Creative Industries Growth

Through Sector Specific Support

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Creative & Cultural Industries Growth

What Does Sector Support Look Like for Someset & Devon?

This proposal is not going to ponder and reiterate the many reports and data that confirms that the creative industries and cultural sectors are some of the biggest contributors to the UK economy and social economics of our communities. Or that it is one of the largest growing sectors in the UK and is in the top 5 for job creation, exports and inward investment. It is designed to offer a clear path to growing and supporting the sector at a county or regional perspective.

However, unlike other sectors that are easy to quantify and understand, the creative industries have a diverse range of organisations that make up the whole. From big limited companies and charities to small social enterprises, freelancers, practitioners, and even trading community groups.

Its human capital is also mixed and varied. From graphic and web designers to performers and musicians. From festival organisers to museums and advertising agencies. From film makers to digital developers and artists. The list is long and often hard to understand if you have no experience of operating in the sector.

Additionally, the human capital of this sector doesn't often fit within the corporate mindset. Driven by individuals, innovation and ideas, the creative sector utilises talent more than education or knowledge; albeit that these are essential for growth and skills.[1]

Unlike other sectors, for example manufacturing where the product may not stay in local communities, the creative sector also serves a lot of…

[1] Evidence Review 2019/01, Skills, talent and diversity in the creative industries, Evidence synthesis and scoping: summary report (page 7) - Creative Industries Policy and Evidence Centre (PEC)

local markets. From tourism to entertainment, from education to community development and even health and wellbeing. Its benefits extend out further into areas of national, local and personal life than any other sector we have in society.

For this reason, the growth of the sector and its monetary and social economies cannot be contended with by adopting a generic growth model used for other sectors[2].

Nor can it adopt the generic business support model in its entirety. It requires specialist support and also requires a greater focus on the individual as much as the organisation[3]. Offering an opportunity to be innovative in supporting the growth of the sector.

[2] How to compete and grow: A sector guide to policy – McKinsey Global Institute
[3] Growing the UK's Creative Industries, What creative enterprises need to thrive and grow - Creative Industries Federation

Opportunity for changing the business support landscape for creative industries

"Many creative enterprises reported that those offering finance and support were either lacking in their understanding of the way the creative industries work, or could not tailor their product or service to their specific needs. Some creative enterprises had also struggled to articulate their business proposition in a way that investors and lenders required. A number of creative enterprises were unaware of the finance and business support available, highlighting the need for better signposting and marketing that is tailored to them."

Source: What challenges prevent creative enterprises from growing? Growing the UK's Creative Industries

2 - What Does Growth Look Like?

"A defining characteristic of all successful businesses is their ability to grow - and that means increasing the amount of money they make. This is what allows them to invest, hire, retain their best people and crucially gives them the confidence to be able to say yes or no - on their terms. The secret is to stop seeing a compromise between creativity and business, but rather to embrace the symbiotic relationship between between the two, and recognise that success in one is a necessary counterparty to success in the other." ***Chris Hirst, Chairman Havas UK and CEO Europe***

Growth can mean many things but can be boiled down to:

- Reduce business deaths and increase business births
- Increase business resilience
- Find new markets and customers to obtain sustainability
- Contend with skills shortages that impede growth[4]
- Utilises business support and funded schemes to grow
- Build reputations locally, regionally, nationally and internationally
- Increase productivity or expand employment
- Adopting technology to develop organisations, its people and its processes
- Developing and supporting sector specific ecosystems
- Creative skills of the future e.g. a careers programme
- Protecting the IP of creative businesses

[4] Creative Industries Federation Manifesto

This aligns with the 'Creative industries: Sector Deal' which outlines the industrial strategy for the sector:

Of course, there are many other sub-sector elements to growth of the creative industries but the point is clear. It's a sector that can grow and can tick many boxes for policy makers, but where should investment go if we are to boost its impact on our monetary and social economies? What does business support look like as a way forward for Somerset and indeed for Devon and the whole LEP area for these two counties?

3 – Access to Support

With decades of experience and interactions with multiple agencies and businesses we know one issue in accessing support is 'latent demand' (A consumer want that is unable to be satisfied, due to a lack of awareness about a suitable product's existence; lack of information about such a product's advantages, or a lack of money).

The supply of existing support is also through a myriad of channels which can further confuse the business on where to go for support.

Then we have the support mix issue. The choice of generic business support against targeted or specialist support and business segments (start-ups, high growth etc.) or socio-economic groups (woman-owned, family owned, etc.).

Despite the rise of web-based platform resources, the overwhelming choice of delivery mode by firms in the last two years has been face-to-face, especially for advice. This accounts for three quarters of strategic advice delivery. Those businesses that use business support are willing to pay, especially for advisors and consultants, and do so for at least 3 hours of advice and often considerably more.[5]

Concerning the successful matching of demand and supply, substantial evidence of 'what works' in business support is scant but more intensive 'hands-on' programmes invoking strong and trustful relationships between advisors and clients suggest better outcomes – and are in-line with the recent evidence on usage choices made by businesses.

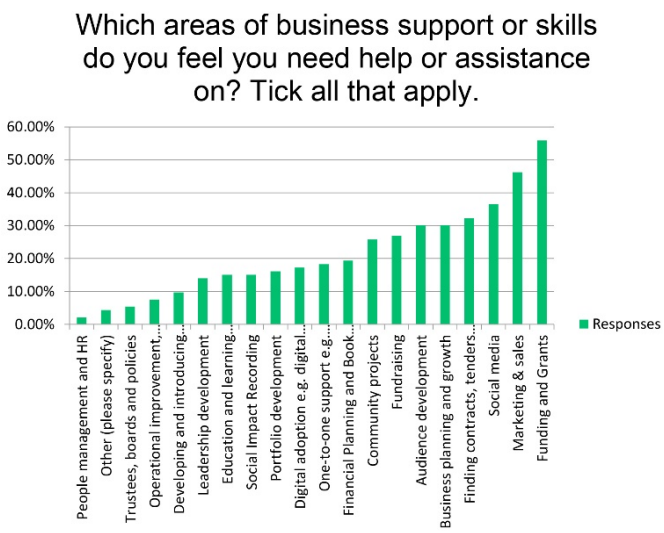
Evidence on barriers to usage of business support is much clearer – complex, confusing, difficult to navigate and constantly changing landscapes of supply accentuate the usage barrier issues for businesses. These barriers include: awareness of support and the ability of businesses to articulate need; businesses needing to make a choice amongst many, including achieving value for money; and the heightened potential for mismatching of businesses to support and subsequent poor experiences leading to future non-usage.[5]

This tells us that a well-designed tiered system of support reflecting a support mix of generic and specialised support for business segments and socio-economic groups with a high percentage of face-to-face support is more effective.

[5] Business Support and the Cultural and Creative Sector in England and Scotland: A Review. Centre for Business in Society (CBIS), Coventry University.

4 – Types of Support

The SABCA Business Survey 2019 (102 respondents) concluded in one question (shown right) that the following support was required by the sector.



This is backed up by national business support programme Prosper (funded by Arts Council England (ACE) in 2018) which states:

"Overall, concerning business support needs the following needs were rated most highly by applicants (69% and above): financial sustainability; business plan writing; scaling up growth; awareness of funding, finance, & investment. The following needs were rated lowest (34% and lower): new products and services; investment readiness."

Though other needs have been analysed, when we look across evidence from recent support programmes and projects for the cultural and creative sector the following aspects of 'what works' are reported:

1) Targeted cultural and creative sector specific business support, but which extends to 'sub-sector specific' business support where appropriate, for experiential learning and application;
2) Business support delivered face-to-face by business advisors who have strong expertise in specific areas and are approachable, adaptable, supportive and trusted;
3) Support that inspires and boosts confidence as well as particular business skills;
4) Opportunities for networking with similar organisations in similar situations/arenas;
5) Initiatives which develop organisations' appreciation of the commercial and non-commercial value of their existing and prospective offers; and,
6) Business support which appropriately develops 'digitisation' given its process of unlocking further opportunities.

What creatives say

Testimonials from creative business workshops held in Dorset

Lusea Gale – Sales for Creatives Workshop

Position: Company Manager/Artist/Designer | **Experience:** 8 years

"Such an enriching workshop. I feel inspired and have a clear vision for the future. Better than anything I received at University of Arts London, Central Saint Martins"

Nooray - Sales & Promotion for Musicians Workshop

Position: Alternative R&B Artist & Composer | **Experience: 4** years

"Absolutely amazing. I learnt a great deal. Great handouts and toolkit, and having studied at university I know you should roll this out across the region"

Miguel Issa – Business Planning for Creatives Workshop

Position: Director/Designer & Artist | **Experience: 12** years

"These workshops completely changed my attitude to business and inspiring. The knowledge of the creative industries is extremely valuable"

5 – Mapping & Data Gathering

We identified earlier in this document that sector data often comes from VAT, HMRC or Companies House, but with the UK, and indeed the creative industries, having a large amount of micro and SME businesses, we know that many are off the radar and not counted within these data sets. This in turn means that existing data can distort the real picture of the sector. Therefore, any business support programme invested by the public purse must collect, collate and build a better picture of the sector at the same time.

Having spent 3 years (2016-2019) on the £1m county wide 'Creative Local Growth Fund' in Dorset, Bournemouth & Poole, supported by Dorset Council, ERDF and ACE, we discovered that it was hard to differentiate the hobbyist from serious start-ups and professionals accessing the business support programme. However, it is understood that in any sector, often new businesses are created through hobbies. From the novice baker who eventually opens a bakery to a self-taught coder who makes a few websites for friends and then starts his own web development agency. Dismissing these pre-start-ups is not good for any sector; especially the youth market.

As the Dorset project was only for start-ups and registered businesses and sole traders, we suggested that people could only access the support programme if they had a valid UTR (Unique Tax Reference) number. This in turn helped us separate the wheat from the chaff and in the process increased the registration of new businesses. Contributing further to regional and national data sets through HMRC.

Though we believe such a model should be adopted for a business support programme in Somerset & Devon, we also believe a pre-start programme should also be adopted. Not only can this programme serve the education sector for final term students and career hunters, but it also creates a career path for many, connecting potential employees and start-ups to the creative industries ecosystem.

As each pre-start-up, start-up, and established practitioner or business accesses the programme they are registered on a CRM system that allows us to better report back on sector developments and more importantly the ROI on public sector investment, and the sub sectors the region serves. Other data and mapping usages can also be identified such as newly registered social enterprises as well as impact on interventions; such as advice; throughout the programme.

Mapping exercises provide an overview of the situation and valuable data for creating strategies. However, the mapping of creative and cultural organisations has proven to have more effects than purely statistical outcomes. These effects, among others, include:

- Mapping is a tool for awareness-raising, both for the cultural and creative sectors taking part in the exercise, public institutions as recipients of the result and general public;
- It helps to create networks of cultural and creative institutions, organisations and companies being involved in the mapping studies;
- The process is a basis for policy formulation;
- Mapping study consolidates the use of definitions and terminology, creating common space for public discussion;
- It improves the quality of statistics;
- If the mapping involves visual mapping (maps of cultural and creative entities), it is a source for clustering initiatives, as well as a potential tool for urban planning and city branding (e.g. design maps).[6]

SABCA is already developing a front-of-house mapping programme that utilises Google Mapping and Geolocation technology, but is unique as it also uses 'Indirect Marketing' techniques to entice the creative business or practitioner to sign up. This in turn serves the 'latent support' issues highlighted in Chapter 3. Moreover, it will help identify clusters within Somerset and Devon. Why does this matter?

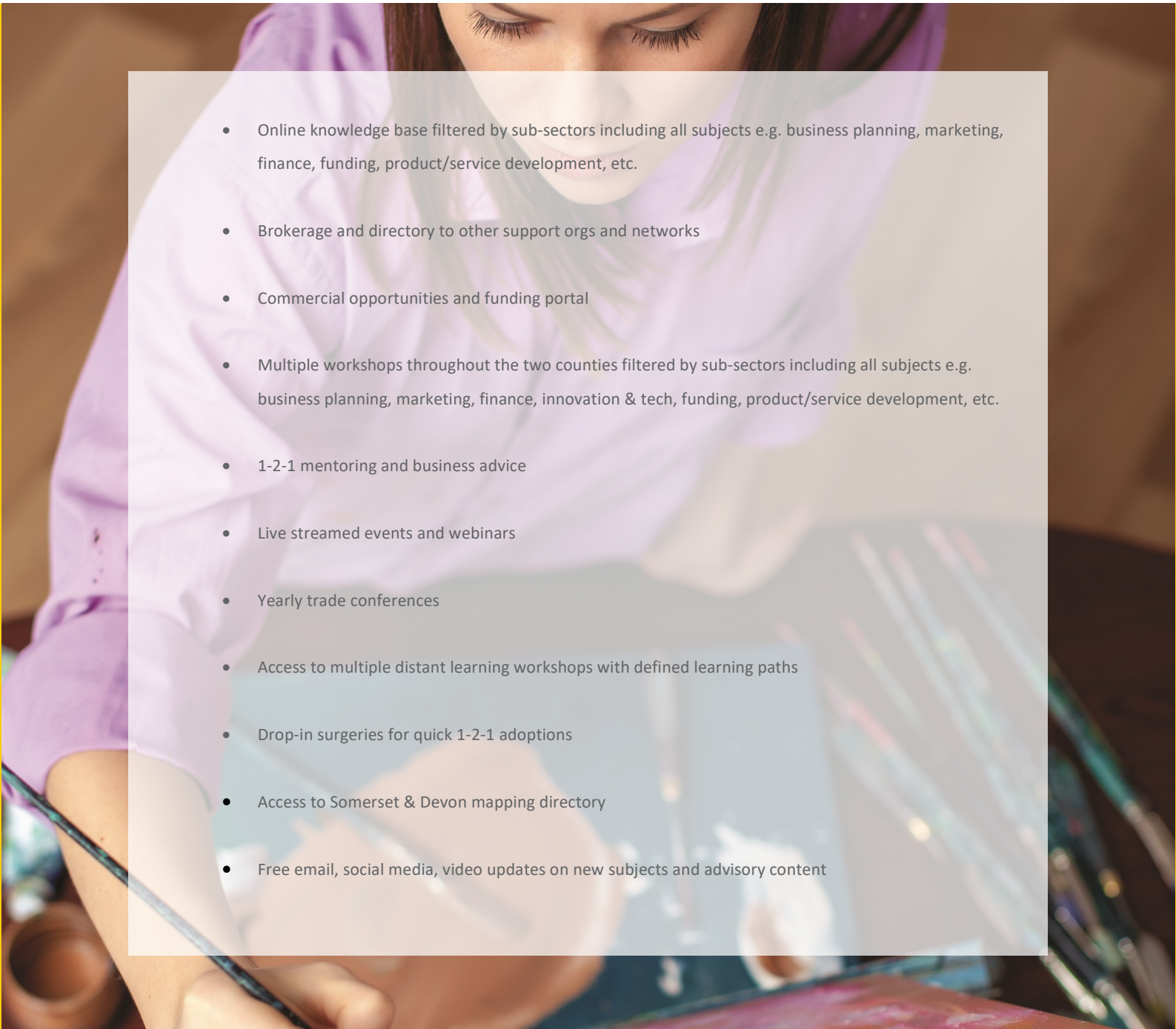
Creativity is not just the preserve of the creative industries. Other sectors use creative inputs and services in their productive activities and produce novel and differentiated products too. Does the diffusion of creative capabilities into other sectors happen more easily in creative clusters where creativity is 'in the air' (to paraphrase classical economist Alfred Marshall)? If so, this would suggest a potentially important, indirect, channel through which creative clusters contribute to local economic development and productivity.[7]

[6] European Union Open Method of Coordination, Expert Group on Cultural and Creative Industries. European Agenda for Culture Work Plan for Culture 2011-2014

[7] Creative Nation - How the creative industries are powering the UK's nations and regions. Nesta & Creative Industries Council 2018

6 – The Support Offer

Though the customer journey to access support will be designed using service design principles to ensure complete engagement, the following support offer will be provided. Using both Somerset & Devon as target audiences.



- Online knowledge base filtered by sub-sectors including all subjects e.g. business planning, marketing, finance, funding, product/service development, etc.
- Brokerage and directory to other support orgs and networks
- Commercial opportunities and funding portal
- Multiple workshops throughout the two counties filtered by sub-sectors including all subjects e.g. business planning, marketing, finance, innovation & tech, funding, product/service development, etc.
- 1-2-1 mentoring and business advice
- Live streamed events and webinars
- Yearly trade conferences
- Access to multiple distant learning workshops with defined learning paths
- Drop-in surgeries for quick 1-2-1 adoptions
- Access to Somerset & Devon mapping directory
- Free email, social media, video updates on new subjects and advisory content

Each sector will be defined accordingly and not limited to the following sub-sectors within the creative industries:

- crafts
- design (product, graphic, web, print, etc.)
- fashion
- film, TV, video, radio and photography
- IT, software and computer services
- publishing
- gaming, VR/AR
- museums, galleries and libraries
- music, performing and visual arts
- community development within creative industries

Those that can access these services are defined as:

- pre-start-ups
- Start-ups
- Partitioners/freelancers
- Sole traders
- Partnerships
- Social enterprises
- Businesses
- Formalised creative industry-based community groups
- Trade related networks and local government departments
- Charities that deliver or focus on creative industry services

To ensure that all have access to these services each recipient will only be allowed to access 12 hours of 1-2-1 support per organisation but may access more hours through workshops, distant learning and online advice.

Some *w*orkshops already developed and tested through the Dorset 'Creative Local Growth Fund' offer a glimpse into workshop themes for creatives; noting many more will be developed:

- Business Planning for Creatives
- Sales & Diversifying Income for Creatives
- Sales & Promotion for Composers, Musicians & Bands
- PR & Promotion for Artists
- Generating Projects Ideas & Funding
- Pop-up Galleries & Shops
- Social Media Tactics for Creatives & Event Makers
- Search Engine Optimisation
- Image is Everything When Selling
- Marketing Essentials
- Social Impact & Telling Your Story
- Trustee & Board Development

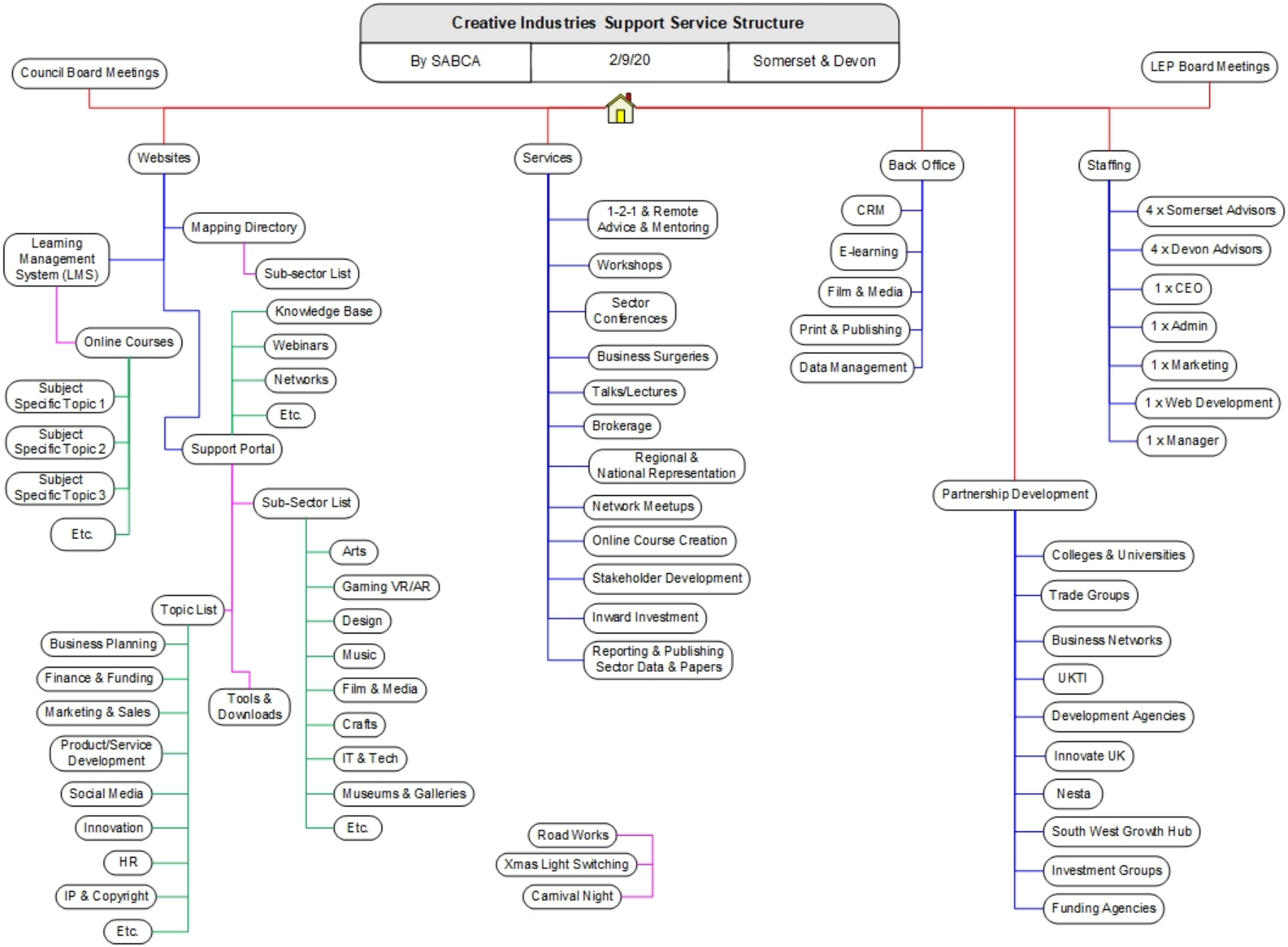
6 – Infrastructure

Business support infrastructure is key to managing growth. These are systems put in place that allow multiple touch points and interactions that serve both provider and end customer.

This is Stage 1 and involves the construction and development of tools and resources needed to executive an effective 3-year programme. Most are cloud and technology dependent but also include the human resource required to deliver it. Estimated to take 3 months to put in place and includes:

- Establishment of two small offices to house operations and staff in Somerset & Devon
- IT systems (hardware and software) and cloud services
- Internet and web-based platforms
- CRM development for recording and reporting
- Marketing plan and collateral development
- Staff & HR adoption
- Development of workshops and distant learning material

Stage 2 is the launch of the services and this will be achieved through many physical and virtual channels with many events in both counties. Marketing is key to this and is an ongoing process. An overview can be seen overleaf. With national government looking at March 2021 as a safe milestone to overcome COVID impact on society it is suggested that if funding was put in place for starting January 2021, and that 3 months development time is needed, the launch window would be March 2021 and fit well with the national consensus.


Creative Industries Support Service Structure
By SABCA
2/9/20
Somerset & Devon
Council Board Meetings
LEP Board Meetings
Websites
Services
Back Office
Staffing
Learning Management System (LMS)
Mapping Directory
Sub-sector List
Online Courses
Subject Specific Topic 1
Subject Specific Topic 2
Subject Specific Topic 3
Etc.
Knowledge Base
Webinars
Networks
Etc.
Support Portal
Sub-Sector List
Arts
Gaming VR/AR
Design
Music
Film & Media
Crafts
IT & Tech
Museums & Galleries
Etc.
Topic List
Business Planning
Finance & Funding
Marketing & Sales
Product/Service Development
Social Media
Innovation
HR
IP & Copyright
Etc.
Tools & Downloads
1-2-1 & Remote Advice & Mentoring
Workshops
Sector Conferences
Business Surgeries
Talks/Lectures
Brokerage
Regional & National Representation
Network Meetups
Online Course Creation
Stakeholder Development
Inward Investment
Reporting & Publishing Sector Data & Papers
Road Works
Xmas Light Switching
Carnival Night
CRM
E-learning
Film & Media
Print & Publishing
Data Management
4 x Somerset Advisors
4 x Devon Advisors
1 x CEO
1 x Admin
1 x Marketing
1 x Web Development
1 x Manager
Partnership Development
Colleges & Universities
Trade Groups
Business Networks
UKTI
Development Agencies
Innovate UK
Nesta
South West Growth Hub
Investment Groups
Funding Agencies

8 – Outputs & KPI's

Recording equality and diversity data on individuals receiving support is mandatory. Based on our experience of other county wide programmes we foresee the following targets (modelled on ERDF):

Description	Target Per Annum	3 Yr Target
No of businesses receiving 12 hrs of support	800	2,400
No of businesses receiving support 3 hours support	800	2,400
No of businesses attending 6 hr workshops	480	1,440
No of new enterprises created	80	240
Employment increase in supported enterprises	40	120
No of businesses introducing new products to market	30	90
No of pre-startups engaged with programme	40	120
No of start-ups engaged with programme	120	360
No of businesses taking online courses	400	1,200
No of businesses accessing online knowledge base	3000	9,000
No of businesses registering for mapping directory	900	2,700
No of businesses adoting new technology	90	270
No businesses access funding and investment	40	120
		20,460

9 - Costs

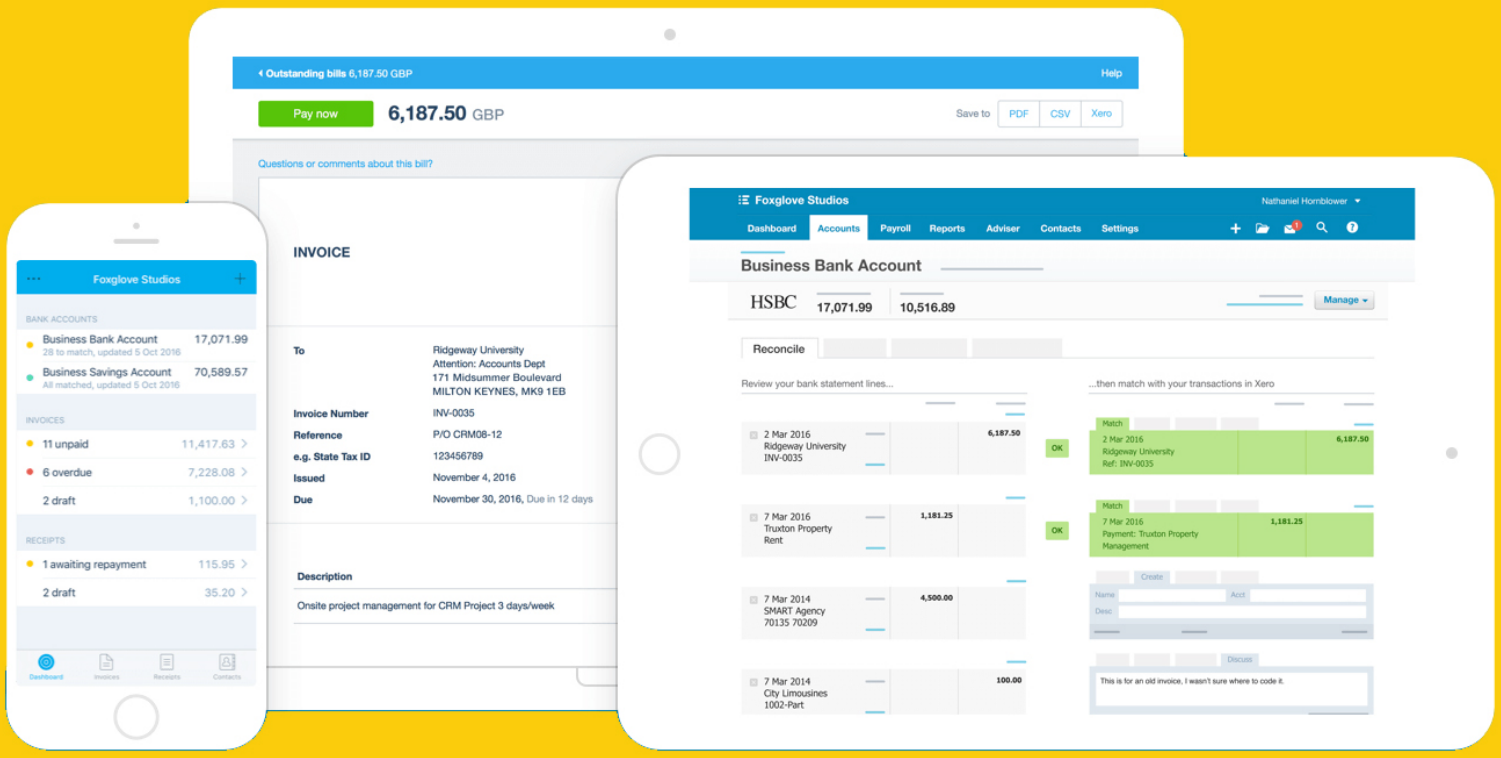
Like any budget this can be revised and recalculated and designed as a 3-year programme. Based on productivity outputs and sector specific advisors required to deliver support an office location in both counties are required. Along with 4 advisors per county. Advisors roles go beyond advising and includes other support collateral creation tasks. We intend to take an in-house approach to creating support material and though this increases employment costs it reduces outsourcing costs considerably and allows creation of IP on support products. Therefore, the highest cost is for the 13 jobs created.

Using the estimated costs below we see that a cost of £2,321,400 is required for 3 years, which equates to £773,800 per annum. If one divides that total cost with the projects 20,460 engagements (defined in Chapter 8's Outputs & KPI's) we can see this equates to just £113 per business engagement. An excellent 'value for money' proposition.

Item	Cost each	Yearly cost	3 yr cost
8 specialist advisors (4 per county)	35,000	280,000	840,000
Admin staff	30,000	30,000	90,000
Marketing staff	28,000	28,000	84,000
Offices Devon & Somerset	20,000	40,000	120,000
Director	45,000	45,000	135,000
Manager	35,000	35,000	105,000
Web/Media development	30,000	30,000	90,000
CRM	10,000	10,000	30,000
IT/Tech needed	30,000	30,000	90,000
Printed learning materials	12,000	12,000	36,000
Distant learning creation	60,000	60,000	180,000
Marketing budget	45,000	45,000	135,000
Conference/Workshop Venue Hire	55,000	55,000	165,000
Travel/Fuel	1,600	19,200	57,600
Accountancy/Legal/Insurance	1,200	2,400	7,200
Consultancy/Speakers	18,000	18,000	54,000
Furniture	15,000	15,000	15,000
Staff training	4,000	4,000	12,000
Sundries	1,500	1,500	4,500
Unallocated funds	10,000	10,000	30,000
Communications e.g. phones	4,500	4,500	13,500
Trade group memberships	1,200	1,200	3,600
Network Creation Support x 4 per county	8,000	8,000	24,000
			2,321,400

10 - Financial Management

Financial management can be provided in many ways. However, based on such a large budget having a county council to hold, manage and distribute funds for the programme seems appropriate (as with many other similar programmes). This will ensure that funds are managed in line with any LEP funding and create assurance that the project has met and been managed in a way that meets the outputs and KPI's. Cloud based accounting using Xero Accounting will be adopted and used to create real-time information on all financial management.



11 – Legacy

With such a robust infrastructure it would cost little to maintain all online learning and knowledge materials beyond the 3-year programme, and no doubt be used continuously by businesses; even by those not in the HOTSW LEP area. For this reason, the investment into this 3-year programme would continue to provide value after its funding has been used. Moreover, a charging structure can be added after the 3 years to ensure its sustainability.

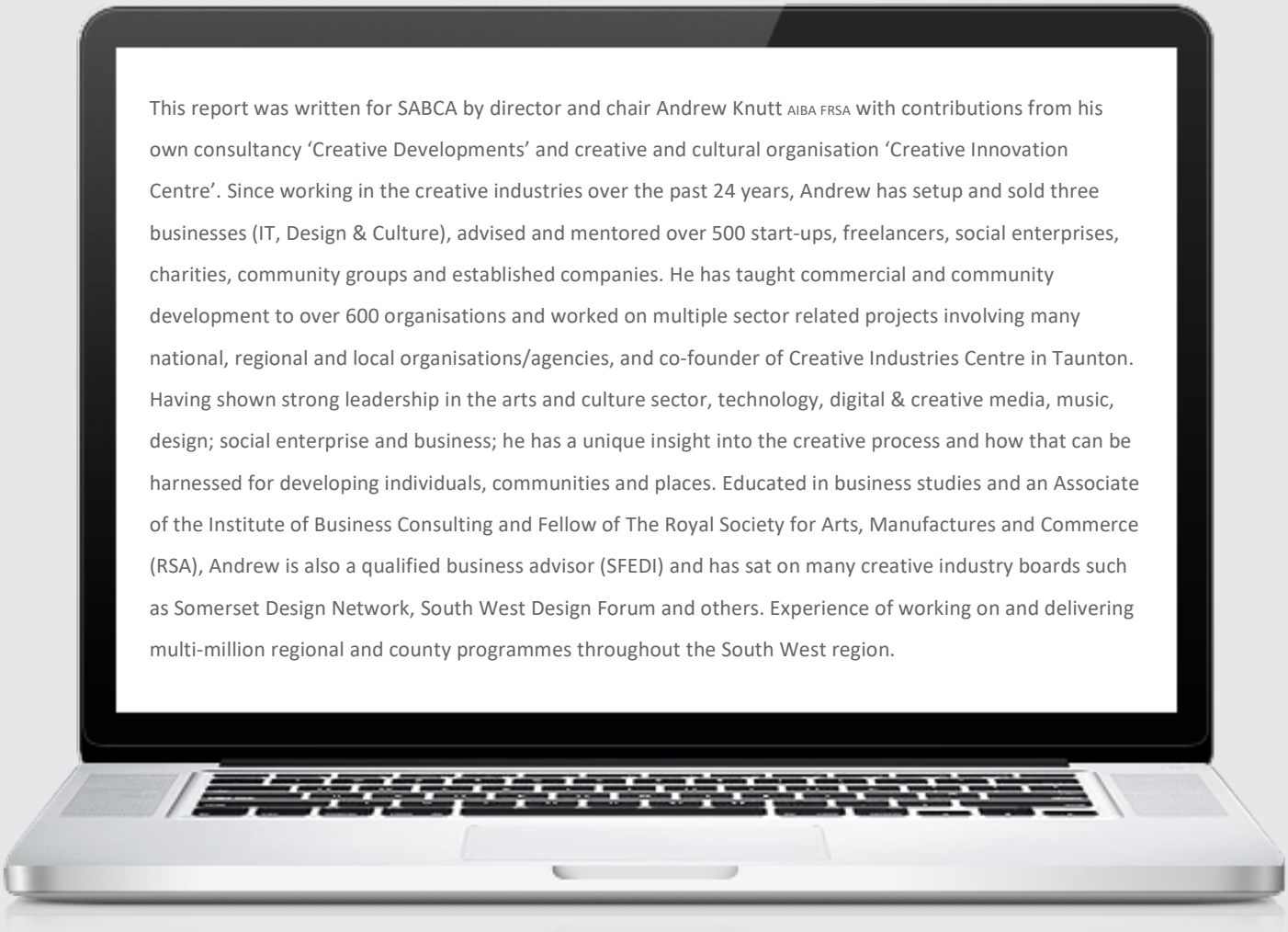
We are also confident that the targets reached and data gathered from the programme will inform a more robust industrial strategy for the sector and will attract further investment from other funding agencies or government departments.

Summary

Increasing skills, knowledge and growth for the creative industries can be achieved with sector specific support and by using technology to build a remote learning network. At just £113 per engagement with over 20,000 businesses we are confident that enterprises will generate an extra £113 turnover after engaging with us. Even if they generate just £5000 extra trade per annum after engagement with us, we can see the economics showing £102m created in the local economy, and all from a £2.3m programme. That's the real target and though not part of the outputs it's the ambition we wish to create in all who engage with us and SABCA is best suited as the main provider of this programme.

About

Somerset Arts Business & Cultural Alliance (SABCA) is a not-for-profit Community Interest Company No.12197272, and an innovate and creative organisation that understands that creativity, arts and culture can bring many economic and social benefits to our communities. We support and develop the creative and cultural industries and its organisations so they can become more enterprising and learn how being more business-like can bring economic success and longevity. We achieve this through skills development, advice, mentoring, workshops, self-help groups and networks.



This report was written for SABCA by director and chair Andrew Knutt AIBA FRSA with contributions from his own consultancy 'Creative Developments' and creative and cultural organisation 'Creative Innovation Centre'. Since working in the creative industries over the past 24 years, Andrew has setup and sold three businesses (IT, Design & Culture), advised and mentored over 500 start-ups, freelancers, social enterprises, charities, community groups and established companies. He has taught commercial and community development to over 600 organisations and worked on multiple sector related projects involving many national, regional and local organisations/agencies, and co-founder of Creative Industries Centre in Taunton. Having shown strong leadership in the arts and culture sector, technology, digital & creative media, music, design; social enterprise and business; he has a unique insight into the creative process and how that can be harnessed for developing individuals, communities and places. Educated in business studies and an Associate of the Institute of Business Consulting and Fellow of The Royal Society for Arts, Manufactures and Commerce (RSA), Andrew is also a qualified business advisor (SFEDI) and has sat on many creative industry boards such as Somerset Design Network, South West Design Forum and others. Experience of working on and delivering multi-million regional and county programmes throughout the South West region.

Ready to discuss the project?

Let´s start.

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