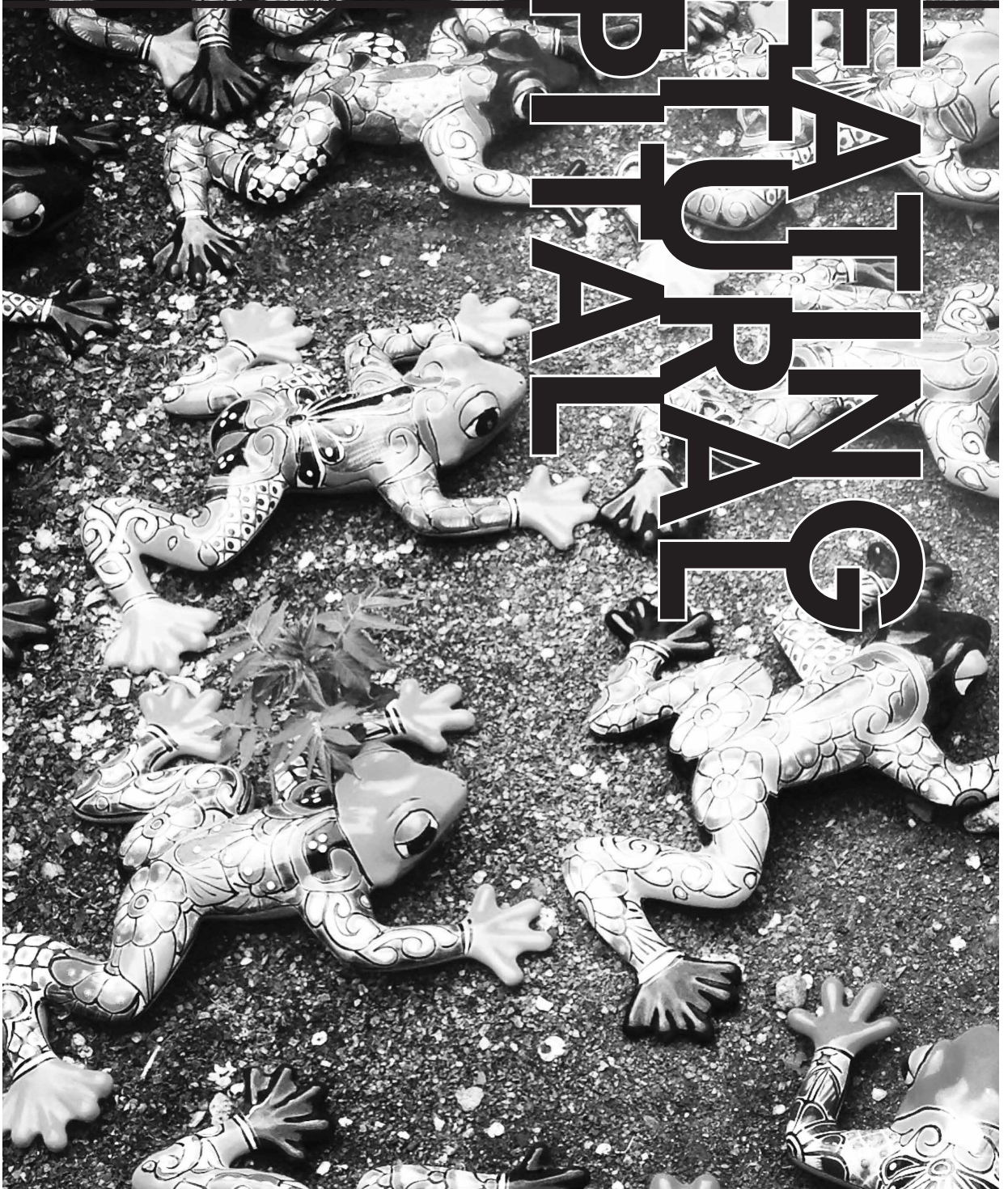

*Cultural Entrepreneurship in Theory,
Pedagogy and Practice*

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CULTURAL ENTREPRENEURSHIP



Pioneering Minds
Worldwide

PROFESSIONAL SHORT-TERM TRAINING FOR CULTURAL ENTREPRENEURS IN VALDIVIA, CHILE INNOVUSS PROGRAM

Abstract

In 2012 started the work of the Creative Industries Node, an entrepreneurial support project funded by the National Agency for Entrepreneurship and Innovation (CORFO) in Chile and run by the Universidad San Sebastian Business School in the city of Valdivia, in the Southern part of Chile.

This project began with a gap diagnostic which pointed at the lack of business management skills and knowledge within the creative industries. Creative businesses and cultural entrepreneurs show a sub-optimal conduct within their projects, which limits their ability to promote both innovation and development.

Based on this analysis, sectorial needs and requirements have been identified. An intensive training program for professional cultural entrepreneurship has been developed, called *Innovuss*. It covers four training modules: creativity and innovation, business modelling, marketing, and oral communication; aimed to strengthen the business development of the participants through a one-month process.

This paper presents this community based training program, focussing on sectorial innovation for active creative entrepreneurs in the Southern region of Chile.

Introduction

‘The creative and cultural industries constitute one of the fastest-growing sectors globally. The sector is forecast to play a bigger role in coming years. If the countries of the Americas are to achieve a balanced, high-growth economy, it is vital that the key strengths of businesses in the creative sector are nurtured’ (Inter American Development Bank, 2013, p. 3).

According to the Organization for the Economic Co-operation and Development (OECD) both creativity and culture can be regarded as relevant factors in development at a personal level, but especially at a societal level. *‘They are a driving force for economic growth, are at the core of ‘glocal’ competitiveness in the knowledge society and shape territories and local economies in a way which is both innovative and creative’ (OECD, 2005).*

The international body affirms that the ability to bring to the forefront and spread values and references offered by cultural activities can make an outstanding support in development processes. This contribution makes possible that individual and communities plan their future, design new initiatives and collaborate in finding solutions (OECD, 2005).

Dos Santos (2008) has set an important emphasis for mid-income countries like Chile. The Brazilian expert notes that poverty has remained as an important and unsolved matter in developing countries, especially in those depending on commodities. In spite of the efforts made to redefine industrial strategies in this type of countries, they lack of productive diversification. It is difficult to build a feasible development based on local realities and scarcities in labour, infrastructure and investment.

The Planning Context

In 2007-2008, the *Región de los Ríos*¹ started a process to define its development strategy towards 2019. The objective of this planning tool is to generate the conditions and the environment to foster prosperity in the region by improving quality of life to its inhabitants. The creative economy, which is assessed at a national scale, is seen as an emergent sector with an incipient development but a considerable potential of growth with a medium-sized state effort to achieve competitiveness (CNCA, 2014).

The region capital, Valdivia², located 800 kilometres south of Santiago, the national capital, has developed a strong identity as a university and cultural pole in the south of the country. It holds the Universidad Austral, one of the top five universities in the country, and is also hosts the most important film festival in Chile and is headquarters of important events on classic music, jazz, theatre, dance, rock, etc. This identity, has been developed from the touristic tradition founded on its heritage; the *Mapuche*³. The Mapuche were of the most important first nations in Chile; they consist of Spanish and German immigrants, and of course Chileans, which surpassed the regional frontiers, generating an image of cultural capital in the southern region of the country.

In 2013, the national arts council (CNCA) conducted a national mapping study on creative industries, oriented to assess the state of the art and its overall behaviour in the whole country. This mapping process, based on a multidimensional analysis (labour, education, infrastructure and public funding) also provided data on the regional activities. The *Región de Los Ríos* is part of those regions that hold less labour, less infrastructure, less economic activity and less creative education supply (CNCA, 2013).

A regional mapping conducted earlier in 2011 provided information about the creative economic activity in the region, as a first attempt to describe the creative contribution to local economy. Among the data collected, the research concluded that the creative economic activity in the region accounted for 0,3% of the regional total sales. In labour, however, 5,9% of national employment corresponds to creative workers and, at a regional scale, this figure is even higher (6,1%).

¹ The *Región de los Ríos* is one of the 15 administrative divisions in which Chile is divided. It was created in 2007 and it counts 369.000 inhabitants.

² The city of Valdivia has 140000 inhabitants

³ *Mapuche* means *People of the Land in mapudungun, the mapuche language. This indigenous group currently lives in central-south Chile and south-western Argentina,*

Creative Labour	Total Labour	Creative Labour	Employment Rate
Regional (Los Rios)	8228	134071	6.1%
National	409406	6914037	5.9%
Concentration rate in the region	2.0%	0.7%	

Table 1 Comparative chart on creative and total labor rates at a regional and national scale (2011) Source: CNCA

At the regional level, the local mapping study observed that creative labour has been mainly performed by university graduates (IDEE, 2011). In contrast, the region has scarce educational offerings in creative professions. To a certain extent, this apparent contradiction is due to the positive image of especially its capital Valdivia; conditions that appeal to creative talent and labour. Several surveys include the city among the best places to live/study/visit in the country.⁴

Within this context, a competitiveness program on creative industries is initiated. In order to foster the local creative sector as an economic pillar in regional development, a baseline study is executed. One of the most important findings is the need to improve the managerial skills and innovation management in the creative sector. Based on this analysis, CORFO funded a project aimed to deliver technologic transferences of innovative solutions and managerial tools to improve competitiveness and, as a consequence, to improve the development of cultural and creative businesses and projects. This project called *Nodo de Industrias Creativas* (Creative Industries Node), commenced in 2012. Its intention is to improve the result of cultural and creative businesses by means of training, counselling and support in an initial group of 20 entrepreneurs.

PRACTICE

Fundamentals

One of the main findings in the research of creative and cultural entrepreneurship is that entrepreneurs show a lack of skills in management and business-aspects (Power and Jansson, 2006).

In Chile and, to a great extent in Valdivia, cultural entrepreneurs' lack of abilities obstructs the economical results. In general terms, creative entrepreneurs exhibit some generic notions about '*free trade agreements*' or '*world heritages condition*', however this knowledge is not regarded as opportunities in terms of arts practice or business (Santiago Consultores, 2006). This assessment on cultural entrepreneurs in Chile states confirms the lack of skills to visualise the business or economic dimension in their disciplines, a lack of a clear marketing strategy, and few links to private entities to obtain sponsorship. In addition, a lack of professionalism and abilities to manage resources can be noted, especially in business and project design. During the design of the project on creative industries in Valdivia (Dalberg consultancy, 2009) a '*gaps map*' is created, sketching a possible favourable environment for cultural and creative entrepreneurship. Among the four main gaps, the study pointed at the development of talent in managerial and business skills.

⁴E.g. a survey called *Barometro Imagen Ciudad*, conducted by *Vision Humana* (2014) ranked the city in 4th place among the best Chilean cities to live. The *Urban Quality of Life Index 2014 (Intermediate Cities)* ranked the city 5th in the country

Design, Validation and Implementation

With this context in mind, we started to define a training program in cultural entrepreneurship. As previously indicated, the project *Creative Industries Node* began its work in 2012. The program started with a group of 20 entrepreneurs from micro-companies⁵, committed to participate in a training plan on managerial and innovation skills.

At the beginning, the project-team designed and implemented a technology audit, whose aim is to know the level of business development and internal organization in the projects and entrepreneurs participants. This activity provided a significant amount of information to perform both an individual and a collective diagnostic that allowed the project to visualize the most important gaps. If one applies the entrepreneur equation proposed by Drucaroff (2006) to this diagnostic, the outcome is that the weakest stages in the development in cultural and creative entrepreneurship are both analysis and strategy, especially in innovation management. The audit revealed that creative entrepreneurs often connected directly their creativity to action with no analysis and strategy to prevent or minimize mistakes and failures.



Figure 1 Entrepreneurship Equation. Source: Drucaroff (2006)

The project provided an individual counselling service to participants, offering an additional possibility to identify the main concerns and issues for their business development. A part of the project team offered support and advice on business model design and marketing, allowing to confirm the need to improve managerial skills, as well as those related to innovation and marketing.

Based on the information provided via the technological audits and counsel meetings, the team evaluated the results and designed a program oriented to deliver intensive short term training on current entrepreneurship methodologies, in order to improve the existing cultural and creative projects, the innovation processes, and the analytical skills regarding the current state of their business.

The design is submitted to a double validation filter. First, *CORFO*, the funding body, evaluated the results obtained from the different audits. It resulted in a designated plan to teach entrepreneurship techniques to creative entrepreneurs. It validated the program as a micro incubator for cultural and creative projects; emphasizing the support of business ideas as a concrete way to help entrepreneurs to grow. The second filter is executed by the creative entrepreneurs involved. The program is submitted to the participants' approval.

⁵ According to the technological audit these original participants originated from several sectors; design, music, crafts, software, architecture.

The Structure of the Program

The program, called *Creative Project Acceleration Program*, branded as *Innovuss*⁶, is planned to support creative businesses from the initial stage of idea. Due to the tight schedule of the participants - mainly entrepreneurs and independents workers, who have not enough time available to attend extended class modules - the program is designed as an intensive and focalized generation and acceleration of new creative businesses (Olivares et al, 2014). It holds a series of 4 short modules, a collaborative workshop and a permanent support by the staff-team. This training program aims to improve the participants' skills, and train them to prepare new projects, to market them and to pitch them before customers, investors and/or public funding bodies. Originally, the program is designed to be implemented a short period of time. However, due to the interest of entrepreneurs and the lack of learning opportunities in creative methodologies, the team developed a second and a third version, adding the number of participants to 75 per session, over 3,5 times the original numbers planned.

When implemented, the program started with a call for entries of business ideas through an online form inviting entrepreneurs to propose projects to be assessed by the team. After a review, much-promising application were followed-up by a personal interview, aimed to evaluate the entrepreneurial skills. When admitted, the short term training in creative entrepreneurship followed. The applications process allowed the receipt of business ideas from different sector such as design, visual arts, music, traditional gastronomy, cultural tourism, software, communications and publishing, crafts, architecture and cultural management. During the one-month training, the participants took part of a series of teaching modules with experts in every field, completed with a number of counselling sessions.

After a number of trial sessions the program *Innovuss* included different phases:

1. Module 1: Design Thinking
2. Module 2: Business Model Generation
3. Module 3: Marketing
4. Module 4: Elevator Pitch

The course starts with **Design Thinking**; *'a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity'* (Brown, 2008, p. 86). This workshop offers innovative techniques to develop creativity in finding solution to customers' problems. Frequently, within the cultural and creative professions the focus is inside oriented; *'our'* or *'my'* work, with not much attention focussed on audiences or customers. This workshop promotes a change in the point of view in the process of designing products/services.

This workshop is presented to applicants as a tool to create value in developing goods, services and creative experiences. It is thought as a technological transference, whose objective is to help entrepreneurs to create new projects by generating innovative ideas, research strategies, design process, and also by fostering them to think out of

⁶ The name emerges by combining the word *Innovation* and an acronym for *Universidad San Sebastian, USS*.

the box. The aim of this module is to offer a new perspective to design new products or services in cultural context, with a special focus on - current or eventually future-needs and wishes in cultural consumption. It is commonly assumed that creative sector is permanently creative; however the findings in the technologic audit contrast with this extended view, especially when creative work become a daily routine. This module delivers tools to facilitate the innovation process in every project to generate new creative services or cultural goods

The second module offered is **Business Model Generation** (Osterwalder and Pigneur, 2010), which is a tool where one can find all the aspects involved in a business, even in a non-profit cultural project. In words of the authors '*a business model describes the rationale of how an organization creates, delivers, and captures value*' (Osterwalder and Pigneur, 2010). This is a tool that offers a simplified way to describe visually a business, especially to those with no training in management. It is also a method to add value to a project, by means of visualizing what the customers segments are, and what the proposition values have to be delivered to these segments. It offers a visual method, easier to handle by those entrepreneurs in cultural and creative industries. In a one-sheet diagram, participants define all main factors involved in their businesses. In addition, it offers a proper and professional advisory, improving the concepts by visualizing new factors that have remained out of sight.

The third module is **Marketing**. Yet, it is not offered in the traditional meaning of advertising a product and services for sale. In the words of the creative consultant David Parrish, it is '*about designing your business with markets in mind. Strategic marketing focuses on choosing the right customers to buy your products, before you start to do any selling*' (Parrish, 2014, p. xi). The aim of this module, paraphrasing Parrish, is a complex and integrated process oriented to go in depth into the knowledge of the business, to evaluate its position in a market occupied by competitive actors and make connections with the appropriate customers. '*Strategic marketing is the vital matter of making the right products, selecting the best customers, and then managing the relationship with those selected customers. It's about aligning your whole business to the changing needs of the most important customers*' (Parrish, 2014).

The program ended with a module on the **Elevator Pitch**. Participants deliver appropriate business presentations before investors, partners, funding bodies and/or customers. Presenting ones' work is identified as a competitive gap, identifying a lack of clarity and synthesis in expressing the core elements of ones' projects. One is in need of a clear expression of creative aspirations to endeavour a new project, more than a viable business model. In this way, this workshop is regarded as a tool to strengthen the business model design in a way to make clear all the main elements involved, facilitating the process of communicating to external audiences. This workshop is designed in a two-part module. The first one is related to redesign the narrative of the business, and the second one is geared to rehearse and perform this new narrative via a test-and-error approach. The module helps participants to define and arrange a sort of a script in which is defined '*what to say*', trained to manage the body and voice, as an actor rehearsing a role to play.

Concluding, as a transversal work, the project provided a collaborative workshop called *Minga*⁷ *Creativa*, in which a group of entrepreneurs were oriented to visualize problems at a local scale (i.e. Urban issues) providing ideas to solve them by interchanging their different points of views. The purpose is to generate a networking opportunity, but also a chance to share knowledge and experiences with other entrepreneurs, providing them the occasion to create ideas by constructing collaboratively new ones based upon the ideas of others. This workshop has also been designed as an application period of all the other modules, by using the learnt techniques to identify problems and to try finding solutions by means of thinking out of the box and trying to define a proposition value to users or customers.

As a summary, the program includes four modules, a final workshop and the counselling services, all aimed to achieve and improve the required innovative skills, to support entrepreneurs in the process to build a business, and to perform properly before the investors or sponsors.

Public Funding

Following the general cultural entrepreneurship projects, Chile created an annual schedule for public funding for private initiatives in business and culture, offering seed capital that are open to a public application. The core of this funding is to help entrepreneurs to start or develop a business or, in other cases, to fund a cultural or creative project (mostly oriented to the film industry). In advanced stages of the applications process, the public funding bodies (CORFO, SERCOTEC⁸, CNCA⁹, c.s), require to present the business model, a pitch and/or the distribution policy.

During the validation process, CORFO expressed its interest in generate a series of initiatives to be presented to funding bodies to create new entrepreneurial projects in cultural and creative industries. In this way, one of the additional objectives of the program *Innovuss* is to prepare and support entrepreneurs to apply for public funding in order to bring the idea to life as a new business-venture.

⁷ *Minga* is the name of a traditional cultural practice in the South of Chile, where local communities work in coordination and collaboration to support their members to harvest, to make apple cider, and, especially, to literally move houses across the sea and fields to a new location. This physical relocation process has become a communal celebration.

⁸ *Sercotec* is the Spanish acronym for Cooperation and Technical Support Service, a public agency oriented to support and fund SME's and micro-companies.

⁹ *CNCA* is the Spanish acronym for Arts and Culture National Council, equivalent to a Ministry of Culture.

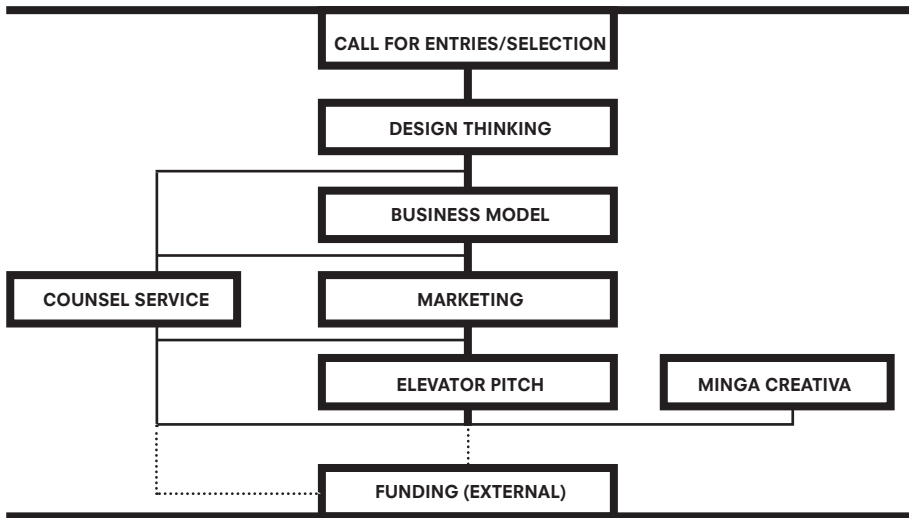


Figure 2 *Innovuss* program diagram

Results

In order to measure the impact of the program in the community, a qualitative survey post-evaluation has been developed. Based on the survey developed, entrepreneurs stated that their knowledge of their own business improved by means of considering new variables, analysing factors that previously remained ignored to them, such as customer needs or value to be delivered (see for a comparison Chris Brown, 2008).

Another relevant outcome is that entrepreneurs were eager to use the learnt methodologies in their business-activities, with the purpose to improve management and innovation in order to become more competitive.

A third remarkable element in the analysis is that entrepreneurs have developed a positive attitude towards sharing their experiences with colleagues. Exchanging one other's experiences is regarded as a lesson to all the participants, and also seen as a constructive feedback from others. The collaborative work used to be a tradition in the history of Chile. However in business and even in arts, individualism has played an important role. In this sense, this project attempts to recover part of this traditional grass-root practice.

Another positive result can be identified in the field of funding. Despite the fact that it is not mandatory to apply for funding, it is considered to be a success indicator for the project. The success-rate in applying to public subsidies, dedicated to start a cultural business or to create a creative project, is considered to be very positive. During the program 12 projects supported by *Innovuss* applied for public funding, with a rate of approval of 75%, equivalent to 9 approved projects. These figures cannot be compared to any other information, because it is the first edition. However, according to the funding body, teaching entrepreneurship techniques to cultural practitioners with an applied experience in fund-raising (public or private) is seen as a positive improvement. This opinion is confirmed by the entrepreneurs themselves, who expressed their opinion about the program. It has been meaningful in terms of helping them to analyse and

plan their business-strategy to business. The counsel provided, made them feel sure about a business idea; the support made them feel accompanied in the adventure of creating a creative business.

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