



BELFAST CITY COUNCIL

Creative Industries Sector Review

January 2008

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1.0 Executive Summary

1.1 Introduction

The UK creative industries outperform every other European state and in the 21st century they have moved to centre stage of the UK economy, according to the Work Foundation's Staying ahead report. These findings underpin the rationale for DCAL and Belfast City Council to undertake a review of the creative industries sector in Northern Ireland. If this region is to benefit from the economic potential of the sector, performance in Northern Ireland must be benchmarked on a regular basis and comparisons made with other regions.

The focus of the Creative Industries sector review has been on developing *a profile of the sector on 2 levels:*

- Creative industries profile within Belfast City Council; and
- Creative industries profile across Northern Ireland.

The Terms of Reference were as follows:

- An update of Belfast City Council's creative industries database for the Belfast area and a similar updated database for the rest of Northern Ireland;
- Key characteristics of the sector including size, ownership, turnover, employment profile, geographic markets, business requirements and skills gaps;
- Cluster of the businesses in the creative industries sector in Belfast and Northern Ireland
- Identify skills gaps in education;
- Identify the support that is currently available to creative industries businesses in Belfast and on a Northern Ireland wide basis;
- Evaluate these development factors;
- Evaluate relevant Best Practice;
- Review policy options for future development actions.

1.2 Strategic Context

A wide range of documents were reviewed; the following have been selected for inclusion in the review:

Global Context:

- Rights and Rewards: Enhancing the UK's Creative Economy (global stats) 2006
- Lisbon European Council Economic Reform Plan 2005
- Value of Design to the European Economy, BEDA

UK Context:

- Cox Review of Creativity, Sir George Cox
- Staying Ahead: The Economic Performance of the UK's Creative Industries

Northern Ireland Context:

- Unlocking Creativity, A Strategy for Development
- Regional Innovation Strategy
- Regional Economic Strategy

All of these documents emphasise the contribution of creativity to the wider economy and to the competitive advantage of the wider business community. Although the UK creative industries sector performance has been outstanding, the general business sectors have been much less successful at embedding creativity and design. In relation to overall UK competitiveness, this could be a significant threat, unless addressed in the short-term.

Northern Ireland also has a poor record specifically in relation to innovation, which has implications for our potential to sustain and grow the economy. Since creative industries are closely aligned to the innovation process, any Northern Ireland strategy for growth must consider not only the growth of the sector itself, but the mechanisms for exploiting the contribution that the sector can make to wider economic growth.....and the partnerships that could be created as a result.

The Nesta Creating Growth report supports this position, but also warns of the counterfactual position. *If the UK is more reliant than other regions on the contribution of creative industries, it is conversely also more vulnerable to future under-performance of the sector.*

1.3 Overview of the Current Position of the Creative Industries Sector in Northern Ireland

This section of the report presents feedback from telephone interviews with 90 creative industries businesses, 50 from Belfast and the remainder from all over Northern Ireland. *This sample represents an estimated 5% of businesses within the sector.*

Key quantitative findings are that:

- 40% of Belfast businesses are concentrated in *just 3 postcode areas* and predominately in BT9;
- Just 28% of Belfast companies are *sole traders*; 35% of NI businesses are sole traders;
- The *media sector appears to be much more concentrated in Belfast*, whilst there was an almost even split across the two categories for design related business;
- A total of 77% of Belfast businesses fall into *the micro-business category*, whilst the figure for the rest of Northern Ireland rises to 82.5%.
- The majority of *employees* across both categories are full-time (93%);
- 25% of Belfast companies had a *turnover* of under £100k; for the rest of Northern Ireland, the figure rose to 33%;
- 59% of Belfast businesses reported an *increase in turnover* over the previous year; for the rest of Northern Ireland, this was 39%;
- 79% of *sales* by Belfast companies are within Northern Ireland; only 68% of sales from the Northern Ireland category were within the local market;
- 18% of Belfast based businesses *deal with the public sector*; only 8% of businesses in the rest of Northern Ireland were from the public sector;

The findings confirm that the creative industries are a growth sector; employment levels are increasing, turnover is growing and the sector has pride and confidence in its creative capabilities for the future. Its members are diverse in relation to their core creative activities, but they have a number of characteristics in common.

The majority of respondents are micro-businesses; they are fairly inward looking in relation to markets currently served and their development needs are complex. These needs also vary according to location, with development needs of Belfast based businesses markedly different from those businesses located elsewhere in Northern Ireland.

The section concludes with an analysis of the development areas highlighted by the sector, the issues associated with these development areas and initial thoughts on potential future action required in each area to address this.

This phase of the research brought a surprising *level of consensus* from members and stakeholders about the challenges and the support required to address and overcome them. The focus group was particularly useful in generating debate between sector members themselves and with the various stakeholders in attendance.

In line with the findings presented in Section 4, recruitment was identified as a key barrier to growth for businesses within the sector, particularly Belfast based businesses

1.4 Creative Industries in-depth Sector Feedback

This section of the review comprises feedback from a series of face-to-face meetings with creative industries businesses and with stakeholders; subsequently a focus group was held with members of the Creative Entrepreneur’s Club.

The key issues and challenges for the sector identified through this combined process were:

- Recruitment
- Skills development
- Marketing
- Funding
- Showcasing Creative Industries NI PLC
- Partnerships / clusters
- Infrastructure
- Intellectual property
- Communication

The concerns of the sector in relation to each of these issues are discussed and a table of industry suggestions on future actions is included in this section.

1.5 SWOT Analysis

A detailed SWOT analysis has been developed in section 6. A short selection of each is presented below, although it is not suggested that these reflect the priority in each category.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Sector <i>pride in its creative skills</i> and potential, which are seen as on a par with other creative regions. 	<ul style="list-style-type: none"> ▪ <i>Plethora of micro-businesses</i> chasing the same local markets, too many of which live a “hand-to-mouth” existence.
<ul style="list-style-type: none"> ▪ <i>Growth rates</i> achieved within the industry across a range of sub-sectors; employment continues to rise and the industry is optimistic about the future. 	<ul style="list-style-type: none"> ▪ Too few ideas reaching <i>commercial exploitation</i> as businesses focus on short-term “projects” and funding rather than services and products.
<ul style="list-style-type: none"> ▪ <i>Tenacity of smaller businesses</i> – they continue to persevere even under very difficult financial conditions. 	<ul style="list-style-type: none"> ▪ <i>Grant dependent, survival culture</i> which reduces the potential of the sector to develop IP driven products.
<ul style="list-style-type: none"> ▪ <i>Growth ambitions of the sector and a desire to do what it takes to succeed</i> – not being exploited because of a focus on short-term 	<ul style="list-style-type: none"> ▪ Lack of contacts, skills, confidence and resources for <i>targeting new business</i> outside Northern Ireland.

revenue needs and funding.	
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Opportunities	Threats
<ul style="list-style-type: none"> More <i>formalized collaboration</i> across sub-sectors of creative industries and better collaboration between smaller businesses will retain the creative essence but <i>allow enough clout to target attractive projects</i>. 	<ul style="list-style-type: none"> Difficulty in <i>attracting and retaining excellent creative staff</i>, because <i>in general</i>, the sector at present cannot offer the stability and kudos to match other creative regions.
<ul style="list-style-type: none"> <i>More sophisticated networking</i> within the sector in the local region and within the sector across other regions, so that when market opportunities arise, <i>businesses can work together to respond or businesses can work together in creative partnerships to produce commercially exploitable products and services</i>. 	<ul style="list-style-type: none"> <i>Limited opportunities for larger commissions from the local market</i>, coupled with limited resources and knowledge to identify more attractive opportunities elsewhere.
<ul style="list-style-type: none"> Support that is geared towards <i>assisting to make connections beyond the local region</i>, focusing on national and international markets and ultimately making these markets more accessible to the creative industries sector in Northern Ireland. 	<ul style="list-style-type: none"> <i>Lack of relevant support available for R&D development</i>, so the focus on short-term income generation is likely to remain.
<ul style="list-style-type: none"> <i>Foster and support innovation</i> by introducing new ways of filtering and <i>supporting the best ideas through to commercial exploitation</i>; innovation potential currently reaches a “bottleneck” early in the process, because smaller businesses do not have the resources or funds to progress these further. 	<ul style="list-style-type: none"> <i>Lack of understanding of business requirements of creative industries</i> by support agencies and investors.

1.6 Support Plan

The Support Plan has identified 6 key themes under which future support should be considered

- Training
- Recruitment
- Export development support
- Collaborative support
- R&D support
- Funding support

Specific activities are suggested for each area, based upon analysis of the development needs identified through 90 telephone surveys and the subsequent feedback via face-to-face meetings and the focus group.

Traditionally industry barriers to growth have included limited production capacity, access to markets and lack of management expertise to take businesses into these growth phases. Hence, these are the areas that government intervention has focused on. Whilst assistance towards capital projects has been radically reduced, support for strategic

growth through innovation, through export and through management development have increased.

Creative industries are different. *Barriers to entry are often negligible, but the key barriers to growth tend to be lack of clout and credibility.* Hence, much of the traditional support available does not work particularly well for the sector. To access larger scale projects, it will be necessary for creative industries to invent and re-invent themselves. This means that a key success factor is the contact networks (and agility) that will allow the business to take on the skills and form required for individual contracts and larger scale work. And that *requires support structures within the sector to encourage businesses to collaborate with competitors and to pool experience and expertise.* It also requires that funding support and investment become more creative, so that the needs of the sector are met, rather than being shoe-horned down traditional routes of business support.

2.0 Introduction



“Creativity is the generation of new ideas – either new ways of looking at existing problems, or of seeing new opportunities, perhaps by exploiting emerging technologies or changes in markets”

Cox Review of Creativity

2.0 Introduction

2.1 Rationale for Creative Industries Sector Review

The foreword of “Staying Ahead: The Economic Performance of the UK’s Creative Industries” states that **the UK creative industries outperform every other European state** and in the 21st century they have moved to centre stage of the UK economy. Creative industries are now comparable in size to *the financial services sector*.

These findings underpin the rationale for DCAL and Belfast City Council to undertake a review of the creative industries sector in Northern Ireland. If this region is to benefit from the economic potential of the sector, performance in Northern Ireland must be benchmarked on a regular basis and comparisons made with other regions.

The purpose of this document is to initially present a profile of the creative industries in Northern Ireland set within the wider economic context of the UK. The review then continues by highlighting differences between businesses in Belfast, where the sector is concentrated and outside Belfast. We then move on to assess the type of support that will be required if creative industries in Northern Ireland are to capitalize upon the potential identified in the **Staying Ahead report**.

2.2 Definition of Creative Industries

Department of Culture, Media and Sport (UK) definition of creative industries:

“The creative industries are those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property”.

Whilst the Staying Ahead report, referred to in 2.1 above, still categories the sector into 13 separate but interlocking industries, other definitions utilize just 3 categories:

- Media
- Design
- Expressive

This latter definition is the one used in this Creative Industries sector review. The range of industry definitions available serve to highlight the diversity and range of the sector and the “umbrella” scope of the term “creative industries”. The DCMS definition focuses on *the core common denominator of the sector, namely businesses characterized by individual creativity*.

The DCMS definition, utilizing 13 categories to define creative industries is as follows:

- Advertising
- Architecture
- Art and antiques
- Crafts
- Design
- Designer fashion
- Film and video
- Interactive leisure software
- Music
- Performing arts
- Publishing

- Software and computer games
- TV & Radio

The definition of creative industries has long been a subject of debate – the actual parameters of the sector are arguably unclear and within the expressive category there is an obvious overlap with cultural industries. Others suggest that CI should be defined according to the ability to generate intellectual property (Towse). There is no definition of the creative industries sector that is without flaws.

The 3 categories above can be further analysed and compared against the DCMS definition:

- Media
 - Radio & TV
 - Film and video
 - Publishing
 - Digital media and games
 - Interactive leisure software and software
 - Advertising
- Design
 - Architectural design
 - Textiles / fashion
 - Crafts
- Expressive
 - Music
 - Visual Arts
 - Performing Arts

2.3 Terms of Reference

The focus of the Creative Industries sector review has been on developing a profile of the sector on 2 levels:

- Creative industries profile within Belfast City Council; and
- Creative industries profile across Northern Ireland.

The Terms of Reference indicated that the industry profiles should provide:

- An update of Belfast City Council's creative industries database for the Belfast area and a similar updated database for the rest of Northern Ireland;
- Key characteristics of the sector including size, ownership, turnover, employment profile, geographic markets, business requirements and skills gaps;
- Cluster of the businesses in the creative industries sector in Belfast and Northern Ireland by:
 - Their main areas of activity;
 - Their main development concerns;
- Identify skills gaps in education:
 - Funding bodies enablers;

- Identify the support that is currently available to creative industries businesses in Belfast and on a Northern Ireland wide basis;
 - Access to finance, including venture capital funding available;
 - Business incubation options;
 - Start-up support.
- Evaluate these development factors;
- Evaluate relevant Best Practice;
- Review policy options for future development actions.

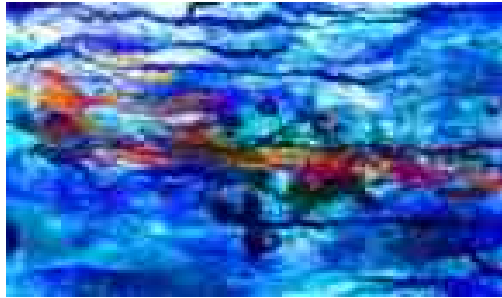
2.4 Methodology Employed

The sector review provides detailed assessment of:

- Current policy and strategy relating to creative industries and their implications for creative industries in Northern Ireland.
- Profile of the creative industries sector in Northern Ireland, which includes:
 - Business performance analysis;
 - Comparison of performance of Northern Ireland as a whole, of Belfast only and of the remainder of Northern Ireland only;
 - Owner-manager feedback on the strengths and competitive advantage that their business brings to the sector;
 - Owner-manager assessment of the issues and challenges facing their business going forward;
 - Industry based suggestions for future intervention and support for creative industries
- The way forward for the creative industries in Northern Ireland as outlined during a detailed consultation exercise with owner-managers from creative industries businesses, local stakeholder organizations and an industry led focus group held at the Creative Entrepreneur's Club.
- The funding support that the sector requires and a plan of action which will assist the sector where market failure has clearly been identified.

Full Circle Management Solutions would like to acknowledge the input to the sector review provided by the industry and industry stakeholder groups. This input has been essential to ensure that the content of this report is balanced, comprehensive and reflects the broad range of views and ideas expressed during the primary research and consultation phases.

3.0 Strategic Context



“In the UK, creativity and business work comfortably together – producing a sector that’s growing twice as fast as the rest of the economy”

UK Creative Industries Sector Review 2005/6

3.0 Strategic Context

3.1 Introduction

This section comprises:

- A review of relevant policy and strategy relating to creative industries, beginning with the global context, then considering creative industries within the UK context and, finally, the Northern Ireland specific context.
- Identification and commentary on several examples of best practice creative industries support provided in other regions.

The review of policy and strategy highlights the key points of relevance from those documents that have been recently developed or that offer insight into potential business models that are of relevance to local creative industries businesses. The review seeks to assess views about the sector across a broad spectrum of economic policy, not just from its traditional ambassadors.

A wide range of documents were reviewed; the following have been selected for inclusion in the review because of their impact on wider economic development policy:

Global Context:

- Rights and Rewards: Enhancing the UK's Creative Economy (global stats) 2006
- Lisbon European Council Economic Reform Plan 2005
- Value of Design to the European Economy, BEDA

UK Context:

- Cox Review of Creativity, Sir George Cox
- Staying Ahead: The Economic Performance of the UK's Creative Industries

Northern Ireland Context:

- Unlocking Creativity, A Strategy for Development
- Regional Innovation Strategy
- Regional Economic Strategy

We begin with a summary of the key findings to emerge from each of these substantial pieces of work and comment on their relevance for Northern Ireland businesses.

3.2 Global Context

The global market value of the creative industries sector increased from \$831 bn in 2000 to **\$1.3 trillion in 2005**, according to Tessa Jowell's 2006 speech Rights and Rewards: Enhancing the UK's Creative Economy. This equates to more than 7% of global GDP.

Emerging industrial giants, including the BRIC countries (Brazil, Russia, India, China). The BRIC countries alone are expected to account for 40% of world growth by 2025, compared to 20% in 2003. China has 4 times as many graduates as a decade ago.

The role of *innovation* is a key theme in international policy relating to economic growth. Tessa Jowell refers to it in her Rights and Rewards Speech, but describes as "*something*

the market alone struggles to provide". The challenge for policy makers is then one of supporting creative industries businesses to overcome the investment barrier associated with creative ideas, which are *"expensive to produce but cheap to copy"*.

Lisbon European Council 2000 set out **a ten-year plan of economic reform for the EU, which focused on developing a competitive, knowledge led economy**. In 2005 the strategy was re-launched with increased focus on knowledge, innovation and human capital as the drivers for sustainable economic growth. In relation to knowledge and innovation, the Council called for development of innovation policies by member states.

The rationale for this focus on knowledge-led economic policy was to encourage the generation of increased demand for well-designed products and services. **The 2005 plan encouraged member states to consider how to establish support mechanisms for innovative SMEs, promote better collaboration between the private sector and universities and promote better access to risk capital**.

This document also refers to **Finland as an example of a member state having developed innovation structures to encourage the development of collaboration within the Creative Industries**, ultimately to contribute to stronger innovation performance at a national level.

Creative industries therefore must be recognized as an important driver for economic reform towards a knowledge-led economy; few other sectors embody all three of its characteristics – knowledge, innovation and human capital.

The Value of Design to the European Economy was outlined by the Bureau of European Designers' Associations. The Communications series acknowledges the turning point created by the Lisbon plan, where the role of services in economic growth is recognised, with the commitment that Europe will become the globe's most knowledge-led economy.

BEDA identifies the lack of data and knowledge about design related activity in services as a barrier to achieving the Council's vision for Europe. The report states that

"We have to better understand the relationship between economic performance and the intangibles".

It criticises most public policies on innovation for placing too much emphasis on the manufacturing sector, whilst the services have, and will continue to be, the main source of economic growth. This document identifies a need for better integration of services into Europe's innovation policies.

At its 2001 conference, key speakers from **BEDA outlined the need for services to be pushed up the political agenda in relation to design and innovation**. This will require a better understanding of how to measure value added from design in services and how to communicate the value of design in services. The report concludes that **the role of design in creating competitive advantage is currently under-estimated** and that opportunities for sustainable growth are being lost as a result.

Whilst the BEDA focus is on design, much of its commentary is directly relevant to the creative industries sector as a whole. The paper emphasizes that the role of design (or creative industries) in *contributing to innovation is not recognized; if it is not recognized, then it must also be assumed that it is under-valued*.

Within the global economic context all of the policy papers examined had one recurring theme – the competitive threat to the developed world of the emerging economies. The one single advantage that remains at present is in the area of innovation.

To what extent will creative industries contribute to assisting developed economies to hang on the closing lead that they currently have in innovation? Do Northern Ireland policy makers recognize the contribution that this sector can potentially make, not only as a growth sector in its own right, but in contributing to the growth of other sectors? Does the creative industries sector in Northern Ireland have the commercial acumen to not only develop creative ideas, but to take them to market and generate private sector investment?

3.3 National Strategic Context

The most influential recent strategy document at a national level has been the *Cox Review of Creativity*, commissioned by Gordon Brown and published in 2005. However, it is important to note that the Cox review was largely concerned with creativity in manufacturing.

The rationale for commissioning the Cox Review was that **creativity and innovation are vital for commercial and economic success. These will be the key drivers of the UK's economic competitiveness, particularly in light of the pace of economic growth in the emerging economies.**

The Cox Review of Creativity examined the extent to which UK based SMEs still benefit from a competitive advantage over the new emerging economies through creativity capability. Cox found that a relatively short window of opportunity remains to exploit the current gap in creative capability that exists between the UK and these fast-growing low cost economies.

As the report highlights *“What is impressive – and worrying – about the emerging economies is not where they stand today but how they are positioning themselves for the future.”* The report predicts that in the future, high skilled jobs in the leading economies will also be under threat as these countries evolve from command economies to build their own creative and technical capabilities.

Cox identified the following barriers to improving creativity in UK businesses:

- ❖ A limited understanding of where and how greater creativity could be used to business advantage;
- ❖ A lack of confidence that the investment, in terms of time, money and disruption, will give a return;
- ❖ A lack of knowledge of how to go about it, or where to turn for help.

The Cox review identified recommendations under five headings, which if implemented, could address these barriers:

- ❖ Raising awareness and changing behaviour
- ❖ Providing support and incentive
- ❖ Preparing future generations of creative specialists and business leaders
- ❖ Using the power of public procurement
- ❖ Creating greater visibility for the UK's creative capabilities.

The recommendations begin by highlighting the need to develop creative potential by raising awareness of how to use *creativity as a strategy for business growth*. The SME sector currently under-values the potential contribution to profitability that professional creative input can make. Until awareness of creative and design benefits changes, and the link with profitability and competitive advantage is understood by the private sector, then arguably the creative industries sector will not make the contribution *to overall private sector industry growth* that could be achievable.

This message links in strongly with the industry feedback received during the consultation phase. Creative industries businesses in Northern Ireland find that the local private sector market for their services is highly price sensitive and unwilling to make appropriate levels of investment in professional creative services. There is also limited knowledge amongst private sector businesses to make a like for like distinction between various creative industries providers; when this happens, price again becomes a key decision-making criteria.

Cox recognized that this would remain a barrier, unless the *private sector is given support and financial incentives to encourage greater investment in creativity*.

Cox's third recommendation relates to *creating the next generation of talent for the creative industries*. Cox has identified three specific areas where improvements need to be initiated. His improvements relate to educating creative individuals about where and how their talents can make a contribution, particularly within an SME environment:

- Closer **links** between universities and SMEs;
- Higher education courses which **better prepare students to work** with and understand other specialists; and
- **Centres of excellence offering multi-disciplinary courses** that combine management skills with, for example, engineering or creative art

In **Staying Ahead: the Economic Performance of the UK's Creative Industries** the document presents the latest benchmarking information on the UK's performance in Creative Industries relative to other economies. In it, the authors confirm that the UK has the largest creative sector in the EU and probably in the world. This position is attributed at least partly to the positioning of London as a creative hub, as well as the undeniable advantage of English as the universal international language.

The creative and cultural industries in the UK employ circa 1 million people; a further 800,000 are employed in creative occupations. The report comments on the changes in the structure of consumer and commercial demand, contributing to the growth of the knowledge economy, which is closely linked with creativity.

Developed by The Work Foundation, the report calls for *"more rigorous analysis...of what drives the creative industries and the mechanisms through which it spills over into the wider economy and society"*.

The report goes on to identify 8 potential drivers of growth within the Creative Industries sector:

- (i) **Demand** - Greater emphasis on distributing creative and cultural activity across the regions; the report also suggests that higher education levels also drives demand for more creatively discerning services.

- (ii) **Greater Diversity** – This will result in greater inter-disciplinary innovation, but requires more systematic thinking about the internal processes that foster creativity.
- (iii) **A Level Playing Field** – if distribution channels are too narrow or too few, the creative potential of SMEs is likely to be inhibited.
- (iv) **Educational Skills Ensuring Balance and the Appropriate Supply** - there is a shortage of industry specific creative skills and of knowledge about how to commercialise creative ideas.
- (v) **Networks for Harnessing Capacity** – the report points to unexploited market opportunities resulting from a lack of critical mass within individual creative industries businesses. This can only be overcome by joining forces with others to fill gaps in the knowledge and skills sets of creative industries SMEs.
- (vi) **Public Sector** – Cox called for more encouragement of creativity in public procurement. The Work Foundation identifies the need for better developed public support and reform of some public support. It also calls for more strategically organized support to maximize the impact of grants.
- (vii) **Intellectual Property** – The Staying Ahead report argues that a successful creative industries business model depends on capacity to copyright expressive value. At policy level decision-makers need to focus on implementation of existing copyright recommendations (e.g. Gowers report) and to continually review the copyright implications as new technologies emerge.
- (viii) **Building Greater Business Capacity** – There are many creative industries businesses with potential to grow, but which cannot overcome blockages such as lack of management skills, lack of funding, limited resources.

3.4 Northern Ireland Strategic Context

The Regional Innovation Strategy: Think Create Innovate2003 recommends an increased focus on creativity within the Northern Ireland economy. At the time of publication, Northern Ireland ranked in the lower quartile for the UK in terms of R&D expenditure and investment leagues in an ONS survey of R&D expenditure. **Business expenditure left Northern Ireland in eleventh out of twelfth place in the UK in the ONS survey**, highlighting the need for a specific strategy for this region.

The Regional Innovation Strategy presents its vision:

“To create a culture and environment within which Northern Ireland will prosper by using its knowledge, skills and capacity to innovate.”

In line with the EU Lisbon economic plan, the Regional Innovation Strategy is underpinned by the premise that **a successful and competitive economy is built upon “access to, and quality of, knowledge within the economic region.”** The strategy refers to DTI’s description of innovation as “the motor of the modern economy, turning ideas and knowledge into products and services.”

Successful implementation of the Regional Innovation Strategy will be built upon the development of three stakeholder groups: the private sector, the HE and FE sectors and government.

The four Priorities for implementation are:

- Create a coherent R&D and Innovation Infrastructure
- Enhance the use of R&D and Innovation by the Business Sector
- Develop a Culture of Innovation and Enterprise
- Sustaining the Regional Innovation System

Both the Regional Innovation Strategy and the **DCAL led strategy, Unlocking Creativity**, promote the need for collaboration and working to bring together academia, business, government and wider education to achieve innovative ideas and a new entrepreneurial outlook.

The foreword of “Staying Ahead: The Economic Performance of the UK’s Creative Industries” states that **the UK creative industries outperform every other European state** and in the 21st century they have moved to centre stage of the UK economy. Creative industries are now comparable in size to the financial services sector.

The increasingly significant contribution of creativity was therefore the subject of DCAL’s Unlocking Creativity series of reports; the most recent of which is **Unlocking Creativity. It is one of the few policy documents that explicitly refer to the contribution of design to innovation.** The document states:

“Design has a key role to play in strengthening the competitiveness of Northern Ireland industry and its ability to generate wealth”.

The Regional Economic Strategy 2005 does not specifically relate to creative industries, but it considers how Northern Ireland should prepare for the global challenges of climate change, increased global competition from low cost producers, ageing workforce and depletion of energy reserves.

Of particular concern in this strategy were the low levels of innovation and entrepreneurial activity in Northern Ireland.

The key public sector interventions recommended for stimulating the four productivity drivers of infrastructure, enterprise, skills and innovation are:

- Implementing the Investment Strategy for Northern Ireland;
- **Increasingly refocus business support on exports, R&D and innovation;**
- Implement the Skills Strategy and FE Means Business Strategy; and
- Implementing the Regional Innovation Strategy and enhancing linkages between the education and business sectors.

3.5 Best Practice Models for Creative Industries

Creative London

In London alone, creative industries generate some £21 billion each year and employ over half a million people. Not only is London the acknowledged leader in creative industries in the UK, and the major draw for creative industries talent, it is also recognized as (arguably) the global leader in stimulating economic performance from within the creative industries.

Creative London was launched in 2004 by Mayor of London Ken Livingstone. Creative London is led by the London Development Agency and was established in recognition of

the sector's importance to the city. It is the third largest employment sector and growing in terms of employment numbers, sales and output.

Creative London then acts as the strategic agency for creative industries. It was established to address some of the barriers identified for creative industries businesses:

- access to property on reasonable terms and negotiating those terms;
- access to markets, people and industry information;
- lack of showcasing and international promotional opportunities;
- lack of start-up and Intellectual Property advice; and
- lack of seed capital and mentoring to guide businesses and help them become investment ready.

The role of the agency is to:

- Support Creative Industries businesses;
- Promote and showcase the sector nationally and internationally
- Strategically plan for the sector and represent the sector to training and education bodies.

Its key services involve introducing creative talent to business mentors, investors, providing affordable studio space and free temporary venues to exhibit work and perform live.

Should Belfast begin to brand itself as a creative city – Creative Belfast – and raise the profile of creative industries here on a national and international basis? The Council has already committed significant resources and support to the sector. Should it follow in London Development Agency's footsteps and develop a separate brand for the sector, which would have its own website and separate resources for the sector e.g. a free recruitment / matching service similar to that provided by Creative Ireland?

T-Shirts and Suits – The Business of Creativity

This book by David Parrish outlines his views on best practice in relation to how creative industries need to adapt their thinking to maximize their business success. His premise is that too many creative industries businesses start out with a service, or product or idea that suits themselves, but that is not customer focused. The danger of creativity led businesses is that they start out with what they can create or like to create, rather than create what their customers will like or need. He warns the creative entrepreneur about the dangers of becoming out-of-touch with the realities of the marketplace and too precious about creativity. He quotes Oscar Wilde to illustrate his point:

"The play was very successful, but the audience was an absolute failure!"

3.6 Concluding Remarks

A number of key policy documents highlight the importance of the potential contribution of creative industries to the overall economy. Since creative industries are closely aligned to the innovation process, any Northern Ireland strategy for growth must consider not only the growth of the sector itself, but the mechanisms for exploiting the contribution that the sector can make to wider economic growth.....and the partnerships that could be created as a result.

The Nesta Creating Growth report supports this position, but also warns of the counterfactual position. If the UK is more reliant than other regions on the contribution of

creative industries, it is conversely also more vulnerable to future under-performance of the sector.

4.0 Overview of the current position of the Creative Industries sector in Northern Ireland



**“Claiming “exceptionalism” is not the way to attract investment in creative businesses.
Demonstrating their commercial value is”**

Creating Value: How the UK Can Invest in New Creative Businesses

4.1 The Approach

In this section we present an overview of the creative industries in Northern Ireland, focusing initially on the profile of Belfast businesses and then comparing this with performance in the rest of Northern Ireland. The rationale for analyzing the sector in this way is to take into account the concentration of creative industries in Belfast. Our research indicates that *circa 55% of creative industries businesses are based in Belfast*. By separating out our findings, the review will ensure that geographic variations are captured.

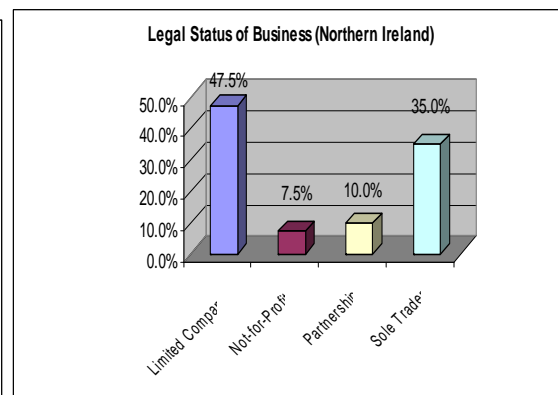
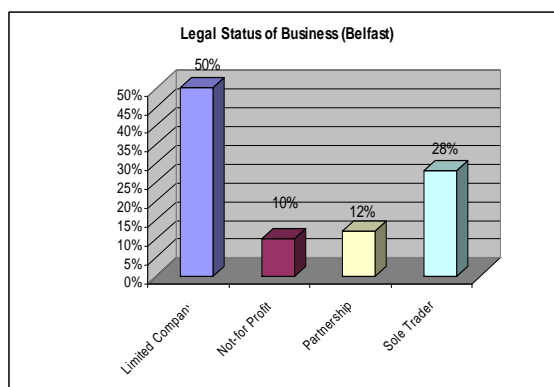
The approach has been to identify all existing sector databases and to cross –reference these for duplication, address and contact error or businesses that no longer exist. This led to a refined list of *1,982 creative industries businesses in Northern Ireland*. From our database of *Belfast businesses* (just over 1,000 businesses) we have been able to ascertain that *35% are within the design sector, 61% from media and the remaining 4% from the expressive sector*. Due to the way that the wider Northern Ireland database was collated, it was not possible to provide a similar analysis for the region as a whole.

We then selected a random sample of 15% of Belfast based businesses (165) and 15% of businesses from the rest of Northern Ireland (133). Each of these 298 businesses was contacted by telephone to find out the name of the owner-manager and their email address.

A questionnaire was developed (see Appendix I) and distributed to all of these owner-managers via email. Each business that did not respond by email was then contacted by Full Circle Management Solutions and given the opportunity to respond to a telephone survey. This resulted in 50 completed interviews with Belfast based businesses and a further 40 interviews with creative industries businesses outside Belfast, which equates to a response rate of just over 30% from those businesses contacted. *This response rate also equates to direct feedback obtained from circa 5% of the creative industries sector in Northern Ireland*.

4.2 Legal Status of Creative Industries Businesses

Overall, almost 49% of businesses in the sample are limited companies; of these 50% of Belfast based businesses are limited, 47.5% of businesses outside Belfast are limited. *Belfast has a lower incidence of sole trader creative businesses* than in the rest of the region, at 28%, compared with 35%.

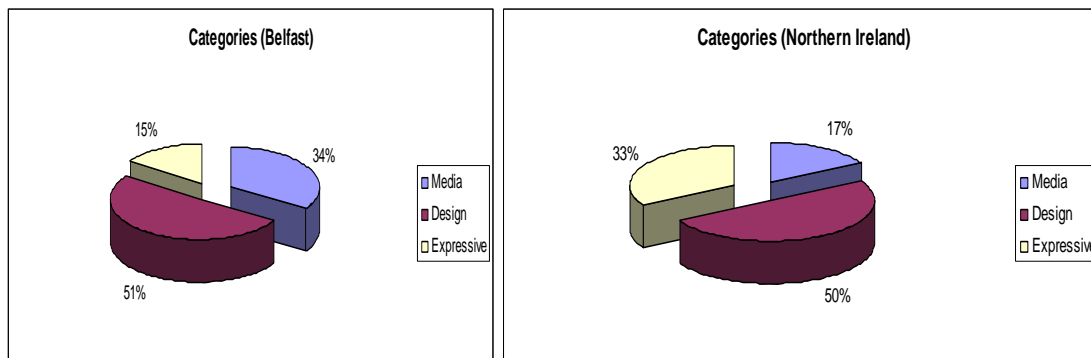


4.3 Geographical Spread of Business

In Belfast the areas with the highest concentration of creative industry companies are BT9 (16%), BT7 (14%) and BT1 (11%). Together these 3 postcode areas account for circa 41% of the Belfast creative industries sector. A similar analysis for the rest of Northern Ireland was not particularly informative, since the spread across postcodes areas was so diverse.

4.4 Category of Business

Across Northern Ireland, some 50% of respondents were from the design sector. The key area of difference across Northern Ireland is in the remaining two areas of the creative industries, with *media much less prominent outside Belfast*. Expressive industries were conversely much more prominent outside Belfast, at least in relation to media related creative activity.



4.5 Number of Employees by Company

A total of 68% of the Belfast companies consulted are micro-businesses with less than 10 employees and 23% of the companies are small and medium businesses of over 10 employees.

Outside Belfast, 82.5% of responses were from businesses with less than 10 employees.

Employees	Belfast %	Rest of Northern Ireland %
1-5	60.0	65.0
6-10	8.0	20.0
11-20	12.0	2.5
21-30	4.0	7.5
31-40	4.0	2.5
41-50	2.0	2.5
51-100	4.0	
101 -200	4.0	
200+	2.0	
Total	100	100

Not surprisingly, a higher proportion of bigger companies are based in and around Belfast. Whilst none of the respondents from outside Belfast had more than 50 employees, some 10% of Belfast businesses had more than 50 employees.

The analysis confirms the extent to which creative industries are currently dominated by micro-businesses, with the majority of these employing less than 5 people. The type and

forms of support to be made available to the sector must then reflect the scale of businesses in the sector and *the difficulties of achieving scalability in the sector*.

4.1 Employee Status

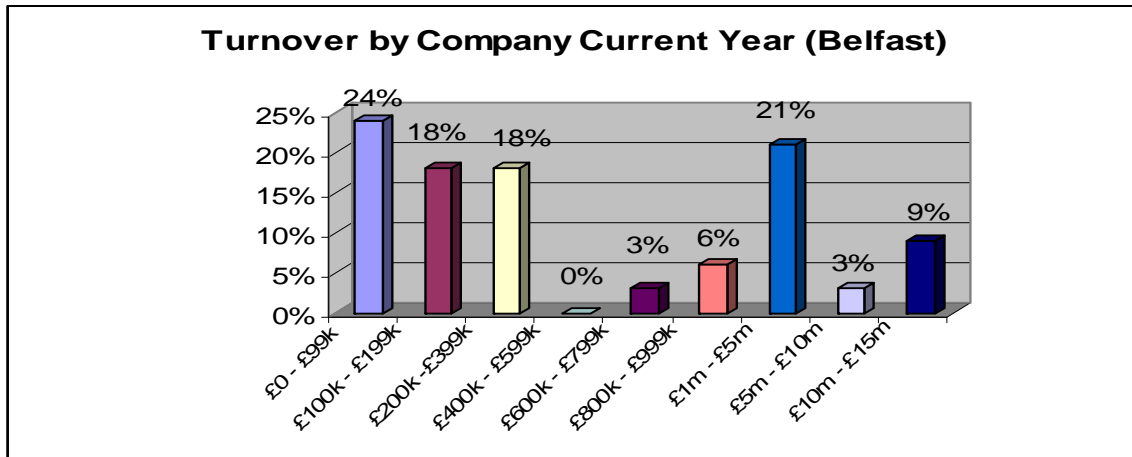
In Belfast, approximately *97.0% of jobs are full-time* and 3.0% are part-time. Therefore, the fifty companies consulted employ 1066 full time employees, averaging 21.3 employees per company. Nine companies had part-time employees ranging between 1-60 totaling 82 part-time employees.

Some 40% of Belfast companies had increased employee numbers over the last 12 months. Of the 50 companies consulted, they employed approximately 167 new full-time and 5 part-time employees over the last 12 months.

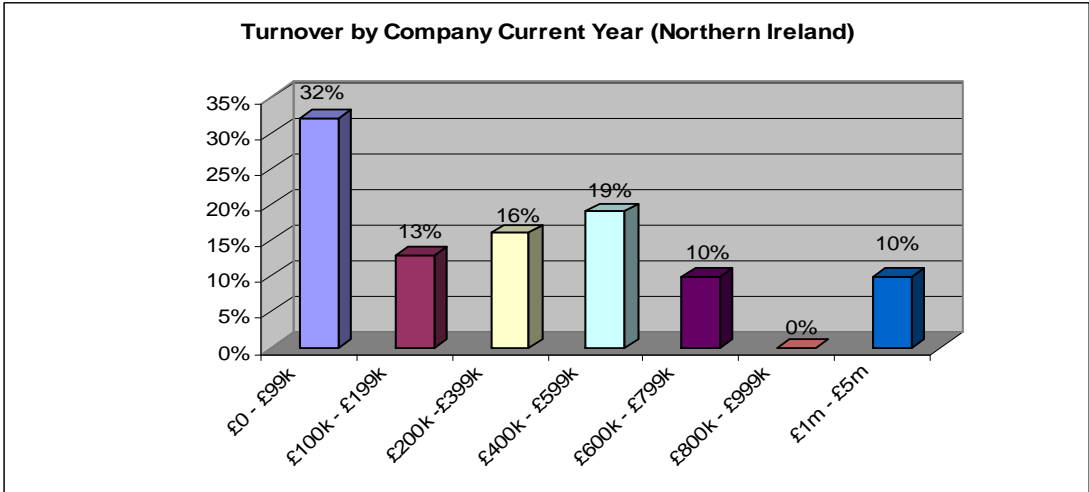
In the rest of Northern Ireland the ratio of full and part-time employees is similar to Belfast, at 93% and 7% respectively. Some 35% of businesses outside Belfast had increased employees over the last 12 months, totaling 20 new full-time and 4 part-time positions. The sector is therefore still experiencing growth.

4.8 Annual Turnover

Turnover levels for Belfast companies ranged from between £30,000 to £14,300,000. Overall turnover for all 34 companies (a number declined to respond) was £66,054,000. Approximately *one quarter of the companies consulted had a turnover of less than £100,000*, one third of companies consulted 33% had a turnover more than £1 million.



Of those companies that provided details about turnover, *59% said that turnover had increased in the last year* and for a further 35% turnover remained static. Only 6% of businesses experienced a downturn.



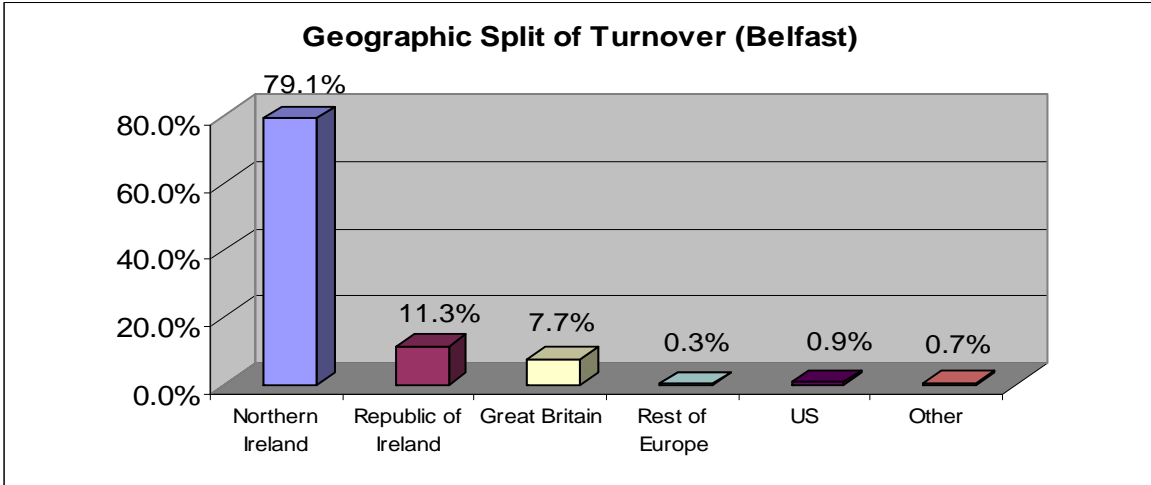
Turnover figures have been analyzed to provide an indication of overall market size of the creative industries sector in Northern Ireland.

The overall creative industries turnover* in Belfast is estimated at £527 million, whilst the figure for the rest of Northern Ireland is circa ££272 million, based upon the sector feedback outlined above. The combined industry turnover is therefore in the region of £799 million. Belfast businesses report that turnover grew by 14% between last year and the previous year, whilst in the rest of Northern Ireland growth figures in the region of 7% were reported for the same period.

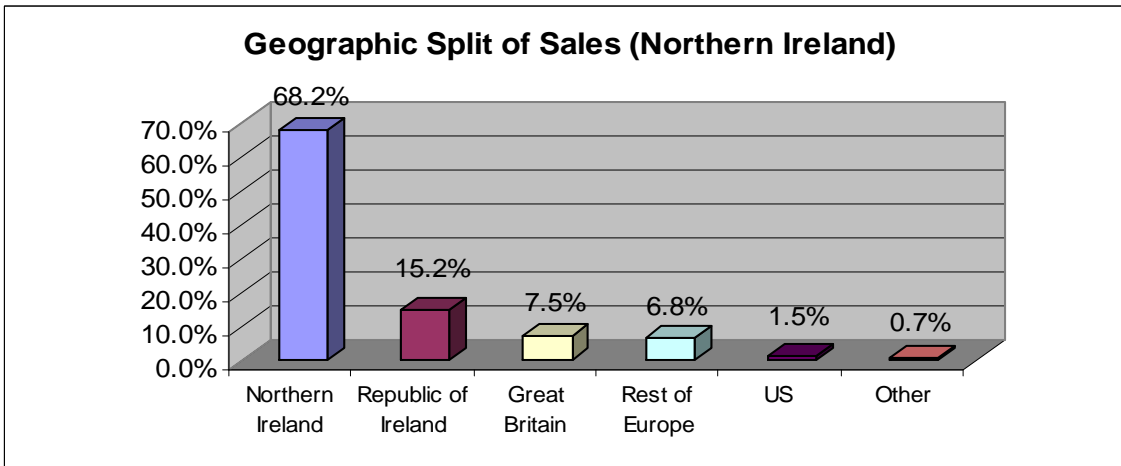
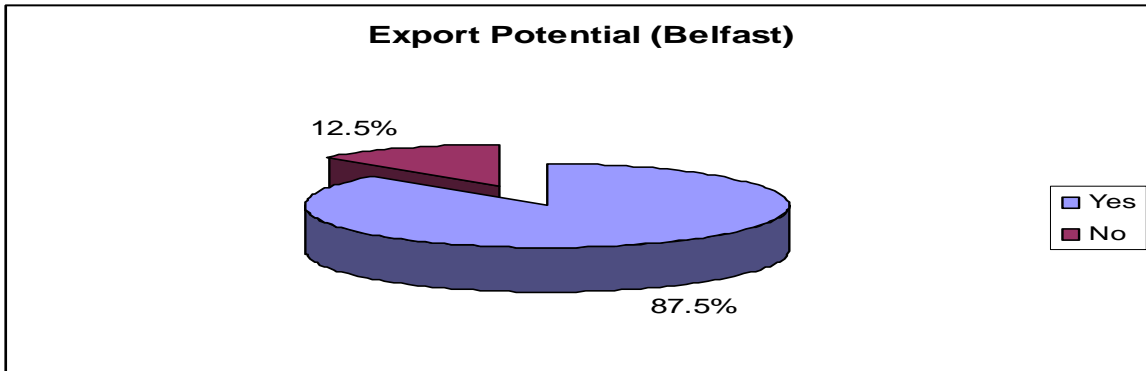
* Based on a relatively small sample size, with a high percentage of non-responses for turnover, any overall market size figures need to be treated with utmost caution. We also treated as a "one-off" any company with an unusually large turnover. We considered that some over-reporting of turnover size had taken place amongst the 1-10 employee companies and have rounded overall turnover down by 10% as a result.

4.9 Geographic Turnover Split

The following chart highlights that 79.1% of sales from Belfast based companies are within Northern Ireland. The 20.9% of sales exported are to the following locations:



All but one of the remaining 8 Belfast companies from the sample felt that their business did have export potential.



Businesses in the rest of Northern Ireland outperform Belfast businesses in relation to export performance.

Northern Ireland creative businesses export almost 32% of sales, whilst Belfast based businesses are much more reliant on the home market. They also export further afield than Belfast businesses, with 7.5% of sales to mainland Europe and the US.

4.10 Competitive Advantage

Respondents appeared to have *a disappointing grasp of their own competitive advantage* and responses tended to reflect the activities of the business rather than their perceived competitive edge. A small number of businesses referred to a cost advantage as their primary competitive advantage, although in general those who did refer to any competitive advantage felt that it lay in the creative skills of their own organization.

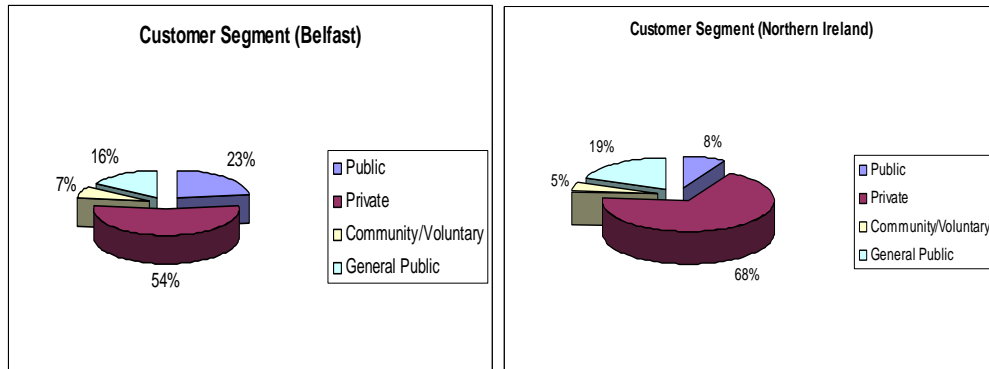
4.11 Key Customer Segments that the Business Targets

Overall the split by customer segment for Belfast respondents is 54% of business within the private sector, 23% general public, 18% public sector and 7% community / voluntary. *The majority of Belfast businesses focus on delivery to the private sector, with relatively low emphasis on the public sector.*

However, the difference between the Belfast level of public sector business and the rest of Northern Ireland is stark. Outside of Belfast, just 8% of the sample actually does

business with the public sector, which mirrors an issue that we have highlighted elsewhere in the sector review.

Many creative industries businesses are aware of public sector opportunities but do not feel that they have a realistic chance of winning the business. *Rather than invest time and resources in tendering and failing, many prefer to target the private sector*, where they feel more confident of achieving results. Our recommended support plan suggests that future support is targeted at the sector for capacity building in relation to tendering and winning public sector business.



4.12 Top 3 Key Strengths

Each of the respondents were asked to state what they believed were the top three strengths of their business and asked to allocate points in order to determine the top three. Based on the information provided the top 3 strengths were as follows:

Belfast businesses

1. **Resources: High level skilled staff;**
2. **Quality of the products / services; and**
3. **Creativity within the business.**

Northern Ireland businesses

1. **Quality of Staff;**
2. **Experience**
3. **Quality of products and services**

The distinctions between the responses are interesting, in that in Belfast, creativity is seen as a key ingredient in the overall strengths mix of the business, whilst for businesses outside Belfast, creativity is replaced by an emphasis on experience. Is it fair to say that Belfast businesses prefer to differentiate themselves through creativity, whilst in the rest of Northern Ireland “the safe pair of hands”, “won’t let you down” provider is a preferred differentiator for creative businesses?

4.13 Top 3 Weaknesses

Using the same criteria as above, Belfast based businesses gave the following as a list of the top 3 weaknesses that they felt needed to be addressed:






1. **Recruitment / Resourcing;**
2. **Managing a growing business; and**
3. **Sales & Marketing.**

Once again there is a regional difference in the responses provided, although sales and marketing is perceived as a key area of weakness across the region.

For Northern Ireland businesses all aspects of finance an area of concern, yet it was not raised as a priority area of concern by Belfast businesses.

1. **Sales & Marketing;**
2. **Financial Management;**
3. **Finance / funding**

Respondents were then asked to state what they are currently doing / would like to do to address these issues. Typical responses were:

-  *Aggressive marketing is needed for the business and they would like to be doing more however, they do not have the time.*
-  *Be able to employ more staff*
-  *Consultancy services will be required to help the company grow*
-  *Create more time for self training*
-  *Recruitment - it is difficult to find the right person for the job. The business needs to employ more people and the skills are not available*

4.14 Opportunities

The respondents were then asked to state the market factors that are likely to create opportunities for the Company over the next few years.

Responses included:

- Economic trends and performance of Northern Ireland;
- More sophisticated client base as more businesses grasp digital and online opportunities;
- Buoyant tourism performance will contribute to creative industries success;
- More public sector willingness to give contracts to smaller organizations;
- Export opportunities;

The opportunities fed back through this research were extremely general and *did not suggest that most businesses have a particularly strong vision for the future* of their organization. Most responses were fairly generic and available to any business within the sector. Any future support for strategic planning should take into account the need to help owner managers in the process of developing strong vision for their business, since this will act as a motivator for future growth.

4.15 Threats

Respondents were asked to state the market factors that are likely to present threats to their company over the next few years.

- Economic downturn
- Being too small
- Increased competition
- Taxation
- Funding and the issue of retaining staff if funding is lost
- Small companies are being forced out of public sector tendering

These are just a flavour of the issues presented by all of the respondents. The public sector tendering issue has been raised again by a number of businesses across both regions.

Size of business was raised as a potential threat by several respondents, which highlights the need for future support to act as an enabler to creative industries businesses in overcoming the size disadvantage.... Possibly through interventions that focus on innovative ways to develop partnerships and foster collaboration. Co-opetition is where traditional competitors work together collaboratively to build scale in their organization and could well be a useful model to bring to this sector. (Reference -)

4.16 Skills Gaps

Each respondent was asked to state if they felt there were any skills gaps within the business. This identified an enormous difference between Belfast based businesses and Northern Ireland businesses.

- 78% of respondents from Belfast stated that there were skills gaps in their current staff;
- 48% of respondents from Northern Ireland identified skills gaps in current staff.

The key areas identified are illustrated in the table below:

Skills Gaps	Belfast	Northern Ireland
Marketing	7	2
Sales	5	1
IT skills	1	6
Finance	3	-
Product related training	3	6
Export skills and research	1	3
General management skills	3	1

The key focus in Belfast was on identified skills gaps in marketing and sales, with finance and general management training featuring next.

Skills gaps in the rest of Northern Ireland focus on IT skills and product related training, so the needs vary considerably across the region. Interestingly, although finance was raised by Northern Ireland companies in relation to perceived weaknesses, it has not been raised here as an identified skills gap.

Businesses have not raised the issue of public sector tendering as a skills gap within their organization, although it is seen as one of the challenges facing the sector.

4.17 Training Needs

Respondents were asked to state if they had identified specific training needs within their staff. A total of 46% of Belfast companies stated that there were immediate training needs in the following areas:

- *Editorial training*
- *Animation courses, software courses – x 2 responses*
- *Computer aided design – graphic design, web design*
- *Graphic design on more modern design suites*
- *IT training – x 2 responses*
- *Marketing – x 3 responses*
- *Management training – x 2 responses*
- *More tradesmen*
- *Negotiation, Customer relationship management, Creative development*
- *Sales training – x 2 responses*
- *Staff appraisals, Personnel i.e. employment law*
- *Training in how to run a gallery successfully*
- *Tax advice training*
- *Training for non-financial directors*
- *Training on CDM regulations, design management regulations, safety awareness regulations, and sustainability and green issues.*
- *Web design*

Only 25% of Northern Ireland companies had identified training needs for their staff. Their training needs related to the following:

- *Extra training and being tooled up more with digital post production training*
- *PR training*
- *Technical courses to bring young people up to date on technical equipment*
- *The need for a mentorship scheme where apprentice engineers can learn their craft with financial support for the business as the usual practice is for engineers to get trained up then to freelance*
- *The owner goes to Germany for training and installation of fittings and furniture*
- *There is no training locally for glaziers, there is some in Felden House in Belfast, but it wouldn't be practical to send staff there (they would have to pay for board and course)*

4.18 Development Needs

The following table provides a breakdown of the main development needs as identified by the Belfast based respondents. Each of the development needs has been given an average ranking of urgency with 1 being the most urgent:

Area	Area of Development	Level of Urgency
------	---------------------	------------------

	Area 1		Area 2		No. of Resp.	% of Resp.	
	No. of Resp.	% of Resp.	No. of Resp.	% of Resp.			
Financial Management	6	33%	3	17%	18	36%	3.0
Sales	6	21.4%	6	21.4%	28	56%	2.9
Export Marketing & Promotion	4	16.7%	6	25%	24	48%	3.0
Business Skills Development	5	17.8%	4	14.3%	28	56%	3.3
Venture Capital / Funding	3	27.3%	3	27.3%	11	22%	2.7
Finding Collaborative Partners	6	27.3%	5	22.7%	22	44%	2.6
Recruitment	8	33.3%	5	21%	24	48%	2.3
Business / Marketing Planning (Mentoring)	1	0.4%	7	31.8%	22	44%	3.2

The table above indicates that overall sales, business skills development and export marketing and promotion were mentioned most often by Belfast respondents.

However when asked to rank the development areas by level of urgency the top three included:

- **Recruitment (2.3);**
- **Finding collaborative partners (2.6); and**
- **Venture / Capital Funding (2.7).**

Northern Ireland responses are captured in the table below:

Area	Area of Development						Level of Urgency
	Development Area 1		Development Area 2		Overall Total		
	No. of Resp.	% of Resp.	No. of Resp.	% of Resp.	No. of Resp.	% of Resp.	
Financial Management	3	23%	-	-	13	32.5%	2.6
Sales	11	52%	2	9%	21	52.5%	2.4
Export Marketing & Promotion	3	12%	8	32%	25	62.5%	2.6
Business Skills Development	-	-	3	18%	17	42.5%	2.8
Venture Capital / Funding	4	31%	1	8%	13	32.5%	2.6
Finding Collaborative Partners	2	17%	3	25%	12	30%	2.7
Recruitment	-	-	-	-	5	12.5%	3
Business / Marketing Planning (Mentoring)	4	25%	1	6%	16	40%	2.75

The table above indicates similar development needs for Northern Ireland and Belfast based companies - overall sales, business skills development and export marketing and promotion are rated by the majority of respondents as a development need within the business.

However when asked to rank the development areas by level of urgency the top areas included:

- **Sales (2.4);**
- **Financial Management (2.6);**
- **Export Marketing and promotion (2.6)**
- **Venture capital funding (2.6)**

Belfast respondents were asked to provide a brief summary of the issues faced by their business under their two main development areas. Responses have been included verbatim to provide a more accurate flavour of the individual issues raised by the sector:

Development Area 1:	Brief Summary of Issues
Business / Marketing Planning (mentoring)	We don't have the skills in-house and require funding for outsourcing this type of support
Business Skills Development	We need help with succession planning in terms of developing my son to take over the business
	We want to grow the business further but don't have the skills to do so in terms of marketing ourselves better and in relation to financial management
	The business has grown so quickly; we are trying to deal with the expanding business and the issues surrounding that
Export Marketing and Promotion	In the future this will become an area of development as the company grows. However, in the short term we will be concentrating on the local market.
	We are not sure about how to go about protecting designs so that they are not copied if we were to start exporting. We would also need some advice in relation to legal contracts for agents distributing our products.
Financial Management	I am a designer and do not have any financial management skills
	We are in a catch 22 – we do not have the time to deal with all the administration and do not have the finance to take someone else on.
	The Company has undergone rapid growth and no-one has the skill set to manage the financial growth. However, we have now employed an accountant as an outside consultant to come into the business once a month.
	An in-house accountant has now been employed and we are undertaking courses in Finance
Finding Partners Collaborative	The business is chronically funded. It is very difficult to offer VFM through collaborative partnerships with organisations in ROI and Scotland who receive twice the funding we receive. This makes it makes it very difficult to have meaningful and equitable relationships

	We don't want to do flash sites butt would have a lot of customers asking for it. We would like to identify a collaborative partner in this area.
	The owner does not have the time to invest in identify and approaching potential collaborative partners so support in this area would be useful
Recruitment	We cannot get the skilled staff we require for printing and finishing
	It is very difficult to recruit trained staff in the design industry and the courses available are not at a high enough standard in NI.
	There is a lack of qualified architects in the marketplace in NI
	Recruitment- Employment law, personnel issues, appraisal/performance review
	There is not enough high quality staff in the marketplace
	The business is unable to find high quality employees
	Are there any other effective methods of recruiting staff without having to take out an expensive advertisement in the Belfast Telegraph?
	There is a general shortage in recruitment. There is still a tradition in Northern Ireland of students going to spread their wings elsewhere. Salaries are increasing and there is the attraction of the large firms.
Sales	Need to refine sales process and train staff in handing sales plus sales administration.
	We need a sales and marketing person with a design background and this is hard to reconcile. We haven't the time or resources to train a student and lots of sales staff available have no experience in this field. Someone who can sell our products and services has to know about how our various products work, be able to conceptualize design solutions 'on the hoof" whilst selling and follow it through with the design and production team.
	Good sales people are hard to find.
	This is done in an ad-hoc manner and we are not operating with a business strategy
	In order to progress the business we will require a sales team in order to be effective, but we have had problems in this area in the past.
	The business is based on developing sales and they have their own in-house sales team they want to develop
Venture Capital / Funding	Some assistance for business to help with hardware and software costs
	The owner requires funding to be able to invest in the business and recruit more staff.

A similar exercise was undertaken with Northern Ireland respondents in relation to their priority development areas:

Development Area 1:	Brief Summary of Issues
Business / Marketing Planning (Mentoring)	We need help in trying to increase the number of people that visit exhibitions and concerts and increasing the sale of tickets
	We don't have the time to invest in sales. We would like someone to come in and be objective about the company and help develop a plan for marketing, PR and sales.
	We would like someone to help us move into the UK market, to date not many Irish publishers have been successful in the UK
	I feel I have lost direction and could use guidance
Business Skills Development	I want find time to be able to invest in developing business skills
	We are not business people and would like training in all areas of business
Export Marketing & Promotion	We want to understand how to go about starting to export our products
	We would like to expand into the ROI marketplace
Financial Management	The business could be better with money in terms of income and outgoings
	We need financial assistance to be able to advertise more
	Debt collecting, invoicing and paying bills
Finding Collaborative Partners	We need to find companies who need a design marketing service
	We are always interested in partners and are sometimes approached by farming consortiums to win a project, which therefore offers them more capacity
Sales	We need time to develop a sales plan and actually implementing it
	Exclusivity and unfair tendering criteria for Government work- the system favours the larger experienced practices. No previous experience in the sector automatically excludes fresh innovative designers and results in the perpetuation of old tired solutions
	We are always interested in developing our sales methods, techniques, and training of our staff. As we are a small company we have limited resource so it is important to get as much out of them as possible.
	We need training on how to get out and sell our services rather than focusing on the work that has to be completed
	We have recently purchased a new building, therefore we need to increase sales and turnover
	We could do with having better sales people
	It is difficult to find new outlets for my work and to develop and maintain a working relationship in new galleries
	Small client base this needs to be expanded in order to raise the capital to purchase new and ever changing equipment. This is linked to a successful marketing campaign, advertising where it matters and identifying potential clients

	and letting them see that I can competently do their job.
Venture Capital / Funding	Funding continues to decrease from government so we have to look towards commercial funding
	We are growing the company out of cash flow which is a slow way to grow the business. We will need a venture capital injection for the company

4.19 Suggestions for Future Support

The final section asked respondents if there were any specific initiatives or areas of support that they would like to see provided for the industry the following comments were provided

Belfast respondents:

- 📄 *An increase in the use of live music. The council features live music in its remit however there needs to be more venues to hold the live music events eg. St George's Market could introduce music slots when events are going on.*
- 📄 *An on-going dialogue with Belfast City Council in terms of its economic development plans would be very useful. Perhaps some form of quarterly forum with key Northern Ireland influencers.*
- 📄 *Bureaucracy - large monolithic services from government agencies. It is pushing people away from using the public sector and tendering for any work due to the level of bureaucracy.*
- 📄 *Business development courses in relation to the evening and weekend economies. They are in a non-commercial sector and are therefore different from shops and bars, there needs to be support for this type of organisation in the cultural sector. There needs to be incentives for organisations like them to stay open as it is hard for them to find the funding to keep their premises open at evenings and weekends.*
- 📄 *Euro/sterling challenge, corporation tax difference. Skills gaps - the sector contributes several hundred million to NI families therefore the skills gaps need to be filled.*
- 📄 *Events introducing local businesses to the importance of design, with potential to meet new clients*
- 📄 *Information workshops on Funding and grants available – x 4 responses*
- 📄 *It would be useful to have training on all aspects of business.*
- 📄 *Recruitment- Employment law, personnel issues, appraisal/performance review, Marketing-With an issue of small marketing budget, how to utilize finance for marketing in a efficient and effective method,*
- 📄 *Tender training to the public sector – x 7 responses*
- 📄 *They have gone through a couple of Programmes with BCC; they have all been very good. Investment Belfast ran a mentoring programme which gave them a good focus and strategy. Some assistance on tendering processes for the export market would be beneficial.*
- 📄 *Training on how to run a gallery*
- 📄 *Information on what services are currently available from the Council to local businesses – x 2 responses*
- 📄 *IT Skills Training*
- 📄 *Improvements in the planning service.*

Northern Ireland Respondents

- 📄 *Advice on exporting fine art, more promotion and funding for traditional fine art*
- 📄 *Advice on keeping abreast of changes in digital technology*

- Assistance with *training staff using high end software* and funding to help companies purchase software
- CAD Skills training
- Export advice
- Funding - capital investment, training
- Marketing Programme
- *More initiative programmes - educational workshops are not happening often enough. E.g. Invest NI hold events but they aren't happening enough*
- *Much better broadband link - people outside the city have just got a slow copper link. We need 4MB per second*
- *Public sector tendering advice – x 4 responses*
- *One way local council could support the service industries within the creative sector by continuing to stage regular events and tying these in with the tourist sector by including recorded (audio and video) souvenirs of the events*
- *More support for galleries and artists – x 2 responses*
- *Networking opportunities / forum*
- *The primary issue for them at present is tendering for work. They are never asked to tender for work by the councils even though they are on the tender list. There needs to be more clarification on this area*

4.20 Final Comments

The findings confirm that the creative industries are a growth sector; employment levels are increasing, turnover is growing and the sector has pride and confidence in its creative capabilities for the future. Its members are diverse in relation to their core creative activities, but they have a number of characteristics in common.

The majority are micro-businesses; they are fairly inward looking in relation to markets currently served and their development needs are complex. These needs also vary according to location, with development needs of Belfast based businesses markedly different from those businesses located elsewhere in Northern Ireland.

Common development areas that have been identified through the quantitative study of the sector are as follows:

Development areas	Issues	Action?
Strategic Vision	<ul style="list-style-type: none"> ■ Feedback demonstrated a general lack of strategic vision ■ Not necessarily recognized as an issue by the sector ■ But implicit in some of the very generic feedback received ■ Does creativity in the creative industries not extend to the business vision? ■ For a number of businesses their size is seen as a barrier 	<ul style="list-style-type: none"> ■ Support needs to focus on developing sector leaders ■ Foster greater entrepreneurial spirit and move away from the micro-business self image that many in the sector have adopted ■ Sector needs to be more aware of new models of delivery of creative industries services

	<p>to future growth</p> <ul style="list-style-type: none"> ▪ Priority for creativity seems to be focused on the core delivery activities and not actually applied to the overall business ethos 	<ul style="list-style-type: none"> ▪ Confidence to move away from traditional business models ▪ Trans-national networking opportunities e.g. twinning with a city creative cluster to encourage more outward looking and thinking
Sales and marketing	<ul style="list-style-type: none"> ▪ Lack of confidence in tackling this area independently ▪ CI owner-managers are principally fee-earners and “doers” ▪ Their mentality is to focus on delivery rather than development ▪ Hence there will always be a perceived lack of time for undertaking sales and marketing ▪ Too easy to allow someone else to do it...CIs need to take ownership for driving this process, even if an external resource provides support ▪ Defeatist attitude permeating the sector in relation to the potential to do business in the public sector – perceived as too much effort for negligible return 	<ul style="list-style-type: none"> ▪ Part-time, shared resources? Do other models exist? ▪ Mentoring support for specific research tasks – but with owner manager active engagement in the process ▪ Ensure that support is geared towards skills transfer and capacity building i.e. focus on outcomes rather than outputs ▪ Foster better mutual understanding between the public sector and the creative industries sector
Collaborative partnerships	<ul style="list-style-type: none"> ▪ Sector generally supportive of the concept and can see the benefits ▪ Perceived as difficult and time consuming, with no guaranteed outputs ▪ Seen as a route to overcoming the barrier of size for many smaller businesses 	<ul style="list-style-type: none"> ▪ Develop better understanding of the concept of co-opetition ▪ Could be the basis of a workable business model for some creative industries members

	and an opportunity to chase more attractive contracts	<ul style="list-style-type: none"> ▪ Collaboration hard to achieve because of time input – perhaps overcome by creation of hub or shared spaces for CIs.
Recruitment	<ul style="list-style-type: none"> ▪ Much greater issue in Belfast than elsewhere ▪ Perception that there is a talent drain out of NI to other cities that are more recognized as CI hubs. 	<ul style="list-style-type: none"> ▪ Can the Creative Ireland online model be replicated so that recruitment matching becomes cheaper and attracts better talent? ▪ Position Northern Ireland as a CI hotspot in its own right
Funding	<ul style="list-style-type: none"> ▪ General perception that industry is “hard done by” in relation to other sectors ▪ Poor perception of venture capital route ▪ CI business model not attractive to risk averse lenders 	<ul style="list-style-type: none"> ▪ Produce a guide to funding for CI including for example Prince’s Trust, Aspire Loan Fund, KTP etc ▪ Delivery of new funding streams that require evidence of market based knowledge and

Many of these issues were raised again in the next phase of consultations, described in detail in the next section.

5.0 Creative Industries in-Depth Sector Feedback



“ Creativity is an essential element of the personal and social development of all people. Just as literacy, numeracy and ICT are key skills for all ages, creativity also enables the growth of self-confidence, self expression and self-esteem”

Unlocking Creativity – Making it Happen 2001

5.0 Creative Industries – In-depth sector feedback

5.1 Methodology

In this section we provide feedback from a combination of ten one-to-one interviews with creative industries businesses from throughout Northern Ireland, industry stakeholders and from a focus group of Creative Entrepreneur Club members, held at Bar Red in Belfast in June 2007.

In the previous section, our analysis focused on providing a detailed profile of the sector. This section focuses to a much greater extent on reporting industry feedback regarding *the issues and challenges that the sector faces going forward* and the forms of *support* and assistance that are likely to be most appropriate to industry needs.

The findings from this stage of the research have been combined, for ease of analysis and to facilitate greater clarity on the emerging issues in relation to the creative industries sector.

This phase of the research brought a surprising *level of consensus* from members and stakeholders about the challenges and the support required to address and overcome them. The focus group was particularly useful in generating debate between sector members themselves and with the various stakeholders in attendance.

The nine issues identified by the sector have been presented according to the degree of priority which the sector itself appeared to give. The exception is communication, which in fact straddles many of the other 8 areas, but which is useful to recognize as an issue in itself.

In line with the findings presented in Section 4, recruitment was identified as *the key barrier to growth for businesses within the sector, particularly Belfast based businesses*.

- **Recruitment** is a key concern for creative industries businesses. The problems that businesses currently face range from graduate recruitment to the ability to attract and retain experienced staff. Owner managers were particularly critical about the “employability” of graduates emerging from third level education – both in terms of their skills and attitude. Graduate skills, even from those who had completed creative industries specific courses e.g. media were deemed to be too generalist to be able to make a direct contribution to the business at the early stages.

Attracting more experienced creative staff was also a key concern for owner managers – particularly those based in Belfast. The perception is that the best creative people tend to move away from N Ireland – to London and to Dublin, which are seen to offer better opportunities and better financial rewards. Again, the micro-business nature of the sector was also seen as an inhibiting factor in attracting the best people. The one or two man band cannot necessarily offer the combination of an attractive package and a variety of projects that larger businesses can offer.

In terms of overcoming these issues, CI owner managers felt that better interaction with the education system would provide improved understanding of industry requirements. It was felt that educators also needed greater emphasis on personal development of under graduates – to instill a more accurate understanding of what it is like to work in a micro-business and improve

commercial awareness amongst their students, making them more aware of what would be expected in the world of work.

With regard to recruitment of more senior staff, feedback suggestions focused on the potential for attracting people back home from London and Dublin. This would require that strong networks be set up – utilizing contacts generated from the industry itself. Perhaps a quarterly newsletter could then be developed to outline just what is happening in creative industries in Northern Ireland and to market any success stories, not just to any potential customers out there, but equally to any potential creative talent that could be attracted here.

- Are universities and colleges providing the right kind of training and preparation for graduates hoping to enter the creative industries?
 - Should the bar be raised for entry to a career in creative industries to avoid creating a pool of mediocre resources? The industry needs to focus on excellence and this means more competitive standards from academia etc
 - How can the drain of talent from Northern Ireland be reversed? Showcasing creative industries is important if we are to create a buzz about the challenges of working in the industry in Northern Ireland, rather than seeking opportunities in Dublin or London.
 - Where are the potential employees with 4 and more years of experience? Why is there a gap in the employment market at this level? Why is it so difficult to attract individuals skilled at this level to our creative industries businesses?
 - How can communication channels be improved between the education sectors and creative industries employers? How can communication channels be improved between prospective employers and prospective graduates?
 - What about apprenticeship schemes for the sector?
 - Has the education sector grasped that the industry requires new entrants with both skills and talent?
 - How can small micro-businesses compete for the best graduates when other destinations are competing for their talents?
 - Can we create a talent pool similar to the model developed by Creative Ireland, which offers a free recruitment service for the design industry?
- **Skills development** for both staff and owners is recognized as a key driver of growth, but affordability is a barrier. A number of companies cited the benefits of being able to network with other GB companies, thus bringing fresh ideas to the business and new impetus. This interaction with other businesses outside Northern Ireland was seen as an important way of benchmarking the local industry.

Owner managers also recognized the need to improve their own business management skills. There appeared to be limited awareness of some of the very cost effective courses available e.g. Invest NI's one day Passport to Export workshops which cost as little as £50. Owner managers felt however that in order to be most effective, skills development needs to be targeted specifically at the sector – owner managers felt that generic business training was less beneficial and less relevant, since it did not always take into account how creative industries business models differ from traditional models.

Access to specialized “technical” skills development programmes for owner managers and staff alike was seen to be limited – generally involving travel to GB, hence costs are higher and longer time away from the business is required.

- How can small businesses hang on to good people if they can't compete with the personal development and training opportunities provided by larger employers?
 - How can Northern Ireland businesses build better networking opportunities through GB associations and technical groups as a method of staff training?
 - Owner- manager themselves need ongoing skills development, which can be hard to access in Northern Ireland. Is support available to allow owner-managers to continually upgrade their technical skills and knowledge?
- **Marketing**, including selling, is an acknowledged area of weakness for many creative industries businesses. Few creative industries businesses actually have an in-house marketing resource, hence marketing activity tends to be “stop/ start” and inconsistent. In addition to the lack of in-house marketing skills, owner managers are keen to see organized marketing activities that will provide an opportunity for the sector to actively investigate new markets and meet potential new buyers.
 - Can funding be made available to provide *ongoing* in-house marketing support? This could be provided as a shared resource, on a part-time basis.
 - Can more support be made available for getting out to look at other markets for our services?
- **Funding** continues to be an issue within the sector. There is a strong sense that creative industries, for a variety of reasons, have failed to capitalize upon historical funding opportunities and failed to convince investors of the potential market worth of their businesses. Industry emphasis was firmly on developing more innovative funding models for the future, which did not try to emulate the funding packages and structures available to more traditional business sectors.
 - Why are creative industries losing out on their share of private sector investment?
 - How can the traditional and apparently mutual lack of empathy between creative businesses and private sector investors be overcome?

- Can the Creativity Seed Fund be revived?
 - Are there more creative options for funding the sector that actually recognize the needs of the sector and how it differs from traditional industry?
 - If skills development is a key concern for the sector, why can't funding be available to assist in the matching process between skilled job hunters and the creative industries in Northern Ireland?
 - Can support be made available for in-house marketing support – we don't need full-time resources in this area, but we do need continuity of support?
- **Showcasing Creative Industries NI PLC** was a common theme that indicates confidence from the Northern Ireland creative industries sector that the talent and skills exist here to become a cutting edge international player. By positioning Northern Ireland in this way, some of the current difficulties regarding recruitment would be eased, as the region becomes a more attractive work location.
 - What can we do to tell the story of creative industries in Northern Ireland?
 - Are we maximizing the tourism links available to creative industries?
 - What about a creative industries hub like other creative cities – this would stimulate many businesses to seek to opportunities and generally raise the profile of the sector.
- **Partnerships / Clusters**
 - Are there better / more appropriate business models for creative SMEs that break away from traditional industry models and take into account that creative industries are often micro-businesses trying to compete on an international stage with global giants?
 - What lessons can be learned from other creative clusters and the work done by agencies such as Creative London?
- **Infrastructure**
 - How can we be a showcase creative industries region / city without an advanced broadband infrastructure?
 - Can we developed a shared spaces Infrastructure, with opportunities to concentrate the sector literally under one roof and share services, overheads and expertise?
- **Intellectual Property**
 - What are the implications of partnerships, for example, on intellectual property?
 - What guidance is available regarding implications for IP of emerging technologies and new distribution structures?

- Do the IP complexities potentially frighten off potential investors / venture capitalists because they don't understand this area?

- **Communication**

- How can communication flows be achieved across all of the creative industries stakeholder groups, particularly education and funding?
- Can funding be made available for networking with agencies and / or individuals in other areas?

5.4 Interim industry recommendations

The recommendations from the combined consultation phases are summarized below. In order to add some structure to the recommendations, they are themed according to the nine challenges identified by the industry above, as being the key barriers to growth for the future. Some responsibility for addressing these issues must be grasped by the industry itself, whereas other recommendations will require external intervention.

The challenge for the creative industries sector is to find a mechanism to drive these recommendations forward, to take the lead in implementing where possible and to develop a unified voice in building a case for external support where this is required.

Theme	Industry Recommendations
<p>Marketing</p>	<ul style="list-style-type: none"> ▪ Support for accessing industry specific contacts in export markets; (External support) ▪ Networking events with other businesses and areas outside Northern Ireland; (External support) ▪ Bringing new buyers to Northern Ireland to meet the industry and outline their purchasing criteria. (External support) ▪ Support for Marketing, since businesses lack specific in-house skills.(External support)
<p>Recruitment</p>	<ul style="list-style-type: none"> ▪ Support for employers towards the cost of recruitment; (External support?) ▪ Develop an apprenticeship model to give employers more confidence about making long term investments in new, inexperienced recruits;(External support) ▪ Better promotion of Northern Ireland employment options; (Industry led) ▪ Look at Creative Ireland's approach as a potential model of best practice in this area; (Industry led)

	<ul style="list-style-type: none"> Provide better incentives to retain the best talent within Northern Ireland e.g. competitions; awards (Industry led)
Skills Development	<ul style="list-style-type: none"> It is easy to feel isolated from what is happening in other areas; skills development should include input from industry experts outside of Northern Ireland (as has already happened through the Creative entrepreneur's Club) (External Support)
Funding	<ul style="list-style-type: none"> Focus should be on funding for R&D activity, as the ultimate growth and success of the sector will flow from its investment; (External support) Improve private sector understanding of the creative industries to make investors less wary of the sector and promote more informed decision-making for both investors and business owners; (Industry led) The industry needs to move away from its grant driven culture – to date there has been too much emphasis on finding a project to fit the fund, rather than a flexible funding arrangement where the fund can fit around the project; (Industry led)
Showcasing “Creative Industries NI PLC”	<ul style="list-style-type: none"> Position Belfast as a “Design Centre” to attract new inward investment and to attract / retain the best industry talent; (External support and industry led) Belfast has potential to be promoted internationally as a Festival destination, using talent from a range of creative industries, but particularly music; (External support)
Partnerships / Clusters	<ul style="list-style-type: none"> Encourage collaboration as a way of reducing the individual business investment in R&D and creating a stronger proposition for both investors and clients; (External support and industry led) Think about geographic clustering e.g. a centre for graphic design businesses to reduce overheads and foster collaboration.(Industry driven initially, followed by external support)
Infrastructure	<ul style="list-style-type: none"> Increase bandwidth of the fiber optic network;(External support) Create more shared resources for creative industries businesses e.g. shared working spaces; (industry driven initially)

<p>Intellectual Property</p>	<ul style="list-style-type: none"> ▪ More support is needed to exploit intellectual property (External support)
<p>Communication</p>	<ul style="list-style-type: none"> ▪ Develop specific channels to communicate to undergraduates and graduates – to excite them about the sector and stimulate increased interest from the best talent available; (Industry led initiatives in partnership with education) ▪ Communication channels need to be improved / developed at all levels <ul style="list-style-type: none"> - within the industry; - with the education sector; - with funding bodies - with (potential) clients <p>(Industry led)</p>

These interim recommendations now need to be turned into a detailed action plan, which allocates responsibility and timescales for actions. The industry should try to ensure that it has its own stakeholder led action plan, in addition to any action plan that is likely to be developed by Belfast City Council or DCAL. Ideally these should be integrated to ensure that:

- Any existing support available is recognized and built into the actions e.g. as referred to earlier Invest NI’s programme of skills development workshops through Passport to Export, Network and Getwork events, CPD information sessions on public sector procurement, Acumen programme for developing cross-border trade etc
- New ideas are incorporated but that industry takes some responsibility for shaping and clarifying these new ideas, so that they are being driven to meet industry requirements. This is particularly important given that external support provided to the sector is often criticized for not being “sector specific” enough.

6 SWOT Analysis of the Creative Industries Sector in Northern Ireland



“The creative industries represent some of the fastest growing sectors of the global economy”

Creative Growth: The State of the UK’s Creative Industries, Nesta

6.0 SWOT Analysis of the Creative Industries Sector in Northern Ireland

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Sector <i>pride in its creative skills</i> and potential, which are seen as on a par with other creative regions. 	<ul style="list-style-type: none"> ▪ <i>Plethora of micro-businesses</i> chasing the same local markets, too many of which live a “hand-to-mouth” existence.
<ul style="list-style-type: none"> ▪ <i>Growth rates</i> achieved within the industry across a range of sub-sectors; employment continues to rise and the industry is optimistic about the future. 	<ul style="list-style-type: none"> ▪ Too few ideas reaching <i>commercial exploitation</i> as businesses focus on short-term “projects” and funding rather than services and products.
<ul style="list-style-type: none"> ▪ <i>Tenacity of smaller businesses</i> – they continue to persevere even under very difficult financial conditions. 	<ul style="list-style-type: none"> ▪ <i>Grant dependent, survival culture</i> which reduces the potential of the sector to develop IP driven products.
<ul style="list-style-type: none"> ▪ <i>Growth ambitions of the sector and a desire to do what it takes to succeed</i> – not being exploited because of a focus on short-term revenue needs and funding. 	<ul style="list-style-type: none"> ▪ Lack of contacts, skills, confidence and resources for <i>targeting new business</i> outside Northern Ireland.
<ul style="list-style-type: none"> ▪ Ironically, <i>one strength of the sector is that it does recognize its own weaknesses</i> and limitations – particularly in relation to scale, short-term focus and lack of in-house management expertise! The industry appears to recognize that <i>the potential prizes and rewards are currently just outside the grasp of many</i>, so industry focused, <i>tailored support</i> should be well received. 	<ul style="list-style-type: none"> ▪ Sector perceives that there are poor <i>linkages between creative industries and higher education</i>, hence graduate skills do not currently meet the needs of the sector.
<ul style="list-style-type: none"> ▪ There have been <i>a number of high profile industry “wins” recently</i>, which have motivated and re-invigorated many within the sector; but these wins are too few and too long in the pipeline. 	<ul style="list-style-type: none"> ▪ There can be <i>a sense of isolation in Northern Ireland</i> from what is going on elsewhere, both in other regions and internationally.
<ul style="list-style-type: none"> ▪ <i>The majority of businesses have done at least some export sales</i>; more Belfast based businesses tend to export than those located elsewhere in Northern Ireland. 	<ul style="list-style-type: none"> ▪ <i>Export sales value as a proportion of turnover</i> within the sector is <i>still relatively low</i> and focus on Republic of Ireland, with GB export sales even lower. Exports to the rest of Europe and to the US remain negligible.
<ul style="list-style-type: none"> ▪ <i>Customer service</i> and customer relationships were identified by the industry as <i>a key source of competitive advantage</i>. 	<ul style="list-style-type: none"> ▪ Sales to the <i>public sector</i> are also relatively low; there is <i>a sense of frustration amongst the industry</i> that they don’t know how to tap into public sector markets.

Opportunities	Threats
<ul style="list-style-type: none"> More <i>formalized collaboration</i> across sub-sectors of creative industries and better collaboration between smaller businesses will retain the creative essence but <i>allow enough clout to target attractive projects</i>. 	<ul style="list-style-type: none"> Difficulty in <i>attracting and retaining excellent creative staff</i>, because <i>in general</i>, the sector at present cannot offer the stability and kudos to match other creative regions.
<ul style="list-style-type: none"> <i>More sophisticated networking</i> within the sector in the local region and within the sector across other regions, so that when market opportunities arise, <i>businesses can work together to respond or businesses can work together in creative partnerships to produce commercially exploitable products and services</i>. 	<ul style="list-style-type: none"> <i>Limited opportunities for larger commissions from the local market</i>, coupled with limited resources and knowledge to identify more attractive opportunities elsewhere.
<ul style="list-style-type: none"> Support that is geared towards <i>assisting to make connections beyond the local region</i>, focusing on national and international markets and ultimately making these markets more accessible to the creative industries sector in Northern Ireland. 	<ul style="list-style-type: none"> <i>Lack of relevant support available for R&D development</i>, so the focus on short-term income generation is likely to remain.
<ul style="list-style-type: none"> <i>Foster and support innovation</i> by introducing new ways of filtering and <i>supporting the best ideas through to commercial exploitation</i>; innovation potential currently reaches a “bottleneck” early in the process, because smaller businesses do not have the resources or funds to progress these further. 	<ul style="list-style-type: none"> <i>Lack of understanding of business requirements of creative industries</i> by support agencies and investors.
<ul style="list-style-type: none"> Promote <i>better understanding of intellectual property implications on businesses and collaborative partnerships</i>. 	<ul style="list-style-type: none"> <i>Traditional investors appear skeptical of the sector</i> and of the potential for strong returns, so <i>creative industries not likely to benefit from private sector investment</i> to the same extent as other sectors; this increases reliance upon grants and subsidies.
<ul style="list-style-type: none"> <i>New content and distribution channels</i>; although these are still at an early stage in development, <i>changing technology and methods of communication offer greater opportunities than ever for small businesses</i> to reach international markets; however, uncertainty exists over IP rights and protection. 	<ul style="list-style-type: none"> Although policy makers appear committed to championing the creative industries sector, the reality is that <i>policy intervention has not yet tackled some of the core barriers</i> to the development of this industry.
<ul style="list-style-type: none"> Firms that <i>invest in design and innovation are likely to be more profitable</i> than those who do not – Cox Review on Creativity. 	<ul style="list-style-type: none"> Perception that <i>public procurement processes exclude the smaller businesses</i> and as a result many

<p>Creative industries businesses need <i>more (secure?) platforms to showcase early ideas</i>, so that they can either be shelved or funded. This means that businesses need to be <i>challenged more vigorously</i> about the viability of their ideas.</p>	<p>companies are saying that this is an area they need to move away from. There is also a perception that public sector work can only be won through <i>price cutting</i>.</p>
<ul style="list-style-type: none"> ▪ An <i>industry driven forum</i> is required for <i>communicating with education</i> about future skills required by the sector; there needs to be <i>an ongoing two-way flow</i> of information, contacts, sharing of resources and more innovative methods of bridging the perceived skills gap. 	<ul style="list-style-type: none"> ▪ Uncertainty in relation to <i>RPA outcomes</i> for those businesses that do rely on public sector opportunities.
<ul style="list-style-type: none"> ▪ Development of a <i>creative industries hub</i>, which will <i>foster collaboration</i>, as well as shared resources. A concentrated hub will <i>stimulate the sector</i> and <i>create better international profile</i> for Northern Ireland creative industries. <i>The most successful hubs have focused not just on a place to work</i>, but a place to eat, a place to live, a place to relax, a place to be entertained, all in one area. 	<ul style="list-style-type: none"> ▪ Perception is that <i>in Northern Ireland buyers are more price sensitive</i> than in other markets and will not pay as much for creative industries services.
<ul style="list-style-type: none"> ▪ <i>Twinning with other creative cluster areas</i>, perhaps via the Creative Entrepreneur's Club e.g. with similar groups in Glasgow, London or other easy to access location – for regular and ongoing exchange of ideas, industry news etc, but <i>ultimately to foster new creative partnerships</i> with horizons beyond Northern Ireland. 	<ul style="list-style-type: none"> ▪ Rate of introduction of <i>new technology</i> – although this presents an opportunity for the sector, industry practitioners also need to get to grips with it quickly and understand the <i>implications for changing the way business is currently done</i>.
<ul style="list-style-type: none"> ▪ Industry perception that <i>economy is buoyant</i> and new opportunities will arise from the <i>Assembly</i>. 	<ul style="list-style-type: none"> ▪ Growing sense that <i>competition within the sector is increasing</i> – for those operating on a local scale, a limited competitive advantage this means that price cuts will be inevitable.

7.0 Support Plan



“The UK creative industries outperform every other European state and in the 21st Century they have moved to the centre stage of the UK economy”

Staying Ahead: The Economic Performance of the UK’s Creative Industries

7.0 Support Plan

7.1 Introduction

The focus of any future support must be to overcome the sector's focus on short-term income generation within local markets. The scale of businesses within the sector is at least partly to blame for this situation. Many of the more attractive projects in the sector require significant development time, which causes a dilemma for smaller businesses:

- (i) Should I focus my limited resources on chasing small, short-term projects that pay bills in the short term, but which are unlikely to ever offer real growth potential?

Or

- (ii) Is it better to focus on developing a product or service that can be commercially exploited but which requires the business to forgo short-term revenue generation opportunities?

More encouragement is needed to support the sector in developing:

- (i) commercial products and services;
- (ii) with potential for export;
- (iii) encouraging mergers and collaboration within the sector;

7.2 Support Plan

The Support Plan suggests that future support for the sector needs to be considered under the following themes:

- **Training**
- **Recruitment**
- **Export development support**
- **Collaborative support**
- **R&D support**
- **Funding support**

This sector is highly project driven. So, many of the most attractive market opportunities are difficult to predict in advance. When they arise, they require creative industries businesses to be flexible enough to re-organise and re-invent themselves to meet these requirements.

Any future support plan should take into account the need for flexibility and fluidity by businesses and should similarly include an element of speculative support, with flexibility inbuilt, to support collaborative businesses targeting larger scale projects, particularly those outside Northern Ireland.

7.4 Training

Training requirements encompass both skills specific training and training in over-arching skills. Training and business support are both critical to this sector, since many of the member businesses are simply too small to have the resources to pay for it themselves.

(i) Business Skills Training

The industry acknowledges its need for business support, with sales and marketing skills development possibly rating the highest priority of all. But creative industries do operate within a different business environment than their traditional counterparts, often using different business models. Therefore, *generic business skills training is likely to have less impact.*

Future intervention needs to look specifically at how training has been *tailored* to suit the needs of creative industries. *Sector specific business skills training* also brings *the added bonus of a forum where collaboration within smaller creative industries businesses* might begin to be fostered. There needs to be more focus on guest speakers and trainers specifically from the creative industries sector.

A number of options are already available to the sector through, for example, Belfast City Council's range of business skills programmes and similar offerings available in many other council areas, Invest NI's programme suite, including product development support initiatives, local LEAs and the further education sector.

(ii) Tendering Skills Development

A concerning number of small creative industries businesses feel that *public sector contracts are out of their reach*. Tendering is a time intensive activity and these businesses have very limited resources. After one or two rejections, the most common reaction is to throw in the towel and to give up completely on this potentially lucrative part of the market.

The sector, particularly those smaller businesses, requires *capacity building in relation to public sector tendering*. For many of the businesses that we spoke to, tender writing is intimidating and few of them have any realistic idea of the *benchmarks* they need to compete against. There is also a limited understanding of public procurement processes and how tenders are scored and awarded.

Unless this area is addressed and then subsequently reviewed, a number of smaller businesses will simply cease to even attempt to submit tenders. This will then reduce the level of competition that public sector tenders attract.

CPD has already been actively trying to communicate with smaller businesses and to ensure that the procurement process is as transparent as possible. However, the industry appears to be so “switched off” by this area that it will require an industry specific response and not just a “one-off” response. Changing the attitude of the sector to pitching for tenders will require a consistent effort over the next 2-3 years. Yet the pay-off for the sector, particularly in relation to pitching for work outside Northern Ireland is potentially very attractive.

(iii) Sales Development Programme

Creative industries businesses are not particularly good at selling. This is at least partly due to the amount of time that most owner managers spend simply “doing” i.e. delivering work and developing new work, so little time is invested in honing sales techniques.

Sales skills are also not well developed because creative industries businesses often *find it difficult to describe what it is they do and too many lack a clear sense of the target audience and their needs.*

Sales training should focus *on how businesses present themselves and the support tools they use*, but could also include mentoring support to facilitate the prospecting process and *motivate businesses to look beyond opportunities in the local market.*

Belfast City Council already offers Sales Development programmes, whilst Invest NI offers one day workshops.

(iv) Skills and Knowledge Workshops

The pace of change within creative industries tends to be far faster than for many other sectors. Change is currently being driven by the *new emerging technologies, new distribution channels, new implications for IP, new business models, sources (or lack of) for R&D funding.*

Creative industries businesses need ongoing help and support to grasp the implications of this change and what it could potentially mean for their business. A number of owner-managers commented on *the sense of isolation in Northern Ireland* from the rest of the creative industries sector in GB. This means that it is easy for the “highly skilled experts” to lose their edge unless their skills and ideas are constantly being updated and challenged.

These workshops should try to bring the sector more closely in touch with what is happening in other regions by bringing in experts from other areas.

7.5 Recruitment

(i) Round Table Workshop

An opportunity for industry and education to come together to discuss future needs of the sector. This could perhaps be facilitated by an organization like Skillset. It would serve to make the sector feel that it had a direct opportunity to communicate with higher education organizations. Direct communication of the sector's needs to the education providers is seen as a fundamental success factor in resolving the current skills gap in the sector.

(ii) BCC Website

Is there an opportunity to create a separate portal focusing on creative industries, which could be developed for recruitment matching on a similar basis to Creative Ireland? A central resource such as this could stimulate more of the valuable "returners" to Northern Ireland i.e. people who have worked away for a few years and now wish to settle back "home".

7.6 Export Development Support

(i) Buyer Matching

Small creative industries businesses do not have the time or resources available to identify and follow-up on potential buyers. Specialist *Meet the Buyer events* have already been welcomed by the sector as an invaluable area of support. Previous events have excited the sector and demonstrated that *bigger and better market opportunities are available*. These events should be repeated on a regular basis, with the key priority being to get businesses in front of potential buyers to make a genuine sales pitch.

This could tie in well with the sales role-playing suggested above, since businesses need to prepare in advance before getting in front of a potential buyer.

7.7 Collaborative Support

(i) Specialist networks, driven by the industry

The Creative Entrepreneur's Club is already a good example of a forum for the industry to meet informally and to network with industry peers. However, since creative industries itself is such a diverse sector, there may be potential to *develop sub-sector groups that represent specific areas of interest* e.g. arts, digital media, production etc.

(ii) Formalised collaboration

Only a minority of creative industries businesses are likely to grow beyond our typical definition of a small business. This is more to do with the nature of the

sector, rather than the lack of commercial potential within the sector.

One of the characteristics of creative industries is that they create on an ongoing basis; unlike traditional sectors, they do not typically seek to re-produce or replicate. It is also one of the factors that make it difficult for businesses to grow.

Future support needs to take address *how to foster greater levels of more meaningful collaboration within the sector*. This might involve an initial Speed Dating session with a core group of potential CI's to determine if there could be a mutual attraction.

Any identified project ideas arising could then be formally assessed and, if deemed to have commercial potential, the group could be *matched up with mentor to help them drive their collaborative idea forward*.

(iii) Twinning with other groups To address the frustration of the sector as often feeling a little isolated from the main activity through the location here, twinning Creative Entrepreneur's Club with another networking group could be considered, again with a view to encouraging collaboration if possible. But at least ongoing contact with a network from another region would make the sector more outward looking in terms of potential to do business.

(iv) Collaborative marketing Marketing is a key development area for CIs and in-house support is favoured. But there are few within the sector who could either afford or justify a full-time marketing resource. However, *a part-time / shared resource would be justified*. If this support could be linked to a collaborative project, the overall impact could be greater.

(v) Creative industries hub We understand that there are already plans for a music hub in the Cathedral Quarter, but the idea of a *city centre creative hub* is seen as something very desirable by the sector. It would also certainly help to build Belfast's reputation as a high end creative industries city.

7.8 Funding

- (i) Seed capital fund* The sector is keen to see a re-launch of the *Creativity Seed Fund*.
- (ii) Funding guide* Produce a funding guide for the sector that provides an overview of sources of funds available e.g. Prince's Trust, E2 graduate programme, Aspire Loan Fund, KTP, Nesta etc, so that businesses are at least aware of what is available.

7.9 R&D or NPД

Whilst R&D is perhaps the *raison d'etre* of any creative industries business, *the industry as a whole is not particularly successful at turning creative ideas into commercial reality.*

The sector requires financial support to encourage more R&D activity and also to get those viable products and services to market much more quickly than is currently the case.

Support does exist for R&D which is perhaps under-utilised or poorly understood by the sector. Making the sector much more aware of what is already available in terms of R&D support needs to be an early activity in the support action plan.

7.10 Final Comments

Traditionally industry barriers to growth have included limited production capacity, access to markets and lack of management expertise to take businesses into these growth phases. Hence, these are the areas that government intervention has focused on. Whilst assistance towards capital projects has been radically reduced, support for strategic growth through innovation, through export and through management development have increased.

Creative industries are different. *Barriers to entry are often negligible, but the key barriers to growth tend to be lack of clout and credibility.* Hence, much of the traditional support available does not work particularly well for the sector. To access larger scale projects, it will be necessary for creative industries to invent and re-invent themselves. This means that a key success factor is the contact networks (and agility) that will allow the business to take on the skills and form required for individual contracts and larger scale work. And that *requires support structures within the sector to encourage businesses to collaborate with competitors and to pool experience and expertise.* It also requires that funding support and investment become more creative, so that the needs of the sector are met, rather than being shoe-horned down traditional routes of business support.

APPENDICES

Appendix I

Business Questionnaire



**Creative Industries
Sector Review**

Business Questionnaire

April 2007

Question 1

A) Please confirm business address and contact details

Company Name	
Contact	
Full Address, Including Postcode	
Telephone Number	
Email Address	

B) Legal Status of the business

Sole trader	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Partnership	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Limited Company	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Not-for-profit	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Year business was established		



Question 2

A) Which of the following categories best describes your business?

Media	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Design	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Expressive	Yes <input type="checkbox"/>	No <input type="checkbox"/>

B) What is your core business activity?



Question 3

How many people are employed in the business (including partners and Directors)?	Full Time _____	Part Time _____
Has this increased within the last 12 months?	Yes <input type="checkbox"/> _____ New employee(s) _____ New Part time employee(s)	No <input type="checkbox"/>

Question 4

		£
Please give an indication (in confidence) of annual turnover of your business over the last 2 years.	Current Year	
	Last year	



Question 5

		<u>% of Turnover</u>
How is turnover split by geographic area?		
	Northern Ireland	
	Republic of Ireland	
	Great Britain	
	Rest of Europe	
	US	
	Other (Please Specify)	
If you do not currently have sales outside Northern Ireland, do you believe that your business has export potential?	Yes <input type="checkbox"/>	No <input type="checkbox"/>



Question 6

A) Please describe your core products / services?

B) What do you believe is the competitive advantage of your business?



Question 7 – What are the key customer segments that your business targets?

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Question 8 – What are the 3 key strengths of your business?

	<u>Strength</u>
1	
2	
3	



Question 9

A) What are the 3 weaknesses that your business needs to address?

	<u>Weakness</u>
1	
2	
3	

B) What are you currently doing / would like to do address these weaknesses?



FULL CIRCLE
MANAGEMENT SOLUTIONS





Question 11 – What are the market factors that are likely to create opportunities for the Company over the next few years?

Question 12 - What are the market factors that are likely to present threats to your Company over the next few years?





Question 13 – Are there any skills gaps or training needs within your current staff?

Skills Gaps	
Training Needs	



Question 14

A) Does your business have development needs in any of the following areas? (If you reply yes, to any of these areas, please rate the most urgent as 1 – 7, with 1 being the most urgent.)

<u>Area</u>			<u>Level of Urgency</u>
Financial Management	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Sales	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Export Marketing & Promotion	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Business Skills Development	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Venture Capital / Funding	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Finding Collaborative Partners	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Recruitment	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Business / Marketing Planning (Mentoring)	Yes <input type="checkbox"/>	No <input type="checkbox"/>	



B) For the areas rated 1 and 2, please give a brief summary of the issues faced by your business

Development Area 1:	
Development Area 2:	

C) If there are other development areas not covered in the list in 11A above, please comment:

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Question 15 – Are there specific initiatives / areas of support that you believe could be provided by Belfast City Council?

Thank you for taking the time to complete this questionnaire. In the event of any queries, please contact Karen or Denise on 028 9045 2222 or by email denise@fullcircle.eu.com and karen@fullcircle.eu.com.