a creative momentum project

# Creative Sector Supports in Västernorrland: Entrepreneur Perspectives on Future Needs

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**About *a creative momentum project***

A three year (2015-2018), transnational project co-funded by the EU Interreg Northern Periphery and Arctic Programme, *a creative momentum project* focused on the development of the creative industries sector in regions across Europe's Northern Edge. This report emerged from the 'Intelligence and Influence' aspect of *a creative momentum project.* For information more visit: https://mycreativeedge.eu/

# Contents

# 1. Introduction & overview

This report presents an assessment of the creative sector support needs in the Västernorrland region. The findings are based on the perspective of creative practitioners and entrepreneurs. The region has strengths it can build on, but also areas for development to support a stronger position for the creative sector. The findings are underpinned by evidence from an online survey of the creative sector, as well as a series of interviews with creative professionals[1] Data collected aimed to gain an understanding of the general attributes of the region, such as communications infrastructure, natural and broader business environment. It also focused on supports received and current needs, as well as challenges facing future development. The key findings inform a number of recommendations made in the final section to support the future development of the creative sector in the Västernorrland region. We also discuss strengths of the region and outline good practice examples of innovative initiatives and supports. This part of the analysis can also provide insights for other peripheral regions to inform approaches to creative sector development.

Our core findings highlight the *multidimensional nature* of the creative sector and an effective support structure can be likened to a *jigsaw puzzle of interlocking parts*. A range of creative enterprise support needs emerge to facilitate future development. Our evidence highlights a core challenge for creative sector business sustainability is *building a balance of revenue streams*. The tax burden on micro creative enterprises also emerged as a limiting factor. To *assist access to new markets*, we suggest a range of measures such as support for attendance at trade fairs and industry networking events, as well as development of intermediaries to facilitate new market access. *Existing funding supports are a core part of the region's support structure*, and their continuing availability is vital. But we also identify the *need for new support schemes*, such as a regional fund to support leading creative professionals to focus on their creative practice full-time, a creative entrepreneurship training programme and employee/internship support for businesses to assist creative talent development and retention. More broadly the creative business environment could be strengthened through the development of a dedicated creative enterprise incubator in the region, as well as place promotion based around the region's strengths and the existing creative sector in Västernorrland Growth could be facilitated by examination of the unharnessed potential to develop greater synergies between creative sub-sectors/other industry sectors and the development of supports to catalyse projects.

[1] The survey was carried out in 2017, primarily to inform an economic and social impact assessment of the creative sector (see Collins et al. 2018), but also contained questions to gather information on existing supports, as well as future needs and challenges. The greatest number of observations to any survey question was 40, but respondent numbers vary across the survey. Low response rates are not unusual in surveys of this nature requiring detailed information. They tend to be low because of this burden on respondents (Bryan et al., 2000). Interviews were conducted from late 2016 to mid-2017. They included six creative professionals from craft, design, performing arts, film and IT creative sub-sectors, as well as one creative professional managing a state funded performing arts organisation.

# 2. Creative sector development needs

## 2.1 Creative enterprises and the business environment

Across seven areas examined in relation to the business environment, results emerge quite mixed. For example, access to finance appears the most significant issue among those assessed. 30% of respondents indicated **access to finance** was poor/very poor, and just 9% said this was good/very good. **Access to knowledge and up-skilling opportunities** also emerged as a weakness in Västernorrland. Over two thirds (35%) of survey respondents said access to knowledge was either very poor/poor. However, a similar proportion said this was good/very good. Four other areas emerged as very poor/poor for just over a fifth of respondents, and an equal or greater proportion said they were good/very good (see Figure 1 and 2)

Figure 1: Poor ranking of aspects of business environment

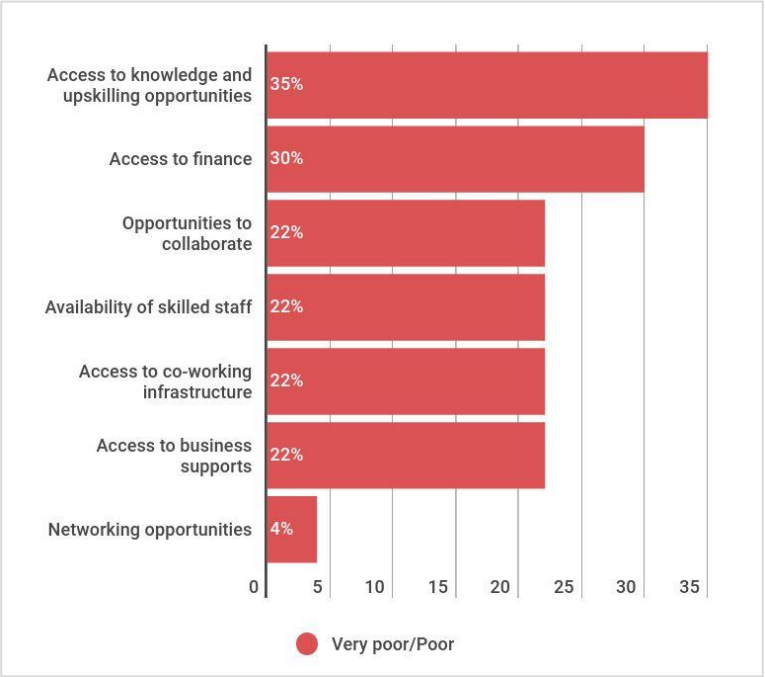
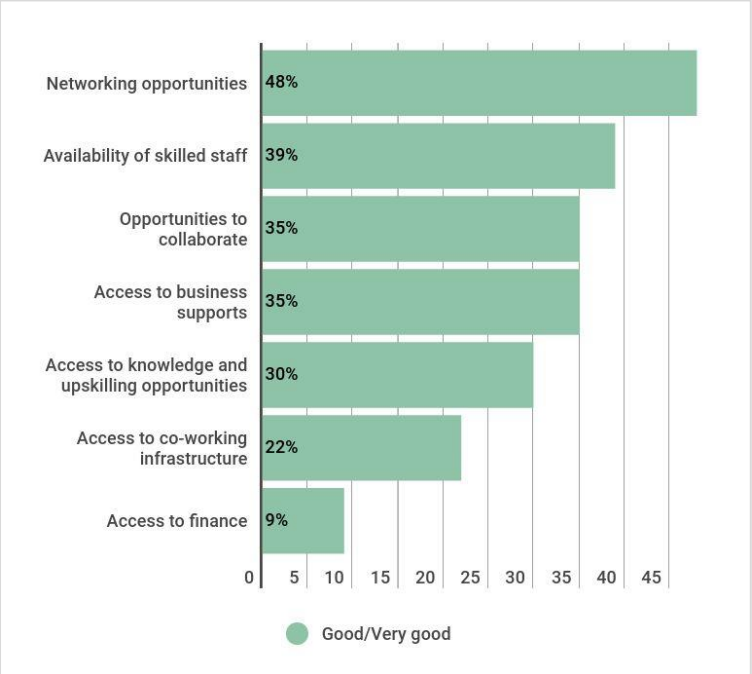


Figure 2: Good ranking of aspects of business environment




Interviews with creative entrepreneurs and open-ended survey questions help to identify areas where specific supports appear needed, as well as strengths of the region important to be sustained or further developed. We discuss the key areas of need and emerging issues in the remaining sections of this report.

### 2.1.1 Support interconnections to catalyse growth

Research interviews and survey results indicate a strength of the creative business environment in Västernorrland is a community of creative professionals that are well-connected. While the experience of some contradicts this (e.g. 4% of survey respondents said networking opportunities were poor/very poor), overall networking and collaboration opportunities appear strong. Interviews highlight that while creative entrepreneurs are independent and develop their own individual creative practice, networks are important to link them to information, new sources of inspiration, as well as potential collaborators, clients and new opportunities. In cultural sectors, such as performing and visual arts, a collaborative community is identified, supportive of each other's practice. Places, where creative professionals can access, build and maintain connections with other local creative professionals, are important such as cultural networking lunches, student peer networks, exhibitions and other events. Because of the small size of the sector, opportunities to become networked outside creative professionals' main sub-sector are also high. Interviewees describe projects they have been part of that cross sectoral boundaries, such as: performing arts and literature; design and film; education and craft. **To assist creative sector development, unharnessed potential to develop greater synergies between creative sub-sectors and other industry sectors should be examined, as well as the development of supports to catalyse projects.** Of 18 creative sub-sectors *a creative momentum project* asked survey respondents about the future potential to expand their business

into, cultural facilities (12%), design (10%), visual art (8%), film (8%), music (7%) and photography (7%) emerged of greatest significance. Broader European creative sector policy research also recommends enabling cross-sectoral collaboration to stimulate innovation and growth (European Creative Industries Alliance, 2014).

More extensive research has found business incubators support creative enterprise development, in particular when they bring together existing niche clusters of creative enterprises (Chambers and Serup, 2011). Co-working spaces where facilitators support relationship building among young, start-up entrepreneurs have been found to have higher positive outcomes for business development of these types. Working in a more visible space, such as co-working hubs, can have broader benefits for businesses, such as reducing isolation and facilitating peer to peer learning. These spaces can also be effectively integrated into existing infrastructures such as arts centres or serviced offices (Fuzi, 2015). In Västernorrland, the importance of the BizMaker (see Case 1) emerges in interviews with entrepreneurs. Also, while access to co-working infrastructure emerged as good/very good with 22% of our survey respondents, 22% also indicated access was very poor/poor. **To help support the region's creative sector and the continuance of strong interconnections, as well as new relationship building, we recommend investigation of the feasibility and benefits of a dedicated creative enterprise incubator in the region. This would also support the broader business development issues discussed in section 2.1.2 and 2.1.3 below.** Supporting and providing assistance to incubators and incubation services has also been recommended elsewhere in the EU context (Creative Growth, 2011). These spaces are particularly important in the context of peripheral creative sector development as structurally enterprise demography tends to be composed of predominantly sole trader, micro and small-scale businesses.

**CASE 1: BIZMAKER**

SUPPORTING ENTREPRENEURSHIP AND START-UP DEVELOPMENT IN A VARIETY OF WAYS, BizMaker IS A REGIONAL BUSINESS INCUBATOR THAT ORIGINATED IN SUNDSVALL, BUT NOW HAS OFFICES IN SEVEN LOCATIONS. FORMERLY ÅKROKEN BUSINESS INCUBATOR, IN 2016 IT REBRANDED AS BIZMAKER AND EXPANDED TO OTHER MUNICIPALITIES IN VÄSTERNORRLAND COUNTY, AS WELL AS TO STOCKHOLM (IVARSSON, 2016). BUSINESSES THAT BECOME PART OF ITS INCUBATION PROGRAMME ARE PROVIDED WITH FREE OFFICE SPACE, BUSINESS TRAINING, A PERSONAL BUSINESS COACH, AS WELL AS LEADERSHIP AND COMMUNICATION SKILLS DEVELOPMENT. DEPENDING ON BUSINESS GOALS, SUPPORTS CAN ALSO INCLUDE ACCESS TO INTERNATIONAL MARKETS AS WELL AS OPPORTUNITIES TO PITCH TO INVESTORS. EMERGING FROM A COLLABORATION BETWEEN BIZMAKER AND OTHER BUSINESS STAKEHOLDERS ITS 'Forest Business Accelerator' SUPPORTS BUSINESSES WITH INNOVATIONS IN THE FORESTRY SECTOR TO ACCESS INTERNATIONAL MARKETS. IT ALSO RUNS THE THREE-YEAR (2016-2018) PROJECT VINK (VÄSTERNORRLAND'S INKUBATOR) TO BUILD A STRONG REGIONAL INCUBATOR FOR VÄSTERNORRLAND'S LONG-TERM GROWTH. SINCE ITS ESTABLISHMENT IN 2004, BIZMAKER HAS EVALUATED 3,879 BUSINESS IDEAS AND COACHED 530 START-UPS. THROUGH VINK, ITS ACHIEVEMENTS INCLUDE ATTRACTING 102.2 MILLION SEK IN CAPITAL, SUPPORTING 130 START-UPS ON ITS INCUBATOR PROGRAMME AND ASSISTING 31 COMPANIES TO ACCESS INTERNATIONAL MARKETS (BIZMAKER, 2018).

## 2.1.2 Human capital development

Survey findings indicate that across the seven business environment areas assessed (see Figure 1 and 2), access to knowledge and up-skilling opportunities emerged as a potential weakness in Västernorrland. However, results were mixed (30% good/very good and 35% poor/very poor) and interviews are important to identify areas of specific need. Broad strengths of the region include Mid Sweden University's presence in Sundsvall, as well as BizMaker (see Case 1, p.7). Our evidence points to a **weakness in the continuing professional development infrastructure for creative sector professionals in the region.** For example, freelancer organisations, such as Dansalliansen and TeaterAlliansen are located in Stockholm. They provide members with professional development opportunities, such as through skills training, but these types of opportunities can also concentrate in Stockholm. Our evidence suggests a potential area to develop in support of local creative sector development is continued professional development. This could be approached through facilitating better knowledge transfer from established creative sector entrepreneurs to emerging creative professionals and start-ups in the region. Creative entrepreneurs emphasise how they have effectively learned by doing, as well as from their mistakes. **Increased opportunities for networking through creative sector information exchange events would be an avenue to support improved access to knowledge and up-skilling opportunities in a more organic way. More formally, we argue the development of a creative entrepreneurship training programme, underpinned by peer to peer learning, would provide a valuable creative business support in Västernorrland**. **This could be tailored to specific creative sub-sectors with growth potential**. The west of Ireland supports assessment provides an example of a similar training programme (see Creative Donegal case in Murtagh and Collins, 2018c). Based on open-ended survey questions and interview evidence, areas of particular need for creative entrepreneur skills development included:

- Business branding and marketing
- Influencing and sales
- Business networking
- Pricing and development of a sustainable cost structure
- Identifying and accessing niche markets
- Market research and industry trends

## 2.1.3 Supporting creative business sustainability

Business sustainability and maintaining adequate turnover is a key challenge for creative sector businesses in Västernorrland. In particular, this appears an issue for start-ups. They work to build reputation and trust within their client base and networks, which takes time to establish. Creative business sustainability can also be threatened by a dependency on a narrow client base, including stable return clients but with small projects generating limited revenue. Entrepreneurs also show adaptability and foresight looking to apply their skills in new ways to generate additional revenue streams for their businesses, such as targeting specific niche markets or running courses based on their skills. Interview evidence suggests as businesses develop, expanding beyond local and regional markets into national and international markets, or tapping into niche growth sectors such as tourism, is important for creative business sustainability. Collaborative projects also emerged as significant. Finding the correct match of collaborators, in terms of complementary skillsets but also business values is important to building cooperation partnerships that have potential to succeed.

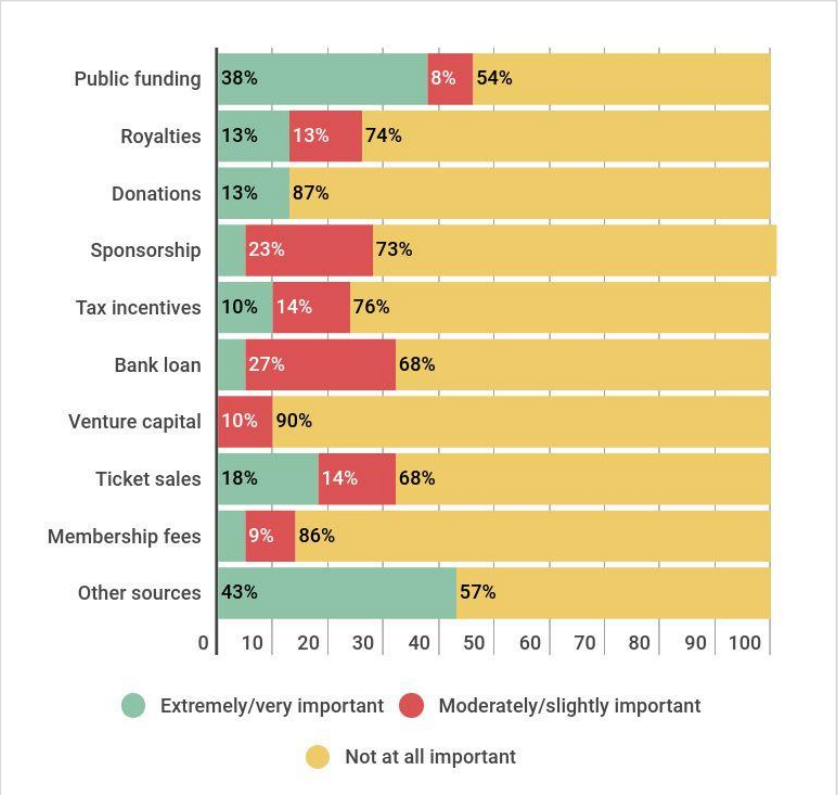
**Overall, building a balance of revenue streams is vital to creative enterprise success**. Attending networking events, trade fairs and industry conferences emerge as important spaces to establish relationships with new clients and potential collaborators. Facilitating international market access in this way is also important. Our survey results found 62% of respondents did not currently export. Open-ended survey questions reveal that for some companies exporting is not part of their business goals, however, for others, it is too early in their business development, or it is an area they have not yet explored. Interviews highlight creative entrepreneurs' ability and eagerness to develop an international client base. However, alongside this establishing trust is important and personal, face to face meetings help to build this. **Increased supports for network building in new markets** through support for **attendance at trade fairs and industry events or touring exhibitions** would provide a vehicle for creative professionals to build networks so they can tap into new revenue streams. The cost of attendance at these types of events can be prohibitive. The Trade Fair and Creative Hotspot support models developed by *a creative momentum project* provide examples of how such supports can be implemented (see Western Development Commission, 2018a; 2018b). The need for greater international trade and export support measures are also highlighted in the EU policy context (e.g. OMC-EWG-CCI, 2012; 2014). Supporting international cultural exchange and trade is identified as an important enabler of creative sector development (European Commission, 2010).

Interviews and open-ended survey questions find **the tax burden on micro creative enterprises also emerged as a limiting factor impacting creative sector business sustainability in Västernorrland.** For example, those producing craft products describe how they are taxed on business income, as well as craft products sold, leading to very tight margins. **The need for assessment of existing tax breaks available to creative enterprises and the potential for new tax break schemes emerges**. Internationally, tax breaks for creative industries are often tied to cultural value, such as the Artists' Exemption in Ireland and Creative Industry Tax Reliefs in the UK.

### 2.1.4 Access to funding and finance

The Västernorrland creative sector does appear to have some reliance on public funding, but this is part of a mix of revenue sources (see Figure 3). Based on our survey findings, public funding was extremely or very important as a source of revenue for 38% of survey respondents, while 54% said it was not important. 43% also said other sources, most notable sales, were extremely or very important. The lack of importance placed on venture capital is also notable, with 90% saying it was not an important source of revenue. This could also be a symptom of the sample surveyed – 24% were in business five years or less, and 54% were self-employed.

Figure 3: Importance of different revenue streams to creative enterprises in Västernorrland




A beneficial creative sector business support structure is available to entrepreneurs in Västernorrland. National and regional public funding is accessed and valued by the creative sector. Examples emerging from our evidence were business grant supports available through Landstinget Västernorrland, as well as project grants through local arts and film support offices such as Film i Västernorrland and Konst Västernorrland. Evidence from interviews highlights a strength of the region when accessing these supports is the lack of dense concentration of start-up companies and creative professionals compared to Swedish urban centres such as Stockholm and Gothenburg. **Existing supports for small business and creative sector professionals are a central part of the support structure for creative sector development in the region.** National support for new product and service innovation, through for example innovation cheques available from Almi, emerge as a vital support to allow enterprises to focus on the development of innovative new product/service ideas. **The continuing availability of this type of innovation support to creative enterprises is also an essential source of finance to facilitate creative innovation**.

While a beneficial creative business support structure appears to exist in Västernorrland, access to finance still emerges as an issue for creative sector entrepreneurs. Our survey found 30% of respondents indicating access to finance was very poor/poor. More broadly, research assessing the finance gaps in the creative and cultural sector has identified the need for tailor-made finance programmes. Finance needs of creative enterprises vary depending on the creative sub-sector and stage of development. Finance obtained by creative businesses can be concentrated around support for specific projects and not for broader business development

(KEA European Affairs, 2010). **Further assessment of the finance needs of creative sector enterprises in Västernorrland is needed to understand how existing supports could be better tailored to creative business needs, or if new support schemes are warranted.**

From our evidence, a new support scheme we identify potential for is a **regional fund to support leading creative professionals to focus on their creative practice full-time**. Our survey found that 42% of creative sector professionals surveyed were not working in the creative sector as a full-time occupation and three-quarters of these engaged in other paid employment. Other employment might be an employee role or teaching related to their creative profession, or employment in areas not linked to their creative skills such as hospitality and administration. **The importance of having time to invest in experimentation and idea development emerges as a vital factor as part of new creative content generation in the longer term**. Also because of the collaborative nature of projects, particularly in cultural sectors such as performing and visual arts, if creatives are occupied in other employment rather than concentrated on their creative practice full-time, this can limit collaborative new content creation. A support scheme to help alleviate this issue in Iceland is the Artists Salary Fund which provides a salary of around €3,000 per month to artists for set periods so they can focus on their creative practice (see Artist Salary Fund case in Murtagh and Collins 2018a). In Sweden, the Swedish Arts Grants Committee provides 'working grants' for visual artists and designers for periods of one, two or five years. However, the one year grant is 100,000 SEK per year (equivalent to around €9,500). **A regional fund to support leading creative professionals to focus on their creative practice full-time would help to build distinctive cultural assets in the region.** While the evidence underpinning this report is limited, interviews suggest that existing regional funding for artistic creation can be linked to broader social development goals such as migrant integration or youth engagement with the arts and lacks the creative freedom provided by highly competitive, national funds. **Assessment of existing supports and the potential for such a regional fund supporting a variety of forms of artistic creation would be a worthwhile area of future policy consideration**.

## 2.2 Regional creativity

### 2.2.1 Support creative human capital growth

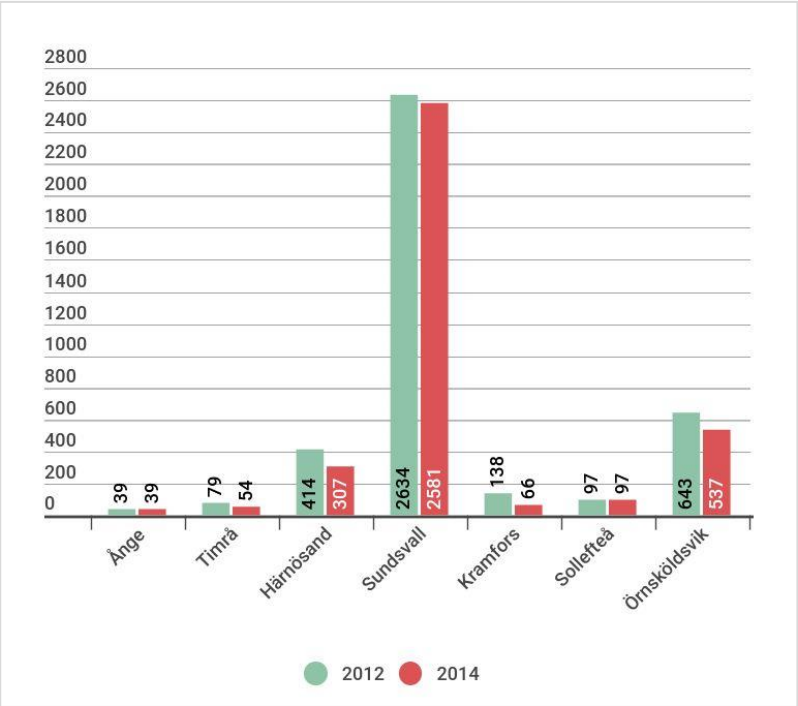
Analysis of the economic impact of the creative sector in Västernorrland shows marginal growth in overall employment from 2012 to 2015. Craft (1%) and creative (1.4%) industries had some growth, while employment declined (12%) in cultural industries (Collins et al., 2018). Data focused on numbers employed solely in creative occupations shows an overall decline in the creative workforce in Västernorrland (see Figure 4 and 5). Also when the geography of creative occupations in Västernorrland is analysed a strong concentration in Sundsvall municipality emerges, with 65% of total employment in creative occupations located here (see Figure 5). The largest urban settlement in the region is also located in this municipality. The trends shown here follow patterns identified in the creative industries more widely in relation to their concentration in urban areas.

Figure 4: Numbers in creative occupations in Västernorrland

| | 2012 | 2014 | % Change |
|---|---|---|---|
| Media (PR, advertising and marketing) | 205 | 923 | 350% |
| Software and IT | 2173 | 1778 | -18% |
| Architecture, design, photography | 816 | 397 | -51% |
| Publishing | 466 | 199 | -57% |
| Film, TV, Music, Radio | 123 | 128 | 4% |
| Arts and Recreation | 228 | 188 | -18% |
| Craft Trades | 33 | 68 | 106% |
| **Västernorrland total** | **4044** | **3681** | **-9%** |

Data source: Statistics Sweden

Figure 5: Numbers in creative occupations by municipality in Västernorrland




Data source: Statistics Sweden

Interview evidence shows limited, stable creative sector job opportunities in the region. Creative professionals can be attracted to large urban centres to avail of opportunities. This can also be because of employment prospects, but also wider professional development opportunities, such as those available through centrally located freelancer organisations, such as Dansalliansen and TeaterAlliansen. Becoming self-employed or starting a micro business is a strategy taken by creative entrepreneurs who are strongly

focused on living in Västernorrland. As discussed in section 2.1.2 and 2.1.3, it is important for the sustainability of enterprises and livelihoods that creative sector entrepreneurs are supported to develop skills and connections to effectively access markets, in particular, national and international niche markets and cross-overs with other industry sectors. Alongside this, given the overall decline in creative talent in the region, **an effective support ecosystem should also integrate measures that aim to retain and build the region's creative talent.** In North East Iceland, the Back Home (Aftur Heim) grant scheme supports young creative professionals to return to the North East region to participate in cultural projects (see case in Murtagh and Collins, 2018a). **Provision of grant incentives supporting creative projects in the region could help stimulate growth in creative human capital, as well as building the region's distinctive cultural assets**.

Interview evidence also suggests **education assists the development of specific creative sub-sectors.** While part of a wider supportive ecosystem (see Case 2, p.15), the presence of Mid Sweden University in the region and its focus on design education appears to have had a significant positive influence on levels of design skill in Västernorrland. Our survey found that while 39% of respondents indicated the availability of skilled staff was good/very good, 22% indicated it was poor/very poor. Further work is needed to understand priority areas of need within creative sub-sectors**. Assessment of creative sub-sectors with growth potential, their skills gaps and development of education programmes to address these gaps would also support human capital growth that is tailored to creative sector needs.**

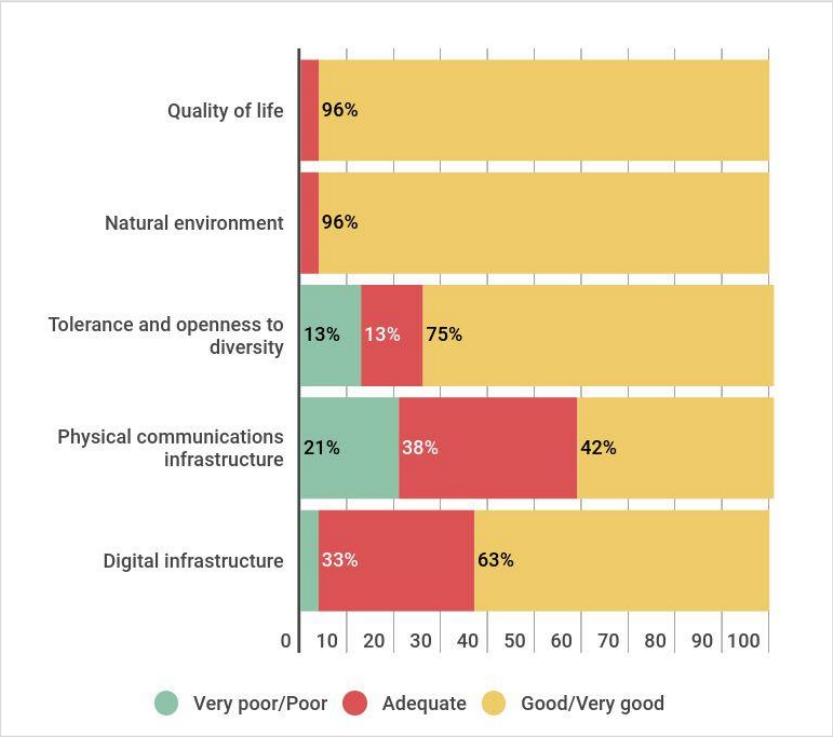
**Another mechanism to support creative human capital retention and development could be apprenticeship or employee funding support.** This would also contribute to alleviating a wider issue identified in interviews around high wage costs and significant increase in turnover needed before investment in employing new staff is possible. In Northern Ireland for example, the Creative Employment Programme provides funding support for creative businesses to provide paid internships (see case in Murtagh and Collins, 2018b). In Northern Finland, the Innovation Assistant project coordinated by Lapland University of Applied Sciences matches highly educated unemployed people with regional companies in Lapland (see case in Murtagh and Collins, 2018d)

## 2.2.2 Build the profile of creative industries

The Västernorrland environment is a positive asset that could support the future development of the creative sector. **Place promotion targeted at creative talent looking for a particular lifestyle, in contrast to that offered in core, urban regions, could also help to reduce the decline in creative capital in the region.** One example of a broader place promotion scheme is Look West, which provides information for individuals setting up a business or looking to relocate to the west of Ireland. Our survey found that creatives who live in the Västernorrland region rank the quality of life and natural environment very positively (see Figure 6). The quality of the digital communications infrastructure is also ranked highly in our survey which 63% of survey respondents indicated was very good/good. This infrastructure is essential to effectively operating a creative business in a peripheral region. Interviews highlight how a high-speed internet connection is vital to business operation, as well as wider digital communications to support and maintain existing client relationships. Given Västernorrland's peripheral location, physical accessibility is often challenging, but this infrastructure also ranked relatively well by survey respondents. That said, of the five areas assessed this was the poorest overall with just over a fifth saying this infrastructure was poor or very poor. Evidence from interviews suggests

public transport connections between coastal and inland parts of the region are low, as well as an overall decline in public transport services. In addition, the cost of travel to the region is viewed as potentially prohibitive. However, rising numbers of visitors are also noted, which is a testament to the attractiveness of the region.

Figure 6: Ranking of the Västernorrland region




**Place promotion could also be boosted by focusing on the existing creative sector's presence in Västernorrland.** Our interview evidence suggests local heritage, culture and nature inspire creative professionals in the region. Creative entrepreneurs are an important part of the region's contemporary endogenous cultural resources. They also contribute positively to creative place-making. One example is the Made in Medelpad retail outlet and exhibition space in Sundsvall, which also helps to highlight the vibrant craft and design scene in the region. It contributes to enlivening the Sundsvall town centre. In recent years its vibrancy has been impacted by the development of an out of town shopping mall and housing (see case study on Made in Medelpad in Collins et al. 2018). Open-ended survey questions and interviews also suggest the creative sector in the region struggles to gain recognition nationally. Large urban centres are hubs of creative production in the Swedish context, and creative content generated in more peripheral regions such as Västernorrland struggles to gain a similar status. **Place promotion celebrating the creative sector's presence in Västernorrland would also help to raise the profile of the sector.**

## 2.2.3 Cooperation for better market access

Owners of infrastructure, such as record labels or production studios, and more recently digital platforms can retain a significant portion of revenues generated in the creative industries (Collinson, 2015). Intermediaries, controlled and run collectively by creative entrepreneurs are increasingly important to redress this imbalance (Fuller et al., 2010). Other research has highlighted the importance of supporting the enabling environment for creative industries through stimulation and development of new co-operation models to increase scale and bargaining power (De Voldere et al., 2017). The environment for creative enterprise cooperation in Västernorrland already appears to have a number of strengths. As already discussed in section 2.1.1 the creative business environment in Västernorrland is composed of interconnected creative professionals who access spaces that facilitate maintaining and building connections. Support for the establishment of cooperative initiatives and businesses is also available through Coompanion Västernorrland. This is a cooperative development agency, contracted by the Swedish Agency for Economic and Regional Growth to offer information, advice and training on how to start and develop a cooperative business. It is also part of a national network of 25 cooperative business development agencies in other regions across Sweden. Cooperation and collaboration through organisations also appears important in the development of the design sector in the region (see Case 2, above).

**CASE 2: DESIGN ENTREPRENEUR ECOSYSTEM**

THE DEVELOPMENT OF THE DESIGN SECTOR IN VÄSTERNORRLAND APPEARS TO BE SUPPORTED BY A NETWORK OF SYNERGISTIC PARTS. THE DEPARTMENT OF DESIGN AT THE SUNDSVALL CAMPUS OF Mid Sweden University OFFERS DEGREE PROGRAMMES IN BOTH INDUSTRIAL AND GRAPHIC DESIGN. THE ORGANISATION SVENSK FORM FUNCTIONS AS A KNOWLEDGE PLATFORM, INTERMEDIARY, AND ADVOCATE FOR THE DESIGN FIELD IN SWEDEN. REGIONAL ACTIVITIES ARE A KEY PART OF THE ORGANISATION'S WORK, AND Svensk Form Västernorrland IS ONE OF 13 REGIONAL ASSOCIATIONS IN SWEDEN. ITS EVENTS AND SEMINARS ARE AN IMPORTANT PLACE FOR THE LOCAL DESIGN COMMUNITY TO CONNECT, SHARE KNOWLEDGE AND NETWORK. IT ALSO ARRANGES EXHIBITIONS THAT HELP RAISE THE PROFILE OF THE DESIGN SECTOR IN THE REGION. Design Västernorrland IS ANOTHER LOCAL ORGANISATION SUPPORTING THE DEVELOPMENT OF DESIGN. IT AIMS TO DEVELOP SKILLS AND ENCOURAGE THE IMPLEMENTATION OF DESIGN AND DESIGN METHODOLOGIES IN THE BROADER BUSINESSES ENVIRONMENT AND PUBLIC SECTOR. WIDER COLLABORATIVE INITIATIVES THAT BRING SMALL-SCALE BUSINESSES TOGETHER ALSO HAVE LINKS TO THE DESIGN SECTOR. THE COOPERATIVE RETAIL OUTLET AND EXHIBITION SPACE IN SUNDSVALL, Made in Medlpad IS RUN BY EIGHT MEMBERS, SOME FROM THE DESIGN SECTOR, BUT ALSO WIDER CRAFT AND ARTISAN FOOD INDUSTRIES. Art Local RUNS A SHOWROOM AND ONLINE PLATFORM TARGETING CORPORATE CUSTOMERS OFFERING CUSTOM PRODUCT DESIGN FROM ITS MEMBERS, WITH CAPACITY FOR LARGE VOLUME ORDERS AND SPECIAL COLLECTIONS.

Building on existing strengths, further development of **intermediaries that support and facilitate creative businesses to access existing and emerging opportunities is important in the future development of Västernorrland's creative sector**. The 'Design Cooperation' programme between small businesses in Rovaniemi, Finland and Sapporo, Japan provides a good

example of this type of support initiative (see case in Murtagh and Collins, 2018d). **Measures to stimulate a new type of creative business or state-supported intermediary focused on accessing new markets for existing creative products, rather than new content creation, could also assist building of greater economic sustainability in the sector.** While our evidence is narrow around specific areas of need, some observations can be made from our research interviews. Among creatives producing consumer products, such as craft and design makers, the challenges of cheaper competition is described. Larger companies can benefit from economies of scale and production in lower cost economies. Small businesses and start-ups who link in with local manufacturers can struggle to complete. They produce high-quality products and wider market trends towards affordability, and low cost is a challenge. These makers need to connect with particular consumer groups seeking quality, distinctive products or broader niche market opportunities.

# 3. Conclusion & recommendations

The creative sector is made up of a diverse range of sub-sectors from arts and architecture to photography and publishing. Research carried out for *a creative momentum project* assessing the economic and social impact of the creative sector in Västernorrland has highlighted its strong contribution to more sustainable regional economic development, as well as holding wider social and cultural value (see Collins et al., 2018). Other research has also identified how development of the dynamic creative and cultural sector can support a diverse range of policy objectives (for example see Crossick and Kaszynska, 2016; Tafel-Viia et al. 2014).

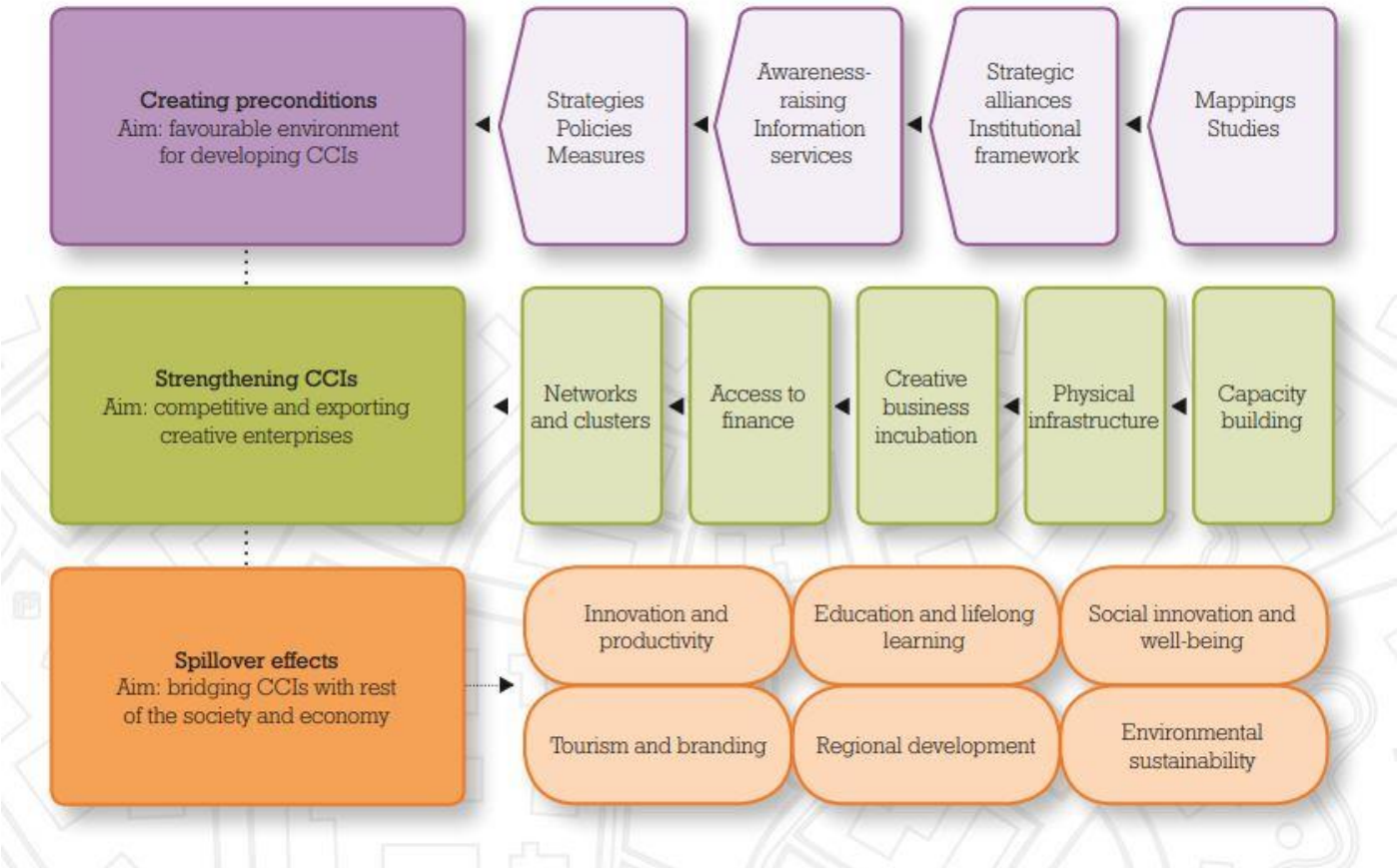
Given the multi-dimensional regional development value of the creative sector, effective support frameworks are important to facilitate its sustained value and potential for increasing impact. Also linked to the multidimensional nature of the creative sector and its impacts, an effective support structure is also complex, almost like a jigsaw puzzle of interlocking parts. Our findings point towards strengths in the Västernorrland region, but also a range of creative enterprise support needs to facilitate future development. Based on our analysis a number of recommendations emerge:

- A strength of the creative business environment in Västernorrland is a community of creative professionals that are well-connected. To help maintain these strong interconnections, as well as new relationship building and broader business development, we recommend investigation of the potential for a dedicated creative enterprise incubator in the region.
- Also to build on already strong interconnections in the sector, unharnessed potential to develop greater synergies between creative sub-sectors and other industry sectors should be examined, as well as the development of supports to catalyse projects.
- To support improved access to knowledge and up-skilling opportunities, increased opportunities for networking through creative sector information exchange events provides an avenue to support this in a more organic way. More formally, development of a creative entrepreneurship training programme, underpinned by peer to peer learning, would provide a valuable creative business support in relation to up-skilling. This could be tailored to specific creative sub-sectors with growth potential.
- Building a balance of revenue streams is important to creative enterprise success. Increased supports for network building in new markets through support for attendance at trade fairs, industry events and touring exhibitions would provide a vehicle for creative professionals to build new networks so they can tap into new revenue streams.
- The tax burden on micro creative enterprises emerged as a limiting factor impacting creative sector business sustainability in Västernorrland. The need for assessment of existing tax breaks available to creative enterprises and the potential for new tax break schemes emerges.
- Existing supports for small business and creative sector professionals are a central part of the support structure for creative sector development in the region. The continuing availability of these supports, as well as national supports, such as for new product and service innovation, are a vital part of the existing support structure for creative sector development in Västernorrland.
- Further assessment of the finance needs of creative sector enterprises in Västernorrland is needed to understand how existing supports could be better tailored to creative business needs, or if new support schemes are warranted.

- The importance of having time to invest in experimentation and idea development emerges as a vital factor as part of new creative content generation. A regional fund to support leading creative professionals to focus on their creative practice full-time would help to build distinctive cultural assets in the region. Assessment of existing supports and the potential for a regional fund supporting a variety of forms of artistic creation would be a worthwhile area of future policy consideration.
- An effective support ecosystem should also integrate measures that aim to retain and build the region's creative talent. Provision of grant incentives supporting creative projects in the region could help stimulate growth in creative human capital, as well as building the region's distinctive cultural assets. Another mechanism to support creative human capital retention and development could be apprenticeship or employee funding support.
- Education appears to act as one important ingredient supporting the development of specific creative sub-sectors. Assessment of creative sub-sectors with growth potential, their skills gaps and development of education programmes to address this would also support human capital growth tailored to creative sector needs.
- Place promotion targeted at creative talent looking for a particular lifestyle, in contrast to that offered in core, urban regions, could also help to reduce the decline in creative capital in the region. Place promotion could also be supported by focusing on the existing creative sector's presence in Västernorrland. This would also help to raise the profile of the creative sector in the region.
- Development of intermediaries that support and facilitate creative businesses to access existing and emerging opportunities is important to the future development of Västernorrland's creative sector. Measures to stimulate a new type of creative business or state-supported intermediary focused on accessing new markets for existing creative products, rather than new content creation, would also assist building of greater economic sustainability in the sector.

Areas of future investigation are also important to highlight. Here we present the perspective of creative entrepreneurs on support needs. There is still call for more in-depth, comprehensive research. Studies incorporating data from a range of stakeholders, as well as looking at specific creative industry sub-sectors would represent positive next steps in assessing the needs of the peripheral creative sector in Västernorrland. More broadly, our recommendations intersect with a framework for cultural and creative industries development recommending policies and supports at three levels (see OMC-EWG-CCI (2012) and Appendix 1). We also suggest our recommendations are assessed in the context of this framework, as well as evidence presented in other policy-oriented studies on creative sector development (such as Austrian Institute for SME Research and VVA Consulting, 2016; Collins et al. 2014; European Creative Industries Alliance, 2014; OMC-EWG-CCI, 2014; KEA European Affairs, 2010; Creative Growth 2011).

# Appendix 1: Framework for developing cultural and creative industries




Source: OMC-EWG-CCI, 2012

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