

What makes a Creative Entrepreneur?

Conversations in the sector –

September 2009

Index

1. INTRODUCTION	1
1.1 To be or not to be an entrepreneur.....	4
1.2 The Ecology of Creative Enterprise.....	7
2. KEY ATTRIBUTES FOR SUCCESS.....	10
2.1 Vision and Values	10
2.2 Integrity	11
2.3 Leadership	13
2.4 Conceptual Thinking.....	15
2.5 Strategic Thinking.....	16
2.6 Risk Taking	18
2.7 Innovation.....	22
2.8 Commercial Aptitude	24
2.9 Project Management	25
2.10 Customer Sensitivity	26
2.11 Networking	28
3. KEY OPERATIONAL ISSUES FOR A CREATIVE ENTREPRENEUR.....	30
3.1 Legal Structures	30
3.2 Intellectual Property (IP).....	32
3.3 Contracts.....	35
3.4 Regulatory Requirements.....	36
3.5 Choosing Accountancy Support	37
3.6 Pricing Work.....	38
3.7 Cash Flow	40
3.8 Recording accounts.....	40
3.9 Tax and National Insurance	41
3.10 VAT	42
3.11 Budgeting.....	42
3.12 Raise Capital.....	43
3.13 Sales	44
3.14 Listening to Customers	45
3.15 The Three Legged Stool or the Product Mix	45
3.16 Taking the Work to Market.....	46

3.17	Advertising	47
3.18	Proposals and Pitches	47
3.19	Up selling	48
3.20	People.....	48
3.21	Planning Staffing Needs.....	49
3.22	Recruitment.....	51
3.23	Managing People and Performance.....	52
3.24	Team Development.....	55
3.25	Managing Change.....	55
3.26	Self Development.....	56
4.	Summary of Key Behaviours and Aptitudes of Successful Creative Entrepreneurs.....	58
4.1	Key Attributes.....	58
4.2	Operational Issues	59
	Appendix A: Contributors to the Consultation	62
	Appendix B: Bibliography.....	65
	Appendix C: Indicative Sample Semi-Structured Interview Template	66

1. INTRODUCTION

About five years ago, the British Council were organising a conference in Albania for Creative Entrepreneurs in the Balkans. I was invited as a keynote speaker. In discussion of the brief for my speech, the organiser, a Kosovan doctor moonlighting as a British Council officer, said to me ‘So tell me, Anamaria – what exactly is a Creative Entrepreneur?’. It started me thinking! Without the time to do formal research, I decided to draw on my own experience of 30 years working in the sector, and, unscientifically but truthfully, I put together a presentation identifying the differences between being an entrepreneur in the creative sector and in other sectors. I then went on to nominate ten key behaviours that seemed to me to be the ones I almost always saw in our successful clients.

The presentation had an amazing effect on the audience. To my amazement, they stood on their chairs, they shouted and whistled, and they just kept saying ‘She’s talking about me! Do it again – do it again!’ It was obvious that I had hit a chord with these bright young Balkan designers and artists. So I decided to test it in other contexts to see if it received anything like the same reaction. As a result, I have given the same presentation across the world and even in the US and the UK. Everywhere, it has received the same reaction – everywhere, people come up to me afterwards to thank me for telling their story. We now regularly receive invitations to give the presentation to different conferences and communities – so much so that colleagues now also take it on the road. On one famous occasion, one colleague was using it in Leeds, another in Utrecht, whilst I was doing it to 120 aspirant female Creative Entrepreneurs in Saudi Arabia. We phoned each other as we finished so that we could each hear the reactions of the other audiences, all united in delight!

Then, in September 2008, Julia Calver of WYLLN and Joanne Beaumont of Huddersfield University, a member of WYLLN, came to talk to CIDA about Creative Entrepreneurialism. From those conversations, a WYLLN commission arose. The commission was for us to undertake a pilot programme, talking to UK practitioner entrepreneurs, mostly but not exclusively from Yorkshire and The

Humber, identifying attributes, behaviours and learning that might seem to be key for Creative Entrepreneurs to achieve both creative and business success.

Everything that follows in this paper arises from those conversations, primarily led by our researcher Moira Sutton, an artist and Creative Entrepreneur in her own right. The results are augmented by CIDA's broader experience and also by the response to the findings published on our website. Taken together, they provide an unusual and contemporary portrait of Creative Entrepreneurialism, demonstrating the wide range of behaviours that are essential for success in this fast growing sector.

It is our hope that this pamphlet will be of use on two levels: firstly, for those academics planning future courses across the full range of creative practice, to help ensure that that the course content meets the needs of creatives wishing to professionalise their practice and maximise all opportunities; and secondly, for all those Creative Entrepreneurs busily running their practice or their business, who have neither the time nor the inclination to embark on a full time course but who want to be able to dip in and out as required, confident that the experience of others in this field will provide a source of knowledge, reassurance and comfort when they hit some of the inevitable roadblocks on their way to success!

It seems appropriate at this stage to make clear that we do not believe that every creative practitioner is necessarily an entrepreneur. Some practitioners, from painters to designers to musicians, are content to focus on their own practice, have no desire to expand their remit, are genuinely not interested in fame or finance, and are horrified at the idea of employing people. This group is a recognised constituency within the sector, respected and supported by us in CIDA, but it is not the group on which we are focusing here. There is another group of creative practitioners, to be found in all creative disciplines, who are similarly driven by the work itself, but who want to have their voice heard, who want to make an impact, who want to make things happen. This is the group that informs the findings from our many conversations and which are outlined in this essay. This is the group that we refer to as Creative Entrepreneurs.

But this gives rise to another interesting discussion – if **creativity** is the generation of new ideas, then all artists and creative practitioners are self evidently creative. But if **innovation** is the successful exploitation of new ideas – irrespective of whether that success is measured in terms of mission or profit – then what distinguishes our ‘Creative Entrepreneurs’ is that they *innovate* – they create benefit for themselves and for their customers by exploiting, in the best sense, their creative ideas. Perhaps this pamphlet should be entitled ‘What makes a *Creative Innovator*’!¹

Anamaria Wills
CIDA 2009

¹ For present purposes, we shall continue to use the term Creative Entrepreneurs but it is a topic that we shall come back to -

1.1 To be or not to be an entrepreneur

Over the last ten years since we set up CIDA, we have worked with Creative Entrepreneurs all over the world, from Bogotá to Singapore, from Helsinki to Harare. One of the most interesting aspects of this work is how similar Creative Entrepreneurs are, irrespective of the discipline, the country or the economic circumstances in which they work. The majority of them march to the same drum, all committed to the work itself, sharing much the same values and experiencing similar frustrations and joys. Many of them are untrained in the entrepreneurial aspects of their practice or their business yet all of them have found entrepreneurial skills to be absolutely fundamental to future success.

In 2006, CIDA was commissioned by the Singapore Workforce Development Agency to create the Competencies and Qualifications Framework for the Creative Sector in Singapore. We took a team of British Creative Entrepreneurs and practitioners out to Singapore with us and we worked with over 250 creative businesses based there, as well as with another 500 on line. We looked at 600 jobs and developed nearly 800 competencies. One result of that work was that we were then commissioned to design the first Diploma in Creative Entrepreneurship and to deliver it in partnership with the National University of Singapore.

Participants on the course were a mixed bunch. The Ministry of Information, Communications and the Arts (MICA) had decided that future funding of new creative business ideas would depend on applicants' attending this course and earning their Diploma. So, apart from the fact that we faced a slight resentment at their forced participation, we also faced a group that ranged from Vice Presidents of national banks with Harvard MBAs to emerging artists exploring new ways of working in glass. However, over the nine months that each iteration of the course ran, the participants came together in common cause. It was fascinating to watch how they were able to help and support each other as peers, irrespective of their individual levels of educational attainment or experience. The sector's famed capacity for collaboration and networking was working in full flood. But what

became clear, with these practitioners as with so many others, was that without the attributes of the entrepreneur, their ideas, however creative, were not going to get off the ground.

There is an ongoing debate across most sectors as to whether entrepreneurs are born or made. Certainly, in the creative sector, there are individuals such as Cameron Mackintosh or Jay Jopling who seem to have sprung from the womb with fully developed entrepreneurial instincts which they have then applied in the creative arena; there are others who develop their creative potential, then display entrepreneurial flair, such as Damien Hurst or Bob Geldof.

For most Creative Entrepreneurs, however, entrepreneurialism is the urge to make things happen, inspired and catalysed by creative work. For some, the entrepreneurial mindset seems fully in place; for others, the key attributes and behaviours will need nurturing – for both groups, however, their entrepreneurialism is an iterative process honed by learning and experience.

As we embarked on this series of conversations with Creative Entrepreneurs here in the UK, what became clear is that this entrepreneurialism is demonstrated partly through **what** Creative Entrepreneurs do, i.e. their actions in driving and managing their enterprise; and partly through **how** they do it, i.e. their behaviour and attitudes to the work, to people and to the market. Whilst most of our Creative Entrepreneurs feel that these behaviours and attitudes are innate and cannot be learned, most felt that they could be nurtured and the attendant skills and knowledge could be acquired. Together, they prove a critical 'skillset'² for any Creative Entrepreneur to become more confident at what they do and would improve their chances for survival and, where relevant, growth.

Our discussions also explored whether what was needed for success changed at different stages of the life of the business. We discovered that, as enterprises grow, the Creative Entrepreneur often brings in specialist help on a contract basis.

² In this context, 'skillset' refers to the full mix of attributes, behaviours, knowledge and skills

However, it was stressed that, whilst this means that Creative Entrepreneurs do not generally need to acquire higher level of skills or knowledge in particular technical areas (marketing, finance, etc), it is nevertheless essential that they acquire a good basic understanding of these disciplines in order to be able to exercise good judgement in valuing advice of consultants and thus to retain control of their own business

Finally, it also became clear from our discussions that, in common with CIDA's broader experience, there appears to be little difference between sub-sectors; that, while organisational contexts might be more common in one sub-sector than another, and some had specialist needs, there was a fundamental common base of skills, knowledge and behaviour needed by Creative Entrepreneurs in all areas.

As a result, we have divided this paper into three sections:

- The first aims to highlight **key attributes for success** for Creative Entrepreneurs specifically. Some of these attributes may not be able to be taught but all can be nurtured and developed.
- The second highlights some of the **key operational issues** that Creative Entrepreneurs will meet and need to address in running their business or their practice. They cover the basic areas of business operation (i.e. Legal, Finance, Sales and People) and offer a general guide to the essential business knowledge needed to underpin the creative imperatives that make the creative sector such a necessary and non conformist part of the UK business ecology.
- Finally, the third section looks at the need for **Continuing Professional Development**, an absolute necessity for anyone to survive and thrive in this fast growing, fast changing sector where to rest on your laurels is to let your business stagnate and die.

1.2 The Ecology of Creative Enterprise

Creative enterprises do not conform to traditional industrial or commercial definitions; 94% employ less than 10 people, 84% less than 5. Many comprise single portfolio workers, sole traders or freelances, with a small number of micro businesses and a smaller number of SMEs. Interestingly, it is the 6% large companies in the sector who tend to be the promoters, publishers and disseminators of creative work. They grow successful exploiting the IP of the independent artist and micro businesses and are dependent on the constant through flow of such work for their own commercial success and viability. Thus the sector feels that not only “business owners” are entrepreneurs but also sole traders / sole makers / freelances, as they need to apply entrepreneurial behaviours in order to survive and thrive.

There is the potential also for these sole trader / freelance enterprises to grow into larger entities. Similarly, there is a range of senior managers working in the sector who might not be considered entrepreneurs in the true sense, as they are not the owners of the enterprise nor principal risk takers, but they are entrepreneurial in the way they manage creative organisations, again enabling them to survive and thrive. Creative Entrepreneurs are not necessarily creatives themselves; while many are, a great many are people who support or interpret the creative work.

The definition of a Creative Entrepreneur that we came up with and agreed with our colleagues is therefore:

“One who earns their income from and, where relevant, generates employment and wealth through the creation, production and exploitation of creative works and who holds primary control and influence over the direction of the business or whose entrepreneurial activity drives an enterprise forward.”

What sets the Creative Entrepreneur apart is his/her motivation, which is not wealth or power but which can be summarised as the need for “fulfilment”. What

constitutes “fulfilment” will vary from individual to individual, encompassing both the overwhelming drive to create and the fulfilment of contributing to or interpreting a creative work. Profit or wealth is not the prime driver; a desire to generate an income certainly is, and for some there is a desire for wealth, but these are subordinate to the desire for personal fulfilment through the work. It is interesting to note, for example, that while many non creative sector entrepreneurs change sector in pursuit of wealth - Sir Alan Sugar, for example, started life as a market trader, founded the electronics company Amstrad, now derives most of his wealth from a property portfolio - the same is not generally true in the creative sector. People may move between roles, with actors becoming directors, musicians becoming managers or agents and so on - Bob Geldof segued from a music band to being a TV mogul with Ten Alps plc – but generally they stay operating within creative circles where there is some sense of shared values and understanding. The notable exception perhaps is Sir Richard Branson who, having founded Virgin Records, now heads the vast Virgin empire which has no creative component but does boast air, rail and communications operations as part of the brand.

A creative enterprise may be judged successful by very similar measures as apply to a non creative sector enterprise. A successful creative business:

- creates / develops / spots **new creative** work / products / services / opportunities which have a market potential and fulfils the **creative goals** of the maker / makers
- brings the **creative** work / product / service to the market and generates income / profit
- ensures the business activity and finances are well managed

The term creative work is used here as a generic term to include:

- creative products such as a games DVD
- creative artefacts such as a painting
- a creative service such as design
- a service to creative works such as agents or consultants

In order for a Creative Entrepreneur to be successful, they need to carry out, or oversee, a variety of functions for which they require a mix of skills, knowledge, behaviours and attitudes. From our discussions with Creative Entrepreneurs, it was clear that there are variations in the skills, knowledge levels and behaviours needed by different Creative Entrepreneurs in different organisational contexts and different sectors and these are subject to change as the enterprise grows or changes.

2. KEY ATTRIBUTES FOR SUCCESS

2.1 Vision and Values

A creative enterprise is still an enterprise that needs to manage itself in a manner which generates income / profit. In this way, it is no different from any other form of enterprise. Many of the functions and actions of a Creative Entrepreneur are broadly similar in nature to those of their non-creative sector counterparts: the accounts have to be kept, the taxes paid, the business managed. For Creative Entrepreneurs, the differences lie in motivations, behaviours, the specifics of the market place, the iterative process of creativity, the ephemeral nature of inspiration, the connection between the ego and the work and the expectations of the consumer. The Creative Entrepreneur needs to feel totally fulfilled by the very act of, or association with the act of, creation of the work itself, not by the success of the enterprise, or money, status and power generated from the work.

The starting point for the Creative Entrepreneur is their vision for the creative work. This is true whether the Creative Entrepreneur is a sole maker, a freelance member of a large collaborative project such as a television production, or a senior manager driving forward a creative enterprise (such as a Theatre Director) or a service provided to a creative such as an Agent. The creative work sits at the heart of the enterprise. The work does not stand alone: a part of the vision for the work is the vision for the interaction of the customer / audience / client with the work. It is important to the Creative Entrepreneur that the work has meaning and value to the customer, over and above the ticket price.

It is an interesting conundrum that, whilst the Creative Entrepreneur must have some awareness of markets, it is not usually the market that drives the creative vision. In direct contradiction of the best of established management theory, the Creative Entrepreneur conceives the vision, creates the product or service and then finds – or makes – the market. A marketing manager for Apple described its market research as consisting of “Steve looking in the mirror every morning and asking himself what he wanted”. The mirror in which Steve Jobs metaphorically looks at himself reflects his own vision about why people do things, about how

values, norms, beliefs and aspirations could evolve, and also about how they should evolve.³ For many Creative Entrepreneurs, their vision arises from their own personal culture, their own beliefs and values. Even if they do not get close to the customer, they can still be much more insightful about what people might want.

The vision for the enterprise therefore encompasses the creative work itself, the Creative Entrepreneur's ethics and values, what the Creative Entrepreneur wants to achieve and how they will achieve it. It is a vision which drives the actions of the Creative Entrepreneur and any subsequent staff and informs how the Creative Entrepreneur will operate and how relationships will be managed. It is a vision of action that resolves issues as they arise and does not get bogged down with analysis. The vision does not exist solely in the mind of the Creative Entrepreneur; it necessarily becomes tangible through the sharing of that vision, articulated to all who become involved, and realised through a planning process which takes place over time, which recognises external trends and opportunities, analyses all the complex implications for the business and remains flexible enough to enable opportunities to be seized as they present themselves, or adapt as changes in the environment demand.

2.2 Integrity

Creative Entrepreneurs have a clear sense of values and beliefs which inform the vision and underpin the creative and business decisions, particularly in difficult or challenging circumstances. Key amongst those values is integrity. The Creative Entrepreneur publicly declares her values to those who work with her, and uses those values to make decisions. Her actions consistently demonstrate her values even in circumstances that are difficult or challenging. They enable her to take tough, principled stands, even if they prove unpopular. Similarly, her core values are defended even if they result in competitive disadvantage. As an illustration, some years ago, before it became normal practice, a famous UK theatre company conceived a remarkable but expensive community production. Commercial sponsorship was going to be critical to the realisation of this work. Professional

³ Design Driven Innovation, R Verganti, Harvard Business Press 2009

fundraisers were dispensed to do their work and one returned with a magnificent offer – from a tobacco company. The writer, director and acting company came together and, after some heart searching, decided that it would be against their values to accept the money. The offer was declined and the production shelved for several years. It hurt them but the company put their values first.

Another aspect of Creative Entrepreneurialism is that, for the creative, the work is often hugely personal. For those who are not directly creative but contribute to or interpret the creative work, the engagement is also of an unusually intense degree. There is usually considerable personal investment, emotional and intellectual, in the work. This can make Creative Entrepreneurs particularly vulnerable to seeing criticism as personal attack. Since the idea for the work has come from the individual, any criticism is often individually focused and rarely made in private. This means that Creative Entrepreneurs frequently experience an absolute belief in their work whilst suffering from a real lack of belief in themselves. Franco Zeffirelli, the Italian theatre director, was working on a National Theatre production of Shakespeare's *Much Ado About Nothing*, starring Maggie Smith, Albert Finney, Robert Stephens, Derek Jacobi and Ian McKellen. After rave reviews, he commented about his cast 'All actors lack self confidence – all except Albert Finney – he knows he's good!'. This contradiction is apparent in almost every sphere of creative activity, exacerbated by 'the curse of the creative' – the perception that the work is never quite finished, never quite good enough. Yet time and time again, the Creative Entrepreneur has to take her work to market, operating from hope of success rather than from fear of failure. She has to develop the capacity to persist despite obstacles and setbacks, and to believe that setbacks are due to manageable circumstance rather than as a personal flaw. The entrepreneur has to develop the strength to hear the criticism, to accept and evaluate the criticism but, through her own integrity, be clear about her core values that are not susceptible to change. She needs sustained optimism, persistence and intelligent self belief to support the high-wire act of running a creative business.

That is not to say that the Creative Entrepreneur does not take on board the views of others. Much creative work is a collaborative process and the work itself may undergo several iterations: the song changes as it passes from writer to singer, from singer to recording producer, each a creative work in its own right. The iterative process drives and demands a quality and perfection in the work to levels rarely seen outside the sector. This is often coupled with an unusually narrow gap between the Creative Entrepreneur and the customer. Sometimes sales are face to face or there is direct contact between creative and customer. Even with creative products such as gaming, where there is a much greater gap between consumer and maker, the customer feedback through chat rooms and game forums is almost instantaneous and the sector demonstrates unusually high degrees of commitment to customer satisfaction.

For many Creative Entrepreneurs, one of the constant dilemmas is maintaining the balance between making and selling. Once the business starts, it is all too easy to be consumed with the day to day demands of 'getting tonight's curtain up', as it were, and losing sight of both the customer and of the long term vision. A key component of this is 'Thinking Time'. It is not easy, particularly when under pressure, to remember that "thinking time is work time". One Creative Entrepreneur commented that they had really enjoyed the process of consultation as it had been a rare opportunity to reflect on the business, remember where it had come from and to re-affirm where it was heading. Another commented that they had not realised they held certain views or opinions until they found themselves answering questions. Most commented that the experience of taking time to examine their work and their enterprise had been enjoyable and they had valued the opportunity to do so.

2.3 Leadership

Leadership skills are seen as critical to many Creative Entrepreneurs. This is the case even for freelancers and sole traders, who may need to demonstrate leadership as part of their contracted work, but also to enable them to fulfil their own visions, especially when they are working across a mixed portfolio of activity:

the craft maker, for example, who also provides school workshops and public demonstrations and teaches a night class at a college.

Creative Entrepreneurs are the leaders for the creative work and the enterprise as a whole, communicating the vision and setting the direction enthusiastically and persuasively to all stakeholders, including other creatives. Leadership creates common purpose through shared vision and values, creating and maintaining a culture which embraces and promotes creativity and innovation and steers the enterprise successfully through difficulties and challenges, including conflict. In common with leaders in other industries, colleagues, staff and stakeholders require that the leader shows real and consistent integrity, demonstrating company values through her own behaviour. Numerous examples were given of the disparity evident in the behaviour of some high profile Creative Entrepreneurs from when they were in the public eye to when they were away from public observation with only their staff to note their behaviour. On the other hand, Richard Mantle, Chief Executive of Opera North, for example, was repeatedly cited as an inspirational leader of real credibility and authority for whom his staff had deep respect. When he was awarded Director of the Year by The Institute of Directors, there was a general feeling throughout the company that it was well deserved and indeed the whole company took some pride in the award.

One of the key characteristics that was identified for a leader was the ability to provide support and share expertise, enabling staff to grow in their own roles and to share and exchange skills. Very often, and particularly in new and small businesses, leaders in creative enterprises tend to work with staff with less experience than themselves – although running a small business is immensely time consuming and there is little capacity for the training of staff, effective leaders ensure that the sharing of both skills and expertise is absolutely integral to the company's culture. Work based learning is a long tradition in the sector so that the quality of leadership is a vital ingredient in the development of the sector overall. The effective leader builds the capacity of the whole team, including freelance workers, creating opportunities for different team members to work together, and helping them to identify their own strengths and areas for development. At the

same time, she is both pro-active about telling others about the team's achievements, whilst being able to confront unethical actions in others. Similarly she admits her own mistakes and creates a culture where mistakes are seen as opportunities to learn.

2.4 Conceptual Thinking

Conceptual thinking lies at the heart of creative practice. Although there are many models of relatively uncreative and commercially led exploitation of creative work (e.g. sequels and pre-quals of popular movies; one reality TV show after another; even 'chick-lit!') the real innovation occurs where creatives see patterns and connections in data and situations to create new business opportunities not obvious to others. This leads to the development of new and fresh approaches to work, testing potentially crazy ideas that may just work, and leading to radical change or significant improvement. In Italy, for example, a leading design company called Artemide specialises in the design of lamps. Having worked on lighting design for so long, Artemide came to believe that light has a significant effect on people's psychological state and social interaction. In 1998, therefore, it released a product called Metamorfosi, which could hardly be called a lamp. It was a sophisticated system that created an atmosphere using coloured light, colours that could be controlled by the owner and adapted to suit his different moods. The product itself was not even intended to be displayed, but its impact was to make people feel better and be able to interact more effectively. It was a huge success and achieved world wide sales. Significantly, it overturned the reason people buy lamps and gave new meaning to the product. It challenged the accepted paradigms and took the product from crazy idea to international acclaim.

That story is an extreme example of radical innovation but even on a more immediate level, being able to put together information and to make connections not immediately obvious to others is a key skill for a Creative Entrepreneur. This is more than environmental scanning; it is taking in data and applying creative thinking to explore the potential. Several artists in our conversations told of how they regularly read local papers to see what was happening in the local area as this might afford an opportunity for them to spot opportunities and maybe even

suggest work. An artist, for example, might see an opportunity to exhibit and sell work in a new hotel complex; or a designer might propose collaboration with architects engaged in a new development. One Creative Entrepreneur described how he read all the tabloid press and watched reality TV programmes so that he knew what people outside of his own creative world were talking and thinking about, as this directly influenced his work. Design trend spotters collect snippets of all sorts of things - headlines, overheard conversations, graffiti on walls, displays in second-hand shops – anything which, when put together, enables them to make connections and weave a pattern not always clear to others. Does retro become fashionable, for example, because designers design retro influenced clothes and furniture, etc, or do designers design retro because the trend spotters have identified a growing yearning for a time past where life seemed more fun and less stressful!

It can be a struggle for any new entrepreneur, needing to keep abreast of new opportunities whilst still getting their first idea to market. Furthermore, they need to be able to spot opportunities in predictable contexts whilst acquiring the experience needed to seek unexpected opportunities in next contexts. Critically they need coping mechanisms to help them opportunity spot when they are still very inexperienced. These might include help in planning their use of time, allocating space for reading and thinking; exploiting long distance travel to use as thinking time, for example.

2.5 Strategic Thinking

Creative Entrepreneurs need to understand and value the planning process, thinking and planning over a significant timescale, and taking in the bigger picture. This is a skill that is generally considered not to be a strength of the sector and Creative Entrepreneurs have to work hard to develop it. The temptation to work to the nearest deadline, to meet short term needs, is often almost irresistible particularly when the business is under financial strain. The demands on a small business of sustaining the cash flow and meeting immediate customer demand often militates against finding the time and the capacity to think over the long term. Yet it is crucial for the Creative Entrepreneur to do so. Only by understanding the

positioning of her business in the wider environment, by being aware of external trends and opportunities, and by thinking through the complex, multi-dimensional issues and implications of future developments, will the Creative Entrepreneur be able to see the opportunities that exist and give herself the chance of creating and innovating for sustained success. To do this successfully requires intellectual discipline. It becomes essential to have mechanisms that allow the Creative Entrepreneur to distinguish between the important and the merely 'interesting'. The interpretation of 'important' needs to be decided – whether it is influenced by critical appreciation, customer value, financial return, or the need to ensure that the product is new and not outrun by external developments in the marketplace. Creative Entrepreneurs will decide on those criteria influenced by their values but, whichever they are, it remains essential that the criteria are set and applied, to enable the Creative Entrepreneur to be more than a 'one hit singer' and to sustain her business for the future.

Part of the process of strategic planning is planning the succession of the creative leader. Few creative enterprises are run as family businesses – the work tends to be too personal and draws its inspiration on specific creative talent that is no respecter of heritage. There are obvious exceptions to this (e.g. in publishing Rupert Murdoch has been observed trying to involve his sons and daughter to varying degrees of effectiveness). If talent does pass to the next generation, it is likely to manifest itself in a different form and give rise to a completely different business, creative or otherwise.

Succession planning was nevertheless seen as a key issue amongst almost half of the Creative Entrepreneurs we talked to. It would seem that, as the current post war generation approaches retirement age, this topic assumes a relevance that had not previously been observed. The thinking on this subject divided into three groups: firstly, some Creative Entrepreneurs were simply expecting to stand down confident that a careful recruitment process would settle the succession and secure the future of the business. Alternatively, some of them running successful businesses were taking steps to secure professional advice on the best way forward. This group usually wanted to be more directive than the first, seeing the

succession as a way of protecting their own creative, intellectual and emotional investment in the business. Some of them felt strongly that they should play a role in the selection of their successor and indeed many of them intended to continue after retirement, working as a consultant on an occasional freelance basis, either for their company or for others. A third group included some of the more commercial Creative Entrepreneurs who clearly had their eye on the market. They each believed that their company had a market value and could be sold as a going concern. Precedent had been set especially in the games market where many of the smaller games producers' businesses have been bought up by the larger manufacturers hungry for product to service their platforms. One Creative Entrepreneur actually commented, "My company is my pension". Another had deliberately chosen not to use his own name in the business title, nor to build the brand too closely around him as, despite having what was described an "accidental name brand" by being sometimes seen on TV in his expert capacity, he wanted to be able to sell the business as a going concern at retirement. This would be hard to do if the business was too closely aligned with a single personality.

However, it should be noted that the final and most common position was that Creative Entrepreneurs had not given the matter any consideration! In discussion, it was agreed that this may be appropriate if the business could not function without the principal Creative Entrepreneur. However, the view was that many of them could survive, albeit with some adjustment. A lack of knowledge of how to address succession planning was the main inhibitor to putting succession planning into action early, particularly where there was the likelihood of seeking equity or capital investment for the business, and where the long term viability of the business becomes a singularly important element in the ability to secure such investment.

2.6 Risk Taking

The terms "*risk taking*" and "*high risk takers*" are frequently used in relation to successful entrepreneurs including Creative Entrepreneurs. This seems to imply rash behaviour, with actions taking place on a whim. This, however, is far from the

reality. Most Creative Entrepreneurs understand that risk taking means trying something new and possibly better, in the sense of stretching beyond what has always been done in the past. But they also acknowledge that the constant challenge is to learn how to assess choices responsibly, weighing possible outcomes against their values and responsibilities.

In creating new work, Creative Entrepreneurs often take immeasurable risks: risks that it will fail, risks that it will fail to find a market, risks that it will be shunned by critics and customers. The creative process is itself one which explores and is engaged with risk. The creative often seeks to push boundaries - artistic, technological, physical and psychological - and this is inherently risky. The public nature of most creative work makes it very difficult for failure to remain hidden, so the risk is multiplied. Many Creative Entrepreneurs are highly adept at living with creative risk and many seek to push harder and take greater risk as a part of their work. They take on fresh perspectives in their thinking, seizing opportunities, cutting through red tape and bending the rules when it seems necessary. The need is to stay focused under this pressure and to be able to think clearly in those circumstances. However, it is not clear that this comfort in the creative risk zone is reflected in their business management. Many Creative Entrepreneurs identified the sector as being peculiarly conservative in its business management processes. Some years ago, an early client of CIDA was a ceramicist. She had had her practice for a couple of years and was fast developing a reputation for enchanting, quirky and beautifully made ceramic animals in unexpected scenarios. Her first time at the Chelsea Craft Fair, as it was then known, was rewarded with a stunning contract from Saks 5th Avenue in New York, commissioning 100 pieces. She duly fulfilled the order and shipped them off to New York. She was dismayed to receive a rebuking phone call from Saks, informing her that the pieces had been smashed en route to the store. They offered her one more chance on condition that she had the pieces professionally packaged and shipped. She came to CIDA and we helped her source a highly reputable and experienced firm. However, they were going to charge her £1,000. She simply did not have that amount to pay them. We thought to comfort her by offering to accompany her to see the bank, armed with her signed order from Saks in order that she could negotiate a short

term loan to cover the shipping costs. Despite our most cogent attempts to persuade her otherwise, nothing would induce her to go to the bank. She was simply terrified of getting into debt and would rather forego the New York sales than risk taking a loan. Of course, to a large extent, her attitude was based on a failure to understand some basics of financial management but that was compounded by a conservatism in her business practice that was totally lacking in her creative work. There is clear need for Creative Entrepreneurs to acquire the confidence to translate some of their risk management skills in their work to apply to their business practice.

When handling risk in their enterprises, the more experienced Creative Entrepreneurs consider options by weighing the risks: the potential benefit of the action, if successful, against the disadvantages of any action arising from failure; the likelihood of success; the consequence of failure; how they would deal with failure, and what mitigating factors they can put in place to minimise risk. In reality, therefore, they are making informed decisions. In most cases, the Creative Entrepreneur believes she is making these decisions in order to further her vision for the work: this is often a primary concern and underpins many decisions that, to the outside eye, may seem perverse or irrational, even when successful.

In 2008, the artist Damien Hirst put up a number of works for sale at a single auction of his works only. This was fairly unprecedented, firstly, because neither of his agents was handling the sales: he was managing it himself; and secondly, because of the sheer volume of work he was making available for sale when usually only one or two pieces, at most, would ever come up at a normal auction. There was considerable risk involved: the pieces may not have sold or could have sold at a much lower price than normal. This would not only affect the return on these sales but would also damage the value of his work already held in collections. However, Hirst is a gifted self publicist and had evaluated carefully what the auction might do. In the event, all the work sold, much of it for higher than average sums but, interestingly, analysis afterwards showed that, in several instances where the buying was slowing down, representatives of his two agents, Jay Jopling in London and Larry Gagosian in New York, made bids to keep the

bidding active and to ensure the prices remained high. In a couple of instances, the agents actually bought the works themselves, which ensured the value was maintained for works in their own collection as well as for works they would be selling in the future on commission. The risk had been managed.

Many Creative Entrepreneurs talked about taking decisions on risk, as on other matters, as a matter of *intuition*. Traditionally, there has been something almost mystical in the connotations around intuition – it is seen as something outside normal business practice, almost invariably ‘something women and creatives are good at’ and, because it cannot be analysed and quantified, is seen as non professional. Fortunately, that perception is slowly changing as intuition comes to be seen as a form of fast processing of previous experience, learning and knowledge. In the case of Creative Entrepreneurs, particularly coupled with their innate capacity to make connections not visible to others, their intuition enables them to make a speedy judgement of the data and options, based on their own and others’ experience.

Nevertheless, no matter how well the options have been weighed and risk managed, the Creative Entrepreneur needs to have alternative plans to hand, should circumstances not go as anticipated. Not all businesses succeed. Some entrepreneurs fail many times before succeeding and that is certainly true of Creative Entrepreneurs. Tony Wilson was a notable figure for many years prior to his recent death, being the very public face of Factory Records and the Hacienda, both during its ascendancy and fall. Following the bankruptcy of Factory Communications, Wilson sought to keep the record label alive, first through a partnership with London Records, then Factory Records Ltd and finally F4 Records. None ever reached the heights that Factory did at its most successful but Wilson, a true Creative Entrepreneur, never quit.

Another story of rise, fall and rise again is that of Geoff Travis and Rough Trade Records which grew out of the record shop Travis jointly owned. The label became independent of the shop, rapidly grew into a leading distributor for independent music labels before then going bankrupt as a result of spiralling

overheads, poor cash control and lack of shared vision among the newer employees. When Rough Trade collapsed, it changed the face of the music industry. Many of the independent labels whose product Rough Trade distributed were unable to recoup what was owed them from Rough Trade and were faced with difficulties. Some struggled and survived, many went to the wall and disappeared for ever. Others became boutique labels within the major record companies who were keen to access the sales and markets and the creative talent of the independent labels, as well as needing product to feed their own highly sophisticated distribution networks. What was left was a tiny truly independent sector with less variety of music and artists being recorded. The boutique labels in the major companies soon found that their ability to sign the artist they wanted and take risks was curtailed by the risk-averse accountants in the huge corporations which control the major record companies. Travis maintained the label initially through a partnership with Sanctuary Records and Zombie Music but ultimately bought it back entirely. In his and Jeanette Lee's control and ownership, it continues to thrive with a roster of leading artists including Jarvis Cocker and Duffy.

While fear of failure haunts many Creative Entrepreneurs, this fear also drives them, assisted by their resilience to outside factors. One Creative Entrepreneur commented that it would be unlikely that their business would totally fail in that they would see problems coming and be able to take action, even if this was to totally re-engineer the business into a new direction using the established creative skills in a new application. What kept the fear at bay was that the Entrepreneur knew the health of the business, the health of the market and had a fall back plan based on the things about which they did feel confident, their creative abilities and the knowledge that they had built a business once and could do it again.

2.7 Innovation

All Creative Entrepreneurs participating were aware of the current strong emphasis on innovation in business although there was some confusion about both the meaning of innovation and how one went about 'doing' it. For the sake of discussion, it was agreed that 'creativity' meant the generation of new ideas, and

‘innovation’ meant the successful exploitation of those new ideas. Furthermore, they wanted a strong emphasis placed on the need to recognise that innovation does not necessarily involve technology, although Government and the media currently seem to regard the two words as almost synonymous. Innovation in process, whether creative or business, was seen to be as necessary as technological innovation and impacted more widely on most businesses. As that became clear, most Creative Entrepreneurs would claim to be innovative – many of them make their living from exploiting their creative ideas, whether for profit, as in commercial businesses, or for mission led objectives, which may include benefitting audiences, communities or other artists. All agreed that it was necessary to know how to embed innovation as a management tool to create consistently high value through a customer focused process. It is worth noting that, whereas many Creative Entrepreneurs do not generally focus on market need when developing ideas and concepts, they do find it necessary to understand their own markets when it comes to exploiting the original idea – the stimulus and motivation for an original piece of work is often quite different from the motivation inspiring future iterations of that work. Customer focused exploitation gives a new life to the creative work without in any way taking away from the meaning and value of the original - for example, Virginia Phiri, a writer and publisher living and working in Zimbabwe, writes and publishes her books without regard to market need. However, once the book has started selling successfully, she exploits her own IP to extend her earning capacity from the book, using it as a source for further magazine articles, conferences speeches, online blogs etc. They all add to her capacity to earn without taking away from the integrity of the original book.

The successful Creative Entrepreneur adopts a systematised innovation process that both embraces the capacity for creative thinking and ensures a focus on real customer satisfaction. The process becomes part of both tactical and strategic planning processes within the business, helping the Creative Entrepreneur to be rigorous about focusing on the ideas that will result in benefits for both the customer and the business itself, whilst ensuring that all innovation is aligned with the company’s values and objectives.

2.8 Commercial Aptitude

To be successful, it is clear that the Creative Entrepreneur must not only be creative, but should also be able to demonstrate commercial aptitude. It is essential that attention is given to this side of the business without which the whole enterprise is in jeopardy. The Creative Entrepreneur needs to know how to set measurable goals for the business, setting stretch targets that help to deliver those goals and demanding high levels of performance. To do this, the Creative Entrepreneur needs to keep up to date with developments within the sector, capitalising on external trends and opportunities, seeking out best practice where she can and being unafraid to change her own business processes if necessary. She understands that existing customers are the most cost effective route to new markets and new customers, and makes it easy for them to be her loudest advocates. She appreciates the significant role that ICT plays in 21st century companies and knows how to exploit it, alert to new developments offering competitive advantage. She needs to remain alert to the new possibilities and openings in the market, and have the ability to identify and seize on opportunities that are not obvious to others. One Creative Entrepreneur, who specialises in publishing children's books and cards, told the story of how he went regularly to networks and, through conversations with the people he met, he realised that there was market potential for a board game idea he had been toying with. He had never made one before but he exploited the knowledge and skills of people who were working with him. Together they created a stunning game, the visual impact of which immediately caught the eye of a potential venture capitalist. He was invited to meet with them – it transpired that the investor had been a board game developer who had sold his games to a major US retailer and was now in a position to invest in other people's ventures. At the time of writing, the game has been through several iterations under the guidance of the investor and is now being taken to Mattel in the hope of securing a distribution deal. Clearly this experience not only drew on the Creative Entrepreneur's eye for new opportunities but necessitated a flexibility in his business processes to accommodate this new venture. It put significant pressure on the company as they adapted and had to

reassign priorities and business expectations but, to date, it seems that the effort will prove successful.

2.9 Project Management

Some years ago, the National Theatre appointed a leading executive from the commercial sector to be its new Chief Executive, to work alongside the Artistic Director. After he had worked there for a year, he commented, “In this sector, ideas are two a penny; what counts is the people who can turn those ideas into reality”. This can be applied across the creative sector – from the devising of a theatre production with the myriad disciplines involved, from performance and design to technical and production, from marketing and sales to audience development and education; to the designing of a computer game, involving the skills of animators, modellers, scripters, physics programmers and Artificial Intelligence programmers amongst many others - the capacity to turn ideas into marketable products and services is a critical skill for all Creative Entrepreneurs. The successful Creative Entrepreneur understands this discipline, knowing how to make things happen, turning ideas into reality with the help of teams while she leads on the planning and monitoring of implementation. She knows how to analyse ideas to determine all the component parts for implementation. Resource management, covering people, equipment, money and time, is the foundation for project management success. As a project manager, the Creative Entrepreneur uses effective critical judgement in the selection of delivery team members and demonstrates understanding of team dynamics in the selection and management of team members. Crucially, she manages critical communications links between people, ideas, information and task delivery at all stages in the project cycle, understanding how to negotiate and communicate with tact to reach agreements which are acceptable to the project. She plans and monitors projects to deliver strategic objectives and evaluates the effectiveness of the project planning, identifying and sharing the learning from each project with her team to ensure a full sense of ownership amongst them.

A classic example of this happened some years ago in Yorkshire. A Creative Entrepreneur won a competition against stiff national competitors for her business

to present an international company performing in the UK. The problem was that she and her team had to recreate a massive venue for the performances in a wool mill that was on two floors and had absolutely no facilities common to most theatrical venues, and she had just 12 weeks in which to achieve this transformation. So she sat down and, working back from opening night, she listed (over pages!) every task in every discipline that had to take place, noting where one could not begin until another had been completed. She then created a map illustrating the work that had to be done by whom and by when. Unofficially, the map became known as the Bradford Underground because of its resemblance to the London Tube map, but her team of 25 managers, each running a different section of the project, worked to it against all the odds. The required stage area was the size of two football pitches; the seating was of a particular design and had to be specially flown in from Germany; and in the week of the technical fit up, the sets and costumes were stuck in lorries in Marseilles whilst the French haulage industry went on unofficial strike for days. The army was called in to help with setting up generators for emergency lighting, whilst the local art college came in and decorated the whole venue to make it look welcoming and exciting. The result was that every one of the 16 performances was sold out; audiences came from 175 cities across the world; and the whole event was acknowledged as a career highlight by every one who worked on it. The exercise was significant in the way it drew on every bit of expertise of each member of the team to make it happen, but the overall coordination was what produced the final success.

2.10 Customer Sensitivity

The word 'Customer' is a faintly uncomfortable one in the creative sector. Creative Entrepreneurs will variously talk of clients, audiences, listeners, viewers and so on, but only rarely does the word 'customer' get used. Partly this is attributable to the relationship that springs up between the creative and the purchaser of their work. Much creative work is bought because it has special meaning for the buyer over and above its market price, and because there is often a personal investment of emotion and intellect in the selection and purchase, customers tend to feel quite differently about the relationship with the seller from the way they feel about everyday purchases. Customers tend to regard creative people quite differently

and therefore welcome a sustained relationship. Mailings from an artist, for example, are treated differently from those from the local supermarket. Of course, supermarkets and commercial sellers have realised this and now seek to imbue all their products with meaning. Designers are brought in to rethink the mundane in the vain hope that products can engender the same emotional and intellectual investment that creative work stimulates. Thus Creative Entrepreneurs may be seen to have an advantage in the market place although, in the past, many seemed to find it difficult to capitalise on this. The emphasis on customers has been relatively slow to take root. Now, however, there appears to a growing awareness that, as the Chartered Marketing Institute has found, it is 30 times more expensive to cultivate a new customer than to achieve repeat sales from an existing customer. In Singapore recently, the Marketing Director of international advertising agency Young and Rubicam commented that advertisements were no longer the primary means of persuading customers to buy – customers have grown wary and cynical about extravagant sales claims and it seems that the by far the most effective sales promotion is through word of mouth, through recommendation by friends or colleagues. Sensing their advantage in this area, Creative Entrepreneurs are beginning to embrace the need to generate expectations of high levels of customer service. The culture in most creative disciplines is changing to one of focus on the customer, with a desire to build trust and long term relationships through understanding their unarticulated needs and meeting their requirements in an exemplary way. Many Creative Entrepreneurs now actively seek ways of ‘going the extra mile’ and exceeding customer expectations. For example, Sarah Brown, an artist who paints and exhibits regularly at local galleries, always carries with her a log book in which she notes details of all the customers who buy her work. She always enquires as to what has prompted the customer to buy, and in doing so, often receives information she can use for further sales. If, for example, a painting is being bought to celebrate the grandmother’s birthday, Sarah will note the fact and then, a year later, will write to the customer commenting that she bought a painting from her for her grandmother last year, and, with the birthday coming up again, perhaps the customer would like to come and see some of Sarah’s latest work? If a retailer selling Persil were to write such a letter, it would be consigned to the bin. For the

Creative Entrepreneur, however, appealing as they do on a more personal level, the response from customers is usually one of delight and positive engagement.

2.11 Networking

Having an interest in people and the world around them, or, as one Creative Entrepreneur put it, “being a nosey body”, is hugely beneficial. The creative sector is a very people-oriented sector and the better the Creative Entrepreneur can communicate with those around them the more advantageous this is for the business. Many of the Creative Entrepreneurs felt being “friendly” or “chatty” was essential for them in forming relationships that were of value to the enterprise.

One described being a “chatterbox” as what made them lucky: just as it is the person who chats to other people in the queue at the supermarket who might mention a broken boiler, and who then might get given a contact for a plumber by someone else in the queue, so a Creative Entrepreneur is constantly aware of the need to cultivate networks, and to access the networks of others. Notably, the successful Creative Entrepreneur understands that networking is a critical business activity that requires work and is not merely a matter of luck: as one commented, “*the harder I work, the luckier I get*”

Most of the Creative Entrepreneurs felt that networking was a key contributing factor to success, leading to customers, work, and knowledge about the sector or new developments. One described a systematic reading of relevant journals and websites, to spot events they could attend that would lead to business and new customers, or to provide them with a wider perspective so that, when dealing with a customer, they could better interpret their needs and offer an innovative solution for them.

The other key product of successful networking is the development of new collaborations. The sector is famous for being highly collaborative, with permanent and temporary project-based partnerships being commonplace. The successful Creative Entrepreneur therefore is assiduous about maintaining relationships through formal and informal networking, seeking out relationships

that are mutually beneficial and setting up chains of influence to initiate collaborations and possible convergences. In recent network meetings, a local film maker met and discovered a rapport with a choreographer. Together they conceived a new piece involving both artforms and have now taken it to tour around the world. On another occasion recently, a composer was talking to a computer games designer. As a result of those discussions, the composer is now creating the music for the next game. This has necessitated him learning to work in a new medium as a result of which a whole new market for his work opens up.

3. KEY OPERATIONAL ISSUES FOR A CREATIVE ENTREPRENEUR

3.1 Legal Structures

There is no single context in which Creative Entrepreneurs operate; they are many and varied. Creative Entrepreneurs need a clear understanding of the types of legal structure available, their advantages and disadvantages and how to select one that suits their activities. Sole traders may be self employed or operate as a limited company, whereas other groups work as partnerships or as limited companies. The structure is relevant to enabling the creative work and driving forward the vision for the enterprise as a whole.

They also need to be able to identify when it is important to change the structure due to growth, contraction or change in business operation. Several Creative Entrepreneurs spoke of moving up from being sole traders to limited companies with one or two directors; and some enterprises have several directors including non-executive directors and, where in receipt of public subsidy, may be registered charities. When structural change is driven by growth, the Creative Entrepreneur will need assistance in understanding and selecting options. This support is likely to come from a Business Support Agency, accountant or lawyer.

For some types of creative works, there is a fairly standard structure and, for some, any structure may present itself and include:

- Sole makers who make a living and support themselves but do not employ others, though they may contract for specialist services such as accountants. Sole makers include fine artists and craft makers.
- Sole traders who make a living and support themselves but do not employ others, though they may contract for specialist services such as accountants. Sole traders include writers who produce their own work to take to market, such as novelists, or who work to a brief as a playwright or screenwriter might; composers; sector specific consultants who provide specialist services to creative businesses, from market research to

organisation development; DJs; record producers; Artist Agents; Artist Managers; etc.

- Freelances who make a living and support themselves by working on sub contract to others but do not employ others themselves, though they may contract out for specialist services such as accountants. Freelances include performers in film, TV theatre, music performance, etc; technical crew in film, TV and theatre; contributors to games production (modellers, texture artists, background artists, etc); graphic and other designers; animators (2D, 3D and Digital); and so on.
- Partnerships - a common structure for pop music groups, and also seen in gaming and design.
- Limited Companies owned and controlled by one or two people - commonly seen in small independent TV and film production, games production, design, some performance companies, independent publishers, private galleries and independent record labels. Agents and Managers are as likely to be a Limited Company as a Sole Trader. Large scale operations may also have this structure: Delfont Mackintosh Theatres Ltd is owned by Sir Cameron Mackintosh and operates seven of the most prestigious theatres in London's West End. These companies may employ either a permanent full team of core staff or a smaller core staff which is then complemented by freelance staff recruited on an 'as required' basis.
- Limited Companies owned by diverse stakeholders and controlled by a Board of Directors such as larger independent TV and film production companies. These companies may employ a permanent core staff or a small core staff which is complemented by freelance staff recruited on an 'as required' basis. Senior Managers in these companies need to operate entrepreneurially.

- Companies Limited by Guarantee, operating on a non-profit distributing basis, who may also be a Registered Charity: this is common for most organisations in receipt of public funding, including repertory and regional theatres, touring performance companies such as opera, theatre and dance companies, galleries and museums not owned by local authorities or the National Trust and arts projects working at community and professional level. Senior Managers in these companies need to operate entrepreneurially. These companies typically employ a core staff which is complemented by freelance staff recruited on an 'as required' basis.
- Public Companies including major record companies, TV broadcasters and publishing houses (music, magazines and books). These companies employ large numbers of staff and have significant ongoing investment needs in terms of technology or R&D. Senior Managers in these companies need to operate entrepreneurially.

3.2 Intellectual Property (IP)

Creative Entrepreneurs are responsible for protecting and exploiting the IP in the work and spotting opportunities for exploiting the IP in third parties' work and need to be confident in how to do this and what are the legal and procedural requirements.

The Creative Entrepreneur is responsible for compliance with national, local and sectoral regulations. This is the same for entrepreneurs in other sectors, though there is perhaps a greater degree of exploitation of IP in the creative sector. This is an area where our conversations found that many of the Creative Entrepreneurs lacked any real understanding of IP and were concerned about it. There is a sense that Creative Entrepreneurs need a good general grounding in understanding IP and copyright, etc, plus a greater depth of knowledge relevant to their sector / work, including international regulations where relevant for creative works that are likely to be mass produced in multiple territories such as music CDs, games, etc. Creative Entrepreneurs will utilise specialist legal services where required, but many do not feel comfortable that they know enough to even

judge when professional assistance is required. One Creative Entrepreneur spoke of how, early in her career, a competitor complained to her for using a product name similar to the competitor's and threatened legal action. At the time, the Creative Entrepreneur was unaware of the competitor's product and unsure of whether the pre-existence of the name gave the competitor rights, so she simply changed her product name. Now, with the confidence of experience, she would challenge the competitor but still not be sure whether she had grounds to do so.

IP can be a complex area and two examples highlight this. In 2000, artist Damien Hirst was sued for breach of copyright because of his sculpture "*Hymn*", a 20-foot, six ton enlargement of his son's Young Scientist Anatomy Set. The toy had been designed by Norman Emms for Hull-based toy manufacturer Humbrol, who sold 10,000 a year at £14.99 each. Hirst paid an undisclosed sum to two charities, Children Nationwide and the Toy Trust, in an out-of-court settlement as well as a "goodwill payment" to Emms. Hirst also agreed to restrictions on further reproductions of his sculpture. Further problems arose for Hirst in 2006, when Robert Dixon, a graphic artist and former research associate at the Royal College of Art, claimed that Hirst's print "*Valium*" had "unmistakable similarities" to one of his own designs. Hirst's manager contested this by explaining the origin of Hirst's piece had been an illustration in a book, *The Penguin Dictionary of Curious and Interesting Geometry* (1991). However, the illustration was in fact the original design by Robert Dixon. While there are occasional breaches of IP, there is so much concern about the consequences of breaches that Creative Entrepreneurs are sometimes failing to fully exploit their own IP or see the potential in accessing and using third party IP.

Thus, in ensuring their enterprise complies with regulatory frameworks and is not hindered by actions taken against them for failure to comply, Creative Entrepreneurs have a clearly defined ethical position which governs the way in which they operate. At the heart of this ethical position is a sense of fairness, fairness to others, a concern not to cause harm or injury and a desire to succeed but not at any cost. Where Creative Entrepreneurs have a sense of duty of care to others, compliance will form a central activity within their enterprise.

Creative Entrepreneurs need a thorough understanding of the following:

- Intellectual Property
- Copyright
- Patents
- Trade Marks
- Trade Secrets
- Assignment in relation to IP rights
- License in relation to IP rights
- The rights in works produced by employees / sub contractors / partners, etc
- The processes for obtaining the necessary rights for works by third parties
- Rights administered by collection agencies
- Relevant IP and copyright matters as they relate specifically to the work
- International IP and copyright considerations as they relate to the work.

Common IP misunderstandings for most Creative Entrepreneurs arise around:

- playing recorded music in offices, shops and other public places
- use of text and images from books and the internet
- how long copyright exists and when it is “safe” to use third party work
- difference between “copyright free” and “royalty free”
- Angel policies
- Infringement of Trade Marks

Additional specialist IP knowledge is likely to be required for:

- Music in relation to Mechanical Rights, Performing Rights, PPL, VPL, etc and sampling of other records
- TV production in relation to using library and archive material, using photographs, using music, etc
- Games production in relation to using music, images, characters, etc

3.3 Contracts

Creative Entrepreneurs will be involved in any number of contracts including to supply goods / services, to purchase goods / services, form temporary partnerships, lease property or equipment, etc. While there is a view that real confidence in negotiation and agreeing contracts only comes with experience, it is considered valuable for all Creative Entrepreneurs to understand the basic components of a contract including:

- Named contacts and their roles
- Expected outcomes – details of the outcomes, product or project and proposed milestones in reaching them, delivery expectations including how outcomes will be measured
- Practical arrangements – details of venues, settings, dates, times, contact times, specifications for space, access, facilities, equipment requirements including IT, materials needed, health and safety requirements
- Administration – details of monitoring information required, marketing, review and evaluation
- Fees and payment terms – development time, pre-meetings and discussions, preparation time, pre-production
- Contractual Breakdown

Contracts may also include clauses or statements on:

- Copyright and Intellectual Property Rights
- Insurance
- Good faith/confidentiality
- Non-disclosure
- Sub-contracting
- Termination
- Data Protection
- Obligations
- Quality Assurance
- Prohibited Activities
- Force Majeure

- Public Reputation
- Arbitration
- Limitation of Liability

Prior to negotiation, Creative Entrepreneurs need to plan their strategy for the negotiation including identifying opening gambits, fall back position and acceptable minimums. One Creative Entrepreneur described how, when the business was set up, they would be offered work at low rates or tight time constraints or involving payment after heavy upfront expenditure. Both he and his Co-Director had had very successful careers prior to setting up the company, so had fairly high degrees of confidence and they were able to refuse. In all but one case, the client came back to re-negotiate a better deal which was acceptable to them. Also, in each case, had they accepted the original offer, it would have resulted in losses, in one instance sufficiently severe to have ended the business. What he learned was not just to say "no" when the deal is not good enough but also to have good reasons and possible solutions to offer *"no we can't do that because..... but we could"* This way of working has kept the business growing and helped form strong trusting relationships with their clients.

3.4 Regulatory Requirements

Creative Entrepreneurs need to be aware of a number of regulatory requirements and how they impact on their enterprise including:

- Health and Safety Legislation
- Licensing of Venues for Public Performance
- Insurances including
- Public liability
- Employers Liability
- Professional Indemnity
- Buildings and Contents
- Specialist insurances in relation to art collections, transfer of works, travel of artists, public performance, etc.

For some Creative Entrepreneur roles and sectors such as technical theatre, there is a significantly higher regulatory responsibility which would form part of those specific job roles' learning.

3.5 Choosing Accountancy Support

Managing money and finances is an area where Creative Entrepreneurs need learning input as it is unlikely the level of performance needed would be acquired through “learning on the job” and mistakes in this area are likely to be costly and can be fairly devastating. What is clear, however, is that learning “*standard business*” accounts has little perceived relevance for Creative Entrepreneurs; what has value is where they can learn from those who understand the sector and its variations as well as the financial models that exist.

The management of finances does not always come easily to many entrepreneurs and this is particularly true of those who generate creative output and who may have developed a sense of themselves as not able to deal with figures, as this is contrary to their sense of themselves as creatives. Other Creative Entrepreneurs are as comfortable with finance as any aspect of the enterprise. In operational terms, it can make a great deal of sense for Creative Entrepreneurs to contract the services of book-keepers and accountants to deal with their accounts and tax. Certainly accountancy personnel, being trained and experienced, are likely to be quicker and more efficient than the Creative Entrepreneur, leaving them more time to earn from the principal business. However, while book-keepers and accountants can manage the administration of the finances, the responsibility for the financial management of the enterprise will always lie with the Creative Entrepreneur. It is essential, therefore, that the Creative Entrepreneur takes the time to understand the basics of financial management if they are to retain control of their company.

Creative Entrepreneurs need to be able to identify what financial information they need, how they will use it, how much it will cost to contract for it, what is the cost benefit analysis of contracting and therefore what type of support should be

contracted. When choosing an accountant, it is easy to make costly mistakes. Common problems are:

- choosing expensive accountants because the Creative Entrepreneur thinks that will make them a better accountant
- not understanding the fee structure, especially where charges are made for each query and call, and therefore what the accountancy services might cost
- not knowing whether to choose an accountant to handle all the accounts or just provide audit and tax or provide a service with advice
- choosing accountants who have no understanding of the way in which the Creative Entrepreneur works and incurring more in fees as the accountant has to liaise more with the Creative Entrepreneur
- not understanding the structure / format in which financial information is presented

One Creative Entrepreneur, who had previously come from a corporate background and had a good understanding of accounts, described how, in their first year of trading and despite being based in the north of England, they chose a London based accountancy firm, believing they needed to have the best and that probably meant London. The accountancy firm had no understanding of the business type and its operation, which meant the accountants had to seek considerable input and clarification, writing letters and emails to the Creative Entrepreneur. The Creative Entrepreneur did not realise that they would be billed for each of these and how expensive the service would prove to be. Subsequently they contracted a local accountant, spent some time at the commencement of the contract explaining the sector and their business and reduced their accountancy costs by 70%.

3.6 Pricing Work

In all cases, the price of a creative product or service is what the market will bear; however, different influences impact on different sections of the creative economy.

The same basic principles apply across price setting:

$$\begin{aligned} & \text{Direct costs or costs of production} \\ & + \text{Indirect costs or overheads} \\ & + \text{Profit or income} \\ & = \text{Price} \end{aligned}$$

A freelance will generally cost themselves at the “rate for the job”, that is what others doing the same job in similar context charge and what the client will pay.

Sole makers producing individual pieces of work or services which are unique to themselves may calculate prices based on consumables plus “a bit of income” without always taking account of the real time involved in making the product / delivering the service, which should be fully costed, as this is their income. There are linguistic issues here also: sole makers may not see themselves as being out to make “profit” but do understand the need to make an income. Sole makers whose work is sold in galleries and boutique shops are often unaware that the retailer will add between 40% and 60% to the cost of the work to cover their own overheads and this needs to be considered in their pricing structure, especially if also selling direct to customers themselves.

Some sole makers who have developed significant reputations in their field, such as artists, actors, musicians, etc, are able to charge significant premiums based on their reputation and standing in their market place, which has nothing to do with the cost of production and is entirely market driven. A series of paintings by an unknown artist may not realise the market price of work by an established artist.

Where an end product is mass produced, such as DVD games, there are a number of additional concerns such as the market cost of competitors’ products; the component of the final price that is retailer profit, distributor profit, any other relevant third parties; the direct costs of manufacture including IP; and the costs of development which may be significant and have to be recouped through volume sales.

In some markets, the price is fairly fixed by the market place and / or requirements of funders, irrelevant of costs. Repertory theatres in receipt of public funding must price their seats within a reasonable range; however the funding does not cover the full cost of the building and productions. The “gap” therefore between costs and funding for a season in a large repertory theatre has to be funded from seat sales, which are fixed in price, or by generating other income. In this respect, most theatres have catering facilities and room hire to supplement income and one theatre has, over the years and through bequests, bought a number of neighbouring shops, the profits from which contribute to the budget.

3.7 Cash Flow

‘Cash is King’ is a somewhat clichéd expression but has validity none the less. One Creative Entrepreneur interviewed, whose business involves contracting with customers, incurring a significant amount of expenditure, completing the work then invoicing on 30 days, described how his perception of the business changed significantly when he worked with a sector business adviser who made him look at when the business would run out of cash, irrelevant of orders. He soon realised that, without careful husbandry, he would not have the cash to meet the requirements of contracts. Now this Creative Entrepreneur knows every day what his cash situation is and this, he says, has freed him considerably to be able to focus on what is important to the business, both short and long term. Another told of how they had undergone a significant jump in growth in a particular period, taking on more staff and larger premises, and then made a trading loss; however, as this had been expected and the cash flow had been managed, the business remained stable and, in the subsequent years, the turnover and profit rose significantly as a result of the expansion.

3.8 Recording accounts

Whether Creative Entrepreneurs record their own day to day accounts or contract this out will depend on the cost benefit analysis of using a specialist book-keeper or accountant. However, in order to both manage their business and employ the appropriate specialist, they will need a clear understanding of:

- legal requirements for recording and reporting transactions as it applies to their legal status (sole trader / limited company, etc)
- differences between cost accounting, financial accounting and management accounting
- how to read and interpret a Profit and Loss Account sheet
- how to read and interpret a Balance Sheet
- common types of fraud, how to spot them and actions to take in the event of fraud

3.9 Tax and National Insurance

While the management of tax and National Insurance payments may be handled by a Tax Accountant or accountancy specialist, the Creative Entrepreneur needs to understand the requirements across the board, with particular emphasis on their own organisational context, including:

- Sole Traders
- Freelances
- Partnerships
- Limited Companies
- Employers

Sir Richard Branson started his first record business after he travelled across the English Channel and purchased crates of "cut-out" records from a record discounter. Manufacturers would physically cut the corner, punch a hole, or add a notch to the spine of the jacket of unsold records returned from retailers; these "cut-outs" could then be re-sold to non-UK record retailers or other sales outlets at a discounted price. Initially Branson sold these records out of the boot of his car to retail outlets in London, and then set up a record mail order business in 1970. Trading under the name "Virgin", he sold the records for considerably less than the high street outlets. However in 1971, Branson was arrested and charged for selling records in Virgin stores that had been declared export stock. He settled out of court with UK Customs and Excise, with an agreement to repay the unpaid tax and fines. Branson's mother Eve re-mortgaged the family home to help pay the

settlement. In this instance, a failure to comply with regulatory requirements under UK tax law did not destroy the business, but several creative enterprises have failed due to poor cash keeping, waiting creditors and the tax collector needing their payments.

As enterprises grow, the more it is likely that financial administration and tax accounting is handled by specialist finance staff and accountants. The level of performance knowledge needed by the Creative Entrepreneur does not differ significantly from start up and they will have gained experience as the enterprise grew and the specialists were available to offer guidance and advice.

3.10 VAT

The very mention of VAT tends to bring on the shivers – it is seen as such a complex and time consuming issue that most new Creative Entrepreneurs avoid it for as long as they can. Yet it is essential that there is some understanding of it. The VAT threshold is not so high that it is unattainable and failure to register can result in unpleasant penalties. One Creative Entrepreneur involved in importing raw materials and manufacturing said they wished they had understood the benefits of VAT much earlier in their business life, both in terms of early registration and almost falling foul of accidentally going over the limit and owing revenue. Another talked about how their accountant did the returns but they did not really know if they could be doing anything better to improve their pricing or cash flow. Successful Creative Entrepreneurs ensure that they are au fait with the basics of VAT and include it in their financial planning as soon as is appropriate.

3.11 Budgeting

Different Creative Entrepreneurs may use budgets in different ways. Sole traders and freelancers may need to budget a project they are undertaking and to agree this with clients or partners. Alternatively, they may need to set and manage budgets for their clients as part of their contracted work. Organisational Creative Entrepreneurs may need to set and manage budgets relating to projects, annual running including staffing, buildings overheads and even capital projects.

The size of budgets handled varies considerably between Creative Entrepreneurs, yet the underlying principles of budgeting are the same and need to be acquired by all new Creative Entrepreneurs including

- The purposes of budgetary systems
- Researching costs, reviewing previous activity and consultation with relevant parties regarding items for inclusion in the budget and setting a realistic budget for the activity
- Negotiating the proposed budget with any relevant stakeholders, carrying out any modification and agreeing a final budget
- Actively monitoring the budget to identify and control variances and their causes, taking corrective action or revising the budget as appropriate.

For organisational Creative Entrepreneurs, the level of complexity and potential risk of budgets will increase as their organisations grow. Where organisations have grown, Creative Entrepreneurs have not always been able to learn quickly enough on the job how to handle the growth, resulting in losses of time or profit.

3.12 Raise Capital

Many Creative Entrepreneurs will need to raise capital at some point, whether to assist in financing the development stage of a project prior to sales, purchasing equipment or the purchase / refurbishment of a building. Traditionally, it has been difficult for the sector to raise capital, as creative work is considered high risk and low profit by the banks and other investment sources. In seeking to raise capital, therefore, Creative Entrepreneurs will:

- Identify what the capital investment is needed to do
- Identify how much capital is needed, including on-costs of the investment such as materials to support a new process or piece of machinery or marketing to support a new service, etc.
- Calculate what the impact of the capital investment will be on turnover and profit

- Research possible sources of capital including banks, funding bodies, partnerships, collaborations, Angels, etc
- Explore and understand the potential implications for the running of the business arising from external investment
- Present the case for investment in a manner that is acceptable to, and negotiate with, potential investors
- Calculate the cost of the investment offered, the interest and whether repayments can be made
- Plan for contingency in meeting any gaps between investment needed and investment offered
- Agree terms and conditions
- Monitor the impact and repayments of the capital investment

3.13 Sales

Creative Entrepreneurs are not driven by the market, but by the work itself which they then take to the market. They rarely carry out any formal market research or look for work to meet market demand. Indeed, many Creative Entrepreneurs use their creative skills either to create the market for their work, or to develop new routes to existing markets or to new markets. However, when starting out, most of the Creative Entrepreneurs said they wished they had understood better how to get their work to market. Many spent long periods working out how to sell, or get distribution or representation of some sort.

There are significant variances in the ways different types of creative work gets to market and no single model. There are also differences in the degree of gap between the Creative Entrepreneur and the customer. Freelances are selling themselves, their skills, knowledge and time, directly to the customer. A sole maker producing handcrafted objects, for example, may sell direct to the customer or via a third party retailer. A games producer's work is mass produced and distributed to retailers for sale to the customer. The feedback methods differ too: for the live performance, the customer feedback is instant while for, say, furniture

design, the feedback loop is long with lags for manufacture and sale as well as distance between the customer and the designer.

3.14 Listening to Customers

Successful Creative Entrepreneurs are highly customer focused; as their driving passion is the work, they really want the customer to enjoy, value and appreciate the work. In this respect, Creative Entrepreneurs listen to customer feedback, take care to meet customer concerns and work to give the customer what they need even when the customer is not aware that they need it.

3.15 The Three Legged Stool or the Product Mix

In a number of cases, Creative Entrepreneurs spend considerable time seeking to provide a range of products and/or services arising from their own creative skills. Long before it became fashionable in other sectors, portfolio working was a necessary skill within the sector and the ability to exploit one's own creativity to earn a living is a became a necessity. Just as a stool needs at least three legs not to wobble, so it is argued that successful Creative Entrepreneurs often have three or more products / services / ideas, etc in their product mix. For example:

- the freelance dancer who
 - performs
 - teaches
 - does workshops

- the games company who
 - produce entirely new games
 - exploit IP in existing material to make new games
 - translate games from overseas territories for the domestic market

- the film director who
 - is licensing the rights on a book to be made into a film while
 - casting for another film while
 - overseeing the edit of a film that has been shot.

The three legged stool means there are income streams from a body of work to enable new work to be developed, as well as making the enterprise more secure from market shifts than it would be with only one product / service.

3.16 Taking the Work to Market

Initial survival and ultimate success are dependent on the Creative Entrepreneur being able to get the work to market and the market being receptive to the work.

The Creative Entrepreneur may be bringing to the market a product that cannot be readily identified by the potential customer. Even where the work is readily identifiable to the customer, it may not be fully understood. The work of the craft jeweller may be appreciated for its beauty but not for its price by those familiar only with mass produced jewellery. The creative work has value to the customer that is greater than simply a price which reflects materials and production time; it may also bring pleasure, enjoyment, fulfilment, knowledge and experience. Each creative work, or experience of that work, may be unique. Consequently it is extremely difficult to carry out traditional marketing exercises. Indeed, rather than making products to fit the market, as would most entrepreneurs, Creative Entrepreneurs are often making markets for the work.

Where the market is not receptive, the Creative Entrepreneur has to determine why this might be. A number of factors may render the market unreceptive, including quality, price, profile (if someone does not know about it, they can't buy it); the market does not perceive it as being of value if it is so innovative the market does not know how to respond or what to do with it. Each of these will prompt different actions from the Creative Entrepreneur.

Some creative products / services do have established routes to market and the Creative Entrepreneur must certainly understand in detail the routes to market for their own work. They should also understand how other types of creative work get to market, as Creative Entrepreneurs are more likely to be able to experiment with

new markets and creating new routes to market if they also have a broader understanding of other creative sectors.

3.17 Advertising

Large scale advertising campaigns are only relevant to certain types of work such as West End shows, games, feature films, recorded music and so on. For most of the sector, the work is advertised in a highly personal and fairly localised manner. Advertising in relevant press, reviews of work and feature articles all contribute; however, increasingly, creative work is selling and developing brand awareness through viral marketing and use of social networks. Artists' blogs and tweets develop dedicated followers and link to sale sites such as Etsy; manufacturers, producers and distributors are on Facebook; demonstrations, free clips and interviews of TV and film productions are available on You Tube and so on.

3.18 Proposals and Pitches

At some point, all Creative Entrepreneurs will need to make a proposal or pitch either for work or investment or to access some form of opportunity. Creative Entrepreneurs have to be able to research and write proposals that are suitable for the audience, contain what they should, look how they should and so on. An initial proposal for a TV or film production is often just one side of A4, while a proposal to produce and manage a large festival will be complex and detailed.

Following the proposal is the pitch or presentation. Some Creative Entrepreneurs find this easy and are comfortable speaking publicly and presenting their work. Others are less comfortable and struggle. It is regrettable but true that poor presentations or pitches of good proposals will not succeed as well as good pitches of weaker proposals. The Creative Entrepreneur needs to be able to understand the customer need and clearly pitch the proposal, demonstrating succinctly how it meets the identified customer need. In order to do so effectively, the Creative Entrepreneur must communicate their passion for the work, respond to questions and emanate confidence while maintaining an open and approachable manner in order to inspire confidence in the audience.

Proposals and pitches can be improved by the involvement of others in the team, even freelances not normally involved at that stage of contracting. One Creative Entrepreneur who works with a number of freelances fairly regularly always tries to involve them at the proposal stage, as they can add value to the proposal, contribute ideas from their specialist or expert knowledge and assist the costing to be more accurate. This particularly helps when making proposals to a client who is not sure what it is they want or perhaps what is possible. An added bonus to involving the freelances at an early stage is that they too have a greater understanding of what is required, which saves time and money later on. On occasions when the Creative Entrepreneur has taken a contract at a reduced price in order to create a relationship with the client to lead to more work in the future, the involvement of the freelances at an early stage has meant they were aware of the cost savings and were thus more amenable to working for reduced rates themselves, rather than simply being offered a reduced rate after the deal was made.

3.19 Up selling

The opportunities for up sales are significant, and in some cases earn more for the Creative Entrepreneur than the original work. Music bands who do not write their own material still have three legs to their stool with live performance, record sales and radio play, and further income generation comes from up sales in the form of merchandising of clothing, posters, memorabilia, etc. “*Teletubbies*” started life as a TV programme for under-5s produced by Ragdoll Productions for the BBC. The massive worldwide merchandising of toys and related paraphernalia meant that Ragdoll had investment to apply film production values to the next project, “*In the Night Garden*”. These up sales are the result of the Creative Entrepreneur fully exploiting the IP they have in their own work or brand.

3.20 People

The creative sector is a people-oriented sector. All Creative Entrepreneurs are likely to have to manage people in relation to the work at some point. The behaviours which underpin people management include being honest and open in

all aspects of communication with team members; having a willingness to confront difficult situations even though they are unpleasant; and dealing with difficult situations fairly, openly and promptly.

3.21 Planning Staffing Needs

One Creative Entrepreneur described being really fearful of taking on the first part-time member of staff: fear that there would not be enough money to pay them, fear that she would not know how to manage them properly, and fear that the dynamic of having worked alone and done everything herself would now change and she was not sure of how this would feel. The fear was tempered with the huge volume of work and the time being taken by the Creative Entrepreneur to manage routine tasks which could be done just as easily by another person, freeing them up to concentrate more on the business at hand. It helped that the first member of staff was known to the Creative Entrepreneur and some degree of trust established. When taking on the second person, also known to the Creative Entrepreneur, there was an assumption that the second person would work with customers as the first had and it took a while to realise how nervous they were and how unsuited to dealing with customers but how well suited to handling some of the technical work, which again freed up the Creative Entrepreneur to concentrate on the business. It is interesting that, although there are many more people employed now, both those first two staff members are still working in the enterprise many years later.

Another fear described came from a Creative Entrepreneur who had taken the child of a family friend into the business to provide them with a work placement opportunity prior to and during their business degree. On completion of the degree, this person was employed full time by the Creative Entrepreneur, who invested a huge amount of sector knowledge, placed them in a position of great trust with access to clients, suppliers and marketing opportunities. This person used all this knowledge to set up in direct competition. It caused the Creative Entrepreneur a great deal of trouble, both in terms of lost customers (in the short term, most returned) but mainly in confidence. The Creative Entrepreneur could not understand how they had not spotted the duplicity and this left them feeling low in confidence personally and professionally. It was difficult to seek legal redress

because of proving that confidential information and computer files had been stolen. When replacing the person who the Creative Entrepreneur feels had betrayed them, the Creative Entrepreneur deliberately sought out someone who would be very unlikely to repeat this behaviour, recruiting someone older who had had a health scare and no longer wanted a driving career but wanted to be able to work in an environment in which they were fulfilled and rewarded.

The Creative Entrepreneur has to make an analysis of what team members are needed to plan the work and what people are needed to deliver it. The drivers to acquire team members may be varied:

- The Creative Entrepreneur identifies they have a weakness or lack of skills / knowledge and brings in someone who has those skills such as technical or specialist skills
- The Creative Entrepreneur identifies they need a special service such as book-keeping or an accountant or lawyer
- The work profile is to expand and contract, such as TV production companies which expand during production periods, bringing in freelance staff to create the programme
- The enterprise is growing and more people are needed to deliver the work and free up the Creative Entrepreneur to focus on the main business

In some sectors, particular job roles may be predominantly permanently employed posts, in others freelance or even a mixture. In television production, for example, the large broadcasters will employ permanent camera operators but, along with the independent producers, also employ freelance or fixed-contract camera operators to meet needs. The Creative Entrepreneur therefore needs to be aware of industry employment norms when recruiting particular skill sets.

The Creative Entrepreneur needs to analyse:

- what tasks team members will perform
- what skills and knowledge they will require to perform these tasks
- what support / training they might need to perform these tasks

- how they will be supervised / supported doing these tasks
- the type of employment to offer to attract the appropriate skill set

Team Members may be:

- Full time
- Part time
- Sessional such as ushers in a theatre
- Freelances on fixed length contracts such as a Stage Manager being recruited for one tour only
- Sole Traders on service contracts such as a writer contracted to deliver a script

3.22 Recruitment

In selecting members for the team, Creative Entrepreneurs are looking for:

- a proven interest / engagement with the work
- the ability to do the job now or the capacity to do the job quickly with minimal support
- someone who will fit into the team
- someone who will show appropriate professional standards in their dealings with other staff, customers and stakeholders

It is not uncommon in the sector for people to get work where they are already known. In junior positions, they maybe volunteers, students on placement, or trainees. They may have contributed initially as a freelance and become a regular freelance or staff member based on that experience. In film and TV, a junior is often partnered for long periods with the Creative Entrepreneur, being employed directly by them; for example a Sound Recordist will have a regular Boom Op, a designer a regular Head of Wardrobe, and so on. Employing people who are known is a less risky option for the Creative Entrepreneur than employing the unknown.

Where full recruitment takes place, errors are as likely to be made as in any sector.

The interview is still the standard selection tool, though some form of task or workshop is becoming more commonplace. Errors in recruitment, however, can be very costly, not just in financial terms, as serious as that is, but also in lost morale of other staff and the resulting impact on productivity. One Creative Entrepreneur commented “*If the wrong one has got on the bus, you have to get them off again pretty quick*”. Creative Entrepreneurs need to know how to:

- write Job Descriptions
- write Person Specifications
- construct interview questions which test the candidate against the job description and person specification
- set tests or workshop situations as identified in order to select the most appropriate person for the role

3.23 Managing People and Performance

All entrepreneurs have a responsibility for managing people. For Creative Entrepreneurs, however, doing this well is critical to business success. The sector is one where people often work long hours, for low pay; work is rarely routine or mechanised and often complex, with the delivery requiring high degrees of personal initiative. With a preponderance of small organisations in the sector, it is unusual to find developed and integrated induction or training programmes and a lot of learning by new staff is done “on the job”. This places a great deal more responsibility on the Creative Entrepreneur to manage the team than in a less dynamic environment.

The sector also works to very high degrees of efficiency. In theatre, the curtain goes up on a new show to the exact minute advertised; news is broadcast on TV on time; graphic design works to meet publishing deadlines; and this is done for every piece of work. Delays are not possible in getting the creative work to the

customer. Again, managing this places additional responsibility on the Creative Entrepreneur.

In addition, the Creative Entrepreneur is often managing people who are themselves creative, who have creative skills and abilities and contribute these to the overall creative work. Managing creatives poses a number of unique challenges, not least the need to maintain the overall vision for the work with multiple creative contributors.

Responsibility lies with the Creative Entrepreneur to ensure the work environment is conducive to the work being undertaken and is one in which people are motivated to achieve high standards of performance. This relates not only to the operational processes but the environmental culture that exists. The Creative Entrepreneur sets the tone for how people interact and communicate with each through their own actions and high personal performance standards have to be demonstrated. A collaborative approach must be taken with team members and colleagues in order to establish constructive relationships and all promises and undertakings to the team have to be realistic and honoured.

Sound verbal communication is at the heart of working with people and Creative Entrepreneurs need to be able to apply good communication practices including:

- Effective listening
- Echoing and paraphrasing
- Tone of voice
- Ice-breaking
- Questioning techniques
- Assessment of body language and tone of voice
- Body language - facial expression, stance, gestures, movements
- Use of Personal Space
- Smiling and making eye contact
- Looking interested in what people are saying and doing
- Using posture to show being alert, relaxed and socially comfortable

- Using hands to support the points being made and to show open-ness

The Creative Entrepreneur must be clear in letting team members know what is required of them, what job roles, what standard of performance, what reporting, what levels of decision making and autonomy, etc. One Creative Entrepreneur who employed a large number of freelances on a project basis always made sure they were aware that, when dealing with the client and anyone else, the freelance was representing the Creative Entrepreneur's enterprise and it was therefore expected that they comport themselves in a professional manner at all times. This was necessary because many of the freelances used came from a job role culture of using strong language and being quite "loud"; however, once they knew what was required, they had no problem in behaving as desired.

As the sector is known for long hours and low pay, there is a responsibility on the Creative Entrepreneur to ensure reward and praise are given for good work. In small enterprises, a full scale review and appraisal system may not be the best tool, but remembering to thank team members, commenting and providing small celebrations at milestones can contribute significantly to feeling valued and included.

Just as the Creative Entrepreneur must act quickly when they have made an error in recruitment, so must they act quickly when problems arise between team members. Where problems are between two members, the Creative Entrepreneur needs to be able to identify the source of the problem and assist the parties to negotiate a solution if they are unable to do so themselves. Where the problem is between the team and one person, this again needs examining. A common problem is when one member of the team seems to change and their work is affected, the rest of the team who are working very hard become resentful. As we have explored, people working in the sector tend to invest a great deal of themselves in the work and consequently other people "slacking" is a major cause of disruption. The Creative Entrepreneur needs to act, explore if the team member has a problem either in or outside the workplace which the Creative Entrepreneur can assist with solving and resolve the work balance. Where the problems are

arising because the individual is simply “slacking”, the Creative Entrepreneur must remove them swiftly, as difficult as this may be in a small organisation, since failure to do so will disappoint other staff and result in much bigger problems in the long run. As Employment Law is subject to regular changes, Creative Entrepreneurs are generally not experts, but require both a broad understanding and, most importantly, a knowledge of where to get assistance from specialists such as Business Advisers, Employment Consultants, or ACAS, etc when taking action.

3.24 Team Development

The Creative Entrepreneur is responsible for supporting their team in the day to day operations, ensuring team members have the skills they need to carry out their jobs, especially as job roles change and develop. The Creative Entrepreneur is also responsible for ensuring that their staff understand where their job role fits within the overall vision for, and development of, the creative work. The Creative Entrepreneur needs to have an understanding of the tools available to them to support and assist the team including:

- Coaching
- Formal and informal feedback
- Acquiring additional resources
- Providing access to training
- Delivering training

3.25 Managing Change

Change is a complex issue for all enterprises. Again, key to success is clarity of purpose and sound communication. The passion that Creative Entrepreneurs have for the work is generally reflected in other staff within an enterprise and, although the sector is noted for long working hours and low pay, the people who are well managed in the sector are highly engaged and committed. The investment of people who work in a creative enterprise is significant and often contributes to work relationships that are close, including between employee and employer, where both feel a sense of responsibility for the other. This can be very

effective in contributing to strong work teams but problematic when staff structures are not working. Another Creative Entrepreneur talked about how, when their business developed, the staffing structure in place was no longer suitable - what was needed was a complete redesign. This meant no existing jobs remained and staff had to apply for jobs in the new structure, with not all of them getting a post. This had been really hard on both the staff and the Creative Entrepreneur because of the intensity of the relationships. However, the Creative Entrepreneur persevered and the structure was more productive, more effective and allowed a more rewarding work environment for all. The Creative Entrepreneur is glad they put the business growth needs before “personal” relationships with others in the workplace as, in the long run, the benefit was felt across the enterprise.

3.26 Self Development

There is common agreement amongst the Creative Entrepreneurs we spoke to that a basic grounding in the various issues covered in this paper is likely to increase the chances of a new Creative Entrepreneur being successful. Similarly, everyone agreed the Creative Entrepreneur will be engaged in ongoing learning throughout their career. Much of their learning will be self directed and experiential, even though that inevitably means having to learn from mistakes. It is strength of successful Creative Entrepreneurs that they do learn from mistakes and use them to improve performance. Creative Entrepreneurs are also likely to form a network of trusted confidantes to whom they can turn for advice and support. These confidantes may be collaborators or even competitors, but the relationships can nevertheless flourish where there is absolute trust in the relationship. Professional associations and networks can play a role in brokering these trust relationships.

Some Creative Entrepreneurs read business books but it is not a general on-going learning tool as they tend to be too generic and not specific enough for Creative Entrepreneurs:. Principally Creative Entrepreneurs with developed enterprises need “*just in time*” learning, rather than “*just in case*”, and they are likely to use Business Advisers or specialist experts such as lawyers or accountants to assist them.

Successful Creative Entrepreneurs are fully aware of their strengths and weaknesses and the need to support their weaknesses in order to deliver the work. One Creative Entrepreneur spoke of how her co-director had no patience with accounts and costing while she was very comfortable with this so took that role in the partnership; another spoke of how he had no interest in or time for doing accounts and contracted it all out to an accountant to do. Others spoke of the need to use people with better skills than they had in specified areas of weakness, as this made them look better and it helped make sure the work was kept at its best. Richard Branson is known to have an almost unerring instinct to select excellent people to work for him; having the right people in the right role at the right time has been a fundamental platform for his success.

Maintaining an ongoing awareness of strengths and weaknesses is critical to long term survival, as market changes and new innovations can change the operating environment very quickly, forcing a complete business re-engineering and demanding a proficiency in skills previously unheard of. For some sectors, this demand to sustain capabilities in the face of fast changing working environments, which affects everyone in the sector, is compounded in some sub sectors by the needs of those in careers with limited lifecycles: dancers, for example, are unlikely to be able to perform as a dancer in their older years and will need to retrain their to incorporate teaching, choreography, management or alternatives outside of dance.

A commitment to continuing professional development is therefore essential for every practitioner if the Creative Entrepreneur and her business is to stay competitive and achieve success in this demanding but ultimately rewarding and thrilling area of work.

4. Summary of Key Behaviours and Aptitudes of Successful Creative Entrepreneurs

4.1 Key Attributes

- **Integrity** - the Creative Entrepreneur has a clear sense of values and beliefs that underpin the creative and business decisions that they make; and that influence the actions they take, particularly when in difficult or challenging circumstances
- **Conceptual Thinking** - the Creative Entrepreneur is prepared to use fresh approaches; comes up with crazy ideas that may just work, leading to radical change or significant improvements; and takes time to listen to new ideas without pre-judgement
- **Strategic Thinking** - the Creative Entrepreneur understands and values the planning process, thinking and planning over a significant timescale; recognises external trends and opportunities; and is able to think through any complex implications for the business
- **Commercial Aptitude** - the Creative Entrepreneur keeps up to date with developments in the sector; seeks out best practice; and identifies and seizes opportunities that are not obvious to others
- **Project Management** – the Creative Entrepreneur understands how to make things happen, turning ideas into reality with the help of teams and planning and monitoring implementation
- **Risk taking** – the Creative Entrepreneur understands that risk taking is integral to her work but knows how to weigh options and to make informed decisions for her business
- **Customer Sensitivity** - the Creative Entrepreneur builds trust and long term relationships with customers; generates an expectation of high level of customer service; and regularly exceeds customer expectation
- **Networking** - the Creative Entrepreneur understands that networking is a key business activity which can provide access to information, expertise, collaboration and sales; and that careful planning and preparation helps achieve desired results

- **Leadership** - the Creative Entrepreneur sees and values the best in others; builds the total capability of the immediate and wider team; and always considers the principles of inclusiveness in planning and dealing with others
- **Innovation** – the Creative Entrepreneur understands that all businesses need to innovate to survive, and maintains a clear customer focus in determining what ideas to develop as innovations

4.2 Operational Issues

Legal

- The Creative Entrepreneur evaluates the options available to them when selecting an appropriate legal structure which contributes to the fulfilment of the vision for the work and the enterprise as a whole.
- The Creative Entrepreneur fully protects and exploits the IP in their creative work both at primary point of use and any secondary use such as merchandising, recording, mass production, as a component of another person's creative work, etc
- The Creative Entrepreneur has a firm understanding of the regulatory requirements for their enterprise and ensure compliance.

Money

- The Creative Entrepreneur costs work and services realistically taking into account the cost of materials, the cost of labour and overheads, what the market will bear as well as any premium charges which the creative work is able to attract from the customer
- The Creative Entrepreneur needs to maintain a clear picture of the cash status of the enterprise, be aware of when the business will hit cash shortages and have plans in place to handle this
- The Creative Entrepreneur abides by the legal requirements for recording and reporting financial transactions, understanding and overseeing responsibility for the liabilities for enterprises for Tax, NI for VAT
- The Creative Entrepreneur can develop and monitor budgets for the enterprise, seeking assistance where required when the enterprise grows or

the financial operations increase in complexity contracting in financial experts who understand their creative work and how their market works as appropriate

- The Creative Entrepreneur can identify their investment needs, understand the implications of external investment, through debt or equity, in their business and be able to raise necessary capital.

Sales

- The Creative Entrepreneur works in multiple contexts in order to deliver diverse products / services, maintain a viable enterprise and use input from a range of experiences to inform the creative work, generating additional income from the creative work by fully exploiting the IP in the work in additional formats as well as initial sales.
- The Creative Entrepreneur brings to market work which has a meaning and value in addition to the ticket price for the customer, exploiting established routes to market for the creative work and exploring new routes
- The Creative Entrepreneur develops marketing campaigns suitable to their own field of work, identifying and using marketing tools best suited to their business
- The Creative Entrepreneur develops proposals and pitches suitable for the client / customer and which communicate the vision for the creative work in a way which inspires the customer

People

- The Creative Entrepreneur analyses what skills and people the enterprise needs to deliver the work and meet customer requirements, and identifies the appropriate employment status to meet industry norms in order to attract the appropriate skill set
- The Creative Entrepreneur uses recruitment and selection methods which minimise the risks of errors being made taking swift action if the recruit is not appropriate
- The Creative Entrepreneur applies excellent people management skills to ensure staff remain focused on the creative work and maintain the efficiency

needed to ensure work is available for the customer at the advertised or appropriate time

- The Creative Entrepreneur manages creative contributors to the work to ensure the overall vision for the work is maintained
- The Creative Entrepreneur ensures ongoing development of their staff in the skills they need to carry out their job role and in understanding where their job role fits in the development of the creative work
- The Creative Entrepreneur makes changes to the structure and team as required to meet the demands of the work and the enterprise as a whole

Self Development

- The Creative Entrepreneur is aware of their strengths and weaknesses in their creative work and in managing their enterprise and keeps up to date through CPD.
- The Creative Entrepreneur ensures that her own career development is constantly under review and forms part of her own long term planning

Appendix A: Contributors to the Consultation

Gill Adams, Sole Trader, Gillery

Steve Beckett, Creative Entrepreneur, Warp Records

Ken Bennett-Hunter, Sole Trader, Writer and Theatre Producer

Heenan Bhatti, Sole Trader, Film and TV Director

Chriss Bisson, Director, Centini

Mark Cameron, Sole Trader, Illustrator and Promoter

Jane Crew, Sole Trader, Visual Artist

Michael Clarke, Creative Entrepreneur, Image Sound

Paul Clay, Executive Director, Royal Exchange Theatre

Katie Conley, Director, Conley Consultants

Alex Durasow, Sole Trader, Photography

Ian Durman, Freelance, Graphic Artist

Mick Eaton OBE, Sole Trader, Screenwriter

Darren Evans, Creative Director, Engine Room Design

Carol Fox, Sole Trader, Craft Maker

Chris Greaves, Freelance, Sound Recordist

Ric Green, Technical Director, Opera North

Teo Greenstreet, Chief Executive, Huddersfield Media Centre

Stuart Isaac, Sole Trader, Photowork

Mark Johnson-Brown, Director, Hooba Culture

Richard Lee, Director, Jerwood Space

Richard Lee, Graphic Artist and Co-Founder of Arberth Studios

Brian Maddison, Freelance, Cameraman

Steve Manthorp, Sole Trader, Games Designer

Lee Corner, Director, LAC Ltd

Anita Massarella, Sole Trader, Designer

Carol Maund, Director, Site Gallery

Richard Netherwood, Sole Trader, Enigma Publishing

Julie Perkins, Sole Trader, Jewellery Maker

Ali Rashid, former MD, Real Life Media

Peter Roberts, former Technical Director at Cameron Macintosh Productions

John Ross, Sole Trader, Illustrator and Artist

Maggie Saxon, Sole Trader, Creative Sector Consultant

Gideon Seymour, Director, Fabric

Robin Sinton, Freelance, TV Editor

Balbir Singh, Director, Balbir Singh Dance Company

James Somerville, Co-founder and Creative Director, Attik

Damian Tate, Editor, Freeride Magazine

Richard Turner, Project Co-ordinator, Artists in Mind

Glenda Waterworth, MD and Creative Director, Graphicus

Adrian Waterworth, Executive Director, Elusive Images

Trevor West, Head of Drama, BBC

Sarah Wigglesworth, MD, Sarah Wigglesworth Architects

Alistair Wilkinson, Sole Trader, Creative Consultant

Material available in the public domain examined for:

Lisa Anderson, Chief Executive, The Brit Awards

Sir Richard Branson, Chairman, Virgin Group

Bob Geldof, Chairman, Ten Alps plc

Jay Jopling, Founder the White Cube and Brit Art Artist Agent

Geoff Travis, MD, Rough Trade Records

Tony Wilson, Founder, Factory Records (deceased)

Appendix B: Bibliography

Developing Entrepreneurial Graduates - Joint Report by National Endowment for Science, Technology and the Arts (NESTA), National Council for Graduate Entrepreneurship (NCGE) and the Council for Industry and Higher Education (CIHE), 2008

So, What Do You Do? – Charlie Tims & Shelagh Wright, Demos, 2007

Staying Ahead: The economic performance of the UK's creative industries – The Work Foundation, NESTA, 2007

Creative Britain – New Talents for the New Economy – Department for Culture, Media and Sport (DCMS), 2008

Digital Britain Report - DCMS, 2009

Creative Blueprint – Creative & Cultural Skills (CCSkills), 2008

Developing Entrepreneurship for the Creative Industries: The Role of Higher and Further Education – Entrepreneurship & Skills Task Group, DCMS, 2006

Appendix C: Indicative Sample Semi-Structured Interview Template

What was the driver / inspiration for your business?

Was there an initial vision for how the business would work? Did it work out that way?

Where did you go for initial help? Did it?

Looking back, what do you wish you had known when you started?

What have you learnt along the way, and how?

What have been most significant factors in business growth?

What do you get out of running your enterprise? Would you change that at all?

What are the stresses / rewards?

Some people have talked about the need to feel fulfilled by the work does that make sense to you? why?

What is critical to sustained success?

What is it about you as an individual that makes you successful? How are you different from someone else less successful in the same field – characteristics, behaviours, mind set? Does this change depending on what you are doing? Has this been different at different times / stages? How do you maintain it?

Some people have described the need for creative businesses to have multiple products / services / portfolio working - do you agree? Why?

What will you do if the enterprise fails?

What happens to the enterprise when you retire?