

Cultural Innovation and Entrepreneurship in London

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Contents

| | |
|--|----|
| Foreword..... | 1 |
| Executive summary | 2 |
| Aims of this paper | 3 |
| 1. Introduction | 4 |
| 1.1. A changing landscape..... | 4 |
| 2. Cultural entrepreneurship in London | 6 |
| 2.1. Big opportunities | 6 |
| 2.2. London – the right place at the right time | 8 |
| 3. Fostering cultural innovation and entrepreneurship..... | 11 |
| 3.1. Embrace and enable intrapreneurship among employees – get them thinking like an entrepreneur in your organisation..... | 11 |
| 3.2. Encourage experimentation instead of over-analysis..... | 12 |
| 3.3. Make use of co-working spaces – they offer the best of both worlds | 13 |
| 3.4. Borrow new models for innovation and experimentation | 14 |
| 3.5. Adopt new approaches to partnerships..... | 16 |
| 3.6. Bring in the right people to help develop the right culture | 18 |
| 3.7. Multichannel..... | 19 |
| 3.8. Seek out new forms of funding and resources | 21 |
| 3.9. Consider economic impact and gentrification | 23 |
| 4. Summary and conclusion..... | 25 |
| 4.1. How can London be positioned as a hub for cultural innovation and entrepreneurship? | 26 |

Foreword

The creative, cultural and technology industries are together helping to boost UK growth, the creative industries alone contributing over £70bn to the UK economy and generating almost 6% of UK jobs in 2012.

London is well-placed to be at the forefront of these developments, with its longstanding strengths in arts and culture alongside more recent technology-focused developments, including one of Europe's largest communities of start-ups and entrepreneurs. One in ten jobs in London is in the technology, media and telecommunications (TMT) industry, which contributes 8% of UK GDP, and which is forecast to provide nearly 50,000 new jobs in London over the next decade.

This report provides an overview of London's creative, cultural and technology landscape and in particular, highlights how these industries are developing increasingly innovative ways of working. This movement – dubbed 'cultural entrepreneurship' – has emerged in response to changing audience expectations of creative experiences, against a wider background of changing funding models.

Particularly exciting has been the way in which individuals and organisations working in the cultural and technology industries have been coming together to create entirely new business models and experiences. The City of London was delighted to host the pioneering 'Hack the Barbican' event in summer 2013, which showcased a number of such initiatives, and to act as London sponsors for the Remix summit in 2013, which brought together entrepreneurs from the technology and cultural worlds.

The report also highlights the importance of the right support and training for entrepreneurs, and the ways in which the cultural industry might be able to learn from successful models of such *incubators* and *accelerators* in the technology industry - organisations that help early-stage entrepreneurs develop and finance their ideas, many based in and around the Tech City neighbourhood.

The City of London is well-placed to help support such initiatives, drawing on the technology strengths of our neighbours in Tech City – and increasingly present in the Square Mile – alongside our own world-class culture cluster, which includes the Barbican, the Museum of London, and the Guildhall School of Music and Drama. Likewise our ongoing support for the Digital Shoreditch festival and initiatives such as Entrepreneur First, FinTech Innovation Lab, and Teen Tech City.

We are also delighted to be playing a proactive role in the development of innovative forms of support for cultural entrepreneurs. The Guildhall School of Music and Drama for example recently launched an innovative initiative in partnership with Cause 4 – the 'Creative Entrepreneurs' scheme. The Barbican has very recently launched Fish Island Lab, a new arts incubator project in association with The Trampery based in Hackney Wick. It will see emerging artists, particularly those in digital media, undertake a 10-month residential programme of training and mentoring. This project aims to take the incubation model used in the technology world to kickstart the careers of an upcoming generation of artists.

At a time when the cultural, creative and technology industries are evolving rapidly and finding new ways of working together, this report highlights a range of innovative approaches and new business models being developed in these industries in London. In doing so, it provides valuable food for thought and a source of ideas as to how London can continue to build on its strengths as a leading centre for culture and technology.



Mark Boleat
Chairman of Policy and Resources Committee
City of London Corporation

Executive summary

This special interest paper, commissioned by the City of London Corporation and authored by Culture Label Agency, considers an emerging movement of 'cultural entrepreneurship' within London's creative and cultural industries. This is being driven through a mix of economic necessity (as traditional funding sources have experienced budget reductions), plus an increasing awareness of the opportunities for innovation and entrepreneurialism.

Enabling these developments are transformations in the nature of the relationship between cultural institutions and their audiences, the ongoing technology revolution, the diversity of finance sources available and the development of new, commercially sustainable creative business models.

Cultural entrepreneurs are characterised by their innovative strategies and approaches: hungry to explore new ways of working; experimenting with new ideas and adapting quickly to change; seeking out ambitious partnerships and collaborations; and as commercially astute as they are creative (i.e. thinking creatively with their business models as well as their artistic programmes). Cultural entrepreneurs exist and operate both within and outside of cultural institutions. This paper largely focuses on 'cultural entrepreneurship' applied within organisations, though is also relevant to individual entrepreneurs seeking to get involved or build on their experience in this industry.

Cultural entrepreneurship therefore represents the meeting point of culture, technology and entrepreneurship. It is fuelled by collaboration between different industries including the cultural and creative industries, technology, and financial services.

While in many ways, this paper is relevant to any densely-populated urban area or city with a strong cultural offer, the focus here is on London as a particular exemplar. With its vibrant cultural, technology, start-up and financial communities – often benefiting from working in close proximity to each other - and its depth of cultural history, London provides a unique foundation for these industries to thrive both independently and in collaboration. The Mayor of London's updated Culture Strategy¹ is testament to the progress achieved in these industries so far, as well as setting out the Mayor's vision for an increasingly cultural and creative London in the future.

The vibrant start-up culture of London provides a unique source of inspiration for cultural institutions to innovate and explore new areas. Some of these, explored in this paper, include: creating structures and methods that encourage and enable employees to think and act more like entrepreneurs; adopting business set-ups such as co-working spaces, incubators, 'hackathons' and accelerators; working more collaboratively with other industries and with people from innovative backgrounds; reaching audiences in new ways using technology; and exploring new funding options. Taken together, these are some of the key ingredients for making great ideas happen.

¹ ['Cultural Metropolis: The Mayor's Culture Strategy – achievements and next steps', The Mayor of London, 26th March 2014.](#)

Aims of this paper

This paper looks at the current landscape of cultural entrepreneurship, and considers characteristics of its success, largely at an organisational level. There are far more examples of cultural innovation and entrepreneurship than are acknowledged here, and this paper does not seek to list all the possible examples that are being used, but to highlight those of direct relevance for the reader.

Through an exploration of current examples, this paper aims to provide practical insights on the methods and tools available for developing cultural entrepreneurship. In doing so, the paper draws on numerous case studies of innovative projects in this space, both within and outside of institutions. The paper therefore seeks to act as a 'sounding board' for the developments in cultural entrepreneurship, a rapidly changing and new area of business. It is aimed at cultural institutions and professionals, policy makers and other interested stakeholders. This paper largely focuses on the commercial aspects of innovation and entrepreneurship in cultural institutions. While it is recognised that there are also non-commercial benefits for institutions – such as improving employee engagement, and strengthening community relationships, among others – these are outside the immediate focus of this paper.

The paper focuses on London as a particular context for cultural innovation (though international examples are considered where relevant). London holds a unique position in the UK, as a truly global city with the history, scale, and industry, to further develop an ecosystem to support the cultural entrepreneurs and start-ups that create both a cultural and commercial dividend for the UK economy². Currently only a few other global cities, such as New York and Tokyo, have a similar critical mass of technology, cultural and finance industries as London. This creates a unique competitive advantage for a city which is already producing new cultural start-ups, alongside more experienced and mature cultural businesses.

London-based institutions and individuals are already leading the way in cultural innovation. This paper aims to highlight the timely opportunity to establish London as one of the world's leading cities for cultural entrepreneurship. It will however also be of relevance to any densely-populated urban area or city with a strong cultural offer and technology industry, and which is looking to develop these areas further, particularly by drawing on innovative, new ways of working and entrepreneurship.

This paper first sets out in chapter one some background context to cultural entrepreneurship generally, followed by a more detailed exploration of this specifically in London, in chapter two. Chapter three identifies and discusses the key features of what successful cultural entrepreneurship looks like, drawing on London-based case study examples to evidence this. The paper concludes with a short summary and forward-looking analysis for further developing cultural entrepreneurship in London.

² Recent Government research finds the creative industries had a GVA of £71.4 billion in 2012, which accounted for 5.2% of the UK economy. See: ['Creative Industries Economic Estimates', Department for Culture, Media and Sport, January 2014.](#)

1. Introduction

At the heart of entrepreneurship is the idea of creating something from nothing. It is about spotting an opportunity or a solution to a need, and making it happen by creatively using the assets available, and being proactive rather than waiting for permission or instruction. Entrepreneurs are passionate, ambitious and motivated and have to work in agile, flexible ways, often facing unforeseen challenges in trying to achieve their business objectives. Partly through necessity but also opportunity, cultural professionals are increasingly adopting such strategies and philosophies to create sustainable, commercially successful businesses that also generate significant cultural value - giving rise to cultural entrepreneurship.

One of the recent catalysts for the rise of the cultural entrepreneur has been an economic need due to reductions in public funding to arts and culture institutions, such as the British Council³ and Arts Council England (ACE)⁴. Subsequently cultural institutions are looking to open up new revenue streams to get their projects off the ground. However, cultural entrepreneurship is just as much about leveraging new technologies and existing assets to create new forms of artistic value and reach new audiences, as it is about fulfilling an economic need.

Marcel Knobil, founder of [Superbrands](#), defines this movement as: "For cultural endeavour to flourish, as it deserves to do so, it needs to capitalise upon entrepreneurial talent and approaches. This isn't compromise - it's enterprise."⁵

1.1. A changing landscape

Along with other industries, the rate of change in the cultural industry continues apace. This creates challenges to established operating systems and structures, but also potential for huge opportunities for the future. Those who employ entrepreneurial, flexible and responsive ways of working are best placed to excel in this environment.

Amongst the many changing trends in the cultural environment, three stand out.

Firstly, the funding landscape continues to change and after six years of economic upheaval in the UK and globally, funding to the creative industries has inevitably been affected. England's largest funding body, Arts Council England (ACE), has had its public funding reduced over the years, which has had knock-on effects on the organisations it supports. For example, ACE is facing reductions of 1.17% in its 2014/15 budget⁶, and reductions of 5% in 2015/16⁷. This means cultural organisations have had to focus more than ever on ensuring they deliver to their audience, becoming ever more customer-focused, to create value and increase participation and spend.

³ [Annual Report 2012-13, British Council](#).

⁴ ['Autumn Statement and Spending Review 2013', Arts Council Press Release, 18th December 2014.](#)

⁵ [Foreword by Marcel Knobil to 'Intelligent Naivety: Commercial Opportunities for Museums and Culture Institutions', Simon Cronshaw and Peter Tullin.](#)

⁶ ['Arts Council England Announces More Funding Cuts in 2014', The Stage, 1st April 2014.](#)

⁷ ['Spending Round 2013 Arts Council England', Department for Culture, Media and Sport, 3rd July 2013.](#)

Secondly, audiences themselves are changing both in terms of demographics and their relationship with cultural institutions. The old paradigm of an authoritative cultural expert and a passive cultural consumer is being increasingly challenged as audiences demand greater involvement through dialogue and responsive engagement with culture institutions. Many organisations are grappling with the challenge of embracing audiences as collaborators, for example. Adding to this is the increase in urban population, with 50% of the global population now living in cities⁸. This has led to the rise of an increasingly adventurous and demanding urban audience, eager for unique cultural experiences, which cities are well-placed to provide. Business models focussed purely on city consumers – such as ‘urbanomics’ – have emerged on the back of this.

The final major disruption in the creative industries involves the impact of evolving technology. Blanket connectivity and mobile technology has led to 24/7 engagement and the extension of the customer journey far beyond the ‘9 to 5’, physical experience traditionally offered by museums, theatres and galleries. The rise of social media and networks is allowing a new generation looking for novel cultural experiences to zero in en masse to ‘the next big thing’. Distribution channels such as the internet provide the opportunity for cultural service providers to ‘cut out the middle man’ and deal directly with their target audience, helping to reduce costs and engage more effectively with consumers. This ability to reach a global audience quickly and directly can be likened to the way that previously unknown individuals can now quickly reach a global audience of millions directly through online channels such as YouTube, sometimes rising to celebrity status as a result. [Maker Studios](#) for example, produces and distributes entertainment videos online, and has more than 340 million YouTube subscribers which can also upload online content directly themselves. The recent acquisition of Maker Studios by Disney for \$500 million⁹ also illustrates how such cultural and technical innovation can also deliver a highly lucrative business model.

While there have been other developments, arguably these are the three trends which have been key in driving entrepreneurship and innovation in the cultural and creative industries. The next chapter considers some examples of how this has been achieved in a London context.

⁸ [World Health Organisation, Global Health Observatory – Urban Population Growth.](#)

⁹ [‘Disney to Buy YouTube Network Maker Studios for \\$500 million’, Reuters, 24th March 2014.](#)

2. Cultural entrepreneurship in London

2.1. Big opportunities

London is a global capital of culture, home to three of the world's top 10 museums and what is reported to be the world's most popular music venue (the O2 Arena¹⁰). London has 173 museums, 857 art galleries, 796 cinema screens, and hosts around 250 annual festivals and 17,000 live music performances a year. Londoners value culture and 84% think it is important in ensuring high quality of life¹¹.

The most recent figures from the Association of Leading Visitor Attractions highlight that public interest in culture and visitor numbers to London attractions has never been so high¹². The year 2013 saw the phenomenal success of exhibitions such as David Bowie Is at the [V&A Museum](#), which beat all box office records with 311,000 visitors and 67,000 tickets sold before the exhibition even opened¹³. During the 2011 sell-out Leonardo Da Vinci exhibition at the [National Gallery](#), tickets with a face value of £16 were being resold for up to £400 (albeit illegally)¹⁴. In the same year, the [Tate Modern](#) turned 10 years old, and the building, originally designed for two million visitors, catered for a record 5.5 million in 2012/13¹⁵. A new extension is underway to dramatically extend the space. Total visits to the 16 national museums directly supported by the Government (such as the [Tate](#), [V&A](#), and [British Museum](#), among others) peaked at 47 million in 2012/13, following a trend of steady increase in visitor numbers since 2002/03¹⁶.

The demand is so great for such 'blockbuster' exhibitions, as they have been characterised, that they are now being developed as multichannel experiences. The British Museum screened Pompeii Live in 2013 which grossed £471,000 at the UK box office alone, breaking into the national top 10 weekly film chart. The British Museum announced in February that its Vikings exhibition will be given similar treatment this year, screening in 380 UK cinemas and a further 50 countries¹⁷. Nationally, the [BBC](#) has unveiled a new arts strategy creating shows in collaboration with major institutions, providing a new distribution channel for organisations like [Shakespeare's Globe](#). It aims to "Give viewers a front-row seat at Britain's best arts and music events", also including extensive coverage of exhibitions, literature and festivals¹⁸.

¹⁰ ['O2 Chalks up Record £63m and Sells Two Million Tickets to be Top Arena in the World', The Evening Standard, 24th June 2013.](#)

¹¹ ['World Cities Culture Report 2013', The Mayor of London, 2014.](#)

¹² ['Visits Made in 2013 to Visitor Attractions in Membership with AVLA', AVLA, 5th March 2014.](#) See also ['Leading London Visitor Attractions Experience Record Numbers', London and Partners, 5th March 2014.](#)

¹³ ['David Bowie is...Moving On', The V & A Conservation Blog, 30th August 2013.](#)

¹⁴ ['Leonardo: National Gallery to Act over Resales', BBC News, 23rd November 2011.](#)

¹⁵ ['2012/13 is a year of success and worldwide development for Tate', Tate press release.](#)

¹⁶ ['Sponsored Museums: Performance Indicators 2012/13 Statistical Release', Department for Culture, Media and Sport, 14th November 2013.](#)

¹⁷ ['British Museum's Vikings Exhibition to be Screened in Cinemas', BBC, 28th February 2014.](#)

¹⁸ ['Tony Hall Announces Greatest Commitment to Arts for a Generation', BBC Media Centre, 25th March 2014.](#)

There is also a huge demand for UK culture overseas, with 20.7 million overseas visits to the 16 DCMS-sponsored museums in 2012/13 alone, a 4% increase on the 2011/12 number of 19.9 million. Overseas visitors accounted for 44% of all visits¹⁹. Increasingly, the UK cultural offer is also expanding its provision to overseas audiences - in 2008/09 the V&A for example had 25 touring exhibitions which were seen by a record 2.7 million people²⁰. Cultural organisations - such as the Barbican - have set up international enterprise departments in recent years to access the demand from overseas institutions and audiences for UK cultural brands, collections and content. The expansion of London's renowned cultural offer overseas is reflected somewhat in the latest ONS data which finds that in 2013, London had the highest number of overseas visitors since 1961, with 16.8 million overseas visitors, an increase of 43.5%²¹.

Case study: Over the past year the [Barbican's](#) international programme of touring exhibitions saw the blockbuster show [Designing 007: Fifty Years of Bond Style](#) visit the Tiff Bell Lightbox in Toronto, Minsheng Art Museum in Shanghai and Melbourne Museum.

In 2011, [Watch Me Move](#), the Barbican's international animation exhibition, toured venues in Rio de Janeiro and Brasilia, attracting record-breaking visitor numbers in both cities, with 306,000 people visiting the exhibition during its three-month run in Rio.

The Barbican is also hosting its upcoming [Digital Revolution](#) exhibition, an exploration of how the arts have been transformed by evolution in digital technology since the 1970s to present day. This opens at the Centre in July 2014 and will go on to tour internationally.

Likewise cultural entrepreneurs such as Fabian Riggall, founder of [Secret Cinema](#) and [Futureshorts](#), are having incredible success both at home and abroad. Secret Cinema's screenings of classic films such as Lawrence of Arabia and The Shawshank Redemption have attracted up to 21,000²² people and been so successful that the company is now tackling new releases, most recently with their recreation of Wes Anderson's The Grand Budapest Hotel. The company's first attempt at staging a new release, Prometheus, took the accolade of being most successful screening location for the movie in the UK, grossing \$1.1m USD at 38 shows over 28 days, beating even the BFI IMAX, usually the highest grossing cinema screen in the UK²³.

Further examples of the growing popularity of innovative cultural offers include the London 2012 Festival, which was the largest UK-wide festival ever staged (as part of the Cultural Olympiad) with public engagement of 20.2 million (of which 15.4 million were free attendances). The British Museum's visitor figures for 2013 were up 20% on the previous year alone with 6.7 million visitors, and it is now the UK's most visited

¹⁹ ['Sponsored Museums: Performance Indicators 2012/13 Statistical Release', Department for Culture, Media and Sport, 14th November 2013.](#)

²⁰ ['Museums Deliver', National Museums Directors' Conference.](#)

²¹ ['16.8m Overseas Visits to London in 2013, Up 43.5% in 10 Years', ONS release, 8th May 2014.](#)

²² ['Mystery Films and Locations? The Secret's Out on Secret Cinema', Metro, 26th April 2013.](#)

²³ ['Secret Cinema: How to get 25,000 People to Pay £50 for a Film Ticket, Without Knowing What the Film is', The Evening Standard, 7th December 2012.](#)

tourist attraction²⁴. Crucially, it must also be recognised that the visitor journey is virtual as well as physical and the British Museum's website in 2013 had 47% more traffic than the previous year, reaching 19.5 million visits²⁵.

The success of these and other cultural institutions has prompted interest from investors. Venture capitalists for example have recently started investing in start-ups that target the growing and affluent market of cultural consumers. Culture/technology start-ups such as [Artsy](#) (an art database)²⁶ and [Paddle8](#)²⁷ (an online art auction site) have recently received significant investment of (\$18.5 million and \$6 million USD in Series B rounds respectively), for example.

2.2. London – the right place at the right time

The UK in general and London specifically, have a long history at the forefront of culture. Both in terms of the artists, musicians, directors and actors whose influence is felt around the world, and the museums, theatres, television programmes, advertising and music which are internationally renowned. London's position as a 'cultural hotspot' is a core part of its global offer, and maintaining and building on this position are key policy objectives for the capital²⁸.

Developments mean London is also now home to one of Europe's biggest community of start-ups and entrepreneurs. This is particularly the case within the technology and digital industries, with recent research ranking London first of 30 cities globally in 'technology readiness'²⁹. London's technology, media and telecommunications (TMT) industry contributes £123bn annually to the UK economy, equivalent to 8% of UK GDP³⁰. Currently one in ten jobs in London are in TMT³¹ and the industry is forecast to provide almost 50,000 additional jobs for the central London area, in the next decade³².

Focusing on one geographical area - East London - between 2009 and 2012, the number of technology/digital companies based here increased by 76%, growing from 49,969 to 88,215, and leading the Government to brand this part of London as 'Tech City'³³. This has helped to focus attention on an entrepreneurial community that was already flourishing organically in East London, and take it to the next level by gaining international attention, which in turn attracts additional talent and

²⁴ ['Visits Made in 2013 to Visitor Attractions in Membership with AVLA', AVLA, 5th March 2014.](#)

²⁵ ['British Museum is the Most Visited Attraction Again', BBC News, 12th March 2013.](#)

²⁶ ['Earthlink's Dayton Joins Artsy, Firm Raises \\$5 Million', Bloomberg, 26th February 2014.](#)

²⁷ ['Paddle8 Nets \\$6 Million from Team of Investors Including Damien Hirst', Blouin Art Info, 6th June 2013.](#)

²⁸ See: ['Cultural Metropolis: The Mayor's Culture Strategy – achievements and next steps', The Mayor of London, 26th March 2014.](#)

²⁹ ['Cities of Opportunity Six', PwC, May 2014.](#)

³⁰ ['London: Enabling a World Leading Digital Hub', Deloitte, July 2013](#)

³¹ [Ibid.](#)

³² ['The Economic Outlook for Central London' Oxford Economics for Central London Forward and the City of London Corporation, March 2014.](#)

³³ ['Happy Birthday Tech City UK – THREE YEARS!', Tech City News Press, CEO Joanna Shields, 6th December 2013.](#)

capital³⁴. Recent data from London & Partners suggests a 16% increase in the number of international firms establishing their businesses in London in 2013/14 (260 businesses, up from 224 in 2012/13). A majority of these – 90 firms – were technology companies³⁵.

The Tech City area – originally focused around Old Street roundabout and Shoreditch in East London but now spreading towards Queen Elizabeth Park in Stratford, home of the London 2012 Olympics - has long been home to artists and creative companies. These companies have contributed to the branding of this part of London as the creative district of the capital. The bars, restaurants, galleries and cultural experiences created by and for this community help make this area of London a highly desirable place to both work and live, resulting in a steep rise in property prices, even outstripping London rises in general³⁶.

This creative community, while moving slightly outward from the central zone of the area to help accommodate technology companies and start-ups, continues to co-exist alongside these newer companies. At a practical level, these industries are already beginning to intersect. For example, London-based technology start-up [YPlan](#) has produced a mobile app which allows people to book a curated series of same day events, spontaneously. YPlan works in partnership with a number of arts and culture organisations to allow them to do this, including the [Royal Court Theatre](#). The highly spontaneous model has proved hugely successful with consumers, offering a chance to do something last minute without needing to book in advance and providing a seamless user experience. The company has already raised an additional £20 million of venture capital funding, claims 500,000 downloads a year and that 15% of all London iPhones have the app installed³⁷. YPlan is an example of a company applying disruptive techniques to the way its consumers buy cultural experiences. The customer journey is changing, and successful cultural marketers are adapting to this challenge and helping to drive change forward.

The creative economy of East London also benefits from its close proximity to the City of London, or 'Square Mile', a centre of global finance providing a critical mass of potential institutional investors and angel capital. This mixing of industries and cultures has helped to create an enabling environment for entrepreneurs looking to create new start-ups to flourish organically, bottom up.

Other areas of London are also benefitting from an exciting mix of technology and creativity in close proximity. iCITY, in partnership with Hackney House, is developing the former Press and Broadcast Centres in the Olympic Park - called Here East - to become a new digital hub for London that brings together technology companies, media, arts organisations, universities and start-ups³⁸. In a similar way the Kings Cross

³⁴ ['US Tech Entrepreneurs Moving to East London at Unprecedented Rate', The Evening Standard, 27th January 2014.](#)

³⁵ ['Increase in Foreign Investment Creating Jobs and Growth in London', London and Partners PR, 7th May 2014.](#) See also: ['London 'is now Europe's Capital of Technology'', Evening Standard, 7th May 2014.](#)

³⁶ ['Latest House Price Figures Reveal London's Booming Boroughs', The Evening Standard, 2nd April 2014.](#)

³⁷ ['YPlan Reaches 500,000 Users One Year After Launch', The Daily Telegraph, 26th November 2013.](#)

³⁸ [iCITY](#)

mixed-use development is providing a setting which will be home to an eclectic community of leading cultural and technology organisations including The Guardian, Central Saint Martins and Google, whose new London headquarters is scheduled to open there in 2017, alongside other businesses³⁹.

In addition, Government-backed finance support initiatives have helped contribute to a rise in entrepreneurship more generally. For example the Seed Enterprise Investment Scheme (SEIS) tax scheme to encourage early seed investment into start-ups has helped 1,600 companies raise more than £135m in seed finance, and has been made a permanent scheme, as announced in the 2014 budget⁴⁰. The Social Investment Tax Relief (SITR) – which came into force in April this year – has also been introduced to help incentivise investment in regulated social enterprises such as charities and community interest companies⁴¹.

At the same time, recognising the benefits of the creative industries – in 2012 they contributed 5.2% of UK GDP, employed 1.68 million people and exported over £15.5 billion⁴² – policy makers and funding bodies are supporting the same agenda from the top down, looking to encourage cultural organisations to explore new business models, new structures and new forms of partnership to become more financially resilient and sustainable. This is reflected in initiatives such as [Injection](#) run by the [Crafts Council](#), [Creative United's Creative Industry Finance Programme](#) and the Arts Council's focus on resilience and sustainability as a major objective in their strategic framework⁴³.

Such conditions, alongside the three key disruptive trends identified in chapter one, have conspired to create an enabling environment for cultural entrepreneurship in London. Individuals and independent teams are creating new commercial businesses in the cultural industry and cultural organisations and policy makers are more open than ever to the industry becoming more entrepreneurial and experimenting with new ways of working. Talent, ideas, reputation and finance have come together to create new opportunities for cultural entrepreneurs seeking to develop innovative business models.

³⁹ [The Kings Cross Development](#).

⁴⁰ ['Budget 2014: Fiscal Espresso Shot for Ambitious Entrepreneurs'](#), FT, 19th March 2014.

⁴¹ ['Budget 2014: Osborne's Social Investment Tax Relief is a Welcome Move'](#), Real Business, 20th March 2014.

⁴² ['Creative Industries Economic Estimates'](#), Department for Culture, Media and Sport, January 2014.

⁴³ ['The Arts, Museums and Libraries are Resilient and Environmentally Sustainable'](#), Arts Council England.

3. Fostering cultural innovation and entrepreneurship

Working entrepreneurially may not be the most effective way of working for all cultural institutions. For those that identify cultural entrepreneurship as right for them, the effort needed to successfully transform organisational culture and operational structures, should not be underestimated. However, an increasing number of cultural institutions are becoming more open to this way of working, and realising its potential for creating new business opportunities.

Without denying the complexities involved, it must also be recognised that more and more, cultural professionals are engaging with entrepreneurial approaches and vice versa, entrepreneurs are increasingly working within the cultural world.

This chapter highlights some of the main trends and activity already happening, largely taking inspiration from London's vibrant start-up community and drawing on international examples where relevant. Building on this, the chapter also identifies some key features of cultural innovation and entrepreneurialism.

3.1. Embrace and enable intrapreneurship among employees – get them thinking like an entrepreneur in your organisation

- Set up structures to allow for quick, decentralised decision-making.
- Communicate a clear vision so everyone knows the context of their decisions.
- Set up autonomous internal teams to launch new projects.

One of the key characteristics of working in a start-up is that you are often able to, and sometimes need to, make decisions quickly. Larger and more established organisations tend to have in place formal procedures and systems which, while useful as checks and balances to try and prevent poor decision-making, can also slow down the process between a decision being made and a decision being acted on. London-based start-up [Songkick](#), which provides a live music tracking service, has enshrined the idea of quick decision-making as one of its 10 guiding principles⁴⁴. Number six is “Do it rather than talk about it. Everyone has enough context to make their own decisions.” This reflects the company's belief that organisational culture should provide sufficient context for staff to make smart decisions in line with the organisation's objectives, rather than having to spend time deciding by committee.

Similarly, [Vice](#) has been phenomenally successful in developing from a local print magazine in Brooklyn, New York into one of the world's leading youth media companies with a diverse portfolio including video, online, and music publishing, and an in-house advertising agency. Vice now has over 35 offices in 18 countries but still prides itself on being able to spot an opportunity early and ‘run with it’ by giving staff at all levels decision-making power⁴⁵.

In an effort to harness this approach, in July 2010 the Government established [‘The Behavioural Insights Team’](#), also known as a ‘Nudge Unit’, which seeks to apply

⁴⁴ [‘Operating Principles’](#), [Songkick Blog](#).

⁴⁵ [‘How Vice is Leading a Change in the Media Guard’](#), [The Daily Telegraph](#), 16th November 2013.

Behavioural Economics principles to public policy and services⁴⁶. Behavioural Economics asserts that in reality, people making and acting on decisions do not necessarily behave rationally (i.e. based purely on an assessment of the costs and benefits), but in fact are influenced by social, emotive and cognitive factors as well as rationality. The Behavioural Insights Team works on developing innovative projects using these principles, and is self-sufficient and largely autonomous, and allowed to try things and experiment quickly without the normal bureaucracy associated with working within government.

Cultural organisations of all sizes can look to these ideas to help increase 'intrapreneurship' – entrepreneurialism applied within an organisation. Hiring capable people with attitudes in line with the organisational culture, providing them with sufficient, wider context in which they are working through good communication and clear goals, and giving staff ownership to make decisions, accelerates the pace of staff taking action and implementing decisions. In addition, this approach helps staff to become engaged 'doers' rather than passive 'free-riders'. Of course, inevitably some structures do need to be put in place to help mitigate the risk of poor decision-making and implementation, and to ensure that if a poor decision is made, it can be spotted and addressed early on. Even then however there is potential to treat this as a 'lesson learnt' rather than as a basis for punishing an employee for taking the initiative.

3.2. Encourage experimentation instead of over-analysis

- Look for quick learnings and iterate these based on your findings.
- Create safe, supportive ways and places to experiment.

Cultural organisations and entrepreneurs have at least one thing in common: they are full of ideas. But how do you know which ideas are the good ones? Which will turn into the next big thing, and which will waste time and resource, leading you down a dead end?

Our natural inclination is to analyse the situation, discuss the pros and cons and ideally undertake some research, in an attempt to come up with 'The Answer'. This is particularly true of cultural organisations, which often tend to have an internal-facing culture that values more of an academic approach of considered analysis, based on their experience and historic position as a trusted authority.

Building on this approach, successful entrepreneurs have learnt that it is generally quicker, cheaper and more accurate to test your idea in application (on a small scale), taking on board what you have learnt, and then going on to incorporate those lessons into the next iteration. The [Lean Start-up](#) methodology created by Eric Ries, describes this principle as 'Build, Measure, Learn'⁴⁷.

A practical example of how this works might be choosing between two product ideas. The analytical approach is to assess the market potential for each, study sales patterns and interview industry experts, all of which takes time and money, yet still

⁴⁶ See for example Richard H Naler and Cass R Sunstein's book 'Nudge: Improving Decisions and Health, Wealth and Happiness' (April 2008).

⁴⁷ [Lean Start-up Principles](#)

does not necessarily tell you what you need to know about these two products – is there any demand for them? An example of an experimental approach would be to create an online advert for both products and see which generates the most interest: you then have a valuable and tangible dataset about actual customer interest in a relatively short timeframe, at almost no cost.

A company might then go on to build a Minimal Viable Product - a version of the product concept, stripped down to contain only its essential core. This allows the company to test actual behaviour and user interaction without spending a lot of time and money on a polished project. At each stage lessons learnt can be incorporated into product development, until you have the 'best' version.

One risk of this approach is alienating customers/audiences with 'half-baked' products. This is less a risk for start-ups which have yet to build solid customer relationships and so have relatively little to lose, but harder for those organisations which have a recognised brand and established reputation which they need to protect. It is important therefore to experiment in an open, transparent way so that customers/audiences do not feel used or neglected. This can be done simply by managing expectations, for example labelling the project as a 'beta' version or asking for help from 'early adopters'. The most engaged audiences see themselves more and more as collaborators and so bringing them into the product development stage can actually strengthen relationships between organisations and audiences/consumers.

Case study: Cultural organisations are also engaging with new physical space that gives them the freedom to experiment in their products/programming – trying things that may not be ready for their main product launch/exhibition etc. For example, [BL-NK](#), a new type of arts venue in Shoreditch, offers the possibility of innovative forms of creative collaboration between artists and technologists, producing new creative output, expression and distribution. The space is run by a group of partners including Hackney Council, the V&A and creative agency Poke. The V&A's Digital Curator, Louise Shannon has talked about how BL-NK works by providing a 'safe place' for the Museum to experiment with new ideas, away from the spotlight and structure of the main Museum programme.

3.3. Make use of co-working spaces – they offer the best of both worlds

- Create environments where internal teams can come together and work like a start-up.
- Develop co-working spaces and bring entrepreneurs into your venue.
- Engineer situations for your staff to interact with entrepreneurs.

[Yahoo](#) has reinvented itself as a collection of start-ups, with small cross-functional teams working closely together, to launch new engineering products in an effort to replicate the benefits of being a small company. The company has managed to hire, acquire and retain talent in a competitive market by offering the resources of a large company with the freedom and flexibility of working as a start-up.

Meanwhile co-working spaces, such as [TechHub](#) (which started in London and is now expanding internationally) and [The Tramperry](#), are becoming increasingly popular in London. They are affordable for start-ups and create an environment where

serendipitous connections flourish by providing communal spaces for informal networking and generating ideas.

Interestingly, though these are two different approaches, they end up creating a similar working environment – one which encourages creativity, innovation and experimentation, by providing staff with the opportunity and freedom to interact with other, similarly-creative, individuals.

New York digital agency [Fueled](#) has taken the concept of co-working space to the next level. Fueled runs a large space - The Collective - for 20 exciting start-ups in the city. The detail of the design rivals the famous Googleplex and free sweets, ice cream and ping pong tournaments are on offer. In many ways, Fueled has recreated the benefits of working in a large technology company for early stage start-ups. London-based examples of this approach include Central Working, TechHub and Startupbootcamp. Another international example is the New Museum in New York, which recently announced that it is opening a co-working and incubator space - [New INC](#) - to bring together creatives, artists and technologists under one roof. Beyond the networking and collaborations that New Museum hopes will happen organically, New INC is providing professional development programmes to support pioneers in the art and technology space.

Museums and cultural venues have long been used as informal co-working spaces and meeting spots. Places such as the [Royal Festival Hall](#) and Tate offer memberships that give access to spaces where entrepreneurs can meet with clients and co-workers. There is a huge potential for cultural organisations to think about this customer segment in a new way and create tiered offerings for them such as memberships that offer tools such as superfast Wi-Fi, unlimited coffee, private meeting rooms with video conferencing, etc. This would create a new revenue stream but the potential also goes beyond income - by engineering ways for the entrepreneurs using the space to mix with the staff of the organisation, there is potential to radically change the organisational culture as ideas and approaches are exchanged. Practical ways to do this include drop-in sessions where staff are available to speak to start-ups, and joint networking events where entrepreneurs and staff can get together and say, present their latest projects as a catalyst to longer conversations.

3.4. Borrow new models for innovation and experimentation

- Draw on elements from formats such as accelerators, hackathons and lab spaces.
- Collaborate with independent partners who are running these types of projects.
- Develop your own programme based on these (using those aspects that are right for you).

One model from the start-up world that has become increasingly popular is the accelerator programme. Accelerators bring together a small group of like-minded start-ups (usually around 10 or so) and put them through a short intensive programme (typically 12-weeks but sometimes shorter or longer) of mentoring, training, business development and networking to help drive their development and prepare them for further investment. A number of companies from [Barclays](#) to [Nike](#) have adopted this model to engage start-ups to work on areas of interest for them, as an alternative to internal R&D. During the accelerator programme companies get to work with and

learn from the start-ups, and are also well placed to make acquisitions of promising start-ups should they wish. [BBC Worldwide Labs accelerator](#) for digital media companies works in a similar way, bringing start-ups into the BBC to be mentored and become collaborators. This model has huge potential for the cultural industry - unleashing new cultural businesses and connecting institutions to start-ups. Leading accelerator programmes in London in this space include [Seedcamp](#), [Techstars](#), [Startupbootcamp](#), [Microsoft Ventures](#) and [Bethnal Green Ventures](#) (a programme for social enterprises). Until recently this model has been a way of investing in start-ups for a commercial return with funds coming from angel investors and some venture capital funds. However increasingly it is seen as generating value beyond the immediate commercial return by encouraging innovation in areas that have a social return. Bethnal Green Ventures (a programme for technology social enterprises) for example has received £1.8 million investment from the Cabinet Office, Nominet Trust and Nesta. In a similar way there is potential to unleash artistic value and innovation in the industry through this model. To succeed, accelerators need good start-ups and entrepreneurs coming into the programme, a strong group of mentors to guide them, a good network of prospective customers and investors to connect the start-ups to and to facilitate a powerful network of alumni after the programme.

Another popular construct, the 'hackathon', has been employed in the cultural world over the past few years. Hackathons bring together technology developers and creative thinkers to build a prototype in a short period of time – usually over a weekend. [CultureHack](#) for example, run by London-based [Caper](#), started in 2011. The first hackathon invited 80 developers and designers to work with data from arts and culture organisations, including the Royal Opera House, National Maritime Museum and Crafts Council, to create over 30 new prototype products. Caper has since expanded this format to undertake larger scale digital development programmes that can last up to a year.

Another example is the New York non-profit [Rhizome](#), which is dedicated to the creation, presentation and preservation of artistic practices that engage with technology. Rhizome has also co-opted the hackathon format for its [Seven On Seven](#) series programme, which pairs a leading artist with a star technologist and challenges them to create something new in a single day. This concept has made its way to London and in 2013 the Barbican hosted the first UK Seven on Seven, which is now in its fifth year and a sell-out annually in the US, attracting such technology talent as David Karp, the founder of [Tumblr](#).

In 2013, Google opened the [Cultural Institute](#) in Paris, a new type of space for creative collaboration between the arts and technology worlds. The footprint of the Google Cultural Institute incorporates a number of different spaces. Some showcase cultural content or provide a home for events while others are designed to enable collaboration between creatives and technologists. Hans Ulrich Obrist, Curator at [The Serpentine Gallery](#) is one such collaborator and will be selecting creatives to take advantage of 'The Lab' - a playground of creative digital tools such as interactive screens and 3D scanners. Institutions will also be encouraged to use the space and Google has a team of engineers working on the project to support the process and help achieve users' aspirations for the project. The Lab's director described it in the following way "The Lab is not a virtual museum, nor is it a gallery, or an exhibition space. It is a work space which serves as an invitation to those

working in the cultural industry to come and find new solutions using new technologies."⁴⁸

3.5. Adopt new approaches to partnerships

- Collaborate more.
- When thinking about who to partner with, think first about partnering with people and organisations that have complementary skills and resources to you, and then about those who have money.
- Actively network and meet people from different backgrounds. Interesting relationships can lead to interesting collaborations and projects.

The most successful partnerships go beyond traditional forms of sponsorship and are based on a more collaborative approach where both parties bring their expertise, experience, network and resources to the table to work together with complementary skills, and create something which neither could have achieved on their own. Essentially then, an effective partnership involves genuine collaboration rather than solely the exchange of money for branding.

One example is Sky Arts Ignition, a project which is investing in innovative new arts practice. Sky's role goes far beyond the purchase of broadcast rights and the company is investing in ideas at an early stage to generate new programming content that is often in an experimental area for Sky also. The project is designed to be multi-platform and Sky works closely with the cultural organisations as partners so they have access to and can leverage all of Sky's assets, as a major broadcaster that has morphed into a new media company operating across many different platforms.

This type of relationship is taken even further towards a co-production with the [Sky Academy Arts Scholarship](#) (previously the Futures Fund), which works in partnership with [IdeasTap](#). An offshoot of Sky Arts Ignition, the Arts Scholarship programme is a competitive process to unearth five 'rising stars' every year. Each of the five 'winners' receive a bursary of £30,000 but they are also brought into the business to explore ways of collaborating, including access to cutting-edge technical expertise and resources, as well as business mentoring. Many end up seeking to build creative businesses rather than going down a more conventional artistic route.

Partnership between cultural organisations can also offer efficiencies of scale and increased marketing power. [How To Work Together](#) is a commissioning and research partnership between the Chisenhale Gallery, The Showroom and Studio Voltaire in London. In their own words, "We are combining our knowledge and resources to discover what we can do together that we could not do alone."⁴⁹ They have attracted a broad range of supporters behind the project including Bloomberg, The Arts Council, Outset and Jerwood Charitable Foundation who are offering advice and support as much as funding.

The start-up community in London has benefited from the engagement of larger companies such as Google, Microsoft and Barclays who have all invested in

⁴⁸ ['Google Cultural Institute Opens its Lab in Paris', Art Media Agency, 11th December 2013.](#)

⁴⁹ [How to Work Together website.](#)

supporting start-ups. These larger companies are motivated by the potential benefits from the relationship in terms of access to new ideas and the halo effect of being associated with exciting young projects.

There are encouraging examples of this happening in the cultural world in similar ways with the Plus Tate programme, which brings together regional organisations to “Exchange ideas, knowledge, skills and resources, as well as programmes and collections.”⁵⁰ Another example of a large institution seeking to nurture ‘rising stars’ is the support the National Theatre has given to [Punchdrunk](#), which specialises in immersive theatre (see also Secret Cinema, discussed above), and has gone on to phenomenal critical and commercial success both in London and New York. The National Theatre has helped contribute to this success by co-producing UK productions, offering resources and support, and helping with funding.

Sometimes it takes an entrepreneurial mind looking in from the outside, to create true collaboration. Richard Reed, co-founder of Innocent Drinks and one of the UK’s most successful entrepreneurs, talked at [REMIX London 2013](#) about building the [Art Everywhere](#) project with a team of partners. Richard had a vision to put up artwork on every UK street corner by taking over commercial billboards – a reasonably daunting idea for most people. The first step in making this idea a reality was to get access to the real estate, which Richard did by getting the country’s major billboard advertising companies in the same room to discuss the concept. Though Richard did not succeed in getting ownership of every UK billboard, he did manage to secure a staggering 22,000 sites including digital screens in the London Underground. [The Art Fund](#) became deeply involved with the project, as did the national museums, which came together to supply the images that went on to be selected for inclusion in the project through a national vote. This truly collaborative project was recognised in 2013 as the largest exhibition in the world, and will be returning in 2014 on an even larger scale⁵¹.

Another example is the [Creators Project](#), a partnership between [Vice](#) and [Intel](#), involving an ongoing series of ambitious collaborations between artists and technologists. It is a strong example of collaboration between the digital and cultural communities - a truly global project which has showcased art as well as showing how artists can creatively use technology in new ways.

Collaborations and partnerships clearly have the potential to make great things happen - so how does the cultural industry go about doing more of this? One approach is to start with an open mind and a default approach set to thinking ‘yes’ rather than ‘no’. Bringing more people into the dynamic can add complications so it is easy to try to avoid it. But it is worth it when it comes to generating creative, new ideas and ‘out of the box’ thinking.

A second approach is to engineer serendipitous meetings. When Eze Vidra, Head of Google Campus, talks about the project’s success, one of the key statistics he uses is the number of coffees that have been drunk there in the last year. This measure of success is presented alongside more conventional measures such as jobs created and amount of finance raised. Meeting for a coffee is seen here as representing the

⁵⁰ [Plus Tate webpage.](#)

⁵¹ [See Art Everywhere website.](#)

first step to meeting new people, talking about ideas informally, and making connections that can lead to exciting partnership and new projects. The logic behind this is that being social, relational beings, the more relationships people can form the more interesting opportunities are likely to present themselves.

This thinking is reflected in the REMIX summit approach, where one of the goals is to bring together people from different backgrounds, to create a platform for discourse and to foster the exchange of ideas and the formation of new relationships and partnerships.

Case study: Competitions have long been used to engage the digital community in creative challenges that inspire them to use existing tools in new ways. A notable example is when the British Library teamed up with Crytek, maker of popular gaming franchise Crysis, to form [Off the Map](#) to unlock the hidden potential of a series of maps in their collection, developing them into a format that might resonate with new audiences. Using the graphics engine used to build the environment of the Crisis games, a challenge was set to bring the maps alive. The winning entry was a recreation of 17th century London by a group of students at De Montfort University, offering users the chance to experience a virtual walk in the capital. Tom Harper, Curator of Cartographic materials at the British Library, said: "Some of these vistas would not look at all out of place as special effects in a Hollywood studio production [...] great attention has been given to key features of London Bridge, the wooden structure of Queenshithe on the river, even the glittering window casements."⁵²

3.6. Bring in the right people to help develop the right culture

- Bring new voices and perspectives into the organisation.
- Be vocal about your core values so new hires and collaborators know your boundaries.

Having an entrepreneurial idea or new project is the first step. The next is getting the right people to take the idea forward and deliver, and in turn, help steer the organisation's culture towards one of innovation and entrepreneurship. Success here depends on a combination of the right people and the right environment.

Bringing in people from other industries and backgrounds into an organisation can have a productively disruptive effect. Shaking things up may seem traumatic but if done correctly, it helps stimulate people to rethink what they are doing day-to-day, and challenge the status quo. This can be done through hiring people who have worked in start-ups or innovative industries, through collaboration with different types of partners, or even through experimental residency programmes. A few years ago BAFTA winner Sophia George became the V&A's first ever Game Designer in Residence. The BBC Worldwide Labs discussed earlier, uses their start-ups in a similar way to inject new ideas.

When trying to initiate a shift in organisational culture and bringing new people in, it is essential first to have total buy-in at all staff levels, but especially from 'the top', to ensure the process is fully supported and does not lose momentum. The chances of

⁵² ['British Library maps are the inspiration for a winning videogame concept', British Museum press release, 23rd October 2013.](#)

a cultural transition being successful – of a new way of working being truly embedded into organisational structures and ways of working - are also largely improved with top level buy-in.

When developing organisational culture it is important to remember that the organisation's values need to be clearly identified, and to be made explicit, both within the organisation, to all staff, and outside of it. It is often said that the key job of a founder is to establish the right company culture and hire well from the start, as it is very difficult to change culture later on. The crowdfunding platform [Indiegogo](#) spent a lot of time thinking about this before it started scaling up. The founders came up with four core values that continue to drive the organisation today and form the selection criteria for new hires: Fearlessness, Authenticity, Collaboration and Empowerment. Having a strong value base will both provide steer and direction to the organisation as it is, and provide a stable base with the freedom to bring in different voices and be open to other opinions, without being distracted from the organisation's core vision.

[Techstars](#) is one of the world's leading accelerator programmes which alongside its own cohort, runs accelerators for Barclays, Nike, Sprint and Disney. A new service it is experimenting with is a central resource of 'fluid' administrative assistants and technology specialists to work with start-ups on their projects on an ad-hoc basis, allowing for rapid scaling-up and down of teams over a matter of days or even hours, as needed. This system would arguably work well for groups of cultural organisations with entrepreneurial ambitions which need to tap into expertise and put together teams quickly without having to take on long term recruitment obligations.

Mentors provide another form of external resource for cultural entrepreneurship and innovation. Mentorship has always been a key part of professional development in start-ups, and formal mentorship programmes are a central part of accelerator and incubator programmes. Cultural funding bodies such as the Crafts Council, Creative United and Creative England are all developing mentor programmes as additional support to their grant-giving and professional development offer for individuals and small organisations. Meanwhile, large, globalised companies - such as Bloomberg, AmEx and Google - are also developing programmes for their staff to become mentors. The value created on both sides suggests here is likely to be more cross-mentoring in the coming years between the creative, technology and business industries.

3.7. Multichannel

- Explore multiple channels to reach audiences.
- Use platforms to help marketing and monetisation.
- Are there new platforms and channels that are needed which could be started by an entrepreneur?

Cultural organisations are content creators and there are now many different ways to deliver that content to audiences beyond the more traditional avenues of venue based programming.

Last year for example, the Tate attracted 7.74 million visitors to its four galleries, its most successful year yet. Yet this visitor number is dwarfed by the 13.6 million people

who visited the Tate online⁵³. The V&A Museum has also been a pioneer in this area, developing high-quality content for the online V&A Museum channel as a central part of the online experience. The Museum has also developed custom foreign language content for regional websites in Japan and China to grow the audiences in new markets where they attract millions of views already⁵⁴.

Platforms such as [YouTube](#) offer organisations the opportunity for huge, global-wide audiences and the potential to monetise their offer. For example, in 2013 the top 10 YouTube 'stars' generated a total of over 18.9 billion views and earned an estimated \$45 million dollars⁵⁵. The Wall Street Journal has termed this phenomenon the 'new economics of entertainment' a move away from big budget conventional commissions which try to predict audience tastes⁵⁶.

Twitter is another online channel which presents opportunities to monetise cultural content. A 19 year-old Australian schoolboy called Xavier Di Petta, a co-founder of [Social Trends Media](#), was able to build a following of one million Twitter followers in just three months for his @Historyinpics account. Social Trends Media has hundreds of these types of Twitter accounts and between them they turned over \$800,000 USD in December 2013⁵⁷. Though there have been questions over whether this raises copyright issues (generating advertising revenue by using other people's images), the company claims it is close to solving this issue⁵⁸.

Cultural entrepreneurs are also inventing new platforms and channels to help connect audiences with content. London start-up [Artstack](#) has built an open online repository for art where the membership community can add to and organise a huge digital archive of content (a similar format to Wikipedia). Museums and galleries have seen the value in engaging with the online community and now often use this technique to communicate about upcoming exhibitions, increasing their marketing reach. [CultureLabel](#) for example was set up as a way for museum retail shops to reach a wider audience, thereby benefiting them financially. [Sedition](#) is a new platform for the creation, sale and distribution of original digital artworks and is working with some of the world's most renowned artists, including Damien Hirst and Tracey Emin. Non-profit organisations such as Serpentine Galleries have even released special limited edition works on the platform with sale proceeds going to benefit the Museum.

[DigitalTheatre.com](#) are partnering with theatres across the country to find additional audiences in cinemas, on the web and on smart television platforms. Content is also becoming incredibly localised with the advent of dedicated city television channels such as [London Live](#) (by the publishers of the London Evening Standard and Independent newspapers), all of which are presenting new routes to market for the arts.

⁵³ ['2012/13 is a year of success and worldwide development for Tate', Tate press release.](#)

⁵⁴ ['V&A working in and with China', V&A website.](#)

⁵⁵ ['The 25 Highest Earning Youtube Stars', Celebrity Network, 9th March 2014.](#)

⁵⁶ ['Who is RayWJ? YouTube's Top Star, The Wall Street Journal, 2nd February 2012.](#)

⁵⁷ ['The \\$1M-A-Month Business Behind Your Favourite Twitter Accounts', Forbes, 27th February 2014.](#)

⁵⁸ ['The Two Teenagers who run the Wildly Popular Twitter Feed @historyinpics', The Atlantic, 23rd January 2014.](#)

Case study: A live cinema event based around the [David Bowie Is...](#) exhibition at the V&A was broadcast to 200 screens. The demand was obvious with 67,000 advance tickets sold breaking all previous records at the museum. Marc Allenby, Head of Commercial Development at leading UK art house cinema chain [Picturehouse](#) has talked about the rise of "event cinema" where streaming technologies means audiences have opportunities for interaction albeit different to the visitor experience. They also have an opportunity "To be part of something which is happening across the country at the same time [...] a collective, shared experience." Alternative content provided by the cultural industry is leading the way here and Picturehouse says that this accounts for 12% of the chain's gross box office income⁵⁹.

3.8. Seek out new forms of funding and resources

- 'Bootstrap' ideas to a stage that proves viability using the Lean Start-up methodology.
- Look at alternative sources of funding once ready to scale including loan funding and investment.
- Consider whether the idea is sufficiently commercial to develop through revenue alone?

A lot of the characteristics of cultural entrepreneurship discussed so far in this paper are about getting ideas off the ground with very little financial resources, through quick experimentation, partnerships and using existing platforms to reach new audiences.

'Bootstrapping' is the term used for entrepreneurs who build a business without outside investment by keeping costs low, self-investing and reinvesting revenue. This allows the founder to keep total control (and equity) of the company. Many internal projects within cultural organisations start in a similar way because external support often takes time to secure. The added benefit to this approach is that through it the founder can validate an idea and de-risk it, making it easier to obtain funding for future stages.

Case study: Cultural entrepreneurs, like any other kind of entrepreneur, spot an opportunity or gap in the market, and fill it by doing something differently. They do not wait to be told about an initiative or for a funding programme to be announced. While having access to appropriate resources is important, 'bootstrappers' believe they can always find a way.

The advent of low cost open source software solutions such as WordPress has helped entrepreneurs test and even deliver new enterprises on a shoestring budget – this has become known as 'bootstrapping'. Chris Wild, founder of UK start-up [Retronaut](#) is a great example of someone who has used this technique successfully. For a few thousand pounds he has built an online platform using WordPress, which pulls together themed time capsules of historical images. His

curation of the images, combined with the power of these compelling visuals in building audiences in the internet age, has seen the website generate hundreds of

⁵⁹ Time Out, August 2013.

thousands of page views each month, over 220,000 Facebook fans⁶⁰ and nearly 75,000 Twitter followers⁶¹. To meet the demand for his product Chris has enabled website users to submit their own capsules and further grow the online community. The model generates enough traffic to create a sustainable business model, through advertising revenue and has grown to the extent that Chris was able to benefit from the network of venture capitalists in London securing funding from EC1 to further grow Retronaut.com

Once something goes viral on the internet this often has knock-on effects, leading to additional audience channels opening up in conventional media. For example following his success with Retronaut, National Geographic are publishing Chris Wild's first book, 'Retronaut: The Photographic Time Machine' due out later this year.

Today organisations have an array of funding options available to them, beyond the traditional forms of grant funding and donations. Over the past five years crowdfunding for example has become increasingly successful as a fundraising option with one platform, Indiegogo, recently raising \$40 million in Round B venture capital funding to add to the \$15 million Round A funding which they raised in 2012⁶².

Another crowdfunding platform for creative projects, [Kickstarter](#), in 2013 had three million people pledge \$480 million towards projects. These included dance group [The Foreigners' Collective](#) which raised over \$5,000 to create an original dance piece for the No Format contemporary visual arts space in London; London-based [Wac Arts](#), a charity that offers training in the arts to young people, which raised over £15,000 to develop new performance workshops; and [The William Heath Robinson Trust](#) which raised over £33,000 towards a new museum to house the artist's work. This last project is also a useful example of how crowdfunding platforms can be used as part of a wider campaign. The Heath Robinson Museum is a £1.6 million project with the funds raised on Kickstarter allocated towards the costs of the permanent exhibition. Beyond the financial gain, the success of the Kickstarter campaign demonstrates that there is an appetite among the public for such projects, and indicates that crowdfunding platforms may be a powerful grant fundraising tool in the future.

Loan funding is also an increasing option for creative and cultural entrepreneurs. [Creative United](#) (recently spun out of the Arts Council to work independently to it) run the [Creative Industry Finance](#) initiative which offers business development support and access to finance for creative industry enterprises. During the recent pilot of the programme, which runs in London and Yorkshire, they "Supported more than 400 creative enterprises with over 1,500 hours of free one-to-one business support, and provided almost £700,000 in loan finance to a wide range of businesses."⁶³ Many artistic projects could benefit from loan funding and business support as they grow into financially sustainable commercial propositions. Punchdrunk and Secret Cinema are two examples of new forms of creative

⁶⁰ [See the Retronaut Facebook page.](#)

⁶¹ [See the Retronaut Twitter page.](#)

⁶² ['Indiegogo Raises \\$40 Million in Series B to Expand their Crowdfunding Reach', TechCrunch, 28th January 2014.](#)

⁶³ [Creative United Creative Industry Finance.](#)

expression that have become hugely successful financially but needed capital to get off the ground.

For cultural businesses that have the potential to truly scale, venture capital is another funding option. London-based start-ups working in the cultural space such as CultureLabel and Digital Theatre have raised significant venture capital in the past few years. London is one of the leading locations in Europe for attracting venture capital investment ahead of competitor cities such as Paris, and for cultural entrepreneurs working on commercial propositions this is a realistic route to funding once they have proven their business model⁶⁴.

Art organisations typically have a mixed funding ecology but London's substantial population base, with higher than average salaries than the rest of the UK⁶⁵, enable new types of creative enterprises to flourish which are directly paid for by the consumer. A move towards experience-based consumption rather than material accumulation has added to the opportunities for entrepreneurs to engineer business models that operate by generating income solely from their patrons.

This arts and creative market segment is competitive and demanding, always hunting 'for the next big thing', but if the concept and framing is right, and targeted at the right audience, a trend or idea can take route and flourish quickly. [Ginger Line](#) is such an example, describing itself as a nomadic restaurant and arts venue. The company has tapped into London's extensive food scene and the curiosity of a growing number of urban explorers who seek to experience the landscape of disused factories, hospitals and other spaces. High quality catering combined with up-close cultural encounters in secret locations, plus clever branding and use of social media, has provided the right mix to build an initial user community. This community are in turn likely to provide repeat custom as the experiences change and the audience further grows through peer recommendation.

3.9. Consider economic impact and gentrification

- How does the organisation or project fit into the community and local economy?
- Take advantage of property developers' interest in culture.
- Think ahead to safeguard longevity in the face of gentrification.

Commercial agencies such as [Future City](#) (a culture and place-making consultancy) have tapped into the current construction boom in London, with 236 buildings of 20 storeys or more in the planning pipeline⁶⁶ and a record number of new homes completed in 2013⁶⁷. Through a deep understanding of the planning process and construction industry, Future City has been able to embed itself within development companies and architectural practices to become a standard part of the mix in

⁶⁴ ['Technology on the Thames', The New York Times, 23 October 2013.](#)

⁶⁵ Total average annual pay at the London level (using the mean as a measure of average) is £41,143, whereas at the UK level this is £27,174. Source: [ONS Annual Survey of Hours and Earnings \(December 2013\).](#)

⁶⁶ [London's Centre for the Built Environment.](#)

⁶⁷ ['London new home registration hit highest level since records began', National House Building Council.](#)

developments, even when there is no initial, obvious need to include a cultural element as part of planning consent.

The emergence of organisations such as Future City are creating new opportunities for artists to shape the physical landscape of geographic areas such as London, as property developers better understand the role that culture has to play in sustainable place-making, as well as in adding financial value to development sites. Recent examples of Future City's work include [Richard Wilson's Slipstream](#), one of the largest permanent sculptures in Europe, which it is estimated will be seen by 20 million people annually⁶⁸.

The [Bold Tendencies](#) exhibitions have occupied a disused car park in Peckham for the past six years. Led by the talented young gallerist Hannah Barry, the project has attracted leading international art talent to the space and her success has attracted support from organisations like Bloomberg. [Frank's Campari Bar](#), which operates on the roof of the complex, capitalising on stunning views towards the centre of London, provides a welcome funding contribution to the venture. Bold Tendencies and its creative colonisation of the space has attracted over half a million visitors in the six years that it has occupied the car park during the summer months. Rohan Silva, former Adviser to the Prime Minister has said that "Peckham is becoming one of the most talked about cultural scenes in London"⁶⁹. Undoubtedly the gallery has had a key role in this transformation, bringing thousands of people into the area.

Artists have long been the catalyst for gentrification, though can also fall foul of the process as first property and then general prices, tend to go up. Peckham and the surrounding neighbourhoods have undergone considerable gentrification in recent years and the group behind the Bold Tendencies project, have pre-empted this possibility. In 2013 the organisation announced a £10 million campaign to develop the car park and an accompanying local independent cinema; in effect to safeguard the character of the area. A research study has predicted this development will eventually generate 500 new jobs⁷⁰.

Creative entrepreneurs that succeed tend to have a commitment to building an organisation with a purpose that others can identify with, and not just a mission to make money. In this case, Bold Tendencies hopes to mobilise the support of the local population in their battle to secure the future of the site for their continuing work.

⁶⁸ ['Richard Wilson's New Sculpture Slipstream to be Unveiled at Heathrow Airport's New Terminal 2'](#), Heathrow Airport Media Centre, 21st January 2014.

⁶⁹ ['The Peckham Complex 2013: A Cultural and Social Snapshot of Inner London'](#), p.16.

⁷⁰ ['Bold Tendencies: Hannah Barry's Plans to Turn a Peckham Car Park into an Arts Centre'](#), The Evening Standard, 14th May 2013.

4. Summary and conclusion

This paper has looked at the emerging movement of 'cultural entrepreneurship' within the creative and cultural industries of London. It has considered how cultural organisations – in any city - can benefit from becoming more entrepreneurial as they face the challenges and opportunities presented by funding cuts, new technologies and changing audiences.

It is evident from the range of examples discussed – only a small selection of current activity – that the cultural entrepreneurship movement is progressing rapidly and expanding into new areas, and across geographical boundaries. From an analysis of these case studies and examples, it has been possible to identify some of the key points for consideration for those cultural institutions and individuals looking to get involved in the creative and cultural industries and the innovative ways of working that are emerging.

The cultural industry globally, and more specifically in London, is changing ever more rapidly, with change coming from all directions. Technology giants engaging with culture will have a major impact, with the potential to revolutionise whole industries and create new challenges for institutions around public ownership, collaboration, technical models and access. Entrepreneurs and 'disrupters' are progressing so rapidly that institutions are constantly confronted with a wide array of new opportunities to evaluate and deploy. The risks of inaction can include a loss in market share and consumer base, among others. There is also potential for cultural organisations and policy makers to embrace change and act as pioneers for the industry. Attitudes are changing across the industry as pioneering organisations such as the V&A Museum and the Barbican are leading the way in terms of collaborative approaches and experimenting with new models.

In addition to highlighting some of the key characteristics associated with cultural entrepreneurship, this paper has sought to demonstrate that London has the potential to be the crucible of bold new ideas that help grow new audiences and the associated revenues for culture - whether through institutions, technology companies or a new breed of 'culture start-ups'. The challenge in achieving this potential lies in effectively bringing these different communities together.

There are exciting opportunities, with technological advances helping to bring the cost of cultural production and distribution within reach of a growing number of people. The rise of London as a global technology hub is a huge opportunity for the cultural industry to engage with these new neighbours: to both learn from and collaborate with.

The concept of the 'Network Economy' has been used to describe the advantage of urban areas and particularly a small number of global cities such as London, which capitalise on the agglomeration of talent in a single location. The arts play a key role in drawing in this talent – for example Google cites the proximity of the University of the Arts and the new Frick Scientific Institute, alongside more

conventional reasons such as transport links, as reasons for locating their UK headquarters in the regenerated Kings Cross area⁷¹.

Platforms such as the REMIX summits and others have at their core a belief that the arts and culture have the potential to be active participants in the creation of new enterprise through greater interconnectivity with other sectors. As well as this commercial dividend, new cultural content and ideas will emerge.

Case study: In 2013, the Barbican opened itself up to new forms of curation and collaboration with the start-up community and technologists. [Hack the Barbican](#), organised in partnership with The Tramperry, a London co-working space for entrepreneurs, was devised as an open invite for the community to come in and use the cavernous foyer spaces for a festival of art and technology. The call was met with demonstrable enthusiasm with 100 cross-discipline installations, performances, workshops and discussions taking place across a month. The project necessitated the cultural organisation to cede or share creative control for it to flourish and this spirit is echoed in a major partnership it is forging with Google called 'Dev Art' which explores how "Modern artists use technology for inspiration, inventing ways to give life to code, letting it spill from the screen and onto the canvas."⁷²

4.1. How can London be positioned as a hub for cultural innovation and entrepreneurship?

London has the opportunity to further develop its position as a leading global cultural city - for bold collaborations and innovation to become the norm. Some points for consideration are set out below, to help frame thoughts as to how this can be achieved:

- The growing movement in cultural entrepreneurship and innovation requires properly directed policy and funding, to help existing organisations adapt and thrive while spotting and supporting the next generation of new ideas. There is a need therefore for policy makers and funders to continue to support big and bold ideas that will help position London at the forefront of the cultural entrepreneurship movement.
- While cultural organisations have started to engage and co-opt entrepreneurial formats and structures, there is room for more to be done. London provides a unique and ideal setting to experiment with ways of working that bring together the rich cultural, technical and financial resources at hand.
- One such example opportunity might be to launch a large scale initiative that will 'put London on the map' in the same way the Google Institute has made an impact in Paris and New INC is dominating headlines in New York before it has even opened.
- London can be seen as the place of choice to launch a new culture technology start-up, develop a new experimental form of cultural production or

⁷¹ ['Mind the Gap: London vs. the Rest', BBC, 6th March 2014.](#)

⁷² ['Art, made with code: calling all future interactive artists', Google Official Blog, 5th February 2014.](#)

establish a wide ranging partnership. London has the audiences, the content, the creatives, the entrepreneurs, the technologists, the financiers, the history and the cultural brands. The capital is therefore in a strong position to continue to make great ideas happen across the cultural and creative industries.

Considering the above, this paper identifies two major opportunities for London in the near future:

- **Launch a cultural accelerator**

The business case for an arts and culture accelerator

London can retain its creative and cultural lead by being home to a sophisticated accelerator programme for arts and culture.

This ambitious programme would help creative and cultural entrepreneurs grow scalable, investable businesses through a programme of intensive development and access to finance, connecting them to global leading cultural brands, business mentors and technology experts. In so doing it would help to inject new ideas, approaches and partnerships into the industry and create new cultural and commercial projects.

Cultural organisations would need to play a vital role, ideally as partners in the programme. This would allow them to act as mentors, collaborators and pilot customers to the entrepreneurs. The benefits of such a relationship would also be felt by the supporting cultural professionals, introducing them to new approaches and ideas that they could take back to their organisations. A cultural organisation with an entrepreneurial idea could also apply to the programme and have its own team take part.

A London-based accelerator programme would help to build on such exciting new developments to help progress the creative, cultural and technology industries, and London's position as a leading hub for these industries.

There is already some momentum in this area within the arts and culture industry. For example, the Barbican has very recently launched [Fish Island Labs](#), a new arts incubator project in association with The Trampery based in Hackney Wick. The project will see around 50 emerging artists that are pushing creative boundaries and using new technologies undertake a 10-month residential programme of training and mentoring, including workshops on business issues such as intellectual property, social media and crowdfunding. This project aims to take the incubation model used in the technology world to kickstart the careers of an upcoming generation of artists, as well as offering opportunities to showcase work at the Barbican Centre. The Barbican will also provide support for young emerging and mid-career artists between 14 and 21 years old, by running regular Creative Learning workshops at the Lab. These events will provide practical advice around key areas for start-ups such as fundraising, entrepreneurship and social engagement.

What an accelerator programme might look like in practice

To help guide the selection process for identifying start-ups for the programme, it might be useful to employ a mapping exercise to identify the needs of the cultural industry. This would help ensure that the selected start-ups can provide the solutions

which cultural organisations require, for example helping museums and theatres in to reach new audiences or improve operating efficiencies. By being part of the process, there is the added benefit for cultural organisations of having an easily-accessible population of 'test customers', which can inform their innovative projects.

It is envisaged that a London-based cultural accelerator would be a permanent physical space run by an independent management team and likely funded by a combination of sponsorship, public funding and angel investment. The space would be the programme's permanent 'home'. Typically, accelerator programmes last around 12 weeks, involving mentorship and development. Having a dedicated home would also allow this to be used as a co-working space by the start-ups for up to, say, six months after they have officially left the programme, and as they go on to start taking on investment. It could also provide a space to host industry networking and learning events and skills development programmes that bring together professionals working in the cultural industry, with the entrepreneurs on the programme.

The number of vertical specific accelerators is growing and increasingly, large established companies are developing programmes which focus on areas such as finance (for example [Barclays](#)) and fashion and retail (for example [John Lewis' JLab](#)). The advantage of such industry-specific programmes is the ability to recruit partners and mentors with the specialist knowledge required, allowing workshops and training to be more focused. This also means the networking effects tend to be stronger, by bringing together a group of entrepreneurs with a passion in the same area.

- **Mentorship programme**

Many organisations currently offer mentorship programmes for individuals and projects, whether provided by organisations within the industry, funding bodies, or from corporate supporters such as AMEX, Bloomberg or Google Campus.

A valuable addition would be a central resource across the creative and cultural industries to match mentors to projects, as well as providing expertise on a short-term basis.

Cultural Innovation and Entrepreneurship in London



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