

CULTART Training programme

Training Module 3: Management and Administration

How to manage your creative project

PLANNING, ORGANISING, MANAGING



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The CULTART training program has been developed as a blended training program, combining e-learning (independent study relying on online learning resources) and in- person classroom activities facilitated by a qualified trainer.

The units of this module are designed to provide learners with the most important insights regarding the subject matter of the module, in accordance with the findings of the analyses conducted in the framework of Intellectual Output 1 of the CULTART project.

The learning content provided here is intended to serve for independent learning and does not pretend to cover all possible aspects and related issues in terms of the subject matter covered.

Users are solely responsible for ensuring that they have sufficient and compatible hardware, software, telecommunications equipment, and Internet service necessary for the use of the online campus and modules.

Training description

Objectives of this training module

Target groups

Competencies and skills after finishing this module

Training method

Training content

Unit 1. Visualization of the Entrepreneurial Journey

Unit 2. Planning

Unit 3. Organizing

Unit 4. Managing

Training description

This training module will present the importance of the processes of planning, organizing and managing in the Cultural and Creative Industry (CCI). It focuses on how to pursue creative ideas in a commercial way by visualisation of the entrepreneurial journey. It examines the relations between creativity and entrepreneurship. How to overcome the challenges of limited sustainability and growth through situation analysis, tools and models that lead from creative idea to a viable business. This module alone cannot substitute the skills and knowledge you develop through practice and experience but it can be a valuable supplement.

Objectives of this training module

At the end of this module,

- You will understand why entrepreneurship and management are important for the CCI;
- You will be introduced with the Business Start-Up Development Phases;
- You will be able to learn about the context of the CCI;
- You will understand what is value proposition and the core of your product or service;
- You will see the process of detailed action planning;
- You will be able to reflect on existing business strategies and adapt accordingly;
- You will see why organization and forming a team is important;
- You will understand how leadership and effective tools for monitoring can affect business performance.

Target groups

- Members and stakeholders which operate into CCI,
- CCI freelancers,
- Start-ups in CCI sector,
- Regional multipliers.

Competencies and skills after finishing this module

After studying this module,

- You will be able to envision the entrepreneurial journey;
- You will be introduced with the characteristics of the CCI;
- You will be able to understand what a value chain means;
- You will understand how to make initial value proposition;
- You will understand what is your core product;
- You will be introduced with strategy that fits your needs;
- You will see how you can get from an idea/talent to a product/business/organization.

Training method

CULTART learning philosophy promotes a unique engaging training method, based on the following aspects:

- Short-burst learning sessions which feature very well-structured learning content;
- A deep sense of involvement and merging of action and awareness;
- A sense of control and dealing with the task that you will find at the end of the module;
- Enjoyment and provoking further interest.

CULTART focuses on an interactive training approach:

- The modules as a training material for self-learning;
- Using the interactive CULTART online training platform: moodle.CULTART.eu for facilitated training sessions in a group with a professional trainer.

Unlike the lecturers into the face-to-face classroom, which provide their students with guidance and

some additional directions, you have to take the responsibilities for the time management and for the control of your learning progress.

Training content

Unit 1. Visualization of the Entrepreneurial Journey

Tags:

Entrepreneurship, Business Start-Up Phases, Ideation.

Unit 1 - Introduction

Congratulations! You have made the first step. Besides enjoying in the process of creation and innovation you have taken action towards learning how you can generate economic value and grow your potential for new ideas and challenges. In most cases taking the first step of action is the major obstacle for improvement. This first unit explores the characteristics of the CCI - Cultural and Creative Industry and the importance of entrepreneurship. It demonstrates to all interested freelancers and potential start-ups what journey to follow if they want to become more sustainable. What should a potential CCI entrepreneur expect? Find out through visualization of the entrepreneurial journey.

The term “entrepreneurship” and “entrepreneur” may not be well accepted by the creative community. This is due to the notion that the financial benefit is not the primary motivation of an artist but simply the act of creating something new, innovative or valuable. They focus on creating content and memorable experiences. Outside the CCI, the financial benefit is taken as the primary motivation that an entrepreneur has. This contradicts with the primary motivational factors of the creative and cultural sector. It is important to understand how creative freelancers such as artists, designers or musicians can keep doing what challenges them and inspires them the most. At the same time how they can get the resources to do that, be sustainable, to sell and allow themselves to live “doing what they love”. It is important to understand what entrepreneurship is and how can be beneficial for CCI, what are the characteristics of CCI and latest trends of successful CCI enterprises.

1.1. What does it mean to be an entrepreneur?

First of all, we must break the ground of associating the term entrepreneurship only with the creation of economic value. One of the thoughts that people often have when entrepreneurship is mentioned, is that entrepreneurship is a process of launching and managing a new business, most often small business run by people called entrepreneurs. However, if we look over time how the entrepreneurship term was developed we can find different definitions. One descriptions of the entrepreneurship is that the one of the professor Howard Stevenson “*The pursuit of opportunity beyond the resources that you currently control.*”

Scott Belsky, a famous entrepreneur and co-creator of the online portfolio platform Behance has said “**It is not about ideas, it’s about making ideas happen**”.

One of the most associated economist to the term entrepreneurship is Joseph Schumpeter. He describes entrepreneurs as creators who conduct a “**creative – destructive**” processes of the economic societies. According to Schumpeter “*the function of entrepreneurs is to **reform or revolutionize the pattern of production***”. The following opportunities are typically pursued by entrepreneurs:

- Production and carrying out of **new products** or **new qualities** of products,
- Introduction of **new production methods**,
- The creation of **new forms of organization**,
- Exploring **new markets**,
- The opening up of **new sources of supply**.

As so, entrepreneurial activity is mainly linked to creation of new organizations and exploiting new opportunities. But entrepreneurs also characterize with other traits, which are closely related to the CCI. They **create and innovate new products, new qualities and new methodology of work**. If we consider success as maintaining the possibility to create, innovate and have resources to continue to work on a vision, then successful entrepreneurs are the ones that are doing that well. Economic value and growth are not just the only values pursued by the entrepreneurs but they are certainly very important for **ensuring sustainability**.

Reid Hoffman, the co-founder and executive chairman of LinkedIn has said:

“An entrepreneur is someone who will jump off a cliff and assemble an airplane on the way down.”

1.2. Why entrepreneurship is important for the Cultural and Creative Industry?

Many of the professionals in the Cultural and Creative Industry operate in different market conditions that may not be typical to many current business environments and theories of business management. The following challenges remain:

Sustainable income generation

- Jobs in the CCI are often project based, ensuring discontinuous income because of the limited demand. CCI professionals often need to seek different existential opportunities. Many of the professionals' work both in the creative/cultural economy and traditional economy.

Unique market and entity size

- Most of professionals in the CCI work in micro enterprises from 1 to 3 employees. Furthermore, majority of them work as single employee firms and as freelancers. There are many small players that have limited resources/lower income and there are few big players generating majority of the market turnover. The middle size companies from 10-49 employees are very few.

Lack of economic viability of products and services.

- The work of an artists or craftsman's is to produce outputs that are often creative, artistic or cultural by nature. Often these outputs in CCI are not commercially oriented they are rather ideas than an actual product or service. Thus, the commercial demand is limited.

In order to overcome these challenges, entrepreneurship is required in the CCI. *“Entrepreneurship in these sectors means to have creative ideas and to pursue them in a commercial way, with the purpose to make a profit. However, the profit alone is not the driver, it is the creativity and the possibility to build something, the self-fulfilment or being able to pursue your own creative interests. There is a mix between the entrepreneurial side and the creative side.”*

1.3. Trends in the Cultural and Creative Industry

Entrepreneurship represents the new paradigm of the Cultural and Creative Industry. Artists, Designers, Craftsman and others are not just moving the CCI but also other industries.

There are trends in the CCI which are becoming important factors affecting progress. Here are few trends that can spark your interest into starting up a CCI businesses:

Createchs

Collaboration between creative professionals and technology experts is the main factor enabling creativity to produce unique, value-added products and services. It is all about digitization, creation and presentation using high-end technology.

Artificial intelligence (AI) is the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction. It is becoming widely used in the CCI.



(Check the example of Intelistyle <https://www.intelistyle.com/>. Artificial intelligence Chatbot stylist works with retailers and customers. On the London Fashion Week 2019 Intelistyle group algorithm developed styling outfit which was received better than the one styled by human.

Augmented reality (AR) is a type of interactive, reality-based display environment that takes the capabilities of computer-generated display, sound, text and effects to enhance the user's real-world experience.



(Check the example of Arcade <https://arcade.ltd/>. Arcade is a digital practice that connects people to place. They use AR and its associated digital disciplines to help culture and heritage sites, visitor attractions, property, retail, healthcare, events and academia to engage their audiences more meaningfully.

Virtual Reality (VR) literally makes it possible to experience anything, anywhere, anytime. It is the most immersive type of reality technology and can convince the human brain that it is somewhere else. Head mounted displays are used with headphones and hand controllers to provide a fully immersive experience.



(Check the example of All Seeing Eye <http://allseeingeve.co/> All Seeing Eye is a creative technology studio. Thanks to immersive virtual reality (VR) visuals and haptic technology, visitors to the Royal Air Force Museum in London can experience one of the pivotal events of World War II.

Cross sector collaboration.

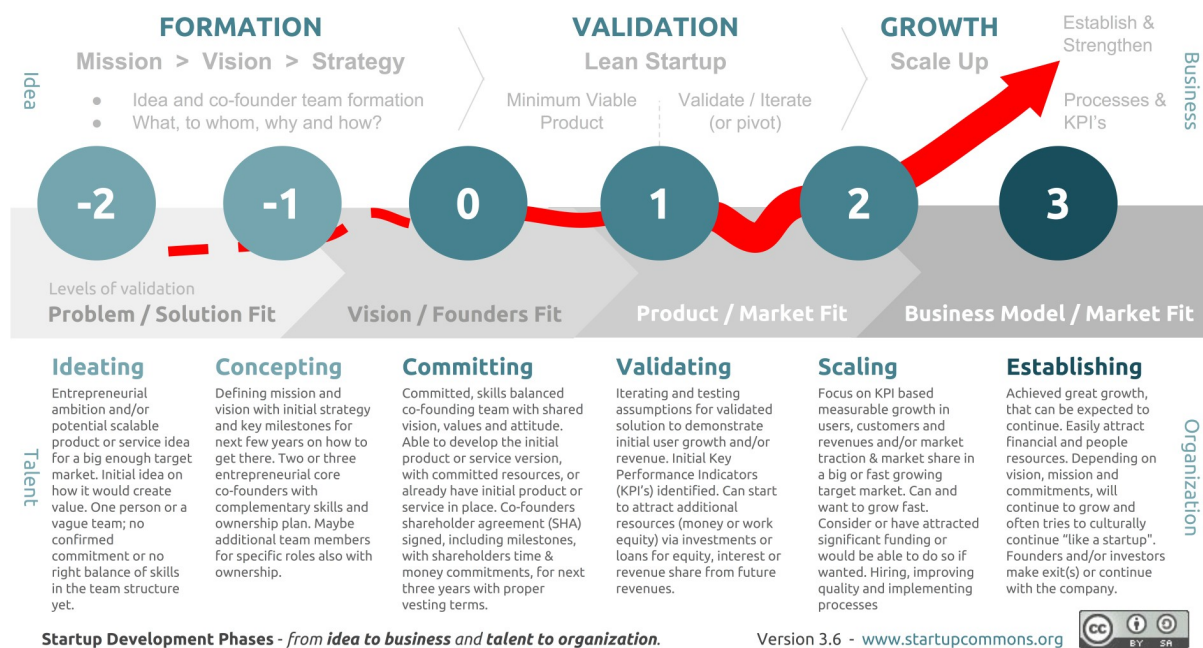
One freelancer in craft, design or other field in the creative economy cannot prosper and start-up on its own. Cross sector collaboration, networking and participation in clusters has more meaning than ever. It leads to cross-sector innovation. Cross sector collaboration is

collaboration between individuals and organizations from different industries but also different fields such as non-profit, government, philanthropic that use their diverse experience and resources to jointly solve a societal problem and achieve a shared goal. Cross sector collaboration is required in order to provide joint value proposition through combining of skills, experience and resources for a common goal. CCI are the main innovation drivers in each economy and in many cases, they are the innovation drivers when they are collaborating with other industries.

The **Cross Innovation Matrix** created by the [Project Cross Innovation](#) shows crossovers between creative industry sectors and other sectors. Check more at [Matrix](#).

1.4. Startup Development Phases – from idea to business and from talent to organization

To visualize the entrepreneurial journey, you as a freelancer or an organization should get acquainted with the Startup Development Phases. One example is the model of [Startupcommons.org](#).



The entrepreneurial journey can be different to each and every one. However, the most important phases and characteristics and challenges to overcome may be applicable to you as a freelancer or potential start-up if you reflect and identify in what phase you are currently in.

Can you identify in which stage of development are you? For example, maybe you have an idea, you create certain products or services but they are not big enough to generate continuous income. Then, maybe you are in the stage of ideating where you should work on

how your idea solves certain problems. Try to answer the questions whether you have formal or informal business, whether you are generating income or not, are you developing a product/service or you have developed multiple products/services? Once you have done that, it will be easier for you to determine the next steps to be taken in the entrepreneurial journey.

How to generate solutions to that problem and create a value proposition? How to plan, organize and manage yourself, your team and your business? In the following unit you can find the basic tools of planning, organizing and managing your entrepreneurial journey.

Recommendations for further reading:

It is advisable to take also *Module 5 "How to Finance your Business Growth", Unit 1 "Plans to get financed"*, which would help you to obtain knowledge and skills regarding the process of planning of your finances. You have to know in which stage of the lifecycle is your business, what problems are you likely to face, how to avoid them and how to measure your business performances if you manage to get out of them and start to grow.

References for Unit 1:

1. Cross Innovation Matrix. (2019, July 24). Link: <http://www.cross-innovation.eu>
2. Endres, A., Woods, C. (2009). Schumpeter's 'conduct model of the dynamic entrepreneur': Scope and distinctiveness. *Journal of Evolutionary Economics*. 20. 583-607. 10.1007/s00191-009-0159-3.
3. HKU. (2010). *The Entrepreneurial Dimension of the Cultural and Creative Industries*. Hogeschool voor de Kunsten Utrecht. ISBN/EAN: 978-90-817243-1-9.
4. Ones to Watch. (2019, October 29th).
Link: https://www.thecreativeindustries.co.uk/media/529970/ones_to_watch_v4_singles.pdf
5. Startup Development Phases. (2019, July 24th).
Link: <https://www.startupcommons.org/startup-development-phases.html>
6. Stevenson, H. (1983). *A Perspective on Entrepreneurship*. Harvard Business School. Working Paper #9-384-131.

Unit 2. Planning

Planning, Value proposition, Mission, Vision, Goals, Action Plan, Value Chain, Situation Analysis, User Involvement.

Tags:

Unit 2 - Introduction

Planning is the first step in the process of the entrepreneurial journey. It will introduce with the basic steps of planning including Situational Analysis, Value Chain, Value Proposition and Detailed Action Planning.

Planning is important not just when you are starting up a business but in every aspect of our life. In order to get fast from point A to point B in a systematic way, being prepared to face all the obstacles and overcome them it is important to conduct the planning process. It will certainly decrease the chances of potential failure.

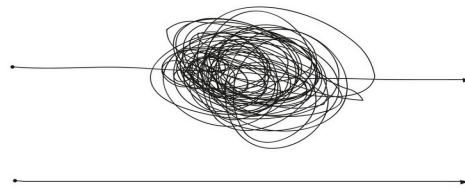


Image 1. Not planning vs. planning, Source: www.freepik.com

Planning is a decision-making process and a systematic way of setting goals and activities that an individual, a group, organizational unit or the whole organization will pursue in the future. Planning involves analysing current situation, anticipating the future, determining objectives, deciding in what types of activities the company will engage and identifying the resources needed to achieve the organization's goals. Plans may vary depending on the time, they can be long-term or short-term, general or specific, and they can be applied to individuals, freelancers or entire organizations.

Planning is a formal process, which is directed and based on the knowledge of individuals throughout the organization. When starting up the entrepreneurial journey you need to set your business goals by carefully analysing the market situation and your skills, abilities and possibilities to get from an idea to an actual product or service.

2.1 Situational analysis

Freelancer, entrepreneur or business owner cannot operate individually, isolated by external environment. They operate in an open system in which skills, abilities to create content are not the only components of the value chain. A craftsman needs to purchase materials in order to build sculptures, clothes or jewellery. A musician needs a channel, through which she/he will distribute the music to the final consumers who are willing to buy and listen her/his music. Creative professionals exist in a dependent system affected not just by the internal environment (organization, skills and abilities) but also the outside environment.

That is why the planning process starts with situational analysis.

As most of the creative and culture professionals work as a freelancer or a single person firm, the focus of situational analysis will be put on two topics: 1/ **core products or services**, and 2/ **characteristics of the industry you work in**. We give you more explanations for both below:

Short Exercise:

Write down in bullet points

- What is your core product or service?
- What do you do best?
- To whom do you sell and what channels do you use?
- What are the conditions in which you are operating?
- What is the value that you bring to your customers?

2.1.1 Products and services

Product is anything that can be offered to the market for attention, use, consuming for satisfying certain customer need or a want. More information, you will find in *Module 3 "Marketing Strategy and Elements of the Marketing Mix"*, *Unit 2 "Elements of the Marketing Mix"*.

Service is a form of a product that can consist of activities, benefits or satisfaction offered to the market, which are intangible and do not result with ownership of something material.

Graffiti often has been considered as an act of vandalism and urban decay and it had been penalized by governments. It is evident the graffiti artist has skills to create but if no one is willing to pay for it, it may not become a product. Nowadays often graffiti artists are demanded by other businesses and even public institution. They are willing to provide resources and finance graffiti artist to promote their brands, improve visual appearance of old buildings.

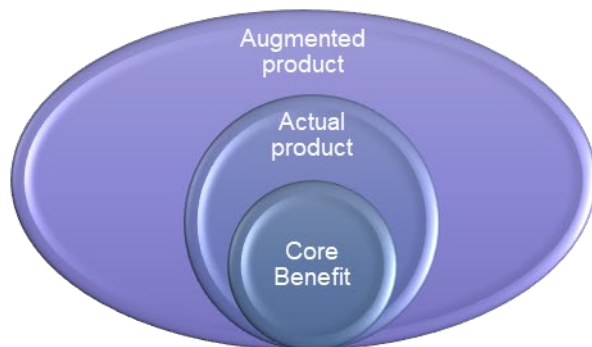


Image 3. Graffiti as product demanded by Coca-Cola

Source: <https://www.coca-colacompany.com/stories/coca-cola-restores-iconic-wall-signs-at-manuel-s-tavern-in-atlanta>

Every product/service satisfies certain customer **need** or **want**. But what do they mean? **Need** is a state of deprivation of certain required benefit. They are essential and can be physical, social or individual. On other hand, consumer's **wants** are desires for specific product feature. They are not essential but customers wish they had that additional feature. They are based on the culture or the personality of the customer. A basic example is that we all **need** food but we **wish** for a pizza or burrito. Another example - a movie is a product that satisfies the need of entertainment. On the other hand, it satisfies the customer wish of getting entertained in a form of watching a video instead going to a theatre performance.

Each product or a service is consisted of three different levels important for customers:



The **core benefit level** affects the **need** of the customer. (Example: entertainment.)

The **actual product level** affects the **want** of the customer. (Example: watching a movie)

The **augmented product** affect customer demands for additional services or benefits often bringing **meaning and experience** to the customer. (Example: 3D movie.)

Model 1. Adapted model. Three Product Levels model by Philip Kotler

Tip: Reflect on your skills and abilities, can you create product or service? What are the needs and wants of your customers? How your products or services satisfy your customer and needs and wants? How your product or service is solving the problem that your customers are having? What are your product levels? Write them down!

2.1.2 Identifying the characteristics of the creative and cultural sector environment

Within the situational analysis, it is important to know the characteristics of the market you work in and what are the market characteristics. Once you conduct the situational analysis it will be easier for you to search for new challenges, economic opportunities and adapt your business based on it.

A description of CCI is made by UK Technology Strategy Board:

Type of a Cluster	Sectors	Main characteristics
Creative Service Providers	Data, Architecture, New media, Advertising	Direct interaction with user's demand. Exchange of time for IP products Highly influenced by technology and digitization. Mostly project based. Mostly private or self-financing
Creative Content Providers	TV and Radio, Fashion, Games, Movies, Films, Books	Producers of IP products. Highly influenced by technology and digitization. Mostly project based. Mix of self-financed and subsidised sectors (audio-visual and games, books) Experience threats of piracy from digital maker and peer to peer exchange.
Creative experience providers / Creative original providers	Performing arts, Visual Arts, Music, Games.	No initial ownership of work and usually pay for other's copyrights. Mostly subsidised and concerned by the cultural value of their work. Arts are mostly on contract bases. Digitization is mostly for dissemination and as communication tools. Usually one of products and services.

Table 1. Clusters in CCI, Source: HKU (2010), *The Entrepreneurial Dimension of the Cultural and Creative Industries*, Hogeschool vor de Kunsten Utrecht, ISBN/EAN: 978-90-817243-1-9. Based on UK Technology Strategy Board

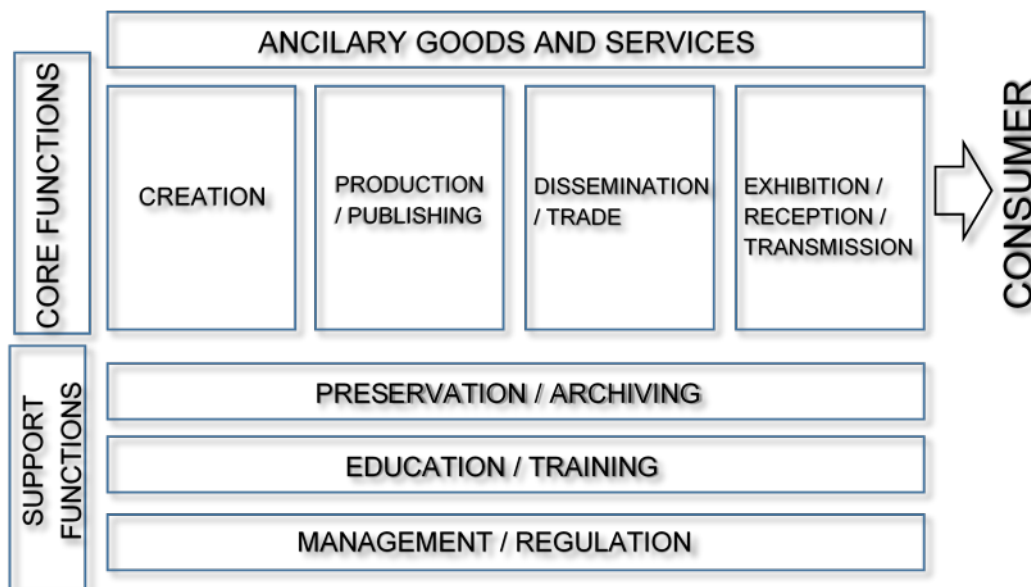
Having in mind the clusters and main characteristics of the CCI model write down the following questions?

- Are you a service provider, content producer, experience producer or creative original provider?
- In which sector do you fit?
- What are the characteristics of the sector?
- What are the possibilities of financing and who are your customers?

By identification of the cluster you belong in you can envision what action to take and how to deliver value products to customers.

2.2 Value Chain Analysis

Value Chain Analysis (VCA) is a process in which you can identify the primary and support activities that add value to your final product and then analyse these activities to reduce costs or increase differentiation. Its goal is to recognize, which activities are the most valuable to the firm (i.e. ones that are lowering costs or create competitive advantage) and which ones could be improved. The following table may help you visualise your value creation process:



Model 2. Value Chain of Creative and Cultural Industry, Source: Mapping the creative value chains. (2017), A study on the economy of culture in the digital age, Final Report, Publications Office of the European Union, ISBN 978-92-79-66638-4

Creative value chain shows the process of getting from initial creative idea to provision of a product or service to final customers. All relevant activities and actors that have a role in phases of creating, producing, disseminating, exhibiting and preserving the creative product or service (also the supporting functions) should be taken into account, as well as the interrelation between the actors.

By improving one of the core functions within the value chain, the creative professional can gain advantage and build on values to deliver to the final customers. Take the example of a fashion designer: a fashion designer is mainly involved in the process of creation of a fashion model, particularly the first core function in the value chain. However, the model by itself is not a product, it should go over the production function by engaging a textile factory to produce it followed by dissemination stage through which customer can see and get acquainted with the product. That can happen through a retail or an online store. Once the customer gets acquainted with the fashion product if the customer perceives its value, it may be bought.

Check the example for Visual Arts Value Chain on page 44 by following the link:
<https://publications.europa.eu/en/publication-detail/-/publication/4737f41d-45ac-11e7-aea8-01aa75ed71a1/language-en>

Check for product distribution and marketing also in *Module 3 “Marketing Strategy and Elements of the Marketing Mix”, Unit 2 “Elements of the Marketing Mix”*.

2.3 Value creation and proposition

Undoubtedly the creative and cultural industry professionals have many ideas and inspiration to create unique content and unforgettable experience. Within the value chain they are the most important element, they are the creators of ideas. But are those ideas essentially a solution to a problem that someone is facing? How to get from an idea to product that has a value for the customer?

Before understanding the value creation and proposition process, think of the challenges and problems that inspire you? What does a product value mean to you and why they are important to you? Why do you value your ideas? Write them down!

For the customer, a value represents the ultimate benefit he or she receives from your product. Successful creative entrepreneurs always use the perspective of the customer. They see the value of their product through the eyes of the customer and understand why the customer buys their product. Value creation and proposition are all about what you offer to the customer, what value, how you are delivering it, why it is unique and cannot be copied by someone else.

You know what you do best, what makes it unique, but when entering the world of entrepreneurs, you have to be ready to propose some value to customers. Start by following the next steps:

Step one – Define your customer profile

Often general entrepreneurs, when starting up a business, they start from their own ideas without looking for a certain market need or problem that their customers are facing. As well, creative professionals start with what inspires them personally before entering the creative process. The problem of starting with an idea is that ideas are often just free floating and based on personal views. They can be meaningful to you, but they might not be for your potential customer. That is why you should first focus on the problems that your potential customers may face when entering the entrepreneurial world. Search for those problems, identify them and define them. What are the problems that are currently unworkable, unavoidable, underserved or urgent? Try to define your customer profile. What are the

problems they are facing, what are the exact needs they have and what are the exact wants they have? Focus on these three elements when drawing your customer profile. Is there a market need that has not been satisfied?

Step two – Fit your ideas into customer problems

Once you have identified and defined your customer problems, needs and wants you should determine how you can transpose your ideas and fit them into customer's problems, needs and wants. How your ideas can solve those problems? Transform your ideas into solutions of your customer problems. Most probably your ideas need to be slightly modified in order to provide a perfect solution to your customer problems, needs and wants. You cannot affect all the customer needs, wants and problems. You can affect only the ones that are relevant to you, your ideas, your skills, abilities and solutions.

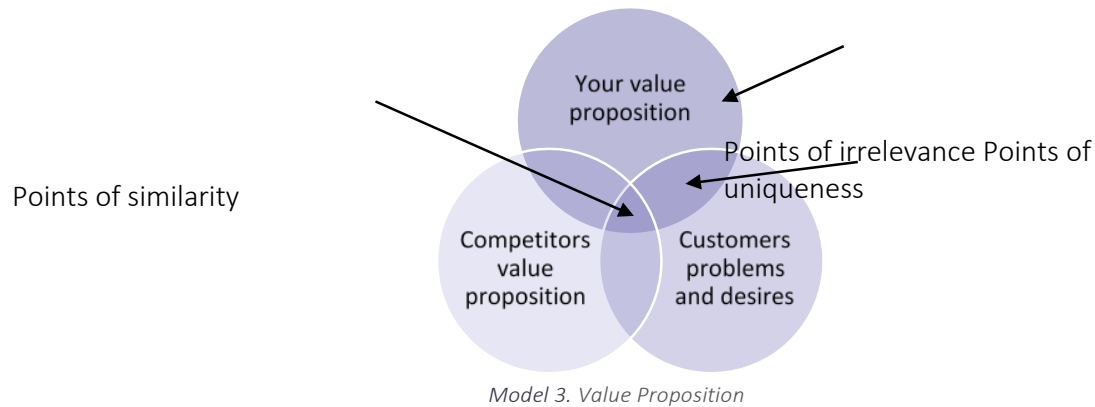
Step three – Evaluate them and choose the best one

For sure you will come up with many ideas. Evaluate them! What is the best idea that brings the highest value to your customers? Which of your ideas that can be provided in a form of a product or service can satisfy most of the needs and wants of your customers. What is the idea that is unique and cannot be copied easily by your competitors? Additionally, you can do the evaluation in quantitative terms (a blunt example is how many times your product is cheaper than the one of your competitors). However, since you operate in the CCI industry you can probably make a qualitative evaluation. What are the "gains" you are going to deliver to your customer? Have in mind that the "gains" you should deliver must be higher than the "pains". When you produce a new product often a customer does not buy it simply because they are used to their old one. That is why your product "gains" should be much higher than "pains" (i.e. the cost that your customers are having when they are switching from a usage of certain product/service to yours). Finally, you should evaluate your ideas in comparison with the ones of your competitors and choose the best ones to test them.

Step four – Test them

As a freelancer or creative entrepreneur, you don't have unlimited resources to pursue your idea and bear the consequences of failure like big firms. That is why, before investing in your idea you should test it. How? By simply asking your target customers. Tell them your idea. If you feel you are pushing them by explaining your idea without receiving any feedback, then it is not the right idea and you should go through the whole process once again. If people immediately respond to your idea by telling their problems, getting interested how your idea can be a solution to their problem, and how it addresses their needs and wants then you should probably take the risk and pursue it. Every feedback is important and it should be reflected and implemented in your product. Test your idea until you are certain that you are bringing the right value proposition to your customers.

Tip: Check in the internet about innovative methodologies to involve users in early stages in the product development to increase the usability and user acceptance: „Scrum“ and „Agile Development“.



Use the model above and think of your value proposition. Is your product/service relevant to your customers? Is it similar with other products on the market and what are the points that make your product unique?

Step five – Define your value proposition

If you have reached this point then write down what is your value proposition that you are bringing to your customers. What is the exact product/service that you are offering? To whom is it offered, the customer problem it solves, what makes it unique and what is the value that you are offering with it. Try to come up with the most simple and short explanation. Most often this short explanation leads to the so-called **mission** the organization. A Mission is the basic purpose and values of the organization, scope of its operation and its reason to exist.

In example, the company Warby Parker offers a winning value proposition – fashionable, quality glasses at an affordable price – and its commitment to doing good in the world makes it a star in the eyes of customers. Warby Parker was founded with a rebellious spirit and a lofty objective: To offer designer eyewear at a revolutionary price, while leading the way for socially conscious businesses.

Please compare details about vision and mission statements in *Module 2 “Marketing Strategy and Elements of the Marketing Mix”, Unit 1 “Marketing Strategies”*.

2.4 Create a detailed Action Plan

Once you have made the situational analysis and analysis of your value proposition you should develop a detailed action plan. As planning is a systematic process, follow the next steps and write them down.

Step 1: Always start with the **problem!** You may come with a whole “tree” of problems. Try to group them into clusters. What are the ones that are relevant to your value proposition?

Step 2: State a **goal** for solving the problem. What is the ultimate outcome you are trying to achieve? Will it satisfy the ultimate purpose upon which you are starting the entrepreneurial journey? Goals should be SMART. Specific, Measurable, Achievable, Relevant and Timely Bound.

Step 3: Set your **objectives**. Objectives are detailed statements and specific tangible outcomes that lead to the goal. Often several objectives have to be met to achieve the goal.

Step 4: Identify the **outputs** to be achieved. They are the specifically deliverable results.

Step 5: What are the specific **actions** to be taken for accomplishing the outputs?

Step 6: Define the **resources** required to conduct those actions: people, finances, know-how.

Step 7: Set a **budget** and a **timeframe** of each activity.

The planning process usually moves from step 1 to step 7. The implementation process moves from step 7 back to step 1.

Recommendations for Further Reading

It is advisable to take also *Module 2 - "Business planning", Unit 1 - "What is a business plan? Why do you need one?"* which would help you will upgrade your knowledge and learn more about how to create a business plan and why you actually need to develop such a "map". This unit shed light on the matter of the business plans, their features and how to write it by taking into account certain specifics and challenges.

References for Unit 2:

1. HKU. (2010). *the Entrepreneurial Dimension of the Cultural and Creative Industries*. Hogeschool vor de Kunsten Utrecht. ISBN/EAN: 978-90-817243-1-9.
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Unit 3. Organizing

Tags:

Organization, team, delegation, organizational structure, Minimum Viable Team (MVT), Minimum Viable Product (MVP)

Unit 3 - Introduction

This unit gives you an introduction in what an organization means and why it is important to form a team. It examines the aspects of delegation, organizational structure, minimum viable product (MVP) and minimum viable team (MVT).

Organizing is assembling and coordinating the human, financial, physical, information and other resources to achieve certain goals. CCI is comprised of small companies or small teams comprised of freelancers. If you reflect on the creative value chain you can understand that it is hard to provide a value to the final customer by working alone. You need to create a whole set of complex relationships between different actors, form a team and effectively coordinate the process. Before growing, developing and organization, creative entrepreneurs will first set their initial team of co-workers.

3.1 Formation of a team

No matter, if you are an artist, musician, designer, game producer or other, you probably have a circle of people you co-work with. Have you considered the reason why do you work with exactly those people? Most probably because they all have certain skills, abilities and resources which you can combine and accomplish a common goal. Successful value creation depends on the quality and effectiveness of your team.

Below, some tips are presented how to get started:

Tip 1: Gather a group of people based on their individual skills, abilities and specialty to form your team. Each member of the team may be complementary to other team members. (Example: If you want to do an inspiring performance act than you might consider gathering an artists-performer, set designer and a musician). When you are starting up a business you may consider of forming a team of people with creative skills (R&D – Research and Development), business, leadership or sales skills. Determine what team is relevant for your business.

Tip 2: Make sure everyone understands, accepts and believes in the same goal that you are trying to achieve. In some cases, people may have different understanding of the purpose. Maybe some of them joined the team for the purpose of socializing and sharing knowledge instead of developing new content or original product together.

Tip 3: Set formal tasks and allocate them to each member of the team.

Tip 4: Define and communicate the authority relationships among members, who reports to whom, who will have a decision-making role and how decision are made.

3.2 Delegation

As the number of tasks starts to grow, you will be responsible for managing and leading teams. You will have the decision-making role and you will have to share and assign responsibilities (delegate them) to team members or subordinates. After all, you are the creative entrepreneur, who has initiated the process.

Delegation is based on 3 different elements:

- Responsibility, (the team member is supposed to conduct the task given)
- Authority (power and right to make decisions, assign tasks and expect their completion) and
- Accountability (responsibilities for the outcomes).

Effective delegation can be conducted by defining a clear goal, find and assign the person to do the task, make sure that the goal is well understood, give the person the authority, time and resources to perform, follow through their progress and take appropriate corrective actions if needed.

3.3 Structure

Once your team starts to grow it will require more formal structure. Otherwise, it will be difficult to be managed.

The foundation of every organizational structure is based on 5 core principles:

- **Common purpose:** unifies the team and gives everyone a clear direction where the organization is going.
- **Division of labour:** systematically dividing complex tasks into specialized jobs.
- **Chain of commands:** who reports to whom and with what power to command.
- **Coordinated effort:** responsibility of the leaders of motivating and coordinating team members to capture value.
- **Span of control:** reflects the number of people directly coordinated by the team leader.

Your growth will stimulate you to conduct more detailed division of labour, complex chains of command with more managers and more people to control. Have in mind that the organizational structure must always serve the nature of your work, your organization culture, mission and vision.

Tip: CCI in huge part is dependent on intersectional cooperation, networking and engagement in clusters. Participation in co-working informal groups/spaces is crucial for sharing ideas, meeting potential team and learning. Networking is required on personal, functional and cross sector level.



(<http://www.arteconomy.be/en/vision-arteconomy>),

A positive example is Arteconomy organization that connects art, creative industries, science, technology, economics and education by allowing them to step outside their frameworks and to strengthen their

organization and/or region. The aim is to create new ideas, new products, new services and a different view of the organisation's culture and/or structure.

Many of the creative and cultural professionals do not have vast resources such as diverse team and finances to launch a product on the market. However, many of them are forming minimum viable teams (MVT) in order to create minimum viable product (MVP) before launching them on the market. Thus, they are avoiding the risk of failure and risk of losing everything they have invested. So, what do these concepts mean?

3.4 Minimum Viable Team (MVT)

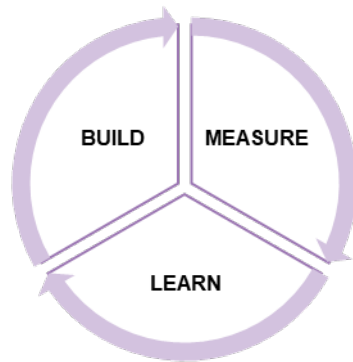
Minimum viable team is the team comprised only with the members who are of crucial importance when developing the core product features of a product. The tips for forming an effective team remains the same, except it should be as small as required to develop the core elements of a product. When starting up a project or a business in most of the cases you will not be able to conduct all the necessary tasks by yourself. That is why you need a team. Most importantly you need the expertise of the team members. The skills that you do not possess but someone else has. You are the creative and innovative mind and you know how to develop new ideas into products/services but you need someone who is good in finance, in selling or other field that is required in order to bring your idea into market. Make sure that you find team members that will complement each other and believe in the same idea.

3.4 Minimum Viable Product (MVP)

As we have presented in the value proposition methodology there is one phase of evaluation and testing of your product ideas before launching them. The Minimum Viable Product is in essence a product that has the most important and basic elements of your value that you are proposing. It is a sort of a prototype that can test whether or not you are meeting your customer needs and solving their problem. You don't need to go all-in and invest in distribution channels and added features of your product. You need to build the core elements, functionalities of your product/service and test it with your potential customers.

Test the MVP and learn from the feedback you receive. If something is wrong go through the process again.

Maybe you need to reconsider your value proposition once again. After learning and adapting your MVP and reach enough positive feedback, you can invest, develop and launch your final product.



Model 4: Minimum Viable Product

Tip: Important part for start-ups after conducting the value proposition process and creating a ready-to-launch product is financing the process and further activities. For more about this, please refer to Module 5. "How to finance your business growth."

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Unit 4. Managing

Tags:

Management, Competitive Advantage, Strategy, Leadership, Balanced Score Card

Unit 4 - Introduction

This unit introduces you to the basics of management and being competitive on the market. As your start-up grows into business what will be the basic tools for managing performance. How are you going to compete and what strategies are you going to use? Find out in the following unit.

Management is the activity of planning, organizing, coordinating and leading an organization. An artist may ask “Why do I need management skills? I am perfectly fine in creating art”. However, if you want to pursue the entrepreneurial journey and grow your business, it is good to have management skills. Management is universal in many areas of our life and all organizations. Some of the previous concepts and tools may seem obvious, but conducting them systematically will enable us to make the right decision and make significant improvement.

4.1. Managing for competitive advantage

Once you launch your creative start up you must focus on its survival and growth. Besides knowing your value proposition, you must focus on managing towards long-term goals and following your vision.

The strategy is a pattern of actions for managing resources towards achieving long term survival, value and growth. A good manager defines strategic planning process, goals and strategy. However, surviving, keeping value to customers and growing is not affected only by your organization, it is affected also by competition. Once your product is visible, others will try to copy it or make something similar. Thus, you should focus on improving your core competences and compete. Being better and outperforming your competitors means to gain competitive advantage over them.

There are two generic competitive strategies that companies in business may apply: Cost competitiveness (low-cost strategy) and differentiation strategy.

Low cost strategy is building competitive advantage by being efficient, offering lower prices trying to reach larger share of the market. Low cost strategy leader has to offer a product that it is still acceptable compared to other products.

Tip: Identify all the processes in your value chain. Which of them can be conducted more efficiently and with lower costs? Keep in mind that the value you offer should not be diminished by your action.

On the other hand, **differentiation strategy** is building competitive advantage by being unique on the market. These companies provide unique value to their customers that it is difficult for their competitors to copy. Have you considered whether your creative content or

experience is difficult to be copied by others? If it cannot be copied then your competitive advantage is uniqueness.

One of the specific types of competitive business strategies that can be especially applicable to the creative and cultural industry is the Blue Ocean strategy.

Blue Ocean strategy is a strategy where the company pursues continuous value innovation. It competes on a market that it is still unexplored, where there are no competitors. These companies are creating new markets by creating new innovative value products that create new demand, needs and value that haven't existed before. Value innovation is the continuous search for differentiation and lowering cost. It is about creating value for both the buyer, the company, and its employees, thereby opening up new and uncontested market space.

One example of Blue Ocean strategy is the Nintendo Wii which launched in 2006. The concept of value innovation was the basis of the Nintendo Wii strategy. To reduce costs, Nintendo Wii removed the hard disk and DVD functionality found in most game consoles and reduced the processing quality/graphics. At the same time, it developed a wireless motion control stick to differentiate itself against the market offering. By doing this, it offered a range of new features and benefits that hadn't been seen in the world of gaming previously such as using games consoles to get fit or to play in larger social groups.



Image 4. Nintendo Wii Logo, Source: (<http://www.wii.com/>)

Great managers use formal tools in order set actions to accomplish their strategy and the monitor progress. One of these tools is the Balanced Scorecard.

4.1 Balanced Scorecard

Once you have your mission, vision, goals and strategy you can take a systematic approach of managing the health of your organization. A Balanced Scorecard is a strategy performance management tool for monitoring and adapting execution of company activities. The balanced scorecard is a tool that aims to balance the strategic goals and overall vision of an organization by identifying, measuring, and managing four main business perspectives:

- **Internal business perspective.** How well the organizational processes are operating, are there bottle necks that need to be addressed? How can they be more efficient or effective?
- **Customer perspective.** How well are you serving your customers? What is important to them and how can you deliver value to them?
- **Financial perspective.** How is the financial health of the organization, is the organization profitable?
- **Learning and Growth.** Does your organization have a capacity to learn and grow? What should you improve within the organization to stay competitive?

For each of the given perspectives a manager should establish specific:

- **Objectives** to be achieved;
- **Measures** (What to measure in order see whether the objective has been met);
- **Targets** (What is the target value that indicates progress through taken initiatives);
- **Initiatives** (What are the specific actions for accomplishing the objectives).

Ex.: A theatre needs to improve its financial health from financial perspective. The *objective* is to increase revenue by the end of the year. The *measure* is to increase online sales of tickets. The *target* is 20% increase in online sales. *Initiative* to be taken is to promote online sales through advertisement, possibility of reservation more seats if booked online.



Model 5. Balanced Scorecard

Once you have established and set your Balanced Scorecard you should make sure to follow through the set objectives, measures, targets and initiatives. **Controlling** is a process of monitoring the progress and making the adjustments that are required. The process of monitoring should be conducted by delegation of responsibility to a specific person who will report on the process. If the monitoring shows that there are certain deviations between performance and objectives than it should be reported and corrective actions should be taken.

4.2 Leading

Sometimes applying the concepts of management or having the management skills is not enough. Sometime a true leader is required to inspire and motivate employees, to encourage them by sharing a great vision. Leading is stimulating people to be high performers



Image 5. Leadership. The leader makes the way. Source: www.freepik.com

Here are some tips for being a good leader:

- Have an inspiring vision.
- Focus on inspiration and motivation.
- Focus on the long-term goals.
- Search for challenges and take risk.
- Inspire trust among the team.
- Generate enthusiasm.
- Give credit.
- Focus on “We” instead of “I”.
- Encourage initiatives from your team and coach them.

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