creative talents with political and economic decision makers.

In terms of support for entrepreneurs in the Cultural and Creative Industries, CREATE BERLIN serves as a supporting hub for creative minds and ideas in and around Berlin.

CREATE Berlin also promotes the economic potential of Berlin's industries by supporting innovative projects and also offers designers an opportunity to further network and market their products. This is done through monthly Showrooms which

seeks to be the hotspots for the regional and international design scene in Berlin. The showrooms which mainly aims at showcasing the ideas and products of designer also attracts art- and design lovers as well as the general public.

Projects carried out by CREATE BERLIN creates awareness and steer the focus of an international audience towards the German Capital, its creative scene as well as its economic potential. Through its projects, CREATE BERLIN strengthens Berlin's reputation as a unique and aspiring major city for design and as the UNESCO designated "City of Design".

As a communication platform spanning all design disciplines CREATE BERLIN promotes Berlin's creative scene as an economic factor to be taken seriously because since its establishment in 2006 the initiative has already managed many various projects in Europe, the US and Asia.

www.create-berlin.de

Best Case 24: Finpro
Stimulating the internationalisation of CC SMEs

Finpro
Finland

Finpro is an association founded by Finnish companies. Finpro deals with Finnish companies at different stages of internationalisation and aims at guaranteeing that Finnish companies, especially small and medium size companies, have access to high quality, comprehensive internationalisation services around the world. Finpro acts as consultant and specialist to Finnish clients, small and medium sized companies, as well as growth companies in particular. Working with Finpro gives clients an interesting opportunity to use and build personal competency.

One project of Finpro that is worth mentioning is the Luovimo Project. Luovimo is a two year internationalisation program for creative companies financed by the Ministry of Economy and Employment and the Ministry of Education. This project aims to boost the internationalisation of 20 creative companies, promote networking and shared learning between different creative industry companies as well as co-creation of new creative concepts. This project aims to recognise best practices and models for growth and internationalisation in creative industries,

and increase understanding on creative industry.

Finpro helps entrepreneurs and companies in the cultural and creative industries by helping them realise their internationalisation plan and boosting the international growth of companies that are already active international but are in need of extra resources. This project is focused on the music, design, performing arts, games and content business, and film, tv, av-industries.

This project supports entrepreneurs and companies by providing them with a Tailor made internationalisation support for creative concepts. Through this project participating companies are offered Internationalisation programme which is tailored to company specific needs, lessons on Innovation process, where companies recognize shared challenges or market opportunities and work in small teams solutions or new offerings to meet them. Also companies get the opportunity to learn and network with other creative industry companies, Public innovation network and media.and network with other creative industry companies, Public innovation network and media

<http://www.finpro.fi/en-US/Programs/Luovimo/>

Best Case 25: Creative Depot
Securing informal IPR online

Creative Depot
Austria

Creative Depot is part of Creativwirtschaft. They provide secure registration of authorship of creative workings, from poetry to photography. It is an electronic service where creative people can upload their concept, idea and any type of file that describes or expresses their creative good. The concept can then either be revealed in which case Creative depot serves as a tool for marketing or it can remain hidden in which case it simply serves to establish a priority on authorship in case the work is being infringed by a third party.

This is a tool to secure or prove property in an area in an informal way. It also serves as a tool to increase awareness and

visibility of creative products. It is not a place where creatives can register for a patent but it improves the proof of authorship within the scope of copyright.

www.creativdepot.at

Best Case 26: Own It

Online protection of individual assets and IP information centre for CCIs

Own It United Kingdom

Own It is a free intellectual property advice for creative businesses. It is an extremely successful organisation which has raised awareness and promoted understanding of intellectual property (IP) amongst the creative industries. It was created in 2004 and has an average of 7,000 visitors per month. Own it is a publicly owned service based at the University of the Arts London with a partnership project with the London Development Agency (LDA).

What makes Own it unique is that it is a specialised and dedicated IP support website serving the needs of the UK creative industries. Own It works with national, local and sector-specific organisations to deliver its results. It consists of 11,000 creative business members, 3,000 organization members and works with 14 law firms. It has an additional IP pro bono service provided by a law firm.

It aims to provide creative entrepreneurs with accessible, specialized knowledge IP systems which are integrated within the Creative London framework. Creatives are able to: i). protect and exploit their intellectual assets, ii). take full advantage of the held capital, and iii).

use their IP to sustain, develop and grow their business.

Own It believes that IP education should be a compulsory part of all undergraduate art, design and communication courses: "So yes, Own It is a brilliantly successful model of support but it is only serving one side of the equation and it is only serving the end of business. It is not really changing the audience as a whole so therefore we need to do more within education." Own It believes that students as well as creative business advisors should be knowledgeable and be able to advise students and professionals on IP.

Own It has also been involved in other projects with the aim of increasing knowledge providing services for students as well as professionals. She devised and developed **The Enterprise Centre for the Creative Arts** in 2000 (ECCA, [www. Ecca-london.org](http://www.Ecca-london.org)) at the University of Arts London. This online site aims to 'guide London's creative people through business' and offers free advice and immediate support and guidance such as: a face-to-face advice service, coaching, seminars, workshops & networking, industry events & training opportunities, a resource library, a directory of agencies & services, fact sheets & podcasts and case studies.

www.own-it.org

Best Case 27: Kunst & Zaken
Developing new business solutions for CCI's

Kunst& Zaken
The Netherlands

Modeled after a the successful concept called "Arts & Business" which runs in the UK and Great Britain, "Kunst & Zaken" has been founded in 1996 in order to provide executive and management support to public and non-profit cultural institutions. Specifically for art academies, they provide support in order to make the transition from art-student to creative worker more effective.

Change Management:

Following the successful contribution from Creativity2Business to the annual Business Leadership Program in 2008 organised by Mediq, Creativity2Business was asked again in December 2009 to take care of a part of this program. The central question in this part of the program was how to make one business of Mediq, instead of a chain of several smaller companies. The perception of the international (group) directors was the approach being used: How can they experience Mediq from the heart? And how can the individual experiences of the group directors tell one single story about Mediq?

The reduction of approximately 45 individual stories into a story is a complex process. The aim was to make this process more efficient, effective

and appealing. To achieve this, Creativity2Business has used the storytelling and visualization disciplines. Artists and participants published a story about Mediq with co-creation as their work-form. Ultimately, the CEO used this as an input to the presentation he gave at the end of the day.

Entrepreneurial skills:

Boer & Croon Corporate Strategy has creativity in high esteem and they strive to develop themselves in this area. The consultants of Boer & Croon Corporate Strategy have already had a creativity training in the past where creativity and problem solving was central.

In order to address this issue Creativity2Business had the work of the consultant compared to the creation of the arts. Analysis of the practice of artists, scientists and engineers shows that generally conducted they are along the same lines. Understanding the various stages of a process of creation and creativity that can be addressed while the strength of individuals, teams and organizations increase. Creativity2Business made use of creative writing techniques to demonstrate the different processes.

www.kunst-en-zaken.nl

Best Case 28: Demola
Linking Universities and CCI's

**Demola in Creative Tampere
Finland**

Demola is part of a project in Creative Tampere, the City of Tampere's business development policy programme, (2006-2011), which aims to facilitate new business, services, innovativeness and creativity. It is Finnish largest regional creative economy development programme and for many years Tampere has been recognised internationally for its initiatives in the business sector, cultural industry and content development. The target of the programme is to create projects worth over € 40 million, after two years of operation, more than € 14 million have been accumulated in 61 projects. Seed money for initiating the projects has been reserved in the budget.

The programme offers a framework and funding for kicking off projects that create new business, and acts as an accelerator and as a creator of networks. Companies and organisations plan and implement the projects selected in the programme.

The programme is divided into three areas, such as Creative industries, Innovations and entrepreneurship and Attractive city. Creative Tampere has projects such as Luke- The creative industries development programme, or "Creative Tools" a Leonardo programme.

In developing entrepreneurship, youth and creative industries are our main target groups in the Creative Tampere programme. One example of an innovation platform is **Demola**.

Demola makes the co-operation between companies and universities closer. It teams up student of different backgrounds: technical, economical, art or design to make them work together. The Demola teams make company projects with an open innovation principle.

There is a combination of a pedagogical project as well as applied research on the basis of open innovation. The company provides the problem to solve for the student teams, the teams try to solve the problem and create a feasible solution / a demo. In the end, the inventor/team owns the rights to the invention and gets compensation for it

Demola project is led by Technology Centre Hermia together with universities. Nokia was the initiator for Demola. It started in autumn 2008.

www.luovatatampere.fi/eng

Best Case 29: Helsinki School of Creative Entrepreneurship
Stimulating entrepreneurship in the CCIs

Helsinki School of Creative Entrepreneurship
Finland

The Helsinki School of Creative Entrepreneurship (HSCE) was established in late 2005 to act as a catalyst to develop the entrepreneurial capacity and to stimulate and support research commercialisation efforts in the Helsinki region.

HSCE draws upon the talent pool of Finland's leading design (Taik), business (HSE), and technical (TKK) universities. Start-up funding and support has been provided by Teknologiateollisuuden 100-vuotissäätiö, the cities of Helsinki, Espoo, Vantaa and Kauniainen, the Ministry of Interior, and from the Helsinki Metropolitan Development Agency, Culminatum.

In describing this collaborative initiative as a 'school', the network firmly establishes the importance of education as their primary mission. Operating in close co-operation with, but at arm's length from the universities, HSCE is able to experiment with high impact approaches to entrepreneurial education that would be difficult to undertake or finance within the current framework in which universities operate. HSCE students will benefit from the insights of leading 'thinkers' and 'practitioners' of entrepreneurship.

The students in the IDBM programme take courses at all three universities in technology, business management, design and art, thus expanding their perspectives. Then they offer their knowledge in the form of industry projects. Each project is completed by teams of 3 to 5 students, representing all three universities involved. A project manager and an expert are chosen from the universities to supervise the progress of the project. The projects are confidential; if necessary, the students and the supervisors will sign a non-disclosure agreement.

In the industry projects, the company involved is able to come into contact with young, innovative students and to obtain first-hand information on the most recent research and training in the field. During the course of the project, the company also has an opportunity to evaluate the students in view of possible future collaboration.

- In 2009 the IDBM programme was listed in the top 30 of the best design programmes in the world by Business Week.
- IDBM has been cited as one of the top nine programmes to Watch.³
- Graduates typically find jobs in design management, research, or consultation.

www.culminatum.fi, <http://>

Best Case 30: Firstport
Support on demand for social entrepreneurs

Firstport
United Kingdom

Firstport serves new and emerging social entrepreneurs through face-to-face support and advice. Owing to the fact that they work directly with individuals and their enterprises, their practical needs can be quickly identified and addressed, from the early stages of the entrepreneurial process, when new entrepreneurs require a basic understanding of their ideas' market potential, to the later stages of the enterprise's life-cycle.

According to Firstport correspondent, beginning entrepreneurs are lacking the understanding of two essential matters: money and markets. That being the case, those who approach Firstport for assistance are offered, initially, a personal consultation by which the support staff can hear firsthand what are the ideas and visions of the entrepreneur, and can thereby assess the skills that will be needed to face upcoming challenges. This one-to-one interaction is one of the most attractive features of working with Firstport, in part because it is completely free of cost.

In addition to a personal meeting and advice session, Firstport plugs new entrepreneurs into existing networks that correspond to the new entrepreneurs' geographical convenience. Through these, the entrepreneur has access to regular networking meetings where knowledge and experiences can be exchanged. Rather than organizing these meetings, Firstport facilitates the connection by directing entrepreneurs to organizations in their own region that host meetings and other activities.

Last, but not least, Firstport provides training through workshops and group based master classes on matters related to business and managerial skills. Information on often complex financial, legislative and regulatory framework is made approachable through expert advice. And, as many creative entrepreneurs are, by nature, tempted to change and improve designs, Firstport, through its training programs, enables them to learn skills in keeping a business plan consistent, yet productive.

www.firstport.org.uk

Best Case 31: Creative Apprenticeship

Giving the opportunity to young people to learn on-the-job through apprenticeship in the CCI's

Creative Apprenticeship United Kingdom

Creative Apprenticeship is part of the Creative & Cultural Skills in the UK Sector Skills Council for Crafts, Cultural Heritage, Design, Literature, Music, Performing and Visual Arts. The Council bridges the gap between industry, education and the government, to give employers a real influence over education and skills in the UK. Founded in May 2004, Creative & Cultural Skills was granted its licence to operate by the Sector Skills Development Agency on 1st June, 2005.

The Creative Apprenticeship was founded on the basis that the qualifications of the graduates are not necessarily fitting the demands of the CCI's such as entrepreneurial flair or the rights skills.

A culture of unpaid work experience dominates the creative and cultural industries. For employers, someone with relevant on-the-job experience is more valuable than an untested graduate sometimes. This discriminates against those who

cannot afford to work for free and the impact is significant.

The Creative Apprenticeship aims at giving young talented people a start in the creative and cultural industries.

It is a mix of on the job and off the job training where young people have the opportunity to acquire skills and knowledge and attain qualifications while doing so. These qualifications are designed and approved by industry. On-the-job learning is a significant component of the Creative Apprenticeship.

Launched officially in September 2008, the Creative Apprenticeships is the first industry approved and government funded apprenticeship framework for the creative and cultural industries.

[http://www.ccskills.org.uk/
Apprenticeships/
CreativeApprenticeships/tabid/82/
Default.aspx](http://www.ccskills.org.uk/Apprenticeships/CreativeApprenticeships/tabid/82/Default.aspx)

Best Case 32: Creativwirtschaft

Training, network and representation of interests of CCIs

Arge Creativ Wirtschaft Austria

Arge creativ wirtschaft austria (cwa) is "a competence centre for creative entrepreneurs and individuals and represents the interests of the Austrian creative economy country-wide since 2003. Embedded in the Austrian Federal Economic Chamber cwa acts as a link to the economy and supports all creative people who want to be active as entrepreneurs in this field."

Activities are focused on three areas: i). entrepreneurial skills- (training and support in networking), ii). representation of interests- iii). information and awareness- cwa acts as a knowledge hub for the interests of the creative industries.

C hoch 3 (C to the third power), workshops for Creative Community Coaching

For CCI and entrepreneurs, networking and knowhow are prerequisites for business success. The coaching project was initiated by Arge in 2008 and has developed with the help of Evolve, the initiative for the development of innovation for creative businesses, the Ministry of Economy in co-operation with regional and local partners.

CreativDepot

Creativ Depot is an online service which allows individuals to manage

the intellectual property rights of a self-devised concept. Registered users can digitally upload their piece of work (e.g. text, video, concept) and receive a digital timestamp, a Creative Commons icon. The work is linked to the author and can be helpful with regards to IP right. Data which has been added to the site is publicly accessible. The description of the work is visible. However, one can choose whether the uploaded file is visible to others. It is possible to upload a total of three files per account and year. This is not a patent or utility model. CreativDepot does not establish new rights. Its aim is to improve the proof of authorship within the scope of copyright. In case of infringement disputes, creative wirtschaft Austria (CWA) offers mediation services. (www.creativedepot.at)

Information Hub

One of the facilities of the information hub is the production of brochures which are of interest for creative entrepreneurs and are continually revised. Research is also done in order to ascertain whether the needs of the creative entrepreneurs are met. Information and awareness is exchanged via the website.

www.creativwirtschaft.at

Best Case 33: Creative Industries Knowledge Transfer
Advancing innovation through knowledge transfer

Creative Industries Knowledge Transfer
United Kingdom

The Creative Industries Knowledge Transfer is part of the 24 Knowledge Transfer Networks (KTN) funded by the UK Technology Strategy Board. These KTNs are national networks in a specific field of technology or business application which brings together people from businesses, universities, research, finance and technology organisations to stimulate innovation through knowledge transfer.

The Creative Industries KTN is set in place to improve the UK's innovation performance by increasing the breadth and depth of the knowledge transfer of technology into UK-based businesses and by accelerating the rate at which this process occurs. The specific aims of a Knowledge Transfer Network include the improved innovation through new collaborations between people, knowledge and experience in business, and across sector.

Through multi-disciplinary networks and triangulation between research, business and different sectors, the creative industries KTN aim at practical solutions to improve innovation.

The **Beacon Project** (for Knowledge Transfer-KT) aims at creating a vision to increase the exchange of knowledge within the CCIs by creating a baseline informing of opportunities and thematic barriers for KT in CCIs. The key findings of the first phase report underlined the need of exchange of information (especially technical and insight content), especially informal exchange of knowledge and of connecting formal and informal knowledge between different communities such as academia, CCIs and businesses. The issue of IPRs and internal and external organisational culture were also key elements.

After the creation of this baseline, the CIKTN have created scenarios encompassing the opportunities and barriers that CCIs have to face in terms of knowledge transfers. This helped in bringing recommendations in order to increase the innovation by focusing on knowledge transfer.

www.creativeindustriesktn.org
<http://creativeindustriesktn.org/beacons>

Best Case 34: SEE

Sharing knowledge and experience in order to develop new thinking

SEE Project United Kingdom

SEE – Sharing Experience Europe – Policy, Innovation & Design is a network of eleven organizations' sharing knowledge and experience in order to develop new thinking, disseminate good practices and influence local, regional and national policies for design and innovation in their countries. The partners come from UK, Belgium, Denmark, Estonia, Finland, France, Ireland, Italy, Poland, Slovenia and Spain. All currently work as an integral part of their own regional innovation policy and their regional governments have committed to exploring improvements in the provision and delivery of innovation, entrepreneurship and design through individual or joint policies.

The main objective of this project is to share knowledge and experience on how to introduce and integrate design into innovation policies into regional and national policies to boost innovation, sustainability and social and economic development. This project also aims to stimulate debate, develop new thinking and build rapport and credibility in order to influence design and innovation policy at regional and national levels. Also

working directly with governments in participating countries in each of the eleven countries this project hopes to lobby and promote innovation policy in Europe.

Even though the SEE Project does not provide direct support to SMEs in the Cultural and creative Industries it has through workshops succeeded in providing companies with detailed and proven knowledge of how they can effectively fit design into their strategic planning. It has also provided opportunity for managers to meet designers and also network between companies since guest during these workshops are encouraged to interact with each other.

Also through seminars and training this project has resulted in improvements in new competencies in the region (eco-designers) and the creation of an eco-design club. More eco-design projects are under way and a collective project, "Cradle to Cradle" has started up.

<http://www.seeproject.org/index>

Best Case 35: IBBT
Innovation through technology

IBBT
Belgium

IBBT (Interdisciplinary Institute for Broadband Technology) is an independent research institute created by the Flemish government to motivate ICT innovation. This is achieved through various ways to actively support companies and organizations in research and development. The institute bridges together companies, authorities and non-profit organizations through research projects that address technical and non-technical issues.

IBBT, as a research institution, places great emphasis on engaging in multi-disciplinary, demand-driven research studies. These are carried out for the Flemish business community and the Flemish government and incorporate technological, legal and social dimensions. Through these research endeavors, there is the objective of making Flanders into a leading and internationally recognized player within the sector of ICT and ICT innovation.

In terms of the cultural and creative industries, IBBT has one focus called "Art&D", co-operation within art and research. IBBT is of the opinion that research, organization and creativity must be integrated to develop a real

and durable competitive advantage. Thus, the art program supports projects that are cutting-edge, refreshing and have an artistic potential and encourage collaboration between artists and researchers.

Also interesting are IBBT's iStep training sessions, which began in 2006. These, conducted together with Vlerick Leuven-Gent Management School, are aimed at researchers in IBBT projects and offer them support in the areas of development and implementation of research results. Participants learn how to link technology with the market and how technology projects can be developed to the point where they can actually be put into the market.

Focusing on ICT innovations, as an all-encompassing domain, IBBT provides numerous support mechanisms to the creative professional and entrepreneur. Creativity and new ideas are stimulated and nurtured by activities such as the incubator and the lab facilities. The interdisciplinary research approach thus stimulates the invaluable co-operation and exchange between knowledge centers, companies, public authorities and the creative industries at large.

<http://www.ibbt.be>

Best Case 36: TULI

Financing research into innovation product/services and CCI's

TULI Finland

The TULI program is a nation-wide program funded by Tekes (the Finnish Funding Agency for Technology and Innovation) that turns research results into business innovations. Involving more than 46 research innovations in Finland, the program began in 2008 and will run until 2013. It relies on a budget of approximately 50 million Euros. The TULI program, though not exclusive to the cultural and creative industries, has established companies selling products and services in sectors such as gaming and fashion.

The services provided by TULI to the emerging entrepreneur who believes they have a great idea is almost too good to be true. The process from idea to enterprise begins with an evaluation process that can be further divided into three steps: initial evaluation (expert services evaluate the initial commercial potential of an idea; up to 5000 Euros available), evaluation (a commercialization path for the idea is developed to open up new prospects and removing obstacles; 20000 Euros), and refinement (challenges and possible bottlenecks solved in the areas of product development and testing; 30000 Euros). Inventors take no personal responsibility for the funding. Thus, there is no financial risk involved, which can be one of the most intimidating obstacles inhibiting

an idea from reaching anywhere near the point of commercialization.

The funding made available through the TULI program not only eases the transition from idea to product or service, but also provides the entrepreneurs with invaluable knowledge on their potential enterprise and the ways in which they will have to cope, once established. Information such as patenting procedures, legal aspects, market analyses, the development of business and funding plans, prototype development and a host of additional services are offered. Additionally, important connections and networks are established with interested parties in the business community. Particularly in the final stages of the TULI process, the aim is to “provide the idea with its own capable wings and set the project on its way towards success.”

The TULI program’s most attractive feature is that all the services are of the highest quality and absolutely free of charge. In addition, its focus on research and development by enlisting the co-operation of research institutions is noteworthy. Therefore, there has been tremendous interest at a European and even international scale. It is a model worth modeling in the interests of innovation and technology as well as the cultural and creative industries in Europe.

<http://www.tuli.info/>

DigiDemo Finland

In the autumn of 2002 the Ministry of Education² and the Promotion Centre for Audiovisual Culture (AVEK) agreed on supporting product development of audiovisual content through a pilot project named Funding for Product Development for Creative Industries from 2002 to 2005. In the autumn of 2005 the Ministry and AVEK launched a new three year Digital Demo Project: DigiDemo (2006-2008).

During the Funding for Product Development for Creative Industries programme the total amount of subsidies was small € 115.000, but for DigiDemo the annual amount of financial support was raised to about € 400.000 per year, and subsidies are allocated twice a year. At the beginning of 2008 the amount of money was raised from € 2.000 to € 5.000 per project. The subsidy amount can cover up to 50% of the total costs of the development project and is aimed for micro, small and medium sized enterprises.

75% of the projects in the first DigiDemo programme have produced a finished demo and demonstrated content production in a form which is complete and coherent from a professional and industrial point of view. However, the content has not yet (report written in 2008) spread widely to additional platforms after testing. A main reason being that a remarkable share of content products are games or content services targeted to a certain platform.

The programme has played an important role in promoting the development of a total of 21 new commercial products, 13 new content services, and a total of 15 new concept designs during 2003-2006. Nearly 70% of the new commercial products are games

www.minedu.fi

www.kopiosto.avek.fi

Best Case 38: Inserralves Incubator

Supporting CCI start-ups and bridging the gaps between businesses and CCIs

Inserralves Incubator Portugal

Inserralves Project is operated by The Serralves Foundation which is an European cultural institution serving the national community, whose mission is to raise the general public's awareness concerning contemporary art and the environment.

This project is a specialised incubator for stimulating and supporting entrepreneurial initiatives in the creative industries. This incubator aims at bridging the well known gaps between creative people and artists, and the business world, by providing adequate environment and conditions.

This projects was introduced because of the need to give a business dimension to the activity of artists and creative entrepreneurs. It was also introduced because artist and creative people most of the time tend to have a limited background and knowledge in critical topics for setting up a business, such as basic ideas on management, business strategy, project management and funding, marketing and sales policies.

As part of its innovative nature this "incubator" aims to provide entrepreneurs in the CCI with a special physical environment for an "open"

development of their entrepreneurial projects and for their interaction so as to promote innovation and convergence of disciplines. Among other this project also aims to create new development and marketing opportunities for entrepreneurs by "breeding" new companies in a favourable environment in terms of creativity.

This project is expected to have a significant economic impact particularly in the Porto Region. Again it is also expected to have considerable cultural effects because the results of the enterprise activities cover a broad spectrum of areas, ranging from music production to web TV, multi-media design for spaces, contemporary art restoration, "didactic clothing", jewellery, or the production of multi-disciplinary workshops for children.

Also most of the products and services resulting from the companies' activities are somehow framed or promoted by "Serralves" thus guaranteeing a large visibility and dissemination. This is believed will give a greater visibility to these projects, and also hopefully have a replication effect with clear cultural consequences.

<http://www.serralves.pt/gca/?id=3068>

Best Case 39: Dutch Game Garden

Informal and cross-sectoral networking for boosting innovative entrepreneurs

Dutch Game Garden The Netherlands

"It's a foundation not aimed at parts of the chain, but at the whole chain." Viktor Wijnen

The Dutch Game Garden (DGG) was founded only two years ago with the vision of inspiring, innovating, stimulating and connecting the Dutch game industry in the Netherlands and, if possible, internationally.

There are three main programs run by the DGG and which catalog the majority of the organizations activities. They are the Game Development Club, the Game Incubator and, lastly, the Game Development Business Centers.

In the Development Club, the DGG targets students by organizing competitions, or game jams, in addition to summer schools, workshops, and master classes. Since there already exist well established connections with educational institutions, the DGG has access to facilities and tools needed to stimulate students to participate.

The Game Incubator is aimed primary at assisting students in setting up their own company. The incubator program provides affordable and scalable housing and embeds the young entrepreneur into an already vibrant network of professionals.

Finally, the DGG runs Game Development Business Centers. Unlike the Game Incubator, these centers are focused on the more mature companies of the industry. Again, flexible and affordable house is offered to their members along with access to other important companies and research institutions.

What sets the DGG apart? One evolutionary feature that makes the DGG unique is their approach to networking which aims at maintaining formal relationships in informal ways. Instead of newspapers, they use Twitter to keep members up-to-date. Likewise, the average, dull meeting is replaced with "pop up" lunches and gatherings during which individuals from all professional backgrounds can interact and share experiences.

"The industry as a whole can flourish when they re not contained within one area of expertise." Viktor Wijnen

By catering to professionals who find themselves at different stages of the entrepreneurial cycle and by bridging the wide gap between the creative and the technical individuals, the DGG represents a fresh and flexible model which underlines that fact that, when it comes to the gaming industry, "one size *doesn't* fit all".

www.dutchgamegarden.nl

Best Case 40: CITIES

European Network for CCIs aiming at stimulating exchange of practices to foster CCIs at the local and regional levels

CITIES

EU

CITIES, Creative Industries in Traditional Intercultural Spaces, was born as a joint project with a duration of 36 months, from October 2008 to September 2011, involving the following six countries: Lithuania, Italy, Spain, Portugal, Hungary and Slovenia. The project is led by Klaipeda City Municipality in Lithuania and funded by the EU's INTERREG IV C programme, under the sub-theme: entrepreneurship and small and medium sized enterprises (SMEs). The Interregional Co-Operation Programme, INTERREG IV C, financed by the European Union's Regional Development Fund, helps regions of Europe work together to share experience and good practice in the areas of innovation, knowledge economy, the environment and risk prevention.

To gain a better perspective and understanding of CITIES, we can pinpoint the other main objectives which are: improving regional and local policies addressing creative and cultural sectors; helping to restructure regions mostly dependent on traditional industries, including renewal of industrial zones for new start-ups; getting an overview of what

other European regions from partners cities have done to develop creative and cultural industries; growing culture's impact on region's economy by encouraging interregional creativity and diversity of cultures; supporting regional business clusters in creative and cultural industries field; promoting of re-conversion of traditional sectors into more knowledge-intensive sectors such as creative and cultural industries; and strengthening co-operation between state, private, non-governmental institutions in creative and cultural industries sector.

CITIES was moved by the belief that the basic trends defining the cultural policies in Europe over the last 15 years could be named as follows: concentration on the explicit auditing/ evaluation/ efficiency schemes, and regenerating the arts and creative industries. The current economic situation represents a challenge for the creative and cultural sector in some countries, and therefore, such questions as functioning of the arts market, and programme based financing versus maintenance of existing infrastructure establishment need to be consider.

www.eucreativeindustries.eu/

Best Case 41: Cap Digital
Clustering for supporting innovative CCIs

Cap Digital
France

Cap Digital is the French business cluster for digital content and services in Paris and the Ile de France region. It is a non-profit organization of 600 members that are primarily innovative SMEs but also count major universities, higher education establishments, research labs, and corporations.

The cluster's members represent the digital industry's most active players in digital content. Nine vibrant member communities make a vital contribution to the strategy and direction of the cluster: Image, Sound and Interactivity, Video Games, Knowledge Engineering, Culture, Press, and Media, e-Learning and e-Training, Collaborative Technology & Intelligence, Mobile Lifestyle & Services, Robotics and Communicating Objects, and Digital Design.

The sector-specific expertise is managed through an organisation of Thematic Commissions, Domain Communities, and experts. This structure is permeable and adaptive. A member of a commission can also be a member of a community and a Cap Digital expert. This new structure aims to multiply exchanges between the Domain Communities and make room for future evolutions. Cap Digital provides members with essential information, networks, and resources. These include

ongoing competitive intelligence, training, partnerships, funding solutions, and project reviews. Partnerships with other leading European clusters, at a structural and project level, are an essential element of Cap Digital's strategic activities. It offers training on management, funding as well as human resources and export issues. At the same time, it helps the business to grow its visibility internationally by multiple attendance at international workshop session and with Cap Digital's international partners.

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Cap Digital catalysed the opportunities given by the digital shift and the opportunities given to work on a multi disciplinary basis.

www.capidigital.com

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about us



Utrecht School of the Arts

Utrecht School of the Arts (HKU)

Utrecht School of the Arts (HKU) was established in 1987, following a merger between the Academie voor Fine arten, the Utrecht Conservatory, the Academie voor Expressie door Woord en Gebaar, the Nederlands Kerkinstituut and the Nederlandse Beiaardschool. With around 3800 students, Utrecht School of the Arts (HKU) is one of the largest Art Schools in Europe. HKU offers preparatory courses, Bachelors and Masters degrees and research degrees in design, media, games and interaction, music, fine art, theatre and arts management.

Four of the five Faculties are located in the city of Utrecht; the Faculties of Visual Arts & Design, Music, Theatre and Art & Economics). The Faculty of Art, Media & Technology, with close ties to the creative industries, is located in the broadcasting hub of the Netherlands, Hilversum. One branch of the Faculty of Music, the Netherlands Carillon School, is located in Amersfoort.

Besides excelling in the Arts, HKU is committed to teaching students how to become professional cultural and creative entrepreneurs. Students learn how to set up networks and start relationships with other artists and organisations. Project Offices maintain contact with business communities, the government, the non-profit sector and the media and cultural sector. The purpose of the Project Offices is to find commissions for students, providing the opportunity to work in professional practice. These commissions range from graphic and architectural assignments to websites, installations, games, animations, clips, videos, films, performances and concerts.

Applied Research at HKU is undertaken by 10 research groups on a variety of subjects, such as theatre making processes, artistic research, music design, game design and development, creative applications of technology, Arts management and education and creative entrepreneurship. These Research Groups have close ties to education, teachers and students.

For this study, two faculties collaborated in the research:

- Faculty of Art and Economics: prepares students for management positions in the creative industry
- Faculty of Art, Media & Technology: trains students to design and develop virtual products

The HKU has a strong position within Europe when it comes to training young professionals in the creative industry, as seen in the high ranking in Business Weekly (Feb 2007) in a list of the world's most influential design schools.

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Eurokleis is a SME specialized in economic, financial and strategic consultancy and studies with the main focus on Information & Communication Technologies. Eurokleis partners combine their academic background with numerous years of experience in various sectors and offer integrated services which cover all the different aspects involved. Moreover, Eurokleis partners have worked for a number of international companies, local authorities and private organisations as well as with the European Commission.

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the **entrepreneurial** dimension
of the cultural and creative industries

