How the Creative, Cultural & Digital Industries Can Lead the New Post-COVID Innovation Economy

A webinar delivered by Artisans of Innovation on 14th May 2020

Executive Summary

This report summarises the webinar event delivered by Artisans of Innovation on the 14th May 2020. The event was hosted by EURADA – the European Association of Development Agencies. The webinar, ‘How the Creative, Cultural & Digital Industries Can Lead the New Post-COVID Innovation Economy’ focused on the importance of cross-sector collaboration as a driving force in the future innovation economy.

Embracing diverse sector-specific mindsets, perspectives and approaches and harmonising these in the innovation process is seen as crucial in architecting the hyperconnected digital future. This is a process that can leverage the composite strength and value of the creative, cultural and digital industries by pulling together different sectoral cultures, people, mindsets, expertise, ideas and contextual experience – challenging norms to create exciting contemporary innovations that have impact. As a society, we are connected more than ever before, yet the true affordance of those connections is not fully realised as industries continue to work in relative isolation missing out on the benefits of cross-sector collaboration.

The definition and exposure of the cultural and creative industries is seen as crucial as is the meaningful codification of their intrinsic value and intellectual capital in a way that is of relevance to other sectors. These industries have a high concentration of human-centric innovation potential that can be leveraged by the other sectors. The innovation potential is rooted in the creative process and the associated skills and capability are of significant value to other sectors. There is a need for cultural and creative sector introspection and for collective work, with government and agencies, to positively capture, capitalise and valorise the creative capital. Measurement is central to this – not only for measuring economic value & impact but also for determining social impact, the impact on people’s lives and wellbeing. CCIs can contribute to other sectors and play a central role in the innovation economy. For this to happen the high concentration of skills, the value of the creative process and the role of creative professionals must be acknowledged. These underpin the capability needed in the fourth industrial revolution – capability of abstract reasoning, systems thinking, collaboration, experimentation, empathy and, of course, creativity. However, there are challenges in stimulating cross-sector collaboration. These include, for example, challenges associated with education, business and government & policy.
Making creative economies geographically inclusive is seen as important. Development Agencies, along with national and sub-national governments, must look beyond cities to encompass a more inclusive and equitable approach to creative economy building as part of the ‘new normal’ post COVID. Rural, semi-rural, peri-urban and polycentric regions have just as important a part to play. These more remote regions often benefit the most from a broadening of their economic activity along digital-creative lines. Thus, it is crucial to focus on capacity building in these regions through targeted cluster development initiatives and the creation of a workforce that is equipped for a creative, knowledge-based economy. Regional Development Agencies are important in catalysing and enabling this. Policy and strategy development also need a more engaged approach – including entrepreneurial thinking, re-evaluating the effectiveness of university research in this sector as well as the models of university-industry knowledge transfer. The language of policy and strategy also needs to encapsulate and reflect innovation in its widest sense – in a manner that is engaging and not alienating. Business models for creative SMEs that enable multi-partner and multi-sector ecosystems also need to be adopted and the focus on funding should be shifted from government grant funding to models that are more industry-driven and which foster greater levels of collaborative innovation.

'Digital' is seen as a transformative and disruptive force that is permeating through all aspects of life – in personal, social, and commercial contexts. It should not be considered from a purely technology-centric perspective. It is a harmony and congruence that results from effective human-centric cross-disciplinary thinking, and CCIs have a key role to play in this. The digital future will comprise new digital ecosystems that yield new product & service innovations, enhanced productivity & growth, and opportunities for cross-sector collaboration in the fourth industrial revolution (4IR) and the hyperconnected digital world. The architecting and implementation of the digital world is underway, and the role of CCIs in architecting this future is one that needs critical review to determine their current and future position on the digital roadmap. Cross-sector dialogue and collaboration is likely to be the key factor in ensuring that CCIs play an integral role in the digital future and next-generation solutions, and this should be embraced as a real opportunity. A proactive approach is needed for this and this is likely to require an intentional effort and visionary leadership.

Johanna Suo  
Peter Rudge  
Khawar Hameed
Defining the cultural and creative industries is crucial.

Across the world there are different definitions of the sectors depending on local culture and local development of the sectors. Clear definitions are a precursor for taking action - otherwise neither the action nor the measurement of the action can be achieved coherently.

In defining these sectors, as well as the creative economy, it is important not exclude the art disciplines. It is not only the audio-visual, digital and tech aspects of the CCIs that are important – these aspects seem too often to be connected to innovation yet artistic disciplines, arts and humanities can be at the core of innovation too.

The artistic disciplines, and to some extent the arts and humanities, have a high concentration of human-centric innovation potential. Human-centric innovation can underpin all kinds of innovation. This innovation potential is linked to the skills that these disciplines and sectors possess and is based on the creative process. Other sectors are screaming out for this knowledge. However, these types of knowledge and skills are rarely seen as being transferrable to other sectors.

In the Covid 19 crises, discourse focuses on support structures and rescue packages. This is needed, but from an innovation perspective there could be greater focus on the contribution and potential of the sectors.

Valorisation and recognition of the sectors.

What can contribute to another global perspective on the CCIs is further work on valorisation. The sectors must also introspect to understand their own potential and act upon that. Measurement is central to valorisation – not only for measuring economic value & impact but also for determining social impact, the impact on people's lives and wellbeing.

Instrumentalisation.

This can be seen as a “dirty” idea within culture and the arts. But the question is what do you instrumentalise yourself for? How can you see the benefit of a bigger picture? How can you look at how the arts can be useful in other contexts? By looking at how CCI professionals can function in cross-sector collaboration there is a lot of work opportunity, job creation and revenue generation.

How can CCIs contribute to other sectors, and to the innovation economy?

The key here is understanding the skills, experiences and perspectives that the sectors possess and, in addition, the underlying culture of the sectors allowing a “culture for innovation” to prosper. Artists of all kinds, and designers, go through the creative process. The creative process and associated exploration is at the heart of the CCIs and indeed they would not exist without this - this is the core culture the creative sectors evolve around. This is profoundly different from the culture in business.
The CCIs possess a high concentration of skills that are proclaimed in the context of the 4th industrial revolution for example abstract reasoning, systems thinking, collaboration, and ability to experiment, empathy, and creativity.

There are many ways in which CCI professionals and institutions can provide other sectors with important exchange of skills through various kinds of contexts. These skills can be used, for example, to increase employee participation/activity; improve leadership skills, improve internal communication, facilitate dialogue; develop product ideas; enhance organisational capacity for innovation (through enabling other ways of seeing, thinking, doing, creation of different contexts, trainings in access to creativity); identify, visualise and embody company values and establish/clarify the company culture. Boosting creativity and increasing understanding of it, should of course be on this list - but it does not have to be an objective as such, it can come as a natural bi-product.

The transfer of skills and perspectives can be done, for example, in the contexts of advisory boards, in company boards, R&D teams, product innovation processes, in creating creative environments at work places, through pilot projects, through team-buildings and training.

Salvador Dali in business.
How to stimulate cross-sector collaboration? What are the challenges?

The main challenges are the mindsets and siloed traditions - different cultures of being, working, talking & different values. Business sectors often have little or no understanding of the benefits of the CCI sectors. On the other hand, there may be issues around values and the perception of the drive of business sectors amongst CCI professionals. In addition, artists in general of course want to focus on their creation.

However, there are solutions and ways of addressing these challenges through policies, projects, programmes, and ecosystems with a well working chain of actors with different objectives.

Education

- Curricula of artistic education and training need to be revised.
- Cross-sector pilot projects/collaborations in broader education.
- Cultural Management students need to understand the roles of cultural brokers.

Business

- Cross-sector hubs facilitating this kind of work and exchange between sectors (included in an ecosystem infrastructure), with experts from different sectors being able to support both CCI professionals and professionals from other sectors.
- CCI operators - independent professionals, creative SMEs, associations, institutions etc. need help to implement these kinds of approaches in their offer.

Government/ Policy

Local, regional and national policies are needed to support this kind of interaction to include:

- Incentives for companies to boost innovation.
- Incentives supporting collaborations.
- Organisation of strategic matchmaking (supported by cultural brokers understanding the whole spectrum of the process and the challenges of the both sectors).

Making Creative Economies Geographically Inclusive.

An important point was made in response to our questions around the creative sector in rural areas and around the importance of mapping. Creative economy strength is very variable with some countries and regions having very strong creative industries and some being small and/or fragile.

To make strong, sustainable creative economies more geographically inclusive, it is important to not link creative and cultural industries purely with urban development and city based hubs. Development agencies, along with national and sub-national
governments, must look beyond cities to encompass a more inclusive and equitable approach to creative economy building as part of the ‘new normal’ post COVID.

Rural, semi-rural, peri-urban and polycentric regions have just as important a part to play, and indeed, these more remote regions often benefit the most from a broadening of their economic activity along digital-creative lines.

Crucial to making this happen is a need to focus on capacity building in these regions, primarily through supporting targeted sector cluster initiatives, incentives to reskill and upskill the workforce towards a creative, knowledge-based economy and to facilitate innovation networks and collaborations.

An example of this is the Platform moving image cluster in the UK – www.platformstaffs.com – a creative cluster based in a largely rural county and in a small city with significant economic and social problems. As well as acting as an advocate for the sector with national and regional government, the cluster is focussed on supporting inward investment and collaborative innovation, drawing in partners across sectors and stakeholders.

Regional development agencies are of critical importance here. They can negotiate and implement staged innovation programmes for entrepreneurs and creative start-ups and support networks and training programmes that recognise the particular needs of the creative sectors in these more remote or rural regions.

**Making Innovation Policy work for the Creative and Cultural Industries.**

However, policy and strategy development around creative economies and innovation needs a more engaged approach, particularly with entrepreneurs in the creative economy, along with a better understanding of the limitations of university research in this sector. The concept of technology transfer from universities to industry and driven by government policy instruments is outdated and not particularly applicable to digital-creative sectors.

Central to this is recognising that innovation is about more than just science and technology, with the language of policy and strategy needing to reflect innovation in its widest sense. This is important for universities in particular who often struggle to understand the process of innovation in the creative sector.

This is more than the usual triple helix approach – it has to be a refocussing towards a more truly collaborative working model that recognises the uniqueness of the creative sector. Creative economy ecosystems are much more fluid that other ecosystems that position researchers and universities as primary drivers of R&D innovations.

Often the reverse is true in creative and cultural industries with innovations being driven primarily by SME’s working with little involvement from research institutions. The screen industries are particularly noted for industry driven innovation with SME’s working in partnership with technology suppliers and developers – without any university involvement.
Rethinking Funding Models for Creative SME’s.

We then have to rethink the business models and structures that enable multi-partner and multi-sector ecosystems. They need to be more industry driven, to foster more collaborative innovation between SME’s and larger corporations in the creative sector, with less reliance on government grant funding and more engagement with the venture capital and angel finance community for creative SME’s.

Although start-up funding and accelerators are important to initiate and support innovation, it is also essential for these SME’s to understand and plan for the stages of start-up and growth finance. Regional development agencies can then look at the creation of a continuum of innovation development finance, from pre-seed, seed, series A and so on into scale up and expansion. Very few creative MSMEs understand these stages of start-up and growth capital, as well as what it takes to become investment ready.

However, there is also a lack of understanding from venture capital and angel funds around the unique characteristics of the creative and cultural sectors and the opportunities they present. So education is needed on both sides to make this happen.

The Importance of EURADA’s Beyond EDP Project.

Creative SME’s tend to be highly collaborative by nature but this collaboration often only exists with their particular sector niche. The challenge is to take this collaboration beyond just a project-by-project basis and create more in-depth and longitudinal partnerships that develop market focussed innovations through collaborative, multi-partner R&D. EURADA’s Beyond EDP project is going to be central to how innovation policy, partnerships and finance can come together to support the development of creative economy ecosystems.

There is work to be done however on understanding and integrating the points made above into the strategic instruments used to achieve this, particularly around the challenges of spatial rebalancing, the role and impact of research institutions and the redefining of creative ecosystems.

Digital is a transformative and disruptive force that is permeating through all aspects of life – in personal, social, and commercial contexts.

It results in new digital ecosystems that yield new product & service innovations, enhanced productivity & growth, and opportunities for cross-sector collaboration in the fourth industrial revolution (4IR) and the hyperconnected digital world. It is characterised by a fusion of contemporary technologies and a harmonisation of culture, processes & technology to create innovative solutions that yield positive experiences and impact. Contemporary technologies include, amongst others, 5G; artificial intelligence (AI); data; the Internet of Things (IoT); robotics; location-detection technologies; smart devices; augmented, merged & virtual realities.

Digital is a multi-faceted phenomenon.

It results in macro-level impact including changing human behaviours, creating new language, place-shaping, disrupting industries and catalysing the development and deployment of next generation solutions in the spectrum of application areas. It has
created competitive markets and new opportunities that are more accessible to new entrants in a low-friction manner.

The fourth industrial revolution (4IR).

4IR has deep foundations in technology and we hear frequent reference to the contributing technologies – yet, of crucial importance is the human-centric element and the impact of digital systems on people. Low friction fluid engagement with digital systems is becoming the norm and the impact on people cannot be underestimated. Indeed, during the COVID-19 pandemic the term, ‘the new norm’ has been talked about frequently – a norm that has been underpinned by a digital ecosystem. Thus, the architecting of the hyperconnected digital future is well underway and the role of CCIs in architecting that future is one that perhaps needs critical review to determine their current and future position on the digital roadmap. With respect to this, cross-sector dialogue and collaboration is likely to be the key factor in ensuring that CCIs play an integral role in the digital future.

The composite of the digital and creative industries can be key in stimulating and catalysing cross-sector dialogue with other sectors.

Collaboration and congruence that goes beyond surface-level dialogue, re-evaluates core conceptual elements, creates innovative solutions and realise a spectrum of affordances for future society – indeed this is our focus at Artisans of Innovation. CCIs should perhaps reflect on their position in the digital ecosystem, the extent to which they see themselves as ‘Digirati’ – that is, key and successful players in the digital ecosystem and digital economy. Achieving this position, however, is likely to require an intentional effort and visionary leadership.

The rapid pace of digital development and its widespread and disruptive impact across all walks of life unlikely to cease.

As systems are transformed, they are increasingly becoming more intelligent, more accessible, low friction and deeply embedded in everyday life. The macro-level transformative and disruptive nature of digital alters human engagement with the environment – it fundamentally affects the nature of the models of interactive discourse between people and the world in which we live. Transformation is all about change, and in the digitally-driven changes that we are seeing, perhaps we will discover or re-discover new human capability, new potential and new creative talent - even new forms of self-actualisation in the universe of discourse created by emerging digital world - ‘I create, therefore I am’ in a digitally-driven and machine-automated world. Human creativity could well be the new currency – and it is this aspect coupled with the associated intrinsic value of the Creative and Cultural Industries that gives these industries a potentially pivotal role in architecting the digital future.

Digital is a transformative and disruptive force that is changing society.

It is not just about the technology - it is also about the harmony and congruence resulting from effective human-centric cross-disciplinary thinking and solutions that create real value and positive impact. CCIs have a role to play in architecting this future – it is not beyond their reach, but it will require an intentional effort and visionary leadership to create and drive this agenda.
Leverage what is built up internally in CCIs as coherent external relations?

So dynamic CCIs can contribute to and benefit other sectors. In addition, the CCIs can generate opportunities for external cultural strategy to leverage what is implemented nationally in international relations. It can help in attracting tourism and investment.

The topic of culture and CCIs in external relations, for a city, region or country, is a big one. Some thoughts on this follows:

Definition and coherence internally externally:
We come back to the importance of definition here. Lack of agreement in this context is common and causes external relations that are not about strategy but instead random actions resulting in weak impact. It is important to define the external CCI relations in written policy. What is not written in policy guidelines has “no importance” and little chance to reach through in departments, external representations and individual political agendas.

Furthermore, is one working with culture as external relations or with culture in external relations? Is it about promotion or capacity building? What does one stand for? What would one like to be associated with? How can one also connect cultural action to these values?

Inclusively built up CCIs, capacity building, and policy supporting this, can be a great multiplier in external relations as natural and strong ambassadors are created, creating rings on the water for their region, city or country. If one is serious about CCIs one provides operators excellent opportunities to build relations worldwide.

There are no wrong external cultural relations, as cultural relations are unique to each local/regional/national situation; culture/politics/socio-economic past and present. However balanced acts weighing in both promotion, capacity building, as well as value-based action is ideal. Only showcasing and promotion does not bring anyone forward. If one takes one’s culture and creative economy seriously it is not only instrumentalised and used as a tool in external action as promotion. Image is not improved by marketing or static representation, it is improved by action and that you actually act on what you are, and what is built up. Even if it means addressing topics that may be considered as not evident in external actions.

Measure the impact:
Even if it is time and resource consuming. Maybe then less is more. There is a between evaluating just finalised projects, and actually assessing their impact on the longer term.

Right people on external posts:
Even if great CCIs are built up internally, and a dynamic administration supports this, who is working with culture externally? The right knowledgeable persons are needed on the external posts too. And it is not only about knowledge, external relations are about the very persons handling the relations.
Questions Raised During the Webinar:

**How can CCIs facilitate economic recovery in other sectors?**
By bringing in more diverse perspectives. Let in CCI professionals in contexts (development/ research/ strategy groups) where they are not normally seen. Siloed groups cannot provide innovation, only diversified groups.

In order for this to happen first understanding of how the CCIs can contribute has to be broadly recognised by business leaders, so awareness raising between the sectors needs to be done, for example through conferences, strategic sessions and exchanges. This has to be done by a cultural broker, or someone having an overview across sectors and on innovation.

A strong creative and cultural sector has innovation spillovers across all the other economic sectors, so the development of enablers to bring sectors together will allow innovation and entrepreneurial activity to be collaborative, connected and cross-sector.

**From your experience what can be implemented by regional development agencies in order to support the CCIs? What can we bring into practice?**

Policies can be implemented driving ecosystems and facilitating exchange. Exchange hubs can be established with overview and expertise of both regional CCIs and regional business. They can help with supporting companies, entrepreneurs, creative professionals and institutions, helping with facilitating exchange and raising awareness; stimulating exchange between the sectors.

**How do we design innovation policy that works for the creative and cultural industries?**

Whilst innovation across technology, science, health and other business sectors has been the subject of a lot of research, discussion and policy, how the innovation process works in the cultural and creative sectors is less understood, with little real study and analysis. We can see how innovation in the digital technology sectors has impacted but it’s always seemed as if innovation policy and strategy does not apply to the CCIs.

‘Hidden innovation’ is common in the creative sectors and to make sure that any future policy works for CCIs as well as the traditional science sectors we need to do more work to understand the process and drivers of creative innovation.

We can make this happen by working with research institutions to help them understand the creative sector and the drivers of activity and commercial value; we can work with creative SME’s to help them formalise innovation processes and drive collaboration across the creative-science-technology sectors.

And finally, we can work with policy makers and regional development agencies to engage with CCIs and see them as a valuable part of the innovation chain across all sectors.

There is more research to be done here to more fully understand the challenges.
In terms of ‘digital’ - this is an underpinning pivotal element and the art/key is understanding true harmony and congruence of the digital-human aspects. In implementing digital in regional development, an open minds and open innovation approach can be of value - embracing the need and value of cross-sector collaboration in architecting the digital future and, of course, this needs to be supported by pragmatic implementation measures. The wider aspect of raising the profile of CCIs, demonstrating the spectrum of value and impact is also important. The codification of the intrinsic value in CCIs in a way that is meaningful, understood and which is transferable is also crucial.

**Can you give examples of how the “two worlds” bridged (business & CCIs) can be? Give concrete examples of how the both sectors can be brought together?**

It is a cultural question in the sense that the worlds of business and culture have different cultures. Cross-sectoral events/summits/conferences are needed - where several sectors are gathered together. We need to create the cross-sectoral and cross-cultural dialogue. We need to help understand what is different in the sectors, why are there different values? How is impact measured? Etc. We need to raise awareness about the “other” sector. Challenges are often similar in terms of innovation (human driven, process, product and business model), access to funding and in creation of ecosystems.

**How can creative SMEs be more informed about funding and business development around investment?**

Bridging the cultural gap between the creative businesses and the wider business/finance community is important. This can facilitate creative SMEs to think in more commercial/business terms and to focus on attracting finance for growth. Enabling conversations between the creative community and the finance community is important - and experience has shown that these conversations can be of value. This dialogue also provides the VC community to see investment opportunities with creative companies that understand the business and commercial context of their work.

**There seems to be a need to create strong leadership in the context of creative industries - why not start new degrees including Arts, Business and Technology?**

This has started in some universities but it has to be approached on a wider scale, really taken seriously and universally addressed. We also have to look beyond only the arts, business and technology. Students need to have a larger vision over other sectors; different practical projects during courses can establish this. Johanna Suo brought up an example from a previous project of hers; students from political science and visual arts analysed an exhibition together; they looked at past experiences, analysed the present exhibition and looked at how they could imagine collaborating together in the future.

When creating educational programmes there is also the aspect of embedding higher-order cognitive abilities and appropriate pedagogical approach in the construction of courses. The WEF, for example, talks about 21st Century skills and there has to be a deeper embedding of creative thinking in conjunction with this to
develop the skills, competencies and capabilities that the next generation will need for the hyperconnected digital future. Creative skills have to be matched with a real understanding of digital environments within a broader context and landscape that merges digital skills, digital leadership, and transformation with the cultural and creative industries.

**Is it a good moment to associate innovation with something else like social creative innovation or non-technological innovation?**

Innovation is widely associated with digital/technology because technology directly affects our immediate spatial context - where we are, what we do and how we do it. It’s fundamentally altered how we, as people, function and our behaviours. This is why we can have a fixation with technology and its role as an integral part of innovation. It is common to assume that if we are going to innovate then technology will be at the heart of that innovation. This does not always have to be the case though. The effectiveness of technology means that we have flow and fluidity as it permeates through all walks of life and becomes the norm. In becoming the norm, it can start to alter how we focus on and think about innovation - rethinking how we think about innovation. We can accept digital/technology as the norm but look beyond this in terms of alteration and formation of human behaviours, value and impact. Please also see the points made on the top of page 3.

The challenges for all sectors in the recovery from pandemic will be significant and it is essential to look at how and where we can innovate to bring about this recovery.

We would be happy to follow up with you on any of the points in this document and to work with you to develop strong, sustainable, creative and innovative solutions to the particular and specific challenges you face.

Please visit our website at [www.artisansofinnovation.com](http://www.artisansofinnovation.com) for more information and to get a complete picture of the work we do.