

MODELS OF CREATIVE ENTERPRISE CENTRES: CHARACTERISTICS, LOCAL IMPACT AND SUSTAINABILITY (two page summary)

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Research Team: Dr Marcello Bertotti (Institute for Health and Human Development, University of East London), Jeannette Nijkamp (Centre of Expertise Innovations in Care, Rotterdam university of Applied Science), Professor Jack Burgers (Erasmus University), Frans Spierings (Rotterdam University of Applied Science)

Aims and objectives of the project¹

The main aim of this project was to encourage knowledge transfer between Creative Enterprise Centres (CEC) across the UK and Netherlands and examine four aspects of research on the creative industries:

- The characteristics of different models of CEC, their history, goals and structure;
- The impact of different models of selected CECs on their local neighbourhood and what lessons might be learnt from their experience
- Different models of financial sustainability of CECs and the lessons that can be learnt from the experience of some CECs across different countries and mainly the UK and the Netherlands
- Methodologies and methods to evaluate the impact of CECs on the local neighbourhood.

In order to address these points, we run four workshops with CEC managers, academics and grass-root organisations across the UK and Netherlands and included a range of CECs from other countries including Spain, Italy, Slovakia, and Denmark. Workshops were held in London and Rotterdam during 2012-2013 and included a range of presentations from various stakeholders, discussions, visits to projects and buildings.

Characteristics of different models of CEC, their history, goals and structure

The CECs involved in the project² ranged widely in terms of their age, size, location, type of enterprise supported, and objectives whether social, economic, cultural or a mix of these. Age varied from very established (1988) to start ups (2011), and size ranged from self-employed to 228 (average 90 companies) creative companies hosted. All CECs were located in areas of urban disadvantaged and almost all had renovated abandoned buildings, a legacy of manufacturing decline that is visible in most urban areas across Europe.

All CECs had an economic objective in relation to supporting creative companies and boosting associated employment. However, not all CECs were actively engaged in the socio-economic development of their neighbourhood. Most CECs needed to be entrepreneurial and could not rely on public funding for their sustainability. Thus, the strategy of most CECs was firmly focussed upon long term financial sustainability of their building rather than concerns for the development of the neighbourhood. The range of enterprises supported also varied substantially across CECs. One of the

¹ A range of presentations are available upon request (m.bertotti@uel.ac.uk) and will be made available through the following updated website (www.uel.ac.uk/ihhd). We also have a facebook page set up as part of this project (Crec Europe)

² CECs involved were: Chocolate Factory (London, UK); Creative Factory (Rotterdam, Netherlands); Het Paleis (Groningen, Netherlands); KPH (Copenhagen, Denmark); Anima Mundi (Trento, Italy); Creative Art Centre (Kosice, Slovakia); Company Care (Copenhagen, Denmark); Enterprise Centre (Derby, UK); Euromedia (Spain)

CECs was mainly concerned with cultural change by hosting music, dance and other types of performance. In relation to types of enterprise hosted, there was also wide variation from pure artists to media and 3D firms using sophisticated computer software.

In some respects, the business model of the CEC dictated the type of firms that operated from the buildings. Most CEC managers differentiated between artists 'hobbyists' who worked to fulfil their personal need of expression and creative entrepreneurs who were interested in creating a thriving and sustainable company. Most CEC managers were under pressure to host businesses that could be sustainable either in the immediate or near future, thus were often faced with difficult decisions and developed strategies to assess the potential of creative entrepreneurs.

The impact of different models of selected CECs on their local neighbourhood and what lessons might be learnt from their experience

The vast majority of CECs were more focussed on sustainability and in some cases independence from public funding than their socio-economic impact on the local neighbourhood. This was mainly due to increasing financial constraints from public sector funders. CECs contributed to the physical restructuring of local areas after manufacturing decline, but it is more debatable their contribution in terms of employment creation as businesses tended to be very small and often self-employed. Through workshops with local third sector organisations from London and Rotterdam, we also realised that there was little integrated strategy between different segments of the creative industries. This was partly due to the wide range of sub-sectors represented under the umbrella of creative industries. This created problems in identifying opportunities for collaboration between fashion, clothing manufacturing on the one hand and computer based media, architecture on the other. Although many regional and public sector organisations might invest in the creation of CECs, there is no a clear strategy vision in relation to how the creative industries will benefit the socio-economic fabric of the local neighbourhood.

The Chocolate Factory in London did have a beneficial impact on the local neighbourhood as evidenced by independent evaluations and our own research work (Nijkamp et al forthcoming). Such beneficial impact was mainly due to the peculiar development of the CEC which was very attentive to the local neighbourhood from the very start. An organisation (Collage Arts) has been involved in managing the building and simultaneously attract public sector funding to run a range of programmes for the benefits of local businesses and local people, particularly young people. Their support has been essential in order to create and sustain a particular bond between the building and it's the immediate locality.

Different models of financial sustainability of CECs and the lessons that can be learnt from the experience of some CECs across different countries and mainly the UK and the Netherlands

Most CECs made use of a mix of funding sources. In most cases, public sector funding whether coming from city, regional, national or European Union was used to refurbish buildings. However, in terms of covering for ongoing costs and maintenance, a mix of public and private funding sources was used. Four out of nine CECs were heavily reliant on public sector funding for ongoing costs, whilst a number of the others were more or less financially sustainable. This is an important finding and might signal an important change in public sector approach to financial support towards incubators. Different strategies were adopted in order to secure sustainability: in most cases, rent charges were a predominant way, and still kept at below market price. Other economic activities were set up to provide additional income for the buildings and activities inside. Sometimes, these were restaurants, bars and other activities linked to providing entertainment for people working in the building but also increasingly attracting local residents. These places were often used as a place for meetings and increase networking between artists working in different areas. They would also act as a showcase for a lot of artists who could showcase their work. In one case (Creative Factory), the contribution to sustainability of the CEC was secured through support from a cooperative bank, a

housing association, a large consultancy group, and a local university located in the building. These organisations provided training and business support to creative entrepreneurs in the building at discounted rate or free of charge. Another innovative model included the Chocolate Factory (London) which run public sector funded regeneration programmes through a social enterprise called Collage Arts. This achieved a variety of aims that are interesting in relation to the impact of CEC on the local neighbourhood: first, it supported the growth of people and business in the local area; second, it indirectly supported some businesses in the building by involving them in project delivery. It combined successfully an attention towards financial sustainability with a social concern for the local area.

In some cases, CECs would increase their rent to encourage tenants to leave the building. However, in reality this did not happen so frequently. In the CECs that were publicly funded, there was some flexibility about encouraging companies to leave their premises. CECs that prioritised their sustainability were reluctant to encourage established and well performing businesses to leave their premises as these were a long term and relatively more secure source of income for CEC managers. Indeed, in some cases the established incubation strategy was criticised as businesses leaving incubators would often relocate far away from the intended target area. Thus, a strategy based on retaining and growing competitive businesses able to generate employment was preferred. There was also a recognition that the creation of links with businesses in the building takes time which current incubators do not have the opportunity to create.

Models for evaluation of the impact of CEC centres on the local area

A variety of evaluation models were discussed particularly around the opportunity to undertake a controlled study examining the impact of both CECs, businesses, and people upon the local area (Yu and Nijkamp, 2009). One of the key criticisms of this methodology was the interrelated nature of impacts between CECs and the local area which are extremely complex to disentangle. It was felt by most participants that a controlled study would not highlight the wide range of impacts on the local area. A suggested alternative was an in-depth qualitative study collecting narratives about how people's perceptions have changed and an examination of how networks between creative entrepreneurs develop as a result of co-location. Other issues highlighted were as follows:

- Problems of transferability between models which have often grown organically and adapted to local opportunities and circumstances.
- Impact can also be interpreted in different ways: some participants argued that there are examples of areas (e.g. Hoxton in London) which have been subject to physical regeneration but local residents and artists have been forced out due to rising rental charges.

Suggested research questions and ideas for future studies:

- At what point does an artist move from being a cultural participant to being an economically active individual? Is there a pivotal point at which an individual cease to just be an artist and becomes an entrepreneur?
- A suggested study on comparing creative industries incubators with conventional incubators was one of the ideas put forward by workshop participants.
- A creative underclass that exist outside formal structures in a blurred space where creative people can operate and find a way to balance the creative artistic aspect and the need to sustain themselves financially. One of the participants worked on a project aiming at making the underground creative industries more visible in order to understand where the potential for the development of the creative industries is (e.g. Granger and Hamilton, 2010).

Wider Gains from networking between partners and participants

In addition to content, this funding supported in three practical ways:

1. We built important relationships with Erasmus and Delft (e.g. Romein and Trip, 2013). The latter in particular is conducting a large EU funded project (InCompass) on financial sustainability of creative industries incubators and is therefore a potential partner for future research given their direct experience in both EU funded projects and creative enterprise academic work. Indeed, we are now engaged in discussions with project partners to apply for EU funding through Horizon 2020 and use CECs as an existing infrastructure that might enable to further the cultural unification of European countries via sharing of skills and expertise of knowledge based industries.

2. We created strong links with CECs and grass-root organisations and brokered relationships between other CECs and two large CEC networks. Through the project we also brokered a range of relationships between CECs in different countries who were chiefly interested in each other strategies of financial sustainability. We brokered relationships between Europe wide CEC networks led by the Chocolate Factory in London and the Creative Factory in Rotterdam.

3. We will shortly be submitting a journal article on the results of our work which was partly informed by a wide range of conversations from this project.

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