



Cida Co applies **creativity** and **innovation** to bring about **sustainable** development for **economic** and **social** benefit.

STRATEGIES FOR A CREATIVE ECONOMY

**Exploiting the potential of
The Creative Industries Sector
to provide Governments with an
Economic, Social and Cultural Return on Investment**

**Prepared by
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Cida Co International



Helping Governments across the world to strength





15 Years Supporting Global Creativity

Foreword

The Creative Economy includes some of the most dynamic and innovative companies in the world. As a sector, it has withstood the ravages of the credit crunch, the global financial crises and the realignments of power and politics. In a period when the global trade economy declined by 12%, the creative economy grew by 14%. There is scarcely a country in the world that has not recognised the sector for its value in terms of economic, social or cultural impact. And yet, the sector largely remains an enigma to those in positions of power and government. Its make up as a hybrid sector, characterised by a proliferation of small and micro businesses; its stubborn refusal to conform to established business behaviours; its consistent failure to speak with one voice; even the very values which inform its work; all contribute to the sense that this is a sector that is hard to reach and hard to work with.

The fact is that, if the sector is to grow and to fulfil the expectations of politicians and economists, it needs help. Without doubt, there are strategic issues facing the sector in terms of market change, disruptive technology, infrastructural issues, sustainability and 21st century entrepreneurialism. At the same time, and uniquely, the return on investment for Governments in providing these interventions may be measured in both tangible and intangible outcomes: in contribution to GDP alongside cultural confidence; in increased employment alongside artistic profile; and in increased business innovation alongside national pride. To use popular jargon, engagement with sector should be a no-brainer for Governments.

CidaCo is a company set up in January 2000 by creative entrepreneurs for creative entrepreneurs. Since 2000, we have worked with governments at strategic levels and with businesses at grassroots level to increase the capacity of the sector to contribute to national and regional economic prosperity. We have worked in 31 countries across the world, on both large and small projects. Significantly, we not only work with creative businesses themselves but we take that creativity and innovation capability into businesses in every sector. This not only creates new jobs for creative people but also assists all companies to grow their business, expand to new markets and increase their potential for success through innovation and business transformation. Through our extensive knowledge and experience, we have the knowledge and skills to help strengthen your creative economy.

We look forward to hearing from you. Please contact me on Anamaria@Cida.org

ANAMARIA WILLS

**Chief Executive,
CidaCo, The Creativity and Innovation Company**

Introduction

Across the world, politicians, governments and economists are supporting the creative industries and investing in the creative sector because of:

- *their growing economic importance*
- *their positive spill-over effects into other industries*
- *their contribution to smart growth (e.g. through software and publishing), to sustainable growth (e.g. through architecture and design) and to inclusive growth (e.g. through performing arts, carnival etc)*
- *their considerable potential for changing the image of a region.*

As noted in the 2010 UNCTAD report on the creative industries, (www.unctad.org):

"A new development paradigm is emerging that links the economy and culture, embracing economic, cultural, technological and social aspects of development at both the macro and micro levels. Central to the new paradigm is the fact that creativity, knowledge and access to information are increasingly recognized as powerful engines driving economic growth and promoting development in a globalizing world."

Although every country is different, and indeed interprets its own creative economy differently according to its own cultural and economic values, the fact remains that every Government is increasingly faced with the growing need to capture, reinforce and exploit the potential of the sector. This is in order to ensure that, in a global knowledge economy, a country benefits from the contribution of its own creative workforce in terms of economic growth, social development and cultural identity. However, this can be more difficult than it seems.

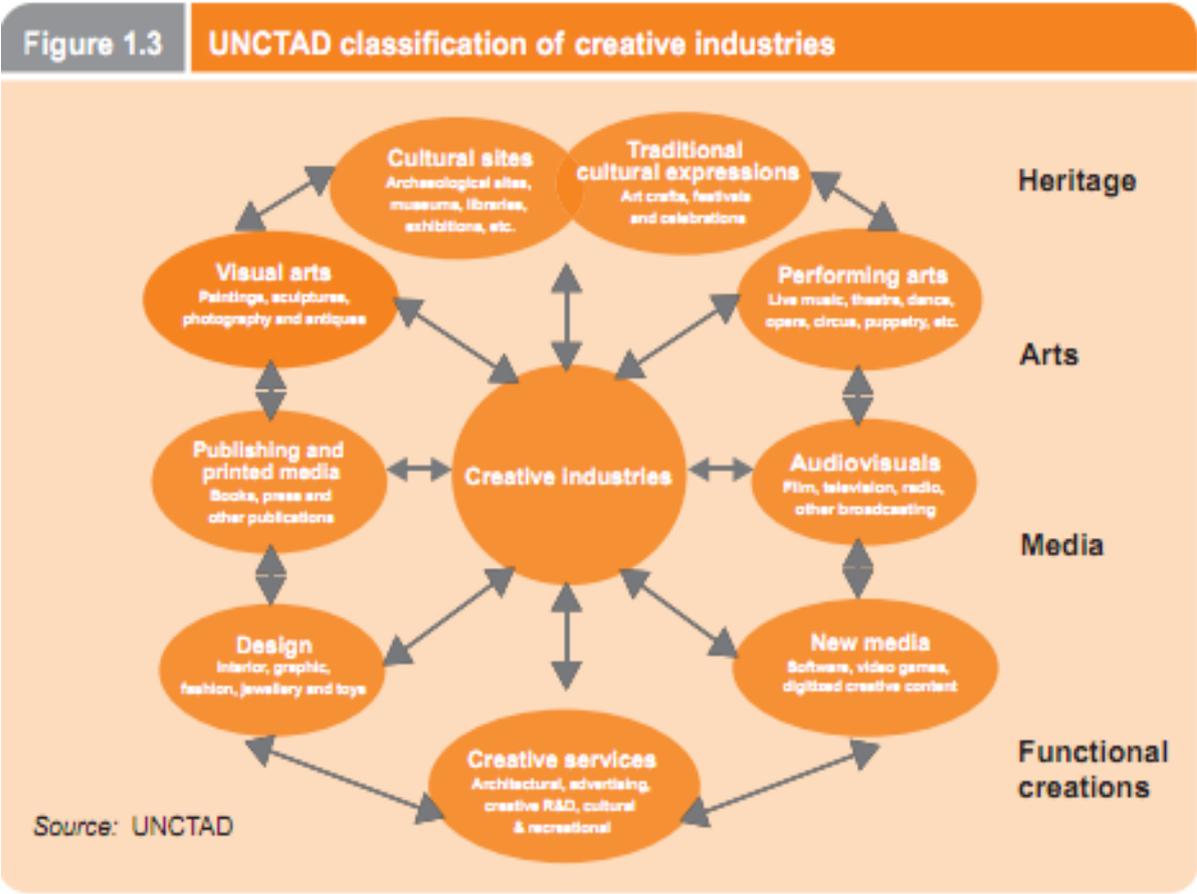
The creative sector, under every definition, is essentially a hybrid sector composed of a multiplicity of sub sectors, each with their own distinct personality, values, strengths and weaknesses. Although there are, in fact, some shared cross cutting issues, it is almost impossible to shape a strategy for development that adopts a 'one size fits all' approach. In addition, the ecology of the sector does not mirror the ecology of other sectors: it is primarily composed of micro-businesses, many of them unregistered in any formal sense and mostly employing less than 5 people each. Very often, there is factionalism within each sub sector and it takes considerable effort to achieve the clustering that is essential for the growth of the sector. The few large businesses that exist are often very large and have, in the past, grown big by the exploitation of the IP developed by the micro businesses. However, these large businesses are now facing severe market disruption as technology renders the process of publishing and distribution more accessible even to the tiny and independent content creators. The sector also contains a number of creatives who may be employed in other traditional sector businesses, who do not necessarily identify themselves as creative sector employees and who are thus hard to reach.

Operationally, the micro businesses, which, contrary to received opinion, often stay small because they choose to stay small and not because of innate incompetence, in fact depend for their success on their ability to collaborate and innovate. They are often project based, set up around a single idea, and on completion of the project, they disband and start again on a new project with new partners. Thus, neither the longevity of a business nor the numbers employed may be regarded as a consistent metric of success.

Similarly, it has been found in Europe that the interventions long established for other business sectors, particularly partnerships with Universities who undertake the innovation work, are not always perceived as useful in the creative sector. Innovation is the lifeblood of creative companies and is fundamental to the way they operate. They do not look outside for help with innovation. Instead, the sector has the capability to bring its creativity and innovation practice to stimulate and support other sectors. Whether in health care, professional services, manufacturing or tourism, the creative sector has much to offer in developing and sustaining an environment of innovation and collaboration.

The Creative Industries

There are a number of definitions of the creative industries which vary from country to country, reflecting the variations of strengths and weaknesses in each nation. The different definitions are marginal in terms of developing strategies for development. As a guide, we give below the definitions used by UNCTAD. The UNCTAD approach to the creative industries relies on enlarging the concept of ‘creativity’ from activities having a strong artistic component to ‘any economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible.’¹



¹ www.unctad.org



CidaCo is the trading name for Creative Industries Development Agency which was founded in 2000 by Anamaria Wills, an award-winning leader and producer with over 30 years' experience in some of the UK's leading cultural institutions. CidaCo collaborates with clients to develop creative and innovative solutions to achieve sustainable growth. From our Yorkshire base and bolstered by a strategic alliance with Silicon Valley innovation specialists EDG, we take a global approach to inspire our UK and international clients to tackle challenges with new thinking and different perspectives. A unique mix of creativity, innovation and entrepreneurialism is the backbone of our work with over 600 organisations in 34 countries and regions to date including Brazil, Singapore, China, Zimbabwe, Europe and the Caribbean. Our clients cross both the arts and business sectors and range from those with roots in Yorkshire like Phoenix Dance Theatre to governments and global brands like Delta Corporation (Southern Africa). Visit www.cidaco.org for more information...



**Retain & Develop
all Talent**



Developing Your Creative Economy

The creative sector is the fastest growing sector in the global economy. In the UK, it accounts for 7% GDP, employing approximately 2m people; in Europe, it provides almost 3% GDP, employing approximately 6m people; globally, the creative sector showed an annual rate of growth of 14% from 2002 -2008, despite an overall decline in global trade of 12%, thus proving to be one of the most dynamic sectors of the world economy.² Uniquely, the sector is multi-faceted in its impact, contributing to economic prosperity, social development and cultural identity, as detailed throughout the recent UNESCO report on Creative Industries.

However, for individual Governments and strategic bodies, more used to dealing with established Industry groups who speak with one voice on behalf of their members, the need to engage with the hybrid and often fragmented creative sector can prove challenging. The sector is predominantly made up of micro, small and medium enterprises (MSMEs), with 84% of businesses in Europe, for example, employing less than 5 people. Anecdotal evidence suggests that it is probably true of most other countries too. Furthermore, these figures reflect only those businesses that are formally registered. It is widely recognised that, in many countries, the informal economy is still home to a very large number of creative businesses who choose not to register themselves even where, as in Colombia and Singapore, for example, it is required by law. This is clearly one of many strategic issues that need to be addressed in dealing with a sector which is known for its maverick tendencies. As a topical cautionary tale, the failure of the Greek Government to provide a more attractive regulatory framework for business start ups is now identified as one of the contributory factors to their current economic difficulties.

The issue for the creative sector, however, is that Governments are more used to dealing with large scale companies. For example, the 6% of creative sector businesses that may be called large are identifying issues and requirements that are not necessarily those that the rest of the sector, the vast majority, would choose. In the past, the large companies tended to grow big by the successful exploitation of the IP of the small and micro businesses. Today, however, with independent creatives in a number of subsectors enjoying increasing access to the means of distribution, resulting in a concomitant reduction in the reliance on major or monopoly distributors and publishers, the business models of the large companies are facing substantial redesign. At the same time, the priorities of the micro companies start to move up the value chain. For Government to intervene strategically and effectively, it needs to hear the voices from all parts of the sector - and ignores them at its peril.

It becomes essential, therefore, that solutions are found that meet the wider industry's needs, and that they are tailored to meet the multi-sectoral nature of the industry. CidaCo has long experience of working on behalf of governments with thousands of creative businesses in over 30 countries across the world. We can provide tried and tested pathways to engaging with the sector in language that is shared and with values that are understood on all sides. Our deep knowledge of the breadth of the creative sector means that we are quickly trusted by the entrepreneurs. Whether seeking to diversify a changing economic base, or to stimulate greater use of creativity and innovation in general business practice, or strategically to address the enterprise weaknesses in an existing creative sector (including improving access to finance; developing creative clusters etc), CidaCo has the experience and the tools to help effect such change.

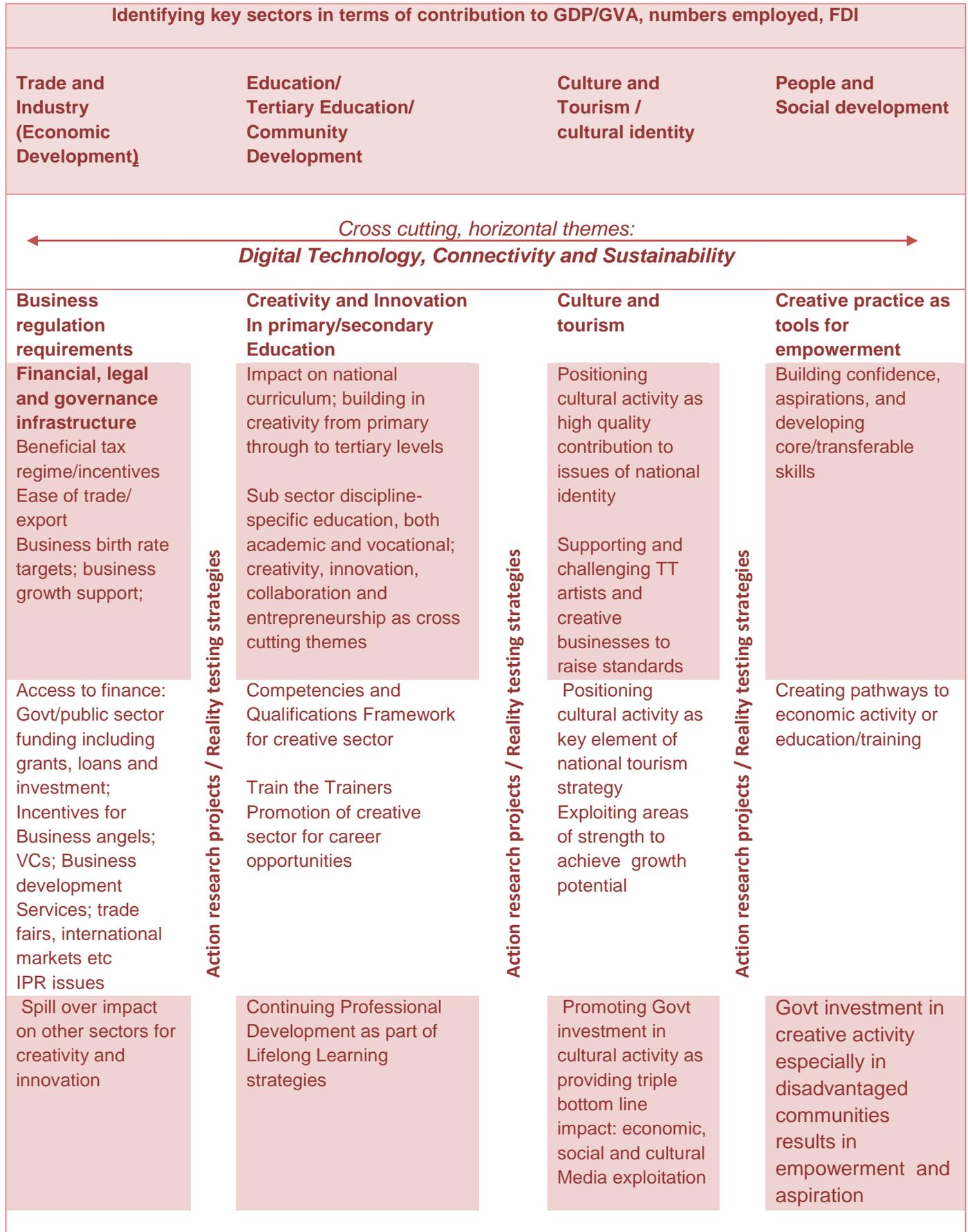
² Sources: DCMS: EU www.creative-growth.eu; UNCTAD

Five Stages in Developing the Creative Economy

Our experience suggests that there are five key stages in strengthening the sector:

1. Mapping the sector, including results from strategies and actions currently in place
2. Evaluating the results; determining priorities for creative policies and strategies, and quantifying outcomes in terms of RoI (return on investment)
3. Options for Intervention – developing a strategic framework across key areas of policy with action planning and quantified outcomes
4. Implementation of selected Action Research Projects per area of intervention to include monitoring and evaluation
5. Review, amend and roll out

Figure 1: Illustration of benefits of cross departmental collaboration across Govt



The Advantage of Working with CidaCo:

- We have extensive, demonstrable and externally audited experience of working to quantified outputs, and can provide a deep track record of achieving measurable success in both tangible and intangible outcomes, delivering all our projects on budget and on time.
- We are Independent and international with wide experience of working on both sector development and capital building projects
- We have deep experience of working in culturally diverse contexts
- We have experience of poverty reduction programmes, and governance and gender issues
- We have knowledge of living and working in both established and emerging economies
- We have ‘grassroots to national strategies’ experience, with experience of macro and micro level
- We have direct experience of working with governments
- We have experience of development research, programme design, needs assessment and implementation
- We have internationally recognised applied Innovation experts
- We have long experience of monitoring and evaluation
- We bring with us a package of tried and tested project tools
- We have personal experience and networks in many different countries which may help

Results we can offer

- Documented evidence of contribution/potential of Creative Industries in terms of GDP, employment, poverty reduction, social development
- Increased interest and take up across the country, and potentially providing a model for the other countries
- Programmes incorporates mechanisms for inclusion of all communities
- National institutional capacity building, among government officials, educators, entrepreneurs and educators
- Network of various diverse countries who will have worked with CidaCo and provide potential export market opportunities
- Identification and realisation of spill over impact of CIs, critically including stimulation and promulgation of innovation know-how throughout industry

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